

SARITOW SPINNING MILLS LIMITED

ANNUAL REPORT 2025

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

HR & REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Mr. Shakeel Ahmed

CHIEF FINANCIAL OFFICER

Mr. Muhammad Shamil, FCA

AUDITORS

M/s Rahman Sarfaraz Rahim Iqbal Rafiq & Co.
Chartered Accountants

BANKERS

Bank Alfalah Limited
Faysal Bank Limited
MCB Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited
NIB Bank Limited
The Bank of Punjab
Summit Bank Limited
Meezan Bank Limited
Habib Metropolitan Bank Limited
Askari Bank Limited
Habib Bank Limited
JS Bank Limited
Sindh Bank Limited

SHARE REGISTRAR

M/s Corplink (Pvt.) Limited
Wings Arcade, 1-K, Commercial,
Model Town, Lahore
Tel: 042-35916714-19, 35839182 Fax: 042-35869037
E-mail: shares@corplink.com.pk

REGISTERED OFFICE

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

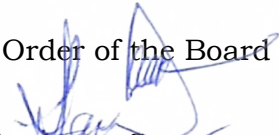
MILLS

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 39th Annual General Meeting of Shareholders of Saritow Spinning Mills Limited will be held on Friday, September 19, 2025 at 10:30 A.M., at 06-Egerton Road, Opposite LDA Plaza, Lahore to transact the following business: -

1. To confirm the minutes of the last Annual General Meeting held on November 27, 2024.
2. To receive and adopt the Annual Audited Accounts for the year ended June 30, 2025 along with Directors' and Auditors' Reports thereon.
3. To appoint Auditors of the Company to hold office till the conclusion of next Annual General Meeting and to fix their remuneration.
4. Any other business with the permission of the Chair.

By Order of the Board

Company Secretary

Lahore: August 29, 2025

Notes:

1. Share Transfer Books of the Company will remain closed from September 13, 2025 to September 19, 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 September 12, 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. **Transmission Of Annual Report**

In terms of approval of the shareholders of the Company in their Annual General Meeting held on October 27, 2023 and pursuant to SECP's Notification No. SRO 389(1)/2023 dated 21st March, 2023. The Annual Report for the financial year ended on 30th June, 2025 of the Company containing inter alia the audited financial statements, auditors' report, directors, and chairman's reports thereon may be viewed and downloaded by following QR code and weblink:

Weblink	QR Code
https://saritowspinningmillsltd.com/annualreports.aspx	

The Annual Report has been emailed to those shareholders who have provided their valid email address to the Company.

The shareholders who wish to receive a hard copy of the Annual Report may send to the Company Secretary/Share Registrar, the Standard Request Form available on the website of the Company saritowspinningmillsltd.com. The Company then will provide a free of Cost hard copy of Annual Report to the shareholders within one week of the request.

6. Replacement Of Physical Shares Into CDC Account

Members, who hold physical shares, are advised to convert their shares into electronic form in terms of section 72 of the Companies Act, 2017.

7. Participation in the AGM 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 Annual 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 AGM can do so through video-link via smartphones, computers, tablets, etc. To attend the AGM 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 AGM, 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	umer.islam@saigols.com

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.

اطلاع برائے سالانہ اجلاس عام

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ ساریٹو سپننگ ملز لمیٹڈ کے حصص داران کا انتالیسواں (39th) سالانہ اجلاس عام 19 ستمبر 2025 بروز جمعہ 10:30 بجے صبح 06-ایچ ٹرن روڈ، بلتھماہل LDA Plaza، لاہور میں درج ذیل امور کی انجام دہی کیلئے منعقد ہوگا۔

- 1- 27 نومبر 2024 کو منعقد ہونے والے سالانہ اجلاس عام کی کارروائی کی تصدیق۔
- 2- مالی سال ختم 30 جون 2025 کی ہاٹ کمپنی کے سالانہ آڈٹ شدہ حسابات بھراہ اُن پر ڈائریکٹران و آڈیٹران کی رپورٹس کی وصولی اور ان کی قبولیت۔
- 3- اگلے سالانہ اجلاس عام کے اختتام تک عہدہ پر رہنے کیلئے کمپنی کے آڈیٹران کا تقرر اور ان کے صلہ خدمت کا تعین۔
- 4- صاحب صدر کی اجازت سے کسی دیگر امر پر کارروائی۔

بجگم پورڈ
کمپنی سیکرٹری

لاہور: 29 اگست 2025

نوٹس:

- 1- کمپنی کی حصص کی منتقلی کی کتابیں 13 ستمبر 2025 تا 19 ستمبر 2025 (بشمول دونوں ایام) بند رہیں گی۔ کمپنی کے شیئر رجسٹرار آفس ایم ایس کارپ لنک (پرائیویٹ) لمیٹڈ، وگنڈا آرکیڈ، 1-K، کمرشل، ماڈل ٹاؤن، لاہور میں وصول ہونے والی منتقلیاں (بشمول CDS/Physical) 12 ستمبر 2025 کو کاروبار بند ہونے تک قابل قبول ہوں گی۔
- 2- اجلاس میں شرکت اور ووٹ دینے کا اہل ممبر پر کسی مقرر کر سکتا ہے۔ پراکسیاں تا آنکہ موثر ہو سکیں، اجلاس کے وقت سے 48 گھنٹے قبل کمپنی کے رجسٹرار آفس (10-جی، مشتاق احمد گرمانی روڈ، گلبرگ-II، لاہور) میں لازماً وصول ہونی چاہئیں اور باقاعدہ مہرزادہ، دستخط شدہ اور گواہ شدہ ہونی چاہئیں۔
- 3- وہ ممبران جن کے نام حصص سنٹرل ڈیپازٹری سسٹم میں ہیں انہماں ہے کہ وہ اپنے اصلی شناختی کارڈ یا پاسپورٹ اور سنٹرل ڈیپازٹری سسٹم میں اپنے اکاؤنٹ نمبر اجلاس میں شرکت کیلئے ہمراہ لائیں۔
- 4- ممبران سے انہماں ہے کہ اپنے پتہ میں کسی بھی تبدیلی کی صورت میں کمپنی کو مطلع فرمادیں۔

5- سالانہ رپورٹ کی ترسیل

27 اکتوبر 2023 کو منعقدہ ان کی سالانہ جنرل میٹنگ میں کمپنی کے شیئر ہولڈرز کی منظوری کے لحاظ سے اور ایس ای سی پی کے نوٹیفیکیشن نمبر SRO 389 (1) / 2023 مورخہ 21 مارچ 2023 کے مطابق۔ مالی سال کی سالانہ رپورٹ 30 جون 2025 کو کمپنی کا آڈٹ شدہ مالیاتی بیانات، آڈیٹرز کی رپورٹ، ڈائریکٹرز، اور چیئرمین کی رپورٹس کو درج ذیل QR کوڈ اور ویب لنک کے ذریعے دیکھا اور ڈاؤن لوڈ کیا جاسکتا ہے:

کیو آر کوڈ

ویب لنک



<https://saritowspinningmills.com/annualreports.aspx>

سالانہ رپورٹ ان شیئر ہولڈرز کو ای میل کر دی گئی ہے جنہوں نے کمپنی کو اپنا درست ای میل ایڈریس فراہم کیا ہے۔

جو شیئر ہولڈرز سالانہ رپورٹ کی ہارڈ کاپی حاصل کرنا چاہتے ہیں وہ کمپنی سیکرٹری/شیئر رجسٹرار کو معیاری درخواست فارم جو کمپنی کی ویب سائٹ www.saritowspinningmills.com پر دستیاب ہے، بھیج سکتے ہیں۔ اس کے بعد کمپنی درخواست کے ایک ہفتے کے اندر شیئر ہولڈرز کو سالانہ رپورٹ کی مفت ہارڈ کاپی فراہم کرے گی۔

6- فیزیکل حصص کی سی ڈی سی اکاؤنٹ میں تبدیلی

فیزیکل حصص رکھنے والے حصہ داران کو ہدایت کی جاتی ہے کہ کمپنیاں ایکٹ 2017 کے سیکشن 72 کے تحت الیکٹرونک شکل میں تبدیل کروالیں۔

7- ویڈیو لنک سہولت کے ذریعے سالانہ اجلاس عام میں شرکت

ایس ای سی پی نے اپنے سرکل نمبر 4 مورخہ 15 فروری 2021 اور سرکل نمبر 6 مورخہ 03 مارچ 2021 کے ذریعے لسٹڈ کمپنیوں کو ہدایت کی ہے کہ وہ ممبران کی جسمانی حاضری کی اجازت دینے کے علاوہ ویڈیو لنک کی سہولت کے ذریعے سالانہ جنرل میٹنگ میں شیئر ہولڈرز کی شرکت کا اہتمام کریں۔ جو ممبران AGM میں شرکت اور حصہ لینے کے خواہشمند ہیں وہ ویڈیو لنک کے ذریعے سارٹو، فونز، کمپیوٹرز، ٹیبلٹ وغیرہ کے ذریعے ایسا کر سکتے ہیں۔ ویڈیو لنک کے ذریعے AGM میں شرکت کے لیے ممبران سے درخواست کی جاتی ہے کہ وہ ای میل بھیج کر اپنی درج ذیل تفصیلات رجسٹر کروالیں۔ یا AGM کے وقت سے کم از کم 48 گھنٹے پہلے نیچے دیئے گئے نمبر/پتے پر واٹس ایپ کریں اور <https://zoom.us/download> سے ویڈیو لنک ڈاؤن لوڈ کریں۔

نام
فولیو/سی ڈی ایس
سی این آئی سی نمبر
موبائل نمبر
ای میل
اکاؤنٹ نمبر

ممبر کے دستخط

ای میل

واٹس ایپ

umer.islam@saigols.com 0321-8561366

درخواستوں کی وصولی پر، ویڈیو لنک لاگ ان کی اسناد دلچسپی رکھنے والے شیئر ہولڈرز کے ساتھ ان کے ای میل پتوں یا واٹس ایپ پیغامات پر شیئر کی جائیں گی۔ ممبران میٹنگ کے ایجنڈا آن لائن سے متعلق اپنے تہرے/مشورے مذکورہ ذرائع سے بھیج سکتے ہیں۔

CHAIRMANS' REVIEW REPORT

I am pleased to present the Chairman's Review Report of the company for the year ending 30 June 2025, pertaining to the overall performance of the board and its role in achieving the company's objectives.

During the year the Board committees continue to work with a great measure of proficiency. The Audit Committee has focused in particular on the management and control of risks associated with the business. The Human Resource and Remuneration Committee has ensured that the HR Policies regarding performance management, HR staffing, compensation and benefits are market driven and are properly aligned to the Company's performance, shareholder's interest and the long-term success of the company.

As required under the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Board has developed a mechanism for the evaluation of performance of the Board of Directors, during the year a comprehensive questionnaire was circulated among all members of the board for the evaluation of performance of the Board of Directors. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

For the financial year ended June 30, 2025, the Board's overall performance and effectiveness has been assessed as satisfactory. Improvement is an on-going process leading to action plan. The overall assessment as satisfactory is based on an evaluation of integral component including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitor financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiencies in carrying out the Board's business.

The Board of Directors of the Company, received agendas and supporting written material including follow up materials in sufficient time prior to the board and its Committee meetings. The Board meets frequently enough to adequately discharge its responsibilities. The non-executive and Independent directors are equally involved in important decisions.

On an overall basis, I believe the strategic direction of the Company is dear and appropriate. Further, the processes adopted in developing and reviewing the overall corporate strategy and achievement of the Company's objective are commendable.



M. NASEEM SAIGOL

CHAIRMAN

August 29, 2025

چیئر مین جائزہ رپورٹ:

میں 30 جون، 2025 کو ختم ہونے والے سال کی چیئر مین جائزہ رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہا ہوں۔ جس میں بورڈ کی مجموعی کارکردگی اور کمپنی مقاصد کے حصول میں اس کے کردار کی عکاسی کی گئی ہے۔

سال بھر میں بورڈ کمیٹیاں نہایت دلجمعی سے کام کرتی رہیں۔ آڈٹ کمیٹی کاروبار سے منسلک خطرات کے انتظام اور ان پر قابو پانے کے لیے بھرپور کام کرتی رہیں۔ ہیومن ریسورس اینڈ ریویژن کمیٹی یقین دلاتی ہے کہ کارکردگی کے انتظام، عملہ کی بھرتی، معاوضہ اور مراعات پر اپنی پالیسیاں مارکیٹ رجحانات کے عین مطابق ہیں اور کمپنی کی کارکردگی، شیئر ہولڈرز کے مفاد اور کمپنی کی طویل مدتی کامیابی کا احاطہ کرتی ہیں۔

لینڈکنٹینز (کوڈ آف کارپوریٹ گورننس) ریگولیشن 2019 کے تحت بورڈ نے اپنی کارکردگی کے جائزہ کے لیے ایک مربوط نظام مرتب کیا ہے۔ سال بھر میں بورڈ آف ڈائریکٹرز کی کارکردگی کے جائزہ کے لیے تمام اراکین کو جامع سوالنامہ تقسیم کیا گیا۔ اس تشخیص کا مقصد یہ یقینی بنانا ہے کہ بورڈ کی مجموعی کارکردگی اور تاثیر کو کمپنی کے لیے طے شدہ مقاصد کے تناظر میں توقعات کے خلاف پیش اور پیچ مارک کیا جائے۔

30 جون، 2025 کو ختم ہونے والے مالی سال کے لیے، بورڈ کی مجموعی کارکردگی اور تاثیر کا اندازہ اطمینان بخش رہا ہے۔ یہ لازمی اجزاء کی تشخیص پر مبنی ہے بشمول وژن، مشن اور اقدار، اسٹریٹجک منصوبہ بندی میں مشغولیت، پالیسیوں کی تشکیل، کمپنی کی کاروباری سرگرمیوں کی نگرانی، مالی وسائل کے انتظام کی نگرانی، منوش مالی نگرانی، تمام ملازمین کے ساتھ مساوی سلوک اور بورڈ کے امور میں مہارت سے اخذ کیا گیا ہے۔

کمپنی کے بورڈ آف ڈائریکٹرز نے ایجنڈا اور دیگر تحریری مواد اور بارڈ اور اس کی کمیٹیوں کے اجلاس سے قبل فالو اپ میٹریل حاصل کیا ہے۔ بورڈ اپنے فرائض کی انجام دہی کے لیے مناسب وقت میں اجلاس طلب کرتی ہے۔ نان ایگزیکٹو اور خود مختار ڈائریکٹرز، ہم فیصلہ سازی میں مساوی کردار ادا کرتے ہیں۔

مجموعی طور پر، مجھے یقین ہے کہ کمپنی کی اسٹریٹجک سمت واضح اور مناسب ہے۔ مزید برآں، کمپنی کے مقاصد کے حصول اور مجموعی کاروبار کے عملیاتی تیاری اور اس پر نظر ثانی کے لیے اپنائے گئے طریقہ ہائے کارروائی قابل قدر ہے۔

ایم نسیم سہگل
چیئر مین
29 اگست 2025

DIRECTORS' REPORT

The Directors of M/s. Saritow Spinning Mills Limited are please to present Financial Results for the year ended June 30, 2025 along with Auditors' Report and Directors' Report thereupon.

Financial Highlights	Year Ending June 30, 2025	Year Ending June 30, 2024
Net Sales	19.229	2,222.878
Gross (loss)	(574.630)	(127.568)
Operating (loss)	(594.542)	(199.420)
Loss before Tax and statutory levies	(597.007)	(280.914)
Loss after tax and statutory levies	(597.247)	(308.699)
Earnings per share	(20.01)	(10.34)

Operating Financial Results

The period under review was very tough and abnormal for your company. The operations of the Company remained suspended during the year under review.

