

















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COMPANY INFORMATION

BOARD OF DIRECTORS : Ijaz Hameed (Chairman/Non Executive Director)
Mohammad Hameed (Chief Executive/Executive Director)
Aamer Hameed (Executive Director)
Zainab Khan (Independent Director)
Tariq Hameed (Non Executive Director)
Omer Mohyudin Malik (Independent Director)
Murtaza Hameed (Non Executive Director)

CHIEF FINANCIAL OFFICER : M. Muddasar Shahzad

COMPANY SECRETARY : Usman Khalid

AUDIT COMMITTEE : Omer Mohyudin Malik (Chairman)
Zainab Khan (Member)
Murtaza Hameed (Member)

HUMAN RESOURCE & REMUNERATION COMMITTEE : Zainab Khan (Chairman)
Ijaz Hameed (Member)
Omer Mohyudin Malik (Member)

BANKERS : MCB Bank Limited
Meezan 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: 36304561-3, 36367861-3
Telefax: (92-42) 3636 7861
E-mail: info@prime-service.com

MILLS : G.T 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: 042-35839182, 35916719



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 59th Annual General Meeting ("AGM") of the shareholders of Service Industries Textiles Limited ("Company") will be held on 28 October, 2020 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 58th Annual General Meeting held on October 28, 2019.
2. To consider, approve and adopt Annual Audited accounts of the Company together with the Directors' Auditors' Report for the year ended June 30, 2020.
3. To appoint Statutory Auditors of the Company for the year ending June 30, 2021 and to fix remuneration. The retiring Auditors M/s Crowe Hussain Chaudhury & Co. Chartered Accountants, being eligible, have offered themselves for reappointment.

SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass with or without modification(s), addition(s) or deletion(s), the following resolutions as special resolutions:

ISSUANCE OF SHARES BY WAY OF OTHERWISE THAN RIGHT SHARES

- I. "RESOLVED THAT, subject to compliance with the provisions of all applicable laws and requisite regulatory approvals, permissions and sanctions, including the approval of the Securities and Exchange Commission of Pakistan (SECP) under Section 83(1)(b) of the Companies Act, 2017, approval of the shareholders of the Company be and is hereby accorded to increase the paid up capital of the Company from Rs. 44,491,590 divided into 4,449,159 Ordinary Shares of PKR 10 each to Rs. 169,491,590 divided into 16,949,159 Ordinary Shares of PKR 10 each by the issuance of 12,500,000 Ordinary Shares of the face value of PKR 10 (281% of existing paid up capital and 74% of the proposed increased paid up capital) each by way of otherwise than right shares at a price of PKR 12 each including PKR 2.00 as premium per share, totaling PKR 150,000,000 to Mr. Aamer Hameed, Ms. Uzma Hameed, Mr. Ijaz Hameed, Mr. Mohamamd Hameed, Mrs. Saima Hameed and Mrs. Rubina Ijaz (collectively hereafter referred to as the "Sponsors"), against share deposit money already deposited with the Company of Rs.150,000,000"
- II. FURTHER RESOLVED THAT, the shares when issued shall from the date of their allotment, rank pari passu in all respects with the existing fully paid Ordinary Shares and the recipient of such shares shall enjoy similar rights and entitlements in respect of these shares as in respect of previously held shares, from the date of allotment.
- III. FURTHER RESOLVED THAT, that the Chief Executive Officer and / or Company Secretary of the Company, be and are hereby authorized singly and / or jointly ("Authorized Persons") to enter into and execute such documents as may be required in relation to the further issue of shares otherwise than right.
- IV. FURTHER RESOLVED THAT, the Authorized Persons, be and are hereby further authorized singly and / or jointly, to take all steps necessary, ancillary and incidental for the issuance of the shares otherwise than right including but not limited to obtaining all requisite regulatory approvals, engaging legal advisor(s) and consultants for the purposes of the above, filing of the requisite application(s), statutory forms and all other documents as may be required to be filed with SECP and any other authority, submitting all such documents as may be required, executing all such certificates, applications, notices, reports, letters and any other document or instrument including any amendments or substitutions to any of the foregoing as may be required in respect of the issue of further shares without right and all other matters incidental or ancillary thereto.
- V. FURTHER RESOLVED THAT, all acts, deed, and actions taken by the Authorized Persons pursuant to the above resolutions for and on behalf of and in the name of the Company shall be binding acts, deed and things done by the Company.
- VI. FURTHER RESOLVED THAT, the aforesaid special resolution(s) shall be subject to any amendment, modification, addition or deletion as may be suggested, directed and advised by the shareholders, SECP and / or any other regulatory body which suggestion, direction and advice shall be deemed to be part of these Special resolution(s) without the need of the shareholders to pass fresh Special Resolution(s)."

BY ORDER OF THE BOARD


(USMAN KHALID)
Company SecretaryLAHORE
06 October, 2020



NOTES

1. A statement of material facts under Section 134 of the Companies Act, 2017 concerning the special business to be transacted at AGM is being sent to the members with the notice of the meeting.
2. The share transfer books of the Company will remain closed from 22 October, 2020 to 28 October, 2020 (both days inclusive). Transfers received at the Company's Share Registrar's Office i.e. M/s Corplink (Private) Limited by the close of the business on 21 October 2020 will be considered in time for the purpose of attending and voting at the AGM.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote for him/her. The instrument appointing a proxy, together with Power of Attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited / sent at Registered Office of the Company not less than 48 hours before the time of holding the meeting. No persons shall be appointed as a Proxy unless he/she is a member of the Company. Members who have deposited their shares into Central Depository Company of Pakistan Limited (CDC) will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.
4. 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
option for video conference facility at _____.

Signature of Member

5. E-Voting
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.
6. Shareholders are requested to notify any change in their addresses immediately to the Company's Share Registrar at the following address:

Corplink (Private) Limited
Wings Arcade, 1 - K Commercial, Model Town, Lahore.
Tel: (+92 42) 3591 6714, 3591 6719 Email: shares@corplink.com.pk
7. Availability of audited financial statement on Company's Website

The audited financial statements of the Company for the year ended 30 June, 2020 have been placed at the Company's website www.sitl.com.pk



**STATEMENT UNDER SECTION 134 OF THE COMPANIES
ACT, 2017 CONCERNING THE SPECIAL BUSINESS:**

This statement sets out the material facts concerning the special business to be transacted at the annual general meeting of the Company to be held on 28th October 2020.

ISSUANCE OF SHARES BY WAY OF OTHERWISE THAN RIGHT SHARES

1. The Board of Directors in their meeting held on October 06, 2020 acknowledged the consent letters received from Mr. Aamer Hameed, Ms. Uzma Hameed, Mr. Ijaz Hameed, Mr. Mohamamd Hameed, Mrs. Saima Hameed and Mrs. Rubina Ijaz (collectively hereafter referred to as the "Sponsors") accepting the issuance of ordinary shares at a premium of PKR 2 per share against share deposit money already deposited with the Company amounting to PKR 150,000,000. Hence Board has decided to raise further issue of capital amounting to PKR 125,000,000 divided into 12,500,000 ordinary shares of PKR 10 at a price of PKR 12 per share including PKR 2 as premium per share, a total of PKR 150,000,000 to the aforementioned Sponsors against share deposit money already deposited in the Company, without right offering, as proposed in the special resolution subject to approval of shareholders and permission from the Securities and Exchange Commission of Pakistan in terms of first proviso to the Section 83 (1)(b) of the Companies Act, 2017 and subject to the completion of all legal formalities and compliances.
2. The proposed shares shall be issued at a price of PKR 12 per share including PKR 2 as premium against share deposit money deposited with the Company by the Sponsors.
3. In this regard, the Company provides the following further material information:

(a) Justification for Issue of Shares Otherwise than Right Shares:

The Sponsors of the Company have deposited an unsecured and interest free amount of Rs. 150,000,000 (Rupees one hundred and fifty million) as share deposit money in the Company. The amount was deposited at the time when the Company was in crucial need and the amount received has been utilized for purchase of plant and machinery, repayment of loans along with markup obtained from commercial banks and repayment to suppliers of cotton. The amount received was beneficial to the Company allowing it to reduce its mark up cost and improve the operations of the Company. This ultimately led to the benefit of all shareholders of the Company.

Currently, the share of the Company is trading at Pakistan Stock Exchange (PSX) at PKR 11. Since, the textile sector in stock market is bearish and has showed a declining trend during the previous several months and sessions. It is unlikely that the shareholders will subscribe any right offering particularly as the Company is not regularly distributing profits to its shareholders as dividends. Further, during the current economic crises it is unlikely that any shareholder will subscribe to a right issue at a premium above the market price.

The price has been calculated on the basis of average share price for the last three months (PKR 10.25) and six months (PKR 9.52) as per daily quotation of PSX from the date of board announcement. Further, the share price has also touched a low of PKR 6.26 in the previous six months due to ongoing economic crises. Keeping in view the average and current share price, the Company has proposed to issue shares otherwise than right shares at a price of PKR 12 each including PKR 2 as premium per share, total PKR 150,000,000 to the aforesaid sponsors against the share deposit money deposited in the need of the hours with the Company of PKR 150,000,000.

