

















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COMPANY INFORMATION

| | |
|---|--|
| BOARD OF DIRECTORS | : Aamer Hameed (Chairman/Non Executive Director) Mohammad Hameed (Chief Executive/Executive Director) Murtaza Hameed (Executive Director) Omar Mohyud Din Malik (Independent Director) Zainab Khan (Independent Director) Tariq Hameed (Non Executive Director) Sadia Hamid (Non Executive Director) |
| CHIEF FINANCIAL OFFICER | : M. Muddasar Shahzad |
| COMPANY SECRETARY | : Usman Khalid |
| AUDIT COMMITTEE | : Omar Mohyud Din Malik (Chairman) Zainab Khan (Member) Tariq Hameed (Member) |
| HUMAN RESOURCE & REMUNERATION COMMITTEE | : Zainab Khan (Chairperson) Aamer Hameed (Member) Omar Mohyud Din Malik (Member) |
| BANKERS | : Meezan Bank Limited MCB Bank Limited Bank Alfalah Limited |
| AUDITORS | : Crowe Hussain Chaudhury & Co., Chartered Accountants |
| INTERNAL AUDITOR | : Awan & Co. Chartered Accountants |
| REGISTERED OFFICE | : 38-Empress Road, Lahore Telephones: (92-42) 36304561-3, 36367861-3 Telefax: (92-42) 3636 7861 E-mail: info@prime-service.com |
| MILLS | : Rehman Shaheed Road, Gujrat Telephone: (92-53) 3514065, 3535085 Telefax: (92-53) 3513700 |
| Web Reference | : www.sitl.com.pk |
| Share Registrar | : Corplink (Pvt) Ltd. Wings Arcade, 1-K Commercial Model Town, Lahore Tel: (92-42) 35839182, 35916719 |



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 62nd Annual General Meeting (“AGM”) of the shareholders of Service Industries Textiles Limited (“Company”) will be held on 27 October, 2023 at 09.30 A.M. at Registered Office of the Company, 38-Empress Road, Lahore to transact the following Business;

ORDINARY BUSINESS:

1. To confirm the minutes of 61st Annual General Meeting held on October 28, 2022
2. To consider, approve and adopt Annual Audited accounts of the Company together with the Directors' Auditors' Report for the year ended June 30, 2023.
3. To appoint Statutory Auditors of the Company for the year ending June 30, 2024 and to fix remuneration. The retiring Auditors M/s Crowe Hussain Chaudhury & Co. Chartered Accountants, being eligible, have offered themselves for reappointment.

OTHER BUSINESS:

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

BY ORDER OF THE BOARD

(USMAN KHALID)
Company Secretary

LAHORE
05 October, 2023

Notes:

1. BOOK CLOSURE

The share transfer books of the Company will remain closed from 20.10.2023 to 27.10.2023 (both days inclusive). Transfers received at the Company's Share Registrar's Office i.e. M/s Corplink (Pvt) Limited, Wings Arcade, 1-K Commercial, Model Town, Lahore, upto the close of business on 19.10.2023 will be considered in time for the purpose attending the meeting.

2. FOR APPOINTING PROXIES

A member entitled to attend and vote at the above meeting may appoint another member as his/her proxy to attend and vote on his behalf at the meeting. The instrument of the proxy duly executed in accordance with the Articles of Association of the Company must be received at the registered office of the Company not less than 48 hours before the time of holding of the meeting.

3. FOR ATTENDING MEETING

Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her original CNIC or Passport, Account and participant's I.D numbers, to prove his/her identity, and in case of proxy must enclose and attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose. The account/sub account holders of CDC will further have to follow the guidelines as laid down in Circular No.1 of 2000 dated January 26, 2000 issued by Securities Exchange Commission of Pakistan.

4. MEASURES TAKE OWING TO PREVAILING SITUATION OF COVID 19 PANDEMIC

To ensure to safety and well-being of all the Members keeping in view of the prevailing situation due to COVID 19 pandemic and pursuant to the guidelines issued by the Securities Exchange Commission of Pakistan, vide its Circular No.04 of 2021 dated February 15, 2021, members interested in attending the AGM through ZOOM are requested to get themselves registered by sending an email at least 48 hours prior to the date of the meeting at info@prime-service.com by providing the following details:



| Name of the Member | CNIC No. | Folio / CDC Account No | Cell No. | Email Address |
|--------------------|----------|------------------------|----------|---------------|
| | | | | |

Login facility will be opened thirty minutes before the meeting time to enable the participants to join the meeting after the identification process. Members will be able to login and participate in the Annual General Meeting proceedings through their devices after completing all the formalities required for the identification and verification.

5. CONSENT FOR VIDEO CONFERENCE FACILITY

Members can also avail video conference facility. In this regard please fill the following and submit to registered address of the Company 10 days before the general meeting. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at geographical location, to participate in the meeting through video conference at least 10 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.

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of general meeting alongwith complete information necessary to enable them to access such facility.

I/We _____ of _____, being a member of Service Industries Textiles Limited, holder of _____ Ordinary shares as per Register Folio / CDC account No. _____ hereby opt for video conference facility at _____.

Signature of Member

6. POSTAL BALLOT

Members can exercise their right to demand a poll subject to meeting requirements of Sections 143-145 of the Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations 2018.

7. AVAILABILITY OF ANNUAL AUDITED FINANCIAL STATEMENT

In accordance with the provision of section 223 and 237 of the Companies Act, 2017, the audited financial statement of the Company for the year, which ended of June 30, 2023 are available on the Company's website: www.sitl.com.pk

8. CHANGE OF ADDRESS

Shareholders are requested to notify the change of their addresses, if any, to our Share Registrar M/s Corplink (Pvt) Limited, Wings Arcade, 1-K, Commercial Model Town, Lahore Tel No.042-35839182, 042-35916714-19.

9. CONVERSION OF PHYSICAL SHARES TO ELECTRONIC

As per Section 72 of the Companies Act, 2017, every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission.

The Shareholders having physical shareholding are encouraged to open CDC sub-account with any of the brokers or Investor account directly with CDC to place their physical shares into scrip less form, this will facilitate them in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange.



Review Report by the Chairman

I am pleased to present before you the report on the overall performance of the Board and its role in achieving the company's objective as well as ensuring overall compliance of the Code of Corporate Governance and Companies Act, 2017.

For the financial year ended June 30, 2023, an annual evaluation of Board of Director's is carried out and the Board's overall performance and effectiveness has been assessed as satisfactory. The overall assessment is based on evaluation of integral components, 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 efficiency in carrying out the Board's business. Despite many challenges during the period under review we have been able to deliver improvement in profitability through persistence and diligent efforts

The Board of Directors of your 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.

The Company is striving to further improve the working conditions of its employees to provide safe, healthy and comfortable working environment.

Lahore
05 October, 2023

Aamer Hameed
Chairman



چیرمین کی جائزہ رپورٹ

سروس انڈسٹریز ٹیکسٹائلز لمیٹڈ کے بورڈ آف ڈائریکٹرز کا سالانہ جائزہ کوڈ آف کارپوریٹ گورننس اور کمپینز ایکٹ 2017ء کے تحت کیا گیا۔

مالی سال برائے 30 جون، 2023 کے لیے بورڈ کی سالانہ مجموعی کارکردگی اور افادیت اطمینان بخش قرار پائی ہے۔ مجموعی جائزے کا اطمینان بخش ہونا ضروری اجزاء کے انفرادی جائزے پر منحصر ہے جن میں دورانہی، نصب العین اور اقدار، حکمت عملی کے بنانے میں کردار، پالیسیز کی تشکیل، کمپنی میں جاری کاروباری سرگرمیوں کی نگرانی، ملیاتی وسائل کے انتظام کی نگرانی، موثر مالی نگرانی، بورڈ کے کاروبار کو پورا کرنے میں ملازمین کے ساتھ منصفانہ سلوک اور بورڈ کی سرگرمیوں کو موثر انداز سے پورا کرنا شامل ہیں۔

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کو اور اس کی کمیٹی کی ملاقاتوں میں ایجنڈا مع دیگر ضروری دستاویزات قبل از وقت موصول ہوئے۔ بورڈ ضروری سرگرمیوں اور ذمہ داریوں کو موثر طریقے سے انجام دینے کے لیے باقاعدگی باقاعدگی سے ملاقات کرتا ہے۔ نان ایگزیکٹو اور آزاد ڈائریکٹرز بھی اہم فیصلوں میں برابری کی بنیاد پر شامل ہوتے ہیں۔

کمپنی اپنے ملازمین کی حفاظت، صحت اور کام کے آرامدہ ماحول کو اور بہتر کرنے کیلئے کوشش کر رہی ہے۔

عامر حمید
چیرمین

لاہور

مورخہ 05 - اکتوبر 2023



DIRECTORS' REPORT

The directors are pleased to present the 62nd annual report along with the audited financial statement for the year ended 30 June 2023.

Operating & Financial Results:

During the year, net revenue from sales were Rs. 1.052 Billion as compared to Rs. Rs 1.342 Billion during the previous year. Gross loss for the year is Rs. 109.482 Million as compared to gross profit of Rs. 37.645 Million in the preceding year. The company has incurred a net loss after taxation of Rs.157.918 Million as compared to net loss of Rs. 11.370 Million in last year. Major reason for the loss is unprecedented high cost of energy during the year. This was mainly driven because of appreciation of dollar to record high, Russia Ukraine war, political instability and withdrawal of RCET (regionally competitive energy tariff). Also There is a price differential in energy prices (gas) between Sind and Punjab which is also a factor in high fuel cost for Punjab based spinning sector. Last year floods had severely damaged the cotton crop and hundreds of acres were wiped out and resulted in low production and quality of crop. Further we did not have any working capital limits which would help us in procuring the quality cotton as a result and we had to purchase the cotton on regular basis as per our requirement and cotton market remained in inflationary pressure due to the scarcity of production and quality of cotton crop. This also severely affected the operations and profitability of company as local yarn prices was not able to inflated to the extent of increase in cotton price.

It is quite challenging in today's business environment to keep the Company afloat in these circumstances. 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

Key Operational and Financial Data

| | JUNE 2023 | JUNE 2022 | JUNE 2021 | JUNE 2020 | JUNE 2019 | JUNE 2018 | JUNE 2017 |
|-------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| Sales | 1,051,603 | 1,341,765 | 1,230,010 | 921,250 | 979,881 | 854,392 | 801,430 |
| Gross Profit / (Loss) | (109,842) | 37,645 | 130,246 | 59,146 | 85,254 | 48,176 | 43,915 |
| Operating Profit/(Loss) | (152,406) | (8,452) | 87,222 | 23,934 | 54,684 | 21,444 | 21,067 |
| Profit/(Loss)before Tax | (157,371) | (7,552) | 80,734 | (1,832) | 42,758 | 13,060 | 8,132 |
| Tax | (548) | (3,818) | (21,192) | (23,210) | (5,644) | (2,413) | 676 |
| Profit/(Loss) after Tax | (157,918) | (11,370) | 59,543 | (25,042) | 37,114 | 1,065 | 8,809 |
| Total Assets | 1,451,674 | 1,492,622 | 866,901 | 828,577 | 811,059 | 606,487 | 555,566 |
| Current Liabilities | 339,592 | 197,287 | 174,181 | 166,913 | 132,778 | 167,362 | 108,391 |
| | 1,112,081 | 1,295,335 | 692,720 | 661,664 | 678,281 | 439,125 | 447,175 |
| Presented by: | | | | | | | |
| Equity-net | 1,010,125 | 1,167,855 | 563,211 | 543,911 | 571,517 | 363,685 | 353,055 |
| Long term loans | 26,295 | 46,066 | 52,209 | 26,270 | 36,700 | 48,700 | 60,700 |
| Deferred Liability | 75,661 | 81,414 | 77,300 | 91,484 | 70,065 | 26,740 | 33,420 |
| | 1,112,081 | 1,295,335 | 692,720 | 661,664 | 678,281 | 439,125 | 447,175 |

EPS:

Earnings per share (basic) for the year ended June 30, 2023 is Rs. -11.45 (2022:Rs-0.82)

Future Prospects:

At present Pakistan is in its worst economic turmoil, inflation is at all time high and Pakistani rupee has been depreciated to record low. Exports have declined by over 8%, whereas imports are increasing, putting the targeted current account deficit at risk. Number of mills have either shut their operations or curtailed the production.

Despite challenges like heat wave, poor picking and bug attacks, Pakistan's cotton production appears promising this year. The All Pakistan Textile Mills Association (APTMA) has partnered with the Punjab Government to revive cotton production through various strategies. Immediate actions include supporting emergency spray operations and allocating funds for the distribution of MATOI, a pesticide effective against whiteflies. These efforts have led to a 23% increase in cotton sowing, from 5.12 million acres to 6.6 million acres, and a projected cotton production of 12 million bales for the season. However, a severe whitefly infestation threatens these gains, causing crop damage and putting local farmers at risk. APTMA has funded the distribution and application of MATOL, another effective pesticide, in several affected districts. Despite these challenges, the outlook remains optimistic, with total production expected to be around 9 million bales. This will help in stabilizing the cotton prices and it's availability as compared to last year and hence it will improve the profitability.



Revival of textile industry was mainly based on providing the energy at RCET (regionally competitive energy tariff) which helped the Punjab based textile sector to compete regionally. However because of its withdrawal and depreciation of Pakistani rupee to record low against the dollar has made the energy cost unbearable. The industry was encouraged to shift from gas-based Captive Power Generation to the national power grid to save gas but the grid electricity apart from being uncompetitive is unreliable and substandard, reducing effective production capacity.

APTMA has recently stepped up its efforts to ensure that the export industry stays operational which is only possible if they get an uninterrupted supply of electricity at competitive rates. To achieve this goal, one of the options under active consideration is, getting RLNG/ Gas power plant(s) dedicated to supplying electricity to the export industry across Pakistan by wheeling. In addition to this there is a proposal for setting up or securing supply from the solar power plant(s) and new hydel power plant(s), which are not connected to the national grid to date and have a lower energy tariff. If this happens then these steps will bring the energy cost down for the export-oriented units to a sustainable level.

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.

Emphasis of Matter in Auditor's Report

The auditors have raised observation as to going concern of the Company due to losses during the year. As discussed earlier during the year Pakistan was facing its worst economic conditions and input costs were at all time high due to scarcity of cotton crop and high energy cost. However bumper cotton crop production this year will bring the stability to cotton price. Also the quality of crop is much better than previous year which will help in better yarn prices. Subsequent to reporting date, the operating result of the Company have improved. We believe that worst economic conditions are over and hopeful that it will improve in future. The directors are fully committed to run the company at any cost and are committed to inject more funds if and when will be required and therefore the directors consider it appropriate and have prepared the financial statements on going concern basis

Payment of Dividend:

No dividend has been declared by the Board of directors during the year due to losses.

Corporate & Financial Reporting Framework:

- a) The financial statements prepared by the management of the Company, present its state of affairs fairly, the results of its operations, cash flows and changes in equity.
- b) Proper books of account have been maintained by the Company.
- c) Appropriated accounting policies have been adopted and consistently applied in the preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
- d) International financial reporting standards as applicable in Pakistan have been followed in preparation of financial statements.
- e) The system of internal control is sound in design and has been effectively implemented and monitored. The process of review will continue and any weakness in control will be removed.
- f) Six year financial summary is annexed.
- g) Pattern of shareholdings as on June 30, 2023 and its disclosure as required by the Code of Corporate Governance is annexed with this report.
- h) The Company has adopted best practices of corporate governance as per listing regulations of Pakistan Stock Exchange.

Internal Control System:

The Company has always emphasized on a sound Internal Control System for the effective implementation and monitoring of Internal Control System.

Statutory Payments:

There is no outstanding statutory payment payable other than those shown in the relevant Notes to the financial statements.

