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# 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

## **NOTICE OF EXTRAORDINARY GENERAL MEETING**

Notice is hereby given that an Extraordinary General Meeting (EOGM) of the members of Saritow Spinning Mills Limited (the "Company") will be held on Friday, November 28, 2025 at 11:00 A.M. at 06-Egerton Road, Opposite LDA Plaza, Lahore, to transact the following business:

1. To confirm the Minutes of last Annual General Meeting held on September 19, 2025.

### **Special Business**

1. **Approval of Asset Sale:** To consider and, if thought fit, to pass with or without modification the following resolution as a Special Resolution authorizing the sale of the Company's plant and machinery assets:

**"RESOLVED THAT** pursuant to Section 183(3) of the Companies Act, 2017 and any other applicable provisions, approval of the members of the Company be and is hereby accorded to the sale or disposal-off the Company's assets comprising the entire plant, machinery, equipment, and other related assets located at the Company's factory site (situated at 1 km off 51-KM Multan Road, Tehsil Phool Nagar, District Kasur). The sale shall be executed for a price not less than the fair market value as determined by independent valuation (approximately PKR 411.93 million) by the valuator and on such terms and conditions as may be agreed by the Board of Directors.

**FURTHER RESOLVED THAT** the Board of Directors be and is hereby authorized to utilize the proceeds from the aforementioned sale to (a) finance the refurbishment/conversion of the Company's facilities into rentable warehouses and (b) settle outstanding liabilities or otherwise apply such funds towards the revival business plan of the Company, in such proportion and manner as the Board deems appropriate.

**RESOLVED FURTHER THAT** the Mr. Muhammad Zeid Yousuf Saigol, Chief Executive Officer (CEO) and/or Mr. Muhammad Omer Farooq, Director of the Company be and are hereby singly/jointly authorized and empowered to take all steps, do all acts, deeds and things, and execute all documents necessary for effecting the sale and giving full effect to the above resolution, including but not limited to finalizing and signing the sale agreement, appointing any advisors/agents for the sale process, completing regulatory filings, and any incidental actions.

**RESOLVED FURTHER THAT** the Mr. Muhammad Zeid Yousuf Saigol, Chief Executive Officer (CEO) and/or Mr. Muhammad Omer Farooq, Director of the Company be and are hereby singly/jointly authorized to accept any modifications to the terms of the sale or these resolutions (including the change of the name of the company) that may be required by the SECP or other regulatory authorities during the implementation, without the need for passing a fresh special resolution by the shareholders."

2. **Approval of New Business Plan (Change in Principal Line of Business):** To consider and, if thought fit, to pass the following resolution as a Special Resolution for change in the principal line of business of the Company and corresponding alteration of the Memorandum of Association:







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**“RESOLVED THAT** the members of the Company do hereby approve the change in the Company's principal line of business from the manufacturing and sale of yarn/textiles to the business of warehousing, leasing of immovable properties, and related logistics services, as part of the Company's revival and diversification plan. In this regard, the existing Clause III of the Memorandum of Association (the Object Clause) be and is hereby altered by substituting in place thereof the new principal object clause:

**“To carry on and undertake the business of property leasing, warehousing, and renting out immovable properties including land, buildings, godowns and storage facilities of all kinds; and to develop, manage and deal in such properties together with such ancillary and incidental objects in any lawful manner.”**

**RESOLVED FURTHER THAT** the Mr. Muhammad Zeid Yousuf Saigol, Chief Executive Officer (CEO) and/or Mr. Muhammad Omer Farooq, Director of the Company be and are hereby singly/jointly authorized to do all acts, deeds and things, and to execute and file all necessary documents, forms and returns, as may be required to give effect to this resolution. This includes seeking approval of the SECP/Registrar for making all necessary corporate and regulatory filings to record the changes to the Memorandum and Articles of Association. The Director is further authorized to accept any modifications in the MOA/AOA amendments as may be suggested by the SECP, without further approval of the shareholders, in order to ensure compliance with all legal requirements.”

