

SARITOW SPINNING MILLS LIMITED

3RD QUARTER REPORT

31-03-2024

(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

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 Saritow Spinning Mills Limited are please to present Financial Results for the 3rd Quarter ended March 31, 2024 along with Auditors' Report and Directors' Report thereupon.

Financial Highlights

	Quarter Ending Mar 31, 2024	Quarter Ending Mar 31, 2023
Net Sales	139.161	622.752
Gross (Loss)	(42.237)	(12.256)
Operating (Loss)	(57.834)	(32.090)
Loss before Tax	(66.096)	(71.866)
Loss after Tax	(69.083)	(79.650)
Earnings per share	(2.32)	(2.67)

Operating Financial Results

The period under review was very tough for your company. The company was Operating below Capacity during the period under review and was able to achieve turnover of Rs. 139.161 million as compared to Rs. 622.752 million during the same period last years. Huge increase in input cost largely contributed to gross loss of Rs. (42.237) million as compared to Rs. (12.256) million last year. This resulted in loss before tax of Rs. (66.096) million and loss after tax of Rs. 69.083 million as compared to Rs (79.650) million last years. Earnings per share of the company is Rs. (2.32) as compared to Rs. (2.67) same period last year.

Textile industry is performing under immense Pressure during last year and half. As mentioned earlier in note no.2.2 of interim financial statement for half year ending December 31,2023 that the Board of Directors of the company have resolved to closed the production facility of the mills for the time being. In the right of above descion, production facilities are closed since that date.

Major Factor which contributed to huge losses can mainly be attributed to increased cost of raw material which was not absorbed by the yarn prices. This was further aggravated by huge increase in power rates and financial cost.

In order to boost the declining financial health of the company the sponsor directors have injected Rs. 449.100 million during the period under review to make up the heavy losses. In spite of this equity injective company keep on making losses.

The auditors of the company have qualified the report for going concern. They have mentioned that the company is unable to run without further financial support of sponsors and financial institution.

However, the interim financial statements have been prepared on going concern basis based on the following;

- 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. 449.100 million in the form of interest free loans.
- Despite accumulated losses the Company has positive equity.
- The Company has stopped its production in order to minimize fixed costs which will reduce the financial burden on the Company providing immediate relief.
- The Company has remained current in its debt servicing.

The management expects market conditions to improve with political uncertainty subsiding.



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Email: azamsaritow@saigols.com

Future Outlook

The management of Company hoping that the economic conditions will improve in coming, enabling us to re start the production.

COMPOSITION OF BOARD

Composition of the Board of Directors is as under.

Names	Category
Mr. Jamal Nasim	Independent Director
Mrs. Sadaf Kashif	Female Director/ Independent Director
Mr. M. Naseem Saigol	Non-Executive Directors
Mr. Muhammad Murad Saigol	
Mr. Muhammad Omer Farooq	
Mr. Muhammad Zeid Yousuf Saigol	Executive Directors
Mr. Samir Iqbal Saigol	

COMMITTEE'S

Detail of Committee's of Board is as under.

AUDIT COMMITTEE

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

HR & REMUNERATION COMMITTEE

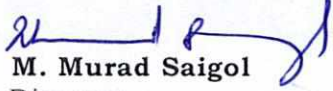
Mr. Jamal Nasim	Chairman/Member
Mr. Muhammad Zeid Yousuf Saigol	Member
Mr. Muhammad Murad Saigol	Member
Mr. Muhammad Omer Farooq	Member

We wish to thank to the shareholders for their support. We are pleased to record our appreciation of the services rendered by the employees of the company and hope that the same spirit of devotion will continue in future.