Composition of the Board of Directors:

The total number of directors is seven (07) including the Chief Executive (deemed director) as per the following:

| | |
|---------|---|
| Male: | 5 |
| Female: | 2 |

The composition is as follows:

| Category | Names |
|----------------------|--|
| Independent Director | Mr. Omar Mohyud Din Malik Ms. Zainab Khan |



| Category | Names |
|--------------------|--|
| Executive Director | Mr. Mohammad Hameed |
| Non-Executive | Mr. Murtaza Hameed Mr. Aamer Hameed Mr. Tariq Hameed |
| Female Director | Ms. Sadia Hamid Ms. Zainab Khan Ms. Sadia Hamid |

Board of Directors Meeting:

During the year ended 30 June 2023, the Board of Directors held six meetings. Attendance of each director is given hereunder:

| | |
|-----------------------|---|
| Mohammad Hameed | 6 |
| Ijaz Hameed | 3 |
| Aamer Hameed | 6 |
| Tariq Hameed | 6 |
| Murtaza Hameed | 6 |
| Omar Mohyud Din Malik | 6 |
| Zainab Khan | 6 |
| Sadia Hamid | 3 |

Committees of the Board

To assist the smooth operations of the Board and support in sound decision making, the Board has established two committees which are chaired by independent directors. These committees are as follows

Audit Committee:

The committee comprises of three (3) members as per the following:

| | |
|-----------------------|------------|
| Omar Mohyud Din Malik | (Chairman) |
| Zainab Khan | (Member) |
| Aamer Hameed | (Member) |

During the year four meetings of Audit Committee of the Board were held. Attendance by each director is as follows:

| | |
|-----------------------|---|
| Omar Mohyud Din Malik | 4 |
| Zainab Khan | 4 |
| Aamer Hameed | 3 |
| Murtaza Hameed | 1 |

Human Resource and Remuneration (HR & R) Committee:

The committee comprises of three (3) members as per the following:

| | |
|-----------------------|---------------|
| Zainab Khan | (Chairperson) |
| Aamer Hameed | (Member) |
| Omar Mohyud Din Malik | (Member) |

During the year two meetings of HR & R Committee of the Board were held. Attendance by each director is as follows:

| | |
|-----------------------|---|
| Zainab Khan | 2 |
| Aamer Hameed | 2 |
| Omar Mohyud Din Malik | 2 |

Casual Vacancy:

During the year a casual vacancy occurred due to the sad demise of our Chairman Mr. Ijaz Hameed. Casual vacancy was filled by the Board and Sadia Hamid was appointed as a director in his place

Value of Investment of Gratuity Fund:

The Company has maintained a Gratuity fund for its employees however there are no plan assets covering this liability as on June 30, 2023.



Books of Accounts:

The Company at the registered Office has maintained proper books of accounts.

Director's Remuneration:

The feature of executive director's remuneration policy prepared and recommended by human resource and remuneration committee (HRRC) has been approved by the board subject to the provisions of the Companies Act 2017, Companies' Article of Association and Code of Corporate Governance Regulations. The policy has been designed on the basis of standards in the market, and reflects demands to competencies & efforts in light of scope of their work and increase in responsibilities of the directors. No director takes part in deciding his own remuneration.

Auditors:

M/s Crowe Hussain Chaudhury & Co., Chartered Accountants retired and being eligible, offered themselves for re-appointment and the Board's Audit Committee has also recommended their re-appointment which is endorsed by the Board for the year ending 30 June 2024.

Code of Conduct:

The code of conduct has been developed and has been communicated and acknowledged by each Director and Employee of the Company.

Related Party Transactions:

The Company has fully complied with the best practices on transfer pricing as contained in the listing regulation of stock exchange in Pakistan. The transactions with related parties were carried out at arm's length prices determined in accordance with the comparable uncontrolled prices method. During the year, the Company carried out transactions with its related parties. Details of these transactions are disclosed in financial statements attached therein (note 32) Details of related party transactions are placed before the Audit Committee, and upon recommendation of the Board Audit Committee, the same are placed before the Board of Directors for review and approval in accordance with regulatory requirements.

Social Responsibility:

Your company has very distinct Corporate and Social Responsibility (CSR) policy in fulfilling its responsibilities of securing the community within which it operates. Its philanthropic activities include participation in health and environmental protection initiatives.

Safety, Health and Environment:

We maintain our commitment to high standards of safety, health and environment. We are committed in providing clean, healthy and safe conditions to our employees. All of our employees are continuously updated on relevant aspects of safety especially with regards to safe production, delivery, storage and handling of inventory items. Safety values are demonstrated in our day to day activities through lead by example approach. Due to these controls and with the blessing of Almighty Allah no major accidents or incidents took place at the mill during the year.

Pattern of Shareholding:

Pattern of shareholding and additional information regarding pattern of shareholding is attached separately. No trade in shares of the Company was carried out by the CEO, CFO and Company Secretary and their spouses and minor children

Subsequent Events:

No material changes or commitments affecting the Company happened after the year end up to the date of this report.

Acknowledgement:

The directors express their gratitude for the continued support of shareholders and employees of the Company during the period under review and pray to Allah for better prospects in future.

For & on behalf of the Board of Directors

Mohammad Hameed
Chief Executive

Aamer Hameed
Director

Lahore
05 October, 2023



ڈائریکٹرز رپورٹ

کمپنی ڈائریکٹرز 30 جون 2023ء کو ختم ہونے والے سال کی 62 ویں سالانہ رپورٹ بمعہ مالیاتی حسابات اور آڈٹ رپورٹ پیش کرتے ہیں۔
آپریٹنگ اور مالیاتی نتائج:

سال رواں کمپنی کی بیلز 1,052 ملین روپے رہی جبکہ پچھلے سال 1,342 ملین روپے تھی۔ اس سال گراس نقصان 109,482 ملین روپے رہا جبکہ پچھلے سال 37,645 ملین روپے کا گراس منافع تھا۔ کمپنی کو اس سال 157,918 ملین روپے کا نیٹ نقصان ہوا جبکہ پچھلے سال 11,370 ملین روپے کا نقصان تھا۔ اس سال نقصان کی بنیادی وجہ انرجی کی قیمتوں میں ہوشربا اضافہ تھا۔ اس اضافے کی وجوہات میں روپے کی قدر میں ریکارڈ کمی، عالمی مارکیٹ میں تیل کی قیمت میں یوکرین اور ریشیا کی جنگ کی وجہ سے اضافہ، سیاسی ابتری اور ٹیکسٹائل انڈسٹری کو مسابقتی قیمت میں بجلی کی فراہمی کو معطل کرنا ہے۔

گزشتہ سال سیلاب کی وجہ سے کپاس کی فصل کو بہت نقصان پہنچا جس کی وجہ سے کپاس کی کوالٹی اور پیداوار شدید متاثر ہوئی نتیجتاً کپاس کی قیمت میں اضافہ ہوا۔ مذید ہمارے پاس ورکنگ کپاس کی لمٹ نہیں تھی۔ جس کی وجہ سے ہم کو مارکیٹ سے ہی دستیاب ریٹوں پر میسر کپاس یعنی بڑی جس کی وجہ سے بھی پیداواری لاگت میں اضافہ ہوا۔ انرجی اور کپاس کی قیمتوں میں جتنا اضافہ ہوا اتنا دھاکے کی قیمت بڑھنے سے جسکی وجہ سے پیداواری نقصان ہوا۔

ان حالات میں کمپنی کو چلائے رکھنا کافی چیلنجنگ ہے لیکن کمپنی کے ڈائریکٹرز کمپنی چلائے رکھنے کے لیے پرعزم ہیں اور اسکے لیے ہر ممکن تنگ و دو کیلئے تیار ہیں۔
کلیدی آپریٹنگ اور مالیاتی ڈیٹا:

| جون 2018ء (روپے 000) | جون 2019ء (روپے 000) | جون 2020ء (روپے 000) | جون 2021ء (روپے 000) | جون 2022ء (روپے 000) | جون 2023ء (روپے 000) | |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|----------------------------|
| 854,392 | 979,881 | 921,250 | 1,230,010 | 1,341,765 | 1,051,603 | بیلز |
| 48,176 | 85,254 | 59,146 | 130,246 | 37,645 | (109,842) | گراس منافع / نقصان |
| 21,444 | 54,684 | 23,934 | 87,222 | (8,452) | (152,406) | آپریٹنگ منافع / نقصان |
| 13,060 | 42,758 | (1,832) | 80,734 | (7,552) | (157,371) | منافع / نقصان ٹیکس سے پہلے |
| (2,413) | (5,644) | (23,210) | (21,192) | (3,818) | (548) | ٹیکس |
| 1,065 | 37,114 | (25,042) | 59,543 | (11,370) | (157,918) | منافع / نقصان ٹیکس کے بعد |
| 606,487 | 811,059 | 828,577 | 866,901 | 1,492,622 | 1,451,674 | ٹوٹل اثاثہ جات |
| 167,362 | 132,778 | 166,913 | 174,181 | 197,287 | 339,592 | موجودہ واجبات |
| 439,125 | 678,281 | 661,664 | 692,720 | 1,295,335 | 1,112,081 | |
| | | | | | | پریزنٹیشن ڈیٹا |
| 363,685 | 571,517 | 543,911 | 563,211 | 1,167,855 | 1,010,125 | ایکویٹی - نیٹ |
| 48,700 | 36,700 | 26,270 | 52,209 | 46,066 | 26,295 | لائگ ٹرم لون اور لیز |
| 26,740 | 70,065 | 91,484 | 77,300 | 81,414 | 75,661 | موخر واجبات |
| 439,125 | 678,281 | 661,664 | 692,720 | 1,295,335 | 1,112,081 | |

فی شیئر آمدنی:

30 جون 2023ء کے لئے فی شیئر آمدنی 11.45 - روپے رہی (2022: 0.82 - روپے)

مستقبل کے امکانات:

حالیہ وقتوں میں پاکستان اپنی تاریخ کے بدترین معاشی حالات سے نہرو آزمانے۔ مہنگائی اپنے عروج پر ہے اور روپے کی قدر میں ریکارڈ کمی ہوئی ہے۔ سال رواں میں کئی ملز یا تو بند ہو گئی ہیں یا انھوں نے اپنی پیداواری صلاحیت میں کمی کی ہے۔



تمام نامساعد حالات کے باوجود اس سال کپاس کی فصل میں بہتری ہوئی ہے۔ اپنا نے حکومت پاکستان کے ساتھ ملکر کام کیا ہے تاکہ کپاس کی فصل بہتر ہو سکے۔ نیچا کاشت کے رقبے میں 23% اضافہ ہوا ہے اور پیداواری ٹارگٹ 12 ملین بیگز مقرر کیا گیا ہے۔ البتہ سفید کھسی کے حملے نے اس ٹارگٹ کو متاثر کیا ہے لیکن اپنا کے لیول پر ایک فنڈ قائم کیا گیا ہے تاکہ بروقت دوائی کا سپرے کر کے اس کے نقصانات کو کم کیا جاسکے۔ اس سال بہتر فصل ہونے سے کپاس کی قیمت مستحکم رہیں گی جسکی وجہ سے کمپنی مارجنز بہتر رہنے کی امید ہے۔

ٹیکسٹائل سیکٹر کی بحالی کی بنیادی وجہ مسابقتی قیمتوں میں انرجی کی فراہمی تھی لیکن اسکے منقطع کئے جانے اور روپے کی قیمت میں ریکارڈ کمی نے انرجی کی قیمت کو ملکی مخصوص پنجاب کی انڈسٹری کیلئے ناقابل برداشت بنا دیا ہے۔ اس کے علاوہ صوبوں کے مابین قیمتوں میں تفاوت نے پنجاب ٹیکسٹائل کو بری طرح متاثر کیا ہے۔ جسکی وجہ سے کئی ملز یا تو بند ہو گئی ہیں یا ان کو اپنی پیداواری صلاحیت میں کمی کرنی پڑی۔ کمپنی پاورز کی حوصلہ افزائی کی گئی کہ وہ مسابقتی قیمت میں بجلی کی فراہمی کی وجہ سے گیس کی بجائے گرڈ کی بجلی کا استعمال کرے لیکن گرڈ کی بجلی کے غیر اعلانیہ بند ہونے یا لوٹنگ کے اوپر نیچے ہونے سے پیداواری لاگت میں اضافہ ہو۔ پنجاب اور دیگر صوبوں میں انرجی کی قیمتوں میں تفاوت کو ختم کرتے ہوئے ایک ہی قیمت پر بجلی اور گیس مہیا کی جانی چاہئے تاکہ پنجاب کی انڈسٹری کی بقا ہو سکے۔

اس چیز کو مد نظر رکھتے ہوئے اپنا اس کاوش میں لگی ہوئی ہے کہ ایکسپورٹ انڈسٹری کی بقا کیلئے ضروری ہے کہ بجلی مسابقتی قیمت میں دستیاب رہے۔ اس مقصد کو حاصل کرنے کیلئے اپنا مختلف آپشنز پر کاربہ رہی ہے۔ جن میں سے ایک پاور پلانٹ کا حصول ہے جو ویل آف کے تحت صرف ایکسپورٹ انڈسٹری کو بجلی فراہم کرے۔ اس کے علاوہ شمسی اور ہائیڈل پاور پلانٹس کو قائم کر کے یا ان سے سپلائی حاصل کرنے کیلئے ایک تجویز ہے جو کہ ابھی فیصلہ گرڈ سے منسلک نہیں اور ان کا انرجی ٹیرف کم ہے۔ ہم ان تمام چیلنجز سے بخوبی آگاہ ہیں اور ان سے نمٹنے کیلئے تیار ہیں۔ ہم آنے والے سالوں میں ملکی معیشت کے مستحکم ہونے کیلئے پرامید ہیں۔

ایفیزیز آف میٹریٹریٹ گراف:

آڈیٹرز نے کمپنی کے گراس نقصان کی وجہ سے اسکے چلتے رہنے پر سوال اٹھایا ہے۔ جیسے کہ پہلے بیان کیا جا چکا ہے کہ پاکستان اپنے بدترین معاشی بحران سے گزر رہا ہے اور پچھلے سال پیداواری لاگت کپاس کی کم دستیابی اور انرجی کی قیمت میں ریکارڈ اضافے کے باعث تاریخ کی بلند ترین سطح پر رہی۔

البتہ اس سال کپاس کی فصل بہتر ہونے سے قیمتیں مستحکم رہیں گی اور اچھی کوالٹی کی وجہ سے مارجنز بڑھیں گے۔ ہم لوگوں کے خیال میں سے پاکستان اپنے بدترین معاشی دور سے گزر چکا ہے اور ایک بہتر مستقبل کیلئے پرامید ہیں۔ ہم کمپنی کو ہر حال میں چلانے کیلئے پرعزم ہیں اور ضرورت کے وقت اس میں فنڈز ڈالتے رہیں گے جیسے کہ پچھلے سال بھی کیا اسی بنیاد پر کمپنی کے حسابات گونگ کنسنر کی بنیاد پر تیار کیلئے گئے ہیں۔

ڈیویڈنڈ کی ادائیگی:

رواں سال نقصان کی وجہ سے کوئی ڈیویڈنڈ تجویز نہیں کیا گیا۔

کارپوریٹ گورننس اور مالیاتی رپورٹنگ کا طریقہ کار:

1- کمپنی انتظامیہ کی طرف سے تیار کردہ مالیاتی حسابات، اسکے امور آپریشنز کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔

2- کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔

3- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔

4- مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے۔

5- اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی موثر طریقے سے عمل درآمد اور نگرانی کی جاتی ہے۔

6- گزشتہ چھ سال کا کلیدی آپریٹنگ اور مالیاتی شماریات منسلک ہیں۔

7- پیٹرن آف شیئرز ہولڈنگ برائے سال 30 جون 2023 کا اکتشاف کوڈ آف کارپوریٹ گورننس کے مطابق اس رپورٹ کے ساتھ منسلک ہے۔

8- کمپنی نے کارپوریٹ گورننس کے بہترین طریقہ کو اختیار کیا ہے جو کہ سٹینڈرڈ ریگولیشن آف سٹاک ایکسچینج کے مطابق ہے۔

اندرونی کنٹرول کا نظام:

کمپنی نے ہمیشہ اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہونے پر زور دیا ہے اور اسکی موثر طریقے سے عمل درآمد اور نگرانی کی جاتی ہے۔

قانونی ادائیگیاں:

کوئی قانونی ادائیگی واجب الادا نہیں جو 30 جون 2023 کو بقایا ہو ماسوائے ان کے جن کا مالی حسابات میں ظاہر کیا گیا۔

بورڈ آف ڈائریکٹرز کی ترتیب:

کل ڈائریکٹران بشمول چیف ایگزیکٹو کی تعداد 7 ہے۔ جن میں سے 5 میل ڈائریکٹرز اور 2 فی میل ڈائریکٹرز ہے۔

بورڈ آف ڈائریکٹرز کی کمپوزیشن درج ذیل ہے۔

کیٹیگری

نام

عمر محمد الدین ملک

☆ انڈیپنڈنٹ ڈائریکٹرز



| | | |
|-------------|---|------------------------|
| زینب خان | ☆ | ایگزیکٹو ڈائریکٹرز |
| محمد حمید | | |
| مرتضیٰ حمید | | |
| عامر حمید | ☆ | نان ایگزیکٹو ڈائریکٹرز |
| طارق حمید | | |
| سعدیہ حمید | | |
| زینب خان | ☆ | خاتون ڈائریکٹر |
| سعدیہ حمید | | |

بورڈ آف ڈائریکٹر کے اجلاس

ختم ہونے والے سال 30 جون 2023ء میں 16 اجلاس ہوئے۔ حاضری کی پوزیشن مندرجہ ذیل ہے:

| | | |
|---|---|-------------------|
| 6 | ☆ | محمد حمید |
| 3 | ☆ | اعجاز حمید |
| 6 | ☆ | عامر حمید |
| 6 | ☆ | طارق حمید |
| 6 | ☆ | عمر محی الدین ملک |
| 6 | ☆ | مرتضیٰ حمید |
| 6 | ☆ | زینب خان |
| 3 | ☆ | سعدیہ حمید |

بورڈ کمیٹی

بورڈ کے کاموں میں مدد اور فیصلہ سازی کیلئے بورڈ نے دو کمیٹیاں تشکیل دی ہیں جن کی سربراہی انڈیپنڈنٹ ڈائریکٹرز کے پاس ہے۔ یہ کمیٹیاں مندرجہ ذیل ہیں۔

آڈٹ کمیٹی

درج ذیل تین ممبران پر مشتمل ہے۔

| | | |
|---|-------------------|----------|
| ☆ | عمر محی الدین ملک | چیئر مین |
| ☆ | زینب خان | ممبر |
| ☆ | عامر حمید | ممبر |

آڈٹ کمیٹی کے اجلاس

رواں سال آڈٹ کمیٹی کے چار اجلاس ہوئے۔ حاضری درج ذیل ہے۔

| | | |
|---|---|-------------------|
| 4 | ☆ | عمر محی الدین ملک |
| 4 | ☆ | زینب خان |
| 2 | ☆ | عامر حمید |
| 2 | ☆ | مرتضیٰ حمید |

ہیومن ریسورس اینڈ ریہوزنیشن کمیٹی

مندرجہ ذیل تین ممبران پر مشتمل ہے

| | | |
|---|-------------------|-----------|
| ☆ | زینب خان | چیئر پرسن |
| ☆ | عامر حمید | ممبر |
| ☆ | عمر محی الدین ملک | ممبر |

ہیومن ریسورس اینڈ ریہوزنیشن کے اجلاس:

ہیومن ریسورس اینڈ ریہوزنیشن کمیٹی کے 2 اجلاس ہوئے حاضری درج ذیل ہے:



| | | |
|---|---|-------------------|
| 2 | ☆ | زینب خان |
| 2 | ☆ | عامر حمید |
| 2 | ☆ | عمر محی الدین ملک |

کیٹیل و پکنیس

سال رواں ہمارے چیئرمین اعجاز حمید صاحب کی رحلت کے باعث بورڈ میں کیٹیل و پکنیس ہوئی۔ بورڈ نے سعدیہ حمید کو بطور ڈائریکٹران کی جگہ تقرری کی۔ گریجویٹ فنڈ کی ویلویو آف انویسٹمنٹ: کمپنی نے اپنے ملازمین کیلئے گریجویٹ فنڈ برقرار رکھا ہوا ہے لیکن اس 30 جون 2023ء کو کوئی پلان ایسٹ اس لائبلٹی کو گورنریں کرتا۔

حسابات کی کتب:

کمپنی نے اپنے رجسٹرڈ آفس میں مکمل حسابات کی کتب رکھی ہوئی ہیں۔

ڈائریکٹرز کا مشاہرہ:

ہیومن ریسورس اور ریویژن کمپنی نے ڈائریکٹرز کے مشاہرہ کی پالیسی تیار کی اور اسے بورڈ کو تجویز کیا ہے جو کہ منظور کر لی گئی۔ یہ پالیسی کمپنیز ایکٹ 2017ء، کمپنی کے آرٹیکل آف ایسوسی ایشن اور کوڈ آف کارپوریٹ گورننس ریگولیشن مارکیٹ سٹیٹڈرڈ اور کام کو مد نظر رکھ کر تیار کی گئی۔ جو ڈائریکٹرز مشاہرہ لیتے ہیں انہوں نے اس پالیسی کو بنانے میں حصہ نہیں لیا آڈیٹرز:

میسرز کرو حسین چوہدری اینڈ کمپنی ریٹائر ہو گئے ہیں۔ اہل ہونے کی بناء پر سال 30 جون، 2024ء کو ختم ہونے والے سال کیلئے بطور آڈیٹرز دوبارہ تقرری کیلئے خود کو پیش کرتے ہیں۔ اور آڈٹ کمیٹی بھی ان کے تقرری سفارش کرتے ہیں جسکو بورڈ آف ڈائریکٹرز کی بھی تائید حاصل ہے۔

کوڈ آف کنڈکٹ:

بنایا گیا کوڈ آف کنڈکٹ تمام ڈائریکٹرز اور کمپنی کے ملازمین کو ارسال کیا گیا اور اسکی تصدیق بھی کی گئی۔

متعلقہ پارٹی کی ٹرانزیکشن:

متعلقہ پارٹی کی تمام ٹرانزیکشن لسٹڈ ریگولیشنز آف سٹاک ایکچینج کے بیان کئے گئے بہترین طریقوں کے مطابق کی گئی۔ ان ٹرانزیکشن کی تفصیل فنانشل سٹیٹمنٹ کے نوٹ نمبر 32 میں بیان کی گئی ہے۔ تمام ٹرانزیکشن کو آڈٹ کمپنی کے جائزہ کیلئے رکھا گیا اور ان کی سفارش پر بورڈ آف ڈائریکٹرز نے ان کا جائزہ لیا اور ان کو منظور کیا۔

کارپوریٹ سوشل ذمہ داری:

آپ کی کمپنی کو اپنی کارپوریٹ سوشل ذمہ داری کا بخوبی احساس ہے اور وہ صحت اور ماحولیات کو اچھا رکھنے کیلئے اپنے تئیں اپنی ذمہ داری پوری کر رہی ہے۔

تحفظ صحت اور ماحول:

ہم اپنے ملازمین اور عوام کیلئے اعلیٰ معیار کے تحفظ، صحت اور ماحول کیلئے پرعزم ہیں۔ ہم اپنے ملازمین کو صاف ستھرا، صحت مند اور محفوظ حالات فراہم کرنے کے لئے پرعزم ہیں۔ ہمارے تمام ملازمین کو اپنے تحفظ کی، محفوظ پیداوار کی اور خام مال کی محفوظ ادائیگی، ہیڈنگ اور سٹوریج کی مشق کروائی جاتی ہے۔ ان مشقوں اور اللہ تعالیٰ کے خصوصی کرم کی وجہ سے کوئی بڑا حادثہ نہیں ہوا۔ پیٹرن آف شیئر ہولڈنگ:

پیٹرن آف شیئر ہولڈنگ اور اضافی معلومات علیحدگی سے منسلک ہیں۔ کمپنی کے شیئرز میں چیف ایگزیکٹو، سی ایف او اور کمپنی سیکرٹری، ان کے سپاؤزز نے اور ان کے چھوٹے بچوں نے کوئی تجارت/ کاروبار نہیں کیا ہے۔

بھداز واقعات:

کمپنی کے مالی سال کے ختم ہونے سے اس رپورٹ کی تاریخ تک کوئی ایسی خاص میٹریل میں تبدیلی نہیں آئی۔

اعتراف:

کمپنی اپنے ملازمین، شیئر ہولڈرز اور بینکرز کے مسلسل تعاون پر شکر گزار ہے۔

محمد حمید
چیف ایگزیکٹو

عامر حمید
ڈائریکٹر

لاہور

مورخہ 5- اکتوبر 2023



STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019
FOR THE YEAR ENDED 30 June 2023

Service Industries Textile Limited (“the Company”) has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the “Regulations”) in the following manner: -

1. The total number of directors are 7 as per the following:
 - a. Male: 5
 - b. Female: 2
2. The composition of the Board is as follows:

| Category | Names |
|------------------------|--|
| Independent Director * | Mr. Omar Mohyud Din Malik Ms. Zainab Khan |
| Executive Directors | Mr. Mohammad Hameed Mr. Murtaza Hameed |
| Non-Executive | Mr. Aamer Hameed Mr. Tariq Hameed Ms. Sadia Hameed |
| Female Director | Ms. Zainab Khan Ms. Sadia Hameed |

*For a Board comprising of seven members, one-third equates to 2.33. Two independent directors have been appointed, hence it fulfills the requirement of minimum two (2) independent directors. Furthermore, the two independent directors have the requisite skills and knowledge to take independent decisions. Therefore, the fraction of 0.33 in such one-third is not rounded up as one this time.

3. The directors have confirmed that none of them is serving as a director in 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 the Act and these regulations.
7. The meeting of the Board was 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 this Act and regulations with respect to frequency, recording and circulating minutes of the meetings of the Board.
8. The Board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Three members of the Board are exempted from Directors' Training Program by virtue of their requisite qualification and required experience of serving on the Board of a listed company, and three have attended the Directors' Training Program as prescribed.
10. The Board has approved appointment of CFO, Company Secretary, and Internal Auditor including their remuneration and terms and conditions of employment and complied with relevant requirements of Regulations.
11. CFO and CEO duly endorsed the financial statements before the approval of the Board.



12. The Board has formed committees comprising of the members given below:

- a) Audit Committee
- | | |
|--------------------------|----------|
| i) Omar Mohyud Din Malik | Chairman |
| ii) Zainab Khan | Member |
| iii) Tariq Hameed | Member |
- b) HR & Remuneration Committee
- | | |
|----------------------------|-------------|
| i) Zainab Khan | Chairperson |
| ii) Aamer Hameed | Member |
| iii) Omar Mohyud Din Malik | Member |

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 committees was as per following:

- | | |
|-----------------------------------|---|
| a) Audit Committee: | 4 |
| b) HR and Remuneration Committee: | 2 |

15. The Board has outsourced the internal audit function to Awan & Co Chartered Accountants who are considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company. They are involved in the internal audit functions on full time basis.

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 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 regulations 3, 6, 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, 6, 7, 8, 27, 32, 33 and 36 are given below:

| Sr. No. | Paragraph Reference | Description | Explanation |
|---------|---------------------|---|--|
| 1. | 19 | By June 30, 2022, all directors shall acquire certification under director training program | Directors' Training Program shall be organized for remaining one Director by or before end of June 30, 2024. |

For & on behalf of the Board of Directors

(AAMER HAMEED)
Chairman

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
 SERVICE INDUSTRIES TEXTILES 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 Service Industries Textiles Limited (“the Company”) for the year ended June 30, 2023 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 June 30, 2023.

Further, we highlight below instance of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where these are stated in the Statement of Compliance:

| Sr. No. | Paragraph Reference | Description |
|---------|---------------------|--|
| 1. | 9 & 19 | One Director out of Seven Directors have not acquired the prescribed certification under the Directors' Training Program as required under clause 19 of the Regulations. |



(CROWE HUSSAIN CHAUDHURY & CO.)
 Chartered Accountants

Lahore
 05 October, 2023
 UDIN: CR202310169ivIZCUEJY

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SERVICE INDUSTRIES TEXTILES LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Opinion

We have audited the annexed financial statements of SERVICE INDUSTRIES TEXTILES LIMITED (the Company), which comprise the statement of financial position as at June 30, 2023 and the statement of profit or loss account, 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 significant 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 account, 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 June 30, 2023 and of the loss, its comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the 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 Related to Going Concern

We draw attention to Note 1.3 to the financial statements which indicates that the Company has incurred a net loss for the year amounting to Rs. 157.92million and its current liabilities exceed its current assets by Rs. 225.21 million. These conditions along with negative cash flows from operating activities indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. 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.

We have determined that there are no key audit matters to communicate in our report.

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 the 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.

Board of directors are 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 users 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 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 account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and 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 Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Nasir Muneer.

(CROWE HUSSAIN CHAUDHURY & CO.)
Chartered Accountants

Lahore
05 October, 2023
UDIN: AR202310169S8oCZcbd1



STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2023

| | Note | 2023 Rupees | 2022 Rupees |
|--|------|----------------|----------------|
| CAPITAL AND LIABILITIES | | | |
| Share Capital and Reserves | | | |
| Authorized share capital | | | |
| 20,000,000 (2022: 20,000,000) ordinary shares of Rs. 10 each | | 200,000,000 | 200,000,000 |
| Issued, subscribed and paid up capital | 5 | 137,875,670 | 137,875,670 |
| Share premium reserve | | 18,676,816 | 18,676,816 |
| Accumulated loss | | (233,221,606) | (90,448,757) |
| Surplus on revaluation of property, plant and equipment | 6 | 1,086,794,560 | 1,101,751,321 |
| | | 1,010,125,440 | 1,167,855,050 |
| Non Current Liabilities | | | |
| Long term financing | 7 | 26,294,691 | 46,066,037 |
| Post employment benefit obligations | 8 | 21,668,309 | 14,758,772 |
| Deferred tax liability | 9 | 53,992,892 | 66,655,243 |
| | | 101,955,892 | 127,480,052 |
| Current Liabilities | | | |
| Trade and other payables | 10 | 278,144,159 | 167,740,809 |
| Unclaimed dividends | | 232,987 | 232,987 |
| Unpaid dividends | | 683,629 | 683,629 |
| Short term borrowings | 11 | 26,720,000 | - |
| Current portion of long term financing | 7 | 15,749,980 | 12,000,000 |
| Accrued markup | | 4,916,506 | - |
| Provision for taxation | 12 | 13,145,037 | 16,629,942 |
| | | 339,592,298 | 197,287,367 |
| Contingencies and Commitments | 13 | - | - |
| | | 1,451,673,630 | 1,492,622,469 |
| ASSETS | | | |
| Non Current Assets | | | |
| Property, plant and equipment | 14 | 1,317,923,851 | 1,358,771,728 |
| Long term deposits | 15 | 19,367,023 | 19,337,023 |
| | | 1,337,290,874 | 1,378,108,751 |
| Current Assets | | | |
| Stores and spares | 16 | 4,003,153 | 5,254,179 |
| Stock in trade | 17 | 59,791,184 | 47,274,280 |
| Trade debts | 18 | 2,196,115 | 2,444,083 |
| Advances and prepayments | 19 | 29,208,799 | 24,628,792 |
| Cash and bank balances | 20 | 19,183,505 | 34,912,384 |
| | | 114,382,756 | 114,513,718 |
| | | 1,451,673,630 | 1,492,622,469 |

The annexed notes from 1 to 39 form an integral part of these financial statements.

