

SERVICE INDUSTRIES TEXTILES LTD



DISCLAIMER

The presentation is only for the information and discussion purpose with the participants. Any expression, information, statement or representation made during the discussion shall not be judged by any investor or potential investor as an advice or recommendation in relation to holding , purchasing or selling securities without proper consideration. It is suggested before acting on any information's shared or and remarks made during the discussion process , one should seek appropriateness and accuracy of information.



ABOUT THE COMPANY

- The company was incorporated in Pakistan in 1962 as a Private Limited Company under the repealed Companies Act 1913, (now the Companies Act, 2017) and was subsequently converted into a Public Limited Company in 1970. The Company is listed on Pakistan Stock Exchanges. The principal activity of the Company is manufacturing and sale of yarn made from raw cotton. Factory is situated at Gujrat and the registered office of the Company is situated at 38 - Empress Road, Lahore. Currently company has no external long term or short term debt and is a running and meeting its cash flow requirements through its own resources. At present the plant consists of 17,280 spindles with sufficient automatic cone winders besides other allied machinery capable of manufacturing around 7,036,705 kilograms of cotton and blended yarn (based on 20/s) . The company also has an electricity self-generation facility.

CORPORATE INFORMATION

- ▣ *SYMBOL of COMPANY in PAKISTAN STOCK EXCHANGE(PSX):*
“SERT”
- ▣ *LEGAL STATUS:*
Public Limited Company
- ▣ *AUDITORS:*
Crowe Hussain Chaudhury & CO.
(Chartered Accountants)
- ▣ *SHARE REGISTRAR:*
Corplink (Pvt) Ltd.

Board of Directors

- ▣ *Independent Director:*
 - Mr. Omer Mohyudin Malik
 - Ms. Zainab Khan
- ▣ *Executive Director:*
 - Mr. Muhammad Hameed
 - Mr. Aamer Hameed
- ▣ *Non-Executive Director:*
 - Mr. Ijaz Hameed (Chairman)
 - Mr. Tariq Hameed
 - Mr. Murtaza Hameed

Categories of Shareholders

Category	Shares Held	%
Directors, CEO& their spouses and minor children	8,821,566	63.982
NIT & ICP	276,354	2.0044
Banks/Financial Institutions & Non Banking Financial Institutions	74,154	0.5738
Insurance Companies	299,920	2.1753
Modarba & Mutual Funds	7,900	0.0573
General Public: Local	4,290,908	31.1216
Joint Stock Companies	9,989	0.0724
Others	6,776	0.0491
Total	13,787,567	100

CUURENT ECONOMIC SCENARIO

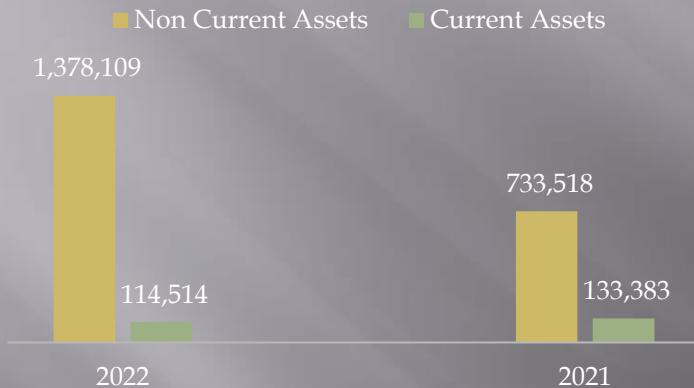
During the year ending as on June 30, 2022, net revenue from sales were Rs. 1.342 Billion as compared to Rs. Rs 1.230 Billion during the previous year. Gross profit for the year is Rs. 37.645 Million (June 30, 2021: Rs. 130.246 Million).The company has incurred a net loss after taxation of Rs.11.370 Million as compared to net profit of Rs. 59.543 Million in preceding year. One of the reasons for the loss during the year is unprecedented hike in cotton prices domestically and globally. Cotton prices jacked up from 0.87 cents/lbs to 1.40cents /lbs during the year .However the local yarn prices have not been increased accordingly and hence resulted in reducing the margins during the year. In addition to this Pakistan rupee fell to record low against dollar owing to multiple factors but mainly that of political instability. Also due to Russia-Ukraine war oil prices were traded at record high levels which significantly increased the fuel cost during the year especially in the last quarter. Furthermore the non availability / curtailment of gas have also contributed in high fuel cost