(b) Name and brief profile of the persons to whom the proposed shares will be issued

Name	Description	Amount
Aamer Hameed	Director of the Company	35,010,000
Uzma Hameed	Sponsor of the Company	35,010,000
Ijaz Hameed	Director of the Company	35,010,000
Mohammad Hameed	Director of the Company	27,860,000
Saima Hameed	Sponsor of the Company	13,860,000
Rubina Ijaz	Sponsor of the Company	3,250,000
Total		150,000,000



(c) Price at which shares will be issued and its justification:

The shares shall be issued at a price of PKR 12 per share including PKR 2 as premium per share. This price is substantially above the prevailing market price of the share i.e. PKR 11 each. The proposed price is also significantly higher than the average market price of PKR 9.25 each in the preceding six months and PKR 10.25 in the preceding three months from the date of board announcement. The share price has also touched a low of PKR 6.26 in the preceding six months. Due to ongoing economic crises especially in the textile sector the share price is expected to remain below PKR 12 in the coming sessions.

Average Share Price

Previous 3 months	PKR 10.25
Previous 6 months	PKR 9.25
Previous 12 months	PKR 9.42
Previous 24 months	PKR 10.18

(d) Latest Market Price of Share

Rs.11.01 as of October06, 2020 as per closing rate at Pakistan Stock Exchange Limited

(e) Break-up value per Share:

Period Ended	Basis of Value	Break - Up Value per Share
30 June 2020	Audited Accounts	122
31March2020	Un-Audited Accounts	129

The break-up value is high majorly due to revaluation surplus appearing in the balance sheet of the Company. However, due to the overall economical scenario and various other external factors the market price of the Company has remained below on average PKR 10.18 in the last 24 months and 9.42 in the previous 12 months.

(f) Consideration for issue of Shares:

The consideration for the proposed issuance of shares will be conversion of share deposit money of PKR 150,000,000 deposited by the Sponsors.

(g) Purpose, Utilization and benefits:

Purpose: To eliminate share deposit money appearing in the statement of financial position of the Company and issue shares.

Utilization: The funds received as share deposit money were utilized for purchase of plant and machinery, repayment of loans along with markup obtained from commercial banks and repayment to suppliers of cotton.

Benefits: The amount received was beneficial to the Company when it could not raise any external finance and mark up cost was increasing. The Sponsors took their responsibility to reduce the burden on the Company and gave interest free deposit money when the Company was in difficult times. This allowed the Company to reduce its mark up cost and improve the operations of the Company ultimately leading to the benefit of all shareholders of the Company.



- (h) Existing shareholding of the persons to whom Shares are proposed to be issued:

Name of Member	Existing Shareholding	% of Existing Paid up Capital
Aamer Hameed	431,703	9.70%
Uzma Hameed	162,695	3.66%
Ijaz Hameed	288,316	6.48%
Mohammad Hameed	89,713	2.01%
Saima Hameed	97,500	2.19%
Rubina Ijaz	123,148	2.77%

- (i) Total shareholding of the persons after the proposed issuance of Shares:

Name	Increased Shareholding	% of Increased Paid up Capital
Aamer Hameed	3,349,203	19.76%
Uzma Hameed	3,080,195	18.17%
Ijaz Hameed	3,205,816	18.91%
Mohammad Hameed	2,411,380	14.23%
Saima Hameed	368,333	2.17%
Rubina Ijaz	1,278,148	7.54%

- (j) Consent of persons to whom the proposed shares are to be issued:

The Sponsors mentioned above have issued written consent to the Board for issuance of shares against share deposit money deposited with the Company at rate of PKR 12 including premium of PKR 2 if approved by the shareholders and the Securities and Exchange Commission of Pakistan.

- (k) Ranking of shares:

The proposed shares when issued will rank pari passu with the existing ordinary shares of the Company.

- (l) Approval:

The proposed issuance of shares shall be subject to approval of the Securities and Exchange Commission of Pakistan.

- (m) Shares issued in past two years:

No shares have been issued in the past two years:

- The Board of Directors of the Company has recommended that the special resolutions as set out in the notice are passed at the Annual General Meeting.
- No directors have any interest in the proposed issuance of shares, whether directly or indirectly except to the extent of their shareholding.



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, 2020, the Board's overall performance and effectiveness has been assessed as satisfactory. Improvement is an ongoing process leading to action plans. The overall assessment as satisfactory is based on an 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
06 October, 2020

Ijaz Hameed
Chairman

چیئر مین کی جائزہ رپورٹ

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

مالی سال برائے 30 جون، 2020 کے لیے بورڈ کی مجموعی کارکردگی اور افادیت اطمینان بخش قرار پائی ہے۔ بہتری ایک مستقل جاری رہنے والا عمل ہے جس کی مدد سے عملی منصوبہ بندیوں کو ممکن بنایا جاتا ہے۔ مجموعی جائزے کا اطمینان بخش ہونا ضروری اجزاء کے انفرادی جائزے پر منحصر ہے جن میں دور اندیشی، نصب العین اور اقدار، حکمت عملی کے بنانے میں کردار، پالیسیز کی تشکیل، کمپنی میں جاری کاروباری سرگرمیوں کی نگرانی، مالیاتی 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 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۔

اعجاز حمید

چیئر مین

لاہور

مورخہ 6- اکتوبر 2020



DIRECTOR'S REPORT

The directors are pleased to present the 59th annual report along with the audited financial statement for the year ended 30 June 2020.

Operating & Financial Results:

During the year, the Company has incurred a net loss after taxation of Rs.25.042 Million as compared to net profit of Rs. 37.114 Million in preceding year. Major reason for the loss during the year is booking of provision in the light of judgment made by Honorable Supreme Court of Pakistan in respect of GIDC case. Revenue for the year is Rs.921.250 Million (2019: Rs.979.881 Million). Decrease in revenue is due to closure of plant for fifty days because of the lockdown announced by the Government during the pandemic COVID-19. This closure also affected the profitability of the company during the year.

It is quite challenging in today's business environment to keep the Company afloat especially post COVID-19 as world economy suffered enormously but we are hopeful for the future as industry specifically textile industry in the country has shown sign of recovery and is back to operational near to full capacity. 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 2020	JUNE 2019	JUNE 2018	JUNE 2017	JUNE 2016	JUNE 2015	JUNE 2014	JUNE 2013	JUNE 2012
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Sales	921,250	979,881	854,392	801,430	483,006	586,437	698,543	683,246	525,055
Gross Profit / (Loss)	59,146	85,254	48,176	43,915	15,037	38,568	49,297	96,318	23,292
Operating Profit/(Loss)	23,934	54,684	21,444	21,067	(8,756)	13,734	28,638	80,371	8,945
Profit/(Loss) before Tax	(1,832)	42,758	13,060	8,132	(18,025)	32,149	27,264	65,425	(19,852)
Tax	(23,210)	(5,644)	(2,413)	676	(4,737)	(2,051)	(522,968)	(451)	578
Profit/(Loss) after Tax	(25,042)	37,114	1,065	8,809	(22,763)	30,098	26,741	64,974	(19,274)
Total Assets	828,577	811,059	606,487	555,566	610,421	569,018	583,895	447,751	444,386
Current Liabilities	166,913	132,778	167,362	108,391	151,979	72,941	68,865	69,786	170,807
	661,664	678,281	439,125	447,175	458,442	496,077	515,029	377,966	273,579
Presented by:									
Equity-net	543,911	571,517	363,685	353,055	343,860	366,130	220,067	67,170	1,685
Long term loans	26,270	36,700	48,700	60,700	72,700	84,700	243,361	278,571	236,316
Deferred Liability	91,483	70,065	26,740	33,420	41,882	45,247	51,602	32,224	35,578
	661,664	678,281	439,125	447,175	458,442	496,077	515,029	377,966	273,579

EPS:

Earnings per share (basic) for the year ended June 30, 2020 is Rs -5.63 (2019:Rs.8.34).

Future Prospects:

Pre covid 19 Pakistan was facing one of the worst economic crises of its history. Inflation was at an all time high, economic activities were stagnant due to high cost of doing business and then COVID-19 happened. The way the pandemic had taken its toll on the global markets, it potentially has seriously impacted the scale of demand for Pakistani exports in particular textiles. However Government of Pakistan has taken timely steps to mitigate the COVID-19 impact on the country's struggling economy and people. These steps include timely opening of the different industries with strict protocols in phases so that some economic activities can begin in the country. Also other measures such as direct payment of cash to most vulnerable segment of society under Ehsas program are appreciable. State bank of Pakistan has reduced a policy rate to 7% which will help the businesses to stay afloat. SBP also announced another incentive package which help the businesses to avoid layoffs of employees / labour by providing businesses with loans at easy terms. These timely steps taken by Government has helped the textile industry - the single largest export earning sector of Pakistan to scale up productions to pre-Covid-19 level of full-capacity, as a significant improvement in containment of the pandemic in the country led the world buyers to partially divert their orders to domestic manufacturers.

However serious threats to recovery and sustainability of production to optimal level are availability of raw material (cotton) and continuation of supply of energy at subsidized prices. Again this year target cotton crop could not be met mainly because of torrential rains in Sindh and Punjab and reduction in cultivation area. Cotton market is already witnessing the inflationary trend because of it and the only option left is to import the cotton to meet the domestic demands. Pakistan has to import five million bales (of 225 kilograms each), which comes equal to estimated local production of eight million bales (of 150 kilograms each) this year, as imports are estimated to cost around \$1.8 billion, which will seriously raise the import bill of the country. 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. Government should fully 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.



Subsequent to balance sheet date Government has revised the subsidized rate, for export oriented sector erstwhile zero rated sector, of electricity from US cents 7.5/KWH all inclusive to US cents 9/KWH all inclusive from September 20 onward and RLNG will continue to be supplied at \$6.5/MMBTU for the FY 2020-21. This reduction in subsidy on electricity will also increase the cost of doing business.

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.