The period under review was not conducive for the industry as a whole. Overall business environment became very hard in the country which was further affected by the geo political scenario of the country in particular and the whole world in general. Consistently decreasing local Raw Cotton production which is the main raw material, increase in major input cost and depressed yarn market have eroded the profits of Ring Spinning Industry.

Going Concern

The Audition 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 the Sponsors and Financial Institution.

However, the financial statement has been prepared on going concern basis, based on the following assumption.

The company has been facing a declining trend resulting in substantial losses. During the year the company have incurred gross loss of Rs. 575.51 million and loss after income amounting to Rs. 598.21 million. Its current liability exceed its current assets by Rs. 1,079.66 million as at the date. Overall depression in the market and temporary closure since February 28, 2024 of the production facility challenges the company's liquidity situation, to meet this company have relied mostly on sponsors and market support.

Assumption of going concern: -

- a- Up to year end the company have paid of all the liability towards financial institution along with markup. Third-party liabilities are paid off except of directors' loan.
- b- Despite accumulated losses company have positive equity.
- c- Company have stopped production to curtail unnecessary fixed cost which will reduce financial burden.
- d- Company remains current in its debts.
- e- The management believe that in view of afore mentioned, the company will be able to continue as going concern.

Future Outlook

At the moment we are trying to sort out some workable plan for the revival plan of the Company. During past few months markup rates have gone down and is expected to go down further.

The management of the company will keep watching the future outlook of business in the country and will decide for future strategy after due deliberation.

Cash Flow Management

Board of Directors' places great importance for an effective cash flow management so as to ensure smooth running of the business. For this purpose, cash inflows and outflows are projected on regular basis and verified periodically. Working capital requirements have been planned to be finance through internal cash generation and short-term financing from external sources.

Internal Financial Controls

The directors are aware of their financial responsibility with respect to internal financial controls. Through discussion with management and auditors, they confirm that adequate controls have been implemented by the company.

Statement of Compliance on Corporate Governance & Financial Reporting Framework

In compliance with Corporate and Financial Reporting Framework of the Securities and Exchange Commission of Pakistan and Listed Companies (Code of Corporate Governance) Regulations, 2019 the Directors are pleased to report that:

- i) The financial statements prepared by the management of the Company present fair state of Company's operations, cash flows and changes in equity.
- ii) Proper books of account of the Company have been maintained as required under the Companies Act, 2017.
- iii) Appropriate accounting policies have been consistently applied in the preparation of financial statements and changes, wherever made, have been adequately disclosed. Accounting estimates are based on reasonable and prudent judgment.
- iv) International Accounting Standards (IASs) and International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in the preparation of financial statements, and any departure there from has been adequately disclosed and explained.
- v) The system of internal control is sound in design and has been effectively implemented and monitored.
- vi) Key operating and financial data. For the last six years is annexed.
- vii) Outstanding taxes and levies are given in the notes to the financial statements.
- viii) No adverse material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which this balance sheet relates and the date of the Director's Report.
- ix) The figures in the financial statements for the year ending June 30, 2025, have been audited by external auditors of the Company.
- x) The Company has fulfilled its major statutory and financial obligations;

Statement of Compliance with the Code of Corporate Governance

The requirements of the Code of Corporate Governance set out by the Pakistan Stock Exchange in its Listing Regulations relevant for the year ended June 30, 2025 have been adopted by the Company and have been duly complied with. A statement to this effect is annexed to the Report.

Dividends

The Board of Directors recommended that no dividend shall be declared for the year ended 30th June, 2025 as the Company has incurred loss during the year.

Corporate Social Responsibility (CSR)

Your company gives high priority to its social responsibilities and is committed to the highest standards of corporate behavior. The company's CSR responsibilities are fulfilled through monetary contributions in the areas of healthcare, education, environment protection, water and sanitation, child welfare, infrastructure development and other social welfare activities. Our CSR includes contributions to hospitals and education programs engaged in assisting the under privileged patients' students and children of various walks of life.

Board Evaluation

In compliance with Code of Corporate Governance Regulations 2019, the Board has put in place a mechanism for the annual evaluation of Board's performance. The evaluation of the performance of the Board is essentially an assessment of how the board has performed on all of the selected parameters.

Health Safety and Environment

Your company is well aware of the importance of skilled workers and staff therefore the company is strongly committed towards all aspects of safety, health and environment connected with our business.

Pattern of Shareholding

Statement showing the Pattern of Shareholding as at June 30, 2025 required under the Companies Act, 2017 and the Code of Corporate Governance are annexed.

COMPOSITION OF BOARD

Composition of the Board of Directors and meetings attended are as under.

Names	Category	Meeting attended
Mr. Jamal Nasim	Independent Director	5
Mrs. Sadaf Kashif	Female Director/ Independent Director	5
Mr. M. Naseem Saigol	Non-Executive Directors	5
Mr. Muhammad Murad Saigol		5
Mr. Muhammad Omer Farooq		5
Mr. Muhammad Zeid Yousuf Saigol	Executive Directors	5
Mr. Samir Iqbal Saigol		5

COMMITTEE'S

Detail of Committee's of Board is as under.

AUDIT COMMITTEE

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

HR & REMUNERATION COMMITTEE

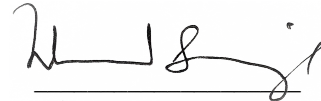
Mr. Jamal Nasim	Chairman/Member
Mr. Muhammad Zeid Yousuf Saigol	Member
Mr. Muhammad Murad Saigol	Member
Mr. Muhammad Omer Farooq	Member

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

For and on behalf of the Boards



Chief Executive



Director

Lahore
August 29, 2025

ڈائریکٹرز رپورٹ

سرٹیفائیڈ اکاؤنٹنٹس کے ڈائریکٹرز 30 جون 2025 کو ختم ہونے والے سال کے نتائج، برآمدگی اور ڈائریکٹرز رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

Financial High Lights	Year Ending	Year Ending
	June 30, 2024	June 30, 2023
Net Sales	19.229	3,600.124
Gross (loss)	(574.630)	(171.922)
Operating (loss)	(594.542)	(257.521)
Loss before tax and statutory levies	(597.007)	(400.369)
Loss after tax and statutory levies	(597.247)	(431.226)
Earnings per share	(20.01)	(14.92)

کاروباری نتائج

زیر جائزہ مدت آپ کی کمپنی کے لیے نہایت کٹھن اور غیر معمولی رہی۔ اس مدت کے دوران کمپنی کی آپریشنز معطل رہے۔

زیر جائزہ مدت مجموعی طور پر پوری صنعت کے لیے بھی سازگار نہ تھی۔ ملک میں کاروباری ماحول انتہائی مشکل ہوتا گیا جس پر بالخصوص ملکی اور بالعموم عالمی جیو پالیٹیکل حالات نے مزید منفی اثر ڈالا۔ مقامی روٹی کی پیداوار میں مسلسل کمی، جو کہ بنیادی خام مال ہے، بڑے پیمانے پر ان پٹ لاگت میں اضافہ اور سوت کے منڈی میں کساد بازاری نے رنگ اسپننگ صنعت کے منافع کو شدید نقصان پہنچایا۔

گوٹنگ کنسرن

کمپنی کے آڈیٹرز نے اپنی رپورٹ میں گوٹنگ کنسرن کے حوالے سے وضاحت کی ہے۔ انہوں نے ذکر کیا ہے کہ کمپنی اسپانسرز اور مالیاتی اداروں کی مزید مالی معاونت کے بغیر اپنا کاروبار جاری رکھنے کے قابل نہیں ہے۔ تاہم، مالی بیانات گوٹنگ کنسرن کے کی بنیاد پر درج ذیل مفروضات کے تحت تیار کیے گئے ہیں:

کمپنی کو مسلسل خسارے کا سامنا ہے۔ سال کے دوران کمپنی کو 575.51 ملین روپے کا مجموعی نقصان اور 598.21 ملین روپے کا ٹیکس کے بعد نقصان ہوا۔ رپورٹ کی تاریخ تک کمپنی کی موجودہ واجبات، موجودہ اثاثوں سے 1,079.66 ملین روپے زیادہ ہیں۔ مارکیٹ میں مجموعی کساد بازاری اور 28 فروری 2024 سے پیداواری یونٹ کی عارضی بندش نے کمپنی کی لیکویڈٹی صورتحال کو مزید مشکل بنا دیا ہے۔ اس صورتحال سے نمٹنے کے لیے کمپنی زیادہ تر اسپانسرز اور مارکیٹ سپورٹ پر انحصار کرتی رہی ہے۔

گوٹنگ کنسرن کے مفروضات

۱- سال کے اختتام تک کمپنی نے مالیاتی اداروں کے تمام واجبات برآمد مارک اپ ادا کر دیے ہیں۔ تیسرے فریق کی واجبات بھی ادا ہو چکی ہیں سوائے ڈائریکٹرز کے قرضہ جات کے۔

۲- جمع شدہ خساروں کے باوجود کمپنی کی ایکویٹی مثبت ہے۔

۳- غیر ضروری فیکٹری کاسٹ کو کم کرنے کے لیے کمپنی نے پیداوار روک دی ہے جس سے مالی بوجھ کم ہوگا۔

۴- کمپنی اپنے قرضوں کی ادائیگی میں وقت پر رہی ہے۔

۵- انتظامیہ کا یقین ہے کہ مذکورہ بالا عوامل کی روشنی میں کمپنی مستقبل میں بھی گوانگ کنسرن کے طور پر اپنا وجود برقرار رکھ سکے گی۔

مستقبل کا نقطہ نظر

اس وقت ہم کمپنی کی بحالی کے لیے کوئی قابل عمل منصوبہ ترتیب دینے کی کوشش کر رہے ہیں۔ پچھلے چند مہینوں میں مارک اپ ریٹ میں کمی واقع ہوئی ہے اور مزید کمی کی توقع ہے۔

کمپنی کا انتظامیہ ملک میں کاروباری حالات کے مستقبل پر گہری نظر رکھے گا اور مکمل غور و خوض کے بعد آئندہ کی حکمت عملی کا فیصلہ کرے گا۔

بورڈ کی ساخت

بورڈ آف ڈائریکٹرز کی ساخت درج ذیل ہے۔

کل ڈائریکٹرز کی تعداد	
6	مرد
1	عورت
ساخت	
محترمہ صدف کاشف	عورت ڈائریکٹر (آزاد ڈائریکٹر)
جناب جمال نسیم	آزاد ڈائریکٹر
جناب محمد نسیم سہگل	نان ایگزیکٹو ڈائریکٹرز
جناب محمد مراد سہگل	
جناب محمد عمر فاروق	
جناب محمد زید یوسف سہگل	ایگزیکٹو ڈائریکٹرز
جناب سامرا اقبال سہگل	

کمیٹی

بورڈ کی کمیٹی کی تفصیل درج ذیل ہے۔

آڈٹ کمیٹی

جناب جمال نسیم	چیئر مین / ممبر
جناب محمد مراد سہگل	ممبر
جناب محمد عمر فاروق	ممبر
محترمہ صدف کاشف	ممبر

ایچ آر اینڈ ریفرنس کمیٹی

جناب جمال نسیم	چیئر مین / ممبر
جناب محمد زید یوسف سہگل	ممبر
جناب محمد مراد سہگل	ممبر
جناب محمد عمر فاروق	ممبر

ہم تمام حصہ داران کے بھرپور تعاون کے تہہ دل سے مشکور ہیں۔ ہم یہ اعلان کرتے ہوئے خوشی محسوس کرتے ہیں کہ کمیٹی اپنے ملازمین کو سراہتے ہوئے یہ امید کرتی ہے کہ وہ اسی انداز میں آئندہ بھی اپنے فرائض سرانجام دیتے رہیں گے۔
منجانب ویرا کے بورڈ:

لاہور
29 اگست، 2025

چیف ایگزیکٹو
ڈائریکٹر

SARITOW SPINNING MILLS LIMITED

FINANCIAL HIGHLIGHTS - Six Years at a Glance

Particulars	2025	2024	2023	2022	2021	2020
Operating Performance (Rupees in Thousands)						
Turnover- Net	19	2,222,878	3,600,124	4,860,004	3,653,463	2,812,843
Gross Profit	(575)	(127,568)	(171,922)	302,488	379,791	122,937
Profit/(Loss) before tax	(597)	(280,914)	(400,369)	147,336	231,719	(39,292)
Profit/(Loss) after tax	(597)	(308,700)	(431,227)	91,414	174,427	(58,204)
Financial Position (Rupees in Thousands)						
Share Capital	298,406	298,406	298,406	298,406	298,406	298,406
Shareholders, Equity	114	256,690	475,093	818,534	739,055	560,750
Operating Fixed Assets	1,198	1,155,113	1,213,168	1,270,574	1,281,003	1,213,820
Total Assets	1,236	1,318,213	1,978,663	2,535,558	2,175,934	2,424,172
Bank Borrowings	-	60,502	587,864	661,190	569,115	963,116
Ratio Analysis						
Profitability						
Gross Profit Margin-% age	-	(5.73)	(4.78)	6.22	10.40	4.37
Profit/(Loss)after tax-% age	-	(13.88)	(11.98)	1.88	4.77	(2.07)
Earning/(Loss)Per Share-Rupees	(20.01)	(10.34)	(14.45)	3.06	5.85	(1.95)
Activity						
Sales to Operating Fixed Assets-Times	-	1.92	2.97	3.83	2.85	2.32
Liquidity						
Current Ratio-Times	0.01	0.22	0.75	1.07	1.03	1.03
Break up Value Per Share-Rupees	3.82	86.02	15.92	27.43	24.77	18.79

**THE COMPANIES ACT, 2017
(Section 227(2)(f))
PATTERN OF SHAREHOLDING**

1.1 Name of the Company

SARITOW SPINNING MILLS LIMITED

2.1. Pattern of holding of the shares held by the shareholders as at

30-06-2025

2.2 No. of Shareholders	-----Shareholdings-----		Total Shares Held
	From	To	
269	1	100	7,173
276	101	500	81,694
195	501	1,000	149,606
190	1,001	5,000	483,034
59	5,001	10,000	463,284
16	10,001	15,000	197,054
9	15,001	20,000	162,020
6	20,001	25,000	141,627
2	25,001	30,000	56,215
3	30,001	35,000	93,606
1	45,001	50,000	50,000
2	50,001	55,000	105,000
1	55,001	60,000	60,000
3	60,001	65,000	187,937
1	65,001	70,000	67,000
2	75,001	80,000	158,555
1	110,001	115,000	110,500
1	130,001	135,000	130,136
1	135,001	140,000	140,000
1	145,001	150,000	150,000
1	195,001	200,000	200,000
1	220,001	225,000	223,800
1	1,305,001	1,310,000	1,309,435
1	2,175,001	2,180,000	2,179,462
1	2,295,001	2,300,000	2,300,000
1	2,440,001	2,445,000	2,442,113
1	2,495,001	2,500,000	2,497,500
1	2,500,001	2,505,000	2,502,500
1	5,050,001	5,055,000	5,053,206
1	8,135,001	8,140,000	8,138,150
1,049			29,840,607

SARITOW SPINNING MILLS LIMITED

Categories of Shareholding required under Code of Corporate Governance (CCG)

As on June 30, 2025

Sr. No.	Name	No. of Shares Held	Percentage
---------	------	--------------------	------------

Associated Companies, Undertakings and Related Parties (Name Wise Detail):

- -

Mutual Funds (Name Wise Detail)

1	PRUDENTIAL STOCK FUND LTD (CDC)	5,000	0.0168
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Directors and their Spouse and Minor Children (Name Wise Detail):

1	MR. M. NASEEM SAIGOL (CDC)	8,138,150	27.2721
2	MR. MUHAMMAD OMER FAROOQ	2,881	0.0097
3	MR. SAMIR IQBAL SAIGOL	1,123	0.0038
4	MR. MUHAMMAD ZEID SAIGOL	2,503,123	8.3883
5	MR. MUHAMMAD MURAD SAIGOL (CDC)	2,497,500	8.3695
6	MRS. SADAF KASHIF	500	0.0017
7	MR. JAMAL NASIM (CDC)	500	0.0017
8	MRS. SEHYR SAIGOL W/O M. NASEEM SAIGOL (CDC)	2,179,462	7.3037

