



Service Industries Textiles Limited
Half Yearly Accounts
Un-Audited
2nd Quarter Ended
December 31, 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 half yearly ended December 31, 2023. The financial results are as follows:

	31.12.23 (Rupees 000)	31.12.22 (Rupees 000)
Net Loss for the period	(53,294)	(57,855)
Accumulated loss brought forward	(233,222)	(90,448)
	(286,516)	(148,303)
Transfer from surplus on revaluation Of fixed assets in respect of incremental Depreciation- net of deferred tax	6,731	7,478
Accumulated Loss	(279,785)	(140,825)
Earnings per share - Basic	(3.87)	(4.20)

During the current period Company has incurred a net loss of Rs. 53.294 million as compared to net loss of Rs. 57.855 million for the same period in previous year. Major reason for the loss during the period is unprecedented hike in the prices of energy.

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. Industrial power tariffs in Pakistan are currently at around 17 cents/KWH. This is over twice the regional average and also the price of gas has been raised to Rs. 2,750/MMBTU which is well above the regionally competitive level of 9 cents/KWH. If the Government fails to address this issue timely and is unable to provide the energy at RCET then this will hit the textile industry adversely and number of mills will be forced to either close or curtail their operations /productions.

Moreover, the cotton production is on a decline for last many years due to multiple factors such as climate change, uncertified seeds, unchecked business of spurious pesticides, and high cost of production with diminishing return for farmers. Though the Government has realized the challenges for improving the yield and quality of cotton crops and has taken small steps for its improvement and hence as a result cotton crop production for the year is expected to be around 10 million bales. Government should continue to support the farmers and help them in up-gradation of ginning technology, educate the farmer to use the quality seed and make investment in research and development of quality seed, capacity building of farmers and introduce incentives for better quality cotton that would help in motivating the farmers.

Though we have incurred a gross loss during the period under review however subsequent to the period under review yarn prices has been inflated and cotton prices have largely remained stable and we do hope that the Government will be able to provide the energy at competitive prices as it is must for the survival of textile industry then these factors will result in reducing the loss and improving the margins considerably subsequent to the period under review.

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.

For and on behalf of the Board of Directors

Mohammad Hameed
Chief Executive

Aamer Hameed
Director

Lahore
Dated: 28.02.2024



ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹرز 31 دسمبر 2023 کو ختم ہوئے نصف سال کے غیر تفتیح شدہ حسابات پیش کرتے ہیں۔ مالیاتی نتائج درج ذیل ہیں۔

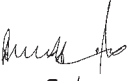
31.12.2022	31.12.2023	
Rupees 000	Rupees 000	
(57,855)	(53,294)	مدت کیلئے خالص منافع / نقصان
(90,448)	(233,222)	جمع نقصان آگے لایا
(148,303)	(286,516)	
7,478	6,731	ٹرانسفر فرام سرپلس آن ریویبلیشن
(140,825)	(279,785)	
(4.20)	(3.87)	فی شیئر منافع

زیرہ جائزہ مدت کے دوران کمپنی کو 53,294 ملین روپے کا نقصان ہوا جبکہ پچھلے سال اسی مدت میں کمپنی کا نقصان 57,855 ملین روپے تھا۔ اس نقصان کی بنیادی وجہ انرجی کی قیمت میں بے پناہ اضافہ کا ہونا ہے۔ ٹیکسٹائل کے شعبے کی بحالی کی بنیادی وجہ انڈسٹری کو مسابقتی ریٹ پر بجلی کی فراہمی تھی البتہ اسکے خاتمے اور روپے کی قدر میں ریکارڈ کمی سے بجلی کی قیمت میں ناقابل برداشت اضافہ دیکھا گیا۔ اس وقت پاکستان میں بجلی کا انڈسٹریل ٹیرف تقریباً 17 سینٹ kwh ہے، جو کہ نخطے میں دوسرے ممالک کے مقابلے میں تقریباً دو گنا ہے۔ اسی طرح گیس کی قیمت 2750 روپے فی MMBTU تک بڑھائی گئی ہے جسکی وجہ سے کپینڈیو جنریشن کی قیمت نخطے میں مسابقتی ریٹ 9 سینٹ فی kwh سے زیادہ ہے۔ اگر حکومت اس مسئلے کو بروقت حل نہیں کرتی تو ڈرہے کہ کافی زیادہ انڈسٹری یا تو بند ہو جائے گی یا اپنی پیداواری صلاحیت میں کمی کر لے گی۔