Payment of Dividend:

No dividend has been declared by the Company during the year due to losses during the year

Corporate & Financial Reporting Framework:

- 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.
- Proper books of account have been maintained by the Company.
- Appropriated accounting policies have been adopted and consistently applied in the preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
- International financial reporting standards as applicable in Pakistan have been followed in preparation of financial statements.
- 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.
- Six year financial summary is annexed.
- Pattern of shareholdings as on June 30, 2020 and its disclosure as required by the Code of Corporate Governance is annexed with this report.
- 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.

Board of Directors Meeting:

During the year ended 30 June 2020, the Board of Directors held six meetings. Attendance of each director is given hereunder:

Mohammad Hameed	6
Ijaz Hameed	6
Aamer Hameed	6
Tariq Hameed	6
Murtaza Hameed	6
Omer Mohyudin Malik	6
Zainab Khan	6

Audit Committee Meeting:

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

Omer Mohyudin Malik	4
Zainab Khan	4
Murtaza Hameed	4

Human Resource and Remuneration (HR & R) Committee Meeting:

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

Zainab Khan	3
Ijaz Hameed	3
Omer Mohyudin Malik	3

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, 2020.

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 2020.

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 31). 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. Also during the COVID-19 your company contributed in PM relief Fund through APTMA and apart from this we distributed the rations to needy people.

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
06 October, 2020



ڈائریکٹر رپورٹ

کمپنی ڈائریکٹر 30 جون 2020ء کو ختم ہونے والے سال کی 59 ویں سالانہ رپورٹ بمعہ مالیاتی حسابات اور آڈٹ رپورٹ پیش کرتے ہیں۔

کمپنی کی کارکردگی:

سال رواں میں کمپنی کو گزشتہ سال کے 37.117 ملین روپے کے منافع کے مقابلے میں 25.042 ملین روپے کا نقصان ہوا ہے۔ اس نقصان کی بنیادی وجہ معزز سپریم کورٹ آف پاکستان کے جی آئی ڈی سی کے فیصلے کی روشنی میں اس سال اس ضمن میں خرچ کی فراہمی مالیاتی گوشواروں میں کی گئی ہے۔ اس سال آمدنی 921.250 ملین روپے رہی جب کہ گزشتہ سال 979.881 ملین روپے تھی۔ آمدنی میں کمی COVID-19 کی وجہ سے حکومت کے اعلان کردہ لاک ڈاؤن کے باعث ہوا جس کے دوران مل تقریباً پچاس دن بند رہی اور اس کی وجہ سے بھی کمپنی کو نقصان ہوا۔

آج کل کے حالات میں کمپنی کو چلتی حالت میں رکھنا ایک چیلنج ہے۔ خاص طور پر COVID-19 نے عالمی معیشت کو بری طرح متاثر کیا ہے لیکن ہم پر امید ہیں کیونکہ ملکی ٹیکسٹائل انڈسٹری بحالی کی طرف گامزن ہے۔ آپ کی کمپنی کے ڈائریکٹر کمپنی کو چلانے کیلئے پرعزم ہیں اور اس لئے وہ بھرپور کوشش کر رہے ہیں کہ کمپنی مسابقتی طور پر چلتی رہے۔

کلیدی آپریشنل اور مالیاتی ڈیٹا:

جون 2012ء (روپے 000)	جون 2013ء (روپے 000)	جون 2014ء (روپے 000)	جون 2015ء (روپے 000)	جون 2016ء (روپے 000)	جون 2017ء (روپے 000)	جون 2018ء (روپے 000)	جون 2019ء (روپے 000)	جون 2020ء (روپے 000)	سیلز
525,055	683,246	698,543	586,437	483,006	801,430	854,392	979,881	921,250	گراس منافع / نقصان
23,292	96,318	49,297	38,568	15,037	43,915	48,176	85,254	59,146	آپریٹنگ منافع / نقصان
8,945	80,371	28,638	13,734	(8,756)	21,067	21,444	54,684	23,934	منافع / نقصان ٹیکس سے پہلے
(19,852)	65,425	27,264	32,149	(18,025)	8,132	13,060	42,758	(1,832)	ٹیکس
578	(451)	(522,968)	(2,051)	(4,737)	676	(2,413)	(5,644)	(23,210)	منافع / نقصان ٹیکس کے بعد
(19,274)	64,974	26,741	30,098	(22,763)	8,809	1,065	37,114	(25,042)	
444,386	447,751	583,895	569,018	610,421	555,566	606,487	811,059	828,577	نوٹس / اثاثہ جات
170,807	69,786	68,865	72,941	151,979	108,391	167,362	132,778	166,913	موجودہ واجبات
273,579	377,966	515,029	496,077	458,442	447,175	439,125	678,281	661,664	
									پریذیڈنٹ ڈیٹا
1,685	67,170	220,067	366,130	343,860	353,055	363,685	571,517	543,911	ایکویٹی - نیٹ
236,316	278,571	243,361	84,700	72,700	60,700	48,700	36,700	26,270	لائسنس / لائسنس اور لیز
35,578	32,224	51,602	45,247	41,882	33,420	26,740	70,065	91,483	موخر واجبات
273,579	377,966	515,029	496,077	458,442	447,175	439,125	678,281	661,664	

فی شیئر آمدنی:

30 جون 2020ء کے لئے فی شیئر آمدنی 5.63 - روپے رہی (2019: 8.34) مستقبل کے امکانات:

کوئیڈ 19 - سے پہلے ہی پاکستان کو اپنی تاریخ کے بدترین مالی بحران کا سامنا تھا مہنگائی عروج پر تھی اور کاروباری لاگت زیادہ ہونے کی وجہ سے معیشت جامد تھی اور اس اثنا میں کوئیڈ 19 کی وجہ سے لاک ڈاؤن کرنا پڑ گیا۔ جس طرح اسے عالمی وبا نے عالمی معیشت کو نقصان پہنچایا اس سے پاکستان کی ایکسپورٹ بالخصوص ٹیکسٹائل کو بری طرح سے متاثر کیا۔ لیکن حکومت پاکستان کے بروقت اقدامات کی وجہ سے ملکی معیشت اور عوام کو اس وبا کے مضر اثرات کا کم سامنا کرنا پڑا۔ ان اقدامات میں ملکی معیشت کو مرحلہ وار کھولنے سے کچھ نہ کچھ اقتصادی سرگرمیوں کا آغاز ہوا جسکی وجہ سے سب سے متاثرہ طبقے کو کچھ نہ کچھ ریلیف ملا۔ اس کے علاوہ حکومت کی طرف سے کمزور طبقے کو احساس پروگرام کے تحت نقد امداد قابل تحسین ہے۔ اسٹیٹ بینک آف پاکستان نے شرح سود کو کم کر کے 7٪ کر دیا اس کے آسان شرائط پر قرضے کی فراہمی اور ملازمتیں کی تحویلوں کی ادائیگی کیلئے اعلان کردہ سکیم شامل ہے۔ کوئیڈ 19 پر قابو پانے میں نمایاں بہتری اور ان اقدامات کی وجہ سے ٹیکسٹائل انڈسٹری جو کہ سب سے بڑا برآمدی شعبہ ہے عالمی خریداروں نے جزوی طور پر مقامی صنعت کو منتقل کر دیے ہیں جسکی وجہ سے ٹیکسٹائل کا شعبہ بحالی کی طرف گامزن ہے۔ اس بحالی کو برقرار رکھنے کیلئے ٹیکسٹائل کے شعبے کو دو مشکلات کا سامنا ہے ایک تو کپاس کی دستیابی اور دوسرا توانائی کی مستقل طور پر کم نرخ میں فراہمی ہے۔ اس سال بھی کپاس کی فصل کاٹا کرٹ پور انہیں ہو۔ کپاسکی بنیادی وجہ موسمیاتی تبدیلیوں کی وجہ سے موسلا دھار بارشیں اور کم علاقے میں کپاس کی بوائی شامل ہے۔ پاکستان کو اس سال 225 کلوگرام والی پانچ ملین کپاس کی گانٹھیں درآمد کرنی پڑے گی جسکی مالیت تقریباً 1.8 ملین ڈالر بنتی ہے جو کہ ملکی معیشت پر ایک بوجھ ہے۔ مختلف وجوہات کی وجہ سے گزشتہ کئی سال سے کپاس کی فصل کا ہدف حاصل نہیں ہو سکا ان میں موسمیاتی تبدیلیاں غیر تصدیق شدہ بیج غیر معیاری کیڑے مارا دیات، پیداواری لاگت میں اضافہ کی وجہ سے کسان کا کم ہونا ہوامنا فاع شامل ہے۔ حکومت کو اس مسئلے پر قابو



پانے کیلئے صحیح سمت میں اقدامات کرنے چاہیے اور کسانوں کی ہر ممکن مدد کرنی چاہیے۔
آنے والے سال کیلئے حکومت نے برآمدے شعبہ کیلئے بجلی کے کم نرخ 7.5/KWH سینٹ کو بڑھا کر 9.0/KWH سینٹ کر دیا ہے جو کیتمبر 2020 سے لاگو ہوں گے جبکہ RLNG کی فراہمی 6.5% MBTU میں جاری رہے گی۔ بجلی پر سبسڈی کی رقم کم کرنے سے کاروباری لاگت میں اضافہ ہو جائے گا۔
ہم ان مشکلات سے بخوبی آگاہ ہیں اور اس سے نمٹنے کیلئے تیار ہے۔ ہم آنے والے سالوں میں ملکی معیشت کے مستحکم ہونے کیلئے پرامید ہیں۔
ڈیویڈنڈ کی ادائیگی:

سال رواں میں نقصان کیوجہ سے کسی ڈیویڈنڈ کا اعلان 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 آپریشننگ اور مالیاتی شماریات منسلک ہیں۔
- 7- بیٹرن آف شیئرز بولڈنگ برائے سال 30 جون 2020 کا انکشاف 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 لسٹنگ 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 2020 کو بقایا ہوں ماسوائے ان کے جن کا مالی حسابات میں ظاہر کیا گیا۔

بورڈ آف ڈائریکٹرز کے اجلاس:

ختم ہونے والے سال 30 جون 2020ء میں 6 اجلاس ہوئے۔ حاضری کی پوزیشن مندرجہ ذیل ہے:

☆	محمد حمید	6
☆	اعجاز حمید	6
☆	عامر حمید	6
☆	طارق حمید	6
☆	عمر محمد الدین ملک	6
☆	مرتضیٰ حمید	6
☆	زینب خان	6

آڈٹ کمیٹی کے اجلاس:

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

☆	عمر محمد الدین ملک	4
☆	زینب خان	4
☆	مرتضیٰ حمید	4

ہیومن ریسورس اینڈ ریمونریشن کمیٹی کے اجلاس:

ہیومن ریسورس اینڈ ریمونریشن کمیٹی کے 3 اجلاس ہوئے حاضری درج ذیل ہے:

☆	زینب خان	3
☆	عمر محمد الدین ملک	3
☆	اعجاز حمید	3

گریجویٹ فنڈ کی ویلیو آف انویسٹمنٹ:

کمپنی نے اپنے ملازمین کیلئے گریجویٹ فنڈ برقرار رکھا ہوا ہے لیکن اس 30 جون 2020ء کو کوئی پلان ایسٹ اس لائبلٹی کو کوئی نہیں کرتا۔

**حسابات کی کتب:**

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

ڈائریکٹرز کا مشاہرہ:

ہیومن ریسورس اور ریونیو نیشن 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 2017، کمپنی کے آرٹیکل آف ایسوسی ایشن اور کوڈ آف کارپوریٹ گورننس ریگولیشن مارکیٹ سٹینڈرڈ 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 کروستین چوہدری اینڈ کمپنی ریٹائر ہو گئے ہیں۔ اہل ہونے کی بناء پر سال 2020-21ء کیلئے بطور آڈیٹر دوبارہ تقرری کیلئے خود کو پیش کرتے ہیں۔ اور آڈٹ کمپنی 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 31 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 کہ 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۔ سال رواں میں COV-19 کی وجہ سے کمپنی کی جانب سے مستحق افراد میں راشن تقسیم کیا گیا اور اسکے علاوہ وزیراعظم پاکستان کے ریلیف فنڈ میں بھی رقم جمع کرائی گئی۔

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، بینڈ لنگ 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:

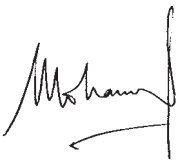
پیٹرن آف شیئر ہولڈنگ اور اضافی معلومات علیحدگی سے منسلک ہیں۔ کمپنی کے شیئرز میں چیف ایگزیکٹو، سی ایف او اور کمپنی سیکرٹری، ان کے سپاؤزز نے اور ان کے چھوٹے بچوں نے کوئی تجارت/کاروبار نہیں کیا ہے۔

بعد از واقعات:

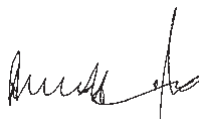
کمپنی کے مالی سال کے ختم ہونے سے اس رپورٹ کی تاریخ تک کوئی ایسی خاص میٹریل میں تبدیلی نہیں آئی۔

اعتراف:

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



محمد حمید
چیف ایگزیکٹو



عام حمید
ڈائریکٹر

لاہور

مورخہ 6- اکتوبر 2020



STATEMENT OF COMPLIANCE OF SERVICE INDUSTRIES TEXTILES LIMITED
WITH THE LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019
FOR THE YEAR ENDED 30 JUNE 2020

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 7 as per the following:

a. Male:	6
b. Female:	1

2. The composition of the Board is as follows:

Category	Names
Independent Directors *	Mr. Omer Mohyudin Malik Ms. Zainab Khan
Executive Directors	Mr. Muhammad Hameed Mr. Aamer Hameed
Non-Executive	Mr. Ijaz Hameed Mr. Tariq Hameed Mr. Murtaza Hameed
Female Director	Ms. Zainab Khan

*Two independent directors were appointed and fraction of 0.33 was not rounded up since the fractions is below half (0.5), accordingly the fraction contained in such one-third is not rounded up as one.

3. The directors have confirmed that none of them is serving as 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 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. Four 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 one 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. Chief financial officer and chief executive officer 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) Omer Mohyudin Malik (Chairman -Independent Director)
 - ii) Zainab Khan (Member - Independent Director)
 - iii) Murtaza Hameed (Member - Non- Executive Director)
 - b) HR & Remuneration Committee
 - i) Zainab Khan (Chairperson -Independent Director)
 - ii) Omer Mohyudin Malik (Member - Independent Director)
 - iii) Ijaz Hameed (Member - Non-Executive Director)
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: 3
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 below (Not applicable):

For & on behalf of the Board of Directors

(IJAZ HAMEED)
Chairman

Lahore
06 October, 2020

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, 2020 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, 2020.



Lahore
06 October, 2020

(CROWE HUSSAIN CHAUDHURY & CO.)
Chartered Accountants

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, 2020, 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, statement of profit or loss account, 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 Company's affairs as at June 30, 2020 and of the loss, other 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 International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standard 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.

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. Following is the Key Audit Matter:

Sr. No.	Key audit matter	How the matter was addressed in our audit
1.	Impact of COVID-19 Pandemic	
	The last quarter of the financial year 2019-20 witnessed a global curtailment in economic and social routines due to outbreak of COVID-19 pandemic. The Government of Pakistan as well as the international community imposed restrictions relating to travel and work place. This situation posed various economic and business related challenges to business entities operating in Pakistan.	<p>Our procedures comprised the following:</p> <ul style="list-style-type: none"> We discussed with the management about the process of making COVID-19 related assessment, as required by SECP's circular, and noted the basis and assumptions used in the process. We analyzed whether the COVID-19 related impact on financial performance of the Company has been evaluated and disclosed in financial statements. We also considered the trends and historical patterns of costs and profitability of the Company in analyzing the evaluation made by the Company.

Sr. No.	Key audit matter	How the matter was addressed in our audit
1.	Impact of COVID-19 Pandemic	
	<p>Recognizing the need of impact assessment of COVID-19 pandemic outbreak, the Securities and Exchange Commission of Pakistan (SECP) issued Circular No. 26 on August 31, 2020, requiring the management of companies to assess, evaluate and disclose the possible impacts of this pandemic on incomes, expenses, assets and liabilities of the Company. A separate note in financial statements in this respect, was desired as a mandatory requirement.</p> <p>The management of the Company made this assessment and disclosed the COVID-19 related impacts in Note 37 of financial statements.</p> <p>We have considered this process of impact assessment, and its results, as a key audit matter, since the information disclosed in note 37 enhances the understanding of the readers and users of financial statements to evaluate the position and performance of the Company with additional perspective of COVID-19 scenario.</p>	<ul style="list-style-type: none"> ● We considered the possibility of impairment of financial and non financial assets of the Company in view of financial stress prevailing in the economy. For this purpose we evaluated whether any impairment indicators exist that could trigger impairment of assets. ● We considered whether the COVID-19 related disclosure made in note 37 is appropriate.

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 2020, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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 the 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 the management.
- Conclude on the appropriateness of the 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) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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





STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
CAPITAL AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital			
20,000,000 (2019: 20,000,000) ordinary shares of Rs. 10 each		200,000,000	200,000,000
Issued, subscribed and paid up capital	6	44,491,590	44,491,590
Share deposit money	7	150,000,000	150,000,000
Accumulated loss		(152,466,845)	(142,422,421)
Surplus on revaluation of property, plant and equipment - net	8	501,886,099	519,447,476
		543,910,844	571,516,645
Non Current Liabilities			
Long term financing	9	26,270,040	36,700,130
Post employment benefits obligations	10	8,924,032	10,182,278
Government dues payable	12.2	12,325,474	-
Deferred tax liability	11	70,234,006	59,882,229
		117,753,552	106,764,637
Current Liabilities			
Trade and other payables	12	134,432,353	105,400,999
Unclaimed dividends		232,987	232,987
Unpaid dividends		434,829	-
Current portion of long term financing	9	12,000,090	12,000,090
Accrued markup on long term financing		5,985,685	3,939,090
Provision for taxation	13	13,826,623	11,204,768
		166,912,567	132,777,934
Contingencies and Commitments	14	-	-
		828,576,963	811,059,216
ASSETS			
Non Current Assets			
Property, plant and equipment	15	688,123,751	697,317,757
Long term deposits and other receivables	16	15,481,023	17,036,023
		703,604,774	714,353,780
Current Assets			
Stores and spares	17	4,082,747	4,041,573
Stock in trade	18	58,539,716	57,899,210
Trade debts	19	1,269,870	269,558
Refunds due from the government		-	1,558,218
Advances and prepayments	20	12,835,585	10,808,722
Cash and bank balances	21	48,244,271	22,128,155
		124,972,189	96,705,436
		828,576,963	811,059,216

