

SARITOW SPINNING MILLS LIMITED

ANNUAL REPORT 2026

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	
Ms. Kanwal Shahzadi	
Mr. Jamal Nasim	

AUDIT COMMITTEE

Mr. Jamal Nasim	Chairman/Member
Mr. Muhammad Murad Saigol	Member
Mr. Muhammad Omer Farooq	Member
Ms. Kanwal Shahzadi	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 40th Annual General Meeting of Shareholders of **Saritow Spinning Mills Limited** will be held on **Wednesday, October 28, 2026 at 10:30 A.M.**, at 06-Egerton Road, Opposite LDA Plaza, Lahore to transact the following business: -

Ordinary Business

1. To confirm the minutes of the last Annual General Meeting held on September 19, 2025.
2. To receive and adopt the Annual Audited Accounts for the year ended June 30, 2026 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.

Special Business

4. To consider, ratify and approve the transactions carried out with related parties during financial year ended June 30, 2026 and to authorize the Board of Directors to approve all the transactions with the related parties carried out or to be carried out during the financial year ending June 30, 2027 and till the next Annual General Meeting and if thought fit, to pass, with or without modification, resolutions as Special Resolutions as proposed in the Statement of Material Facts.

“Resolved that, the related party transactions carried out by the Company during the financial year ended June 30, 2026 and as disclosed in Financial Statements for the Year ended June 30, 2026 (Note No. 34.1) be and are hereby ratified and approved”

Further Resolved that, the Board of Directors of the Company be and is hereby authorized to undertake the transactions to be conducted with the Related Parties during the financial year ending on June 30, 2027 and to take all necessary steps including but not limited to signing/executing any purchase order/document on behalf of the Company as may be required and to authorize any other officer of the Company to do so in order to implement this resolution.

Resolved further that, these transactions shall be placed before the shareholders in the next annual general meeting for their ratification/approval.”

5. Any other business with the permission of the Chair.

Attached to this Notice is a statement of material facts along with draft resolutions proposed to be passed as special resolutions in relation to the aforesaid special businesses, as required under Section 134(3) of the Companies Act, 2017.

By Order of the Board

Lahore: October 05, 2026

Company Secretary

Notes:

1. Share Transfer Books of the Company will remain closed from **October 22, 2026 to October 28, 2026 (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 **October 21, 2026** 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, 2026 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. Voting through Postal Ballot (electronic voting and by ballot paper)

In terms of SECP's Notification No. 451(I)/2025 dated 13th March, 2025; the members of Saritow Spinning Mills Limited can only cast their votes through postal ballot (by post or through e-voting) in respect of all Special Business. Accordingly, the members shall be provided e-voting and postal ballot facilities for casting their votes in respect of Special Business in the manner and subject to the conditions contained in the Companies (Postal Ballot) Regulations, 2018.

Procedure for E-Voting

- i. Details of e-voting facility (including web address, login details and password) will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers and e-mails address available in the register of members of the Company.
- ii. The security codes will be communicated to members through SMS from the web portal of M/s Corplink (Private) Limited (being the e-voting service provider).
- iii. Identity of the members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.
- iv. E-voting lines will start from October 24, 2026, 09:00 a.m. and shall close on October 27, 2026 at 05:00 p.m. Members can cast their votes any time during this period. Once the vote on a resolution is cast by a Member, he/she shall not be allowed to change it subsequently.

Procedure for voting through ballot paper

- i. The members may alternatively opt for voting through postal ballot. Ballot paper in prescribed form is attached with this Notice and is also available on the Company's website www.saritowspinningmillsltd.com to download.
- ii. The members must ensure that the duly filled and signed ballot paper, along with Computerized National Identity Card (CNIC) should reach the Chairman of the meeting through post at the Company's registered address, 10-G, Mushtaq

Ahmed Gurmani Road, Gulberg-II, Lahore or email at umer.islam@saigols.com, by 5:00 pm, October 27, 2026. Postal ballot received after this time/ date shall not be considered for voting. The signature on the ballot paper shall match with signature on the CNIC.

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.

8. Attendance through Video-Conference

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

I/We _____ of _____, being member(s) of Saritow Spinning Mills Limited holder of _____ Ordinary share(s) as per Register Folio No. ____ hereby opt for video conference facility at _____.
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9. 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.

10. Prohibition of Distribution of Gifts

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

STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

This statement sets out the material facts pertaining to the Special Business to be transacted at the 40th Annual General Meeting of Saritow Spinning Mills Limited.

Item No. 4 of the Agenda - Ratification and Approval of Related Party Transactions and Authorization for Future Transactions

The transactions conducted with related parties during the financial year ended June 30, 2026, were executed on commercial terms and placed before the Board of Directors for review and approval as required under the Companies Act, 2017, and the applicable regulations of the Securities and Exchange Commission of Pakistan (SECP).

Since some of the related party transactions contemplated during the upcoming financial year ending June 30, 2027, may be ongoing or routine in nature, the Board seeks the approval of shareholders by way of Special Resolutions to authorize the Board of Directors and/or its delegates to conduct and approve these transactions from time to time until the next Annual General Meeting.

- **Nature and Scope of Transactions:** Sale and purchase of goods, materials, services, sharing of expenses, and financial/corporate arrangements with associated companies and related parties as disclosed in the financial statements.
- **Pricing/Commercial Basis:** All transactions are conducted at arm's length basis in accordance with the comparable uncontrolled price method or other applicable transfer pricing principles as reviewed by the Audit Committee and approved by the Board.
- **Interest of Directors:** The Directors are interested in the resolution to the extent of their shareholding and/or directorships in the respective associated undertakings, but only to the extent normal corporate governance permits. No director has a personal or direct material conflict of interest apart from their common fiduciary positions.

The related party transactions for the preceding year are available for inspection by members in the annual financial statements, and details for the upcoming year will be presented to shareholders in the next AGM for statutory ratification.

اطلاع برائے سالانہ اجلاس عام

بذریعہ نوٹس بذیل ملاحظہ کیا جاتا ہے کہ ساریٹو سپننگ ملز لمیٹڈ کے شیئرز ہولڈرز کا چالیسواں (40th) سالانہ اجلاس عام 28 اکتوبر 2026 بروز بدھ 10:30 بجے صبح 06-ایکٹر روڈ، بلقاع LDA Plaza، لاہور میں درج ذیل امور کی انجام دہی کیلئے منعقد ہوگا۔

عمومی امور

- 19- ستمبر 2025 کو منعقد ہونے والے سالانہ اجلاس عام کی کارروائی کی تصدیق۔
- 2- مالی سال ختم 30 جون 2026 کی بابت کمپنی کے سالانہ آڈٹ شدہ حسابات بھرہ ان پڑاؤ ایکٹران 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۔

خصوصی امور

- 4- مالی سال 30 جون 2025 اور 30 جون 2026 کو اختتام پذیر ہونے کے دوران متعلقہ فریقوں کے ساتھ کیے گئے لین دین پر غور، توثیق اور منظوری دینا، اور مجلس انتظامیہ کو مالی سال 30 جون 2027 کو اختتام پذیر ہونے والے مالی سال کے دوران اور آئندہ سالانہ عام اجلاس تک متعلقہ فریقوں کے ساتھ کیے گئے لین دین کی منظوری دینے کا اختیار دینا، اور اگر مناسب سمجھا جائے تو انہیں حقائق کے بیان میں پیش کردہ قراردادوں کو ترمیم کے ساتھ یا بغیر ترمیم کے خصوصی قراردادوں کے طور پر منظور کرنا۔
- "**قرارداد منظوری جاتی ہے کہ** مالی سال 30 جون 2026 کو اختتام پذیر ہونے کے دوران کمپنی کی جانب سے متعلقہ فریقوں کے ساتھ کیے گئے لین دین، جو مالی سال 30 جون 2026 (نوٹ نمبر 34.1) کے مالی بیانات میں ظاہر کیے گئے ہیں، کی بذریعہ بذات توثیق اور منظوری دی جاتی ہے۔"
- مزید قرارداد منظوری جاتی ہے کہ** کمپنی کی مجلس انتظامیہ کو مالی سال 30 جون 2027 کو اختتام پذیر ہونے کے دوران متعلقہ فریقوں کے ساتھ کیے جانے والے لین دین کرنے کا اختیار دیا جاتا ہے اور وہ اس قرارداد پر عمل درآمد کے لیے تمام ضروری اقدامات کرنے کی مجاز ہوگی، جن میں، تاہم، صرف انہی تک محدود نہیں، کمپنی کی جانب سے کسی بھی خریداری کے حکم نامے یا دستاویز پر دستخط کرنا یا اسے نافذ کرنا شامل ہے، جیسا کہ ضرورت ہو، اور کمپنی کے کسی دوسرے افسر کو بھی اس قرارداد پر عمل درآمد کے لیے مذکورہ اقدامات کرنے کا اختیار دینے کی مجاز ہوگی۔
- مزید قرارداد منظوری جاتی ہے کہ** مذکورہ لین دین آئندہ سالانہ اجلاس عام میں شیئرز ہولڈرز کے سامنے ان کی توثیق/منظوری کے لیے پیش کیے جائیں گے۔"
- 5- صاحب صدر کی اجازت سے کسی دیگر امر پر کارروائی۔

اس نوٹس کے ساتھ اہم حقائق کا بیان منسلک ہے، جس میں مذکورہ بالا خصوصی کاروبار سے متعلق خصوصی قراردادوں کے طور پر منظوری جانے والی مجوزہ قراردادوں کے مسودے شامل ہیں، جیسا کہ کنٹینر ایکٹ، 2017 کی دفعہ (3) 134 کے تحت مطلوب ہے۔

محکم بورڈ کمپنی سیکرٹری

لاہور: 05 اکتوبر 2026

نوٹس:

- 1- کمپنی کی حصص کی منتقلی کی کتابیں 22 اکتوبر 2026 تا 28 اکتوبر 2026 (بشمول دونوں ایام) بند رہیں گی۔ کمپنی کے شیئرز رجسٹر آف ایس ایم ایس کارپ لنک (پرائیویٹ) لمیٹڈ، ونگز آرکیڈ، K-1، کمرشل، ماڈل ٹاؤن، لاہور میں وصول ہونے والی منتقلیاں (بشمول CDS/Physical) 21 اکتوبر 2026 کو کاروبار بند ہونے تک منافع کے حصول کے لیے قابل قبول ہوں گی۔
- 2- اجلاس میں شرکت اور ووٹ دینے کا اہل ممبر کسی دوسرے ممبر کو اپنا پراکسی مقرر کر سکتا ہے۔ پراکسی یا آئٹم موثر ہو سکیں، اجلاس کے وقت سے 48 گھنٹے قبل کمپنی کے رجسٹر آف ایس ایم ایس (10-جی، مشتاق احمد گرہانی روڈ گلبرگ-II، لاہور) میں لازماً وصول ہونی چاہئیں اور باقاعدہ ممبر زدہ، دستخط شدہ اور گواہ شدہ ہونی چاہئیں۔
- 3- وہ ممبران جن کے نام حصص سنٹرل ڈیپازٹری سسٹم میں ہیں انہیں اسے کہہ دینے والی شناختی کارڈ یا پاسپورٹ اور سنٹرل ڈیپازٹری سسٹم میں اپنے اکاؤنٹ نمبر اجلاس میں شرکت کیلئے ہمراہ لائیں۔
- 4- ممبران سے التماس ہے کہ اپنے پیسے میں کسی بھی تبدیلی کی صورت میں کمپنی کو مطلع فرمادیں۔

5- سالانہ رپورٹ کی ترسیل

27 اکتوبر 2023 کو منعقدہ ان سالانہ اجلاس عام میں کمپنی کے شیئرز ہولڈرز کی منظوری کے لحاظ سے اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کے نوٹیفیکیشن نمبر SRO389(1)/2023 مورخہ 21 مارچ 2023 کے مطابق۔ مالی سال کی سالانہ رپورٹ 30 جون 2026 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 شیئرز ہولڈرز کو ای میل کر دی گئی ہے جنہوں نے کمپنی کو اپنا درست ای میل ایڈریس فراہم کیا ہے۔

جو شیئرز ہولڈرز سالانہ رپورٹ کی ہارڈ کاپ حاصل کرنا چاہتے ہیں وہ کمپنی سیکرٹری/شیئرز 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 شیئرز ہولڈرز کو سالانہ رپورٹ کی مفت ہارڈ کاپ فراہم کرے گی۔

6- پوسٹل بیلٹ کے ذریعے ووٹنگ (الیکٹرانک ووٹنگ اور بیلٹ بچہ کے ذریعے)

ایس ای سی پی کے نوٹیفیکیشن نمبر 451(1)/2025 مورخہ 13 مارچ 2025 کے تحت، ساریٹو سپننگ ملز لمیٹڈ کے ممبرز تمام خصوصی کاروبار کے سلسلے میں صرف پوسٹل بیلٹ (ڈاک یا الیکٹرانک ووٹنگ کے ذریعے) کے ذریعے اپنے ووٹ کاسٹ کر سکتے ہیں۔ چنانچہ ممبرز کو خصوصی کاروبار کے سلسلے میں ووٹ کاسٹ کرنے کے لیے کنٹینر (پوسٹل بیلٹ) ریگولیشنز، 2018 میں درج طریقہ کار اور شرائط کے مطابق الیکٹرانک ووٹنگ اور پوسٹل بیلٹ کی سہولت فراہم کی جائے گی۔

الیکٹرانک ووٹنگ کا طریقہ کار

- i- الیکٹرانک ووٹنگ کی سہولت کی تفصیلات (بشمول ویب ایڈریس، لاگ ان کی تفصیلات اور پاس ورڈ) ان ممبرز کو ای میل کے ذریعے فراہم کی جائیں گی جن کے درست قومی شناختی کارڈ نمبرز موبائل ایڈریس کمپنی کے اراکین کے رجسٹر میں درج ہوں گے۔
- ii- سیکورٹی کوڈز ممبرز کو ایم/ایس کور لنک (پرائیویٹ) لمیٹڈ کے ویب پورٹل (جو الیکٹرانک ووٹنگ کی سہولت فراہم کرنے والا ادارہ ہے) کے ذریعے ایس ایم ایس کے ذریعے ارسال کیے جائیں گے۔
- iii- الیکٹرانک ووٹنگ کے ذریعے ووٹ کاسٹ کرنے کے خواہش مند ممبرز کی شناخت کی تصدیق الیکٹرانک دستخط یا لاگ ان کے لیے مقررہ تصدیقی طریقہ کار کے ذریعے کی جائے گی۔
- iv- الیکٹرانک ووٹنگ کی سہولت 24 اکتوبر 2026 کو صبح 09:00 بجے شروع ہوگی اور 27 اکتوبر 2026 کو شام 05:00 بجے بند ہو جائے گی۔ ممبرز اس مدت کے دوران کسی بھی وقت اپنا ووٹ کاسٹ کر سکتے ہیں۔ ایک مرتبہ کسی قرارداد پر ووٹ کاسٹ کرنے کے بعد ممبر کو بعد ازاں اپنا ووٹ تبدیل کرنے کی اجازت نہیں ہوگی۔