## **STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3):**

An Explanatory Statement setting forth all material facts concerning the above-mentioned special business, including the nature and extent of the interest of directors in the agenda items (if any), is annexed to this Notice and shall be circulated to the members along with the Notice. The Annex also contains a summary of the Alternate Business Plan and pertinent financial information to assist members in understanding the rationale and implications of the proposals.

2. To transact any other business with the permission of the Chair.

By Order of the Board

M. Omer Farooq  
Director



Lahore: November 06, 2025

## **NOTES:**

1. Share Transfer Books of the Company will remain closed from November 22, 2025 to November 28, 2025 (both days inclusive). Physical transfers/CDS transactions ID's received in order at "Company Registrar office M/s Corplink (Pvt.) Limited", Wings Arcade, 1-K, Commercial Model Town, Lahore on or before November 21, 2025 will be treated in time.
2. A member entitled to attend and vote at this Meeting may appoint another Member as his/her proxy. Proxies in order to be effective, must be received at 10-G, Mushtaq Ahmed Gurmani Road, Gulberg-II, Lahore, the Registered Office of the Company not later than forty-eight hours before the time for holding the meeting and must be duly stamped, signed and witnessed.



3. Members whose shares are deposited with Central Depository System are requested to bring their original National Identity Cards or original Passports along with their Account Numbers in Central Depository System for attending the meeting.

4. Members are requested to notify the Company change in their addresses, if any.

**5. Electronic Voting:**

- a. In accordance with the Companies (Postal Ballot) Regulation, 2018 (the Regulations) the right to vote by post shall be provided to members of every listed company for, inter alia, all businesses classified as special business under the Companies Act, 2017 in the manner and subject to conditions contained in the Regulations.
- b. Detail of the E-Voting facility will be shared through email with those members of the Company who have valid cell numbers/ e-mail addresses available in the Register of Members of the Company by the end of business on November 22, 2025 by Corplink (Private) Limited being the E-Voting service provider.
- c. The identity of the members intending to cast vote through E-Voting shall be authenticated through electronic signature or authentication for login.
- d. Members shall cast vote online from November 25, 2025 9:00 a.m. till November 27, 2025 at 05:00 p.m. Voting shall close on November 27, 2025 at 05:00 p.m. Once the vote on the resolution has been casted by a Member, he/she shall not be allowed to change it subsequently.

**6. Procedure of Voting through Postal Ballot:**

- a. Members may alternatively opt for voting through postal ballot. For convenience of the members, Ballot Paper is annexed to this notice and the same is also available on the Company's website ([www.saritowspinningmillsltd.com](http://www.saritowspinningmillsltd.com)) for download
- b. The members must ensure that the duly filled and signed Ballot Paper along with a copy of the Computerized National Identity Card (CNIC) should reach the Chairman of the meeting through post at the Company's Registered Office i.e. 10-G, Mushtaq Ahmed Gurmani Road, Gulberg-II, Lahore, or email at [umer.islam@saigols.com](mailto:umer.islam@saigols.com), at least one day before on November 27, 2025 before 05:00 p.m. A postal ballot received after this time shall not be considered for voting. The signature on the Ballot Paper should match with the signatures on the CNIC.
- c. Abdul Rahman & Co., Chartered Accounts has been appointed as "Scrutinizer" in terms of Companies (Postal Ballot) Regulations 2018, for the purpose of voting at the meeting. The firm meets the QCR rating from ICAP. The Scrutinizer has the necessary knowledge and experience to independently scrutinize the voting process. Furthermore, M/s Corplink (Pvt) Limited, the Company's Shares Registrar, have been appointed as "e-voting service provider" as per requirement of the Regulations.



**7. Participation in the General Meeting through Video link Facility**

The SECP through its Circular No. 4 dated February 15, 2021 & Circular No. 6 dated March 03, 2021 has directed listed companies to arrange participation of shareholders in General meeting through Video Link Facility in addition to allowing physical attendance by the members. The members who are willing to attend and participate in the General meeting can do so through video-link via smartphones, computers, tablets, etc. To attend the General meeting through video-link, members are requested to get their following particulars registered by sending an email or WhatsApp at the number/address given below, at least 48 hours before the time of the General meeting and download video-link from <https://zoom.us/download>.

