



Service Industries Textiles Limited
Quarterly Report
Un-Audited
1st Quarter Ended
September 30, 2023





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

**DIRECTORS' REPORT**

The Directors of your Company present before you the un-audited financial statements for the quarter ended September 30, 2023. The financial results are as follows:

	<u>30.09.2023</u> (Rupees 000)	<u>30.09.2022</u> (Rupees 000)
Net Loss for the period	(13,447)	(30,996)
Accumulated loss brought forward	(233,222)	(90,449)
	(246,669)	(121,445)
Transfer from surplus on revaluation Of fixed assets in respect of incremental Depreciation- net of deferred tax	3,365	3,739
Accumulated Loss	<u>(243,304)</u>	<u>(117,706)</u>
Earning per share - Basic	(0.98)	(2.25)

During the current period Company has incurred a net loss of Rs. 13.447 million as compared to net loss of Rs. 30.996 million for the same period in previous year. Last year was one of the toughest year for textile sector and number of mills had either shut their operations or curtailed the production. However this year looks promising mainly because of cotton crop with total production expected to be more than 10 million bales. This will help in stabilizing the cotton prices and it's availability as compared to last year and hence improving the profitability

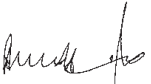
Revival of textile industry was mainly based on providing the energy at RCET (regionally competitive energy tariff) which helped the Punjab based textile sector to compete regionally. However because of its withdrawal and depreciation of Pakistani rupee to record low against the dollar has made the energy cost unbearable. Further 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 however Government of Pakistan has proposed the natural gas tariff for export industry in North i.e industry on SNGPL network, both process and captive connections, shall be maintained at \$9-9.5/MMBTU over the year at current USD PKR parity and LNG rates. This shall eliminate discrimination and create a level playing field.

Still there is lot to be done to bring down the energy prices so that textile sector remains competitive regionally. 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 are very hopeful that current crisis will be over in the coming years by the combine efforts of Government and industry and we remain hopeful of the improving macro and micro economic situation of the Country.

Lahore
October 30, 2023


Mohammad Hameed
Chief Executive


Aamer Hameed
Director



ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹرز 30 ستمبر 2023 کو ختم ہونے والی سہ ماہی کے غیر متباعد حسابات پیش کرتے ہیں۔ مالیاتی نتائج درج ذیل ہیں۔

30.09.2022 (Rupees 000)	30.09.2023 (Rupees 000)	
(30,996)	(13,447)	خالص نقصان
(90,449)	(233,222)	آگے لایا گیا جمع نقصان
(121,445)	(246,669)	
3,739	3,365	ٹرانسفر فرام سرپلس آن ریویویشن
(117,706)	(243,304)	منافع / نقصان
(2.25)	(0.98)	فی شیئر نقصان

زیر جائزہ مدت کے دوران کمپنی کو 13,447 ملین روپے کا نقصان ہوا جبکہ اسی مدت کے دوران پچھلے سال منافع 30,996 ملین روپے کا نقصان رہا۔ پچھلا سال ٹیکسٹائل کیلئے کافی مشکل رہا اور کئی ملز یا تو بند ہو گئی یا ان کو اپنی پیداواری صلاحیت میں کمی کرنی پڑی۔ البتہ اس سال کمپنی کی اچھی فیکل ہوئے کی وجہ سے بہتری کی توقع ہے۔ کمپاس کی کل پیداوار تقریباً 10 ملین ہیلز رہنے کی توقع ہے جس کی وجہ سے کمپاس کی دستیابی اور قیمت مستحکم رہے گی۔

ٹیکسٹائل سیکٹرز کی بحالی کی بنیادوں پر وچہ مسابقتی قیمتوں میں انرجی کی فراہمی تھی لیکن اسکے منقطع کیے جانے اور روپے کی قدر میں ریکارڈ کی نے بجلی کی قیمتوں میں ہوشربا اضافہ کیا۔ اسکے علاوہ صوبوں کی مابین قیمتوں میں تفاوت نے پنجاب ٹیکسٹائل انڈسٹری کو بری طرح متاثر کیا۔ البتہ حکومت پاکستان نے گیس کی قیمتوں میں تفاوت کو کم کرنے کیلئے سوئی ناردرن گیس کمپنی میں ایکسپورٹ والی انڈسٹری کے نرخ 9.5/MMBTU مقرر کرنے کا فیصلہ کیا ہے جسکی وجہ سے بہتری آنے کی امید ہے۔