FUTURE OUTLOOK / CHALLENGES

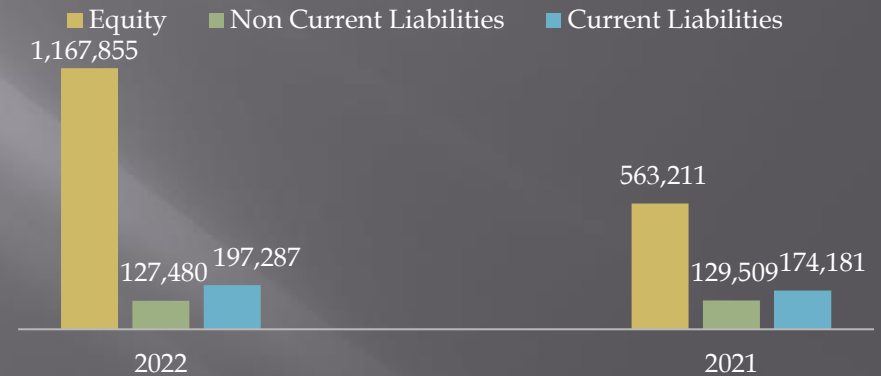
- Recent floods have severely affected the cotton crop due to which the total production of cotton in the country is expected to be around 6.5 million bales and to fulfill the requirements of local textile industry approximately 7.0 million bales of cotton will have to be imported. This could set the country back significantly, especially with its dwindling foreign currency reserves.
- Another factor that has severely impacted the economy is Russia-Ukraine war. This has jolted the world economy and as a result all commodity prices but in particular fuel prices have been increased significantly locally and globally. This along with political instability and unrest has depreciated the pak rupee against dollar significantly. All these factors have resulted in highest inflation since 1970s and trade deficit has also been widening
- We are fully aware of the challenges and are prepared to do everything possible to mitigate the adverse impact of such an event as far as it is under the control of management. We remain hopeful of the improving macro and micro economic situation of the Country. The Directors of your Company are committed to run the Company at any cost and therefore we are doing our utmost to make your Company more competitive by following best practices and making the Company more viable.

FINANCIAL POSITION AS AT JUNE 30, 2022

Assets - (PKR in Millions)



EQUITY & LIABILITIES (PKR in MILLIONS)



STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2022

	2022 Rupees	2021 Rupees
<i>Revenue from sales</i>	1,341,765,352	1,230,009,524
Cost of sales	(1,304,119,965)	(1,099,763,761)
Gross Profit	37,645,387	130,245,763
<i>Operating expenses:</i>		
- Distribution costs	(8,761,169)	(8,375,749)
- Administrative expenses	(37,336,429)	(34,648,012)
	(46,097,598)	(43,023,761)
Operating (Loss) / Profit	(8,452,211)	87,222,002
Finance cost	(6,793,228)	(5,010,180)
Other operating expenses	(2,738,750)	(8,161,135)
Other income	10,432,455	6,684,287
	900,477	(6,487,028)
(Loss) / Profit before Taxation	(7,551,734)	80,734,974
<i>Taxation</i>		
Current tax	9,843,684	26,566,603
Deferred tax	(6,025,301)	(5,374,519)
	(3,818,383)	(21,192,084)
Net (Loss) / Profit for the Year	(11,370,117)	59,542,890
(Loss) / Earnings per Share - Basic	(0.82)	9.91

Key Operational and Financial Data

	JUNE 2022	JUNE 2021	JUNE 2020	JUNE 2019	JUNE 2018	JUNE 2017	JUNE 2016
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Sales	1,341,765	1,230,010	921,250	979,881	854,392	801,430	483,006
Gross Profit / (Loss)	37,645	130,246	59,146	85,254	48,176	43,915	15,037
Operating Profit/(Loss)	(8,452)	87,222	23,934	54,684	21,444	21,067	(8,756)
Profit/(Loss) before Tax	(7,552)	80,734	(1,832)	42,758	13,060	8,132	(18,025)
Tax	(3,818)	(21,192)	(23,210)	(5,644)	(2,413)	676	(4,737)
Profit/(Loss) after Tax	(11,370)	59,543	(25,042)	37,114	1,065	8,809	(22,763)
Total Assets	1,492,622	866,901	828,577	811,059	606,487	555,566	610,421
Current Liabilities	197,287	174,181	166,913	132,778	167,362	108,391	151,979
	1,295,335	692,720	661,664	678,281	439,125	447,175	458,442
Presented by:							
Equity-net	1,167,855	563,211	543,911	571,517	363,685	353,055	343,860
Long term loans	46,066	52,209	26,270	36,700	48,700	60,700	72,700
Deferred Liability	81,414	77,300	91,484	70,065	26,740	33,420	41,882
	1,295,335	692,720	661,664	678,281	439,125	447,175	458,442

QUESTION AND ANSWER SESSION

Honorable guests and shareholders are requested to proceed for Question & answer session with regards to financial statements for the year ended June 30,2022.

THANKYOU