Name	Folio/CDS Account No.	CNIC No	Cell phone	Email

Signature of Member

WhatsApp	Email
0321-8561366	<a href="mailto:umer.islam@saigols.com">umer.islam@saigols.com</a>

Upon receipt of requests, the video-link login credentials will be shared with the interested shareholders on their email addresses or WhatsApp messages. The members can send their comments/suggestions related to the agenda items of the meeting through the above-mentioned means.

- 10.** Pursuant to SECP's Circular No 10 dated 21 May 2014, if the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location other than the city of the Meeting, to participate in the meeting through video conference at least 07 (seven) days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. In this regard, please fill the following and submit to Head Office address of the Company at least 07 (seven) days before the date of general meeting.

I/We \_\_\_\_\_ of \_\_\_\_\_, being member(s) of Saritow Spinning Mills Limited holder of \_\_\_\_\_ Ordinary share(s) as per Register Folio No. \_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_.

- 11.** Shareholders, who for any reason, could not claim their dividends/shares, if any, are advised to contact our Share Registrar Office M/s. Corplink (Private) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore, to enquire about their unclaimed dividends/shares.
- 12.** The Memorandum & Articles of Association available for inspection during the office hours at the registered office of Company.





- 13.** In compliance with the requirements of Section 72 of the Companies Act, 2017 every existing listed company shall be required to replace his/her physical shares with book entry form in a manner as may be specified and from the date notified by the SECP, within a period not exceeding four years from the commencement of the Companies Act, 2017 that is, 30 May 2017. Members having physical share certificates are requested to convert their shares from physical form into book entry form as early as possible. It would facilitate the Members in many ways including safe custody of shares, no loss of shares, avoidance of formalities required for issuance of duplicate shares and readily available for sale and purchase in open market at better rates.

For any query / clarification / information, the shareholders may contact the Company at email [umer.islam@saigols.com](mailto:umer.islam@saigols.com) and/or the Share Registrar of the Company at email [akbar@corplink.com.pk](mailto:akbar@corplink.com.pk)

**14. Prohibition of Distribution of Gifts**

No gifts will be distributed at the Annual General Meeting as prohibited under Section 185 of the Companies Act, 2017.



## **EXPLANATORY STATEMENT (SECTION 134(3) OF THE COMPANIES ACT, 2017)**

### **Background and Rationale for Special Business:**

Saritow Spinning Mills Limited (SSML) has faced significant financial and operational challenges over the past several years. The Company's core business of yarn spinning suffered due to depressed market conditions, rising input costs (cotton and energy), and intense competition, leading to continuous losses and underutilization of capacity. For the financial year ended June 30, 2025, SSML incurred a substantial loss (primarily due to impairment of fixed assets upon closure of the mill), which increased the accumulated deficit to about PKR 807.94 million. As a result, the Company's equity has eroded to PKR 113 million, against an issued share capital of PKR 298.4 million. The Company's current liabilities also exceeded current assets by approximately PKR 1.08 billion as of June 30, 2025, reflecting significant borrowings and payables that the Company could not service from operations.

Faced with these difficulties, the Board of Directors was compelled to suspend the Company's manufacturing operations in 2024 to stem further losses. The mill has remained closed since then, and SSML was consequently placed in the Non-Compliant Segment of the Pakistan Stock Exchange (PSX) due to failure to continue as a going concern with active business. In light of these circumstances, it is no longer feasible for SSML to continue in the textile spinning industry.