اسکے علاوہ اچھا مختلف آپشنز پر کاربند 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 ہائیڈرو پاور پلانٹ کو قائم کر کے یا ان سے پلائی حاصل کرنے کیلئے ایک تجویز ہے جو کہ ابھی نیشنل گرڈ سے منسلک نہیں اور پاور پلانٹ کا حصول ہے جو ویل آف کے تحت صرف ایکسپورٹ انڈسٹری کو بجلی فراہم کرے۔ اس کے علاوہ شمسی اور ہائیڈرو پاور پلانٹ کو قائم کر کے یا ان سے پلائی حاصل کرنے کیلئے ایک تجویز ہے جو کہ ابھی نیشنل 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 پر امید ہیں۔

بورڈ آف ڈائریکٹرز کی طرف سے

عامر حمید
چیرمین

محمد حمید
چیف ایگزیکٹو

لاہور

مورخہ 30 اکتوبر 2023



**STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2023**

Notes	September 30, 2023 (Un-audited) Rs. '000'	June 30, 2023 (Audited) Rs. '000'
CAPITAL AND LIABILITIES		
Share Capital and Reserves		
Authorized share capital 20,000,000 (June 30, 2023: 20,000,000) ordinary shares of Rs. 10 each	200,000	200,000,000
Issued, subscribed and paid up capital	137,876	137,876
Share premium reserve	18,677	18,677
Accumulated loss	(243,304)	(233,222)
Surplus on revaluation of property, plant and equipment - net	1,083,430	1,086,795
	996,679	1,010,126
Non Current Liabilities		
Long term financing	23,508	26,295
Post employment benefit obligations	23,383	21,668
Deferred tax liability	51,557	53,993
	98,448	101,956
Current Liabilities		
Trade and other payables	254,336	278,144
Unclaimed dividends	233	233
Unpaid dividends	684	684
Short term borrowings	26,720	26,720
Current portion of long term financing	15,620	15,750
Accrued markup on long term financing	5,910	4,916
Provision for taxation	17,109	13,145
	320,612	339,592
Contingencies and Commitments	-	-
	1,415,739	1,451,674
ASSETS		
Non Current Assets		
Property, plant and equipment	1,311,539	1,317,924
Long term deposits and other receivables	19,367	19,367
	1,330,906	1,337,291
Current Assets		
Stores and spares	5,030	4,003
Stock in trade	43,039	59,791
Trade debts	-	2,196
Advances and prepayments	23,504	29,209
Cash and bank balances	13,260	19,184
	81,097	114,383
	1,415,739	1,451,674

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements (un-audited).

Mohammad Hameed
Chief Executive

Aamer Hameed
Director

M. Muddasar Shahzad
Chief Financial Officer



**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE QUARTER ENDED SEPTEMBER 30, 2023 (UN AUDITED)**

		Quarter ended September 30, 2023	Quarter ended September 30, 2022
	Notes	(Un-audited) Rupees '000	(Un-audited) Rupees '000
Revenue from sales		317,130	321,275
Cost of Sales	7	(316,005)	(337,942)
Gross Profit / (Loss)		1,125	(16,667)
Operating Expenses:			
Distribution Cost		(2,141)	(1,554)
Administrative expenses	8	(7,523)	(8,931)
		(9,664)	(10,485)
Operating Loss		(8,539)	(27,152)
Financel cost		(3,380)	(1,410)
		(3,380)	(1,410)
Loss Profit before taxation		(11,919)	(28,562)
Taxation			
Current tax		3,964	4,016
Deferred tax		(2,436)	(1,582)
		(1,528)	2,434
Net Loss for the period		(13,447)	(30,996)
Earnings per Share - Basic		(0.98)	(2.25)

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements (un-audited).

Mohammad Hameed
Chief Executive

Aamer Hameed
Director

M. Muddasar Shahzad
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

	Quarter ended September 30, 2023	Quarter ended September 30, 2022
Note	(Un-audited) Rupees '000	(Un-audited) Rupees '000
Net Loss for the period	(13,447)	(30,996)
Other Comprehensive Income for the period		
Items that may be reclassified to profit and loss		
Items that will not be reclassified to profit or loss		
Experience adjustment on remeasurement of post employment benefits	-	-
Related deferred tax impact	-	-
Total Comprehensive Income for the period	<u>(13,447)</u>	<u>(30,996)</u>

Mohammad Hameed
Chief ExecutiveAamer Hameed
DirectorM. Muddasar Shahzad
Chief Financial Officer