Mohammad Hameed
Chief Executive

Aamer Hameed
Director

M. Muddasar Shahzad
Chief Financial Officer

**STATEMENT OF PROFIT OR LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2023**

| | Note | 2023 Rupees | 2022 Rupees |
|------------------------------------|------|-----------------|-----------------|
| Revenue | 21 | 1,051,602,974 | 1,341,765,352 |
| Cost of sales | 22 | (1,161,445,018) | (1,304,119,965) |
| Gross (Loss)/Profit | | (109,842,044) | 37,645,387 |
| Operating expenses: | | | |
| - Distribution cost | 23 | (7,385,834) | (8,761,169) |
| - Administrative expenses | 24 | (35,177,828) | (37,336,429) |
| | | (42,563,662) | (46,097,598) |
| Operating Loss | | (152,405,706) | (8,452,211) |
| Finance cost | 25 | (12,371,386) | (6,793,228) |
| Other operating expenses | 26 | (852,500) | (2,738,750) |
| Other income | 27 | 8,258,846 | 10,432,455 |
| | | (4,965,040) | 900,477 |
| Loss before Taxation | | (157,370,746) | (7,551,734) |
| Taxation | 28 | | |
| Current tax | | 13,287,162 | 9,843,684 |
| Deferred tax | | (12,739,476) | (6,025,301) |
| | | (547,686) | (3,818,383) |
| Net Loss for the Year | | (157,918,432) | (11,370,117) |
| Loss per Share - Basic and Diluted | 29 | (11.45) | (0.82) |

The annexed notes from 1 to 39 form an integral part of these financial statements.

Mohammad Hameed
Chief Executive

Aamer Hameed
Director

M. Muddasar Shahzad
Chief Financial Officer



**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023**

| | 2023 Rupees | 2022 Rupees |
|---|----------------------|--------------------|
| Net Loss for the Year | (157,918,432) | (11,370,117) |
| Other Comprehensive Income for the Year | | |
| Items that may be reclassified to profit or loss | - | - |
| Items that will not be reclassified to profit or loss | - | - |
| Surplus on revaluation of property, plant and equipment | - | 641,915,960 |
| Less: Related deferred tax impact | - | (9,734,129) |
| Experience adjustment on remeasurement of post employment benefits | 265,947 | (3,351,861) |
| Less: Related deferred tax impact | (77,125) | 972,040 |
| | 188,822 | 629,802,010 |
| Total Comprehensive (Loss) / Income for the Year | <u>(157,729,610)</u> | <u>618,431,893</u> |

The annexed notes from 1 to 39 form an integral part of these financial statements.

Mohammad Hameed
Chief Executive

Aamer Hameed
Director

M. Muddasar Shahzad
Chief Financial Officer



**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2023**

| Particulars | Share Capital | Reserve | | Surplus on Revaluation of Property, Plant and Equipment | Total |
|--|---------------|-----------------------|------------------|---|---------------|
| | | Share Premium Reserve | Accumulated Loss | | |
| | Rupees | Rupees | Rupees | Rupees | Rupees |
| Balance as at June 30, 2021 | 137,875,670 | 18,676,816 | (78,092,622) | 484,750,860 | 563,210,724 |
| Net loss for the year | - | - | (11,370,117) | - | (11,370,117) |
| Other comprehensive income for the year | - | - | (2,379,821) | 632,181,831 | 629,802,010 |
| Total comprehensive income for the year | - | - | (13,749,938) | 632,181,831 | 618,431,893 |
| Final dividend for the year ended June 30, 2021 at Rs. 1 per share | - | - | (13,787,567) | - | (13,787,567) |
| Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current year - net of deferred tax | - | - | 13,974,370 | (13,974,370) | - |
| Surplus on revaluation of property, plant and equipment realized on disposal - net | - | - | 1,207,000 | (1,207,000) | - |
| Balance as at June 30, 2022 | 137,875,670 | 18,676,816 | (90,448,757) | 1,101,751,321 | 1,167,855,050 |
| Net loss for the year | - | - | (157,918,432) | - | (157,918,432) |
| Other comprehensive income for the year | - | - | 188,822 | - | 188,822 |
| Total comprehensive income for the year | - | - | (157,729,610) | - | (157,729,610) |
| Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current year - net of deferred tax | - | - | 14,956,761 | (14,956,761) | - |
| Balance as at June 30, 2023 | 137,875,670 | 18,676,816 | (233,221,606) | 1,086,794,560 | 1,010,125,440 |

The annexed notes from 1 to 39 form an integral part of these financial statements.

Mohammad Hameed
Chief Executive

Aamer Hameed
Director

M. Muddasar Shahzad
Chief Financial Officer



**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023**

| | 2023 | 2022 |
|--|-------------------|-------------------|
| | Rupees | Rupees |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| (Loss) before taxation | (157,370,746) | (7,551,734) |
| Adjustments for: | | |
| - Depreciation | 41,497,877 | 42,415,401 |
| - Post employment benefits | 9,765,814 | 5,210,692 |
| - Excess provision / unclaimed liabilities written back | - | (10,400,000) |
| - Unwinding of long term financing | (8,172,670) | - |
| - Loss on disposal of property, plant and equipment | - | 1,638,750 |
| - Finance cost | 12,371,386 | 6,793,228 |
| | <u>55,462,407</u> | <u>45,658,071</u> |
| Operating (loss) / profit before working capital changes | (101,908,339) | 38,106,337 |
| (Increase) / decrease in current assets: | | |
| - Stores and spares | 1,251,026 | (410,830) |
| - Stock in trade | (12,516,904) | 6,666,783 |
| - Trade debts | 247,968 | (500,042) |
| - Advances and prepayments | (6,448,840) | 5,279,058 |
| Increase / (decrease) in current liabilities: | | |
| - Trade and other payables | 103,559,341 | 42,401,519 |
| | <u>86,092,591</u> | <u>53,436,488</u> |
| Cash (Used in) / Generated from Operations | (15,815,748) | 91,542,825 |
| Income tax paid | (14,903,234) | (24,145,247) |
| Finance cost paid | (209,547) | (8,323,894) |
| Post employment benefit paid | (2,590,330) | (5,759,995) |
| Net Cash (Used in) / Generated from Operating Activities | (33,518,859) | 53,313,689 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (650,000) | (46,089,050) |
| Proceeds from disposal of property, plant and equipment | - | 2,400,000 |
| Long term deposits paid | (30,000) | (3,040,000) |
| Net Cash Used in Investing Activities | (680,000) | (46,729,050) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividends paid | - | (13,468,350) |
| Long term financing - obtained from related parties | - | 4,800,010 |
| Long term financing - paid to related parties | (8,250,020) | (10,943,117) |
| Short term borrowings - net | 26,720,000 | - |
| Net Cash Generated from / (Used in) Financing Activities | 18,469,980 | (19,611,457) |
| Net Decrease in Cash and Cash Equivalents | (15,728,879) | (13,026,818) |
| Cash and cash equivalents at the beginning of the year | 34,912,384 | 47,939,202 |
| Cash and Cash Equivalents at the End of the Year | <u>19,183,505</u> | <u>34,912,384</u> |

The annexed notes from 1 to 39 form an integral part of these financial statements.

Mohammad Hameed
Chief Executive

Aamer Hameed
Director

M. Muddasar Shahzad
Chief Financial Officer



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Note 1**The Company and its Operations**

- 1.1 Service Industries Textiles Limited (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 domiciled in Pakistan and listed on the Pakistan Stock Exchange. The principal activity of the Company is manufacturing and sale of yarn made from raw cotton and synthetic fibre.
- 1.2 The Information on geographical location and address of the Company's business is as under :
- The registered office of the Company is situated at 38 - Empress Road, Lahore.
 - The Company's factory is situated at Rehman Shaheed Road, Gujrat.
- 1.3 The Company has accumulated loss of Rs. 233,221,606 (2022: Rs. 90,448,757) as at the reporting date and has incurred net loss for the period under audit of Rs. 157,918,432 (2022: Rs. 11,370,117). Furthermore, current liabilities of the Company exceed its current assets by Rs. 225,209,542 (2022: Rs. 82,773,649) as at the reporting date, These factors raise doubts about the Company being a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

However, any adjustments relating to recoverability of recorded assets and liabilities have not been incorporated in these financial statements as the sponsors have injected Rs. 26,720,000 during the current period and committed to provide continuous support as and when required. Subsequent to the reporting date, the operating results of the Company have improved. Furthermore cotton outlook is promising both in terms of quality and quantity which will help stabilize the local cotton yarn market. The Company has also taken certain initiative to achieve increased productivity by adding certain machinery in production process subsequent to the balance sheet date. Keeping in view all these factors, the going concern assumption is considered appropriate and, therefore, these financial statements have been prepared on going concern basis.

Note 2**Basis of Preparation****2.1 Statement of compliance**

These financial statements have been prepared in accordance with the accounting and reporting standards as 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 (IASB) 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 IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except to the extent of following:

| | | |
|---------------------------------------|---------|-----------------------------------|
| Post employment benefit obligations | Note 8 | (stated at Present value) |
| Certain property, plant and equipment | Note 14 | (stated at Revalued / Fair value) |

2.3 Functional and presentation currency

These financial statements are prepared and presented in Pak Rupees which is the Company's functional and presentation currency. All the figures have been rounded off to the nearest rupee, unless otherwise stated.



Note 2, Basis of Preparation - Continued...

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting and reporting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on the historical experience, including expectations of future events that are believed to be reasonable under the circumstances.

These estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the year in which such revisions are made. Significant management estimates in these financial statements relate primarily to:

- Useful lives, residual values, depreciation method and fair value of property, plant and equipment – Note 4.5 & 14
- Provision for obsolescence of inventories - Note 4.8,4.9 & 16
- Impairment loss of non-financial assets other than inventories – Note 4.7
- Obligation of post employment benefits - Note 4.2 & 8
- Estimation of provisions - Note 4.1
- Estimation of contingent liabilities - Note 4.20 & 13
- Current income tax expense, provision for current tax and recognition of deferred tax - Note 4.4, 9 & 12

However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in these financial statements.

Note 3
Changes in Accounting Standards, Interpretations and Pronouncements

3.1 Standards, interpretations and amendments to approved accounting standards which became effective during the year

Certain standards, amendments and interpretations to IFRS are effective for the year ended June 30, 2023. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures;

| Standard or Interpretation | Effective Date (Annual Period beginning on or after) |
|--|---|
| IAS 37 Provisions, Contingent Liabilities and Contingent Assets [Amendments] | January 1, 2022 |
| IAS 16 Property, Plant and Equipment [Amendments] | January 1, 2022 |
| Annual Improvements to IFRS Standards 2018–2020 | January 1, 2022 |

3.2 Standards, interpretation and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

*Note 3, Changes in Accounting Standards, Interpretations and Pronouncements - Continued...*

| Standard or Interpretation | Effective Date (Annual Period beginning on or after) |
|---|---|
| IAS 1 Presentation of Financial Statements [Amendments] | January 1, 2023 |
| IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendments) | January 1, 2023 |
| IAS 12 Income Taxes (Amendments) | January 1, 2023 |
| IAS 12 Deferred tax related to assets and liabilities arising from a single transaction — (Amendments) | January 1, 2023 |
| IFRS 16 Lease Liability in a Sale and Leaseback — (Amendments) | January 1, 2024 |
| IAS 1 Classification of liabilities as current or non-current — (Amendments) | January 1, 2024 |
| AS 7 'Statement of Cash Flows' and 'IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements (Amendments) | January 1, 2024 |

Note 4 Significant Accounting Policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented.

4.1 Provisions

Provisions are recognized in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are not recognized for future operating losses.

4.2 Post employment benefits

"The Company operates an approved, funded defined benefit plan for all of its permanent employees. Under this plan, gratuity is paid to the retiring employees on the basis of their last drawn gross salary for each completed year of service."

Actuarial gains / (losses) arising from experience adjustments and changes in actuarial assumptions for the defined benefits plan are charged or credited to other comprehensive income in the period in which they arise. Past service costs are recognized immediately in the statement of profit or loss.

Provisions are made in the financial statements to cover obligations on the basis of actuarial valuation carried out at each reporting date.

4.3 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid or given in future for goods and services received or to be delivered or for any other amount, whether or not billed to the Company.

4.4 Income tax expense

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

*Note 4, 'Significant Accounting Policies - Continued...***Current**

The charge for current tax is higher of corporate tax (higher of tax based on taxable income and minimum tax) and alternative corporate tax.

Corporate tax is based on taxable income for the year determined in accordance with the prevailing laws of taxation. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years. However, in case of loss for the year, income tax expense is recognized as minimum tax liability on turnover of the Company in accordance with the provisions of the Income Tax Ordinance, 2001.

Alternative corporate tax is calculated at 17% of accounting profit, after taking into account the required adjustments.

The Company offsets current tax assets and current tax liabilities if, and only if, the entity has a 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.

Deferred

Deferred tax is recognized using the balance sheet method on all temporary differences between the carrying amount of assets, liabilities and their tax bases.

Deferred tax liabilities are recognized for all major taxable temporary differences.

Deferred tax assets are recognized for all major deductible temporary differences to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized. Carrying amount of the deferred tax asset is reviewed at each reporting date and is adjusted according to the availability of profits. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent of probable future taxable profit available that will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is utilized or the liability is settled, based on the tax rates that have been notified for subsequent enactment at the reporting date.

4.5 Property, plant and equipment

Property, plant and equipment except freehold land, building on freehold land, plant and machinery and electrical equipments which are stated at revalued amount, are stated at cost less accumulated depreciation and identified impairment losses, if any. Revaluation is carried out with sufficient regularity to ensure that the carrying amounts of assets do not differ materially from their fair values. Additions, subsequent to revaluation, are stated at cost less accumulated depreciation and any identified impairment loss.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Cost in relation to certain assets also includes cost of the borrowing during construction period in respect of loans taken for procuring such assets.

Depreciation on property, plant and equipment, except freehold land, is charged to statement of profit or loss on reducing balance method at the rates specified in note 15 of the financial statements. Where an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount over its estimated useful life. Incremental depreciation representing the difference between actual depreciation based on revalued carrying amount of the asset and equivalent depreciation based on the original carrying amount of the asset is transferred to equity from surplus on revaluation of property, plant and equipment. All transfers to / from surplus on revaluation of property, plant and equipment are net of applicable deferred taxes.



Note 4, 'Significant Accounting Policies - Continued...

Note 4.5, Property, plant and equipment - Contd...

Depreciation on additions is charged from the month in which the assets are available for use while no depreciation is charged in the month in which the assets are disposed off.

Depreciation method, residual value and useful lives of assets are reviewed at least at each financial year end and adjusted if impact on depreciation is significant.

Major repairs and modifications to assets are capitalized while day to day maintenance and normal repairs are charged to statement of profit or loss as and when incurred.

Disposal

The gain or loss on arising on disposal or retirement of an item of property, plant and equipment is determined as difference between sales proceeds and carrying amounts of the asset and is recognized as gain / (loss) on disposal of property, plant and equipment into the statement of profit or loss.

Increases in the carrying amounts arising due to revaluation are credited to revaluation surplus on property, plant and equipment. Decreases that offset previous increases of any other property, plant and equipment of the Company are debited against revaluation surplus directly in equity. All other decreases are charged to statement of profit or loss.

4.6 Borrowing cost

General and specific 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 temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are charged to statement of profit or loss in the period in which they are incurred.

4.7 Impairment on non - financial assets

Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses on fixed assets that offset available revaluation surplus are charged against this surplus, all other impairment losses are charged to profit or loss account. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date. Where impairment loss is recognized, the depreciation / amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value, over its remaining useful life. Any reversal of impairment loss of a revalued asset shall be treated as a revaluation increase.

4.8 Stores and spares

These are valued at lower of moving average cost and net realizable value; whilst items considered obsolete are written off. Cost of items in transit comprises invoice value plus incidental charges paid thereon. Net realizable value signifies the estimated selling price in ordinary course of business less necessary cost to make the sale.

4.9 Stock in trade

These are valued at lower of cost and net realizable value. The cost is determined by using the following basis:

| | | |
|---------------------------|---|---------------------------------------|
| Raw and packing materials | - | Moving average cost |
| Materials in transit | - | Invoice value plus incidental charges |
| Work in process | - | Estimated manufacturing cost |
| Finished goods | - | Average manufacturing cost |

Manufacturing cost in relation to work in process and finished goods comprises cost of materials, labor and appropriate manufacturing overheads. Net realizable value signifies estimated selling price in the ordinary course of business less necessary costs to make the sale.