ہیلٹ پیپر کے ذریعے ووٹنگ کا طریقہ کار

i۔ ممبر متبادل طور پر پوسٹل ہیلٹ کے ذریعے ووٹ ڈالنے کا انتخاب کر سکتے ہیں۔ مقررہ فارم میں ہیلٹ پیپر اس نوٹس کے ساتھ منسلک ہے اور کمپنی کی ویب سائٹ www.saritowspinningmills.com سے بھی ڈاؤن لوڈ کیا جاسکتا ہے۔

ii۔ ممبر اس امر کو یقینی بنائیں کہ مکمل طور پر پُر اور دستخط شدہ ہیلٹ پیپر، بعد کیپیوٹرائزڈ قومی شناختی کارڈ (سی این آئی سی)، اجلاس کے چیئر مین تک بذریعہ ڈاک کمپنی کے رجسٹرڈ دفتر، G-10، مشتاق احمد گورمانی روڈ، گلبرگ-II، لاہور، یا بذریعہ ای میل

umer.islam@saigols.com پر 27 اکتوبر 2026 کو شام 05:00 بجے تک پہنچ جائے۔ اس تاریخ اور وقت کے بعد موصول ہونے والا پوسٹل ہیلٹ ووٹنگ کے لیے قابل قبول نہیں ہوگا۔ ہیلٹ پیپر پر موجود دستخط قومی شناختی کارڈ پر موجود دستخط سے مطابقت رکھتے ہوں گے۔

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 لمیٹڈ کمپنیوں کو ہدایت کی ہے کہ وہ شیئرز ہولڈرز کی جسمانی حاضری کی اجازت دینے کے علاوہ ویڈیو لنک کی سہولت کے ذریعے سالانہ اجلاس عام میں ممبرز کی شرکت کا اہتمام کریں۔ جو ممبر سالانہ اجلاس عام میں شرکت اور حصہ لینے کے خواہشمند ہیں وہ ویڈیو لنک کے ذریعے سمارٹ فونز، کمپیوٹرز، ٹیبلٹ وغیرہ کے ذریعے ایسا کر سکتے ہیں۔ ویڈیو لنک کے ذریعے سالانہ اجلاس عام میں شرکت کے لیے ممبرز سے درخواست کی جاتی ہے کہ وہ ای میل بھیج کر اپنی درج ذیل تفصیلات رجسٹر کروالیں یا سالانہ اجلاس عام کے وقت سے کم از کم 48 گھنٹے پہلے پیچھے دیئے گئے نمبر/پتے پر وائس ایپ کریں اور <https://zoom.us/download> سے ویڈیو لنک ڈاؤن لوڈ کریں۔

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

ممبر کے دستخط

وائس ایپ

0321-8561366 umer.islam@saigols.com

درخواستوں کی وصولی پر، ویڈیو لنک لاگ ان کی اسناد دلچسپی رکھنے والے شیئرز ہولڈرز کے ساتھ ان کے ای میل پتوں یا وائس ایپ پیغامات پر شیئر کی جائیں گی۔ ممبر سالانہ اجلاس عام کے ایجنڈا آن لائن سے متعلق اپنے تبصرے/مشورے مذکورہ ذرائع سے بھیج سکتے ہیں۔

8۔ ویڈیو کانفرنس کے ذریعے سالانہ اجلاس عام میں شرکت

ایس ای سی پی نے سرکل نمبر 10 مورخہ 21 مئی 2014 کے تحت، اگر کمپنی کو ایسے ممبرز سے، جو مجموعی طور پر 10 فیصد یا اس سے زائد حصص رکھتے ہوں اور اجلاس کے شہر کے علاوہ کسی دوسرے جغرافیائی مقام پر مقیم ہوں، اجلاس میں ویڈیو کانفرنس کے ذریعے شرکت کرنے کے لیے اجلاس کی تاریخ سے کم از کم 07 (سات) دن قبل رضامندی موصول ہو، تو کمپنی اس شہر میں ویڈیو کانفرنس کی سہولت فراہم کرے گی، بشرطیکہ اس شہر میں ایسی سہولت دستیاب ہو۔ اس سلسلے میں، براؤزر درج ذیل معلومات پُر کر کے کمپنی کے ہیڈ آفس کے پتے پر اجلاس عام کی تاریخ سے کم از کم 07 (سات) دن پہلے جمع کروائیں۔

میں/ہم، _____، کے رہائشی، ساریٹو سپننگ ملز لمیٹڈ کے ممبر ہونے کی حیثیت سے، رجسٹرڈ فیو نمبر _____ کے مطابق _____ عام حصص رکھنے والا/والے، بذریعہ ہذا _____ میں ویڈیو کانفرنس کی سہولت حاصل کرنے کا انتخاب کرتا/کرتے ہوں۔

9۔ فیزیکل حصص کی سی ڈی ایس اکاؤنٹ میں تبدیلی

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

10۔ تحائف کی تقسیم پر معافیت

اجلاس عام میں کوئی تحائف تقسیم نہیں کئے جائیں گے جیسا کہ کمپنری ایکٹ 2017 کی دفعہ 185 میں معافیت کی گئی ہے۔

کمپنری ایکٹ، 2017 کی دفعہ (3) 134 کے تحت مادی حقائق کا بیان

یہ بیان ساریٹو سپننگ ملز لمیٹڈ کے 40 ویں سالانہ اجلاس عام میں زیر غور لائے جانے والے خصوصی کاروبار سے متعلق مادی حقائق پر مشتمل ہے۔

ایجنڈا آئٹم نمبر 4۔ متعلقہ فریقوں کے ساتھ لین دین کی توثیق منظوری اور مستقبل کے لین دین کے لیے اجازت

30 جون 2026 کو اختتام پذیر ہونے والے مالی سالوں کے دوران متعلقہ فریقوں کے ساتھ کیے گئے لین دین تجارتی بنیادوں پر انجام دیے گئے اوپنیز ایکٹ، 2017 اور سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے قابل اطلاق قواعد و ضوابط کے تحت مطلوبہ کارروائی کے مطابق جائزے اور منظوری کے لیے بورڈ آف ڈائریکٹرز کے سامنے پیش کیے گئے۔

چونکہ 30 جون 2027 کو اختتام پذیر ہونے والے آئندہ مالی سال کے دوران متعلقہ فریقوں کے ساتھ بعض متوقع لین دین جاری یا معمول کے کاروباری نوعیت کے ہو سکتے ہیں، اس لیے بورڈ آف ڈائریکٹرز خصوصی قراردادوں کے ذریعے شیئرز ہولڈرز کی منظوری حاصل کرنا چاہتا ہے تاکہ بورڈ آف ڈائریکٹرز/اداروں کے لیے سالانہ اجلاس عام تک وقتاً فوقتاً لین دین کرنے اور ان کی منظوری دینے کا اختیار دیا جاسکے۔

لین دین کی نوعیت اور ادارہ کار: متعلقہ کمپنیوں اور متعلقہ فریقوں کے ساتھ اشیاء، خام مال، خدمات کی خرید و فروخت، اخراجات میں اشتراک، اور مالیاتی/کارپوریٹ انتظامات، جیسا کہ مالیاتی بیانات میں ظاہر کیا گیا ہے۔

قیمت کا تعین/تجارتی بنیاد: تمام لین دین آزاد فریقوں کے درمیان طے شدہ بنیاد (Arm's Length Basis) پر کیے جاتے ہیں، جن میں تقابلی غیر کمیشنرول شدہ قیمت کے طریقہ کار یا تقابلی اطلاق دیگر ٹرانسفر پرائسنگ اصولوں کو مد نظر رکھا جاتا ہے، جیسا کہ آڈٹ کمیٹی کے جائزے اور بورڈ آف ڈائریکٹرز کی منظوری سے طے کیا جائے۔

ڈائریکٹرز کا مفاد: ڈائریکٹرز کو برادری میں اپنے حصص رکھنے اور/یا متعلقہ منسلک اداروں میں ڈائریکٹر شپ کی حد تک مفاد حاصل ہے، تاہم یہ مفاد صرف اس حد تک ہے جس کی عام کارپوریٹ گورننس کے تحت اجازت ہے۔ کسی بھی ڈائریکٹر کا اپنے مشترکہ ذمہ دارانہ/امانتی عہدوں کے علاوہ کوئی ذاتی یا براہ راست مادی مفاداتی تضاد نہیں ہے۔

گزشتہ سال کے متعلقہ فریقوں کے ساتھ کیے گئے لین دین کی تفصیلات اراکین کے معائنے کے لیے سالانہ مالیاتی بیانات میں دستیاب ہیں، جبکہ آئندہ سال کے لین دین کی تفصیلات قانونی توثیق کے لیے اگلے سالانہ اجلاس عام میں شیئرز ہولڈرز کے سامنے پیش کی جائیں گی۔

CHAIRMANS' REVIEW REPORT

I am pleased to present the Chairman's Review Report of the company for the year ending 30 June 2026, pertaining to the overall performance of the board and its role in achieving the company's objectives.

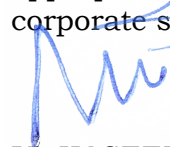
During the year the Board committees continue to work with a great measure of proficiency. The Audit Committee has focused in particular on the management and control of risks associated with the business. The Human Resource and Remuneration Committee has ensured that the HR Policies regarding performance 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, 2026, 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 clear 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

October 05, 2026

چیئر مین جائزہ رپورٹ:

میں 30 جون، 2026 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 ریسونریشن کمیٹی یقین دلاتی ہے کہ کارکردگی کے انتظام، عملہ کی بھرتی، معاوضہ اور مراعات پر ایچ آر 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۔

لنڈیکپنز (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 پیمائش اور پیچ مارک کیا جائے۔

30 جون، 2026 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، منوثر 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 اہم 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 حکمت عملی کی تیاری اور اس پر نظر ثانی کے لیے اپنائے گئے طریقہ ہائے کار انتہائی قابل قدر ہے۔

ایم نسیم سہگل
چیئر مین
5 اکتوبر 2026

DIRECTORS' REPORT

The Directors of M/s. Saritow Spinning Mills Limited are please to present Financial Results for the year ended June 30, 2026 along with Auditors' Report and Directors' Report thereupon.

Financial Highlights (Continuing Operations)	Year Ending June 30, 2026	Year Ending June 30, 2025
Rental Income	26.471	0
Operating (loss) Continued Business	(3.630)	(24.900)
Loss before income taxes	(4.327)	(24.900)
Loss after income taxes from continuing operations	(4.327)	(24.900)
Loss after income taxes from discontinued operations	(64.999)	(573.304)
Loss after income taxes	(69.327)	(598.205)
Loss per share - continued operation	(2.18)	(19.21)
Earnings per share - discontinued operation		

Operating Financial Results

Due to a continuous increase in prices of raw material and other input cost, without a corresponding increase in yarn sales prices in the local as well in international markets, coupled with outdated machinery and high production costs leading to operational inefficiency and intense global competition, the operations of the textile unit become uneconomical. Under the circumstances continuation of textile business was expected to result in significant losses. Consequent upon, the Company's spinning operations was ceased in June 2024.

During the year, the Board of Directors of the Company, in its meeting held on 30th October 2025, formally decided to close the Company's spinning business, sell or otherwise dispose of the entire spinning plant and machinery, to pursue leasing out of its land, buildings and other properties, and warehousing, as an amended line of business. In furtherance of this decision, the members of the Company, through a special resolution passed on 28 November 2025, approved the disposal of the spinning plant and machinery and amendment of the Company's Memorandum of Association to incorporate the aforesaid activities within its object clause.

Appropriateness of the going concern assumption

As explained abovein, the Company's spinning operations ceased in June 2024 and, during the year, the Company has formally closed its spinning business and changed its principal line of business to leasing out of its land and buildings, and warehousing. Accordingly, the spinning business has been presented as a discontinued operation and the related plant and machinery has been classified as held for sale. During the year ended 30 June 2026, the Company has incurred operating loss of Rs. 3.63 million from continuing operations and has reported loss after income taxes amounting to Rs. 69.33 million, of which Rs. 65.00 million pertains to discontinued operations. As at 30 June 2026, the Company has accumulated losses of Rs. 868.49 million and its current liabilities exceed its current assets by Rs.729.46 million as at that date. All banking credit facilities of the Company expired in the previous year and have not been renewed. These factors have contributed to the Company's challenging liquidity situation, due to which the Company has mostly relied on the financial support of its directors and sponsors, whose loans amounting to Rs. 541.99 million are repayable on demand. We hope that due to changed line of business company will be able to generate enough cash to meet its all present and future obligations. On the basis the Auditors have pointed out this fact without qualifying there report. Therefore, these financial statements have been prepared on going concern basis based on the following:

- a) As explained above, the Board of Directors, in its meeting held on 30 October 2025, decided to formally close the spinning business and to pursue leasing out of the Company's land, buildings and other properties, and warehousing, as its principal line of business. The members approved the change through a special resolution passed on 28 November 2025 and the Memorandum of Association of the Company has been amended accordingly. The spinning business has been presented as a discontinued operation (see note 29). The Company is therefore no longer exposed to the factors that had rendered its spinning operations uneconomical.
- b) In pursuance of the new line of business, the Company has leased out a covered area of 175,000 sq. ft., out of total covered area of 412,538 sq. ft., under an operating lease arrangement during the year. Rental income of Rs. 26.47 million has been recognized during the year. Minimum lease payments receivable under the arrangement amount to Rs. 151.28 million, of which Rs. 54.75 million is receivable within twelve months of the reporting date (see note 44). The remaining covered area of 237,538 sq. ft. is available for leasing and the Company is in negotiations with prospective lessees in this regard.
- c) Continuing operations have reported an operating loss of Rs. 3.63 million for the year. This is after charging depreciation of Rs. 1.83 million and provision for employee's retirement benefits of Rs. 1.32 million, which do not involve outflow of cash during the year, and reflects rental income for only a part of the year. On the basis of contracted rentals for a full year, the continuing operations are expected to generate operating profits and positive cash flows.
- d) Current liabilities include advances of Rs. 289.67 million received against disposal of assets held for sale and stores and spares, which will be settled through delivery of the related assets and not through outflow of cash (see note 11).
- e) The Company has continued financial support of its directors and sponsors in the form of unsecured, interest free loans amounting to Rs. 541.99 million.
- f) Despite accumulated losses the Company has positive equity.
- g) The Board of Directors has approved financial projections of the Company, which indicate that the Company will earn profits and generate positive cash flows from operations. Key assumptions underlying these projections include continuity of the existing lease arrangement, leasing out of the remaining covered area, cessation of costs associated with the discontinued spinning operations upon completion of disposal of the related assets, and continued availability of loans from directors and sponsors.