For and on behalf of the Boards

Lahore
April 30, 2024


M. Zeid Yousuf Saigol
Chief Executive


M. Murad Saigol
Director

SARITOW SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2024

	Note	March 31, 2024 Rupees [Un-Audited]	June 30, 2023 Rupees [Audited]
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
<i>Authorized share capital</i>		350,000,000	350,000,000
Issued share capital		298,406,070	298,406,070
Loan from director	0	551,100,000	102,000,000
Revaluation reserve		58,875,925	59,494,615
Retained earnings		(406,368,129)	15,192,576
TOTAL EQUITY		502,013,866	475,093,261
LIABILITIES			
NON-CURRENT LIABILITIES			
Loan from directors and other shareholders	0	265,884,966	265,884,966
Long term finances		18,294,765	38,416,765
Long term deposits		6,010,000	6,010,000
Employees retirement benefits		33,330,677	109,092,189
Deferred taxation		189,650,831	88,823,815
Deferred grant		375,838	811,015
		513,547,077	509,038,750
CURRENT LIABILITIES			
Trade and other payables		324,393,682	403,053,861
Unclaimed dividend		485,351	485,351
Short term borrowings		75,926,502	522,617,572
Accrued interest		15,969,597	34,050,914
Current taxation		27,833,160	7,494,275
Current portion of non-current liabilities		27,126,749	26,829,332
		471,735,041	994,531,305
TOTAL LIABILITIES		985,282,118	1,503,570,055
CONTINGENCIES AND COMMITMENTS	11		
TOTAL EQUITY AND LIABILITIES		1,487,295,984	1,978,663,316

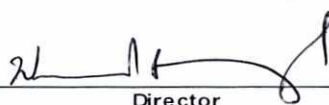
The annexed notes from 1 to 18 form an integral part of these interim financial statements.



Chief Executive



Chief Financial Officer



Director

SARITOW SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2024

	Note	March 31, 2024	June 30, 2023
		Rupees	Rupees
		[Un-Audited]	[Audited]
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	12	1,170,826,003	1,213,167,916
Long term deposits		21,155,336	21,172,886
		1,191,981,339	1,234,340,802
CURRENT ASSETS			
Stores and spares		21,789,571	23,194,279
Stock in trade		94,370,883	427,949,592
Trade receivables		62,011,752	138,956,042
Short term deposits		86,577,832	86,577,832
Advances and other receivables		15,718,018	21,104,919
Cash and bank balances		14,846,589	46,539,850
		295,314,645	744,322,514
TOTAL ASSETS		1,487,295,984	1,978,663,316

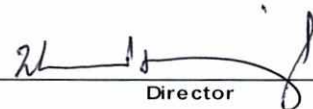
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Chief Executive



Chief Financial Officer



Director

SARITOW SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS [UN-AUDITED] FOR THE NINE MONTH ENDED 31 MARCH 2024

	Note	Nine-month period ended		Quarter ended	
		March 31,2024	March 31,2023	March 31,2024	March 31,2023
		Rupees	Rupees	Rupees	Rupees
Revenue from contracts with customers - net	13	2,126,866,945	2,760,155,752	139,161,632	622,752,694
Cost of sales	14	(2,288,128,546)	(2,814,166,928)	(182,399,617)	(635,008,405)
Gross (loss)/profit		(161,261,601)	(54,011,176)	(43,237,985)	(12,255,711)
Selling and distribution expenses		(12,368,891)	(16,784,823)	(3,525,850)	(3,971,738)
Administrative expenses		(45,685,539)	(53,833,256)	(11,070,470)	(15,862,927)
		(58,054,430)	(70,618,079)	(14,596,320)	(19,834,665)
Other income		279,636	-	-	-
Operating (loss)/profit		(219,036,395)	(124,629,255)	(57,834,305)	(32,090,376)
Finance cost		(74,482,825)	(101,841,684)	(8,261,947)	(39,775,165)
(Loss)/profit before taxation		(293,519,220)	(226,470,939)	(66,096,252)	(71,865,541)
Provision for taxation	14	(128,660,176)	(34,501,949)	(2,986,838)	(7,784,409)
(Loss)/profit after taxation		(422,179,396)	(260,972,888)	(69,083,090)	(79,649,950)
(Loss)/earnings per share - basic and diluted		(14.15)	(8.75)	(2.32)	(2.67)