*Note 4, Significant Accounting Policies - Contd...***4.10 Cash and cash equivalents**

Cash and cash equivalents are carried at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise cash in hand and deposit with banks in current and savings accounts, which are free of encumbrances.

4.11 Related party transactions

Transactions with related parties are based on the transfer pricing policy that all transactions between the Company and the related parties are at arm's length prices determined using the comparable uncontrolled price method, except in circumstances where it is not in the interest of the Company to do so.

4.12 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

4.12.1 Financial assets

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

Classification

Financial assets are classified in either of the three categories: at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss. Currently, the Company classifies its financial assets at amortized cost. This classification is based on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The management determines the classification of its financial assets at the time of initial recognition.

Initial recognition and measurement

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade-date – the date on which the Company commits to purchase or sell the asset.

Except for trade receivables, financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through statement of profit or loss. Financial assets carried at fair value through statement of profit or loss are initially recognized at fair value and transaction costs are expensed in the statement of profit and loss account. Dividend income from financial assets at fair value through statement of profit or loss is recognized in the statement of profit and loss when the Company's right to receive payments is established. Trade receivables are initially measured at the transaction price if these do not contain a significant financing component in accordance with IFRS 15. Where the Company uses settlement date accounting for an asset that is subsequently measured at amortized cost, the asset is recognized initially at its fair value on the trade debt.

Subsequent measurement

Financial assets measured at amortized cost are subsequently measured using the effective interest rate method. The amortized cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

Derecognition

Financial assets are primarily derecognised when:

- The rights to receive cash flows from the asset have expired. The difference between carrying amount and consideration received is recognized in statement of profit or loss.



Note 4, Significant Accounting Policies - Contd...

4.12.1 Financial instruments

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - (a) the Company has transferred substantially all the risks and rewards of the asset, or
 - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

The Company recognizes an allowance for expected credit losses (ECLs) on a financial asset measured at amortized cost and through other comprehensive income, a lease receivable or a contract asset.

The Company measures, at each reporting date, the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. Where the credit risk on a financial instrument has not increased significantly since the initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Company always measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables or contract assets that result from transactions under IFRS 15 and lease receivables.

The Company recognizes the amount of expected credit losses (or reversal), that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized, in the statement of profit or loss.

4.12.2 Financial liabilities

Initial recognition and measurement

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially classified at amortized cost except for financial liabilities at fair value through profit or loss, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts, commitments to provide a loan at a below-market interest rate and contingent consideration recognized in a business combination.

The Company does not reclassify any of its financial liabilities.

Financial liabilities are initially recognized at fair value minus transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities carried at fair value through profit or loss are initially recognized at fair value and transaction costs are credited in the statement of profit and loss.

The Company's financial liabilities include trade and other payables, loans and borrowings, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss



Note 4, Significant Accounting Policies - Contd...

Note 4.12.2, Financial liabilities - Contd...

Such liabilities are subsequently measured at fair value.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The amount of change in the fair value that is attributable to changes in the credit risk of financial liability is presented in other comprehensive income and the remaining amount of change in the fair value of the liability is presented in statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if it eliminates or significantly reduces a measurement or recognition inconsistency or a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Company's key management personnel. The Company has not designated any financial liability as at fair value through profit or loss.

All other liabilities

All other financial liabilities are measured at amortized cost using the Effective Interest Rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss. Difference between carrying amount and consideration paid is recognized in the statement of profit or loss when the liabilities are derecognized.

Derecognition

"A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in statement of profit or loss."

4.12.3 Offsetting of financial assets and liabilities

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

4.13 Balances from contract with customers

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. The Company recognizes a contract asset for the earned consideration that is conditional if the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional. Trade receivables are carried at original invoice amount less expected credit loss based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.



Note 4, Significant Accounting Policies - Contd...

4.13 Balances from contract with customers - Contd...

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.

4.14 Earnings per Share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit after tax attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

4.15 Fair value measurement

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. When applicable, 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.

When there is no quoted price in an active market, 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 the factors that market participants would take into account in pricing a transaction. The best evidence of the fair value of a financial instrument at 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 at 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 that uses only data from observable markets, the instrument is then initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is credited or charged to the statement of profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out. The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

4.16 Foreign currency transactions and translation

All monetary assets and liabilities in foreign currencies are translated into Pak rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak rupees at exchange rates prevailing at the date of transaction. Exchange gains and losses are included in the statement of profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

4.17 Revenue recognition

Revenue is to be recognised in accordance with the aforementioned principle by applying the following steps:

- i) Identify the contract with a customer.
- ii) Identify the performance obligation in the contract.
- iii) Determine the transaction price of the contract.
- iv) Allocate the transaction price to each of the separate performance obligations in the contract.
- v) Recognize the revenue when (or as) the entity satisfies a performance obligation.

The Company is in the business of sale of goods. Revenue from contracts with customers is recognised at a point in time when control of the goods is transferred to the customers which is usually at the time of delivery of goods, at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods.



Note 4, Significant Accounting Policies - Contd...

4.18 Unclaimed dividend

The Company recognises unclaimed dividend which was declared and remained unclaimed by the shareholder from the date it was due and payable.

4.19 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the company's other components. All operating segments' operating results are reviewed regularly by the Chief Operating Decision Maker (the Chief Executive Officer of the Company) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly administrative and other operating expenses, and income tax assets and liabilities.

4.20 Contingent liabilities

Contingent liability is disclosed when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company.

A contingent liability is also disclosed when there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

4.21 Dividend and other appropriations

Dividend to the shareholders is recognized in the period in which it is declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.



Note 5

Issued, Subscribed and Paid up Capital

| 2023 | 2022 | | 2023 | 2022 |
|-------------------|-------------------|---|--------------------|--------------------|
| Number of shares | | | Rupees | |
| 12,222,988 | 12,222,988 | Ordinary shares of Rs. 10 each | 122,229,880 | 122,229,880 |
| 23,400 | 23,400 | Ordinary shares of Rs. 10 each issued for consideration other than cash | 234,000 | 234,000 |
| 1,541,179 | 1,541,179 | Ordinary shares of Rs. 10 each issued as fully paid bonus shares | 15,411,790 | 15,411,790 |
| <u>13,787,567</u> | <u>13,787,567</u> | | <u>137,875,670</u> | <u>137,875,670</u> |

- 5.1 23,400 shares of Rs. 10 each were issued to Pakistan Industrial Credit and Investment Corporation (PICIC) for consideration other than cash. (2022: 23,400 shares)
- 5.2 There are no agreements with shareholders for any specific voting rights, board selection, rights of first refusal and block voting etc.
- 5.3 All ordinary shares rank equally with regard to residual assets of the Company. Ordinary shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Company. Voting and other rights are in proportion to the shareholding.
- 5.4 There is no movement in the shares of the Company during the year ended June 30, 2023.

Note 6

Surplus on Revaluation of Property, Plant and Equipment

| | 2023 | 2022 |
|---|----------------------|----------------------|
| | Rupees | |
| Land - freehold | | |
| Opening balance | 952,183,702 | 343,833,702 |
| Add: Surplus on revaluation arisen during the year | - | 608,350,000 |
| | 952,183,702 | 952,183,702 |
| Factory buildings on freehold land | | |
| Opening balance | 64,387,814 | 69,841,856 |
| Add: Surplus on revaluation arisen during the year | - | 2,155,133 |
| Less: Related deferred taxation | - | (624,989) |
| | 64,387,814 | 71,372,000 |
| Plant and machinery | | |
| Opening balance | 74,070,243 | 64,432,525 |
| Add: Surplus on revaluation arisen during the year | - | 24,183,978 |
| Less: Related deferred taxation | - | (7,013,354) |
| | 74,070,243 | 81,603,149 |
| Electric fittings, equipment and appliances | | |
| Opening balance | 11,109,562 | 6,642,777 |
| Add: Surplus on revaluation arisen during the year | - | 7,226,849 |
| Less: Related deferred taxation | - | (2,095,786) |
| | 11,109,562 | 11,773,840 |
| | 1,101,751,321 | 1,116,932,691 |
| Incremental depreciation charged on revalued property, plant and equipment in current year transferred to retained earnings - net of deferred tax | (14,956,761) | (13,974,370) |
| Surplus realized on disposal of revalued property, plant and equipment transferred to retained earnings - net of deferred tax | - | (1,207,000) |
| | <u>1,086,794,560</u> | <u>1,101,751,321</u> |

*Note 6, Surplus on Revaluation of Property, Plant and Equipment - Contd...*

- 6.1 This represents surplus over book value resulting from the revaluation of above-mentioned assets, adjusted by incremental depreciation and related deferred tax arising on revaluation of the above-mentioned assets except freehold land. Latest revaluation was carried out by an approved, independent valuer on June 30, 2022 that resulted in additional revaluation surplus of Rs. 641.915 million. Following basis were used for revaluation:
- | | |
|---|------------------------------|
| - Freehold land | Market value |
| - Factory building on freehold Land | Depreciated replacement cost |
| - Plant and machinery | Depreciated replacement cost |
| - Electric fittings, equipment and appliances | Depreciated replacement cost |
- 6.2 The surplus on revaluation of property, plant and equipment is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.
- 6.3 Incremental depreciation charged on revalued property, plant and equipment has been transferred to retained earnings to record realization of surplus to the extent of incremental depreciation. Incremental depreciation represents the difference between actual depreciation based on revalued carrying amount of the asset and equivalent depreciation based on the original carrying amount of the asset.

Note 7

Long Term Financing

| | Note | 2023 Rupees | 2022 Rupees |
|---|------|----------------|----------------|
| Related parties - Unsecured | | | |
| Loan from Directors / Related parties - Undiscounted amount | 7.1 | 58,066,037 | 64,209,144 |
| Loan obtained during the year | | - | 4,800,010 |
| Effect of discounting | | (8,172,670) | - |
| Fair value of subsidized loan | | 49,893,367 | 69,009,154 |
| Unwinding of discount | | 401,324 | - |
| Repayment | | (8,250,020) | (10,943,117) |
| | | 42,044,671 | 58,066,037 |
| Less: Current portion | | (15,749,980) | (12,000,000) |
| | | 26,294,691 | 46,066,037 |

- 7.1 This represents financing obtained from directors / related parties from time to time, to meet the liquidity requirements of the Company. This loan is repayable in equal monthly installments of Rs. 1 million each. This loan is unsecured and carries markup @ 10% per annum (2022: 3 months KIBOR plus 1%). Pursuant to the change in Company's policy, effective from 1st July 2022, this subsidized loan has been recognised at fair value being the present value of the future outflows as per the agreed loan the repayment schedule. The present value is calculated by applying the discount rate of 6.32% per annum, being the market differential subsidy. The difference between the fair value of loan and actual receipt (carrying amount) has been recognized as other income (refer to note no. 27). During the year, the unwinding of discount of Rs. 401,324 (2022: Nil) has been recognized as part of finance cost.



Note 8
Post Employment Benefit Obligations

| | 2023 Rupees | 2022 Rupees |
|-------------------------------------|----------------|----------------|
| Post employment benefit obligations | 21,668,309 | 14,758,772 |

8.1 As stated in note 4.2, the Company operates an approved unfunded gratuity scheme for its permanent employees. Actuarial valuation of the scheme is carried out annually by an independent actuary and the latest actuarial valuation was carried out at June 30, 2023.

Risks on account of defined benefit plans

The Company faces the following risks on account of defined benefit plans:

Final salary risk - The risk that the final salary at the time of cessation of service is greater than what the Company has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Discount rate fluctuation - The plan liabilities are calculated using a discount rate set with reference to government bond yields. The term of assumed yield of the government bonds is consistent with estimated term of the post-employment benefit obligations.

8.2 On the basis of the information included in the latest actuarial report, the actuarial valuation of the scheme has resulted in post employment benefit obligations in current year as presented in the following notes:

8.3 Actuarial assumptions

The present value of defined benefit obligations and charge for the current year has been determined on the basis of actuarial estimates provided by the actuary as under:

| | | |
|---|----------------------------------|--------|
| Discount rate for year end obligation | 16.25% | 13.25% |
| Discount rate for interest cost in P/L | 13.25% | 10.00% |
| Expected rate of increase in salary level - per annum | 15.25% | 12.25% |
| Expected mortality rate for active employees | SLIC (2001-2005) Mortality Table | |
| Actuarial valuation method | Projected Unit Credit Method | |

| | Note | 2023 Rupees | 2022 Rupees |
|---|------|----------------|----------------|
| 8.4 Balance sheet reconciliation | | | |
| Present value of the defined benefit obligation | 8.5 | 21,668,309 | 14,758,772 |
| Fair value of plan assets | | - | - |
| Deficit | | 21,668,309 | 14,758,772 |
| Unrecognized asset | | - | - |
| Net liability recognized in balance sheet | | 21,668,309 | 14,758,772 |
| 8.5 Movement in net liability for defined benefit obligations | | | |
| Opening balance | | 14,758,772 | 11,956,214 |
| Charge for the year | 8.8 | 9,765,814 | 5,210,692 |
| Remeasurements chargeable in other comprehensive income | | (265,947) | 3,351,861 |
| Benefits paid | | (2,590,330) | (5,759,995) |
| Balance Sheet Liability/(Asset) | | 21,668,309 | 14,758,772 |



Note 8, Post Employment Benefit Obligations - Contd...

| | Note | 2023 Rupees | 2022 Rupees |
|--|------|-------------------|-------------------|
| 8.6 | | | |
| Movement in present value of defined benefit obligations | | | |
| Opening balance | | 14,758,772 | 11,956,214 |
| Current service cost for the year | 8.8 | 6,242,755 | 4,303,070 |
| Past service cost | | 1,739,131 | - |
| Interest cost for the year | | 1,783,928 | 907,622 |
| Remeasurement adjustments | 8.7 | (265,947) | 3,351,861 |
| Benefits paid during the year | | (2,590,330) | (5,759,995) |
| Closing balance | | <u>21,668,309</u> | <u>14,758,772</u> |
| 8.7 | | | |
| Remeasurements chargeable in other comprehensive income | | | |
| Actuarial (gains)/ losses from the changes in financial assumptions | | 274,047 | 213,020 |
| Experience adjustments | | (539,994) | 3,138,841 |
| | | <u>(265,947)</u> | <u>3,351,861</u> |
| 8.8 | | | |
| Charge for the year | | | |
| Current service cost | | 6,242,755 | 4,303,070 |
| Past service cost | | 1,739,131 | - |
| Interest cost | | 1,783,928 | 907,622 |
| | | <u>9,765,814</u> | <u>5,210,692</u> |
| 8.9 | | | |
| The charge for the year has been allocated as follows: | | | |
| Cost of sales | 22 | 8,398,600 | 4,481,195 |
| Distribution costs | 23 | 195,317 | 104,214 |
| Administrative expenses | 24 | 1,171,898 | 625,283 |
| | | <u>9,765,814</u> | <u>5,210,692</u> |
| 8.10 | | | |
| Year end sensitivity analysis on defined benefit obligations | | | |
| Reasonably possible changes as at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have resulted in defined benefit obligations as stated below: | | | |
| Discount rate + 100 bps | | 21,279,494 | 14,487,118 |
| Discount rate - 100 bps | | 22,075,383 | 15,043,614 |
| Salary increase + 100 bps | | 22,164,014 | 15,107,187 |
| Salary increase - 100 bps | | 21,186,893 | 14,420,758 |



Note 8, Post Employment Benefit Obligations - Contd...