Executives:

- -

Public Sector Companies & Corporations:

- -

Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:

169,333 0.5675

Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)

1	MR. M. NASEEM SAIGOL. (CDC)	8,138,150	27.2721
2	MRS. AMBER HAROON SAIGOL (CDC)	5,053,206	16.9340
3	MR. MUHAMMAD ZEID YOUSAF SAIGOL (CDC)	2,503,123	8.3883
4	MR. MUHAMMAD MURAD SAIGOL (CDC)	2,497,500	8.3695
5	MR. LIQUAT ALI (CDC)	2,442,113	8.1839
7	MR. KHAWAJA SAFEE SULTAN (CDC)	2,300,000	7.7076
6	MRS. SEHYR SAIGOL (CDC)	2,179,462	7.3037

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

Sr. No.	Name	Sale	Purchase
NIL			

Categories of Shareholders	No. of Shareholders	Share held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	8	15,323,239	51.3503
Associated Companies, undertakings and related party	-	-	-
NIT and ICP	3	1,349,991	4.5240
Banks Development Financial Institutions Non Banking Financial Institution	8	30,337	0.1017
Insurance Companies	1	6,614	0.0222
Modarabas and Mutual Funds	3	7,246	0.0243
General Public	1,004	12,890,268	43.1971
Others (to be specified)			
Pension Funds	1	130,136	0.4361
Other Companies	1	4,566	0.0153
Joint Stock Companies	14	80,403	0.2694
Foreign Companies	6	17,807	0.0597
	<u>1,049</u>	<u>29,840,607</u>	<u>100.0000</u>

پیٹرن آف شیئر ہولڈنگ

30 جون 2025

نمبر شمار	کیٹیگری آف شیئر ہولڈرز	تعداد حصص داران	تعداد حصص	فیصد
1	ڈائریکٹرز، چیف ایگزیکٹو آفیسر، ان کی بیویاں اور چھوٹے بچے۔	8	15,323,239	51.3503
2	ایسوسی ایٹڈ کمپنیز، انڈر ٹیکنر اور متعلقہ پارٹی۔	-	-	-
3	این آئی ٹی اور آئی سی پی	3	1,349,991	4.5240
4	بینک، ڈیولپمنٹ فنانس انسٹی ٹیوشنز، نان بینکنگ فنانس انسٹی ٹیوشنز	8	30,337	0.1017
5	انسورنس کمپنیز	1	6,614	0.0222
6	مدار بہ اور میوچل فنڈز	3	7,246	0.0243
7	عام عوام	1,004	12,890,268	43.1971
8	دوسرے (مخصوص کیا جائے گا)			
	پینشن فنڈز	1	130,136	0.4361
	دوسری کمپنیز	1	4,566	0.0153
	جوائنٹ سٹاک کمپنیز	14	80,403	0.2694
	غیر ملکی کمپنیز	6	17,807	0.0597
	کل تعداد	1,049	29,840,607	100.0000

تعداد حصص

-	ایسوسی ایٹڈ کمپنیز، انڈر ٹیکنر اور متعلقہ پارٹی۔
5,000	میوچل فنڈز
15,323,239	ڈائریکٹرز، چیف ایگزیکٹو آفیسر، ان کی بیویاں اور چھوٹے بچے۔
-	ایگزیکٹوز
-	پبلک سیکیورٹیز اور کارپوریشنز
169,333	بینک، ڈیولپمنٹ فنانس انسٹی ٹیوشنز، نان بینکنگ فنانس انسٹی ٹیوشنز، انسورنس کمپنیز، مدار بہ اور پینشن فنڈز
25,133,554	پانچ فیصد یا اس سے زیادہ کے حصص داران
	لسٹڈ کمپنیز میں ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری، ان کی بیویاں اور چھوٹے بچوں کے حصص کی خرید و فروخت

نمبر شمار	نام	فروخت	خرید
			کوئی نہیں

**STATEMENT OF COMPLIANCE WITH LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019**

Name of company: **SARITOW SPINNING MILLS LIMITED**

Year ending: **JUNE 30, 2025**

The company has complied with the requirements of the Regulations in the following manner: -

1. The total number of directors are Seven as per the following, -

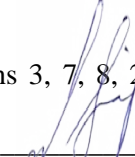
- a) Male: **Six**
- b) Female: **One**


2. The composition of the Board is as follows:

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	

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. In terms of the requirement of the clause 19 of the CCG Regulations, we confirm that Six directors have completed the Directors Training Program (DTP) and one director is exempt from the DTP;
10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below.-
- a) Audit Committee:**
1. Mr. Jamal Nasim
 2. Mr. Muhammad Murad Saigol
 3. Mr. Muhammad Omer Farooq
 4. Mrs. Sadaf Kashif
- b) HR and Remuneration Committee:**
1. Mr. Jamal Nasim
 2. Mr. Muhammad Zeid Yousuf Saigol
 3. Mr. Muhammad Murad Saigol
 4. Mr. Muhammad Omer Farooq
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following,-
- a) Audit Committee:**
1. September 28, 2024 (Budget)
 2. October 30, 2024 (1st Quarter)
 3. November 06, 2024 (Annual)
 4. February 28, 2025 (2nd Quarter)
 5. April 28, 2025 (3rd Quarter)
- b) HR and Remuneration Committee:**
1. November 06, 2024
15. The Board has set up an effective internal audit function/ or has outsourced the internal audit function to who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of the Regulations 3, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
19. Explanation for non-compliance with requirements, other than Regulations 3, 7, 8, 27, 32, 33 and 36 are appended below.


Chief Executive


Director

EXPLANATION FOR NON-COMPLIANCE OF NON-MANDATORY Requirements of the Code of Corporate Governance, 2019 (“CCG”)

Sr.#	Requirement	Explanation of Non-Compliance	Regulation Number
1	It is mandatory that each listed company shall have at least two or one third members of the Board, whichever is higher, as independent directors.	The Company currently has two elected independent directors out of Total seven directors on the Board. Fractional requirement for Independent directors have not been rounded up as both independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently as per laws and regulations under which hereby fulfill the necessary requirements; therefore, not warrant the appointment of a third independent director.	6(1)
2	The Board constitute the anti-harassment policy to safeguard the rights and well-being of employees	Currently, the Board has not constituted an anti-harassment policy and the functions are being performed by the Human Resource department according to the company’s Grievance Policy.	10
3	As per CCG 2019 "10A.- Role of the Board and its members to address Sustainability Risks and Opportunities	The board will take appropriate measures to proactively understand and address the principal as well as emerging sustainability risks and opportunities relevant to the company and its business, including climate-related risks and opportunities, assess their potential financial and operational impacts and implement strategies for management and mitigation thereof	10
4	Nomination Committee: The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	Currently, the board has not constituted a separate Nomination Committee and the functions are being performed by the Human Resource & Remuneration Committee.	29(I)
5	Risk Management Committee: The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	The Board has not constituted a separate risk management committee however the risk is managed at respective department level which is also supervised by the departmental head.	30(I)
6	Disclosure of significant policies on website The company may post key elements of its significant policies, brief synopsis of reference of the Board Committees on its website and key elements of the directors’ remuneration policy	The requirement to disclose significant policies on the website is non-mandatory in regulation No. 35(1), and thus the Company has uploaded limited information in this respect on its website. The Company is, however, considering placing key elements and synopsis of other policies on its website.	35

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of SARITOW SPINNING MILLS LIMITED
Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 [the 'Regulations'] prepared by the Board of Directors of **SARITOW SPINNING MILLS LIMITED** for the year ended **30 June 2025** in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended **30 June 2025**.

The engagement partner on the review resulting in this independent auditor's review report is **ALI RAZA JAFFERY**.


RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Lahore | 29 August 2025

UDIN: CR202510704B3I7ZxWHg



INDEPENDENT AUDITOR'S REPORT

To the members of SARITOW SPINNING MILLS LIMITED Report on the Audit of Financial Statements

Adverse Opinion

We have audited the annexed financial statements of **SARITOW SPINNING MILLS LIMITED** ['the Company'], which comprise the statement of financial position as at **30 June 2025**, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion, because of the significance of the matters discussed in the 'Basis for Adverse Opinion' section of our report, the annexed statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at **30 June 2025** and of the loss, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Adverse Opinion

As reported in note 2.2, the Company has incurred gross loss of Rs. 575.51 million and loss after income taxes amounting to Rs. 598.21 million. As at 30 June 2025, the Company has accumulated losses of Rs. 807.94 million and its current liabilities exceed its current assets by Rs.1,079.66 million as at that date. Depressed yarn prices, increased production cost and underutilization of production capacity 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 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. While the Company has prepared and presented the annexed financial statements on going concern basis based on the factors explained in note 2.2, we consider that in the absence of favourable business conditions, an environment conducive to the industry in which the Company operates and revival of its operations and profitability, the Company may not be able to settle its liabilities and realize its assets in the normal course of business. Consequently, the use of going concern assumption in the preparation of annexed financial statements is not appropriate and adjustments may be required to the amounts reported in the financial statements. The financial statements do not disclose this fact

We conducted our audit in accordance with International Standards on Auditing ['ISAs'] as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan ['the Code'] and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of user taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have not been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have not been



drawn up in conformity with the Companies Act, 2017 (XIX of 2017) but, however, are in agreement with the books of account and returns;

- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **ALI RAZA JAFFERY**.


RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Lahore | 29 August 2025

UDIN: AR202510704NyEOcpCwz



SARITOW SPINNING MILLS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2025

	Note	30-Jun-25 Rupees	30-Jun-24 Rupees <i>[restated]</i>
EQUITY AND LIABILITIES			
EQUITY			
<i>Authorized share capital</i>	6	350,000,000	350,000,000
Issued ordinary share capital	7	298,406,070	298,406,070
Loans from directors and sponsors	8	-	102,000,000
Revaluation reserve	9	622,471,778	65,433,957
Accumulated losses		(807,934,937)	(209,149,499)
TOTAL EQUITY		112,942,911	256,690,528
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans from directors and sponsors	10	-	265,884,966
Long term borrowings	11	-	12,324,275
Long term deposits	12	-	6,010,000
Employees retirement benefits	13	19,273,009	20,529,847
Deferred grant	14	-	74,172
		19,273,009	304,823,260
CURRENT LIABILITIES			
Trade and other payables	15	285,535,300	276,393,139
Unclaimed dividend		485,351	485,351
Short term borrowings	16	817,586,019	469,054,112
Accrued interest on borrowings	17	-	11,350,217
Current maturity of non-current liabilities	18	-	28,182,352
		1,103,606,670	785,465,171
TOTAL LIABILITIES		1,122,879,679	1,090,288,431
CONTINGENCIES AND COMMITMENTS	19		
TOTAL EQUITY AND LIABILITIES		1,235,822,590	1,346,978,959

The annexed notes from 1 to 54 form an integral part of these financial statements



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

RSRIR
for identification only

SARITOW SPINNING MILLS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2025

	Note	30-Jun-25 Rupees	30-Jun-24 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	20	1,198,120,499	1,155,113,202
Long term deposits	21	13,756,860	19,236,860
		1,211,877,359	1,174,350,062
CURRENT ASSETS			
Stores, spares and loose tools	22	10,478,617	21,789,571
Trade receivables	23	-	6,392,105
Short term advances	24	3,049,000	3,855,303
Short term deposits and prepayments	25	3,275,544	105,740,936
Sales tax refundable/adjustable		1,206,970	6,084,849
Cash and bank balances	26	5,935,100	28,766,133
		23,945,231	172,628,897
TOTAL ASSETS		1,235,822,590	1,346,978,959

The annexed notes from 1 to 54 form an integral part of these financial statements


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

RSRIR
for identification only


SARITOW SPINNING MILLS LIMITED

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2025

	Note	30-Jun-25 Rupees	30-Jun-24 Rupees
Revenue from contracts with customers	27	19,229,124	2,222,877,783
Cost of sales	28	(594,737,064)	(2,350,445,757)
Gross loss		(575,507,940)	(127,567,974)
Other income	29	9,603,287	559,343
Selling and distribution expenses	30	(949,256)	(13,265,503)
Administrative expenses	31	(25,232,750)	(60,290,685)
Other expenses	32	(2,620,433)	(3,568,439)
		(28,802,439)	(77,124,627)
Impairment (allowance)/reversal for expected credit losses	43.1.6	(793,017)	1,144,450
Operating loss		(595,500,109)	(202,988,808)
Finance cost	33	(2,464,463)	(77,925,151)
Loss before statutory levies and income taxes		(597,964,572)	(280,913,959)
Provision for statutory levies	34	(240,364)	(27,785,973)
Loss before income taxes		(598,204,936)	(308,699,932)
Provision for income taxes	35	-	-
Loss after income taxes		(598,204,936)	(308,699,932)
Basic loss per share [Rupees]	36	(20.05)	(10.34)

The annexed notes from 1 to 54 form an integral part of these financial statements


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

RSRIR
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SARITOW SPINNING MILLS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2025

	Note	30-Jun-25 Rupees '000	30-Jun-24 Rupees '000
Profit after income taxes		(598,204,936)	(308,699,932)
Other comprehensive income:			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Revaluation surplus	9	558,213,316	-
Remeasurements of defined benefit obligation	13.40	(1,755,997)	1,473,384
Income tax relating to items that will not be reclassified			-
		556,457,319	1,473,384
<i>Items that may be reclassified subsequently to profit or loss</i>			
		-	-
Other comprehensive (loss)/income after income taxes		556,457,319	1,473,384
Total comprehensive income		(41,747,617)	(307,226,548)

The annexed notes from 1 to 54 form an integral part of these financial statements


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

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SARITOW SPINNING MILLS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2025

	Note	Issued ordinary share capital	Loans from directors and sponsors	Revaluation reserve	Accumulated losses	Total equity
As at 01 July 2023 [originally reported]		298,406,070	102,000,000	83,795,232	79,715,774	563,917,076
Correction of prior period error	53	-	-	(17,123,911)	17,123,911	-
As at 01 July 2023 [restated]		298,406,070	102,000,000	66,671,321	96,839,685	563,917,076
Total comprehensive income for the year						
Profit after income taxes		-	-	-	(308,699,932)	(308,699,932)
Other comprehensive income after income taxes		-	-	-	1,473,384	1,473,384
Other transactions						
Incremental depreciation [restated]	9	-	-	(1,237,364)	1,237,364	-
As at 30 June 2024 [restated]		298,406,070	102,000,000	65,433,957	(209,149,499)	256,690,528
As at 01 July 2024 [restated]		298,406,070	102,000,000	65,433,957	(209,149,499)	256,690,528
Total comprehensive income for the year						
Profit after income taxes		-	-	-	(598,204,936)	(598,204,936)
Other comprehensive loss after income taxes		-	-	558,213,316	(1,755,997)	556,457,319
Other transactions						
Incremental depreciation	9	-	-	(1,175,495)	1,175,495	-
Loans from directors and sponsors		-	(102,000,000)	-	-	(102,000,000)
Transferred to short term borrowings		-	(102,000,000)	(1,175,495)	1,175,495	(102,000,000)
As at 30 June 2025		298,406,070	-	622,471,778	(807,934,937)	112,942,911

The annexed notes from 1 to 54 form an integral part of these financial statements


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

RSRIR
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SARITOW SPINNING MILLS LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2025

	Note	30-Jun-25 Rupees	30-Jun-24 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	38	56,451,788	272,212,572
Payments for:			
Interest on borrowings		(4,289,565)	(98,397,155)
Income taxes and levies under Income Tax Ordinance, 2001		(9,604,409)	(26,131,359)
Employees retirement benefits		(5,454,989)	(81,711,134)
Net cash generated from operating activities		37,102,825	65,972,924
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-	(4,706,868)
Net cash used in investing activities		-	(4,706,868)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term borrowings		(40,580,799)	(25,476,313)
Net decrease in short term borrowings		(19,353,059)	(53,563,460)
Net cash generated from/(used in) financing activities		(59,933,858)	(79,039,773)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(22,831,033)	(17,773,717)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		28,766,133	46,539,850
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	37	5,935,100	28,766,133

The annexed notes from 1 to 54 form an integral part of these financial statements



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

RSRIR
for identification only

**GENDER PAY GAP STATEMENT UNDER SECTION 10 OF 2024
SARITOW SPINNING MILLS LTD**

Gender Pay Gap Statement under circular 10 of 2024

Following is the gender pay gap calculated for the year ended 30-06-2025

Median Gender Pay Gap:	$\frac{241 - 0}{241} * 100$	100
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Houly rate Male Employees	241
Houly rate Female Employees	Nil

Mean Gender Pay Gap:	$\frac{203 - 0}{203} * 100$	100
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Houly rate Male Employees	203
Houly rate Female Employees	Nil

Any other data / detail as deemed relevant: Nil

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

1 LEGAL STATUS AND OPERATIONS

Saritow Spinning Mills Limited [the 'Company'] was incorporated under the repealed Companies Ordinance, 1984 on 10 March 1987. The Company is a 'Public Company Limited by Shares' and is listed on Pakistan Stock Exchange Limited. The principal activity of the Company is manufacturing and sale of yarn.