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

FUTURE OUTLOOK

We hope as the occupancy increases, the profits of the company will be far better in coming days.

DIVIDENDS

The Board of Directors did not recommend any cash dividend or bonus shares to the shareholders. The management intends to retain the earnings to strengthen the Company's financial position and enhance long-term shareholder value.

DIRECTORS' REMUNERATION

The Board of Directors has approved a formal policy for remuneration of Executive and Non-executive Directors, as recommended by the Human Resource and Remuneration Committee. As per policy, the Company have not pay any remuneration to directors.

CASH FLOW MANAGEMENT

The Board places importance for an effective cash flow management so as to ensure smooth running of the business.

INTERNAL FINANCIAL CONTROLS

A system of sound internal control is established and prevailing in the Company. The system of internal control is designed in a manner to ensure achievement of Company's business objectives and operational efficiency, reliable financial reporting and compliance with various statutory laws.

HEALTH SAFETY AND ENVIRONMENT

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

PRINCIPAL RISKS AND UNCERTAINTIES

The Board of Directors is responsible to oversee the Company's operations and to devise an effective strategy to mitigate any potential adverse impact of risks.

MATERIAL CHANGES AND COMMITMENTS

There are no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of the Director's Report.

RELATED PARTY

The Company 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.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

We are pleased to inform you that as a member of business community, we are in touch with social bodies and authorities to find ways and means to help them in their social programs and projects.

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, 2026, 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, 2026 have been adopted by the Company and have been duly complied with. A statement to this effect is annexed to the Report.

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.

PATTERN OF SHAREHOLDING

Statement showing the Pattern of Shareholding as at June 30, 2026 required under the Companies Act, 2017 and the Code of Corporate Governance are annexed.

GENDER PAY GAP STATEMENT

Gender Pay Gap statement is 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
Ms. Kanwal Shahzadi (Appointed on 25-09-2026)	Female Director/ Independent Director	0
Mrs. Sadaf Kashif (Resigned on 25-09-2026)	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

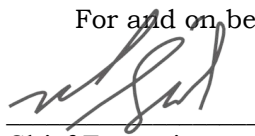
Mr. Jamal Nasim	Chairman/Member
Mr. Muhammad Murad Saigol	Member
Mr. Muhammad Omer Farooq	Member
Ms. Kanwal Shahzadi	Member

HR & REMUNERATION COMMITTEE

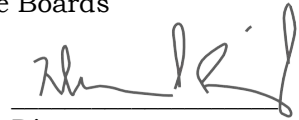
Mr. Jamal Nasim	Chairman/Member
Mr. Muhammad Zeid Yousuf Saigol	Member
Mr. Muhammad Murad Saigol	Member
Mr. Muhammad Omer Farooq	Member

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
October 05, 2026

ڈائریکٹرز رپورٹ

سارینو پبلک لمیٹڈ کے ڈائریکٹرز 30 جون 2026 کو ختم ہونے والے سال کے نتائج، مجموعی آڈیٹرز رپورٹ پیش کرتے ہوئے خوش محسوس کر رہے ہیں۔

	Year Ending June 30, 2026	Year Ending June 30, 2025
Financial High Lights		
Rental Income	26.471	0
Operating (loss) Continued Business	(3.630)	(24.900)
Loss before income taxes	(4.327)	(24.900)
Loss after income taxes from continuing operations	(4.327)	(24.900)
Loss after income taxes from discontinued operations	(64.999)	(573.304)
Loss after income taxes	(69.327)	(598.205)
Loss per share - continued operation	(2.18)	(19.21)
Earnings per share - discontinued operation		

کاروباری نتائج

خام مال اور دیگر پیداواری لاگت میں مسلسل اضافے، جبکہ مقامی اور بین الاقوامی منڈیوں میں یارن کی فروخت کی قیمتوں میں اس کے متناسب اضافہ نہ ہونے، فرسودہ مشینری، بلند پیداواری لاگت کے باعث آپریٹل کارکردگی میں کمی اور عالمی سطح پر شدید مسابقت کے باعث ٹیکسٹائل پلانٹ کے آپریشنز غیر معاشی ہو گئے تھے۔ موجودہ حالات میں ٹیکسٹائل کاروبار کو جاری رکھنے سے نمایاں خسارہ ہونے کا خدشہ تھا۔ چنانچہ کمپنی کی اسپننگ آپریشنز جون 2024 میں بند کر دی گئیں۔

سال کے دوران کمپنی کے بورڈ آف ڈائریکٹرز نے 30 اکتوبر 2025 کو منعقدہ اجلاس میں باضابطہ طور پر کمپنی کا اسپننگ کاروبار بند کرنے، اسپننگ پلانٹ اور مشینری کو مکمل طور پر فروخت یا کسی اور طریقے سے تصرف میں لانے، اور کمپنی کی زمین، عمارات اور دیگر جائیدادوں کو لیز پر دینے اور گوداموں کے کاروبار کو بار کو بار کی ترمیم شدہ نوعیت کے طور پر اختیار کرنے کا فیصلہ کیا۔ اس فیصلے پر عمل درآمد کے لیے کمپنی کے اراکین نے 28 نومبر 2025 کو منظور کردہ خصوصی قرارداد کے ذریعے اسپننگ پلانٹ اور مشینری کو فروخت کرنے اور کمپنی کی میمورنڈم آف ایسوسی ایشن میں ترمیم کی منظوری دی تاکہ مذکورہ بالا سرگرمیوں کو کمپنی کے مقاصد میں شامل کیا جاسکے۔

کاروبار جاری رکھنے کے مفروضے کی موزونیت

جیسا کہ اوپر بیان کیا گیا ہے، کمپنی کی اسپننگ آپریشنز جون 2024 میں بند ہو گئی تھیں اور سال کے دوران کمپنی نے باضابطہ طور پر اپنا اسپننگ کاروبار بند کر دیا اور اپنی بنیادی کاروباری سرگرمی کو زمین اور عمارات کو لیز پر دینے اور گوداموں کے کاروبار میں تبدیل کر دیا۔ چنانچہ اسپننگ کاروبار کو بند شدہ آپریشن (Discontinued Operation) کے طور پر پیش کیا گیا ہے اور متعلقہ پلانٹ اور مشینری کو فروخت کے لیے رکھے گئے اثاثوں (Held for Sale) کے طور پر درجہ بند کیا گیا ہے۔

30 جون 2026 کو ختم ہونے والے سال کے دوران کمپنی نے جاری آپریشنز سے 3.63 ملین روپے کا آپریٹنگ خسارہ برداشت کیا اور اکم ٹیکس کے بعد 69.33 ملین روپے کا خسارہ رپورٹ کیا، جس میں سے 65.00 ملین روپے بند شدہ آپریشنز سے متعلق ہے۔ 30 جون 2026 کو کمپنی کے جمع شدہ نقصانات 868.49 ملین روپے تھے، جبکہ اسی تاریخ کو کمپنی کی موجودہ واجبات اس کے موجودہ اثاثوں سے 729.46 ملین روپے زیادہ تھیں۔

کمپنی کی تمام بینکاری قرض کی سہولیات گزشتہ سال ختم ہو گئی تھیں اور ان کی تجدید نہیں کی گئی۔ ان عوامل نے کمپنی کی مشکل مالیاتی اور نقدی صورت حال میں اضافہ کیا ہے، جس کے باعث کمپنی نے بڑی حد تک اپنے ڈائریکٹرز اور اسپانسرز کی مالی معاونت پر انحصار کیا ہے، جن کے 541.99 ملین روپے کے قرضے عند الطلب قابل ادائیگی ہیں۔

ہمیں امید ہے کہ کاروبار کی نوعیت میں تبدیلی کے باعث کمپنی اپنے تمام موجودہ اور مستقبل کے واجبات پورے کرنے کے لیے کافی نقد رقم پیدا کرنے کے قابل ہو جائے گی۔ اسی بنیاد پر ڈائریکٹرز نے اپنی رپورٹ میں اس حقیقت کی نشاندہی کی ہے، تاہم اپنی رپورٹ کو شرعاً نہیں کیا۔ لہذا، مندرجہ ذیل بنیادوں پر یہ مالیاتی بیانات کاروبار جاری رکھنے (Going Concern) کے مفروضے کے تحت تیار کیے گئے ہیں:

(ا) جیسا کہ اوپر بیان کیا گیا ہے، بورڈ آف ڈائریکٹرز نے 30 اکتوبر 2025 کو منعقدہ اجلاس میں اسپننگ کاروبار کو باضابطہ طور پر بند کرنے اور کمپنی کی زمین، عمارات اور دیگر جائیدادوں کو لیز پر دینے اور گوداموں کے کاروبار کو کمپنی کی بنیادی کاروباری سرگرمی کے طور پر اختیار کرنے کا فیصلہ کیا۔ اراکین نے 28 نومبر 2025 کو منظور کردہ خصوصی قرارداد کے ذریعے اس تبدیلی کی منظوری دی اور کمپنی کی میمورنڈم آف ایسوسی ایشن میں اسی مناسبت سے ترمیم کر دی گئی ہے۔ اسپننگ کاروبار کو بند شدہ آپریشن کے طور پر پیش کیا گیا ہے (نوٹ 29 ملاحظہ کریں)۔ لہذا کمپنی اب ان عوامل کی زد میں نہیں ہے جن کی وجہ سے اس کی اسپننگ آپریشنز غیر معاشی ہو گئی تھیں۔

(ب) کاروبار کی نئی نوعیت کے تحت کمپنی نے سال کے دوران 412,538 مربع فٹ کے کل احاطہ شدہ رقبے میں سے 175,000 مربع فٹ رقبہ آپریٹنگ لیز کے انتظام کے تحت لیز پر دے دیا ہے۔ سال کے دوران 26.47 ملین روپے کی کرایہ آمدنی تسلیم کی گئی ہے۔ اس انتظام کے تحت قابل وصول کم از کم لیز ادائیگیوں کی رقم 151.28 ملین روپے ہے، جس میں سے 54.75 ملین روپے رپورٹنگ کی تاریخ سے بارہ ماہ کے اندر قابل وصول ہیں (نوٹ 44 ملاحظہ کریں)۔ باقی ماندہ 237,538 مربع فٹ احاطہ شدہ رقبہ لیز پر دینے کے لیے دستیاب ہے اور کمپنی اس سلسلے میں ممکنہ کرایہ داروں کے ساتھ مذاکرات کر رہی ہے۔

(پ) جاری آپریشنز نے سال کے دوران 3.63 ملین روپے کا آپریٹنگ خسارہ رپورٹ کیا ہے۔ اس میں 1.83 ملین روپے کی فرسودگی اور ملازمین کے ریٹائرمنٹ فوائد کے لیے 1.32 ملین روپے کی فراہمی شامل ہے، جن کے نتیجے میں سال کے دوران نقد رقم کا اخراج نہیں ہوتا، جبکہ اس میں سال کے صرف ایک حصے کی کرایہ آمدنی شامل ہے۔ پورے سال کے معاہدہ شدہ کرایوں کی بنیاد پر توقع ہے کہ جاری آپریشنز آپریٹنگ منافع اور مثبت نقد بہاؤ پیدا کریں گے۔

(ت) موجودہ واجبات میں فروخت کے لیے رکھے گئے اثاثوں اور اسٹورز و سپلائریز کی فروخت کے عوض وصول کیے گئے 289.67 ملین روپے کے ایڈوانسز شامل ہیں، جنہیں نقد رقم کے اخراج کے ذریعے نہیں بلکہ متعلقہ اثاثوں کی حوالگی کے ذریعے

تصفیہ کیا جائے گا (نوٹ 11 ملاحظہ کریں)۔

ٹ) کمپنی کو اپنے ڈائریکٹرز اور سپانسرز کی جانب سے 541.99 ملین روپے کے غیر ضمانتی اور بلا سود قرضوں کی صورت میں مسلسل مالی معاوضت حاصل ہے۔

ث) جمع شدہ نقصانات کے باوجود کمپنی کی ایکویٹی مثبت ہے۔

ج) بورڈ آف ڈائریکٹرز نے کمپنی کے مالیاتی تخمینوں کی منظوری دی ہے، جن سے ظاہر ہوتا ہے کہ کمپنی منافع حاصل کرے گی اور آپریشنز سے مثبت نقد بہاؤ پیدا کرے گی۔ ان تخمینوں میں بنیادی مفروضوں میں موجودہ لیز کے انتظام کا تسلسل، باقی ماندہ احاطہ شدہ رقبے کو لیز پر دینا، متعلقہ اثاثوں کی فروخت مکمل ہونے کے بعد بند شدہ اسپینگ آپریشنز سے متعلق اخراجات کا خاتمہ، اور ڈائریکٹرز اور سپانسرز کی جانب سے قرضوں کی مسلسل دستیابی شامل ہیں۔

انتظامیہ کا خیال ہے کہ مذکورہ بالا عوامل کی روشنی میں کمپنی کا رو بار جاری رکھنے کے قابل رہے گی۔

مستقبل کا نقطہ نظر

ہمیں امید ہے کہ جیسے جیسے جگہ کا استعمال اور کرایہ پر دیا گیا رقبہ بڑھتا جائے گا، آنے والے دنوں میں کمپنی کے منافع میں نمایاں بہتری آئے گی۔