| | | 2023 | 2022 |
|------|---|------------|------------------|
| | | Rupees | Rupees |
| 8.11 | Maturity profile | | |
| | 1 year | 10,248,500 | 7,208,535 |
| | 2 year | 8,197,782 | 6,131,964 |
| | 3 year | 6,945,999 | 4,837,802 |
| | 4 year | 5,532,974 | 4,054,690 |
| | 5 year | 4,345,044 | 3,131,629 |
| | 6 year | 4,039,466 | 2,579,331 |
| | 7 year | 3,700,946 | 2,331,319 |
| | 8 year | 3,160,707 | 2,114,650 |
| | 9 year | 2,405,038 | 1,795,880 |
| | 10 year | 1,462,682 | 1,327,471 |
| | onwards | 4,862,021 | 2,905,571 |
| 8.12 | Estimated charge for the year 2023-2024 | | 2024 |
| | | | Rupees |
| | Current service cost | | 6,107,455 |
| | Interest cost | | 3,574,154 |
| | | | <u>9,681,609</u> |

8.13 The Company does not have any plan assets covering its post employment benefit obligations payable. The comparative statement of present value of defined benefit obligations is as under:

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|--|------------|------------|------------|-----------|------------|
| | Rupees | Rupees | Rupees | Rupees | Rupees |
| Present value of defined benefit obligations | 21,668,309 | 14,758,772 | 11,956,214 | 8,924,032 | 10,182,278 |

Note 9

Deferred Tax Liability

| | | 2023 | 2022 |
|------------------------|---|-------------------|-------------------|
| | | Rupees | Rupees |
| Deferred tax liability | Note 9.1 | 53,992,892 | 66,655,243 |
| 9.1 | Breakup of Deferred tax Liability | | |
| | Taxable temporary differences | | |
| | Accelerated tax depreciation on property, plant and equipment | 13,337,295 | 15,681,899 |
| | Surplus on revaluation of property, plant and equipment | 56,962,958 | 63,292,176 |
| | | 70,300,253 | 78,974,075 |
| | Deductible temporary differences | | |
| | Provision for workers' (profit) participation fund | (9,618,465) | (7,633,702) |
| | Provision for workers' welfare fund | (405,086) | (405,086) |
| | Post employment benefit obligations | (6,283,810) | (4,280,044) |
| | | (16,307,361) | (12,318,832) |
| | | <u>53,992,892</u> | <u>66,655,243</u> |



Note 9, Deferred Tax Liability - Continued...

| | 2023 Rupees | 2022 Rupees |
|--|-------------------|-------------------|
| 9.2 Reconciliation of deferred tax liability - net | | |
| Opening balance | 66,655,243 | 63,918,455 |
| Charged to the profit or loss account | (12,739,476) | (6,025,301) |
| Charged to other comprehensive income | 77,125 | 8,762,089 |
| Closing balance | <u>53,992,892</u> | <u>66,655,243</u> |

9.3 Deferred tax assets and liabilities on temporary differences are measured at tax rate of 29% (2022: 29%).

9.4 Analysis of deferred tax

| | Statement of Financial Position | | Statement of Profit or Loss | |
|---|------------------------------------|-------------------|--------------------------------|--------------------|
| | 2023 Rupees | 2022 Rupees | 2023 Rupees | 2022 Rupees |
| Deferred tax Liability / (Asset) | | | | |
| Accelerated tax depreciation on property, plant and equipment | 13,337,295 | 15,681,899 | (2,344,604) | 278,260 |
| Surplus on revaluation on property, plant and equipment | 56,962,958 | 63,292,176 | (6,329,218) | (5,950,894) |
| Provision for Workers' profit participation fund | (9,618,465) | (7,633,702) | (1,984,763) | (1,164,463) |
| Provision for Workers' welfare fund | (405,086) | (405,086) | - | 652,498 |
| Post employment benefit obligations | (6,283,810) | (4,280,044) | (2,080,891) | 159,298 |
| | <u>53,992,892</u> | <u>66,655,243</u> | <u>(12,739,476)</u> | <u>(6,025,301)</u> |

9.5 Being prudent the Company has decided to not make deferred tax asset amounting to Rs. 37.511 million (2022: Nil) on unused tax losses of Rs. 133.91 million (2022: Nil).

Note 10

Trade and Other Payables

| | Note | 2023 Rupees | 2022 Rupees |
|--------------------------------------|------|--------------------|--------------------|
| Trade creditors | 10.1 | 90,529,435 | 37,619,102 |
| Accrued liabilities | | 70,367,095 | 36,072,623 |
| Government dues payable | 10.2 | - | 1,425,270 |
| Contract liabilities | | 69,441,675 | 55,090,151 |
| Workers' (profit) participation fund | 10.3 | 33,167,121 | 26,323,112 |
| Workers' welfare fund | 10.4 | 1,396,849 | 1,396,849 |
| Income tax withheld | | 4,175,771 | 1,673,889 |
| Sales tax payable | | 9,066,213 | 8,139,813 |
| | | <u>278,144,159</u> | <u>167,740,809</u> |

10.1 This does not include any amount payable to any related party of the Company.

10.2 This represents the amount payable to Sui Northern Gas Pipelines Limited (SNGPL) on levy of Gas Infrastructure and Development Cess (GIDC).



Note 10, Trade and Other Payables - Contd...

| | | 2023 | 2022 |
|------|--|------------|-------------|
| | | Rupees | Rupees |
| 10.3 | Workers' (profit) participation fund | | |
| | Opening balance | 26,323,112 | 22,307,722 |
| | Provision for the year | - | - |
| | Interest on workers' profit participation fund | 6,844,009 | 4,015,390 |
| | | 33,167,121 | 26,323,112 |
| | Paid during the year | - | - |
| | Closing balance | 33,167,121 | 26,323,112 |
| 10.4 | Workers' welfare fund | | |
| | Opening balance | 1,396,849 | 3,646,842 |
| | Provision for the year | - | - |
| | | 1,396,849 | 3,646,842 |
| | Payments made during the year | - | (2,249,993) |
| | Closing balance | 1,396,849 | 1,396,849 |

Note 11

Short Term Borrowings

| | | 2023 | 2022 |
|--|-----------------------------|------------|--------|
| | | Rupees | Rupees |
| | Related parties - Unsecured | | |
| | Related parties - unsecured | 26,720,000 | - |

11.1 This represents unsecured, interest free loan given by the directors and related parties to meet the liquidity requirements of the Company. These loans are repayable on demand.

Note 12

Provision for Taxation

| | | 2023 | 2022 |
|--|--|--------------|--------------|
| | | Rupees | Rupees |
| | Opening balance | 16,629,942 | 26,424,478 |
| | Provision for current year | 13,145,037 | 16,772,067 |
| | Prior year adjustment | 142,125 | (6,928,383) |
| | | 29,917,104 | 36,268,162 |
| | Payments / adjustments during the year | (16,772,067) | (19,638,220) |
| | | 13,145,037 | 16,629,942 |

12.1 Income tax assessments are deemed finalized up to the Tax Year 2022 as returns were filed under self assessment scheme.

12.2 The provision for current year tax represents minimum tax on revenue @ 1.25% (2022: minimum tax on revenue @ 1.25%).

*Note 12, Provision for Taxation - Contd...*

- 12.3 In determining the income tax liabilities, management is required to estimate the deductibility of certain expenses. Though, the Company has significant open tax assessments at the reporting date, management believes that the tax positions are sustainable and provision for current tax for the year is sufficient.

| | 2022 | 2021 | 2020 |
|--|----------------|--------------------|----------------|
| | Rupees | Rupees | Rupees |
| Provision as per financial statements | 16,629,942 | 26,424,478 | 13,826,623 |
| Assessed amount of tax liability | 16,487,817 | 33,352,861 | 13,834,498 |
| Difference between provision and assessed amount | <u>142,125</u> | <u>(6,928,383)</u> | <u>(7,875)</u> |

Note 13
Contingencies and Commitments

13.1 Contingencies

The income tax department has raised demand of Rs. 15,039,454 in respect of tax year 2023 through an order passed under section 205 / 147 of the Income Tax Ordinance, 2001. The Company has filed appeal against the demand before Comissioner Inland Revenue (CIR). The matter is still pending before CIR. The management does not foresee any adverse outcome against the Company based on the opinion of legal advisor, therefore no provision is recorded in these financial statements.

13.2 Commitments

There are no material commitments outstanding as at the reporting date (2022: Nil).



Note 14
Property, Plant and Equipment

| Particulars | Year Ended June 30, 2023 | | | | Year Ended June 30, 2022 | | | | Year Ended June 30, 2021 | | | | Balance as at June 30, 2023 | | | | | | | | |
|---|--------------------------|------|-------------------|--------------------|--------------------------|--------------------|------------------------|----------|--------------------------|----------|---------------------------|-------------------|-----------------------------|----------------------|-------------------|----------------------|---------------------------|----------|--|----------------------|--|
| | As at July 01, 2022 | | Additions | | Disposals | | Revaluation adjustment | | Revaluation Surplus | | Total as at June 30, 2023 | | Rate | | Depreciation | | Total as at June 30, 2023 | | Written Down Value as at June 30, 2023 | | |
| | Rupees | % | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | |
| Land - freehold | 952,200,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 952,200,000 | |
| Factory building on freehold land | 95,369,400 | 10 | - | - | - | - | - | - | - | - | 9,536,940 | - | - | - | - | - | - | - | - | 85,832,460 | |
| Plant and machinery | 259,000,000 | 10 | 650,000 | - | - | - | - | - | - | - | 25,935,000 | - | - | - | - | - | - | - | - | 233,715,000 | |
| Power plant | 24,222,841 | 12.5 | - | - | - | - | - | - | - | - | 7,951,574 | - | - | - | - | - | - | - | - | 14,237,359 | |
| Solar panel | 16,244,921 | 10 | - | - | - | - | - | - | - | - | 1,636,384 | - | - | - | - | - | - | - | - | 13,147,683 | |
| Electric fittings, equipment and appliances | 17,500,000 | 10 | - | - | - | - | - | - | - | - | 1,750,000 | - | - | - | - | - | - | - | - | 15,750,000 | |
| Furniture and fixtures | 7,582,842 | 10 | - | - | - | - | - | - | - | - | 7,582,842 | - | - | - | - | - | - | - | - | 7,582,842 | |
| Vehicles | 9,118,158 | 20 | - | - | - | - | - | - | - | - | 9,118,158 | - | - | - | - | - | - | - | - | 9,118,158 | |
| Leasehold improvement | 1,904,874 | 25 | - | - | - | - | - | - | - | - | 1,904,874 | - | - | - | - | - | - | - | - | 1,904,874 | |
| Library books | 11,856 | 10 | - | - | - | - | - | - | - | - | 11,856 | - | - | - | - | - | - | - | - | 11,856 | |
| Balance as at June 30, 2023 | 1,383,154,892 | | 650,000 | - | - | - | - | - | - | - | 1,383,804,892 | - | - | - | - | - | - | - | - | 1,317,923,851 | |
| Year Ended June 30, 2022 | | | | | | | | | | | | | | | | | | | | | |
| Land - freehold | 343,850,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 343,850,000 | |
| Factory building on freehold land | 127,605,630 | 10 | - | - | - | - | - | - | - | - | 2,155,133 | - | - | - | - | - | - | - | - | 129,760,763 | |
| Plant and machinery | 267,183,032 | 10 | 40,066,050 | - | (5,000,000) | - | - | - | - | - | (34,391,363) | - | - | - | - | - | - | - | - | 232,792,699 | |
| Power plant | 24,222,841 | 12.5 | - | - | - | - | - | - | - | - | 24,222,841 | - | - | - | - | - | - | - | - | 48,445,682 | |
| Solar panel | 10,221,921 | 10 | 6,023,000 | - | - | - | - | - | - | - | 1,636,384 | - | - | - | - | - | - | - | - | 16,881,305 | |
| Electric fittings, equipment and appliances | 13,946,185 | 10 | - | - | - | - | - | - | - | - | 1,750,000 | - | - | - | - | - | - | - | - | 15,696,185 | |
| Furniture and fixtures | 7,582,842 | 10 | - | - | - | - | - | - | - | - | 7,582,842 | - | - | - | - | - | - | - | - | 7,582,842 | |
| Vehicles | 9,118,158 | 20 | - | - | - | - | - | - | - | - | 9,118,158 | - | - | - | - | - | - | - | - | 9,118,158 | |
| Leasehold improvement | 1,904,874 | 25 | - | - | - | - | - | - | - | - | 1,904,874 | - | - | - | - | - | - | - | - | 1,904,874 | |
| Library books | 11,856 | 10 | - | - | - | - | - | - | - | - | 11,856 | - | - | - | - | - | - | - | - | 11,856 | |
| Balance as at June 30, 2022 | 805,647,339 | | 46,089,050 | (5,000,000) | (105,497,457) | 641,915,960 | 1,383,154,892 | - | - | - | 88,426,470 | 42,415,401 | (961,250) | (105,497,457) | 24,383,164 | 1,358,771,728 | - | - | - | 1,317,923,851 | |



Note 14, Property, Plant and Equipment - Contd...

14.1 Cost, accumulated depreciation and book value of revalued assets

Latest revaluation of property, plant and equipment was carried out by an independent valuer (refer to note 6) as on June 30, 2022. Had there been no revaluation, the net book values of revalued assets would have been as under:

| | As on June 30, 2023 | |
|---|---------------------|----------------------|
| | Net book value | Forced sales value |
| | Rupees | Rupees |
| Land | 16,298 | 761,760,000 |
| Factory building | 3,471,825 | 68,665,968 |
| Plant and machinery | 138,585,466 | 186,972,000 |
| Electric fittings, equipment and appliances | 1,666,353 | 12,600,000 |
| | <u>143,739,942</u> | <u>1,029,997,968</u> |

14.2 Depreciation charge for the year has been allocated as under:

| | Note | 2023 Rupees | 2022 Rupees |
|-------------------------|------|-------------------|-------------------|
| Cost of sales | 22 | 40,747,002 | 41,736,115 |
| Administrative expenses | 24 | 750,875 | 679,286 |
| | | <u>41,497,877</u> | <u>42,415,401</u> |

14.3 Particulars of immovable property (i.e. land and building) in the name of Company are as follows:

| Location / Address | Usage of immovable property | Total Area (Kanals) |
|--|-----------------------------|---------------------|
| Rehman Shaheed Road, Industrial Area G.T Road, Gujrat. | Production and warehouse | 52.9 |

14.4 Particulars of property / asset not held in the name of the Company/not in the possession and control of the Company

All assets are held in the name of the Company/ in the possession and control of the Company.

14.5 The details of property, plant and equipment disposed off during the year having individual book value exceeding Rs. 500,000 or more:

No disposals were made during the year.

14.6 The significant inputs used in the fair value measurements categorized within Level 1, Level 2 and Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at June 30, 2023 is shown below:

| Description | Valuation Technique | Significant Observable Inputs | Fair value Hierarchy | Quantitative Data / Range (weighted average) |
|---|---------------------------------|---|----------------------|--|
| Land | Sales value comparison approach | Market enquiries and survey as per kanal/marla for land | Level 2 | NIL |
| Factory building | | Market survey | Level 2 | |
| Plant and machinery | | Market value of machinery considering condition, manufacturing date, country of manufacturing and replacement value | Level 2 | |
| Power plant | | Market and replacement value | Level 2 | |
| Electric fittings, equipment and appliances | Level 2 | | | |

14.7 There are no Level 1 and Level 3 assets or any transfers between Level 1, 2 and 3 during the year.

14.8 Property, plant and equipment contains fully depreciated assets, having cost of Rs. 11,856 (2022: Rs. 11,856) that are still in use as at the reporting date.