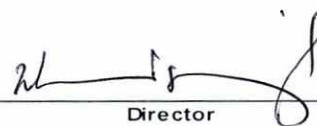
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Chief Executive



Chief Financial Officer



Director

SARITOW SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME [UN-AUDITED] FOR THE NINE MONTHS ENDED MARCH 31, 2024

	Nine-month period ended		Three-month period ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	Rupees	Rupees	Rupees	Rupees
Other comprehensive income	-	-	-	-
(Loss)/profit after taxation	(422,179,396)	(260,972,888)	(69,083,090)	(79,649,950)
Total comprehensive (loss)/income	(422,179,396)	(260,972,888)	(69,083,090)	(79,649,950)

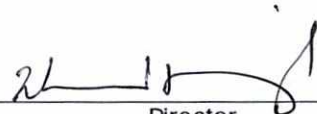
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Chief Executive



Chief Financial Officer



Director

SARITOW SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTH ENDED MARCH 31,2024

	Share capital		Capital reserves		
	Issued share capital	Loan from director	Revaluation reserve	Retained earnings	Total equity
	Rupees	Rupees	Rupees	Rupees	Rupees
As at 01 July 2022 - [Audited]	298,406,070	-	60,419,382	459,708,048	818,533,500
Comprehensive income					
Profit/(loss) after taxation	-	-	-	(181,322,837)	(181,322,837)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	(181,322,837)	(181,322,837)
Incremental depreciation	-	-	(651,244)	651,244	-
Transaction with owners	-	102,000,000	-	-	102,000,000
As at 31 December 2022 - [Un-audited]	298,406,070	102,000,000	59,768,138	279,036,455	739,210,663
As at 01 January 2023 - [Un-audited]	298,406,070	102,000,000	59,768,138	279,036,455	739,210,663
Comprehensive income					
Profit after taxation	-	-	-	(249,903,756)	(249,903,756)
Other comprehensive loss	-	-	-	(14,213,645)	(14,213,645)
Total comprehensive income	-	-	-	(264,117,401)	(264,117,401)
Incremental depreciation	-	-	(273,523)	273,523	-
Transaction with owners	-	-	-	-	-
As at 30 June 2023 - [Audited]	298,406,070	102,000,000	59,494,615	15,192,577	475,093,262
As at 01 July 2023 - [Audited]	298,406,070	102,000,000	59,494,615	15,192,577	475,093,262
Comprehensive income					
Loss after taxation	-	-	-	(422,179,396)	(422,179,396)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss	-	-	-	(422,179,396)	(422,179,396)
Incremental depreciation	-	-	(618,690)	618,690	-
Transaction with owners	-	-	-	-	-
Other transactions					
Loan from director transferred from short term borrowings	-	449,100,000	-	-	449,100,000
As at 31 December 2023 - [Un-audited]	298,406,070	551,100,000	58,875,925	(406,368,129)	502,013,866

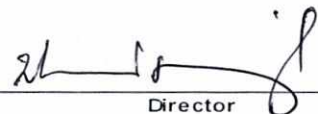
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Chief Executive