منافع کی تقسیم

بورڈ آف ڈائریکٹرز نے شیر ہولڈرز کے لیے کسی نقد منافع (کیس ڈویڈنڈ) یا بونس حصص کی سفارش نہیں کی۔ انتظامیہ کا ارادہ ہے کہ کمپنی کی مالی حیثیت کو مستحکم کرنے اور طویل مدتی بنیادوں پر شیر ہولڈرز کی قدر میں اضافہ کرنے کے لیے منافع کو کمپنی میں برقرار رکھا جائے۔

ڈائریکٹرز کا محاذ

بورڈ آف ڈائریکٹرز نے ہیومن ریسورس اینڈ ریمونیشن کمیٹی کی سفارش پر ایکزیکیوٹو اور ان ایگزیکٹو ڈائریکٹرز کی تنخواہوں و مراعات سے متعلق باضابطہ پالیسی منظور کی ہے۔ منظور شدہ پالیسی کے مطابق، کمپنی اپنے ڈائریکٹرز کو کوئی معاوضہ ادا نہیں کرتی۔

نقدی کے بہاؤ کا انتظام

بورڈ آف ڈائریکٹرز ہر نقد بہاؤ کے انتظام کو خصوصی اہمیت دیتا ہے تاکہ کاروباری امور کی روانی اور بلا تھقل انجام دہی کو یقینی بنایا جاسکے۔

اندرونی مالی کنٹرولز

کمپنی میں ایک مضبوط اور مؤثر اندرونی کنٹرول کا نظام رائج ہے جو کمپنی کے کاروباری مقاصد کے حصول، آپریشنل کارکردگی، قابل اعتماد مالی رپورٹنگ اور تمام قانونی تقاضوں کی تکمیل کو یقینی بناتا ہے۔

صحت، حفاظت اور ماحول

آپ کی کمپنی عمل کی اہمیت سے بخوبی آگاہ ہے، لہذا کمپنی اپنے کاروبار سے متعلق تمام امور میں عمل کی حفاظت، صحت اور ماحول کے تحفظ کے لیے پرعزم ہے۔

اہم خطرات اور غیر یقینی صورت حال

بورڈ آف ڈائریکٹرز کمپنی کے امور کی نگرانی کرنے اور خطرات کے ممکنہ منفی اثرات کو کم کرنے کے لیے مؤثر حکمت عملی وضع کرنے کا ذمہ دار ہے۔

اہم تبدیلیاں اور وعدے

مالی سال کے اختتام اور ڈائریکٹرز کی رپورٹ کی تاریخ کے درمیان کمپنی کی مالی حیثیت کو متاثر کرنے والی کوئی اہم تبدیلی یا وعدہ موجود نہیں ہے۔

متعلقہ فریق

کمپنی کی ایک پالیسی ہے جس کے تحت متعلقہ فریقوں کے ساتھ معمول کے کاروباری معاملات کے دوران کی جانے والی تمام لین دین ایسی تجارتی شرائط و ضوابط پر کی جاتی ہیں جو آزاد فریقوں کے درمیان ہونے والے لین دین (Arm's Length Transaction) میں رائج شرائط و ضوابط کے مساوی ہیں۔

کارپوریٹ سماجی ذمہ داری

ہمیں یہ بتاتے ہوئے خوش محسوس ہو رہی ہے کہ کمپنی بطور ایک ذمہ دار کاروباری ادارہ مختلف سماجی تنظیموں اور اداروں کے ساتھ رابطے میں ہے تاکہ ان کے سماجی پروگراموں اور منصوبوں میں تعاون کے طریقے تلاش کیے جاسکیں۔

کارپوریٹ گورننس اور فنانشل رپورٹنگ فریم ورک کی تعمیل کا بیان

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) اور سیکورٹیز اینڈ ایکسچینج کمیشن (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی تعمیل میں ڈائریکٹرز یہ رپورٹ کرتے ہیں کہ:

ا۔ کمپنی کے مالی بیانات کمپنی کے آپریشنز، نقد بہاؤ اور ایکویٹی میں تبدیلیوں کی منصفانہ عکاسی کرتے ہیں۔

ب۔ کمپنیز ایکٹ 2017 کے مطابق درست اکاؤنٹس کی کتب رکھی گئی ہیں۔

پ۔ مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ اپنایا گیا ہے اور جہاں تبدیلی کی گئی ہے وہاں مناسب وضاحت دی گئی ہے۔ تمام تخمینے معقول اور محتاط فیصلے پر مبنی ہیں۔

ت۔ بین الاقوامی اکاؤنٹنگ اسٹینڈرڈز (IASs) اور انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (IFRSs)، جو پاکستان میں قابل اطلاق ہیں، کی مکمل پیروی کی گئی ہے۔ کسی انحراف کی صورت میں مناسب وضاحت کی گئی ہے۔

ث۔ کمپنی کا اندرونی کنٹرول سسٹم مضبوط، مؤثر اور تسلسل سے نافذ ہے۔

ج۔ گزشتہ چھ سالوں کے کلیدی مالی و آپریشنل اعداد و شمار منسلک ہیں۔

د۔ واجب الادا اسکیمز اور لیویز مالی بیانات کے نوٹسز میں درج ہیں۔

ه۔ مالی سال کے اختتام کے بعد سے حال کمپنی کی مالی پوزیشن پر کوئی منفی مادی اثر یا عزم ظاہر نہیں ہوا۔

ح۔ مالی سال ختم شدہ 30 جون 2026 کے مالی بیانات کمپنی کے بیرونی آڈیٹرز نے آڈٹ کیے ہیں۔

خ۔ کمپنی نے اپنی تمام اہم قانونی اور مالی ذمہ داریاں پوری کی ہیں۔

کارپوریٹ گورننس کوڈ کی تعمیل کا بیان

پاکستان اسٹاک ایکسچینج کے لسٹنگ ریگولیشنز کے تحت مقرر کردہ کارپوریٹ گورننس کوڈ کی تمام ضروریات، مالی سال ختم شدہ 30 جون 2026 کے لیے، کمپنی نے اپنائی ہیں اور ان پر مکمل طور پر عمل کیا گیا ہے۔ اس حوالے سے ایک تفصیلی بیان رپورٹ کے ساتھ منسلک ہے۔

بورڈ کی کارکردگی کا جائزہ

کارپوریٹ گورننس ریگولیشنز 2019 کی تعمیل میں بورڈ نے اپنی سالانہ کارکردگی کے جائزے کا ایک باضابطہ طریقہ کار وضع کیا ہے۔ اس جائزے کا مقصد یہ جانچنا ہے کہ بورڈ نے اپنے تمام طے شدہ اہداف اور معیار پر کس حد تک کارکردگی دکھائی ہے۔

شیر ہولڈنگ کا خاکہ

کمپنیز ایکٹ 2017 اور کارپوریٹ گورننس کوڈ کے مطابق 30 جون 2026 کو شیر ہولڈنگ کے پیرن کی تفصیلی فہرست منسلک ہے۔

چیئر پے گیپ بیان

چیئر پے گیپ بیان منسلک ہے۔

بورڈ کی ساخت

بورڈ آف ڈائریکٹرز کی ساخت درج ذیل ہے۔

کل ڈائریکٹرز کی تعداد		
مرد	6	
عورت	1	
کمپٹری	ڈائریکٹرز کے نام	میٹنگ میں شرکت
ٹی میل ڈائریکٹر (آزاد ڈائریکٹر)	مس کنول شہزادی (مقرر کردہ تاریخ 25-09-2026)	0
	محترمہ صدف کاشف (استعفیٰ تاریخ 25-09-2026)	5
آزاد ڈائریکٹر	جناب جمال نسیم	5
نان ایگزیکٹو ڈائریکٹر	جناب محمد نسیم سہگل	5
	جناب محمد مراد سہگل	5
	جناب محمد عرفان فاروق	5
ایگزیکٹو ڈائریکٹر	جناب محمد زید یوسف سہگل	5
	جناب سامرا اقبال سہگل	5

کمپنیز

بورڈ کی کمپنیز کی تفصیل درج ذیل ہے۔

آڈٹ کمیٹی

جناب جمال نسیم	چیئر مین / ممبر
جناب محمد مراد سہگل	ممبر
جناب محمد عرفان فاروق	ممبر
مس کنول شہزادی	ممبر

ایچ آر اینڈ ریٹرنیشن کمیٹی

جناب جمال نسیم	چیئر مین / ممبر
جناب محمد زید یوسف سہگل	ممبر
جناب محمد مراد سہگل	ممبر
جناب محمد عرفان 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 کمپنی اپنے ملازمین کو سہا جتے ہوئے یہ امید کرتی ہے کہ وہ اسی انداز میں آئندہ بھی اپنے فرائض سرانجام دیتے رہیں گے۔

منجانبہ دہائے بورڈ:

لاہور

05 اکتوبر 2026

ڈائریکٹر

چیئر ایگزیکٹو

FORM 20

**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

30-06-2026

-----Shareholdings-----			
2.2 No. of Shareholders	From	To	Total Shares Held
298	1	100	6,444
254	101	500	72,991
181	501	1,000	137,428
166	1,001	5,000	407,805
34	5,001	10,000	250,270
12	10,001	15,000	143,546
8	15,001	20,000	194,954
4	20,001	25,000	71,373
2	25,001	30,000	52,989
2	30,001	35,000	32,501
1	35,001	40,000	38,420
1	45,001	50,000	49,000
2	50,001	55,000	101,025
2	55,001	60,000	120,000
1	60,001	65,000	63,000
1	75,001	80,000	77,100
1	130,001	135,000	130,136
1	195,001	200,000	200,000
1	210,001	215,000	213,300
1	215,001	220,000	219,480
1	225,001	230,000	227,000
1	255,001	260,000	259,479
1	345,001	350,000	350,000
1	1,305,001	1,310,000	1,309,435
1	2,175,001	2,180,000	2,179,462
1	2,495,001	2,500,000	2,497,500
1	2,500,001	2,505,000	2,502,500
1	4,740,001	4,745,000	4,742,113
1	5,050,001	5,055,000	5,053,206
1	8,135,001	8,140,000	8,138,150
983			29,840,607

SARITOW SPINNING MILLS LIMITED

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

As on June 30, 2026

Sr. No.	Name	No. of Shares Held	Percentage
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Associated Companies, Undertakings and Related Parties (Name Wise Detail):

- -

Mutual Funds (Name Wise Detail)

1	PRUDENTIAL STOCK FUND LTD (CDC)	5,000	0.0168
---	---------------------------------	-------	--------

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 YOUSUF SAIGOL	7,245,236	24.2798
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

169,333 0.5675

Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:

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	MR. MUHAMMAD ZEID YOUSUF SAIGOL (CDC)	7,245,236	24.2798
3	MRS. AMBER HAROON SAIGOL (CDC)	5,053,206	16.9340
4	MR. MUHAMMAD MURAD SAIGOL (CDC)	2,497,500	8.3695
5	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
1	MR. MUHAMMAD ZEID YOUSUF SAIGOL (CDC)	0	4,742,113

Categories of Shareholders	No. of Shareholders	Share held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	8	20,065,352	67.2418
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	940	8,198,929	27.4757
Others (to be specified)			
Pension Funds	1	130,136	0.4361
Other Companies	1	4,566	0.0153
Joint Stock Companies	12	29,629	0.0993
Foreign Companies	6	17,807	0.0597
	<u>983</u>	<u>29,840,607</u>	<u>100.0000</u>

پیٹرن آف شیئر ہولڈنگ

30 جون 2026

نمبر شمار	کیٹگری آف شیئر ہولڈرز	تعداد حصص داران	تعداد حصص	فیصد
1	ڈائریکٹرز، چیف ایگزیکٹو آفیسر، ان کی بیویاں اور چھوٹے بچے۔	8	20,065,352	67.2418
2	ایسوسی ایٹڈ کمپنیز، انڈر ٹیکنز 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	940	8,198,929	27.4757
8	دوسرے (مخصوص کیا جائے گا)			
	پینشن فنڈز	1	130,136	0.4361
	دوسری کمپنیز	1	4,566	0.0153
	جوائنٹ سٹاک کمپنیز	12	29,629	0.0993
	غیر ملکی کمپنیز	6	17,807	0.0597
	کل تعداد	983	29,840,607	100.0000

تعداد حصص

-	ایسوسی ایٹڈ کمپنیز، انڈر ٹیکنز اور متعلقہ پارٹی۔
5,000	میوچل فنڈز
20,065,352	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
25,113,554	پانچ فیصد یا اس سے زیادہ کے حصص داران
	لہٹڈ 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
1	محمد زید یوسف سہگل	-	4,742,113

GENDER PAY GAP STATEMENT UNDER SECTION 10 OF 2026
SARITOW SPINNING MILLS LTD

Gender Pay Gap Statement under circular 10 of 2026

Following is the gender pay gap calculated for the year ended 30-06-2026

Mean Gender Pay Gap:	$\frac{230 - 0}{230} * 100 = 100$
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Houly rate Male Employees 230

Houly rate Female Employees Nill

Any other data / detail as deemed relevant: Nill

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

Name of company: **SARITOW SPINNING MILLS LIMITED**
Year ending: **JUNE 30, 2026**

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, -

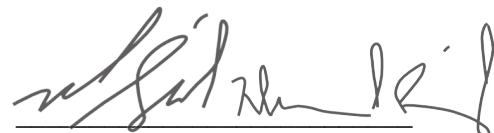
- a) Male: **Six**
- b) Female: **One**

2. The composition of the Board is as follows:

Names	Category
Mr. Jamal Nasim	Independent Director
Ms. Kanwal Shahzadi	Female Director/ Independent Director (Appointed on 25-09-2026)
Mrs. Sadaf Kashif	
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 (Resigned on 25-09-2026)
 5. Ms. Kanwal Shahzadi (Appointed on 25-09-2026)
- 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. August 29, 2025 (Annual)
 2. October 30, 2025 (1st Quarter)
 3. January 05, 2026 (Bid for Sale of Textile Machinery)
 4. February 27, 2026 (2nd Quarter)
 5. April 30, 2026 (3rd Quarter)
- b) HR and Remuneration Committee:**
1. August 29, 2025
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 2026** 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 2026**.

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 | 05 October 2026

UDIN: CR202610704WS04MK5Af



INDEPENDENT AUDITOR'S REPORT

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

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 2026**, 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 and to the best of our information and according to the explanations given to us, 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 forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at **30 June 2026** and of the loss, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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.