1.1 Location of business units

Registered office	10-G, Mushtaq Ahmed Gurmani Road, Gulberg - II, Lahore, Pakistan
Manufacturing Unit	51 KM, Multan Road, Phool Nagar, Kasur, Pakistan

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards ['IFRS'] issued by the International Accounting Standards Board as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards ['IFAS'] issued by Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS and IFAS Standards, 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 revenue and profitability resulting in substantial losses. During the year ended 30 June 2025, the Company has incurred gross loss of Rs. 575.51 million and loss after income taxes amounting to Rs. 598.21 million. As at 30 June 2025, the Company has accumulated losses of Rs. 807.94 million and its current liabilities exceed its current assets by Rs. 1,079.66 million as at that date. Depressed yarn prices, increased production cost and underutilization of production capacity 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 resolved to close the production facility for the time being. These factors indicate existence of material uncertainty that raises doubts about the Company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. However, these financial statements have been prepared on going concern basis based on the following:

- (a) The Company has continued financial support of its directors and sponsors in the form of interest free loans. During the reporting period, directors and sponsors have provided financial support amounting to Rs. 816.99 million in the form of interest free loans.
- (b) Despite accumulated losses the Company has positive equity.
- (c) The Company has curtailed its production in order to minimize fixed costs which will reduce the financial burden on the Company providing immediate relief.
- (d) The Company has remained current in its debt servicing.

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
Employees retirement benefits	Present value
Land, building, plant and machinery	Revalued amounts
Financial assets	Amortized cost

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

2.4 Critical accounting judgements and key sources of estimation uncertainty

The preparation of 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.

2.4.1 Critical accounting judgements

Critical accounting judgements made by the management in the application of accounting and reporting standards that have significant effect on the financial statements are as follows:

(a) Business model assessment (see note 5.1.2)

The Company classifies its financial assets on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The Company determines the business model at a level that reflects how financial assets are managed to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed. The Company monitors financial assets measured at amortized cost or fair value that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the year.

(b) Significant increase in credit risk (see note 5.15.1)

Expected credit losses ['ECL'] are measured, based on the Company's risk grading framework, at an allowance equal to 12-month/lifetime ECL for 'performing' assets, or lifetime ECL for assets categorized as 'doubtful' or 'in default'. An asset is categorized as 'doubtful' when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information.

2.4.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

(a) Calculation of impairment allowance for expected credit losses on financial assets (see note 43.1.3)

The Company recognizes a loss allowance for expected credit losses on financial assets carried at amortized cost on date of initial recognition. The amount of expected credit losses is updated on each reporting date to reflect the changes in credit risk since initial recognition of the respective financial asset. Estimating expected credit losses and changes there in requires taking into account qualitative and quantitative forward looking information. When measuring expected credit losses on financial assets the Company uses reasonable and supportable forward looking information as well as historical data to calculate the difference between the contractual cash flows due and those that the Company would expect to receive, taking into account cash flows from collateral and integral credit enhancements, if any. Probability of default constitutes a key input in measuring expected credit losses. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. If the ECL rates on financial assets carried at amortized cost were higher (lower) by 10%, the loss allowance on those assets would have been higher (lower) by Rs. 2.53 million (30-Jun-24: Rs. 14.72 million).

(b) Present value of defined benefit obligation (see note 13)

The determination of the Company's defined benefit obligation depends on certain assumptions, which include selection of the discount rate, average rate of increase in salaries and mortality rates. The discount rate is set by reference to market yields at the end of the reporting period on government bonds as there is no deep market for high quality corporate bonds in Pakistan. Average rate of increase in salary are based on market expectations, inflation and historical trends. Mortality rates are based upon SLIC(2001-05) mortality table. These assumptions are considered to be a key source of estimation uncertainty as relatively small changes in the assumptions used may have a significant effect on the Company's financial statements within the next year.

Present value of defined benefit obligation has been determined using projected unit credit method. The liability as at the reporting date has been determined by an independent actuary, Nauman Associates, Consulting Actuaries. The principal assumptions used in determining present value of defined benefit obligation are:

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	30-Jun-25	30-Jun-24
Discount rate	11.75%	14.75%
Expected rates of increase in salary	10.75%	13.75%

An analysis of sensitivity for discount rate and expected rate of increase in salary used to determine the present value of defined benefit obligation as at the reporting date showing how the defined benefit obligation would have been affected by changes in relevant actuarial assumption that were reasonably possible at that date is as follows:

	30-Jun-25		30-Jun-24	
	Change in actuarial assumption	Defined benefit obligation Rupees	Change in actuarial assumption	Defined benefit obligation Rupees
Discount rate	+ 1%	18,689,060	+ 1%	19,791,363
	- 1%	19,909,901	- 1%	21,339,625
Expected rate of increase in salary	+ 1%	19,921,496	+ 1%	21,357,809
	- 1%	18,668,085	- 1%	19,761,924

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of defined benefit obligation as at the reporting date has been calculated using projected unit credit method, which is the same as that applied in calculating the defined benefit obligation to be recognized in these financial statements.

(c) Revaluation of land and building (see note 45.2.1)

Most recent revaluation of land and building was carried out by an independent valuer, Joseph Lobo (Private) Limited, on 30 June 2025. Revalued amounts of land and building have been determined by reference to local market values taking into account prevailing fair market prices under the position and circumstances present on the date of valuation and current market scenario for properties of similar nature in the immediate neighborhood and adjoining areas. Land is valued using market comparable approach that reflects recent transaction prices for similar properties. Significant inputs include estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition. Building is valued using cost approach that reflects the cost to the market participants to construct assets of comparable utility and age, adjusted for obsolescence and depreciation. Significant inputs include estimated construction costs and other ancillary expenditure.

A 5% increase in estimated purchase price of land, including non-refundable purchase taxes and other costs directly attributable to the acquisition of land or in estimated construction cost of buildings and other ancillary expenditure would result in a significant increase in fair value of land and building by Rs. 18.05 million (30-Jun-24: Rs. 5.07 million) and Rs. 20.75 million (30-Jun-24: Rs. 6.12 million) respectively.

(d) Revaluation of plant and machinery (see note 45.2.1)

Most recent revaluation of plant and machinery was carried out by an independent valuer, Joseph Lobo (Private) Limited, on 30 June 2025. Revalued amounts of plant and machinery are determined by using cost approach that reflects the cost to the market participants to construct or acquire machinery of comparable utility and age, adjusted for obsolescence and depreciation. Significant inputs include estimated construction/acquisition costs and other ancillary expenditure.

A 5% increase in estimated construction/acquisition cost of machinery and other ancillary expenditure would result in a significant increase in fair value of plant and machinery by Rs. 20.60 million (30-Jun-24: Rs. 45.86 million).

(e) Deferred tax on temporary differences in non-tax/levy regime (see note 5.16.2)

Deferred tax is recognized for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. The Company is subject to non-tax/levy regime whereby taxes under Income Tax Ordinance, 2001 are levied on turnover or other basis and are not based on taxable profits. Significant management judgement is required to determine whether the Company is expected to be assessed in non-tax/levy regime for the foreseeable future, and the amount of deferred tax that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Company has unused tax losses amounting to Rs. 859.79 million (30-Jun-24: Rs. 759.66 million) and tax credits amounting to Rs. 73.03 million (30-Jun-24: Rs. 72.79 million) as at the reporting date. However, the Company has not recognised deferred tax as the Company is subject to and expects to remain in non-tax/levy regime for the foreseeable future.

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Valid till Tax Year	Nature	30-Jun-25 Rupees	30-Jun-24 Rupees
2029	Tax losses	410,607,490	410,607,490
2030	Tax losses	349,053,888	349,053,888
2031	Tax losses	100,132,461	-
		859,793,839	759,661,378
2026	Tax credits	45,001,548	45,001,548
2027	Tax credits	27,785,972	27,785,972
2028	Tax credits	240,364	-
		73,027,884	72,787,520

Unused tax losses include depreciation losses amounting to Rs. 117.91 million (30-Jun-24: Rs. 94.18 million) available for utilization against future taxable profits indefinitely.

(f) Provisions for levies and income taxes under Income Tax Ordinance, 2001 (see note 34 and 35)

The Company takes into account the current income tax law and decisions taken by appellate and other relevant legal forums while estimating its provisions for income taxes, levies and tax contingencies under the Income Tax Ordinance, 2001 [the Ordinance].

The provision for levies and current tax under the Ordinance are estimated at Rs. 0.24 million (30-Jun-24: Rs. 27.79 million) and Rs. nil (30-Jun-24: Rs. nil) respectively. The management believes that the provision for levies and current tax made in the financial statements is sufficient to discharge related liabilities under the Ordinance.

2.5 Presentation currency

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

2.6 Date of authorization for issue

These financial statements have been approved by the Board of Directors of the Company and authorized for issue on 29 August 2025.

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

The following new and revised International Financial Reporting Standards [IFRS] and International Accounting Standards [IAS], interpretations of and amendments to IFRS and IAS 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 financial statements of the Company other than presentation and disclosures, except as stated otherwise.

3.1 Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

3.2 Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

3.3 Non-current Liabilities with Covenants (Amendments to IAS 1)

The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

3.4 Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

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)
Lack of Exchangeability (Amendments to IAS 21)	01 January 2025
Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments	01 January 2026
Amendments IFRS 9 and IFRS 7 regarding the power purchase agreements	01 January 2026
Annual Improvements to IFRS Accounting Standards — Volume 11	01 January 2026
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	01 July 2026
IFRS S2 Climate-related Disclosures	01 July 2026
IFRS 17 Insurance Contracts	01 January 2027

Other than aforementioned standards, interpretations and amendments, IASB has also issued the following standards which have not been notified by the Securities and Exchange Commission of Pakistan for adoption.

- IFRS 1 First Time Adoption of International Financial Reporting Standards
- IFRS 18 Presentation and Disclosures in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures

The Company intends to adopt these new standards on their effective dates, subject to 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 interim financial statements other than in presentation/disclosures.

5 MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

5.1 Financial instruments

5.1.1 Recognition

A financial instrument is recognized when the Company becomes a party to the contractual provisions of the instrument.

5.1.2 Classification

The Company classifies its financial assets on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial liabilities are classified in accordance with the substance of contractual provisions. The Company determines the classification of its financial instruments at initial recognition as follows:

(a) Financial assets at amortized cost

These are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cashflows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Financial assets at fair value through other comprehensive income [fair value through OCI]

These are:

- (i) financial assets held within a business model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- (ii) investments in equity instruments, that are not held for trading nor contingent consideration recognized by the Company as acquirer in a business combination, for which the Company makes an irrevocable election at initial recognition to present changes in fair value on subsequent measurement in other comprehensive income.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

(c) Financial assets at fair value through profit or loss

These are financial assets which have not been classified as 'financial assets at amortized cost' or as 'financial assets at fair value through other comprehensive income', are mandatorily measured at fair value through profit or loss or for which the Company makes an irrevocable election at initial recognition to designate as 'financial asset at fair value through profit or loss' if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

(d) Financial liabilities at amortized cost

These are financial liabilities which are not derivatives, financial guarantee contracts, commitments to provide loans at below-market interest rate, contingent consideration payable to an acquirer in a business combination or financial liabilities that arise when transfer of a financial asset does not qualify for derecognition.

(e) Financial liabilities at fair value through profit or loss

These are financial liabilities which have not been classified as 'financial liabilities at amortized cost' or for which the Company makes an irrevocable election at initial recognition to designate as 'financial liabilities at fair value through profit or loss' if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

5.1.3 Measurement

Measurement methods adopted are explained in individual policy statements associated with each financial instrument.

5.1.4 De-recognition

A financial asset is derecognized when the Company's contractual rights to the cash flows from the financial assets expire or when the Company transfers the financial asset to another party without retaining control of substantially all risks and rewards of the financial asset. A financial liability is derecognized when the Company's obligations specified in the contract expire or a discharged or cancelled.

5.1.5 Off-setting

A financial asset and financial liability is offset and the net amount reported in the statement of financial position if the Company has legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

5.1.6 Regular way purchases or sales of financial assets

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place. Regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

5.2 Ordinary share capital

Ordinary share capital is recognized as equity. Transaction costs directly attributable to the issue of ordinary shares are recognized as deduction from equity. Dividends on ordinary shares are charged directly against equity as a deduction from retained earnings, when approved by the ordinary shareholders of the Company.

5.3 Loans and borrowings

Loans and borrowings are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the profit or loss over the period of the borrowings on an effective interest basis. Transaction costs included in the carrying amount of the loans are amortized over the lives of loans using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss as incurred.

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5.4 Leases as 'lessee'

The Company assesses whether a contract is or contains a lease, at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identifiable asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for the short-term leases and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

A right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Subsequent to initial recognition, a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is recognized using straight-line method over the shorter of lease term and useful life of the right-of-use asset, unless the lease transfers ownership of the underlying asset to the Company by the end of lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case, the right-of-use asset is depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment assets. In addition, the right-of-use asset is adjusted for certain remeasurements of the related lease liability.

Lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments included in measurement of lease liability comprise:

- Fixed lease payments, including in-substance fixed payments, less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Subsequent to initial recognition, lease liability is measured at amortized cost using effective interest method whereby the carrying amount of lease liability is increased to reflect the interest thereon and decreased to reflect lease payments made. Interest is recognized in profit or loss.

Lease liability is remeasured whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate, unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used; or
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the related right-of-use asset, except where the carrying amount of right-of-use asset is reduced to zero. In that case, any adjustment exceeding the carrying amount of the right-of-use asset is recognized in profit or loss.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs.

5.5 Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of twelve months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

5.6 Government and other grants

Grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognized as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. The amount of grant is recognized as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the tenure of loan.

5.7 Trade and other payables

5.7.1 Financial liabilities

These are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being their fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

5.7.2 Non-financial liabilities

These, both on initial recognition and subsequently, are measured at cost.

5.8 Provisions and contingencies

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risk and uncertainties surrounding the obligation. Where a provision is measured using cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Where outflow of resources embodying economic benefits is not probable, or where a reliable estimate of the amount of obligation cannot be made, a contingent liability is disclosed, unless the possibility of outflow is remote.