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, 2020**

	Note	2020 Rupees	2019 Rupees
Revenue from sales (2019: Restated)	22	921,249,869	979,880,809
Cost of sales	23	(862,104,009)	(894,627,198)
Gross Profit		59,145,860	85,253,611
Operating expenses:			
- Distribution costs (2019: Restated)	24	(6,362,414)	(5,790,022)
- Administrative expenses	25	(28,849,274)	(24,779,806)
		(35,211,688)	(30,569,828)
Operating Profit		23,934,172	54,683,783
Finance cost	26	(7,599,889)	(7,031,902)
Other operating expenses	27	(24,971,120)	(11,416,690)
Other income		6,804,437	6,522,365
		(25,766,572)	(11,926,227)
(Loss) / Profit before Taxation		(1,832,400)	42,757,556
Income tax expense	28	(23,210,066)	(5,643,952)
Net (Loss) / Profit for the year		(25,042,466)	37,113,604
Earnings per Share - Basic	29	(5.63)	8.34
Earnings per Share - Diluted	29	(1.29)	1.91

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, 2020**

	2020 Rupees	2019 Rupees
Net (Loss) / Profit for the Year	(25,042,466)	37,113,604
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	-	220,628,411
Related deferred tax impact	-	(48,839,752)
Experience adjustment on remeasurement of post employment benefits	2,656,090	(1,507,666)
Related deferred tax impact	(770,266)	437,223
	1,885,824	170,718,216
Total Comprehensive (Loss) / Income for the Year	(23,156,642)	207,831,820

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, 2020**

Particulars	Share Capital Rupees	Share Deposit Money Rupees	Accumulated Loss Rupees	Surplus on Revaluation of Property, Plant and Equipment Rupees	Total Rupees
Balance as at June 30, 2018	44,491,590	150,000,000	(184,791,190)	353,984,425	363,684,825
Net profit for the year	-	-	37,113,604	-	37,113,604
Other comprehensive income for the year	-	-	(1,070,443)	171,788,659	170,718,216
Total comprehensive income for the year	-	-	36,043,161	171,788,659	207,831,820
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current year - net of deferred tax	-	-	6,325,608	(6,325,608)	-
Balance as at June 30, 2019	44,491,590	150,000,000	(142,422,421)	519,447,476	571,516,645
Net loss for the year	-	-	(25,042,466)	-	(25,042,466)
Other comprehensive income for the year	-	-	1,885,824	-	1,885,824
Total comprehensive loss for the year	-	-	(23,156,642)	-	(23,156,642)
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current year - net of deferred tax	-	-	17,561,377	(17,561,377)	-
Annual dividend for the year ended June 30, 2019	-	-	(4,449,159)	-	(4,449,159)
Balance as at June 30, 2020	44,491,590	150,000,000	(152,466,845)	501,886,099	543,910,844

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

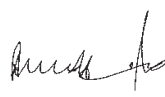



**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020**

	2020	2019
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(1,832,400)	42,757,556
Adjustments for:		
- Depreciation	37,675,733	21,613,594
- Post employment benefits	4,734,394	3,627,685
- Advances written off	66,428	2,612,950
- Liabilities written back	(5,463,178)	(6,522,365)
- Impairment loss	-	2,179,150
- Write-down of raw materials to net realizable value	-	2,748,474
- Workers' (profit) participation fund	-	2,151,616
- Workers' welfare fund	415,373	924,500
- Finance cost	7,599,889	7,031,902
	45,028,639	36,367,506
Operating profit before working capital changes	43,196,239	79,125,062
(Increase) / decrease in current assets:		
- Stores and spares	(41,174)	103,888
- Stock in trade	(640,506)	4,919,396
- Trade debts	(1,000,312)	732,742
- Refunds due from the government - Sales tax	12,046,624	457,632
- Advances and prepayments	14,159	(3,162,144)
(Decrease) / increase in current liabilities:		
- Trade and other payables	35,453,747	(27,498,683)
	45,832,538	(24,447,169)
Cash Generated from Operations	89,028,777	54,677,893
Income tax paid	(12,651,670)	(10,154,899)
Finance cost paid	(5,553,294)	(13,202,720)
Post employment benefit paid	(3,336,550)	(4,815,215)
Net Cash Generated from Operating Activities	67,487,263	26,505,059
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(28,481,727)	(23,985,764)
Long term deposits and other receivables	1,555,000	(5,593,986)
Net Cash Used in Investing Activities	(26,926,727)	(29,579,750)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(4,014,330)	-
Long term financing - paid	(10,430,090)	(11,999,780)
Net Cash Used in Financing Activities	(14,444,420)	(11,999,780)
Net Increase / (Decrease) in Cash and Cash Equivalents	26,116,116	(15,074,471)
Cash and cash equivalents at the beginning of the year	22,128,155	37,202,626
Cash and Cash Equivalents at the End of the Year	48,244,271	22,128,155

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, 2020

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 fiber.
- 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.

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 standards, 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 certain property, plant and equipment (Note 15) that have been stated at revalued amounts and post employment benefits (Note 10) that are stated at present value.

2.3 Functional and presentational 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 3

Changes in Accounting Standards, Interpretations and Pronouncements

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

The following amendments to existing standards and interpretations have been published and are mandatory for the year ended June 30, 2020 and are considered to be relevant to the Company's financial statements:

(Period beginning on or after)

IFRS 9 Financial Instruments [Amendments]
IAS 23 Borrowing costs [Amendments]
IFRS 16 Leases
Annual improvements to IFRSs (2015-2017 Cycle)

January 1, 2019
January 1, 2019
January 1, 2019
January 1, 2019

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

The following standards, amendments and interpretations thereto as notified under the Companies Act, 2017 are either not relevant to the Company's operations or are not likely to have significant impact on the Company's financial statements:

(Period beginning on or after)

IFRIC 23 Uncertainty over Income Tax Treatments	January 1, 2019
IAS 28 Investments in Associates and Joint Ventures [Amendments]	January 1, 2019
IAS 19 Employee Benefits [Amendments]	January 1, 2019
IFRS 3 Business Combinations [Amendments]	January 1, 2019
IFRS 11 Joint Arrangement [Amendments]	January 1, 2019

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

The following standards, amendments and interpretations with respect to the approved accounting and reporting standards as applicable in Pakistan and relevant to the Company, would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation

Effective Date
(Period beginning on or after)

Conceptual Framework in IFRS Standards [Amendments]	January 1, 2020
IFRS 7 Financial Instruments: Disclosures [Amendments]	January 1, 2020
IFRS 9 Financial Instruments [Amendments]	January 1, 2020
IAS 16 Property, Plant and Equipment [Amendments]	January 1, 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets [Amendments]	January 1, 2022
IFRS 16 Leases [Amendments]	July 1, 2020
IFRS 17 Insurance Contracts	January 1, 2021
IAS 1 Presentation of Financial Statements [Amendments]	January 1, 2020
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors [Amendments]	January 1, 2020
Annual improvements to IFRS Standards 2018-2020	January 1, 2022

The management is in the process of making the assessment of the impacts of these changes in the period of initial application.

Note 4

Use of Estimates and Judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, results of which form the basis of making judgment about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The basis and associated assumptions underlying the accounting estimates used in the preparation of annual financial statement of the Company for the year ended June 30, 2020 have been consistent with previous year.

*Note 4, Use of Estimates and Judgments - Cont ...*

Judgments made by the management in the application of IFRSs standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are as under:

4.1 Property, plant and equipment

"The Company reviews the useful lives of property, plant and equipment on regular basis. Any change in estimates in remaining useful life might effect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment, if any.

Furthermore, certain property, plant and equipment carried at revalued amounts as disclosed in note 15 to the financial. The process of revaluation which require estimation about their fair values as at the reporting date."

4.2 Post employment benefits obligations

The Company has recorded its post employment benefits at present value using actuarial assumptions regarding increase in salaries in subsequent years and an estimate of discount rates. Change in actuarial assumptions over the period of time may affect the fair value of post-employment benefits payable and the charge for such liability accounted for in any given period.

4.3 Inventories

The Company has recorded its inventories using lower of cost and net realizable value. Valuation of this inventory is reviewed at regular intervals for determination of possible impairment, if any. Any possible impairment may change the future value of inventories.

4.4 Taxation

The Company takes into account the current income tax laws and the decisions taken by the appellate authorities. Instances where the Company's view differs from the view taken by the tax department at the assessment stage and the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

Note 5
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 except for the application IFRS 16 - Leases (note 5.23) adopted with effect from July 01, 2019.

5.1 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources shall be required to settle the obligation and the amount has been reliably estimated. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

5.2 Post employment benefits

For post employment benefits, the Company provides a defined benefits plan for its employees. Under this plan, the Company operates an unfunded gratuity scheme for all its permanent employees whose period of service with the Company is one year or more. Liability is provided annually on the basis of last drawn salary and the length of service of the employee in accordance with the Company's rules. The liability is provided using the actuarial valuation method as required under IAS - 19 (Employee Benefits).

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 account.

*Note 5, Significant Accounting policies - Contd...***5.3 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.

5.4 Income tax expense

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax expense is recognized in the statement of profit or loss account 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.

5.4.1 Current

The charge for current tax is based on taxable income for the year determined in accordance with the prevailing laws of taxation. All tax credits and tax rebates are taken into account in calculating this charge. 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.

5.4.2 Deferred

Deferred tax is accounted for using the reporting date liability method in respect of all temporary timing differences arising from the difference between the carrying amount of the assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable profit.

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 amounts of deferred tax assets are reviewed at each reporting date and is recognized only to the extent that it is probable that future taxable profits will be available against which assets may be utilized. 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.

5.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and identified impairment losses, if any, except freehold land, building on freehold land, plant and machinery, power plant and electrical equipments which is stated at revalued amount. 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 and leasehold improvement, is charged to profit or loss account on reducing balance method at the rates specified in note 15 of the financial statements. Depreciation on leasehold improvement is charged to profit or loss account on straight line basis as disclosed in note 15 of 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

*Note 5, Significant Accounting policies - Contd...**Note 5.5, Property, plant and equipment - Contd...*

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.