Material Uncertainty relating to Going Concern

We draw attention to note 2.2 to the financial statements which explains that the Company's spinning operations ceased in June 2024 and, during the year, the Company formally closed its spinning business and changed its principal line of business to leasing out its land and buildings, and warehousing. The Company has incurred operating loss of Rs. 3.63 million from continuing operations and has reported loss after income taxes amounting to Rs. 69.33 million, of which Rs. 65.00 million pertains to discontinued operations. These factors, along with matters discussed in note 2.2, indicate existence of material uncertainty that raises doubts about the Company's ability to continue as a going concern and that the Company may not be able to discharge its liabilities and realize its assets in normal course of business. However, these financial statements have been prepared on going concern basis for reasons explained in note 2.2. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Sr.	Key Audit Matter	How our audit addressed the Key Audit Matter
1.	Assets classified as held for sale and discontinued operations Refer notes 1.2, 5.9, 5.18, 23 and 29 to the annexed financial statements. As disclosed in note 1.2, the Board of Directors, in its meeting held on 30 October 2025, decided to formally close the Company's spinning business and dispose of the spinning plant and machinery. The members approved the disposal through a special resolution passed on 28 November 2025. Consequently, plant and machinery having a carrying amount of Rs. 403.35 million was classified as held for sale in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. Non-current assets classified as held for sale amount to Rs. 170.87 million as at the reporting date, representing 15.80% of total assets. Further, the spinning business has been presented as a discontinued operation. Loss after income taxes from discontinued operations amounts to Rs. 65.00 million and the comparative information in the statement of profit or loss has been represented. We identified this as a key audit matter as classification and measurements relating to disposal of these assets require considerable management judgement and this represents a significant event for the Company with material impact on the financial statements.	Our audit procedures in respect of assets classified as held for sale and discontinued operations, amongst others, included the following: ▪ Obtained understanding of the matter relating to classification of these assets as held for sale; ▪ Evaluated whether the classification criteria prescribed under IFRS 5 had been met, including management's commitment to the sale and the expectation that the sale would be completed within twelve months from the reporting date; ▪ Inquired into the status of the proposed disposal and inspected relevant supporting documentation, including evidence of corporate approvals and other actions taken by management in connection with the planned sale; ▪ Obtained understanding of management's process to estimate the fair value less cost to sale of these assets; ▪ Evaluated reasonableness of key information, assumption of estimate used by the management to determine the fair value less cost to sale of these assets; and ▪ Assessed the adequacy of related disclosures made in financial statements in accordance with the applicable accounting and reporting framework.

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 | 05 October 2026
UDIN: AR202610704UGgCulHP



SARITOW SPINNING MILLS LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2026

	Note	30-Jun-26 Rupees	30-Jun-25 Rupees
EQUITY AND LIABILITIES			
EQUITY			
Authorized share capital	6	350,000,000	350,000,000
Issued share capital	7	298,406,070	298,406,070
Loans from directors and sponsors	8	-	-
Revaluation reserve	9	677,151,319	622,471,778
Accumulated losses		(868,488,804)	(807,934,937)
TOTAL EQUITY		107,068,585	112,942,911
LIABILITIES			
NON-CURRENT LIABILITIES			
Employees retirement benefits	10	16,739,790	19,273,009
		16,739,790	19,273,009
CURRENT LIABILITIES			
Trade and other payables	11	415,393,951	285,535,300
Unclaimed dividend		485,351	485,351
Short term borrowings	12	541,984,966	817,586,019
		957,864,268	1,103,606,670
TOTAL LIABILITIES		974,604,058	1,122,879,679
CONTINGENCIES AND COMMITMENTS			
	13		
TOTAL EQUITY AND LIABILITIES		1,081,672,643	1,235,822,590

The annexed notes from 1 to 49 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 FINANCIAL POSITION AS AT 30 JUNE 2026

	Note	30-Jun-26 Rupees	30-Jun-25 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	14	8,420,333	1,198,120,499
Investment property	15	828,589,915	-
Long term deposits	16	16,256,860	13,756,860
		853,267,108	1,211,877,359
CURRENT ASSETS			
Stores, spares and loose tools	17	10,478,617	10,478,617
Trade receivables	18	-	-
Advances to employees	19	2,319,677	3,049,000
Short term deposits and prepayments	20	10,850,288	3,275,544
Tax refunds due from government	21	533,295	1,206,970
Cash and bank balances	22	33,357,122	5,935,100
Non-current assets classified as held for sale	23	170,866,536	-
		228,405,535	23,945,231
TOTAL ASSETS		1,081,672,643	1,235,822,590

The annexed notes from 1 to 49 form an integral part of these financial statements


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DIRECTOR


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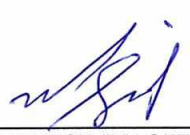
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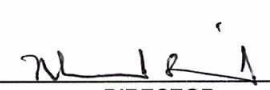
SARITOW SPINNING MILLS LIMITED

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2026

	Note	30-Jun-26 Rupees	30-Jun-25 Rupees
CONTINUING OPERATIONS			
Rental income	24	26,470,594	-
Other income	25	-	332,278
Operating expenses	26	(30,100,629)	(25,232,750)
Operating loss		(3,630,035)	(24,900,472)
Finance cost		(366,153)	-
Loss before levies and income taxes		(3,996,188)	(24,900,472)
Provision for levies	27	(330,882)	-
Loss before income taxes		(4,327,070)	(24,900,472)
Provision for income taxes	28	-	-
Loss after income taxes from continuing operations		(4,327,070)	(24,900,472)
DISCONTINUED OPERATIONS			
Loss after income taxes from discontinued operations	29.1	(64,999,436)	(573,304,464)
Loss after income taxes		(69,326,506)	(598,204,936)
Basic loss per share	[Rupees] 30	(2.32)	(20.05)
Basic loss per share - continuing operations	[Rupees] 30.1	(0.15)	(0.83)
Basic loss per share - discontinued operations	[Rupees] 30.2	(2.18)	(19.21)

The annexed notes from 1 to 49 form an integral part of these financial statements


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DIRECTOR


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SARITOW SPINNING MILLS LIMITED

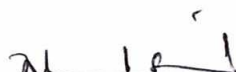
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2026

	Note	30-Jun-26 Rupees	30-Jun-25 Rupees
Loss after income taxes		(69,326,506)	(598,204,936)
Other comprehensive income:			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Revaluation surplus	9	61,367,410	558,213,316
Remeasurements of defined benefit obligation	10.4	2,084,770	(1,755,997)
		63,452,180	556,457,319
<i>Items that may be reclassified subsequently to profit or loss</i>		-	-
Other comprehensive income after income taxes		63,452,180	556,457,319
Total comprehensive loss		(5,874,326)	(41,747,617)

The annexed notes from 1 to 49 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 2026

	Note	Issued ordinary share capital	Loans from directors and sponsors	Revaluation reserve	Accumulated losses	Total equity
As at 01 July 2024		298,406,070	102,000,000	65,433,957	(209,149,499)	256,690,528
Total comprehensive income/(loss) for the year		-	-	-	(598,204,936)	(598,204,936)
Loss after income taxes		-	-	558,213,316	(1,755,997)	556,457,319
Other comprehensive income/(loss) after income taxes		-	-	558,213,316	(599,960,933)	(41,747,617)
Other transactions						
Incremental depreciation	9	-	-	(1,175,495)	1,175,495	-
Loans from directors and sponsors transferred to short term borrowings		-	(102,000,000)			(102,000,000)
		-	(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
As at 01 July 2025		298,406,070	-	622,471,778	(807,934,937)	112,942,911
Total comprehensive income/(loss) for the year		-	-	-	(69,326,506)	(69,326,506)
Loss after income taxes		-	-	61,367,410	2,084,770	63,452,180
Other comprehensive income after income taxes		-	-	61,367,410	(67,241,736)	(5,874,326)
Other transactions						
Incremental depreciation	9	-	-	(6,687,869)	6,687,869	-
Loans from directors and sponsors transferred to short term borrowings		-	-	-	-	-
		-	-	(6,687,869)	6,687,869	-
As at 30 June 2026		298,406,070	-	677,151,319	(868,488,804)	107,068,585

The annexed notes from 1 to 49 form an integral part of these financial statements


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DIRECTOR


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SARITOW SPINNING MILLS LIMITED

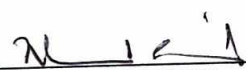
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2026

	Note	30-Jun-26 Rupees	30-Jun-25 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	31	82,871,152	56,451,788
Payments for:			
Interest on borrowings		-	(4,289,565)
Income taxes and levies under Income Tax Ordinance, 2001		(9,673,495)	(9,604,409)
Employees retirement benefits		(2,317,060)	(5,454,989)
Net cash generated from operating activities		70,880,597	37,102,825
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		42,478	-
Proceeds from non-current held for sale		232,100,000	-
Net cash generated from investing activities		232,142,478	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term borrowings		-	(40,580,799)
Net decrease in short term borrowings		(275,601,053)	(19,353,059)
Net cash used in financing activities		(275,601,053)	(59,933,858)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		27,422,022	(22,831,033)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		5,935,100	28,766,133
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	32	33,357,122	5,935,100

The annexed notes from 1 to 49 form an integral part of these financial statements



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER
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SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

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 Company was initially engaged in manufacture and sale of yarn. However, during the year, the Company has amended its memorandum of association, as explained in note 1.2, to change its objects from spinning and textile manufacturing to leasing out of its land and buildings under operating lease arrangements, as and when considered fit.

1.1 Location of business units

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

1.2 Closure of spinning business

Due to a sustained increase in the prices of raw material and other inputs without a corresponding increase in yarn sales prices in the local and international markets, coupled with outdated machinery and high production costs leading to operational inefficiency and intense global competition, the operations of the textile unit had become uneconomical, and continuation of the business was expected to result in significant losses. Consequently, the Company's spinning operations ceased in June 2024.

During the year, the Board of Directors of the Company, in its meeting held on 30 October 2025, formally decided to close the Company's spinning business, sell or otherwise dispose of the entire spinning plant and machinery, to pursue leasing out of its land, buildings and other properties, and warehousing, as an amended line of business. In furtherance of this decision, the members of the Company, through a special resolution passed on 28 November 2025, approved the disposal of the spinning plant and machinery and amendment of the Company's Memorandum of Association to incorporate the aforesaid activities within its object clause.

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

As explained in note 1.2, the Company's spinning operations ceased in June 2024 and, during the year, the Company has formally closed its spinning business and changed its principal line of business to leasing out of its land and buildings, and warehousing. Accordingly, the spinning business has been presented as a discontinued operation (see note 29) and the related plant and machinery has been classified as held for sale (see note 23). During the year ended 30 June 2026, the Company has incurred operating loss of Rs. 3.63 million from continuing operations and has reported loss after income taxes amounting to Rs. 69.33 million, of which Rs. 65.00 million pertains to discontinued operations. As at 30 June 2026, the Company has accumulated losses of Rs. 868.49 million and its current liabilities exceed its current assets by Rs. 729.46 million as at that date. All banking credit facilities of the Company expired in the previous year and have not been renewed. These factors have contributed to the Company's challenging liquidity situation, due to which the Company has mostly relied on the financial support of its directors and sponsors, whose loans amounting to Rs. 541.99 million are repayable on demand. These factors indicate existence of material uncertainty that may cast significant doubt 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) As explained in note 1.2, the Board of Directors, in its meeting held on 30 October 2025, decided to formally close the spinning business and to pursue leasing out of the Company's land, buildings and other properties, and warehousing, as its principal line of business. The members approved the change through a special resolution passed on 28 November 2025 and the Memorandum of Association of the Company has been amended accordingly. The spinning business has been presented as a discontinued operation (see note 29). The Company is therefore no longer exposed to the factors that had rendered its spinning operations uneconomical.

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

- (b) In pursuance of the new line of business, the Company has leased out a covered area of 175,000 sq. ft., out of total covered area of 412,538 sq. ft., under an operating lease arrangement during the year. Rental income of Rs. 26.47 million has been recognized during the year. Minimum lease payments receivable under the arrangement amount to Rs. 151.28 million, of which Rs. 54.75 million is receivable within twelve months of the reporting date (see note 44). The remaining covered area of 237,538 sq. ft. is available for leasing and the Company is in negotiations with prospective lessees in this regard.
- (c) Continuing operations have reported an operating loss of Rs. 3.63 million for the year. This is after charging depreciation of Rs. 1.83 million and provision for employees retirement benefits of Rs. 1.32 million, which do not involve outflow of cash during the year, and reflects rental income for only a part of the year. On the basis of contracted rentals for a full year, the continuing operations are expected to generate operating profits and positive cash flows.
- (d) Current liabilities include advances of Rs. 289.67 million received against disposal of assets held for sale and stores and spares, which will be settled through delivery of the related assets and not through outflow of cash (see note 11).
- (e) The Company has continued financial support of its directors and sponsors in the form of unsecured, interest free loans amounting to Rs. 541.99 million.
- (f) Despite accumulated losses the Company has positive equity.
- (g) The Board of Directors has approved financial projections of the Company, which indicate that the Company will earn profits and generate positive cash flows from operations. Key assumptions underlying these projections include continuity of the existing lease arrangement, leasing out of the remaining covered area, cessation of costs associated with the discontinued spinning operations upon completion of disposal of the related assets, and continued availability of loans from directors and sponsors.

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
Investment property	Fair value
Land, building, plant and machinery	Revalued amounts
Financial assets	Amortized cost

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.

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

(b) Significant increase in credit risk (see note 5.17.1)

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 37.1.3)

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. 5.21 million (30-Jun-25: Rs. 2.53 million).

(b) Present value of defined benefit obligation (see note 10)

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, TRT Associates Actuaries & Management Consultants. The principal assumptions used in determining present value of defined benefit obligation are:

	30-Jun-26	30-Jun-25
Discount rate	11.75%	11.75%
Expected rates of increase in salary	11.75%	10.75%

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-26		30-Jun-25	
	Change in actuarial assumption	Defined benefit obligation Rupees	Change in actuarial assumption	Defined benefit obligation Rupees
Discount rate	+ 1%	15,305,087	+ 1%	18,689,060
	- 1%	18,307,837	- 1%	19,909,901
Expected rate of increase in salary	+ 1%	18,309,003	+ 1%	19,921,496
	- 1%	15,305,778	- 1%	18,668,085

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

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 39.2.1)

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. Nil (30-Jun-25: Rs. 18.05 million) and Rs. Nil (30-Jun-25: Rs. 20.75 million) respectively.