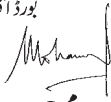
مزید برآں گزشتہ کئی سال سے کپاس کی فصل کا نارگٹ پورا نہیں کیا جا سکا جس کی مختلف وجوہات ہیں جیسا کہ موسمیاتی تبدیلیاں، غیر تصدیق شدہ بیج، غیر معیاری کیڑے مارا دوا، بیات اور پیداواری لاگت میں اضافہ کی وجہ سے کسان کا منافع کم ہوتا ہے۔ حکومت کو اس سلسلے میں کسان کی بھرپور مدد کرنی چاہئے اور جدید کاشت کے طریقے کسان کو سکھانے چاہئے تاکہ ان کو اپنی فصل کا صحیح منافع ملے۔

گوکہ زیرہ جائزہ مدت کے دوران کمپنی کو نقصان ہوا ہے لیکن اسی مدت کے اختتام کے بعد دھاگے کی قیمتوں میں اضافہ ہوا ہے جبکہ کپاس کی قیمت مستحکم رہی ہے اور اگر حکومت بجلی کی مسابقتی ریٹوں میں فراہمی کو یقینی بناتی ہے تو ہم نقصان میں کمی اور مارجنز بہتر ہونے کیلئے پر امید ہیں۔ ہم ان مشکلات 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
ڈائریکٹر



محمد حمید
چیف ایگزیکٹو

لاہور

مورخہ 28 فروری 2024

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SERVICE INDUSTRIES TEXTILES LIMITED

Introduction

We have reviewed the accompanying condensed interim statement of financial position of SERVICE INDUSTRIES TEXTILES LIMITED ("the Company") as at December 31, 2023 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Material Uncertainty Related to Going Concern

We draw attention to Note 1.3 to the condensed interim financial statements which indicates that the Company has incurred gross loss amounting to Rs. 24.201 million and net loss amounting to Rs. 53.294 million during the six months period ending December 31, 2023. As of that date its accumulated loss amounts to Rs. 279.785 million, that has depleted its reserves, and its current liabilities exceed its current assets by Rs. 273.63 million. These conditions 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.

Other Matter

The figures of the condensed interim statement of profit or loss account and the condensed interim statement of comprehensive income for the quarters ended December 31, 2023 and 2022 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2023.

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

LAHORE

Dated: 28.02.2024

UDIN: RR202310169NtidIV35x



CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants



**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT DECEMBER 31, 2023**

	Note	December 31, 2023 (Un-audited) Rupees	June 30, 2023 (Audited) Rupees
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital			
20,000,000 (June 30, 2023: 20,000,000) ordinary shares of Rs. 10 each		<u>200,000,000</u>	<u>200,000,000</u>
Issued, subscribed and paid up capital			
13,787,567 (June 30, 2023: 13,787,567) ordinary shares of Rs. 10 each fully paid in cash		137,875,670	137,875,670
Share premium reserve		18,676,816	18,676,816
Accumulated loss		(279,784,971)	(233,221,606)
Surplus on revaluation of property, plant and equipment		<u>1,080,064,017</u>	<u>1,086,794,560</u>
		956,831,532	1,010,125,440
Non Current Liabilities			
Long term financing	4	18,632,605	26,294,691
Staff retirement benefits		23,491,623	21,668,309
Deferred tax liability		49,631,909	53,992,892
		91,756,137	101,955,892
Current Liabilities			
Trade and other payables		304,888,461	278,144,159
Unclaimed dividend		232,987	232,987
Unpaid dividends		683,629	683,629
Short term borrowing	5	26,720,000	26,720,000
Current portion of long term financing	4	13,937,980	15,749,980
Accrued markup		7,253,718	4,916,506
Provision for taxation		4,544,712	13,145,037
		358,261,487	339,592,298
Contingencies and Commitments			
	6	-	-
Total Equity and Liabilities		<u>1,406,849,156</u>	<u>1,451,673,630</u>
ASSETS			
Non Current Assets			
Property, plant and equipment	7	1,302,153,638	1,317,923,851
Long term deposits		20,064,083	19,367,023
		1,322,217,721	1,337,290,874
Current Assets			
Stores and spares		3,355,156	4,003,153
Stock in trade		27,851,012	59,791,184
Trade debts		5,678,930	2,196,115
Advances, prepayments and other receivables		23,828,190	29,208,799
Cash and bank balances		23,918,147	19,183,505
		84,631,435	114,382,756
		<u>1,406,849,156</u>	<u>1,451,673,630</u>

The annexed notes from 1 to 14 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 ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023**