5.9 Property, plant and equipment

Land, buildings and plant and machinery held for use in the production or supply of goods or services or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any accumulated depreciation and accumulated impairment losses, except for freehold land, which is not depreciated. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

Any revaluation increase arising on the revaluation of such land, buildings and plant and machinery is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized as an expense in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land, buildings and plant and machinery is recognized as an expense in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

All other items of property, plant and equipment (services and other equipment, office equipment, furniture and fixtures, arms and ammunitions and vehicles) are stated in the statement of financial position at cost less accumulated depreciation and accumulated impairment losses.

Assets in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes the cost of material, labor and appropriate overheads directly relating to the construction, erection and installation of the asset and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Depreciation of these assets, determined on the same basis as other assets of the same class, commences when the assets are ready for their intended use.

Depreciation is recognized in profit or loss, using rates specified in note 20, so as to write off the cost or revalued amounts of assets (other than freehold land and assets under construction) over their estimated useful lives, using the reducing balance method, with the exception of right-of-use assets, for which the lease does not transfer ownership of the underlying asset to the Company at the end of lease term, which are depreciated over the shorter of lease term and useful lives of the underlying assets, using straight line method.

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Depreciation on an item of property, plant and equipment commences from the month in which the item is ready for intended use. Depreciation is discontinued from the month in which it is disposed or classified as held for disposal.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Incremental depreciation being the difference between depreciation based on the revalued amounts recognized in profit or loss and depreciation based on the historical cost, net of tax, is reclassified from the revaluation reserve to retained earnings. On the subsequent disposal or retirement of a revalued asset, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from its continued use. The gain or loss arising on the disposal or retirement of such items is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognized in profit or loss.

5.10 Inventories

5.10.1 Stores, spares and loose tools

Stores, spares and loose tools are valued at lower of cost and net realizable value. Cost is determined on the basis of moving average except for items in transit, which are valued at invoice price plus related cost incurred up to the reporting date. For items which are considered obsolete, the carrying amount is written down to nil. Spare parts held for capitalization are classified as non-current assets. Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

5.10.2 Stock in trade

These are valued at lower of cost and net realizable value, with the exception of stock of waste which is valued at net realizable value. Cost is determined using the following basis:

Category	Basis of determination of cost
Raw materials	Moving average cost
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Stock in transit	Invoice price plus related cost incurred up to the reporting date

Average manufacturing cost in relation to work in process and finished goods consists of direct material, labor and an appropriate proportion of manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

5.11 Trade and other receivables

5.11.1 Financial assets

These are classified as 'financial assets at amortized cost'. On initial recognition, these are measured at cost, being their fair value at the date of transaction, plus attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost less accumulated impairment losses. Amortized cost is measured using the effective interest method, with interest recognized in profit or loss.

5.11.2 Non-financial assets

These, on initial recognition, are measured at cost. Subsequent to initial recognition, these are measured at cost less accumulated amortization.

5.12 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash in hand and cash at bank. For the purpose of statement of cash flows, cash and cash equivalents consist of cash and bank balances.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

5.13 Contracts with customers

5.13.1 Revenue

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognizes revenue from a contract with customer when the Company satisfies an obligation specified in that contract. The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Yarn and waste	Performance obligations are satisfied when customers obtain control of goods which is when these have been delivered to and have been accepted at their premises. Invoices are generated at that point in time and are usually payable within a period ranging from 30 days to 120 days. There are no customer loyalty programs or warranty provisions. However, some contracts allow for return of goods if those do not meet the requirements or specifications provided in the contract.	Revenue is recognized at a point in time when the goods are delivered and have been accepted by customers at their premises.

5.13.2 Contract assets

Contract assets represents consideration receivable for work performed up to the reporting date where performance obligations have been satisfied but invoices have not been issued to customers. These are classified as 'financial assets at amortized cost'. On initial recognition, these are measured at cost, being their fair value at the date of transaction, plus attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost less accumulated impairment losses. Amortized cost is measured using the effective interest method, with interest recognized in profit or loss. A contract asset is reclassified to a trade receivable once the Company has an unconditional right to payment i.e. when the invoice is issued.

5.13.3 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. A contract liability is recognized at earlier of when the payment is made or the payment is due if a customer pays consideration before the Company transfers goods or services to the customer.

5.14 Employee benefits

5.14.1 Short-term employee benefits

The Company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss unless it is included in the cost of services or property and equipment as permitted or required by the approved accounting and reporting standards as applicable in Pakistan. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

The liability for compensated absences is measured at the amount that the Company expects to pay out in cash for unused leaves as at the reporting date.

5.14.2 Post-employment benefits

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its employees who have completed the minimum qualifying service period. Liability is adjusted on each reporting date to cover the obligation and the adjustment is charged to profit or loss with the exception of remeasurements which are recognized in statement of comprehensive income. The amount recognized on statement of financial position represents the present value of defined benefit obligation which is measured at present value using projected credit unit method.

5.15 Impairment

5.15.1 Financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets carried at amortized cost on date of initial recognition. The amount of expected credit losses is updated on each reporting date to reflect the changes in credit risk since initial recognition of the respective financial asset.

5.15.2 Impairment losses and reversal

5.15.3 Impairment losses and reversal

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Impairment is recognized at an amount equal to lifetime expected credit losses for financial assets for which credit risk has increased significantly since initial recognition. For financial assets for which credit risk is low, impairment is recognized at an amount equal to twelve months' expected credit losses, with the exception of trade debts, for which the Company recognizes lifetime expected credit losses estimated using internal credit risk grading based on the Company's historical credit loss experience, adjusted for factors that are specific to debtors, general economic conditions, and an assessment for both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

The Company writes off a financial asset when there is information indicating that the counter-party is in severe financial condition and there is no realistic prospect of recovery. Any recoveries made post write-off are recognized in profit or loss.

5.15.2 Non-financial assets

The carrying amount of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro-rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used in determining the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

5.16 Income tax

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income.

5.16.1 Current taxation

Current tax is the amount of tax payable on taxable income for the year and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

5.16.2 Deferred taxation

Deferred tax is accounted for by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized.

5.17 Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by adjusting basic earnings per share by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

RSFR
Rajshree Finance

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

5.18 Comprehensive income

Comprehensive income is the change in equity resulting from transactions and other events, other than changes resulting from transactions with shareholders in their capacity as shareholders. Total comprehensive income comprises all components of profit or loss and other comprehensive income ['OCI']. OCI comprises items of income and expense, including reclassification adjustments, that are not recognized in profit or loss as required or permitted by accounting and reporting standards applicable in Pakistan.

5.19 Foreign currency transactions and balances

Transactions in foreign currency are translated to the functional currency of the Company using exchange rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at exchange rate prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated to the functional currency at exchange rate prevailing at the date the fair value is determined. Non-monetary assets and liabilities denominated in foreign currency that are measured at historical cost are translated to functional currency at exchange rate prevailing at the date of initial recognition. Any gain or loss arising on translation of foreign currency transactions and balances is recognized in profit or loss.

5.20 Fair value measurements

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk. A number of the Company's accounting policies and disclosures require the measurement of fair values.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

5.21 Segment reporting

Segment reporting is based on the operating segments that are reported in the manner consistent with internal reporting of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

6 AUTHORIZED SHARE CAPITAL

30-Jun-25	30-Jun-24		30-Jun-25	30-Jun-24
Shares	Shares		Rupees	Rupees
35,000,000	35,000,000	Ordinary shares of Rs. 10 each	350,000,000	350,000,000
35,000,000	35,000,000		350,000,000	350,000,000

7 ISSUED ORDINARY SHARE CAPITAL

30-Jun-25	30-Jun-24		30-Jun-25	30-Jun-24
Shares	Shares		Rupees	Rupees
		Ordinary shares of Rs. 10 each		
13,275,000	13,275,000	Issued for cash	132,750,000	132,750,000
16,565,607	16,565,607	Issued as consideration on merger	165,656,070	165,656,070
29,840,607	29,840,607		298,406,070	298,406,070

8 LOANS FROM DIRECTORS AND SPONSORS

This represents loan obtained from a director and 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. Movement during the year is as follows:

	Note	30-Jun-25	30-Jun-24
		Rupees	Rupees
As at beginning of the year		102,000,000	102,000,000
Transferred to short term borrowings	16	(102,000,000)	-
As at end of the year		-	102,000,000

	30-Jun-25	30-Jun-24
	Rupees	Rupees [restated]

9 REVALUATION RESERVE

As at beginning of the year	65,433,957	66,671,321
Surplus recognized during the year	558,213,316	-
Incremental depreciation transferred to retained earnings	(1,175,495)	(1,237,364)
As at end of the year	622,471,778	65,433,957

10 LOANS FROM DIRECTORS AND SPONSORS

This represents unsecured loan obtained from directors and sponsors of the Company.

These loans carried interest at one year KIBOR plus 2.5% (30-Jun-24: one year KIBOR plus 2.5%) per annum, payable on maturity. The terms of these loans provided for the lenders to waive, at their sole discretion, the payment of interest on these loans. During the year, interest amounting to Rs. 57.7 million (30-Jun-24: Rs. 68.52 million) was waived by the lenders at their sole discretion.

The loan was subordinate to long term borrowings (see note 11) and short term borrowings (see note 16) of the Company. Following the repayment of underlying borrowings, the subordination agreement stands lapsed and therefore the outstanding balances of these loans have been transferred to short term borrowings payable on demand. See note 8.

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

	<i>Note</i>	30-Jun-25 <i>Rupees</i>	30-Jun-24 <i>Rupees</i>
11 LONG TERM BORROWINGS			
MCB Bank Limited Term Facility	11.1	-	9,471,304
MCB Bank Limited Temporary Economic Refinance Facility	11.2	-	4,936,413
MCB Bank Limited Temporary Economic Refinance Facility	11.3	-	25,362,067
		-	39,769,784
Current maturity presented under current liabilities	18	-	(27,445,509)
		-	12,324,275

11.1 This represents term facility of Rs. 303 million sanctioned by MCB Bank Limited to finance capital expenditure. The facility was secured by charge over operating fixed assets of the Company, subordination of loan from directors and sponsors, and personal guarantees of the Company's directors. The facility carried interest at three months KIBOR plus 2.5% per annum, payable quarterly. The facility has been fully settled during the year.

11.2 This represents temporary economic refinance facility of Rs. 16.262 million sanctioned by MCB Bank Limited to finance capital expenditure. The facility was secured by charge over operating fixed assets of the Company, subordination of loan from directors and sponsors, and personal guarantees of the Company's directors. The facility carried interest at a below-market rate of 3.75% per annum, payable quarterly. The facility has been fully settled during the year.

The amortized cost of the facility was determined using a discount rate of 11.14% being the prevailing market rate of interest for similar instruments at the date of disbursement. The difference between the amortised cost and face value was recognized as deferred grant (see note 14). The details are as follows:

	<i>Note</i>	30-Jun-25 <i>Rupees</i>	30-Jun-24 <i>Rupees</i>
Face value of facility		-	5,081,875
Unamortized deferred grant	14.1	-	(145,462)
		-	4,936,413

11.3 This represents temporary economic refinance facility of Rs. 69.407 million sanctioned by MCB Bank Limited to finance capital expenditure. The facility was secured by charge over operating fixed assets of the Company, subordination of loan from directors and sponsors, and personal guarantees of the Company's directors. The facility carried interest at a below-market rate of 3.75% per annum, payable quarterly. The facility has been fully settled during the year.

The amortized cost of the facility was determined using a discount rate of 11.18% being the prevailing market rate of interest for similar instruments at the date of disbursement. The difference between the amortised cost and face value was recognized as deferred grant (see note 14). The details are as follows:

	<i>Note</i>	30-Jun-25 <i>Rupees</i>	30-Jun-24 <i>Rupees</i>
Face value of facility		-	26,027,620
Unamortized deferred grant	14.1	-	(665,553)
		-	25,362,067

11.4 For mortgages and charges on assets as security for liabilities, refer to note 46 to the financial statements.

12 LONG TERM DEPOSITS

These represent interest free security deposits from yarn dealers and are repayable on cancellation or withdrawal of dealership. These were being utilized by the Company in accordance with the terms of dealership agreements. These are classified as 'financial liabilities at amortized cost' under IFRS 9 'Financial Instruments' which are required to be carried at amortized cost. However, since the date of repayment cannot be reasonably ascertained, these deposits were carried at cost as their amortized cost was impracticable to determine. Following the cessation of production operations, the Company can no longer fulfill the terms of the dealership agreements, resulting in these deposits becoming repayable on demand. Consequently, these have been reclassified as current liabilities (see note 15).

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

13 EMPLOYEES RETIREMENT BENEFITS

The Company operates an unfunded gratuity scheme, a defined benefit plan, for all its employees who have completed the minimum qualifying service period. Under the scheme, the Company pays a lump-sum benefit equal to last drawn monthly gross salary for each year of service to scheme members whereas the members of the scheme are not required to make any contributions to the scheme. The scheme is administered by the management of the Company under the supervision and directions of the Board of Directors of the Company. The amount recognized on statement of financial position represents present value of defined benefit obligation.

	Note	30-Jun-25 Rupees	30-Jun-24 Rupees
13.1 Movement in present value of defined benefit obligation			
As at beginning of the year		20,529,847	109,092,189
Charged to profit or loss for the year	13.2	5,434,395	7,765,962
Benefits paid during the year		(5,454,989)	(81,711,134)
Benefits due but not paid		(2,992,241)	(13,143,786)
Remeasurements recognized in other comprehensive income	13.4	1,755,997	(1,473,384)
As at end of the year		19,273,009	20,529,847
13.2 Charge to profit or loss			
Current service cost		2,851,473	19,438,548
Past service cost		177,753	-
Interest cost		2,405,169	10,020,518
Gain arising on settlements		-	(21,693,104)
		5,434,395	7,765,962
13.3 The charge to profit or loss has been allocated as follows			
Cost of sales	28.2	3,779,237	5,532,342
Selling and distribution expenses	30.1	-	259,219
Administrative expenses	31.1	1,655,158	1,974,401
		5,434,395	7,765,962
13.4 Remeasurements recognized in other comprehensive income			
Actuarial (loss)/gain arising from changes in:			
Financial assumptions		49,442	36,295
Experience adjustments		(1,805,439)	1,437,089
		(1,755,997)	1,473,384
13.5 Average duration of the defined benefit obligation			
The average duration of the defined benefit obligation is 3 years.			
13.6 Expected charge to profit or loss for the next financial year			
The expected charge to profit or loss for the year ending 30 June 2026 amounts to Rs. 8.24 million.			
13.7 Risk factors			
The defined benefit plan exposes the Company to the following actuarial risks:			
Interest risk: The discount rate used in determination of present value of defined benefit obligation has been determined by reference to market yield at the reporting date on government bonds since there is no deep market in long term corporate bonds in Pakistan. An increase in market yield resulting in a higher discount rate will decrease the defined benefit liability.			
Longevity risk: The present value of defined benefit obligation is calculated by reference to the best estimate of the expected remaining working lives of employees. An increase in the expected remaining working lives will increase the defined benefit liability.			
Salary risk: The present value of defined benefit obligation is calculated by reference to future salaries of employees. An increase in salary of employees will increase the defined benefit obligation.			

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

14 DEFERRED GRANT

The State Bank of Pakistan ['SBP'] through IH&SMEFD circular no. 1 of 2020 dated 17 March 2020, introduced 'Temporary Economic Refinance Facility' ['TERF']. The purpose of this schemes was to provide relief to dampen the effects of COVID - 19 by providing loans at interest rates that are below normal lending rates.

The Company obtained financing of Rs. 85.669 million under the TERF scheme (see notes 11.2 and 11.3). The benefit of below market interest rates, measured as the difference between the fair value of loan on the date of disbursement and its face value on that date has been recognised as deferred grant.