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

	Share Capital	Share Deposit Money	Reserves		Surplus on Revaluation of Property, Plant and Equipment	Total
			Share Premium Reserve	Accumulated (Loss)		
	Rupees (000)	Rupees (000)	Rupees (000)	Rupees (000)	Rupees (000)	Rupees (000)
Balance as at June 30, 2022	137,876	-	18,677	(90,449)	1,101,751	1,167,855
Net loss for the period ended September 30, 2022				(30,996)	-	(30,996)
Other comprehensive income for the period ended September 30, 2022 - net of deferred tax					-	-
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current period - net of deferred tax				3,739	(3,739)	-
Balance as on September 30, 2022	137,876	-	18,677	(117,706)	1,098,012	1,136,859
Balance as at June 30, 2023	137,876	-	18,677	(233,222)	1,086,795	1,010,126
Net loss for the period ended September 30, 2023				(13,447)	-	(13,447)
Other comprehensive income for the period ended September 30, 2023 - net of deferred tax					-	-
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current period - net of deferred tax				3,365	(3,365)	-
Balance as on September 30, 2023	137,876	-	18,677	(243,304)	1,083,430	996,679

Mohammad Hameed
Chief Executive

Aamer Hameed
Director

M. Muddasar Shahzad
Chief Financial Officer



**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

	Quarter ended 30 September 2023	Quarter ended 30 September 2022
	Rupees '000	Rupees '000
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(11,919)	(28,562)
Adjustments for :		
Depreciation	9,385	10,412
Post employment benefits	2,420	1,747
Finance cost	3,380	1,410
	<u>15,185</u>	<u>13,569</u>
Operating Profit / (Loss) before working capital changes	3,266	(14,993)
(Increase) / decrease in current assets:		
Stores and spares	(1,027)	879
Stock in trade	16,752	(20,058)
Trade debts	2,196	2,444
Advances, and prepayments	7,313	(594)
Increase/(Decrease) in current liabilities:		
Trade and other payables	(25,964)	27,303
	<u>(730)</u>	<u>9,974</u>
Cash generated from / (used in) operations	2,536	(5,019)
Income tax paid	(1,607)	(4,989)
Finance cost paid	(17)	(33)
Post employment benefit paid	(706)	(1,552)
Net Cash generated from / (used in) operating activities	206	(11,593)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property , plant and equipment	(3,000)	(1,833)
Net cash used in Investing Activities	(3,000)	(1,833)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term financing- paid	(3,130)	(3,000)
Net cash used in Financing Activities	(3,130)	(3,000)
Net Decrease in Cash and Cash Equivalents	(5,924)	(16,426)
Cash and Cash Equivalents at the beginning of the Year	19,184	34,912
Cash and Cash Equivalents at the end of the Year	<u>13,260</u>	<u>18,486</u>

Mohammad Hameed
Chief Executive

Aamer Hameed
Director

M. Muddasar Shahzad
Chief Financial Officer



**NOTES TO AND FORMING PART OF THE CONDENSED
INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 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 Companies Act 1913, (now The Companies Ordinance, 1984) and was subsequently converted into a Public Limited Company in 1970. The Company is listed on the Pakistan Stock Exchange Limited. The principal activity of the Company is manufacturing and sale of yarn made from raw cotton and synthetic fiber. The registered office of the Company is situated at 38 - Empress Road, Lahore.

Note 2**Basis of Preparation**

- 2.1 This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017:

and

- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the revisions of and directives under the Companies Act, 2017 have been followed.

- 2.2 This condensed interim financial information should be read in conjunction with annual audited financial statements for the year ended June 30, 2023. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2023 whereas comparative profit and loss account, comparative statement of comprehensive income, comparative cash flows statement and comparative statement of changes in equity are extracted from unaudited interim financial information for the quarter ended September 30, 2022.
- 2.3 This condensed interim financial information is presented in Pak Rupees, which is the Company's functional and presentational currency. All the figures have been rounded off to the nearest rupees, unless otherwise stated.

Note 3**Significant Accounting Policies**

The Company's accounting and financial risk management policies and methods of computation of this condensed interim financial information are the same as those followed in the preparation of annual financial statements for the preceding financial year ended June 30, 2023.



Note 4	September 30	June 30
Long Term Financing	2023	2023
	(Unaudited)	(Audited)
	Rupees	Rupees
Related parties - Unsecured		
Loan from directors / related parties	42,044,671	58,066,037
Effect of discounting	-	(8,172,670)
Fair value of subsidized loan	42,044,671	49,893,367
Unwinding of discount	213,118	401,324
Reoayment	(3,130,000)	(8,250,020)
	39,127,789	42,044,671
Less: Current portion	(15,619,980)	(15,749,980)
	<u>23,507,809</u>	<u>26,294,691</u>

- 4.1 This represents loan obtained from directors / related parties from time to time, to meet the liquidity requirements of the Company. The 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 July 01, 2022, this subsidized loan has been recognised at fair value being the present value of the future outflows as per the agreed loan repayment schedule. The present value is calculated by applying the discount rate of 6.32% per annum, being the market differential subsidy.