	Note	Half Year Ended December 31, 2023	Half Year Ended December 31, 2022	Quarter Ended December 31, 2023	Quarter Ended December 31, 2022
		Rupees	Rupees	Rupees	Rupees
Sales - net		642,369,345	591,925,463	325,239,345	270,650,463
Cost of sales	8	(666,570,336)	(625,680,167)	(350,565,336)	(287,738,167)
Gross Loss		(24,200,991)	(33,754,704)	(25,325,991)	(17,087,704)
Operating Expenses					
Distribution expenses		(4,250,070)	(4,003,621)	(2,109,070)	(2,449,621)
Administrative expenses		(16,006,577)	(19,041,766)	(8,483,577)	(10,110,766)
		(20,256,647)	(23,045,387)	(10,592,647)	(12,560,387)
Operating Loss		(44,457,638)	(56,800,091)	(35,918,638)	(29,648,091)
Finance cost		(6,608,343)	(5,619,100)	(3,228,343)	(4,209,100)
Other operating charges		(500,000)	(426,250)	(500,000)	(426,250)
Other income		1,940,707	8,205,748	1,940,707	8,205,748
		(5,167,636)	2,160,398	(1,787,636)	3,570,398
Loss before Taxation		(49,625,274)	(54,639,693)	(37,706,274)	(26,077,693)
Taxation	9	(3,668,634)	(3,214,994)	(2,140,634)	(780,994)
Net Loss for the Period		(53,293,908)	(57,854,687)	(39,846,908)	(26,858,687)
Loss per share					
- basic & diluted		(3.87)	(4.20)	(2.89)	(1.95)

The annexed notes from 1 to 14 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023**

Particulars	Half Year Ended December 31, 2023	Half Year Ended December 31, 2022	Quarter Ended December 31, 2023	Quarter Ended December 31, 2022
	Rupees	Rupees	Rupees	Rupees
Net Loss for the Period	(53,293,908)	(57,854,687)	(39,846,908)	(26,858,687)
Other Comprehensive Income				
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Items that will not be reclassified subsequently to profit or loss	-	-	-	-
Total Comprehensive Loss for the Period	<u>(53,293,908)</u>	<u>(57,854,687)</u>	<u>(39,846,908)</u>	<u>(26,858,687)</u>

The annexed notes from 1 to 14 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 CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2023**

Particulars	Share Capital	Reserves		Surplus on Revaluation of Property, Plant and Equipment	Total
		Capital Reserve - Share Premium Reserve	Revenue Reserve - Accumulated Loss		
	Rupees	Rupees	Rupees	Rupees	Rupees
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 half year ended December 31, 2022	-	-	(57,854,687)	-	(57,854,687)
Other comprehensive income for the half year ended December 31, 2022	-	-	-	-	-
Total comprehensive loss for the half year ended December 31, 2022	-	-	(57,854,687)	-	(57,854,687)
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current period - net of deferred tax	-	-	7,478,381	(7,478,381)	-
Balance as at December 31, 2022	137,875,670	18,676,816	(140,825,063)	1,094,272,940	1,110,000,363
Balance as at June 30, 2023	137,875,670	18,676,816	(233,221,606)	1,086,794,560	1,010,125,440
Net loss for the half year ended December 31, 2023	-	-	(53,293,908)	-	(53,293,908)
Other comprehensive income for the half year ended December 31, 2023	-	-	-	-	-
Total comprehensive loss for the half year ended December 31, 2023	-	-	(53,293,908)	-	(53,293,908)
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current period - net of deferred tax	-	-	6,730,543	(6,730,543)	-
Balance as at December 31, 2023	137,875,670	18,676,816	(279,784,971)	1,080,064,017	956,831,532

The annexed notes from 1 to 14 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 CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2023**