Note 15

Long Term Deposits

| | 2023 | 2022 |
|---|-------------------|-------------------|
| | Rupees | Rupees |
| Sui Northern Gas Pipelines Limited - SNGPL | 13,407,023 | 13,377,023 |
| Water and Power Development Authority - WAPDA | 5,960,000 | 5,960,000 |
| | <u>19,367,023</u> | <u>19,337,023</u> |

Note 16

Stores and Spares

| | 2023 | 2022 |
|-------------------|------------------|------------------|
| | Rupees | Rupees |
| Stores and spares | 3,155,318 | 3,742,561 |
| Packing materials | 847,835 | 1,511,618 |
| | <u>4,003,153</u> | <u>5,254,179</u> |

Note 17

Stock in Trade

| | 2023 | 2022 |
|-----------------|-------------------|-------------------|
| | Rupees | Rupees |
| Raw materials | 35,365,146 | 24,577,446 |
| Work in process | 19,902,329 | 15,988,206 |
| Finished goods | 2,671,294 | 3,678,141 |
| Waste | 1,852,415 | 3,030,487 |
| | <u>59,791,184</u> | <u>47,274,280</u> |

Note 18

Trade Debts

| | 2023 | 2022 |
|---|-----------|-----------|
| | Rupees | Rupees |
| Local debts (Unsecured - considered good) | 2,196,115 | 2,444,083 |

18.1 Trade debtors do not include any amount receivable from related parties of the Company (2022: Nil).

Note 19

Advances and Prepayments

| | 2023 | 2022 |
|---|-------------------|-------------------|
| | Rupees | Rupees |
| Advances to employees (Unsecured - considered good) | 1,336,757 | 1,942,690 |
| Advance to suppliers | 7,269,249 | - |
| Income tax deducted at source | 20,074,427 | 21,943,260 |
| Prepayments | 528,366 | 742,842 |
| | <u>29,208,799</u> | <u>24,628,792</u> |



Note 20

Cash and Bank Balances

| | 2023 | 2022 |
|-----------------------------------|-------------------|-------------------|
| | Rupees | Rupees |
| Cash in hand | 1,746,692 | 474,297 |
| Cash at banks in current accounts | 17,436,813 | 34,438,087 |
| | <u>19,183,505</u> | <u>34,912,384</u> |

20.1 The above figures of cash and bank balances reconcile to the amount of cash and cash equivalents shown in the statement of cash flows.

Note 21

Revenue

| | 2023 | 2022 |
|-----------------|----------------------|----------------------|
| | Rupees | Rupees |
| Local: | | |
| - Yarn | 1,237,001,664 | 1,569,284,183 |
| - Wastes | 12,773,321 | 11,577,920 |
| | <u>1,249,774,985</u> | <u>1,580,862,103</u> |
| Less: Sales tax | (198,172,011) | (239,096,751) |
| | <u>1,051,602,974</u> | <u>1,341,765,352</u> |

21.1 All the revenue is recognized at a point in time.

Note 22

Cost of Sales

| | Note | 2023 | 2022 |
|------------------------------------|------|----------------------|----------------------|
| | | Rupees | Rupees |
| Raw materials consumed | 22.1 | 746,297,886 | 967,658,662 |
| Stores and spares consumed | | 8,167,953 | 12,783,863 |
| Packing materials consumed | | 10,083,654 | 15,127,634 |
| Fuel and power | | 256,007,564 | 169,156,939 |
| Salaries, wages and other benefits | 22.2 | 96,792,410 | 103,645,902 |
| Insurance | | 2,016,116 | 1,233,311 |
| Repairs and maintenance | | 3,061,637 | 3,163,759 |
| Depreciation | 14.2 | 40,747,002 | 41,736,115 |
| | | <u>1,163,174,222</u> | <u>1,314,506,185</u> |
| Work in process: | | | |
| - Opening stock | | 15,988,206 | 8,438,854 |
| - Closing stock | | (19,902,329) | (15,988,206) |
| | | <u>(3,914,123)</u> | <u>(7,549,352)</u> |
| | | <u>1,159,260,099</u> | <u>1,306,956,833</u> |
| Finished goods including waste: | | | |
| - Opening stock | | 6,708,628 | 3,871,760 |
| - Closing stock | | (4,523,709) | (6,708,628) |
| | | <u>2,184,919</u> | <u>(2,836,868)</u> |
| | | <u>1,161,445,018</u> | <u>1,304,119,965</u> |



| | Note | 2023 Rupees | 2022 Rupees |
|------------------------|------|----------------|----------------|
| 22.1 | | | |
| Raw materials consumed | | | |
| Opening balance | | 24,577,446 | 41,630,449 |
| Purchases | | 757,085,586 | 950,605,659 |
| | | 781,663,032 | 992,236,108 |
| Less: Closing balance | 17 | (35,365,146) | (24,577,446) |
| Raw materials consumed | | 746,297,886 | 967,658,662 |

22.2 This includes Rs. 8.399 million (2022: Rs. 4.481 million) in respect of post employment benefit obligations.

Note 23

Distribution Cost

| | Note | 2023 Rupees | 2022 Rupees |
|-----------------------|------|----------------|----------------|
| Salaries and benefits | 23.1 | 1,251,316 | 1,072,214 |
| Commission | | 6,134,518 | 7,688,955 |
| | | 7,385,834 | 8,761,169 |

23.1 This includes Rs. 0.195 million (2022: Rs. 0.104 million) in respect of post employment benefit obligations.

Note 24

Administrative Expenses

| | Note | 2023 Rupees | 2022 Rupees |
|------------------------------------|------|----------------|----------------|
| Salaries, wages and other benefits | 24.1 | 23,123,154 | 23,702,145 |
| Utilities | | 1,435,641 | 1,014,351 |
| Printing and stationery | | 616,371 | 618,681 |
| Communication | | 653,770 | 967,034 |
| Travelling and conveyance | | 1,578,891 | 1,638,021 |
| Repairs and maintenance | | 692,755 | 554,350 |
| Rent, rates and taxes | | 912,249 | 994,741 |
| Vehicle running and maintenance | | 469,885 | 857,108 |
| Fees and subscription | | 119,262 | 106,010 |
| Legal and professional charges | | 2,178,344 | 2,702,664 |
| Entertainment | | 1,087,261 | 1,515,015 |
| Advertisement | | 100,000 | 703,000 |
| Newspapers and periodicals | | 62,860 | 55,334 |
| Donations and employees welfare | 24.2 | 1,243,600 | 1,130,500 |
| Gardening expenses | | 46,920 | 19,860 |
| Miscellaneous | | 105,990 | 78,329 |
| Depreciation | 14.2 | 750,875 | 679,286 |
| | | 35,177,828 | 37,336,429 |

24.1 This includes Rs. 1.1719 million (2022: Rs. 0.6252 million) in respect of post employment benefits obligations.

24.2 This includes the amount of Rs. 120,000 (2022: Rs. 940,000) paid to M/s Gujranwala Welfare Clinic, which is related party due to common directorship.



Note 25

Finance Cost

| | Note | 2023 Rupees | 2022 Rupees |
|--|------|-------------------|------------------|
| Markup on financing | | 5,317,830 | 2,597,061 |
| Interest on workers' profit participation fund | 10.3 | 6,844,009 | 4,015,390 |
| Bank charges | | 209,547 | 180,777 |
| | | <u>12,371,386</u> | <u>6,793,228</u> |

Note 26

Other Operating Expenses

| | | 2023 Rupees | 2022 Rupees |
|---|--|----------------|------------------|
| Auditors' remuneration: | | | |
| - Statutory audit fee | | 852,500 | 852,500 |
| - Other attestation services | | - | 247,500 |
| | | <u>852,500</u> | <u>1,100,000</u> |
| Loss on sale of property, plant and equipment | | - | 1,638,750 |
| | | <u>852,500</u> | <u>2,738,750</u> |

Note 27

Other Income

| | | 2023 Rupees | 2022 Rupees |
|---|--|------------------|-------------------|
| Scrap sales | | 86,176 | 32,455 |
| Excess provision / unclaimed liabilities written back | | - | 10,400,000 |
| Unwinding of interest | | 8,172,670 | - |
| | | <u>8,258,846</u> | <u>10,432,455</u> |

Note 28

Taxation

| | | 2023 Rupees | 2022 Rupees |
|---|--|-------------------|------------------|
| Current: | | | |
| - Charge for the year | | 13,145,037 | 16,772,067 |
| - Prior period adjustments | | 142,125 | (6,928,383) |
| | | <u>13,287,162</u> | <u>9,843,684</u> |
| Deferred tax | | (12,739,476) | (6,025,301) |
| | | <u>547,686</u> | <u>3,818,383</u> |
| 28.1 Reconciliation of tax charge for the year: | | | |
| Loss before taxation | | (157,370,746) | (7,551,734) |
| Tax @ 29% on profit before taxation | | - | - |
| Prior year tax charge | | 142,125 | (6,928,383) |
| Minimum Tax @ 1.25% | | 13,145,037 | 16,772,067 |
| | | <u>13,287,162</u> | <u>9,843,684</u> |



Note 29
Earnings per Share

| | | 2023 | 2022 |
|---|--------|---------------|--------------|
| Net loss for the year attributable to ordinary shareholders | Rupees | (157,918,432) | (11,370,117) |
| Weighted average number of ordinary shares | Number | 13,787,567 | 13,787,567 |
| Loss per share - Basic and diluted | Rupees | (11.45) | (0.82) |

Note 30
Liabilities arising from Financing Activities

| | As at June 30, 2022 | Non-cash changes | Cash flows (Net) | As at June 30, 2023 |
|-----------------------|------------------------|---------------------|---------------------|------------------------|
| | ----- Rupees ----- | | | |
| Unclaimed dividends | 232,987 | - | - | 232,987 |
| Unpaid dividends | 683,629 | - | - | 683,629 |
| Short term borrowings | - | - | 26,720,000 | 26,720,000 |
| Long term financing | 58,066,037 | (7,771,346) | (8,250,020) | 42,044,671 |
| | <u>58,749,666</u> | <u>(7,771,346)</u> | <u>18,469,980</u> | <u>69,448,300</u> |
| | ----- Rupees ----- | | | |
| | As at June 30, 2021 | Non-cash changes | Cash flows (Net) | As at June 30, 2022 |
| Unclaimed dividends | 232,987 | - | - | 232,987 |
| Unpaid dividends | 364,412 | 13,787,567 | (13,468,350) | 683,629 |
| Long term financing | 64,209,144 | - | (6,143,107) | 58,066,037 |
| | <u>64,573,556</u> | <u>13,787,567</u> | <u>(19,611,457)</u> | <u>58,749,666</u> |



Note 31

Remuneration of Chief Executive Officer, Directors and Executives

The aggregate amounts charged in the financial statements for remuneration, allowances including all benefits to the Chief Executive officer, Directors and other Executives of the Company are as follows:

| | Chief Executive Officer | Executive Director | Executives | Total | Chief Executive Officer | Executive Director | Executives | Total |
|-----------------------------------|-------------------------|--------------------|------------|------------|-------------------------|--------------------|------------|------------|
| | 2023 | | | | 2022 | | | |
| | Rupees | | | | Rupees | | | |
| Managerial remuneration | 4,800,000 | 4,200,000 | 9,519,000 | 18,519,000 | 4,800,000 | 4,200,000 | 9,420,000 | 18,420,000 |
| Medical allowance / reimbursement | - | 150,017 | - | 150,017 | - | 306,328 | - | 306,328 |
| | 4,800,000 | 4,350,017 | 9,519,000 | 18,669,017 | 4,800,000 | 4,506,328 | 9,420,000 | 18,726,328 |
| Number of persons | 1 | 1 | 4 | | 1 | 1 | 4 | |

- 31.1 Apart from the above, the chief executive officer and executives are provided with Company maintained cars.
- 31.2 No meeting fee has been paid to any director of the Company.
- 31.3 An executive is defined as an employee, other than the chief executive and directors, whose basic salary exceeds Rs. 1.2 million in a financial year.

Note 32

Transactions with Related Parties

Related parties comprise directors and associates of the Company, undertakings their close relatives and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Significant transactions with related parties and balances due to / from them are as under:

| Transactions during the year | | | 2023 | 2022 |
|--|---------------------------------------|---|-------------|--------------|
| | | | Rupees | Rupees |
| Related party | Relationship | Nature of transaction | | |
| Directors and close relatives thereof | Associated persons | Long term financing Obtained | - | 4,800,010 |
| | | Long term financing repaid | (8,250,020) | (10,943,117) |
| | | Markup charged on long term financing | 5,317,830 | 2,597,061 |
| | | Markup on long term financing repaid / adjusted | (209,547) | (8,143,117) |
| | | Short term borrowings obtained | 26,720,000 | 7,600,000 |
| | | Short term borrowings repaid | - | (7,600,000) |
| | | Dividend paid | - | 7,820,656 |
| M/S Gujranwala Welfare Clinic | Common Directorship | Donation paid during the year | 120,000 | (940,000) |
| Balance outstanding as at June 30, | | | 2023 | 2022 |
| | | | Rupees | Rupees |
| Payable to directors and close relatives thereof | Long term financing | | 42,044,671 | 58,066,037 |
| | Accrued markup on long term financing | | 4,916,506 | - |
| | Short Term Borrowing | | 26,720,000 | - |



Note 32, Transactions with Related Parties - Contd...

32.1 Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place.

| Sr No | Name of Related Party | Basis of Relationship | Aggregate % of Shareholding |
|-------|-----------------------|--|-----------------------------|
| 1 | Mr. Mohammad Hameed | CEO | 17.49 |
| 2 | Mr. Aamer Hameed | Executive Director | 16.65 |
| 3 | Mr. Ijaz Hameed | Non Executive Director | 15.61 |
| 4 | Ms. Uzma Hameed | Related party close relationship of Director | 13.52 |
| 5 | Ms. Saima Hameed | Related party close relationship of Director | 9.08 |
| 6 | Mr. Tariq Hameed | Non Executive Director | 0.65 |
| 6 | Ms. Rubina Ijaz | Related party- Spouse of Mr. Ijaz Hameed | 2.86% |

Note 33

Plant Capacity and Production

| | 2023 | 2022 |
|--|-----------|-----------|
| | KGs | KGs |
| 100% plant capacity converted into 20/S (2022: 20/S) count based on three shifts per day for 1080 shifts (2022: 1080 shifts) | 7,036,705 | 7,036,705 |
| Actual production for the year converted into 20/S (2022: 20/S) | 4,933,105 | 4,895,093 |

Plant capacity is determined on the basis of management estimates as it is difficult to calculate precisely the production capacity of spinning unit. The production capacity fluctuates widely depending on various factors such as count of yarn spun, spindle speed, twist, maintenance of machinery, power shutdown and raw materials used, and the pattern of production adopted in any particular year.

Note 34

Financial Risk Management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on having cost efficient funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

34.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency, interest rate, commodity price and equity price that will affect the Company's income or the value of its holdings of financial instruments.

Currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. This exists due to the Company's exposure resulting from outstanding import and export payments. As there are no foreign currency receivables / payables of the Company, it is not exposed to currency risk (2022 : Rs. Nil).



Note 34, Financial Risk Management - Contd...

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk arises from short and long term borrowings. These are benchmarked to variable rates which expose the Company to cash flow interest rate risk.

As the Company has no significant floating interest rate assets, the Company's income is substantially independent of changes in market interest rates. The interest rate profile of the Company's interest-bearing financial instruments as at the reporting date is as follows:

| | 2023 | 2022 |
|-----------------------------|--------------------|------------|
| | ----- Rupees ----- | |
| Floating rate instruments | | |
| Financial liabilities | | |
| Long term financing | - | 58,066,037 |
| Fixed rate rate instruments | | |
| Long term financing | 42,044,671 | - |

Cash flow sensitivity analysis for variable rate instruments

As at June 30, 2023, if interest rates on the Company's borrowings had been 1% higher / lower with all other variables held constant, profit before tax for the year would have been higher / lower by Rs. Nil. (2022: Rs. Rs. 0.581 million), mainly as the Company has no variable rate borrowings as at the reporting date.

Cash flow sensitivity analysis for fixed rate instruments

The profit before taxation for the year would have no fluctuation due to change in rate at reporting date.

Price risk

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

34.2 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Credit risk of the Company arises from deposits with banks, trade receivables and other receivables. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The utilization of credit limits is regularly monitored. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings, if any. As at the reporting date, the maximum exposure to credit risk is equal to the carrying amount of the financial assets as detailed below:

| | | 2023 | 2022 |
|------------------------|------|--------------------|------------|
| | Note | ----- Rupees ----- | |
| Long term deposits | 15 | 19,367,023 | 19,337,023 |
| Trade debts | 18 | 2,196,115 | 2,444,083 |
| Cash and bank balances | 20 | 19,183,505 | 34,912,384 |



Note 34, Financial Risk Management - Contd...