In order to preserve shareholder value and revive the Company, the Management has formulated and presented to the Board an Alternate/Revival Business Plan. The key elements of this plan, which have been approved by the Board (subject to members' approval), include: (a) disposing of the idle assets (plant, machinery, etc.) to generate liquidity, and (b) changing the Company's principal line of business from textile manufacturing to a warehouse leasing (godown rental) and Worker Residence rental business utilizing the Company's real estate asset (the factory land and building along with worker residences). After extensive deliberations, the Board believes this strategy offers the best viable route to make SSML financially stable and profitable once again. Accordingly, the Board has recommended altering the Memorandum of Association to change the Company's principal objects to warehousing/logistics.

The benefits likely to accrue from this change are multi-fold: the new business is expected to provide a steady revenue stream which will improve cash flows and address the auditors' going concern issues, help the Company to exit the PSX Non-Compliant segment upon resumption of commercial operations, and potentially attract strategic investors interested in the logistics/warehouse sector. In due course, as the Company's financial health is restored, the shareholders could see a return on their investment through appreciation in share value and future dividends (once accumulated losses are wiped out by profits).

In compliance with statutory requirements, the following specific information is provided concerning Agenda Item 1 (Proposed Sale of Assets) and related matters:





- 1. Description of Assets to be Disposed:** The assets intended for sale comprise the entire plant and machinery and allied equipment of the Company's textile mill. These include all production machinery (such as blow room lines, carding machines, draw frames, simplex (flyer) frames, ring spinning frames, cone winders, etc.), as well as auxiliary and utility equipment (generators, electric transformers, compressors, laboratory equipment, waste collection systems, and other misc. factory tools). The assets are located at the Company's factory premises at Phool Nagar, District Kasur (approx. 51 km Multan Road). A detailed inventory of the machinery (including make, model, year of purchase) is available for inspection by the shareholders at the Company's registered office and will also be provided to prospective bidders. It is clarified that the land and building of the factory are not part of this sale and will be retained by the Company for the new warehousing business (the land measures ~320 Kanals as per land records, and the main building covers about 400,000 sq. ft.). Only the movable assets (plant, machinery, equipment, spares, furniture, etc.) are being disposed of.
- 2. Age and Acquisition Dates:** The majority of the spinning machinery is between 15 to 35 years old, with various machines purchased or installed at different times during the Company's decades-long operational history (a significant portion dates back to pre-2010). Some ancillary assets (e.g., office equipment, furniture and fixtures) are of more recent vintage (purchased in the last 5-10 years). Given the age of the core machines and rapid technological advances in the textile machinery field, many of these textile related assets are considered outdated for efficient textile production, which is a factor in the decision to sell them off.
- 3. Book Value and Revalued Amount:** As part of the FY2025 audit, an independent professional valuation of the Company's fixed assets was carried out in June 2025. The plant and machinery were revalued to reflect their fair market value. The net book value of the plant and machinery as of June 30, 2025 is PKR 411,930,000, which equals the appraised fair market value determined by M/s. Joseph Lobo (Surveyors & Valuers) in their valuation report dated June 12, 2025. This indicates that the carrying amount of the machinery has already been adjusted to current market value in the financial statements (an impairment/write-down was recorded in 2025 accounts). Shareholders can refer to Note 20 of the audited financial statements 2025 for details on the revaluation.
- 4. Proposed Sale Price (Fair Value Considerations):** The Company intends to obtain a price as close to the book/fair value of PKR 411.93 million as possible for these assets. However, the actual sale price will depend on market demand and the bidding process. It is noted that given the specialized nature and age of some machines, the realized price could be lower than book value – for instance, if sold as scrap or if there are limited buyers for used textile machinery, the assets may not fetch their recorded value. The Company will make a balanced decision in this regard: holding out for a higher price must be weighed against the ongoing cost of maintaining idle equipment and the delay in implementing the revival plan. The Audit Committee of the Board has been tasked to oversee the sale process to ensure that the best possible price is obtained under the circumstances. If the highest bids received are significantly below the valuation, the Audit Committee will evaluate the reasons and may explore





negotiations or alternate buyers to improve the outcome. All bids and offers will be transparently evaluated before finalizing the sale.