14.1 The amount recognized on the statement of financial position, as at the reporting date, represents the following:

	<i>Note</i>	30-Jun-25	30-Jun-24
		<i>Rupees</i>	<i>Rupees</i>
MCB Bank Limited Temporary Economic Refinance Facility	11.2	-	145,462
MCB Bank Limited Temporary Economic Refinance Facility	11.3	-	665,553
		-	811,015
Current maturity presented under current liabilities	18	-	(736,843)
		-	74,172

14.2 The movement during the year is as follows:

As at beginning of the year	811,015	2,321,085
Amortized during the year	(811,015)	(1,510,070)
As at end of the year	-	811,015

15 TRADE AND OTHER PAYABLES

Trade creditors	15.1	158,163,944	161,296,871
Accrued liabilities		26,187,451	42,773,492
Advances from customers		90,000,000	-
Security deposits	12	6,010,000	-
Deductions against vehicle scheme	15.2	1,099,800	4,638,225
Statutory levies payable	15.3	4,074,105	31,619,713
Sales tax payable		-	2,336,275
Other payables	15.4	-	33,728,563
		285,535,300	276,393,139

15.1 Trade creditors include Rs. 15,023,925 (30-Jun-24: Rs. 15,023,925) due to a related party against rent of power generator.

15.2 These represent deductions from employees' salaries on account of vehicle scheme whereby the Company and employees share a portion of the cost of vehicle. The vehicles are registered in the name of employee or leasing company in case of leased vehicles. The cost of vehicles is borne by the Company initially and is recovered from employees on monthly basis.

	<i>Note</i>	30-Jun-25	30-Jun-24
		<i>Rupees</i>	<i>Rupees</i>
15.3 Statutory levies payable			
Workers' Welfare Fund		3,833,741	3,833,741
Levies under Income Tax Ordinance, 2001	15.3.3	240,364	27,785,972
		4,074,105	31,619,713

15.3.3 Levies under Income Tax Ordinance, 2001

As at beginning of the year	27,785,972	45,001,547
Charged to profit or loss for the year	240,364	27,785,972
Paid/adjusted during the year	(27,785,972)	(45,001,547)
As at end of the year	240,364	27,785,972

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

15.4 These include withholding taxes payable amounting to Rs. nil (30-Jun-24: Rs. 33.728 million).

	<i>Note</i>	30-Jun-25 <i>Rupees</i>	30-Jun-24 <i>Rupees</i>
16 SHORT TERM BORROWINGS			
Secured			
Running finances	16.1	-	19,954,112
Unsecured			
Loan from directors and sponsors	16.2	816,984,966	449,100,000
Book overdraft	16.3	601,053	-
		817,586,019	449,100,000
		817,586,019	469,054,112

16.1 These facilities were obtained from various banking companies for working capital requirements and were secured by charge over current assets and operating fixed assets of the Company, pledge of stock, subordination of loan from directors and sponsors, and personal guarantees of the Company's Directors. These finances carried interest at three months KIBOR plus 2.50% per annum, payable quarterly. All facilities have been settled during the year and stand expired on their respected review dates.

16.2 This represents temporary loans obtained from directors and sponsors of the Company. These loans are unsecured, interest free and repayable on demand. Movement during the year is as follows:

	<i>Note</i>	30-Jun-25 <i>Rupees</i>	30-Jun-24 <i>Rupees</i>
As at beginning of the year		449,100,000	-
Obtained during the year		-	449,100,000
Transferred from equity	8	102,000,000	-
Transferred from non-current liabilities	10	265,884,966	-
As at end of the year		816,984,966	449,100,000

16.3 These represent cheques issued by the Company in excess of balances at bank which have been presented for payments after the reporting period.

16.4 The aggregate un-availed short term borrowing facilities as at the reporting date amounts to nil (30-Jun-24: Rs. 53.046 million).

	30-Jun-25 <i>Rupees</i>	30-Jun-24 <i>Rupees</i>
17 ACCRUED INTEREST ON BORROWINGS		
Long term borrowings	-	2,247,435
Short term borrowings	-	9,102,782
	-	11,350,217

18 CURRENT MATURITY OF NON-CURRENT LIABILITIES

Long term borrowings	11	-	27,445,509
Deferred grant	14	-	736,843
		-	28,182,352

19 CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

19.1.1 Guarantees issue by banking companies on behalf of the Company outstanding as at the reporting date are as follows:

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

	30-Jun-25	30-Jun-24
	Rupees	Rupees
Bank guarantees	61,910,000	64,870,000

19.1.2 In respect of Tax Year 2015, Deputy Commissioner Inland Revenue ['DCIR'] issued notice to amend assessment under section 122(9) of the Ordinance on 11 June 2018 whereby the DCIR raised observations related to purchases, creditors, additions to plant and machinery, admissibility of various expenses and deductions. The Company responded to the notice on 29 June 2018 wherein submissions regarding DCIR's observations were made. The proceedings were completed and an order to amend original assessment dated 31 July 2018 was issued by the DCIR under section 122(1) of the Ordinance wherein a demand of Rs. 29.315 million was created by making certain additions to taxable income and disallowing certain expenses and tax credits. The Company filed an appeal before Commissioner Inland Revenue (Appeals) ['CIR(A)'] on 28 August 2018, which was disposed of through an appellate order dated 19 February 2021 issued under section 129(1) of the Ordinance, wherein certain additions made by the DCIR were remanded back. The proceedings are still pending finalization at DCIR's department's end

19.1.3 In respect of Tax Year 2021, Additional Commissioner Inland Revenue ['ACIR'] issued a notice to amend assessment under section 122(9) of the Ordinance on 14 January 2022 whereby the ACIR raised observations related to additions to vehicles, admissible tax deductions, brought forward losses, admissibility of tax credits and allowability of various expenses and deductions. The Company responded to this notice vide letter dated 10 June 2022 wherein submissions regarding ACIR's observations were made. The proceedings were completed and an order to amend original assessment dated 30 June 2022 was issued by the ACIR under section 122(5A) of the Ordinance wherein a demand of Rs. 11.486 million was created by making certain additions to taxable income and disallowing certain expenses and tax credits. The Company filed an appeal before CIR(A) on 26 July 2022, which was disposed of through an appellate order dated 21 October 2022 issued under section 129(1) of the Ordinance, wherein certain additions made by the ACIR were remanded back while relief was allowed to the Company by deleting some of the additions as made by the ACIR. The proceedings are still pending finalization at ACIR's department's end.

19.2 Commitments

There are no known commitments as at the reporting date.

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

20 PROPERTY, PLANT AND EQUIPMENT

	30-Jun-25													Net book value as at 30-Jun-25 Rupees
	COST/REVALUED AMOUNT						DEPRECIATION/IMPAIRMENT							
	As at 01-Jul-24 Rupees	Additions Rupees	Revaluation Rupees	Transfers Rupees	Disposals Rupees	As at 30-Jun-25 Rupees	Rate %	As at 01-Jan-24 Rupees	For the year Rupees	Revaluation Rupees	Transfers Rupees	Disposals Rupees	As at 30-Jun-25 Rupees	
Operating fixed assets														
Freehold land	101,370,000	-	259,530,000	-	-	360,900,000	-	-	-	-	-	-	-	360,900,000
Buildings	339,129,484	-	871,074,394	-	-	1,210,203,878	5	216,724,906	6,120,229	572,391,078	-	-	795,236,213	414,967,665
Plant and machinery	1,957,052,113	-	-	-	-	1,957,052,113	5	1,039,774,362	45,863,888	459,483,863	-	-	1,545,122,113	411,930,000
Services and other equipment	2,976,737	-	-	-	-	2,976,737	10	2,621,769	35,497	-	-	-	2,657,266	319,471
Office equipment	9,529,233	-	-	-	-	9,529,233	10	8,239,111	129,012	-	-	-	8,368,123	1,161,110
Furniture and fixtures	7,627,523	-	-	-	-	7,627,523	10	7,117,050	51,047	-	-	-	7,168,097	459,426
Arms and ammunitions	122,790	-	-	-	-	122,790	10	93,623	2,917	-	-	-	96,540	26,250
Vehicles	43,128,278	-	-	-	(4,165,060)	38,963,218	20	31,252,135	1,737,636	-	-	(2,383,130)	30,606,641	8,356,577
	2,460,936,158	-	1,130,604,394	-	(4,165,060)	3,587,375,492		1,305,822,956	53,940,226	1,031,874,941	-	(2,383,130)	2,389,254,993	1,198,120,499
Capital work in progress														
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plant and machinery	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-		-	-	-	-	-	-	-
	2,460,936,158	-	1,130,604,394	-	(4,165,060)	3,587,375,492		1,305,822,956	53,940,226	1,031,874,941	-	(2,383,130)	2,389,254,993	1,198,120,499

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

	30-Jun-24													Net book value as at 30-Jun-24
	COST/REVALUED AMOUNT						DEPRECIATION							
	As at 01-Jul-23	Additions	Revaluation	Transfers	Disposals	As at 30-Jun-24	Rate	As at 01-Jan-23	For the year	Revaluation	Transfers	Disposals	As at 30-Jun-24	
Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
Operating fixed assets														
Freehold land	101,370,000	-	-	-	-	101,370,000	-	-	-	-	-	-	-	101,370,000
Buildings	339,129,484	-	-	-	-	339,129,484	5	210,282,559	6,442,347	-	-	-	216,724,906	122,404,578
Plant and machinery	1,952,345,245	-	-	4,706,868	-	1,957,052,113	5	991,537,873	48,236,489	-	-	-	1,039,774,362	917,277,751
Services and other equipment	2,976,737	-	-	-	-	2,976,737	10	2,582,328	39,441	-	-	-	2,621,769	354,968
Office equipment	9,529,233	-	-	-	-	9,529,233	10	8,095,764	143,347	-	-	-	8,239,111	1,290,122
Furniture and fixtures	7,627,523	-	-	-	-	7,627,523	10	7,060,331	56,719	-	-	-	7,117,050	510,473
Arms and ammunitions	122,790	-	-	-	-	122,790	10	90,382	3,241	-	-	-	93,623	29,167
Vehicles	53,858,924	-	-	-	(10,730,646)	43,128,278	20	34,142,783	3,549,347	-	-	(6,439,995)	31,252,135	11,876,143
	2,466,959,936	-	-	4,706,868	(10,730,646)	2,460,936,158		1,253,792,020	58,470,931	-	-	(6,439,995)	1,305,822,956	1,155,113,202
Capital work in progress														
Buildings	-	-	-	-	-	-		-	-	-	-	-	-	-
Plant and machinery	-	4,706,868	-	(4,706,868)	-	-		-	-	-	-	-	-	-
	-	4,706,868	-	(4,706,868)	-	-		-	-	-	-	-	-	-
	2,466,959,936	4,706,868	-	-	(10,730,646)	2,460,936,158		1,253,792,020	58,470,931	-	-	(6,439,995)	1,305,822,956	1,155,113,202

20.1 Freehold land of the Company is located at District Kasur with a total area of 311 Kanal 18 Marla.

20.2 Transfers represent assets transferred from capital work in progress to operating fixed assets on becoming ready and available for intended use.

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

20.3 Disposal of operating fixed assets

30-Jun-25

	Cost / revalued amount Rupees '000	Accumulated depreciation Rupees '000	Net book value Rupees '000	Disposal proceeds Rupees '000	Loss on disposal Rupees '000	Mode of disposal	Particulars of buyer
Vehicles							
Suzuki Cultus	2,012,080	1,049,429	962,651	962,651	-	Company policy	Nouman Maqbool (employee)
Honda CG 125	82,000	57,977	24,023	24,023	-	Company policy	Qaiser Javaid (employee)
Suzuki Cultus	2,070,980	1,275,724	795,256	1,127,534	332,278	Company policy	Zeeshan Arshad (employee)
	4,165,060	2,383,130	1,781,930	2,114,208	332,278		

30-Jun-24

	Cost / revalued amount Rupees	Accumulated depreciation Rupees	Net book value Rupees	Disposal proceeds Rupees	Gain on disposal Rupees	Mode of disposal	Particulars of buyer
Vehicles							
Honda CD 70	68,000	55,379	12,621	14,023	1,402	Company policy	Maqsood Ahmed (employee), Lahore.
Honda CD 70	83,500	48,871	34,629	33,988	(641)	Company policy	Tauseef Ahmed (employee), Lahore.
Honda City	2,443,130	1,430,263	1,012,867	1,012,867	-	Company policy	Abdus Salam (employee), Lahore.
Honda City	2,519,130	1,166,189	1,352,941	1,352,941	-	Company policy	Safdar Inayat Ali (employee), Lahore.
Honda Civic	1,417,826	862,089	555,737	566,223	10,486	Company policy	Sajid Jamil (employee), Lahore.
Honda CD 70	68,405	47,430	20,975	22,501	1,526	Company policy	Amanat Ali (employee), Lahore.
Toyota Corolla Altis	1,979,250	1,582,907	396,343	653,065	256,722	Company policy	Saleem Raufi (employee), Lahore.
Honda Civic	1,380,808	839,581	541,227	551,439	10,212	Company policy	Muhammad Nadeem (employee), Lahore.
Honda City	770,597	407,286	363,311	363,311	-	Company policy	Muhammad Ali (employee), Lahore.
	10,730,646	6,439,995	4,290,651	4,570,358	279,707		

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

	30-Jun-25	30-Jun-24
	<i>Rupees</i>	<i>Rupees</i>
20.4 The depreciation charge for the year has been allocated as follows:		
Cost of sales	52,019,614	54,718,277
Administrative expenses	1,920,612	3,752,654
	53,940,226	58,470,931

20.5 Revaluation of property, plant and equipment

Most recent valuation of land, building and plant and machinery was carried out by an independent valuer, Joseph Lobo (Private) Limited, on 30 June 2025 and was incorporated in these financial statements. For basis of valuation, refer to note 2.3.2(c) and (d).

Had there been no revaluation, the net book values of revalued items of property, plant and equipment would have been as follows:

	30-Jun-25	30-Jun-24
	<i>Rupees</i>	<i>Rupees</i>
Land	59,445,942	59,445,942
Building	93,949,945	98,894,679
Plant and machinery	959,899,148	1,010,420,156

20.6 As per most recent valuation, forced sale values of land, building and plant and machinery are as follows:

	<i>Rupees</i>
Land	306,765,000
Building	352,722,515
Plant and machinery	350,140,500
	30-Jun-25
	<i>Rupees</i>
	30-Jun-24
	<i>Rupees</i>

21 LONG TERM DEPOSITS

Financial institutions	21.1	3,445,500	8,925,500
Suppliers and contractors	21.2	10,311,360	10,311,360
		13,756,860	19,236,860

21.1 These represent security deposits against bank guarantees. These are classified as 'financial assets at amortized cost' under IFRS 9 which are required to be carried at amortized cost. However, due to uncertainties regarding dates of refund of these deposits, which are dependent on expiry/termination of underlying contracts secured by bank guarantees, these have been carried at cost.

21.2 These have been deposited with various suppliers and contractors under various contracts and are refundable on termination of contracts. These are classified as 'financial assets at amortized cost' under IFRS 9 which are required to be carried at amortized cost. However, due to uncertainties regarding dates of refund of these deposits, these have been carried at cost.