(d) Revaluation of plant and machinery (see note 39.2.1)

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. Nil (30-Jun-25: Rs. 20.60 million).

(e) Fair value of investment property (see note 15.1 & 39.2.1)

Most recent revaluation of investment property, comprising land and building, was carried out by an independent valuer, Asif Associates (Private) Limited, on 30 June 2026. Revalued amounts of investment property 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. 18.61 million (30-Jun-25: Rs. nil) and Rs. 22.82 million (30-Jun-25: Rs. nil) respectively.

(f) Deferred tax on temporary differences in non-tax/levy regime (see note 5.20.2)

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 net deferred tax asset of Rs. 155.91 million (30-Jun-25: net deferred tax asset of Rs. 147.11 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.

The Company has unused tax losses amounting to Rs. 783.98 million (30-Jun-25: Rs. 867.11 million) and tax credits amounting to Rs. 28.36 million (30-Jun-25: Rs. 73.03 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-26 Rupees	30-Jun-25 Rupees
2029	Tax losses [Business]	273,775,544	356,905,666
2030	Tax losses [Business]	308,580,490	308,580,490
2031	Tax losses [Business]	73,211,577	73,211,577
Indefinite	Tax losses [Depreciation]	128,414,769	128,414,769
		783,982,380	867,112,502
2026	Tax credits	-	45,001,548
2027	Tax credits	27,785,972	27,785,972
2028	Tax credits	571,246	240,364
		28,357,218	73,027,884

(g) **Provisions for levies and income taxes under Income Tax Ordinance, 2001 (see note 27 & 29.1.1.3)**

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 provision for levies and current tax under the Ordinance are estimated at Rs. 0.33 million (30-Jun-25: Rs. 0.24 million) and Rs. nil (30-Jun-25: 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 05 October 2026.

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 Lack of Exchangeability (Amendments to IAS 21)

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

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)
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 17 Insurance Contracts	01 January 2027
IFRS 18 Presentation and Disclosures in Financial Statements	01 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	01 January 2027
Amendments to IAS 21 regarding translation to hyperinflationary presentation currency	01 January 2027
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	01 July 2027
IFRS S2 Climate-related Disclosures	01 July 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 20 Regulatory Assets and Regulatory Liabilities	

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:

- 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
- 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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(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.

5.4 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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5.5 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.

5.6 Trade and other payables

5.6.1 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.

5.6.2 Non-financial liabilities

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

5.7 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.

5.8 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.

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Depreciation is recognized in profit or loss, using rates specified in note 14, 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.

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.

5.9 Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than continuing use and a sale is considered highly probable. They are stated at the lower of carrying amounts and fair values less costs to sell. Impairment loss on initial classification as held-for-sale and subsequent gains or losses on remeasurement are recognised in profit or loss.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less cost to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets classified as held-for-sale are presented separately from the other assets in the statement of financial position.

5.10 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. Cost includes the cost of material, labour and appropriate overheads directly relating to the construction of the property and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property, calculated as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the period in which the property is derecognised.

5.11 Inventories

5.11.1 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.

5.12 Trade and other receivables

5.12.1 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.

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5.12.2 Non-financial assets

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

5.13 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.

5.14 Contracts with customers

5.14.1 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.

5.14.2 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.

5.14.3 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.

5.15 Leases as 'lessor'

The Company enters into operating lease agreements as a lessor with respect to its investment property. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

5.16 Employee benefits

5.16.1 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.

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5.16.2 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.

5.17 Impairment

5.17.1 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.

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.

5.17.2 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.

5.18 Discontinued operations

A discontinued operation is a component of the Company's business, the operations and cash flows of which can be clearly distinguished from rest of the Company's business and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
- is a subsidiary acquired exclusively with a view to resale.

Classification as discontinued operation occurs on disposal, abounding or when the operation meets the criteria to be classified as held for sale. When an operation is classified as discontinued operation, the comparative statement of profit or loss is represented as if the operation had been discontinued from the start of the comparative year.

5.19 Levies

Levies comprise amounts payable under the minimum tax and final tax regimes that do not meet the definition of income taxes under IAS 12 ['Income Taxes']. In accordance with the requirements of IFRIC 21 ['Levies'] and IAS 37 ['Provisions, Contingent Liabilities and Contingent Assets'], such amounts are recognised as an expense when the obligating event giving rise to the liability occurs.

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5.20 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.

5.20.1 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.

5.20.2 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.

5.21 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.

5.22 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.

5.23 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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

- 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.

6 AUTHORIZED SHARE CAPITAL

30-Jun-26 Shares	30-Jun-25 Shares		30-Jun-26 Rupees	30-Jun-25 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 SHARE CAPITAL

30-Jun-26 Shares	30-Jun-25 Shares		30-Jun-26 Rupees	30-Jun-25 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-26 Rupees	30-Jun-25 Rupees
As at beginning of the year		-	102,000,000
Obtained during the year		-	-
Transferred to short term borrowings	12	-	(102,000,000)
As at end of the year		-	-

9 REVALUATION RESERVE

As at beginning of the year		622,471,778	65,433,957
Surplus arised during the year	9.1	61,367,410	558,213,316
Incremental depreciation transferred to retained earnings		(6,687,869)	(1,175,495)
As at end of the year		677,151,319	622,471,778

9.1 Surplus arised during the year comprise of:

Freehold land	11,228,000	259,530,000
Buildings on freehold land	50,139,410	298,683,316
	61,367,410	558,213,316

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

10 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-26 Rupees	30-Jun-25 Rupees
10.1 Movement in present value of defined benefit obligation			
As at beginning of the year		19,273,009	20,529,847
Charged to profit or loss for the year	10.2 & 10.3	3,985,571	5,434,395
Benefits paid during the year		(2,317,060)	(5,454,989)
Benefits due but not paid	11.2	(2,116,960)	(2,992,241)
Remeasurements recognized in other comprehensive income	10.4	(2,084,770)	1,755,997
As at end of the year		16,739,790	19,273,009
10.2 Charge to profit or loss			
Service cost		1,981,491	3,029,226
Interest cost		2,004,080	2,405,169
		3,985,571	5,434,395
10.3 The charge to profit or loss has been allocated as follows			
Cost of sales - Discontinued operations	29.1.1.1	2,665,814	3,779,237
Operating expenses - Continued operations	26.1	1,319,757	1,655,158
		3,985,571	5,434,395
10.4 Remeasurements recognized in other comprehensive income			
Actuarial (loss)/gain arising from changes in:			
Financial assumptions		-	49,442
Experience adjustments		(2,084,770)	(1,805,439)
		(2,084,770)	(1,755,997)
10.5 Average duration of the defined benefit obligation			
The average duration of the defined benefit obligation is 9 years.			
10.6 Expected charge to profit or loss for the next financial year			
The expected charge to profit or loss for the year ending 30 June 2027 amounts to Rs. 4.01 million.			
10.7 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.			
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.			
Withdrawal rate risk: The present value of the defined benefit liability is calculated by reference to the best estimate of the withdrawal rate. As such, an increase in the withdrawal rate may increase/decrease the liability and vice versa depending on the age-service distribution of the exiting employees.			
Mortality rate risk: The present value of the defined benefit liability is calculated by reference to the best estimate of the mortality of plan participants during employment. An improvement in the mortality rates of the participants may increase/decrease the liability.			

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

	Note	30-Jun-26 Rupees	30-Jun-25 Rupees
11 TRADE AND OTHER PAYABLES			
Trade creditors	11.1	81,542,250	158,163,944
Accrued liabilities	11.2	19,657,946	26,187,451
Advances from customers		-	90,000,000
Advance against disposal of assets held for sale		188,199,400	-
Advance against disposal of stores and spares		101,474,805	-
Security deposits	11.3	4,510,000	6,010,000
Deductions against vehicle scheme	11.4	1,380,600	1,099,800
Workers' Welfare Fund	11.5	5,530,274	3,833,741
Levies payable	11.6	330,882	240,364
Sales tax payable		10,800,000	-
Withholding tax payable		1,967,794	-
		415,393,951	285,535,300

11.1 This includes Rs. 15.02 million (30-Jun-25: Rs. 15.02 million) due to Kohinoor Power Company Limited, a related party against rent of power generator and Rs. 0.35 million (30-Jun-25: Rs. 0.44 million) due to Red Communication Arts (Private) Limited, a related party against purchase of advertisement services.

11.2 These include employees retirement benefits amounting to Rs. 2.12 million (30-Jun-25: Rs. 2.99 million) due but unpaid as at the reporting date.

11.3 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.

11.4 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.

	Note	30-Jun-26 Rupees	30-Jun-25 Rupees
11.5 Workers' Welfare Fund			
As at beginning of the year		3,833,741	3,833,741
Charged to profit or loss for the year	29.1.1.2	1,696,533	-
Paid/adjusted during the year		-	-
As at end of the year		5,530,274	3,833,741
11.6 Levies payable		240,364	27,785,972
As at beginning of the year			
Charged to profit or loss for the year	29.1.1	-	240,364
- discontinued operations	27	330,882	-
- continued operations		330,882	240,364
Paid/adjusted during the year		(240,364)	(27,785,972)
As at end of the year		330,882	240,364

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

	Note	30-Jun-26 Rupees	30-Jun-25 Rupees
12 SHORT TERM BORROWINGS			
Unsecured			
Loan from directors and sponsors	12.1	541,984,966	816,984,966
Book overdraft	12.2	-	601,053
		541,984,966	817,586,019
		541,984,966	817,586,019

- 12.1 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:

	Note	30-Jun-26 Rupees	30-Jun-25 Rupees
As at beginning of the year		816,984,966	449,100,000
Obtained during the year		-	-
Transferred from equity	8	-	102,000,000
Paid during the year		(275,000,000)	-
Transferred from non-current liabilities	12.1.1	-	265,884,966
As at end of the year		541,984,966	816,984,966

- 12.1.1 This represents unsecured loans obtained from directors and sponsors which were subordinated to the long-term and short-term borrowings of the Company. Following the repayment of the underlying long-term and short-term borrowings in the previous year, the related subordination agreement lapsed and the restriction on repayment of these loans ceased to apply. Consequently, the outstanding balances of these loans were transferred from non-current liabilities to short-term borrowings during the previous year and accordingly became payable on demand. The loans originally carried interest at one-year KIBOR plus 2.5% per annum, payable on maturity. The terms of the loan agreements provided for the lenders to waive, at their sole discretion, the interest payable thereon. During the previous year, Interest amounting to Rs. 57.70 million was waived by the lenders at their sole discretion. However, following the lapse of subordination, these loans become interest free.

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

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

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

	30-Jun-26 Rupees	30-Jun-25 Rupees
Bank guarantees	58,910,000	61,910,000

- 13.1.2 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 end.

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

13.1.3 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 end.

13.1.4 The Company, vide Petition No. 1277 of 2026 filed before the Honourable Lahore High Court against the Federation of Pakistan, Sui Northern Gas Pipelines Limited ['SNGPL'] and Oil and Gas Regulatory Authority ['OGRA'], has challenged the impugned determination and notification dated 28 November 2025, whereby retrospective adjustment in the sale price of Re-gasified Liquefied Natural Gas ['RLNG'] was made for the period from 01 April 2015 to 30 June 2022. Consequent to the aforesaid determination, SNGPL raised an RLNG tariff claim and gas bill dated 07 January 2026, including the disputed amount relating to the impugned instalment.

The Honourable Lahore High Court, vide its order dated 12 January 2026, has suspended recovery of the disputed RLNG tariff and directed SNGPL to issue a revised gas bill for the month of December 2025 after excluding the disputed amount of RLNG tariff. No further date is fixed for hearing.

13.1.5 The Company, vide Petition No. 21181 of 2026 filed before the Honourable Lahore High Court against the Federation of Pakistan, Sui Northern Gas Pipelines Limited ['SNGPL'] and Oil and Gas Regulatory Authority ['OGRA'], has challenged the impugned determination and notification dated 17 February 2026, whereby retrospective adjustment in the sale price of Re-gasified Liquefied Natural Gas ['RLNG'] was made for the period from July 2022 to March 2024. Consequent to the aforesaid determination, SNGPL raised an RLNG tariff claim and gas bill for the month of March 2026, including the disputed amount relating to the impugned instalment.

The Honourable Lahore High Court, vide its order dated 09 April 2026, has suspended recovery of the disputed RLNG tariff and directed SNGPL to issue a revised gas bill for the month of March 2026 after excluding the disputed amount of RLNG tariff. No further date is fixed for hearing.

13.2 Commitments

There are no known commitments as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026

	30-Jun-26															
	COST/REVALUED AMOUNT						DEPRECIATION/IMPAIRMENT									Net book value as at 30-Jun-26 Rupees
	As at 01-Jul-25 <i>Rupees</i>	Additions <i>Rupees</i>	Revaluation <i>Rupees</i>	Disposals <i>Rupees</i>	Transfer <i>Rupees</i>	As at 30-Jun-26 <i>Rupees</i>	Rate %	As at 01-Jul-25 <i>Rupees</i>	For the year <i>Rupees</i>	Revaluation <i>Rupees</i>	Disposals <i>Rupees</i>	Transfer <i>Rupees</i>	As at 30-Jun-26 <i>Rupees</i>			
Operating fixed assets																
Freehold land	360,900,000	-	11,228,000	-	(372,128,000)	-	-	-	-	-	-	-	-	-		
Buildings	1,210,203,878	-	149,336,813	-	(1,359,540,691)	-	5	795,236,213	8,645,160	99,197,403	-	(903,078,776)	-	-		
Plant and machinery	1,957,052,113	-	-	-	(1,957,052,113)	-	5	1,545,122,113	8,581,875	-	-	(1,553,703,988)	-	-		
Services and other equipment	2,976,737	-	-	-	-	2,976,737	10	2,657,266	31,947	-	-	-	2,689,213	287,524		
Office equipment	9,529,233	-	-	-	-	9,529,233	10	8,368,123	116,111	-	-	-	8,484,234	1,044,999		
Furniture and fixtures	7,627,523	-	-	-	-	7,627,523	10	7,168,097	45,943	-	-	-	7,214,040	413,483		
Arms and ammunitions	122,790	-	-	-	-	122,790	10	96,540	2,626	-	-	-	99,166	23,624		
Vehicles	38,963,218	-	-	(149,200)	-	38,814,018	20	30,606,641	1,663,396	-	(106,722)	-	32,163,315	6,650,703		
	3,587,375,492	-	160,564,813	(149,200)	(3,688,720,804)	59,070,301		2,389,254,993	19,087,058	99,197,403	(106,722)	(2,456,782,764)	50,649,968	8,420,333		

	30-Jun-25															
	COST/REVALUED AMOUNT						DEPRECIATION/IMPAIRMENT									Net book value as at 30-Jun-25 Rupees
	As at 01-Jul-24 <i>Rupees</i>	Additions <i>Rupees</i>	Revaluation <i>Rupees</i>	Disposals <i>Rupees</i>	Transfer <i>Rupees</i>	As at 30-Jun-25 <i>Rupees</i>	Rate %	As at 01-Jul-24 <i>Rupees</i>	For the year <i>Rupees</i>	Revaluation <i>Rupees</i>	Disposals <i>Rupees</i>	Transfer <i>Rupees</i>	As at 30-Jun-25 <i>Rupees</i>			
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		

14.2 Transfers represents transfers from operating fixed assets to assets classified as held for sale and investment property.