The aging of trade debts as at the reporting date is as follows:

| | 2023 | 2022 |
|------------------------|--------------------|------------------|
| | ----- Rupees ----- | |
| Past due 1 - 30 days | 2,196,115 | 2,444,083 |
| Past due 31 - 60 days | - | - |
| Past due 61 - 120 days | - | - |
| More than 120 days | - | - |
| | <u>2,196,115</u> | <u>2,444,083</u> |

Customer credit risk is managed by each business unit subject to the Company’s established policies, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. The Company believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counter parties.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The Company does not hold collateral as security.

The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are operated in largely independent markets. The credit risk on liquid funds is limited because the counter parties are either banks (with reasonably high credit ratings) and trade receivables for which the exposure is spread over a large number of counter parties.

The credit quality of bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

| | Rating | | Rating Agency | 2023 | 2022 |
|---------------------------------|------------|-----------|---------------|-------------------|-------------------|
| | Short term | Long term | | Rupees | Rupees |
| National Bank of Pakistan | A1+ | AAA | PACRA | 2,488 | 2,488 |
| MCB Bank Limited | A1+ | AAA | PACRA | 111,866 | 5,254,624 |
| Bank Alfalah Limited | A1+ | AA+ | PACRA | 2,844,904 | 9,595,490 |
| JS Bank Limited | A1+ | AA- | PACRA | 890 | 840 |
| Meezan Bank Limited | A-1+ | AAA | JCR-VIS | 13,256,076 | 18,225,230 |
| Faysal Bank Limited | A1+ | AA | JCR-VIS | 1,165,417 | 1,304,343 |
| Askari Bank Limited | A1+ | AA+ | PACRA | 51,050 | 51,000 |
| Habib Metropolitan Bank Limited | A1+ | AA+ | PACRA | 4,122 | 4,072 |
| | | | | <u>17,436,813</u> | <u>34,438,087</u> |



Note 34, Financial Risk Management - Contd...

34.3 Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business, the Company maintains flexibility in funding by maintaining committed credit lines available. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios and maintaining debt financing plans. The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period as at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

Contractual maturities of financial liabilities as at June 30, 2023:

| Description | Carrying Amount | Contractual cash flows | Within 1 year | 1-2 Years | 2-5 Years | 5 - 10 years |
|-------------|-----------------|------------------------|---------------|-----------|-----------|--------------|
|-------------|-----------------|------------------------|---------------|-----------|-----------|--------------|

.....Rupees in'000'.....

Contractual maturities of financial liabilities as at June 30, 2023:

| | | | | | | |
|--------------------------|----------------|----------------|----------------|--------------|---------------|---------------|
| Long term financing | 42,045 | 113,287 | 8,585 | 9,041 | 30,366 | 65,295 |
| Short term borrowings | 26,720 | 26,720 | 26,720 | - | - | - |
| Trade and other payables | 160,897 | 160,897 | 160,897 | - | - | - |
| Accrued markup | 4,917 | 4,917 | 4,917 | - | - | - |
| | <u>266,216</u> | <u>337,458</u> | <u>232,756</u> | <u>9,041</u> | <u>30,366</u> | <u>65,295</u> |

Contractual maturities of financial liabilities as at June 30, 2022:

| | | | | | | |
|--------------------------|----------------|----------------|---------------|---------------|---------------|---------------|
| Long term financing | 58,066 | 112,054 | 11,858 | 12,487 | 41,938 | 45,771 |
| Trade and other payables | 73,692 | 73,692 | 73,692 | - | - | - |
| | <u>131,758</u> | <u>185,746</u> | <u>85,550</u> | <u>12,487</u> | <u>41,938</u> | <u>45,771</u> |

34.4 Financial instruments by categories

Financial assets as at amortized cost

Trade debts

Cash and bank balances

Financial liabilities at amortized cost

Long term financing

Short term borrowings

Trade and other payables

Accrued markup

| | 2023 | 2022 |
|--------------------------|--------------------|--------------------|
| | Rupees | Rupees |
| Trade debts | 2,196,115 | 2,444,083 |
| Cash and bank balances | 19,183,505 | 34,912,384 |
| | <u>21,379,620</u> | <u>37,356,467</u> |
| Long term financing | 42,044,671 | 58,066,037 |
| Short term borrowings | 26,720,000 | - |
| Trade and other payables | 160,896,530 | 73,691,725 |
| Accrued markup | 4,916,506 | - |
| | <u>261,297,707</u> | <u>131,757,762</u> |

34.5 Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. Fair value is determined on the basis of objective evidence at each reporting date. The management believes that the fair values of financial assets and financial liabilities approximate to their carrying amounts largely due to the short term maturities of these instruments.



Note 35
Capital Risk Management

The Company's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the Company's business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

- to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, if possible, selling surplus property, plant and equipment without affecting the optimal production and operating level and regulating its dividend payout thus maintaining smooth capital management.

In line with the industry norms, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non current) less cash and cash equivalents. Total capital is calculated as equity, as shown in the statement of financial position, plus net debt.

The gearing ratio of the Company is calculated as follows:

| | 2023 | 2022 |
|------------------------|---------------|---------------|
| | Rupees | Rupees |
| Total borrowings | 68,764,671 | 58,066,037 |
| Cash and bank balances | (19,183,505) | (34,912,384) |
| Net debt | 49,581,166 | 23,153,653 |
| Equity | 1,010,125,440 | 1,167,855,050 |
| Total capital employed | 1,059,706,606 | 1,191,008,703 |
| Gearing ratio | 4.68% | 1.94% |

Note 36
Segment Information

Operating segments are reported in a manner consistent with the internal reporting used by the Chief Operating Decision Maker. The Chief Executive Officer (CEO) of the Company has been identified as the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments.

The CEO is responsible for the management of the Company's entire business which is considered as a single operating segment. The Company's assets allocation decisions are based on a single integrated investment strategy and the Company's performance is evaluated on an overall basis.

The internal reporting provided to the CEO for the Company's assets, liabilities and performance is prepared on a basis consistent with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

The Company is domiciled in Pakistan. All of the Company's income is from the entities incorporated in Pakistan. The Company has only one reportable segment.



36.1 Entity-wide disclosures regarding reportable segment are as follows:

- Information about major customers

One customer of the Company accounts for 21% (2022: 14%) of total sales for the year. Revenue from such customer is Rs. 260,261,440 (2022: Rs. 222,540,368).

- Information about geographical areas

All non-current assets of the Company are located in Pakistan as at the reporting date.

- Information about product

The major products of the company are Cotton Yarn 52/single, 40/single and 32/single.

Note 37

Number of Employees

| | 2023 Number | 2022 Number |
|---|----------------|----------------|
| Total number of employees as at June 30, | | |
| - Permanent | 224 | 263 |
| - Contractual | 5 | 5 |
| Average number of employees during the year | | |
| - Permanent | 244 | 268 |
| - Contractual | 5 | 40 |

Note 38

Date of Authorization for Issue

These financial statements were approved and authorized for issuance by the Board of Directors of the Company on 5th October 2023.

Note 39

General

Comparative figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. No material re-arrangements / reclassifications have been made in these financial statements.

Mohammad Hameed
Chief Executive

Aamer Hameed
Director

M. Muddasar Shahzad
Chief Financial Officer



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

FORM 34

1.1 Name of the Company Service Industries Textiles Limited2.1. Pattern of holding of the shares held by the shareholders as at 30-06-2023

| 2.2 No. of Shareholders | -----Shareholdings----- | | Total Shares Held |
|-------------------------|-------------------------|-----------|-------------------|
| | From | To | |
| 558 | 1 | 100 | 13,703 |
| 447 | 101 | 500 | 107,982 |
| 117 | 501 | 1,000 | 95,267 |
| 114 | 1,001 | 5,000 | 283,018 |
| 29 | 5,001 | 10,000 | 213,244 |
| 9 | 10,001 | 15,000 | 106,648 |
| 2 | 15,001 | 20,000 | 38,300 |
| 4 | 20,001 | 25,000 | 90,521 |
| 3 | 25,001 | 30,000 | 87,500 |
| 1 | 30,001 | 35,000 | 35,000 |
| 4 | 35,001 | 40,000 | 154,720 |
| 7 | 45,001 | 50,000 | 339,980 |
| 3 | 50,001 | 55,000 | 155,360 |
| 1 | 60,001 | 65,000 | 65,000 |
| 1 | 65,001 | 70,000 | 66,500 |
| 1 | 70,001 | 75,000 | 73,000 |
| 1 | 80,001 | 85,000 | 84,603 |
| 3 | 85,001 | 90,000 | 269,239 |
| 1 | 95,001 | 100,000 | 97,500 |
| 1 | 100,001 | 105,000 | 101,601 |
| 1 | 110,001 | 115,000 | 113,446 |
| 2 | 120,001 | 125,000 | 244,683 |
| 1 | 140,001 | 145,000 | 141,601 |
| 2 | 160,001 | 165,000 | 325,603 |
| 1 | 195,001 | 200,000 | 199,420 |
| 1 | 225,001 | 230,000 | 225,701 |
| 1 | 270,001 | 275,000 | 270,833 |
| 1 | 285,001 | 290,000 | 288,316 |
| 1 | 430,001 | 435,000 | 431,703 |
| 1 | 1,150,001 | 1,155,000 | 1,155,000 |
| 3 | 1,860,001 | 1,865,000 | 5,590,908 |
| 1 | 2,320,001 | 2,325,000 | 2,321,667 |
| | 1,323 | | 13,787,567 |

| 2.3 Categories of Shareholders | Shares Held | Percentage |
|---|-------------|------------|
| 2.3.1 Directors, Chief Executive Officer, and their spouse and minor children | 6,669,614 | 48.3741% |
| 2.3.2 Associated Companies, undertakings and related parties. (Parent Company) | 0 | 0.0000% |
| 2.3.3 NIT and ICP | 276,354 | 2.0044% |
| 2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions. | 74,154 | 0.5378% |
| 2.3.5 Insurance Companies | 299,920 | 2.1753% |
| 2.3.6 Modarabas and Mutual Funds | 7,000 | 0.0508% |
| 2.3.7 Shareholders holding 10% or more | 8,885,002 | 64.4421% |



Service Industries Textiles Limited
Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2023

| Sr. No. | Name | No. of Shares Held | Percentage |
|--|--|--------------------|------------|
| Associated Companies, Undertakings and Related Parties (Name Wise Detail): | | | |
| | | - | - |
| Mutual Funds (Name Wise Detail) | | | |
| | | - | - |
| Directors and their Spouse and Minor Children (Name Wise Detail): | | | |
| 1 | MR. AAMER HAMEED | 2,295,339 | 16.6479% |
| 2 | MRS. SADIA HAMID | 500 | 0.0036% |
| 3 | MR. MOHAMMAD HAMEED | 2,411,380 | 17.4895% |
| 4 | MR. TARIQ HAMEED | 89,713 | 0.6507% |
| 5 | MR. MURTAZA HAMEED | 225,701 | 1.6370% |
| 6 | MR. OMAR MOHYUD DIN MALIK | 500 | 0.0036% |
| 7 | MRS. ZAINAB KHAN | 500 | 0.0036% |
| 8 | MRS. ROBINA IJAZ W/O IJAZ HAMEED | 393,481 | 2.8539% |
| 9 | MRS. SAIMA HAMEED W/O AAMER HAMEED | 1,252,500 | 9.0843% |
| Executives: | | | |
| | | - | - |
| Public Sector Companies & Corporations: | | | |
| | | - | - |
| Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds: | | 381,074 | 2.7639% |
| Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail) | | | |
| 1 | MR. MOHAMMAD HAMEED (CDC) | 2,411,380 | 17.4895% |
| 2 | MR. AAMER HAMEED (CDC) | 2,295,339 | 16.6479% |
| 3 | MR. IJAZ HAMEED (CDC) | 2,151,952 | 15.6079% |
| 4 | MST. UZMA HAMEED (CDC) | 2,026,331 | 14.6968% |
| 5 | MRS. SAIMA HAMEED W/O AAMER HAMEED (CDC) | 1,252,500 | 9.0843% |

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:

| S.No | NAME | SALE | PURCHASE |
|------|----------------------------------|------|----------|
| 1 | MRS. SADIA HAMID | - | 500 |
| 2 | MRS. ROBINA IJAZ W/O IJAZ HAMEED | 500 | - |



SERVICE INDUSTRIES TEXTILES LIMITED

FORM OF PROXY

Please quote Folio Number

[Empty rounded rectangular box for Folio Number]

I / We _____

of _____

being a member of SERVICE INDUSTRIES TEXTILES LIMITED hereby appoint

Mr. _____

of _____

another member of the Company or failing him

Mr. _____

of _____

another member of the Company as my proxy to attend, act and vote for me and on my behalf at the Annual General Meeting of the Company to be held on Friday October 28, 2022 at 09:30 a.m at the Registered Office, 38-Empress Road, Lahore, and at any adjournment thereof.

Signature
on
Five Rupees
Revenue
Stamp

(Signatures should agree with the specimen signatures registered with the Company).

Witness _____

Date _____

NOTE:-

The proxy must be signed across a Five Rupees Revenue Stamp and it should be deposited in the Office of the Company not later than 48 hours before the time of holding the meeting.



پراکسی فارم (مختار نامہ)

رجسٹر فو لیو نمبر

سیکرٹری

سروس انڈسٹریز ٹیکسٹائلز لمیٹڈ

38- ایبپرس روڈ، لاہور

میں اہم

ساکن

بیشیت رکن حال

عام حصص بمطابق شیئر رجسٹر فو لیو نمبر _____ پارٹیسپنٹ (شرکت) آئی ڈی نمبر _____ (بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر _____)

بذریعہ ہذا

محترم اہم

ساکن

جو کہ اپنی کامیابی کے لیے ہمیں بہت بڑی مسرت ہے۔

_____ پارٹیسپنٹ (شرکت) آئی ڈی نمبر _____ (بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر _____) یا اسکی غیر موجودگی میں محترم اہم _____ ساکن _____

جو کہ اپنی کامیابی کے لیے ہمیں بہت بڑی مسرت ہے۔

_____ پارٹیسپنٹ (شرکت) آئی ڈی نمبر _____ (بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر _____) مورخہ 28 اکتوبر 2023ء کو منعقد ہونے والے کھپتی کے 62 ویں سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا اہل بطور مختار (پراکسی) مقرر کرنا ہوں کرتے ہیں۔

5 روپے کار سیدی ٹکٹ
چسپاں کریں

دستخط کھپتی کے ہاں رجسٹرڈ نمونہ دستخطوں کے

مطابق ہونے چاہئیں

دستخط _____ آج بروز _____ بتاریخ _____

نوٹ:

- 1- اگر ایک ممبر اجلاس میں شرکت کے قابل نہیں ہے تو وہ اس فارم پر دستخط کرے اور سیکرٹری کو اس طور ارسال کر دے کہ اجلاس کے انعقاد کے وقت سے کم از کم 48 گھنٹے قبل پہنچ جانا چاہیے۔
- 2- سی ڈی سی کے ذریعے حصص یافتگان پراکسیز تقرر کرتے ہوئے پراکسی فارم کے ہمراہ اپنے کمپیوٹر آئی ڈی نمونہ کی شناختی کارڈ کی مصدقہ کاپی منسلک کریں۔
- 3- سی ڈی سی کے ذریعے حصص یافتگان جو سالانہ اجلاس میں شرکت کرنا چاہتے ہوں سے التماس ہے کہ شناخت کے مقصد کیلئے اصل کمپیوٹر آئی ڈی نمونہ کی شناختی کارڈ کے ساتھ اپنے ٹیکرز سے اسکی مصدقہ کاپی، اکاؤنٹ نمبر اور پارٹیسپنٹ آئی ڈی نمبر ہمراہ لائیں۔
- 4- کارپوریٹ اسٹیٹس کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد یا مختار نامہ کی مصدقہ کاپی مع نمونہ دستخط (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختار نامہ) کے ہمراہ کھپتی میں جمع کرانا ہوگا۔



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