	<i>Note</i>	30-Jun-25	30-Jun-24
		<i>Rupees</i>	<i>Rupees</i>
22 STORES, SPARES AND LOOSE TOOLS			
Stores		13,102,377	14,183,003
Spares and loose tools		7,606,567	7,606,568
		20,708,944	21,789,571
Impairment allowance for slow moving and obsolete items	22.1	(10,230,327)	-
		10,478,617	21,789,571

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SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

		30-Jun-25	30-Jun-24
		<i>Rupees</i>	<i>Rupees</i>
27	REVENUE FROM CONTRACTS WITH CUSTOMERS		
	Sale of goods		
	- yarn	22,690,367	2,536,597,725
	- waste	-	54,528,093
		22,690,367	2,591,125,818
	Sales tax	(3,461,243)	(368,248,035)
		19,229,124	2,222,877,783
28	COST OF SALES		
	Raw material consumed	28.1	-
	Salaries, wages and benefits	28.2	31,692,119
	Stores and spares consumed		-
	Power and fuel		18,427,507
	Repair and maintenance		250
	Vehicle running and maintenance		9,000
	Insurance		2,583,680
	Traveling and conveyance		3,254
	Entertainment		26,670
	Stores and spares written-off		1,080,627
	Impairment loss on property, plant and equipment		459,483,863
	Impairment allowance for obsolete and slow moving inventories	22.1	10,230,327
	Depreciation on property, plant and equipment	20.4	52,019,614
	Other factory overheads		43,226
	Manufacturing cost		575,600,137
	Work in process		
	As at beginning of the year	-	41,523,790
	As at end of the year	-	-
			41,523,790
	Cost of goods manufactured		575,600,137
	Finished goods		
	As at beginning of the year	-	171,608,077
	Purchased during the year	19,136,927	-
	As at end of the year	-	-
		19,136,927	171,608,077
		594,737,064	2,350,445,757
28.1	Raw material consumed		
	As at beginning of the year	-	214,817,725
	Purchased during the year	-	1,180,558,820
	As at end of the year	-	-
		-	1,395,376,545
28.2	These include charge in respect of employees retirement benefits amounting to Rs. 3.78 million (30-Jun-24: Rs. 5.53 million).		

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

	Note	30-Jun-25 Rupees	30-Jun-24 Rupees
29 OTHER INCOME			
Gain on financial instruments			
Excess liabilities written back		9,271,009	-
Foreign exchange gain		-	279,636
		9,271,009	279,636
Other income			
Gain on disposal of property, plant and equipment	20.3	332,278	279,707
		332,278	279,707
		9,603,287	559,343
30 SELLING AND DISTRIBUTION EXPENSES			
Salaries and benefits	30.1	949,256	3,444,859
Commission		-	9,197,274
Vehicle running and maintenance		-	327,596
Others		-	295,774
		949,256	13,265,503
30.1	These include charge in respect of employees retirement benefits amounting to Rs. nil (30-Jun-24: Rs. 0.26 million).		
	Note	30-Jun-25 Rupees	30-Jun-24 Rupees
31 ADMINISTRATIVE EXPENSES			
Directors' meeting fee	31.1	60,000	105,000
Salaries and benefits		19,413,364	29,698,001
Utilities		372,884	5,437,941
Printing and stationery		101,555	675,097
Communication		782,979	1,466,475
Repair and maintenance		83,450	340,695
Vehicles running and maintenance	31.2	228,426	1,946,332
Fee and subscription		59,630	237,338
Traveling and conveyance		-	7,722,724
Legal and professional		180,000	180,000
Auditor's remuneration	31.1	550,000	975,000
Entertainment		603,625	1,247,223
Insurance		861,225	1,743,312
Depreciation on property plant and equipment	20.4	1,920,612	3,752,654
Other administrative expenses		15,000	4,762,893
		25,232,750	60,290,685
31.1	These include charge in respect of employees retirement benefits amounting to Rs. 1.66 million (30-Jun-25: Rs. 1.97 million).		
		30-Jun-25 Rupees	30-Jun-24 Rupees
31.2 Auditor's remuneration			
Annual statutory audit		350,000	750,000
Limited scope review		125,000	125,000
Review report under corporate governance		50,000	75,000
Out of pocket expenses		25,000	25,000
		550,000	975,000

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SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

	<i>Note</i>	30-Jun-25	30-Jun-24
		<i>Rupees</i>	<i>Rupees</i>
32 OTHER EXPENSES			
Loss on financial instruments		-	-
Other expenses			
Impairment allowance on advances to suppliers		-	3,568,439
Miscellaneous receivables written-off		2,620,433	-
		2,620,433	3,568,439
		2,620,433	3,568,439
33 FINANCE COST			
Interest on borrowings:			
loan from directors and sponsors		57,697,038	68,518,556
long term finances		531,225	4,469,931
short term borrowings		1,679,132	71,226,527
Interest on loan from directors and sponsors waived	10	(57,697,038)	(68,518,556)
		2,210,357	75,696,458
Bank charges and commission		254,106	2,228,693
		2,464,463	77,925,151
34 PROVISION FOR STATUTORY LEVIES			
Levies under Income Tax Ordinance, 2001			
Current year		240,364	27,785,972
Prior year		-	1
		240,364	27,785,973
34.1	Levies under Income Tax Ordinance, 2001 ['the Ordinance'] have been recognized under section 113 of the Ordinance.		
		30-Jun-25	30-Jun-24
		<i>Rupees</i>	<i>Rupees</i>
35 PROVISION FOR INCOME TAXES			
Current taxation		-	-
Deferred taxation		-	-
		-	-
35.1	No provision for current and deferred taxation has been recognized as the Company is subject to and expects to remain in non-tax/levy regime for the foreseeable future.		
35.2	The income tax assessments of the Company up to and including tax year 2024 have been completed by the concerned income tax authorities or are deemed to have been so completed under the provisions of section 120 of the Ordinance except as referred to in note and .		
	<i>Unit</i>	30-Jun-25	30-Jun-24
36 BASIC LOSS PER SHARE			
Earnings			
Loss after income taxes	<i>Rupees</i>	(598,204,936)	(308,699,932)
Shares			
Weighted average number of ordinary shares outstanding	<i>No. of shares</i>	29,840,607	29,840,607
Basic loss per share	<i>Rupees</i>	(20.05)	(10.34)

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

	Note	30-Jun-25 Rupees	30-Jun-24 Rupees
37 CASH AND CASH EQUIVALENTS			
Cash and bank balances	26	5,935,100	28,766,133
		5,935,100	28,766,133
38 CASH GENERATED FROM OPERATIONS			
Loss before income taxes		(598,204,936)	(308,699,932)
Adjustments for non-cash and other items:			
Interest on borrowings		2,210,357	75,696,458
Miscellaneous receivables written-off		2,620,433	-
Excess liabilities written back		(9,271,009)	-
Gain on disposal of property, plant and equipment		(332,278)	(279,707)
Stores and spares written-off		1,080,627	-
Impairment allowance/(reversal) for expected credit losses		793,017	(1,144,450)
Impairment allowance for obsolete and slow moving inventories		10,230,327	-
Impairment loss on property, plant and equipment		459,483,863	-
Depreciation on property plant and equipment		53,940,226	58,470,931
Provision for levies under Income Tax Ordinance, 2001		240,364	27,785,973
Provision for employees retirement benefits		5,434,395	7,765,962
		526,430,322	168,295,167
		(71,774,614)	(140,404,765)
Changes in working capital			
Long term deposits		5,480,000	1,936,026
Stores, spares and loose tools		-	1,404,708
Stock in trade		-	427,949,592
Trade receivables		5,305,375	133,708,387
Short term advances		806,303	2,187,256
Short term deposits and prepayments		81,957,109	3,106,761
Sales tax refundable/adjustable		4,877,879	5,344,729
Trade and other payables		29,799,736	(149,876,336)
		128,226,402	425,761,123
Cash generated from operations		56,451,788	285,356,358

39 CHANGES FROM FINANCING CASH FLOWS

	30-Jun-25		30-Jun-24	
	Long term finances Rupees	Short term borrowings Rupees	Long term finances Rupees	Short term borrowings Rupees
As at beginning of the year	39,769,784	469,054,112	63,736,027	522,617,572
Obtained during the year	-	-	-	449,100,000
Unwinding of deferred grant	811,015	-	1,510,070	-
Repayment of long term finances	(40,580,799)	-	(25,476,313)	-
Transfer from equity	-	102,000,000	-	-
Transferred from non-current liabilities	-	265,884,966	-	-
Net decrease in short term borrowings	-	(19,353,059)	-	(502,663,460)
As at end of the year	-	817,586,019	39,769,784	469,054,112

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

40 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The details of the Company's related parties, with whom the Company had transactions during the year or has balances outstanding as at the reporting date, are as follows:

Name of related party	Nature and basis of relationship
Kohinoor Power Company Limited	Associate [Significant Influence]
Mr. M. Zeid Yousuf Saigol	Key Management Personnel [Chief Executive]
Mr. M. Naseem Saigol	Key Management Personnel [Director]
Mr. M. Murad Saigol	Key Management Personnel [Director]
Mr. Samir Iqbal Saigol	Key Management Personnel [Director]
Mr. Jamal Naseem	Key Management Personnel [Director]
Mr. M. Azam Saigol	Sponsor [Shareholder]
Ms. Amber Haroon Saigol	Sponsor [Shareholder]

The Company continues to have a policy whereby all transactions with related parties entered into in the ordinary course of business are carried out on commercial terms and conditions which are equivalent to those prevailing in an arm's length transaction. Detail of transactions with related parties during the reporting period and balances with them as at the reporting date are as follows:

		30-Jun-25	30-Jun-24
		Rupees	Rupees
40.1 Transactions with related parties			
Nature of relationship	Nature of transactions		
Associated companies	Power generator rent	-	6,000,000
Key management personnel	Short term employee benefits	6,900,000	8,025,000
	Interest expense on borrowings	27,027,350	32,096,535
	Interest on borrowings waived	27,027,350	32,096,535
	Meeting fee	60,000	105,000
Sponsors	Interest expense on borrowings	30,669,688	36,422,021
	Interest on borrowings waived	30,669,688	36,422,021

40.2 Balances with related parties

Nature of relationship	Nature of transactions		
Associated companies	Trade creditors	15,023,925	15,023,925
Key management personnel	Borrowings	525,650,000	525,650,000
	Short term employee benefits payable	575,000	660,000
Sponsors	Borrowings	291,334,966	291,334,966

41 CONTRACTS WITH CUSTOMERS

41.1 Disaggregation of revenue

This is no further disaggregation of revenue as the Company operating as single operating segment and all revenue during the year was recognized at a point in time.

41.2 Contract balances

There are no contract assets as at the reporting date. The information about receivables and contract liabilities arising from contracts with customers is as follows:

Nature of balance	Presented in financial statements as	Note	30-Jun-25	30-Jun-24
			Rupees	Rupees
Receivables	Trade receivables	23	-	6,392,105
Contract liabilities	Advances from customers	15	90,000,000	-

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

41.2.1 Changes in contract assets and liabilities

There are no contract assets as at the reporting date. Significant changes in contract liabilities during the year are as follows:

	30-Jun-25	30-Jun-24
	<i>Rupees</i>	<i>Rupees</i>
As at beginning of the year	-	30,342,879
Revenue recognized against contract liability as at beginning of the year	-	(30,342,879)
Net increase due to cash received in excess of revenue recognized	90,000,000	-
As at end of the year	90,000,000	-

41.3 Impairment losses

The Company during the year has recognized Rs. 0.79 million (30-Jun-24: Rs. nil) as impairment loss for expected credit losses on receivables (trade receivables) arising from the Company's contracts with customers. Further, impairment allowance amounting to Rs. nil (30-Jun-24: Rs. 1.14 million) was reversed during the year on actual recovery. (See note 23.1).

42 FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of the Company's financial assets and liabilities as at the reporting date are as follows:

		30-Jun-25	30-Jun-24
		<i>Rupees</i>	<i>Rupees</i>
42.1 Financial assets			
<i>Cash in hand</i>	26	749,895	159,309
<i>Financial assets at amortized cost</i>			
Long term deposits	21	13,756,860	19,236,860
Trade receivables	23	-	6,392,105
Advances to employees	25	3,049,000	3,820,503
Margin deposits	25	2,500,000	86,577,832
Bank balances	26	5,185,205	28,606,824
		24,491,065	144,634,124
		25,240,960	144,793,433
42.2 Financial liabilities			
<i>Financial liabilities at amortized cost</i>			
Loans from directors and sponsors	8	-	265,884,966
Long term borrowings	11	-	39,769,784
Long term deposits	12	-	6,010,000
Trade creditors	15	158,163,944	161,296,871
Accrued liabilities	15	26,187,451	42,773,492
Security deposits	15	6,010,000	-
Unclaimed dividend		485,351	485,351
Short term borrowings	16	817,586,019	469,054,112
Accrued interest on borrowings	17	-	11,350,217
		1,008,432,765	996,624,793

43 FINANCIAL RISK EXPOSURE AND MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). These risks affect revenues, expenses and assets and liabilities of the Company.

The Board of Directors has the overall responsibility for establishment and oversight of risk management framework. The Board of Directors has developed a risk policy that sets out fundamentals of risk management framework. The risk policy focuses on unpredictability of financial markets, the Company's exposure to risk of adverse effects thereof and objectives, policies and processes for measuring and managing such risks. The management team of the Company is responsible for administering and monitoring the financial and operational financial risk management throughout the Company in accordance with the risk management framework.

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

The Company's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

43.1 Credit risk

Credit risk is the risk of financial loss to the Company, if the counterparty to a financial instrument fails to meet its obligations.

43.1.1 Credit risk management practices

In order to minimize credit risk, the Company has adopted a policy of only dealing with creditworthy counterparties and limiting significant exposure to any single counterparty. The Company only transacts with counterparties that have reasonably high external credit ratings. Where an external rating is not available, the Company uses an internal credit risk grading mechanism. Particularly for customers, a dedicated team responsible for the determination of credit limits uses a credit scoring system to assess the potential as well as existing customers' credit quality and assigns or updates credit limits accordingly. The ageing profile of trade receivables and individually significant balances, along with collection activities are reviewed on a regular basis. High risk customers are identified and restrictions are placed on future trading, including suspending future shipments and administering dispatches on a prepayment basis or confirmed letters of credit.

The Company reviews the recoverable amount of each financial asset on an individual basis at each reporting date to ensure that adequate loss allowance is made in accordance with the assessment of credit risk for each financial asset. The Company considers a financial asset to have low credit risk when the asset has reasonably high external credit rating or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has no past due amounts or otherwise there is no significant increase in credit risk if the amounts are past due in the normal course of business based on history with the counterparty.

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial asset at the reporting date with the risk of a default occurring on the financial asset at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise. This is usually the case with various customers of the Company where the Company has long standing business relationship with these customers and any amounts that are past due by more than 30 days in the normal course of business are considered 'performing' based on history with the customers. Therefore despite the foregoing, the Company considers some past due trade receivables to have low credit risk where the counterparty has a good history of meeting its contractual cash flow obligations and is expected to maintain the same in future.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk.

The Company considers 'default' to have occurred when the financial asset is credit-impaired. A financial asset is considered to be credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial condition and there is no realistic prospect of recovery.