	Half Year Ended December 31, 2023	Half Year Ended December 31, 2022
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(49,625,274)	(54,639,693)
Adjustments for:		
- Depreciation	18,770,213	20,741,438
- Provision for gratuity	4,840,805	3,493,246
- Interest on Workers' (profit) participation fund	4,014,880	2,632,311
- Unwinding of long term financing	(1,662,086)	(8,172,670)
- Finance cost	2,380,198	2,986,790
	<u>28,344,010</u>	<u>21,681,114</u>
Operating loss before working capital changes	(21,281,264)	(32,958,579)
Decrease / (Increase) in current assets:		
- Stores and spares	647,997	1,045
- Stock in trade	31,940,172	(8,948,753)
- Trade debts	(3,482,815)	(332,970)
- Advances, prepayments and other receivables	(4,267,207)	842,954
Increase in current liabilities:		
- Trade and other payables	22,729,422	10,215,957
	<u>47,567,569</u>	<u>1,778,233</u>
Cash Generated from / (Used in) Operations	26,286,305	(31,180,346)
Income tax paid	(6,982,126)	(12,442,320)
Finance cost paid	(42,986)	(790,661)
Gratuity paid	(3,017,491)	(2,453,220)
Net Cash Generated from / (Used in) Operating Activities	16,243,702	(46,866,547)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,000,000)	(200,000)
Long term deposits paid	(697,060)	-
Net Cash Used in Investing Activities	(3,697,060)	(200,000)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term financing repaid	(7,812,000)	(6,000,000)
Short term borrowings	-	24,860,000
Net Cash (Used in) / Generated from Financing Activities	(7,812,000)	18,860,000
Net Increase / (Decrease) in Cash and Cash Equivalents	4,734,642	(28,206,547)
Cash and cash equivalents at the beginning of the period	19,183,505	34,912,384
Cash and Cash Equivalents at the End of the Period	<u>23,918,147</u>	<u>6,705,837</u>

The annexed notes from 1 to 14 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



**NOTES TO AND FORMING PART OF THE CONDENSED
INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 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 Act, 2017) and was subsequently converted into a Public Limited Company in 1970. The Company is listed on Pakistan Stock Exchange. The principal activity of the Company is manufacturing and sale of yarn made from raw cotton and synthetic fiber.
- 1.2 The Company is domiciled in Pakistan and its registered office is situated at 38-Empress Road, Lahore, whereas the production plant of the Company is located at Rehman Shaheed Road, Gujrat.
- 1.3 Going Concern

The Company has incurred gross loss of Rs. 24.201 million and net loss of Rs. 53.294 million during the six months period ended December 31, 2023. As of that date its accumulated loss amounts to Rs. 279.785 million, that has depleted its reserves, and its current liabilities exceed its current assets by Rs. 273.630 million (June 30, 2022: Rs. 225.210 million). 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.

Adjustments pertaining to the recoverability of recorded assets and liabilities have not been factored into these condensed interim (unaudited) financial statements, as the sponsors have provided assurance of refraining from demanding repayment of loans and markup. Subsequent to the reporting date, notable increases in demand and sales prices have been observed alongwith reduction in prices of rawmaterial (cotton). Furthermore, the company is currently engaged in identifying areas for overhead reduction and also investing in suitable plant and machinery. Given these circumstances, management has determined that the going concern assumption is suitable. As a result, these condensed interim financial statements have been prepared on a going concern basis.

Note 2

Basis of Preparation

- 2.1 These condensed interim financial statements of the Company have 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:
- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
 - 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 provisions of and directives issued under the Companies Act, 2017 have been followed.
- 2.2 These condensed interim financial statements comprise the condensed interim statement of financial position of the Company as at December 31, 2023 and the related condensed interim statement of profit or loss (unaudited), condensed interim statement of comprehensive income (unaudited), condensed interim statement of changes in equity (unaudited) and condensed interim statement of cash flows (unaudited) together with the notes forming part thereof.
- 2.3 These condensed interim financial statements (unaudited) do not include all of the information required for full annual financial statements and should be read in conjunction with the audited annual financial statements for the year ended June 30, 2023.



Note 2, Basis of preparation - Continued

- 2.4 The comparative statement of financial position presented in these condensed interim financial statements (unaudited) has been extracted from the audited annual financial statements of the Company for the year ended June 30, 2023, whereas comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been extracted from the un-audited condensed interim financial statements for the six months period ended December 31, 2022.
- 2.5 These condensed interim financial statements are unaudited and are being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 ("the Act"); these are however, subject to limited scope review by external auditors as required by the Act and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations).
- 2.6 Functional and presentation currency

These condensed interim financial statements (unaudited) are presented in Pakistani Rupees which is the Company's functional and presentation currency.

Note 3 Significant Accounting Policies

The Company's accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements (un-audited) are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended June 30, 2023.