Chief Financial Officer



Director

SARITOW SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS [UN-AUDITED] FOR THE NINE MONTH ENDED MARCH 31, 2024

	Six-month period ended	
	March 31, 2024	March 31, 2023
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before taxation	(293,519,220)	(226,470,939)
Adjustments for non-cash items		
Depreciation	42,478,422	46,042,831
Provision for employees retirement benefits	18,583,008	22,461,006
Gain on disposal of fixed assets	-	-
Interest on borrowings	94,740,618	101,841,684
	155,802,048	170,345,521
Operating (loss)/profit before changes in working capital	(137,717,172)	(56,125,418)
Changes in working capital		
Long term deposits	1,404,708	(458,394)
Stores and spares	333,578,709	(77,896,133)
Stock in trade	76,944,290	216,582,809
Trade receivables	-	-
Short term deposits	5,386,901	(62,814,473)
Advances and other receivables	(78,660,179)	(88,848,987)
Trade and other payables		
Long term payables		
	338,654,429	(13,435,178)
Net cash used in from operations	200,937,257	(69,560,596)
Payments for:		
Interest on borrowings	(108,930,675)	(83,404,381)
Income tax	(11,366,984)	(45,750,903)
Employees retirement benefits	(94,344,520)	(43,826,024)
Net cash used in operating activities	(13,704,922)	(242,541,904)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(4,706,868)	(2,604,707)
Proceeds from disposal of property, plant and equipment	4,570,359	35,338
Net cash used in investing activities	(136,509)	(2,569,369)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term finances	(20,260,760)	(40,121,440)
Repayment of long term payable	449,100,000	(2,154,409)
Net increase in short term borrowings	(446,691,070)	307,656,318
Net cash generated from financing activities	(17,851,830)	265,380,469
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(31,693,261)	20,269,196
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	46,539,850	47,040,030
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	14,846,589	67,309,226

The annexed notes from 1 to 18 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 MONTH ENDED MARCH 31, 2024

1 LEGAL STATUS AND OPERATIONS

Saritow Spinning Mills Limited [the Company] was incorporated in Pakistan on 10 March 1987 as Public Limited Company under the repealed Companies Ordinance, 1984. The registered office of the Company is situated at 17- Aziz Avenue, Canal Bank Gulberg - V, Lahore. The Company is listed on Pakistan Stock Exchange. The principal activity of the Company is manufacturing and sale of yarn. The Mill is located at Bhai Pheru, District Kasur in the province of Punjab.

2 BASIS OF PREPARATION

These interim financial statements are un-audited and have been presented in condensed form and do not include all the information as is required to be provided in a full set of annual financial statements. These interim financial statements should be read in conjunction with the audited financial statements of the Company for the year ended 30 June 2023.

These interim financial statements have been subjected to limited scope review by the auditors of the company, as required under section 237 of the Companies Act, 2017. The comparative condensed interim statement of financial position as at 30 June 2023 and the related notes to the interim financial statements are based on audited financial statements. The comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and related notes to the condensed interim financial statements for the six month period ended 31 December 2022 are based on unaudited, reviewed interim financial statements. The condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three months period ended 31 December 2023 and 31 December 2022 are neither audited nor reviewed.

2.1 Statement of compliance

These interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprises of:

- International Accounting Standard 34 - Interim Financial Reporting, issued by International Accounting Standards Board [IASB] as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 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 March 2024, the Company has incurred gross loss of Rs. 161.261 million and loss after taxation of Rs. 422.179 million. As at 31 March 2024, the Company has accumulated losses of Rs. 406.3685 million and its current liabilities exceed its current assets by Rs. 176.420 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:

- 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. 449.100 million in the form of interest free loans.
- Despite accumulated losses the Company has positive equity.
- The Company has curtailed its production in order to minimize fixed costs which will reduce the financial burden on the Company providing immediate relief.
- The Company has remained current in its debt servicing.
- The management expects market conditions to improve with political uncertainty subsiding post General Elections 2024.

The management believes that in view of the afore mentioned, the Company will able to continue as a going concern.

2.3 Basis of measurement

These financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis as at the reporting date.

Items	Measurement basis
Financial liabilities	Amortized cost
Financial assets	Fair value/amortized cost
Employee retirement benefits	Present value

2.4 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.

2.5 Functional currency

These interim financial statements have been prepared in Pak Rupees which is the Company's functional currency. The amounts reported in these interim financial statements have been rounded to the nearest Rupees unless specified otherwise.

2.6 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 30 th April 2024.

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

The following new and revised standards, interpretations and amendments are effective in the current period but are either not relevant to the Company or their application does not have any material impact on the interim financial statements of the Company other than presentation and disclosure, except as stated otherwise.