Note 5 Contingencies and Commitments

Contingencies

- 5.1 There has been no change in the status of contingencies as reported in the annual audited financial statements for the year ended June 30, 2023

Commitments

- 5.2 There are no material commitments outstanding as at the reporting date (June 30, 2023: Nil).



Note 6	September 30	June 30
Property, Plant & Equipment	2023	2023
	(Unaudited)	(Audited)
	Rupees	Rupees
Opening written down value	1,317,923,851	1,358,771,728
Additions during the period / year	3,000,000	650,000
Depreciation charge for the period / year	(9,385,106)	(41,497,877)
	<u>1,311,538,745</u>	<u>1,317,923,851</u>

Note 7	September 30	September 30
Cost of sales	2023	2022
	(Unaudited)	(Unaudited)
	Rupees	Rupees
Raw material consumed	190,753,730	241,741,156
Stores and spares consumed	2,431,090	2,349,514
Packing material consumed	1,969,515	3,581,606
Fuel and power	86,884,776	68,217,784
Salaries & wages	24,724,667	24,969,960
Insurance	228,000	517,216
Repair & maintenance	1,085,840	457,721
Depreciation	9,231,046	10,274,847
	<u>317,308,664</u>	<u>352,109,804</u>
Work in process		
Opening	19,902,329	15,988,206
Closing	(19,827,258)	(18,595,386)
	75,071	(2,607,180)
Finished Goods		
Opening	4,523,709	6,708,628
Closing	(5,902,441)	(18,269,594)
	(1,378,732)	(11,560,966)
	<u>316,005,003</u>	<u>337,941,658</u>



Note 8	September 30	September 30
Administrative Expenses	2023	2022
	(Unaudited)	(Unaudited)
	Rupees	Rupees
Salaries & Benefits	5,155,872	6,000,409
Utilities	494,929	560,485
Printing & Stationery	70,108	65,740
Communication	177,172	155,076
Travelling & conveyance	194,945	382,949
Repairs & Maintenance	65,890	73,900
Rent, rates & Taxes	278,749	278,749
Vehicle running & Maintenance	47,474	167,960
Fee and Subscription	10,000	37,280
Legal & Professional charges	575,249	290,393
Entertainment	273,677	148,170
Newspaper & Periodicals	15,830	15,530
Donations	591	590,900
Miscellaneous	8,143	26,989
Depreciation	154,060	136,696
	<u>7,522,689</u>	<u>8,931,226</u>

Note 9
Financial Risk Management

The Company's financial risk management objectives and policies are consistent with those disclosed in preceding audited annual financial statements for the year ended June 30, 2023.

Note 10
Transactions with Related Parties

Related parties comprise directors of the Company and their close relatives, key management personnel and post employment benefit plans. 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			September 30 2023	September 30 2022
			(Unaudited) Rupees (000)	(Unaudited) Rupees (000)
Related party	Relationship	Nature of transaction		
Directors and close relatives thereof	Associated persons	Long term financing repaid to directors	3,130,000	3,000,000
		Markup on long term financing from directors	1,207,026	1,376,651
		Markup on long term financing repaid / adjusted	-	-
Balance outstanding as at September 30, 2023				
Directors, executives and close relatives thereof				
		Long term financing	39,127,789	55,066,037
		Accrued markup on long term financing	1,207,026	1,376,651
			<u>40,334,815</u>	<u>56,442,688</u>

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

Sr No	Company Name/ Party Name	Basis or association	Aggregate % of Shareholding
1	Mr. Aamer Hameed	Director	16.65
2	Mr. Ijaz Hameed	Related Person	15.61
3	Mr. Muhammad Hameed	CEO	17.49
4	Mr. Tariq Hameed	Director	0.65
5	Ms. Uzma Hameed	Related Person	13.52

Note 11

Segment Information

- 11.1 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 designated 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 Company's entire product portfolio and considers business 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.



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

Information about major customers

One customer of the Company accounts for 29% (2022: 16%) of total sales for the period. Revenue from such customer was Rs. 110.632 million (2022: Rs. 50.86 million).

Information about geographical area

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

Note 12

Date of Authorization for Issue

These financial statements were approved by the board of directors and authorized for issue on 30 October 2023.

Note 13

General

Figures have been rounded off to the nearest thousand of rupee.

Corresponding figures have been re-arranged and re-grouped where-ever necessary for the purpose of comparison.

Mohammad Hameed
Chief Executive

Aamer Hameed
Director

M. Muddasar Shahzad
Chief Financial Officer

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