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SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

14.3 Disposal of operating fixed assets

30-Jun-26

	Cost Rupees	Accumulated depreciation Rupees	Net book value Rupees	Disposal proceeds Rupees	Gain on disposal Rupees	Mode of disposal	Particulars of buyer
Vehicles							
Assets having net book value less than Rs. 500,000 each	149,200	106,722	42,478	42,478	-	Company policy	Various employees
	149,200	106,722	42,478	42,478	-		

30-Jun-25

	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							
Suzuki Cultus	2,012,080	1,049,429	962,651	962,651	-	Company policy	Nouman Maqbool (employee)
Suzuki Cultus	2,070,980	1,275,724	795,256	1,127,534	332,278	Company policy	Zeeshan Arshad (employee)
Assets having net book value less than Rs. 500,000 each	82,000	57,977	24,023	24,023	-	Company policy	Kaiser Javaid (employee)
	4,165,060	2,383,130	1,781,930	2,114,208	332,278		

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

	Note	30-Jun-26 Rupees	30-Jun-25 Rupees
14.4	The depreciation charge for the year has been allocated as follows:		
	29.1.1.1	17,256,842	52,019,614
	26	1,830,216	1,920,612
		19,087,058	53,940,226

14.5 Revaluation of property, plant and equipment

Most recent valuation of land, and buildings was carried out by an independent valuer, Asif Associates (Private) Limited, on 28 November 2025 and was incorporated in these financial statements. However, for plant and machinery most recent valuation was carried out by an independent valuer, Joseph Lobo (Private) Limited, on 30 June 2025 and was incorporated in the financial statements for the year ended 30 June 2025. For basis of valuation, refer to note 2.4.2(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-26 Rupees	30-Jun-25 Rupees
Land	-	59,445,942
Building	-	93,949,945
Plant and machinery	398,161,454	959,899,148

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

	Rupees
Land	316,308,800
Building	387,992,628
Plant and machinery	350,140,500

15 INVESTMENT PROPERTY

Land

As at beginning of the year	372,128,000	-
Transferred from property, plant and equipment	-	-
Changes in fair value	372,128,000	-
As at end of the year		

Buildings

As at beginning of the year	456,461,915	-
Transferred from property, plant and equipment	-	-
Changes in fair value	456,461,915	-
	828,589,915	-

15.1 This represents land and building transferred from operating fixed assets at fair value. Most recent valuation of investment property is carried out by an independent valuer, Asif Associates (Private) Limited, on 30 June 2026 and is incorporated in these financial statements. For basis of valuation, refer to note 2.4.2(e). As per most recent valuation, forced sale values of land and buildings are as follows:

	Rupees
Land	316,308,800
Buildings	387,992,628

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SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

15.2 The investment property of the Company is situated at 51 KM, Multan Road, Phool Nagar, Kasur, Pakistan with a total land area of 311 Kanal 18 Marla and covered area of 412,538 sq. ft.

15.3 The Company has leased out its building with a covered area of 175,000 sq. ft under an operating lease arrangement to Pak Elektron Limited, a related party.

	Note	30-Jun-26 Rupees	30-Jun-25 Rupees
16 LONG TERM DEPOSITS			
Financial institutions	16.1	5,945,500	3,445,500
Suppliers and contractors	16.2	10,311,360	10,311,360
		16,256,860	13,756,860

16.1 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.

16.2 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.

	Note	30-Jun-26 Rupees	30-Jun-25 Rupees
17 STORES, SPARES AND LOOSE TOOLS			
Stores		13,102,377	13,102,377
Spares and loose tools		7,606,567	7,606,567
		20,708,944	20,708,944
Impairment allowance for slow moving and obsolete items	17.1	(10,230,327)	(10,230,327)
		10,478,617	10,478,617

17.1 Impairment allowance for slow moving and obsolete items

As at beginning of the year		10,230,327	-
Recognized during the year	29.1.1.1	-	10,230,327
As at end of the year		10,230,327	10,230,327

17.2 There are no spare parts held exclusively for capitalization as at the reporting date.

	Note	30-Jun-26 Rupees	30-Jun-25 Rupees
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18 TRADE RECEIVABLES

Gross amounts due		793,017	793,017
Impairment allowance for expected credit losses	18.1	(793,017)	(793,017)
		-	-

18.1 Impairment allowance for expected credit losses

As at beginning of the year		793,017	2,526,735
Recognized during the year	37.1.6	-	793,017
Reversed during the year	37.1.6	-	-
Written-off during the year		-	(2,526,735)
As at end of the year		793,017	793,017

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SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

19 ADVANCES TO EMPLOYEES

These represent advances to employees against future salaries and post employment benefits in accordance with the Company policy.

	Note	30-Jun-26 Rupees	30-Jun-25 Rupees
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20 SHORT TERM DEPOSITS AND PREPAYMENTS

Margin deposits	20.1	-	2,500,000
Prepaid levies		9,673,495	749,233
Prepaid expenses	20.2	1,176,793	26,311
		10,850,288	3,275,544

20.1 These represent deposits with banking companies under lien against banking credit facilities.

20.2 This includes bank commission paid in advance amounting to Rs. 1,147,917 (30-Jun-25: Rs. nil) on renewal of bank guarantees.

	30-Jun-26 Rupees	30-Jun-25 Rupees
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21 TAX REFUNDS DUE FROM GOVERNMENT

Income tax refundable/adjustable	533,295	-
Sales tax refundable/adjustable	-	1,206,970
	533,295	1,206,970

22 CASH AND BANK BALANCES

Cash in hand	601,457	749,895
Bank balances	32,755,665	5,185,205
	33,357,122	5,935,100

23 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

As disclosed in note 1.2, during the year, the Board of Directors of the Company formally decided to permanently discontinue spinning operations and dispose of the related plant and machinery and other related movable assets. Subsequently, the shareholders approved the disposal through a special resolution passed at the Extraordinary General Meeting dated 28 November 2025. Accordingly, with effect from 28 November 2025, the entire spinning plant and machinery were classified as held for sale, as the Company expects their carrying amounts to be recovered principally through sale rather than through continuing use. The assets classified as held for sale are accounted for in accordance with IFRS 5 ['Non-current Assets Held for Sale and Discontinued Operations'], and other applicable IFRS requirements, as appropriate.

This represents plant and machinery relating to the discontinued spinning operations and is stated at the lower of its carrying amount and fair value less costs to sell. The Company has located active buyer and disposed of a substantial portion of these assets under a sale agreement dated 10 January 2026. The movement in non-current assets classified as held for sale is as follows;

	Note	30-Jun-26 Rupees	30-Jun-25 Rupees
As at beginning of the year		-	-
Transferred from property, plant and equipment	14	403,348,125	-
Net book value of assets disposed off	29.1.2.1	(232,481,589)	-
As at end of the year		170,866,536	-

24 RENTAL INCOME

This represents income from the leasing of investment property under an operating lease arrangement (see note 15.3).

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

	Note	30-Jun-26 Rupees	30-Jun-25 Rupees
25 OTHER INCOME			
Gain on financial instruments		-	-
Other gains			
Gain on disposal of property, plant and equipment	14.3	-	332,278
		-	332,278
		-	332,278
26 OPERATING EXPENSES			
Directors' meeting fee		195,000	60,000
Salaries and benefits	26.1	20,837,966	19,413,364
Utilities		348,780	372,884
Printing and stationery		72,350	101,555
Communication		759,722	782,979
Repair and maintenance		1,166,436	83,450
Vehicles running and maintenance		1,955,821	228,426
Fee and subscription		572,743	59,630
Traveling and conveyance		147,747	-
Legal and professional		275,000	180,000
Auditor's remuneration	26.2	550,000	550,000
Entertainment		371,911	603,625
Insurance		387,439	861,225
Depreciation on property plant and equipment	14.4	1,830,216	1,920,612
Miscellaneous expenses		629,498	15,000
		30,100,629	25,232,750
26.1	These include charge in respect of employees retirement benefits amounting to Rs. 1.32 million (30-Jun-25: Rs. 1.66 million).		
	Note	30-Jun-26 Rupees	30-Jun-25 Rupees
26.2 Auditor's remuneration			
Annual statutory audit		350,000	350,000
Limited scope review		125,000	125,000
Review report under corporate governance		50,000	50,000
Out of pocket expenses		25,000	25,000
		550,000	550,000
27 PROVISION FOR LEVIES			
Levies under Income Tax Ordinance, 2001			
Current year	27.1	330,882	-
Prior year		-	-
		330,882	-
27.1	Levies under Income Tax Ordinance, 2001 ['the Ordinance'] have been recognized under section 113 of the Ordinance.		
28 PROVISION FOR INCOME TAXES			
28.1	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.		
28.2	The income tax assessments of the Company up to and including tax year 2025 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 13.1.2 and 13.1.3.		

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

29 DISCONTINUED OPERATIONS

As disclosed in note 1.2, during the year the Company's Board of Directors in their meeting dated 30 October 2025 decided to change the Company's principal line of business from the manufacture and sale of yarn/textiles to warehousing, leasing of immovable property, and related logistics services, as part of the Company's revival and diversification plan, subject to approval by the shareholders via special resolution. The shareholders approved this change in business at the Extraordinary General Meeting held on 28 November 2025. Accordingly, the spinning production operations have been classified as discontinued operations.

Results of the discontinued operations are as follows:

	Note	30-Jun-26 Rupees	30-Jun-25 Rupees
29.1 RESULTS OF DISCONTINUED OPERATIONS			
Loss after income taxes from discontinued operations	29.1.1	64,617,847	573,304,464
Loss on disposal of assets classified as held for sale	29.1.2	381,589	-
		64,999,436	573,304,464
29.1.1 LOSS AFTER INCOME TAXES FROM DISCONTINUED OPERATIONS			
Revenue from contracts with customers		-	19,229,124
Cost of sales	29.1.1.1	(62,321,581)	(594,737,064)
Gross loss		(62,321,581)	(575,507,940)
Other income		-	9,271,009
Selling and distribution expenses		(572,640)	(949,256)
Other expenses	29.1.1.2	(1,696,533)	(2,620,433)
		(2,269,173)	(3,569,689)
Impairment allowance for expected credit losses	18	-	(793,017)
Operating loss		(64,590,754)	(570,599,637)
Finance cost		(27,093)	(2,464,463)
Loss before levies and income taxes		(64,617,847)	(573,064,100)
Provision for levies	29.1.1.3	-	(240,364)
Loss before income taxes		(64,617,847)	(573,304,464)
Provision for income taxes		-	-
Loss after income taxes		(64,617,847)	(573,304,464)

29.1.1.1 These include charge in respect of employees retirement benefits, impairment loss on property, plant and equipment, impairment allowance for obsolete or slow moving inventories and depreciation on property, plant and equipment amounting to Rs. 2.67 million (30-Jun-25: Rs. 3.78 million), Rs. Nil (30-Jun-25: Rs. 459.48 million), Rs. Nil (30-Jun-25: Rs. 10.23 million) and Rs. 17.26 million (30-Jun-25: Rs. 52.02 million) respectively.

29.1.1.2 These includes provision for Workers' Welfare Fund amounting to Rs. 1.70 million (30-Jun-25: Rs. nil).

29.1.1.3 Levies under Income Tax Ordinance, 2001 ['the Ordinance'] have been recognized under section 113 of the Ordinance.