SARITOW SPINNING MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS [UN-AUDITED] FOR THE NINE MONTH ENDED MARCH 31, 2024

measures, except as stated otherwise.

3.1 Disclosure of Accounting Policies (Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2 - Making Materiality Judgements)

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

3.2 Definition of Accounting Estimates (Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

3.3 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 - Income Taxes)

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

3.4 International Tax Reform — Pillar Two Model Rules (Amendments to IAS 12)

The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes.

4 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE.

The following standards, interpretations and amendments are in issue which are not effective as at the reporting date and have not been early adopted by the Company.

	Effective date (annual periods beginning on or after)
Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures)	Deferred Indefinitely
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	01 January 2024
IFRS S2 Climate-related Disclosures	01 January 2024
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	01 January 2024
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 - Leases)	01 January 2024
Non-current Liabilities with Covenants (Amendments to IAS 1 - Presentation of Financial Statements)	01 January 2024
Lack of Exchangeability (Amendments to IAS 21)	01 January 2024
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 - Presentation of Financial Statements)	01 January 2025
Other than afore mentioned standards, interpretations and amendments, IASB has also issued the following standards which have not been notified by the Securities and Exchange Commission of Pakistan [SECP]:	
IFRS 1 - First Time Adoption of International Financial Reporting Standards	
IFRS 17 - Insurance contracts	
The Company intends to adopt these new and revised standards, interpretations and amendments on their effective dates, subject to, where required, notification by Securities and Exchange Commission of Pakistan under section 225 of the Companies Act, 2017 regarding their adoption. The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will not have a material impact on the Company's financial statements other than in presentation/disclosures.	

5 ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The accounting policies and methods of computation adopted in the preparation of these interim financial statements are the same as those applied in the preparation of preceding annual audited financial statements of the Company for the year ended 30 June 2023.

6 REVALUATION RESERVE

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

7 LOAN FROM DIRECTORS AND SPONSORS

This represents loan obtained from directors of the Company and other shareholders. The loan is unsecured.

The loan is subordinate to long term finances and short term borrowings of the Company. Accordingly the loan matures on 29 October 2025 being the date before which the lenders cannot demand repayment of this loan under the subordination agreement.

The loan carries interest at one year KIBOR plus 2.5% (30-Jun-23; one year KIBOR plus 2.5%) per annum, payable on maturity. The lenders may at their sole discretion waive the payment of interest. During the period, interest amounting to Rs. 47,859 million (30-Jun-23: Rs. 68,52 million) was waived by the lenders at their sole discretion.

	Note	31-Dec-23 Rupees	30-Jun-23 Rupees
8 LONG TERM FINANCES		[Un-Audited]	[Audited]
From banking companies			

SARITOW SPINNING MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS [UN-AUDITED] FOR THE NINE MONTH ENDED MARCH 31, 2024

As at beginning of the period/year		63,736,027	108,269,897
Accretion during the period/year		767,998	2,294,903
Repayments made during the period/year		(20,260,760)	(46,828,773)
As at end of the period/year		44,243,265	63,736,027
Current maturity presented under current liabilities		(25,948,500)	(25,319,262)
		18,294,765	38,416,765
9			
As at beginning of the period/year		2,321,085	4,615,988
Amortized during the period/year		(767,998)	(2,294,903)
As at end of the period/year		1,553,087	2,321,085
Current maturity presented under current liabilities		(1,177,249)	(1,510,070)
		375,838	811,015
10			
Long term finances	8	25,948,500	25,319,262
Deferred grant	9	1,177,249	1,510,070
		27,126,749	26,829,332

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

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

SARITOW SPINNING MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS [UN-AUDITED] FOR THE NINE MONTH ENDED MARCH 31,2024