Note 4 Long Term Financing

		December 31, 2023	June 30, 2023
	Note	(Un-audited) Rupees	(Audited) Rupees
Related parties - Unsecured			
Loan from Directors / Related parties - Undiscounted amount	4.1	49,816,017	58,066,037
Effect of discounting		(9,646,697)	(8,172,670)
Fair value of subsidized loan		40,169,320	49,893,367
Unwinding of discount		213,265	401,324
Repayment		(7,812,000)	(8,250,020)
		32,570,585	42,044,671
Less: Current portion		(13,937,980)	(15,749,980)
		<u>18,632,605</u>	<u>26,294,691</u>

- 4.1 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 (2023: 10% per annum). 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 repayment schedule. The present value is calculated by applying the discount rate of 12.46% per annum (2023: 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. During the period, the unwinding of discount of Rs. 213,265 (2023: Rs. 401,324) has been recognized as part of finance cost.



Note 5

Short Term Borrowings

	December 31, 2023 (Un-audited) Rupees	June 30, 2023 (Audited) Rupees
Loan from directors / related parties - unsecured	26,720,000	26,720,000

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

Note 6

Contingencies and Commitments

Contingencies

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

Commitments

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

Note 7

Property, Plant and Equipment

	December 31, 2023 (Un-audited) Rupees	June 30, 2023 (Audited) Rupees
Opening written down value	1,317,923,851	1,358,771,728
Additions during the period / year	3,000,000	650,000
Disposal during the period / year	-	-
	1,320,923,851	1,359,421,728
Depreciation charge for the period / year	18,770,213	41,497,877
	1,302,153,638	1,317,923,851



Note 8 Cost of Sales	Half Year Ended	Half Year Ended	Quarter Ended	Quarter Ended
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	(Un-audited) Rupees	(Un-audited) Rupees	(Un-audited) Rupees	(Un-audited) Rupees
Raw materials consumed	387,277,223	424,396,569	196,523,493	182,655,569
Stores and spares consumed	5,212,592	4,766,698	2,781,502	2,416,698
Packing materials consumed	5,511,636	6,012,278	3,542,121	2,430,278
Fuel and power	190,067,426	124,816,658	103,182,650	56,598,658
Salaries, wages and benefits	52,832,706	40,812,541	28,108,039	15,842,541
Insurance	992,633	864,691	764,633	347,691
Repairs and maintenance	2,935,920	3,081,361	1,850,080	2,624,361
Depreciation	18,475,686	20,468,046	9,244,640	10,193,046
Cost of goods manufactured	663,305,822	625,218,842	345,997,158	273,108,842
Work in process:				
- Opening	19,902,329	15,988,206	19,827,258	18,595,000
- Closing	(17,177,090)	(16,553,734)	(17,177,090)	(16,553,734)
	2,725,239	(565,528)	2,650,168	2,041,266
	666,031,061	624,653,314	348,647,326	275,150,108
Finished goods:				
- Opening	4,523,709	6,708,628	5,902,441	18,270,000
- Closing	(3,984,434)	(5,681,775)	(3,984,434)	(5,681,775)
	539,275	1,026,853	1,918,007	12,588,225
	666,570,336	625,680,167	350,565,333	287,738,333

Note 9 Taxation	Half Year Ended	Half Year Ended	Quarter Ended	Quarter Ended
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	(Un-audited) Rupees	(Un-audited) Rupees	(Un-audited) Rupees	(Un-audited) Rupees
Current				
- Charge for the period	8,029,617	7,399,482	4,065,617	3,383,482
Deferred tax	(4,360,983)	(4,184,488)	(1,924,983)	(2,602,488)
	3,668,634	3,214,994	2,140,634	780,994

Note 10 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 11 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 are as under:



			Half Year Ended December 31, 2023	Half Year Ended December 31, 2022
Name of Related Parties	Relationship	Nature of Transactions	(Un-audited) Rupees	(Un-audited) Rupees
Directors	Key management personnel	Repayment of loan	7,812,000	6,000,000
		Markup accrued	2,337,212	2,086,746
		Markup paid	-	625,828
		Short term borrowings received	-	24,860,000
Gratuity		Gratuity fund charge	4,840,805	3,493,246
Balances outstanding as at			December 31, 2023	June 30, 2023
			(Un-audited) Rupees	(Audited) Rupees
Directors	Long term financing		32,570,585	42,044,671
	Accrued markup on long term financing		7,253,718	4,916,506
	Short term borrowing		26,720,000	26,720,000

Note 12 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 performs function of 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.

Note 13 Date of Authorization for Issue

These condensed interim financial statements (un-audited) are approved and authorized by the Board of Directors of the Company for issuance February 28th, 2024.

Note 14 General

Corresponding figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. No material reclassification have been made in these condensed interim financial statements (un-audited).

Mohammad Hameed
Chief Executive

Aamer Hameed
Director

M. Muddasar Shahzad
Chief Financial Officer

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