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.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and replacements are capitalized. Gains or losses on disposal of property, plant and equipment are included in the current year's income.

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 fixed asset of the Company are debited against revaluation surplus directly in equity. All other decreases are charged to profit or loss.

Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss and represents expenditure incurred on property, plant and equipment during construction and installation. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. Cost also includes applicable borrowing costs. Transfers are made to relevant property, plant and equipment category as and when the assets are available for use.

Borrowing cost

Borrowing costs are charged to income as and when incurred except costs directly attributable to acquisition, construction or production of qualifying assets that are capitalized as part of the cost of assets.

5.6 Impairment

Carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. In the absence of any information about the fair value, the recoverable amount is determined to be the value in use. Impairment losses are recognized as expense in the statement of profit or loss account.

5.7 Impairment of financial assets other than those due from the Government of Pakistan and investment in equity instruments

The Company assesses on a forward-looking basis, the expected credit losses ('ECL') associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company applies general 3-stage approach for loans, deposits and other receivables and bank balances i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

Following are the financial assets that are subject to the ECL model

- Trade debts
- Loans and advances
- Bank balances

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (adjusted

*Note 5, Significant Accounting Policies - Contd...**Note 5.7, Impairment of financial assets other than those due from the Government of Pakistan - Contd...*

for factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Loss allowances are forward looking, based on 12 month expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the company compares the risk of a default occurring on the instrument as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are considered while assessing credit risk:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;
 - actual or expected significant changes in the operating results of the counterparty;
 - significant increase in credit risk on other financial instruments of the same counterparty; and
 - significant changes in the value of the collateral supporting the obligation or in the quality of thirdparty guarantees,
- if applicable.

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including Company, in full (without taking into account any collaterals held by the Company).

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments
- Past-due status;



Note 5, Significant Accounting Policies - Contd...

Note 5.7, Impairment of financial assets other than those due from the Government of Pakistan - Contd...

- Nature, size and industry of borrowers; and
- external credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Company recognises an impairment gain or loss in the statement of profit or loss account for financial assets with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of counterparty's sources of income or assets to generate sufficient future cash flows to repay the amount. The company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

5.8 Stores and spares

Stores and spares are valued at weighted average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon. Provision is made for obsolete and slow moving stores and spares based on management estimate.

5.9 Stock in trade

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

- | | |
|---------------------|--|
| Raw materials | - At average cost |
| Material in transit | - At cost comprising invoice value plus incidental charges |
| Work in process | - At estimated average manufacturing cost |
| Finished goods | - At average manufacturing cost |

Manufacturing cost in relation to work in process and finished goods comprises cost of material, labour and appropriate manufacturing overheads. Wastes are valued at net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make a sale. If the net realizable value is lower than the carrying amount, a write-down is recognized for the amount by which the carrying amount exceeds its net realizable value. Provision is made in the financial statements for obsolete and slow moving stock in trade based on management estimate.

5.10 Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents include cash in hand, cheques in hand and deposits with banks.

5.11 Mark-up, interest and other charges

Mark-up, interest and other charges on loans and advances are capitalized up to the date of commissioning of the respective asset, acquired out of the proceeds of such loans and advances as disclosed in note 5.5 of the financial statements. All other mark-up, interest and other charges are charged to income currently.

*Note 5, Significant Accounting Policies - Contd...*

5.12 Related party transactions

Transactions with related parties are based on the transfer pricing policy that all transactions between the Company and the related party 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.

5.13 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.

5.13.1 Financial assets

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 financial assets are recognized and derecognized, as applicable, using trade-date accounting or settlement date accounting.

5.13.1.1 Classification

The Company classifies its financial assets in the following categories: at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss. The 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.

a) Financial assets at amortized cost

A financial asset is measured at amortized cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) Financial assets at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Financial assets at fair value through profit or loss

A financial asset is measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income. However, the Company can make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income unless these are held for trading in which case these have to be measured at fair value through profit or loss. The equity investments of the Company held in short term investments are classified at fair value through profit or loss because they are frequently traded.

*Note 5, Significant Accounting Policies - Contd...***5.13.1.2 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 profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Dividend income from financial assets at fair value through profit or loss is recognized in the profit and loss account 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.

5.13.1.3 Subsequent measurement

For the purpose of measuring financial assets after initial recognition, these are classified into the following categories:

- financial assets at amortized cost;
- financial assets at fair value through other comprehensive income; and
- financial assets at fair value through profit or loss account; and

Financial assets carried at amortized cost are subsequently measured using the effective interest method. Gain or loss is recognized in profit or loss when the financial asset is derecognized, reclassified, through the amortization process or in order to recognize impairment gains or losses.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Company recalculates the gross carrying amount of the financial asset and recognizes a modification gain or loss in profit or loss.

Financial assets 'at fair value through other comprehensive income' are marked to market using the closing market rates and are carried in the statement of financial position at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognized in other comprehensive income. Interest calculated using the effective interest rate method is credited to the statement of profit or loss account. Dividends on equity instruments are credited to the statement of profit or loss account when the Company's right to receive payments is established.

Financial assets 'at fair value through profit or loss' are marked to market using the closing market rates and are carried in the statement of financial position at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the profit or account in the period in which these arise.

Fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Company measures the investments at cost less impairment in value, if any.



Note 5, Significant Accounting Policies - Contd...

Note 5.13, Financial instruments - Contd...

5.13.1.4 Derecognition

Financial assets are derecognized when:

- the contractual rights to receive cash flows from the assets have expired; or
- 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.

The difference between the carrying amount and the consideration received is recognized in profit or loss.

If the Company transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognizes either a servicing asset or a servicing liability for that servicing contract.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

5.13.1.5 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 a loss allowance for expected credit losses on a financial asset measured at amortized cost and through other comprehensive income, a lease receivable or a contract asset. In case of financial assets measured at fair value through other comprehensive income, loss allowance is recognized in other comprehensive income and carrying amount of the financial asset in the statement of financial position is not reduced.

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 profit or loss.

5.13.2 Financial liabilities

5.13.2.1 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.



Note 5, Significant Accounting Policies - Contd...

Note 5.13, Financial liabilities - Contd...

Financial liabilities are classified, at initial recognition, as financial liabilities 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 profit and loss account.

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

5.13.2.2 Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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 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. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. 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.

5.13.2.3 Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where 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 a derecognition of the original liability and the recognition of



Note 5, Significant Accounting Policies - Contd...

Note 5.13, Financial liabilities - Contd...

a new liability, and the difference in respective carrying amounts is recognized in the profit and loss account. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

5.13.3 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

5.14 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. If the company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the Company presents the amount as a contract asset, excluding any amounts presented as a receivable.

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.

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 received or the payment is due if a customer pays consideration before the Company transfers goods or services to the customer.

5.15 Earnings per Share

The Company presents basic and diluted earnings per share (EPS). Basis EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

5.16 Investments

Investments intended to be held for less than twelve months from the reporting date or to be sold to raise operating capital, are included in current assets. All other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

5.17 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.



Note 5, Significant Accounting Policies - Contd...

Note 5.17 Fair value measurement - Contd...

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within different levels of the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole.

Fair value hierarchy categorizes into following three levels of the inputs to valuation techniques that are used to measure fair value:

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 — Unobservable inputs for the asset or liability.

The management usually engages external valuers for valuation of property, plant and equipment. Selection criteria of such valuers comprise market knowledge, reputation, independence and whether professional standards are maintained.

5.18 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 account.

5.19 Revenue recognition

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers. Any bundled goods or services that are distinct are separately recognized, and any discounts or rebates on the contract price are generally allocated to the separate elements.

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.

5.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief executive officer of the Company has been identified as chief operating decision maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments. Segment results, assets and liabilities include items directly attributable to a segment. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.



Note 5, Significant Accounting Policies - Contd...

5.21 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.

5.22 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.

5.23 Change in Accounting Policy

The Company has adopted IFRS 16 'Leases' (effective for annual periods beginning on or after 1 January 2019) during the period that has replaced IAS 17 - Leases, IFRIC 4 - Determining whether an arrangement contains a lease, SIC-15 - Operating Leases - Incentives and SIC-27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 aims to set out the principles for recognition, measurement, presentation and disclosure of leases. It introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for virtually all of the leases. IFRS 16 includes an optional exemptions for certain short-term leases and leases of low-value assets for lessees. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make the lease payments. Under the previous standard, IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 substantially carries forward the lessor accounting requirements of IAS 17 'Leases'. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, as the IASB has updated the guidance on the definition of a lease as well as the guidance on the combination and separation of contracts, lessors will also be affected by the new standard. The adoption of IFRS 16 has necessitated change in accounting policy for the Company.

The application of IFRS 16 did not have a material impact on amounts in the statement of financial position, statement of profit or loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows of the Company for the prior periods reported in these financial statement.

Note 6

Issued, Subscribed and Paid up Capital

2020	2019		2020	2019
Number of shares			Rupees	Rupees
2,884,580	2,884,580	Ordinary shares of Rs. 10 each	28,845,800	28,845,800
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>4,449,159</u>	<u>4,449,159</u>		<u>44,491,590</u>	<u>44,491,590</u>

6.1 During the year, no shares were issued or cancelled by the Company.

6.2 23,400 shares of Rs. 10 each were issued to Pakistan Industrial Credit and Investment Corporation (PICIC) for consideration other than cash. (2019: 23,400 shares)

6.3 There are no agreements with shareholders for any specific voting rights, board selection, rights of first refusal and block voting etc.