- 5. Method/Mode of Disposal:** The sale of the machinery will be conducted through an open, transparent process. The Board has resolved to invite open bids. Prospective buyers (which may include other textile mills, machinery dealers, or scrap purchasers) will be given the opportunity to inspect the assets on-site and submit sealed bids. The Audit Committee will open and examine all bids received by the deadline. In parallel, the Company may directly approach known interested parties (e.g., companies that had leased our equipment in the past or industry players) to ensure maximum participation; any direct offers received will be considered alongside tender bids in the presence of the Audit Committee. Final negotiations (if needed) and buyer selection will be made by the Board based on Audit Committee recommendations, with preference for bidders offering the best value and credible payment terms. The sale is expected to be on an "as is, where is" basis against full payment. The timeline envisaged is to complete the tender and sale transaction up to 3 months from the shareholder approval or such extended time as may deem appropriate by the Board.
- 6. Use of Sale Proceeds:** The primary purpose of the asset sale is to generate funds to revive the Company's operations under the new business plan. The total sale proceeds (after deducting any selling expenses or taxes) will be deployed as follows: (a) approximately PKR 100-120 million will be invested in refurbishing and repurposing the factory building into a functional warehouse facility (this includes construction, repairs, fit-outs, and necessary capital expenditure to ready the premises for leasing), and (b) the remaining balance (estimated PKR 290+ million) will be used to settle liabilities and strengthen finances. Any residual funds after liabilities reduction and refurbishment will bolster the working capital for the new warehousing business (covering initial operating expenses, marketing of the facility, etc.). This utilization strategy is in line with the Board's revival plan and is aimed at putting the Company on a solid financial footing going forward.
- 7. Effect on Operational Capability:** The proposed sale of the spinning machinery will not adversely affect the Company's operational capacity, because the Company's textile production was already halted and the machinery is lying idle. In fact, these assets are no longer productive for the Company. By selling them, the Company is liquidating unproductive assets to free up resources for a new venture. There will be no disruption to any current production or revenue, since none exist at present. Conversely, the infusion of funds from the sale will facilitate implementation of the new warehousing operations, which is expected to restore operational activity (of a different nature) at the Company's site. Once the warehouses are refurbished and leased out, the Company will re-initiate commercial operations (in the form of property rental income), thereby effectively reviving its business on a new model. In summary, disposing of the old machinery is a necessary step to transition the Company out of an obsolete line of business and enable the commencement of the new line; it does not affect "operations" per se, other than foreclosing any return to the previous textile manufacturing (which is not contemplated).





- 8. Interests of Directors/Promoters:** None of the Directors or sponsors of the Company or their relatives have any direct or indirect interest in the asset sale transaction, except in their capacities as shareholders. The sale will be made through an arms-length bidding process. The proceeds will accrue to the Company and ultimately benefit all shareholders proportionately. (If any director or connected person decides to participate as a bidder, which is not anticipated, that fact will be disclosed and such director will abstain from voting on relevant matters due to conflict of interest.) The change in business plan and Company name is also a strategic decision in which the directors/sponsors have no personal interest other than as equity holders looking to improve the Company's prospects.
- 9. Expected Benefits for Shareholders:** The Board believes that approving the above resolutions will pave the way for a turnaround of the Company's fortunes. By implementing the new business plan, SSML aims to achieve profitability within a short span and improve shareholder value. Some key expected benefits are:
- 10. Restoration of Profitability:** The steady rental income (as detailed in the business plan) will cover the Company's expenses and generate profit margins, reversing the trend of losses. This will eventually allow the Company to eliminate accumulated losses from its balance sheet.
- 11. Regular Cash Flows:** Unlike the volatile earnings in textile manufacturing, the warehouse rentals will provide predictable cash flows, which can support dividend distributions to shareholders in the future (once allowable) and/or reinvestment for growth.
- 12. Higher Corporate Stability:** A successful transition will likely result in SSML being removed from the PSX Non-Compliant segment, improving the Company's standing and possibly its stock liquidity/market price as investor confidence returns.
- 13. Strategic Flexibility:** The new Memorandum of Association (if approved) will redefine the Company's principle line of business, enabling it to pursue other lawful real estate businesses as well (except restricted any sectors) to diversify income streams. The Company could, for example, expand into related areas like logistics services, property development or joint ventures, subject to regulatory compliance, thereby opening avenues for growth that were not possible under the narrow textile object clause, subject to completion of any corporate and regulatory formalities where required.
- 14. Enhanced Asset Utilization:** Retaining the land and repurposing the building means the core assets remain with the Company. Over time, the real estate may appreciate in value. Shareholders retain indirect ownership of these underlying assets, now put to more productive use.
- 15. Attraction of Investors/Partners:** A revived company with a clear income model may attract strategic investors or partners interested in the logistics/warehouse sector to collaborate with SSML for expansion (for instance, development of remaining vacant land into further warehouses or industrial facilities). This could potentially unlock further value for the Company and its members.