11.2 Commitments

	March 31, 2024	June 30, 2023
	Rupees	Rupees
	[Un-Audited]	[Audited]
11.2.1 Commitments under irrevocable letters of credit for :		
- purchase of raw material	-	115,680,435
- purchase of stores and spares		4,289,858
	-	119,970,293

12 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	12.1	1,170,826,003	1,213,167,916
Capital work in progress	12.2	-	-
		1,170,826,003	1,213,167,916

	March 31, 2024	June 30, 2023
	Rupees	Rupees
	[Un-Audited]	[Audited]
12.1 Operating fixed assets		
Net book value at the beginning of the period/year	1,213,167,916	1,247,694,460
Additions during the period/year		
Plant and machinery	4,706,868	-
Buildings	-	-
	4,706,868	-
Net book value of assets disposed during the period/year	(4,570,359)	(35,337)
Depreciation for the period/year	(42,478,422)	(61,600,934)
Transfer from capital work in progress	-	27,109,727
Net book value at the end of the period/year	1,170,826,003	1,213,167,916

12.2 Capital work in progress

As at beginning of the period/year	-	22,880,020
Additions during the period/year in building	-	4,229,707
Transfers to operating fixed assets	-	(27,109,727)
As at end of the period/year	-	-

	Note	Nine month period ended		Quarter ended	
		March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
		Rupees	Rupees	Rupees	Rupees
		[Un-Audited]	[Un-Audited]	[Un-Audited]	[Un-Audited]
13 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET					
Yarn		2,080,708,228	2,688,439,583	133,859,507	615,633,349
Waste		46,158,717	71,716,169	5,302,125	7,119,345
		2,126,866,945	2,760,155,752	139,161,632	622,752,694

14 PROVISION FOR TAXATION

Current taxation	14.1	27,833,160	(34,501,949)	2,986,838	(7,784,409)
Deferred taxation	14.2	100,827,016	-	-	-
		128,660,176	(34,501,949)	2,986,838	(7,784,409)

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

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

15 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise associated company, key management personnel [KMP] and their close relatives. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company. The details of Company's related parties, with whom the Company had transactions during the period or has balances outstanding as at the reporting date are as follows:

Name of related party	Nature of relationship	Basis of relationship	Aggregate %age of shareholding in the Company
Kohinoor Power Company Limited	Associated company	Common directorship	0.00%
M. Zeid Yousuf Saigol	Key management personnel	Chief Executive Officer	8.39%
Naseem Saigol	Key management personnel	Director	27.27%
M. Azam Saigol	Key management personnel	Director (late)	0.00%
M. Murad Saigol	Key management personnel	Director	8.37%
Samir Iqbal Saigol	Key management personnel	Director	0.004%
Arshad Ismail Khan	Key management personnel	Director	0.00%
Amber Haroon Saigol	Close relative of KMP	Spouse of director	16.93%

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

Nine month ended

SARITOW SPINNING MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS [UN-AUDITED] FOR THE NINE MONTH ENDED MARCH 31,2024

		March 31,2024	March 31,2023
		Rupees	Rupees
		[Un-Audited]	[Un-Audited]
15.1	Transactions with related parties		
	Nature of relationship	Nature of transaction	
	Key management personnel	Short term employee benefits Post employment benefits	4,005,000 660,000
	Associated company	Generator rent	6,000,000
		7,000,000	6,000,000
		March 31,2024	June 30,2023
		Rupees	Rupees
		[Un-Audited]	[Audited]

15.2	Balances with related parties		
	Nature of relationship	Nature of balance	
	Close relative of KMP	Long term loans	63,534,966
	Key management personnel	Long term loans Short term borrowings Short-term employee benefits payable Post employment benefits payable	619,750,000 - 660,000 15,560,373
	Associated company	Generator rent payable	12,286,921
			202,350,000 660,000 14,900,373 11,677,419

16 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.

17 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.

18 GENERAL

18.1 There are no other significant activities since 30 June 2023 affecting the interim financial statements.

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



Chief Executive



Chief Financial Officer



Director