Note 7
Share Deposit Money

This represents unsecured and interest free deposit received for issuance of shares from directors in previous years. The Company intends to initiate the process of issue of capital after obtaining necessary approvals.

Note 8
Surplus on Revaluation of Property, Plant and Equipment - net

	2020 Rupees	2019 Rupees
Land - freehold		
Opening balance	343,833,702	290,933,702
Add: Surplus on revaluation arisen during the year	-	52,900,000
	343,833,702	343,833,702
Factory buildings on freehold land		
Opening balance	86,224,513	39,102,634
Add: Surplus on revaluation arisen during the year	-	71,876,257
Less: Related deferred taxation	-	(20,844,115)
	86,224,513	90,134,776
Plant and machinery		
Opening balance	81,188,302	23,218,179
Add: Surplus on revaluation arisen during the year	-	85,043,562
Less: Related deferred taxation	-	(24,662,633)
	81,188,302	83,599,108
Power Plant		
Opening balance	-	684,524
Add: Deficit on revaluation arisen during the year	-	(684,524)
	-	-
Electric fittings, equipment and appliances		
Opening balance	8,200,959	45,386
Add: Surplus on revaluation arisen during the year	-	11,493,116
Less: Related deferred taxation	-	(3,333,004)
	8,200,959	8,205,498
	519,447,476	525,773,084
Incremental depreciation charged on revalued property, plant and equipment in current year transferred to retained earnings - net of deferred tax	(17,561,377)	(6,325,608)
	501,886,099	519,447,476

- 8.1 This represents surplus over book value resulting from the revaluation of above-mentioned assets, adjusted by incremental depreciation arising on revaluation of the above-mentioned assets except freehold land. Latest revaluation was carried out by an approved, independent valuer on June 30, 2019 that has resulted in additional revaluation surplus of Rs. 220.628 million. Following basis has been used for revaluation.

- Land	Market value
- Building	Depreciated replacement cost
- Plant and machinery	Depreciated replacement cost
- Power plant	Depreciated replacement cost
- Electric fittings, equipment and appliances	Depreciated replacement cost

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.



Note 9

Long Term Financing

	Note	2020 Rupees	2019 Rupees
Related parties - Unsecured			
Loan from Directors / Related parties	9.1	38,270,130	48,700,220
Less: Current portion		(12,000,090)	(12,000,090)
		<u>26,270,040</u>	<u>36,700,130</u>

- 9.1 This represents financing obtained from directors from time to time, to pay off financing previously obtained from the banks and meet the liquidity requirements of the Company. The outstanding balance of this financing is repayable in equal monthly installments of Rs. 1 million each. This financing is unsecured and carries markup at 3 months KIBOR plus 1%.

Note 10

Post Employment Benefits Obligations

	2020 Rupees	2019 Rupees
Post employment benefits obligations	<u>8,924,032</u>	<u>10,182,278</u>

- 10.1 The Company operates an unfunded gratuity scheme covering its permanent employees subject to completion of minimum prescribed period of service. Actuarial valuation of the scheme is carried out annually by an independent actuary and the latest actuarial valuation has been carried out as at June 30, 2020. Following key information is included in that actuarial report:

10.2 Movement in net liability for defined benefits obligations

	Note	2020 Rupees	2019 Rupees
Opening balance		10,182,278	9,862,142
Charge for the year	10.4	4,734,394	3,627,685
Net remeasurements for the year - Other comprehensive income		(2,656,090)	1,507,666
		<u>12,260,582</u>	<u>14,997,493</u>
Benefits paid during the year / permanent withdrawals		(3,336,550)	(4,815,215)
		<u>8,924,032</u>	<u>10,182,278</u>

10.3 Movement in present value of defined benefit obligation

Opening balance	10,182,278	9,862,142
Current service cost for the year	3,521,149	2,961,918
Interest cost for the year	1,213,245	665,767
Remeasurement adjustments	(2,656,090)	1,507,666
Benefits paid during the year	(3,336,550)	(4,815,215)
Closing balance	<u>8,924,032</u>	<u>10,182,278</u>

10.4 Charge for the year

Current service cost	3,521,149	2,961,918
Interest cost	1,213,245	665,767
	<u>4,734,394</u>	<u>3,627,685</u>



Note 10, Post Employment Benefits Obligations - Contd...

10.5 Actuarial assumptions

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

	2020	2019
	Rupees	Rupees
Discount rate - per annum	14.25%	9.00%
Expected rate of increase in salary level - per annum	8.50%	14.25%
Expected mortality rate for active employees	SLIC (2001-2005) Mortality Table	
Actuarial valuation method	Projected Unit Credit Method	

10.6 Estimated Charge for the year 2020-2021

	2021
	Rupees
Current service cost	3,997,647
Interest cost	675,756
	<u>4,673,403</u>

10.7 Year end sensitivity analysis on defined benefit obligation

Reasonably possible changes as at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have resulted in present value of defined benefit obligation as stated below:

	Change in assumption	Increase in obligation	Decrease in obligation
	%	Rupees	Rupees
Discount rate	1%	8,318,684	9,617,255
Salary increase	1%	9,639,822	8,287,127

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

	2020	2019	2018	2017	2016
	Rupees	Rupees	Rupees	Rupees	Rupees
Present value of defined benefit obligation	8,924,032	10,182,278	10,182,278	10,604,785	10,508,941
Fair value of plan asset	-	-	-	-	-
Retirement benefit liability / (asset)	<u>8,924,032</u>	<u>10,182,278</u>	<u>10,182,278</u>	<u>10,604,785</u>	<u>10,508,941</u>

10.9 The charge for the year has been allocated as follows:

	Note	2020	2019
		Rupees	Rupees
Cost of sales	23	4,071,579	3,119,809
Distribution costs	24	94,688	72,554
Administrative expenses	25	568,127	435,322
		<u>4,734,394</u>	<u>3,627,685</u>



Note 11

Deferred Tax Liability

	2020	2019
	Rupees	Rupees
Deferred tax liability on taxable temporary differences arising in respect of:		
- Accelerated tax depreciation on property, plant and equipment	11,452,699	10,716,310
- Surplus on revaluation of property, plant and equipment	66,344,371	73,723,058
	77,797,070	84,439,368
Deferred tax asset on deductible temporary differences arising in respect of:		
- Unused tax losses	283,551	(16,700,538)
- Provision for Workers' (profit) participation fund	(4,713,356)	(4,294,239)
- Provision for Workers' welfare fund	(545,290)	(609,501)
- Post employment benefits and others	(2,587,969)	(2,952,861)
	(7,563,064)	(24,557,139)
	70,234,006	59,882,229

- 11.1 Deferred tax asset on tax losses available for carry forward has been fully recognized and the realization of related tax benefit is probable from reversal of existing taxable temporary differences and future taxable profit. Management's assertion of future taxable profit is mainly based on the increasing sales and controlling / minimizing the cost.

The gross movement in net deferred tax asset during the year is as follows:

	2020	2019
	Rupees	Rupees
Opening balance	59,882,229	16,877,723
Charged to other comprehensive income	770,266	48,402,529
Charged to the profit or loss	9,581,511	(5,398,023)
Closing balance	70,234,006	59,882,229

Note 12

Trade and Other Payables

		2020	2019
	Note	Rupees	Rupees
Trade creditors - Raw materials and others	12.1	51,014,312	51,756,301
Accrued liabilities		39,226,905	35,981,835
Government dues	12.2	10,429,243	-
Contract liabilities		3,924,329	-
Workers' (profit) participation fund	12.3	16,252,952	14,807,719
Workers' welfare fund		1,880,309	2,101,727
Income tax withheld		1,215,897	753,417
Sales tax payable		10,488,406	-
		134,432,353	105,400,999

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

- 12.2 This represents the amount payable to Sui Northern Gas Pipelines Limited (SNGPL) on levy of Gas Infrastructure and Development Cess (GIDC). Further amounts payable under this head beyond 12 months period, have been shown in non current liabilities.

12.3	Workers' (profit) participation fund	2020	2019
		Rupees	Rupees
	Opening balance	14,807,719	11,114,248
	Provision for the year	-	2,151,616
	Interest on workers' (profit) participation fund	1,445,233	1,541,855
		16,252,952	14,807,719
	Paid during the year	-	-
	Closing Balance	16,252,952	14,807,719



Note 13

Provision for Taxation

	2020	2019
	Rupees	Rupees
Opening balance	11,204,768	8,673,396
Provision for current year	13,826,623	11,204,768
Prior adjustments period	(198,068)	(162,793)
	24,833,323	19,715,371
Payments / adjustments during the year	(11,006,700)	(8,510,603)
	13,826,623	11,204,768

- 13.1 Income tax assessments are deemed finalized up to the Tax Year 2019 as returns were filed under self assessment scheme.

Note 14

Contingencies and Commitments

Contingencies

- 14.1 The income tax department has created demands of Rs. 1,022,150/- Rs. 598,652/- and Rs. 596,115/- in respect of tax years 2014, 2015 and 2016, respectively by virtue of amendment of assessment u/s 122(5A) of the Income Tax Ordinance, 2001. The Company has contested these tax demands and has preferred appeal on February 20, 2020 with Commissioner of Inland Revenue (Appeals). The management believes that there are favourable chances of success in the appeal process.

The income tax department has created demand of Rs. 947,492/- in respect of tax year 2012 through an order passed under section 205 of the Income Tax Ordinance, 2001. The Company has contested this demand and has appeal with ATIR. The management believes that there are favourable chances of success in the appeal process.