**16. Due Diligence:** The directors of a Company undertake that they have carried out necessary due diligence for the sale or disposal. The duly signed recommendations of the due diligence report shall be made available to the members for inspection before and during the general meeting.

The Board of Directors unanimously recommends that the shareholders vote in favor of all the special resolutions above, as they are considered in the best interest of the Company and its members. These measures are necessary for SSML's survival and future growth, and to comply with the legal requirement that a listed company disposing of its main undertaking must have a viable alternate business plan to avoid winding-up. The Board has duly approved such a plan (warehousing business) in line with regulatory expectations, and now seeks the shareholders' support to implement it.

**Directors' Responsibility Statement:** The directors affirm that none of them has any personal interest in the special business that is not common with the interest of other shareholders. All material facts and information have been disclosed to enable the members to make an informed decision.

*This Statement is annexed to the Notice of EOGM issued to the members in compliance with Section 134(3) of the Companies Act, 2017. Members are requested to carefully read the full text of the proposed resolutions along with this explanatory statement before casting their votes.*





## **BUSINESS PLAN – SSML GODOWN RENTAL OPERATIONS**

**Executive Summary:** SSML's revised business plan is to transform the Company's idle industrial site into a profitable **warehouse rental business**. After selling the spinning machinery, the Company will refurbish its factory building (approx. **400,000 square feet** of covered area) into **storage godowns** which will be leased out to third parties for warehousing and logistics use. This plan leverages SSML's existing real estate asset to generate steady rental income, with significantly lower operational risk compared to manufacturing.

### **Key Assumptions and Operational Model:**

- **Rentable Area:** ~400,000 sq. ft. of warehouse space (to be confirmed via detailed measurement). This space can be partitioned into multiple storage units as per tenant demand.
- **Occupancy (Rental Efficiency):** Targeting an average **80% occupancy** of available space (i.e. ~320,000 sq. ft. rented out) on an ongoing basis. This assumes a reasonable vacancy factor for transitions and unleased periods, and reflects conservative uptake expectations in initial years.
- **Rental Rate:** Starting rental rate of at least **PKR 30 per sq. ft. per month** (triple-net lease structure where tenants bear utilities and minor maintenance) for Halls and Godowns whereas the workers colony and quarters at **PKR 20 per sq ft per month**. These rates are based on prevailing market rents for warehouse space in the region and the quality/location of SSML's facilities.
- **Annual Escalation:** Rent rates are projected to increase at **10% per annum** (built into lease contracts) to account for inflation and market rental appreciation. This escalation is a typical market practice for long-term warehouse leases, ensuring growing income streams over time.

**Income Forecast (Revenue Projection):** Based on the above assumptions, the **Year 1 gross rental revenue** is estimated at approximately **PKR 105.4 million**. In subsequent years, with the 10% annual rent increase, revenues will grow substantially. For instance, Year 2 revenue is projected around PKR 115.9 million, Year 3 around PKR 127.5 million, and by Year 5 about PKR 154.3 million. By Year 10, annual rental income could reach approximately **PKR 270+ million**. These projections assume the occupancy rate remains around 80% on average.