The Company's credit risk grading framework comprises the following categories and basis for recognizing impairment allowance for Expected Credit Losses ['ECL'] for each category:

Category	Description	Basis for recognizing ECL
Performing	The counterparty has low credit risk	Trade receivables: Lifetime ECL Other assets: 12-month ECL
Doubtful	Credit risk has increased significantly since initial recognition	Lifetime ECL
In-default	There is evidence indicating the asset is credit-impaired	Lifetime ECL
Write-off	There is no realistic prospect of recovery	Amount is written-off

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

43.1.2 Exposure to credit risk

Credit risk principally arises from 'financial assets carried at amortized cost' held by the Company as at the reporting date. The maximum exposure to credit risk as at the reporting date is as follows:

	Note	30-Jun-25 Rupees	30-Jun-24 Rupees
Long term deposits	21	13,756,860	19,236,860
Trade receivables	23	793,017	8,918,840
Advances to employees	25	3,049,000	3,820,503
Margin deposits	25	2,500,000	86,577,832
Bank balances	26	5,185,205	28,606,824
		25,284,082	147,160,859

43.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to internal credit risk grading. The credit quality of the Company's financial assets exposed to credit risk is as follows:

	External credit rating	Internal credit risk grading	30-Jun-25		
			12-month or life-time ECL	Gross carrying amount Rupees	Loss allowance Rupees
Long term deposits	AA - AAA	N/A	12-month ECL	3,445,500	-
	N/A	Performing	12-month ECL	10,311,360	-
				13,756,860	-
Trade receivables	N/A	Performing	Lifetime ECL	-	-
	N/A	In-default	Lifetime ECL	793,017	793,017
				793,017	793,017
Advances to employees	N/A	Performing	12-month ECL	3,049,000	-
Margin deposits	A1+	N/A	N/A	2,500,000	-
Bank balances	A3 - A1+	Performing	12-month ECL	5,185,205	-
				25,284,082	793,017

	External credit rating	Internal credit risk grading	30-Jun-24		
			12-month or life-time ECL	Gross carrying amount Rupees	Loss allowance Rupees
Long term deposits	AA - AAA	N/A	12-month ECL	8,925,500	-
	N/A	Performing	12-month ECL	10,311,360	-
				19,236,860	-
Trade receivables	N/A	Performing	Lifetime ECL	6,392,105	-
	N/A	In-default	Lifetime ECL	2,526,735	2,526,735
				8,918,840	2,526,735
Advances to employees	N/A	Performing	12-month ECL	3,820,503	-
Margin deposits	A1+	Performing	12-month ECL	86,577,832	-
Bank balances	A3 - A1+	Performing	12-month ECL	28,606,824	-
				147,160,859	2,526,735

(a) Long term deposits

These include deposits with financial institutions against bank guarantees and those with suppliers and contractors, mainly utility companies, against various contracts. These financial institutions have reasonably high credit ratings as determined by various independent credit rating agencies. Non-performance is not expected from suppliers and contractors as these mainly include utility companies. Therefore, no credit risk has been associated with these financial assets and accordingly no impairment loss allowance has been made.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

(b) Trade receivables

For trade receivables, the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on trade receivables by using internal credit risk gradings. The following table provides information about exposure to credit risk and ECL for trade receivables as at the reporting date:

	30-Jun-25			
	Internal risk grading	Average loss rate %	Gross amount due Rupees	Accumulated impairment Rupees
Not yet due	Performing	0.00	-	-
Past due by 31-90 days	Performing	0.00	-	-
Past due by 91-180 days	Performing	0.00	-	-
Past due by more than 180 days	In-default	100.00	793,017	793,017
			793,017	793,017

	30-Jun-24			
	Internal risk grading	Average loss rate %	Gross amount due Rupees	Accumulated impairment Rupees
Not yet due	Performing	0.00	-	-
Past due by 31-90 days	Performing	0.05	5,425,298	2,638
Past due by 91-180 days	Performing	12.50	793,017	99,127
Past due by more than 180 days	In-default	89.80	2,700,525	2,424,970
			8,918,840	2,526,735

(c) Advances to employees

Advances to employees have been given against future salaries and post-employment benefits. Therefore, no credit risk has been associated with these financial assets and accordingly no loss allowance has been made.

(d) Margin deposits

These are placed with financial institutions with reasonably high credit ratings as determined by various independent credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect any credit loss. Therefore, no credit risk has been associated with these financial assets and accordingly no impairment loss allowance has been made.

(e) Bank balances

The bankers of the Company have reasonably high credit ratings as determined by various independent credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect any credit loss. Therefore, no credit risk has been associated with these financial assets and accordingly no impairment loss allowance has been made.

43.1.4 Concentrations of credit risk

The Company's maximum exposure to credit risk, as at the reporting date, by type of counter-party is as follows:

	30-Jun-25 Rupees	30-Jun-24 Rupees
Customers	793,017	8,918,840
Banking companies and financial institutions	11,130,705	124,110,156
Employees	3,049,000	3,820,503
Others	10,311,360	10,311,360
	25,284,082	147,160,859

There are no significant concentrations of credit risk, except for trade receivables. The Company's one (30-Jun-23: two) significant customers account for Rs. 0.79 million (30-Jun-24: Rs. 7.85 million) of trade receivables as at the reporting date, apart from which, exposure to any single customer does not exceed 10% (30-Jun-24: 10%) of trade receivables as at the reporting date. Impairment allowance recognized against amounts due from these significant customers amounts to Rs. 0.79 million (30-Jun-24: Rs. 2.42 million).

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

43.1.5 Collateral held

The Company does not hold any collateral to secure its financial assets.

43.1.6 Changes in impairment allowance for expected credit losses

The changes in impairment allowance for expected credit losses are as follows:

	Note	30-Jun-25 Rupees	30-Jun-24 Rupees
As at beginning of the year		2,526,735	3,671,185
Impairment loss on trade receivables:			
recognized during the year	23	793,017	-
reversed during the year	23	-	(1,144,450)
Net amount recognized in profit or loss		793,017	(1,144,450)
Written-off during the year		(2,526,735)	-
As at end of the year		793,017	2,526,735

43.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

43.2.1 Liquidity risk management

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cashflows, and by matching the maturity profiles of financial assets and liabilities. Details of undrawn facilities that the Company has at its disposal to further reduce liquidity risk are referred to in note 16.4. There were no changes in the Company's approach to liquidity risk management during the year.

Following the cessation of the Company's production operations in the previous year, the Company has primarily depended on its cash reserves. While it has remained current in servicing its debt obligations, as of the reporting date all banking credit facilities have expired and have not been renewed. Payments to creditors have been delayed, as available cash reserves have largely been utilized for debt servicing and operating expenses. Consequently, the Company is currently experiencing a liquidity crunch.

43.2.2 Exposure to liquidity risk

The following is the analysis of contractual maturities of financial liabilities, including estimated interest payments.

	30-Jun-25				
	Carrying amount Rupees	Contractual cash flows Rupees	One year or less Rupees	One to five years Rupees	More than five years Rupees
Loans from directors and sponsors	-	-	-	-	-
Long term borrowings	-	-	-	-	-
Long term deposits	-	-	-	-	-
Trade creditors	158,163,944	158,163,944	158,163,944	-	-
Accrued liabilities	26,187,451	26,187,451	26,187,451	-	-
Security deposits	6,010,000	6,010,000	6,010,000	-	-
Unclaimed dividend	485,351	485,351	485,351	-	-
Short term borrowings	817,586,019	817,586,019	817,586,019	-	-
Accrued interest on borrowings	-	12,720,257	12,720,257	-	-
	1,008,432,765	1,021,153,022	1,021,153,022	-	-

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	30-Jun-24				
	Carrying amount Rupees	Contractual cash flows Rupees	One year or less Rupees	One to five years Rupees	More than five years Rupees
Loans from directors and sponsors	265,884,966	265,884,996	-	265,884,996	-
Long term borrowings	39,769,784	73,986,896	32,067,883	41,919,013	-
Long term deposits	6,010,000	6,010,000	-	6,010,000	-
Trade creditors	161,296,871	161,296,871	161,296,871	-	-
Accrued liabilities	42,773,492	42,773,492	42,773,492	-	-
Security deposits	-	-	-	-	-
Unclaimed dividend	485,351	485,351	485,351	-	-
Short term borrowings	469,054,112	544,673,835	544,673,835	-	-
Accrued interest on borrowings	11,350,217	16,481,644	16,481,644	-	-
	996,624,793	1,111,593,085	797,779,076	313,814,009	-

43.3 Market risk

43.3.1 Currency risk

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to currency risk.

43.3.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

(a) Interest rate risk management

The Company manages interest rate risk by analyzing its interest rate exposure on a dynamic basis. Cash flow interest rate risk is managed by simulating various scenarios taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Company calculates impact on profit after taxation and equity of defined interest rate shift, mostly 100 basis points. There were no changes in Company's approach to interest rate risk management during the year.

(b) Exposure to interest rate risk

The effective interest rates for interest/profit bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest/profit bearing financial instruments as at the reporting date are as follows:

	30-Jun-25 Rupees	30-Jun-24 Rupees
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	-	-
Variable rate instruments		
Financial assets	-	-
Financial liabilities	-	59,723,896

(c) Fair value sensitivity analysis for fixed rate instruments

The Company does not account for its fixed rate instruments at fair value.

(d) Cash flow sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates as at the reporting date would have decreased profit for the year and equity as at the reporting date by Rs. 0.00 million (30-Jun-24: Rs. 59.72 million). A decrease of 100 basis points would have had an equal but opposite effect on loss for the year and equity. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

43.3.3 Price risk

Other price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments. The Company is not exposed to price risk.

44 CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Any temporary shortfall is met through interest free loans from directors and sponsors. The Board of Directors monitors the return on capital and seeks to keep a balance between the higher return that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. The Company monitors capital using the gearing ratio which is debt divided by total capital employed. Debt comprises long term finances and loan from directors and sponsors including current maturities. Total capital employed includes total equity, as shown in the statement of financial position, plus debt. The Company's strategy is to maintain an optimal capital structure in order to minimize cost of capital. Gearing ratio of the Company as at the reporting date is as follows:

	<i>Unit</i>	30-Jun-25	30-Jun-24
Total debt	<i>Rupees</i>	-	306,391,593
Total equity	<i>Rupees</i>	112,942,911	256,690,528
Total capital employed	<i>Rupees</i>	112,942,911	563,082,121
Gearing ratio	<i>% age</i>	-	54.41

The Company is not subject to externally imposed capital requirements, except those related to maintenance of debt covenants, commonly imposed by the providers of debt finance. There were no changes in the Company's approach to capital management during the year.

45 FAIR VALUE MEASUREMENTS

The Company measures some of its assets at fair value. The fair value hierarchy of financial instruments measured at fair value and the information about how the fair values of these financial instruments are determined are as follows:

45.1 Financial instruments

45.1.1 Recurring fair value measurements

There are no recurring fair value measurements of financial instruments as at the reporting date.

45.1.2 Non-recurring fair value measurements

There are no non-recurring fair value measurements of financial instruments as at the reporting date.

45.1.3 Financial instruments not measured at fair value

The management considers the carrying amount of all financial instruments not measured at fair value at the end of each reporting period to approximate their fair values as at the reporting date.

45.2 Assets and liabilities other than financial instruments

45.2.1 Recurring fair value measurements

For recurring fair value measurements, the fair value hierarchy and information about how the fair values are determined is as follows:

Assets/liabilities	Hierarchy	Valuation technique and key inputs	30-Jun-25	30-Jun-24
			<i>Rupees</i>	<i>Rupees</i>
Land	Level 2	Land is valued using market comparable approach that reflects recent transaction prices for similar properties. Significant inputs include estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition.	360,900,000	101,370,000

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Assets/liabilities	Hierarchy	Valuation technique and key inputs	30-Jun-25	30-Jun-24
			Rupees	Rupees
Buildings	Level 2	Building is valued using cost approach that reflects the cost to the market participants to construct assets of comparable utility and age, adjusted for obsolescence and depreciation. Significant inputs include estimated construction costs and other ancillary expenditure.	414,967,665	122,404,578
Plant and machinery	Level 2	Plant and machinery is valued using cost approach that reflects the cost to the market participants to construct or acquire machinery of comparable utility and age, adjusted for obsolescence and depreciation. Significant inputs include estimated construction/acquisition costs and other ancillary expenditure.	411,930,000	917,277,751

45.2.2 Non-recurring fair value measurements

There are no non-recurring fair value measurements of financial instruments as at the reporting date.

	30-Jun-25	30-Jun-24
	Rupees	Rupees
46 MORTGAGES AND CHARGES		
Hypothecation of fixed assets	1,073,666,667	1,901,666,667
Hypothecation of current assets	1,588,333,334	1,988,333,334

47 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged to profit or loss in respect of chief executive, directors and executives on account of managerial remuneration, allowances and perquisites, post employment benefits and the number of such directors and executives is as follows:

	30-Jun-25		
	Chief Executive Rupees	Directors Rupees	Executives Rupees
Remuneration	-	4,600,008	2,743,200
Perquisites	-	2,299,992	1,371,600
Meeting fee	-	60,000	-
Post employment benefits	-	-	483,436
	-	6,960,000	4,598,236
Number of persons	-	2	1

	30-Jun-24		
	Chief Executive Rupees	Directors Rupees	Executives Rupees
Remuneration	-	5,280,000	2,743,200
Perquisites	-	2,640,000	2,534,300
Meeting fee	-	105,000	-
Post employment benefits	-	-	342,900
	-	8,025,000	5,620,400
Number of persons	-	2	1

47.1 Chief executive and executives have been provided with free use of the Company's vehicles.

47.2 No remuneration has been paid to non-executive directors, with the exception of meeting fee.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

48 SEGMENT REPORTING

An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),
- whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
- for which discrete financial information is available.

The Company is a single operating segment. All non-current assets of the Company are situated in Pakistan. All sales of the Company have originated from Pakistan.

48.1 Information about major customers

Revenue derived from six (30-Jun-24: nil) individual significant external customers, to whom sales in excess of 10% of the Company's total sales were made during the year, amounts to Rs. 13.4 million. (30-Jun-24: Rs. nil).

49 PLANT CAPACITY AND ACTUAL PRODUCTION

		30-Jun-25	30-Jun-24
Number of spindles installed	No.	51,840	51,840
Plant capacity on the basis of utilization converted into 80s count	Kgs	3,054,796	3,054,796
Actual production converted into 80s count	Kgs	-	898,712

50 NUMBER OF EMPLOYEES

	30-Jun-25	30-Jun-24
Total number of employees	60	89
Average number of employees	61	327

51 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 financial statements.

52 EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting period that require adjustment or disclosure in these financial statements.

53 CORRECTION OF PRIOR PERIOD ERROR

Following the adoption of Application Guidance on Accounting for Minimum Taxes and Final Taxes under IAS 12, IAS 37 and IFRIC 21 issued by the Institute of Chartered Accountants of Pakistan vide Circular 07 of 2024 dated 15 May 2024, the Company reassessed previously recognized deferred taxes and necessary adjustments were made to align with the effective rate of current tax under the new accounting policy.

Due to a calculation error, the amount of adjustment to opening balance of retained earnings/accumulated losses, of the earliest period presented in the financial statements for the year ended 30 June 2024, in respect of deferred taxation included in revaluation reserve, was short by Rs. 17.12 million. The error has been corrected retrospectively by adjusting the opening balance of revaluation reserve and retained earnings/accumulated losses as at 01 July 2023.

The amount of the correction for each prior period presented in these financial statements for each financial statement line item affected and for the basic earnings per share is as follows:

Financial statement line item	Nature of impact	30-Jun-24 Rupees	30-Jun-23 Rupees
Revaluation reserve	Debit	17,123,911	17,123,911
Retained earnings/accumulated losses	Credit	17,123,911	17,123,911
Earnings per share	No impact	-	-

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

54 GENERAL

Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison. However, there were no significant reclassifications during the year.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

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Form of Proxy

39th Annual General Meeting

LEDGER FOLIO

SHARES HELD

I/ We _____
of _____
hereby appoint _____
of _____

(or failing him) _____ of _____

(being a member of the Company) as my / or proxy to attend and vote for me / us and on my / our behalf at the 39th Annual General Meeting of the Company to be held on September 19, 2025 at 06-Egerton Road, Opposite LDA Plaza, Lahore at 10:30 A.M. and at every adjournment thereof, if any.

A witness my / our hand (s) this _____ day of September 2025.

Signed by the said

REVENUE
STAMP

Witnesses:

1) Name _____	2) Name _____
Address _____	Address _____
_____	_____
CNIC No. _____	CNIC No. _____

Notes:

1. A member entitled to attend and vote at this Meeting may appoint proxy in accordance with the provisions of Article 52 of the Articles of Association of the Company. 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 of holding the meeting and must be duly stamped, signed and witnessed.
2. For CDC Account Holders/ Corporate Entities in addition to the above the following requirements have to be met.
 - (i) Attested copies of CNIC or the passport of the Beneficial Owners and the Proxy shall be provided with the proxy form.
 - (ii) In case of a Corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signatures shall be submitted (unless it has been provided earlier along with proxy form to the Company).
 - (ii) The Proxy shall produce his original CNIC or original passport at the time of the meeting.