	Note	30-Jun-26 Rupees	30-Jun-25 Rupees
29.1.2 LOSS ON DISPOSAL OF ASSETS CLASSIFIED AS HELD FOR SALE			
Loss on disposal of assets classified as held for sale	29.1.2.1	381,589	-
Related income taxes		-	-
		381,589	-

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SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

	Note	30-Jun-26 Rupees	30-Jun-25 Rupees
29.1.2.1 Loss on disposal of assets classified as held for sale			
Net book value of assets disposed off	23	232,481,589	-
Proceeds against disposal of assets held for sale		(232,100,000)	-
		381,589	-
29.2 CASH FLOWS ATTRIBUTABLE TO DISCONTINUED OPERATIONS			
Net cash generated from /(used in) operating activities		88,716,290	(27,174,267)
Net cash generated from investing activities		232,100,000	-
Net cash used in financing activities		(275,601,053)	(59,933,858)
		45,215,237	(87,108,125)
	Unit	30-Jun-26	30-Jun-25
30 BASIC LOSS PER SHARE			
Loss attributable to ordinary shareholders arising from:			
- continuing operations	Rupees	(4,327,070)	(24,900,472)
- discontinued operations	Rupees	(64,999,436)	(573,304,464)
	Rupees	(69,326,506)	(598,204,936)
Weighted average number of ordinary shares outstanding during the year	No. of shares	29,840,607	29,840,607
Basic loss per share	Rupees	(2.32)	(20.05)
There is no diluting effect on the basic loss per share of the Company.			
	Unit	30-Jun-26	30-Jun-25
30.1 BASIC LOSS PER SHARE - CONTINUING OPERATIONS			
Loss attributable to ordinary shareholders - continuing operations	Rupees	(4,327,070)	(24,900,472)
Weighted average number of ordinary shares outstanding during the year	No. of shares	29,840,607	29,840,607
Basic loss per share - continuing operations	Rupees	(0.15)	(0.83)
30.2 BASIC LOSS PER SHARE - DISCONTINUED OPERATIONS			
Loss attributable to ordinary shareholders - discontinued operations	Rupees	(64,999,436)	(573,304,464)
Weighted average number of ordinary shares outstanding during the year	No. of shares	29,840,607	29,840,607
Basic loss per share - discontinued operations	Rupees	(2.18)	(19.21)

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

	Note	30-Jun-26 Rupees	30-Jun-25 Rupees
31 CASH GENERATED FROM OPERATIONS			
Loss before income taxes		(69,326,506)	(598,204,936)
Adjustments for non-cash and other items:			
Interest on borrowings		-	2,210,357
Miscellaneous receivables written off		-	2,620,433
Excess liabilities written back		-	(9,271,009)
Gain on disposal of property, plant and equipment		-	(332,278)
Loss on disposal of assets classified held for sale		381,589	-
Stores and spares written-off		-	1,080,627
Impairment allowance for expected credit losses		-	793,017
Impairment allowance for slow moving or obsolete inventories		-	10,230,327
Impairment loss on property, plant and equipment		-	459,483,863
Depreciation on property plant and equipment		19,087,058	53,940,226
Provision for levies		330,882	240,364
Provision for employees retirement benefits		3,985,571	5,434,395
		23,785,100	526,430,322
		(45,541,406)	(71,774,614)
Changes in working capital			
Long term deposits		(2,500,000)	5,480,000
Trade receivables		-	5,305,375
Advances to employees		729,323	806,303
Short term deposits and prepayments		1,349,518	81,957,109
Tax refunds due from government		1,206,970	4,877,879
Trade and other payables		127,626,747	29,799,736
		128,412,558	128,226,402
Cash generated from operations		82,871,152	56,451,788
32 CASH AND CASH EQUIVALENTS			
Cash and bank balances	22	33,357,122	5,935,100
		33,357,122	5,935,100
33 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES			
		30-Jun-26	
	Long term borrowings Rupees	Short term borrowings Rupees	Unclaimed dividend Rupees
As at beginning of the year	-	817,586,019	485,351
Obtained during the year	-	-	-
Unwinding of deferred grant	-	-	-
Repayment of long term borrowings	-	-	-
Transfer from equity	-	-	-
Transferred from non-current liabilities	-	-	-
Net decrease in short term borrowings	-	(275,601,053)	-
As at end of the year	-	541,984,966	485,351

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

	30-Jun-25		
	Long term borrowings Rupees	Short term borrowings Rupees	Unclaimed dividend Rupees
As at beginning of the year	39,769,784	469,054,112	485,351
Obtained during the year	-	-	-
Unwinding of deferred grant	811,015	-	-
Repayment of long term borrowings	(40,580,799)	-	-
Transfer from equity	-	102,000,000	-
Transferred from non-current liabilities	-	265,884,966	-
Net decrease in short term borrowings	-	(19,353,059)	-
Dividend paid	-	-	-
As at end of the year	-	817,586,019	485,351

34 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 [Common Directorship]
Pak Elektron Limited	Associated Company [Common Directorship]
Red Communication Arts (Private) Limited	Associated Company [Common Directorship]
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-26 Rupees	30-Jun-25 Rupees
34.1 Transactions with related parties			
Nature of relationship	Nature of transactions		
Associated companies	Rental income	26,470,594	-
	Advertisement services	348,900	-
Key management personnel	Short term employee benefits	6,900,000	6,900,000
	Interest expense on borrowings	-	27,027,350
	Interest on borrowings waived	-	27,027,350
	Meeting fee	195,000	60,000
Sponsors	Interest expense on borrowings	-	30,669,688
	Interest on borrowings waived	-	30,669,688
34.2 Balances with related parties			
Nature of relationship	Nature of balances		
Associated companies	Trade creditors	15,023,925	15,023,925
	Payable against purchase of services	348,115	437,662
Key management personnel	Borrowings	451,684,966	525,650,000
	Short term employee benefits payable	-	575,000
Sponsors	Borrowings	90,300,000	291,334,966

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

35 CONTRACTS WITH CUSTOMERS

35.1 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.

35.2 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-26 Rupees	30-Jun-25 Rupees
Receivables	Trade receivables	18	-	-
Contract liabilities	Advances from customers	11	-	90,000,000

35.2.1 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-26 Rupees	30-Jun-25 Rupees
As at beginning of the year	90,000,000	-
Revenue recognized against contract liability as at beginning of the year	-	-
Balances return to customers during the year	(90,000,000)	-
Net increase due to cash received in excess of revenue recognized	-	90,000,000
As at end of the year	-	90,000,000

35.3 Impairment losses

The Company during the year has recognized Rs. nil (30-Jun-25: Rs. nil) as impairment loss for expected credit losses on receivables (trade receivables) arising from the Company's contracts with customers.

36 FINANCIAL ASSETS AND LIABILITIES

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

	Note	30-Jun-26 Rupees	30-Jun-25 Rupees
36.1 Financial assets			
<i>Cash in hand</i>	22	601,457	749,895
<i>Financial assets at amortized cost</i>			
Long term deposits	16	16,256,860	13,756,860
Trade receivables	18	-	-
Advances to employees		2,319,677	3,049,000
Margin deposits	20	-	2,500,000
Bank balances	22	32,755,665	5,185,205
		51,332,202	24,491,065
		51,933,659	25,240,960

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

	Note	30-Jun-26 Rupees	30-Jun-25 Rupees
36.2 Financial liabilities			
<i>Financial liabilities at amortized cost</i>			
Trade creditors	11	81,542,250	158,163,944
Accrued liabilities	11	19,657,946	26,187,451
Advance against disposal of assets held for sale	11	188,199,400	-
Security deposits	11	4,510,000	6,010,000
Unclaimed dividend		485,351	485,351
Short term borrowings	12	541,984,966	817,586,019
		836,379,913	1,008,432,765

37 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.

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:

37.1 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.

37.1.1 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.

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

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

37.1.2 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-26 Rupees	30-Jun-25 Rupees
Long term deposits	16	16,256,860	13,756,860
Trade receivables	18	793,017	793,017
Advances to employees		2,319,677	3,049,000
Margin deposits	20	-	2,500,000
Bank balances	22	32,755,665	5,185,205
		52,125,219	25,284,082

37.1.3 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:

			30-Jun-26		
	External credit rating	Internal credit risk grading	12-month or life-time ECL	Gross carrying amount Rupees	Loss allowance Rupees
Long term deposits	AAA	N/A	12-month ECL	5,945,500	-
	N/A	Performing	12-month ECL	10,311,360	-
				16,256,860	-
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	2,319,677	-
Margin deposits	A1+	N/A	12-month ECL	-	-
Bank balances	A2 - A1+	N/A	12-month ECL	32,755,665	-
				52,125,219	793,017

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

			30-Jun-25		
	External credit rating	Internal credit risk grading	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+	N/A	12-month ECL	5,185,205	-
				25,284,082	793,017

(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.

(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-26		
	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-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

(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.

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

(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.

37.1.4 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-26	30-Jun-25
	<i>Rupees</i>	<i>Rupees</i>
Customers	793,017	793,017
Banking companies and financial institutions	38,701,165	11,130,705
Employees	2,319,677	3,049,000
Others	10,311,360	10,311,360
	52,125,219	25,284,082

There are no significant concentrations of credit risk, except for trade receivables. The Company's one (30-Jun-25: one) significant customers account for Rs. 0.79 million (30-Jun-25: Rs. 0.79 million) of trade receivables as at the reporting date, apart from which, exposure to any single customer does not exceed 10% (30-Jun-25: 10%) of trade receivables as at the reporting date. Impairment allowance recognized against amounts due from these significant customers amounts to 0.79 million (30-Jun-25: Rs. 0.79 million).

37.1.5 Collateral held

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

37.1.6 Changes in impairment allowance for expected credit losses

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

	Note	30-Jun-26	30-Jun-25
		<i>Rupees</i>	<i>Rupees</i>
As at beginning of the year		793,017	2,526,735
Impairment loss on trade receivables:			
- recognized during the year	18	-	793,017
- reversed during the year	18	-	-
Net change in impairment allowance		-	793,017
Written-off during the year		-	(2,526,735)
As at end of the year		793,017	793,017

37.2 Liquidity risk

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

37.2.1 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. There were no changes in the Company's approach to liquidity risk management during the year.

SARITOW SPINNING MILLS LIMITED

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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, all banking credit facilities were expired in the previous year and have not been renewed. During the year, as explained in note 23, the Company has formally decided to close the spinning business and has disposed of substantial portion of its spinning plant and machinery. The disposal proceeds have been partially utilized by the Company to service its debt obligations to directors and sponsors. 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.

37.2.2 Exposure to liquidity risk

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

	30-Jun-26				
	Carrying amount Rupees	Contractual cash flows Rupees	One year or less Rupees	One to five years Rupees	More than five years Rupees
Trade creditors	81,542,250	81,542,250	81,542,250	-	-
Accrued liabilities	19,657,946	19,657,946	19,657,946	-	-
Advances against disposal of assets held for sale	188,199,400	188,199,400	188,199,400	-	-
Security deposits	4,510,000	4,510,000	4,510,000	-	-
Unclaimed dividend	485,351	485,351	485,351	-	-
Short term borrowings	541,984,966	541,984,966	541,984,966	-	-
	836,379,913	836,379,913	836,379,913	-	-

	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
Trade creditors	158,163,944	158,163,944	158,163,944	-	-
Accrued liabilities	26,187,451	26,187,451	26,187,451	-	-
Advances against disposal of assets held for sale	-	-	-	-	-
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	-	-
	1,008,432,765	1,008,432,765	1,008,432,765	-	-

37.3 Market risk

37.3.1 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.

37.3.2 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. The Company is not exposed to interest rate risk.

37.3.3 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.

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

38 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 borrowings 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-26	30-Jun-25
Total debt	<i>Rupees</i>	541,984,966	816,984,966
Total equity	<i>Rupees</i>	107,068,585	112,942,911
Total capital employed	<i>Rupees</i>	649,053,551	929,927,877
Gearing ratio	<i>% age</i>	83.50	87.85

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.

39 FAIR VALUE MEASUREMENTS

The Company measures some of its assets at fair value. Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. 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:

39.1 Financial instruments

39.1.1 Recurring fair value measurements

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

39.1.2 Non-recurring fair value measurements

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

39.1.3 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.

39.2 Assets and liabilities other than financial instruments

39.2.1 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-26	30-Jun-25
			<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
Building	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

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

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

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

42 SEGMENT REPORTING

An operating segment is a component of an entity:

- (a) 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),
- (b) 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
- (c) 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.

42.1 Information about major customers

As the Company has changed its business line from manufacturing and sale of yarn to rental/leasing/ warehousing business, there is nil (30-Jun-25: six) spinning external customer to whom sales in excess of 10% of the Company's total sales were made. The amount of revenue derived from these spinning customer amounts to Rs. nil. (30-Jun-25: Rs. 13.4 million).

The Company has entered into an operating lease arrangement with One (30-Jun-25: nil) external customer. The rental income earned under this operating lease arrangement amounts to Rs. 26.47 million (30-Jun-25: Rs. nil).

		30-Jun-26	30-Jun-25
43	PLANT CAPACITY AND ACTUAL PRODUCTION		
	Number of spindles installed	No.	51,840
	Plant capacity on the basis of utilization converted into 80s count	Kgs	3,054,796
	Actual production converted into 80s count	Kgs	-

During the year, pursuant to the Board's decision and members' approval regarding the closure of the spinning business and disposal of the entire spinning plant and machinery, the Company classified its entire spinning plant and machinery as non-current assets held for sale and subsequently disposed of a substantial portion of these assets. All of the spindles were sold/disposed in the previous years. resultantly there was no production during the current year (see note 1.2, 23 and 29).

44 MINIMUM LEASE PAYMENTS UNDER OPERATING LEASE

The Company has leased out its investment properties under operating lease arrangements to Pak Elektron Limited, a related party. Amounts of minimum lease payments receivable under the lease agreements are as follows:

	30-Jun-26	30-Jun-25
	Rupees	Rupees
- not later than one year	54,750,000	-
- later than one year but not later than five years	96,525,000	-
- later than five years	-	-
	151,275,000	-
	30-Jun-26	30-Jun-25

45 NUMBER OF EMPLOYEES

Total number of employees	50	60
Average number of employees	54	61

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

46 SHAHRIAH DISCLOSURES UNDER CLAUSE VII OF PART I OF SCHEDULE IV OF THE COMPANIES ACT, 2017

	30-Jun-26	30-Jun-25
	Rupees	Rupees
Statement of financial position		
Liabilities		
Short term borrowings as per Islamic mode	-	-
Long term borrowings as per Islamic mode	-	-
Lease liability as per Islamic mode	-	-
Interest or mark up accrued on conventional loans or advances	-	-

Assets

Long term and short term shariah compliant investments	-	-
Shariah compliant bank deposits, bank balances, and TDRs	25,696,019	1,872,931

Statement of profit or loss

Revenue earned from a shariah compliant business segment	26,470,594	19,229,124
Late payments or liquidated damages	-	-
Gain/loss or dividend earned on shariah compliant investments or share of profit from shariah compliant associates	-	-
Profit earned from shariah compliant bank balances/ deposits or TDRs	-	-
Exchange gain earned from actual currency	-	-
Exchange gain earned using conventional derivative financial instruments	-	-
Profit paid on islamic mode of financing	-	-
Total interest earned on any conventional loan or advance	-	-

46.1 Source and detail of other income:

Gain on disposal of property, plant and equipment - Shariah compliant	-	332,278
Excess liabilities written back - Shariah compliant	-	9,271,009

46.2 Relationship with shariah compliant banks:

Name of Bank	Relationship with Bank
Meezan Bank Limited	Bank balances
Faysal Bank Limited	Bank balances

47 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.

48 EVENTS AFTER THE REPORTING PERIOD

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

49 GENERAL

Following the change in business line and closure of spinning operations, comparative profit or loss statement has been represented as per IFRS 5 ['Non current assets held for sale']. 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

for identification only

Form of Proxy

40th 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 40th Annual General Meeting of the Company to be held on October 28, 2026 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 October 2026.

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.

(iii) پیرا کسی کو میٹنگ کے وقت اپنا اصل شناختی کارڈ یا سپورٹ دکھانا ہوگا۔