- *Note:* There is upside potential if higher occupancy can be achieved or if market rents rise faster. Conversely, if occupancy falls below target (e.g., due to economic downturn or competition), revenues would be lower. The Company will mitigate this risk by proactive marketing to potential tenants (such as logistics companies, manufacturers needing storage, e-commerce fulfillment, etc.) and offering competitive lease terms.

**Operating Costs and Expenses:** The warehouse rental business is expected to have a **lower cost base** compared to the previous spinning operations. Key expenses will include: - **Maintenance and Utilities:** Periodic building maintenance, security, insurance, and utilities for common areas. These are partly recoverable from tenants as per lease terms.

- **Staffing:** A lean operations team for facility management (security personnel, a facility manager, electricians/technicians for upkeep). Existing administrative overhead can be repurposed to manage the rental operations, keeping incremental costs low.

- **Property Tax and Insurance:** Local property taxes and insurance premiums for the warehouses will be factored in.





Overall, the **net operating margin** from rental income is projected to be high, given that warehousing typically has minimal variable costs once the facility is developed. For planning purposes, we assume operating expenses (excluding depreciation) at roughly 25-20% of rental revenue. This yields an **EBITDA margin** on the order of 75-80%, meaning Year 1 EBITDA around PKR 84 million, growing to over PKR 229 million by Year 10 (with rent escalation).

**Capital Expenditure and Funding:** Upfront capital expenditure is required to retrofit the spinning mill building into a tenant-friendly warehouse facility. This includes installing partition walls or racking systems as needed, repairs to roofing/floors, loading docks improvements, fire safety installations, and possibly additional access roads or parking for trucks. The **estimated refurbishment cost is ~PKR 100–120 million** (preliminary), which will be **funded out of the plant & machinery sale proceeds**. The asset sale (valued ~PKR 412 million) is expected to generate sufficient cash to cover these renovation costs, with a large residual amount remaining. The remainder of the sale proceeds (around PKR 290–310 million before taxes/expenses) will be deployed to **retire liabilities**. Any surplus funds will strengthen working capital to ensure smooth launch of the rental business.

**Cash Flow Summary:** The conversion to a rental model is expected to quickly turn the Company cash-flow positive. **Year 1 free cash flow** (after operating expenses and routine maintenance capex) is forecast at approximately PKR 40+ million. As rental receipts rise annually and liabilities burden falls (due to repayments), the annual free cash flow will grow. Over a 5-year period, cumulative net cash flows could exceed ~PKR 400 million, indicating a robust recovery of the initial investment and a healthy return on equity. These cash flows can support resumption of dividends to shareholders in the medium term (subject to eliminating accumulated losses) and provide capital for any expansion (e.g., adding more warehousing on remaining land if demand warrants). A simplified cash flow projection is included in Annex for reference, demonstrating the **self-sustaining nature** of the new business model after the one-time asset conversion.

**Business Rationale and Benefits:** The godown rental business leverages SSML's strengths (land and location) while avoiding the challenges that plagued the textile business (volatile input costs, energy shortages, market competition). Warehousing demand in Pakistan is on an upswing with the growth of population, retail, FMCG, and e-commerce sectors requiring logistics and storage solutions. SSML's site (located on a main road with ample land) is well-positioned to attract reliable tenants. The steady rental income will **improve the Company's financial stability** and address the auditors' going concern doubts by providing positive cash flows. Additionally, this pivot is crucial for SSML to **exit the Non-Compliant segment** – once the new operations commence and liabilities are reduced, the Company can demonstrate viability and potentially remove itself from the Non-Compliant' list (where it was placed after operational closure). Overall, the plan expects a sustainable path forward, turning a loss-making mill into a profitable property rental enterprise, thereby **protecting and potentially enhancing shareholder value** in the long run.

*(Detailed financial forecasts, and a breakdown of assumptions are provided in the full Business Plan document, available for review. Key projections include income statements for the next 5 years)*