Commitments

- 14.2 There are no material commitments outstanding as at the reporting date (2019: Nil).



Note 15
Property, Plant and Equipment

15.1 Year Ended June 30, 2020

Particulars	Cost / Revalued Amount					Depreciation				Written Down Value as at June 30, 2020
	As at July 01, 2019	Additions / (Disposals)	Revaluation adjustment	Revaluation Surplus / (Impairment)	Total as at June 30, 2020	Rate	As at July 01, 2019	For the year	Revaluation adjustment	Total as at June 30, 2020
	Rupees	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees
Land - freehold	343,850,000	-	-	-	343,850,000		-	-	-	343,850,000
Factory building on freehold land	126,445,000	-	-	-	126,445,000	10	-	12,644,500	-	12,644,500
Plant and machinery	199,437,000	15,799,332	-	-	215,236,332	10	1,385,048	20,359,610	-	21,744,658
Power plant	13,550,000	10,672,841	-	-	24,222,841	12.5	387,582	2,582,991	-	2,970,573
Electric fittings, equipment and appliances	13,010,000	28,680	-	-	13,038,680	10	-	1,303,601	-	1,303,601
Furniture and fixtures	7,384,242	76,000	-	-	7,460,242	10	7,184,592	27,175	-	7,211,767
Vehicles	8,069,678	-	-	-	8,069,678	20	5,470,941	519,747	-	5,990,688
Leasehold improvement	-	1,904,874	-	-	1,904,874	25	-	238,109	-	238,109
Library books	11,856	-	-	-	11,856	10	11,856	-	-	11,856
Total Rupees	711,757,776	28,481,727	-	-	740,239,503		14,440,019	37,675,733	-	52,115,752

15.2 Year Ended June 30, 2019

Particulars	Cost / Revalued Amount						Depreciation				Written Down Value as at June 30, 2019 Rupees
	As at July 01, 2018	Additions / (Disposals)	Revaluation adjustment	Revaluation Surplus	Total as at June 30, 2019	Rate	As at July 01, 2018	For the year	Revaluation adjustment	Total as at June 30, 2019	
	Rupees	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	
Land - freehold	290,950,000	-	-	52,900,000	343,850,000		-	-	-	-	343,850,000
Factory building on freehold land	95,930,746	-	(41,362,003)	71,876,257	126,445,000	10	35,298,809	6,063,194	(41,362,003)	-	126,445,000
Plant and machinery	152,846,006	20,874,846	(59,327,414)	85,043,562	199,437,000	10	47,910,497	12,801,965	(59,327,414)	1,385,048	198,051,952
Power plant	22,571,114	2,729,498	(8,886,938)	(2,863,674)	13,550,000	12.5	7,336,613	1,937,907	(8,886,938)	387,582	13,162,418
Electric fittings, equipment and appliances	5,996,140	221,120	(4,700,376)	11,493,116	13,010,000	10	4,544,152	156,224	(4,700,376)	-	13,010,000
Furniture and fixtures	7,298,642	85,600	-	-	7,384,242	10	7,167,188	17,404	-	7,184,592	199,650
Vehicles	7,994,978	74,700	-	-	8,069,678	20	4,834,041	636,900	-	5,470,941	2,598,737
Library books	11,856	-	-	-	11,856	10	11,856	-	-	11,856	-
Total Rupees	583,599,482	23,985,764	(114,276,731)	218,449,261	711,757,776		107,103,156	21,613,594	(114,276,731)	14,440,019	697,317,757



Note 15, Property, Plant and Equipment - Contd...

- 15.3 Latest revaluation of property, plant and equipment was carried out by an independent valuer (refer to note 8) as on June 30, 2019. Had there been no revaluation, the net book values of revalued assets would have been as under:

As on June 30, 2020		
	Net book value	Forced sales value
	Rupees	Rupees
Land	16,298	275,080,000
Factory building	3,483,607	101,156,000
Plant and machinery	90,032,221	159,550,000
Power plant	21,028,942	10,840,000
Electric fittings, equipment and appliances	1,337,983	10,408,000
	115,899,051	557,034,000

- 15.4 Depreciation charge for the year has been allocated as under:

	Note	2020 Rupees	2019 Rupees
Cost of sales	23	37,128,811	26,808,040
Administrative expenses	25	546,922	2,318,317
		37,675,733	29,126,357

- 15.5 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

- 15.6 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, 2019 are as 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 1	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	

There are no movements between these levels during the year.



Note 16
Long Term Deposits

		2020	2019
	Note	Rupees	Rupees
Sui Northern Gas Pipelines Limited		11,616,023	11,616,023
WAPDA		2,920,000	2,920,000
Sales tax refund bond	16.1	-	2,500,000
		<u>15,481,023</u>	<u>17,036,023</u>

- 16.1 For the year 2019, this represented the Government Bonds issued to the Company through Central Depository Company of Pakistan Limited (CDC) against sales tax refund of Rs. 2,500,000. These bonds carried mark-up @ 10% per annum and maturing after three years. During the year, the Company encashed these bonds of Rs. 2,500,000 through Central Depository Company of Pakistan Limited (CDC).

Note 17
Stores and Spares

	2020	2019
	Rupees	Rupees
Stores and spares	2,945,323	3,293,808
Packing materials	1,137,424	747,765
	<u>4,082,747</u>	<u>4,041,573</u>

Note 18
Stock in Trade

	2020	2019
	Rupees	Rupees
Raw materials	48,102,603	52,578,926
Work in process	7,029,397	6,684,259
Finished goods	2,553,015	652,086
Waste	854,701	732,413
	58,539,716	60,647,684
Write-down of raw materials to net realizable value	-	(2,748,474)
	<u>58,539,716</u>	<u>57,899,210</u>

Note 19
Trade Debts

	2020	2019
	Rupees	Rupees
Local debts (Unsecured - considered good)	<u>1,269,870</u>	<u>269,558</u>

- 19.1 Trade debtors does not include any amount receivable from related party of the Company. (2019: nil)

Note 20
Advance and Prepayments

		2020	2019
	Note	Rupees	Rupees
Advances to employees (Unsecured - considered good)	20.1	650,592	729,904
Income tax deducted at source / advance tax		11,614,516	9,507,066
Prepayments		570,477	571,752
		<u>12,835,585</u>	<u>10,808,722</u>

- 20.1 This amount do not include any amount due from the executives of the Company, 2019 (Nil).



Note 21

Cash and Bank Balances

	2020	2019
	Rupees	Rupees
Cash in hand	533,066	528,842
Cash at banks in current accounts	47,711,205	21,599,313
	<u>48,244,271</u>	<u>22,128,155</u>

Note 22

Revenue

	2020	2019
	Rupees	Rupees
Local:		
- Yarn	1,071,145,593	972,385,621
- Wastes	6,337,167	7,495,188
	<u>1,077,482,760</u>	<u>979,880,809</u>
Less: Sales tax	(156,232,891)	-
	<u>921,249,869</u>	<u>979,880,809</u>

22.1 All the revenue is recognised at a point in time.

Note 23

Cost of Sales

		2020	2019
	Note	Rupees	Rupees
Raw materials consumed		579,628,605	620,844,944
Stores and spares consumed		12,679,864	16,063,637
Packing materials consumed		10,477,219	11,818,951
Fuel and power		121,352,135	108,237,882
Salaries and wages	23.1	96,438,837	112,098,713
Insurance		983,808	791,403
Repairs and maintenance		5,783,085	5,208,157
Depreciation	15.4	37,128,811	20,959,290
		<u>864,472,364</u>	<u>896,022,977</u>
Work in process:			
- Opening		6,684,259	3,561,796
- Closing		(7,029,397)	(6,684,259)
		<u>(345,138)</u>	<u>(3,122,463)</u>
		<u>864,127,226</u>	<u>892,900,514</u>
Finished goods including waste:			
- Opening		1,384,499	3,111,183
- Closing		(3,407,716)	(1,384,499)
		<u>(2,023,217)</u>	<u>1,726,684</u>
		<u>862,104,009</u>	<u>894,627,198</u>

23.1 This includes Rs. 4.071 million (2019: Rs. 3.120 million) in respect of post employment benefits.



Note 24

Distribution Cost

		2020	2019
	Note	Rupees	Rupees
Salaries and benefits	24.1	974,688	862,554
Commission		5,387,726	4,927,468
		<u>6,362,414</u>	<u>5,790,022</u>

24.1 This includes Rs. 0.095 million (2019: Rs. 0.073 million) in respect of post employment benefits.

Note 25

Administrative Expenses

		2020	2019
	Note	Rupees	Rupees
Salaries and benefits	25.1	18,314,644	15,179,299
Utilities		611,934	645,673
Printing and stationery		380,437	476,228
Communication		766,384	686,938
Travelling and conveyance		799,633	1,627,502
Repairs and maintenance		323,645	269,353
Rent, rates and taxes		837,060	891,118
Vehicle running and maintenance		964,834	894,944
Fees and subscription		78,000	119,400
Legal and professional charges		1,908,644	1,518,550
Entertainment		1,216,617	1,115,365
Advertisement		25,000	50,400
Newspapers and periodicals		62,907	68,839
Donations and employees welfare	25.2	1,964,181	370,350
Gardening expenses		17,240	108,530
Miscellaneous		31,192	103,013
Depreciation	15.4	546,922	654,304
		<u>28,849,274</u>	<u>24,779,806</u>

25.1 This includes Rs. 0.568 million (2019: Rs. 0.435 million) in respect of post employment benefits obligations.

25.2 This includes the amount of Rs. 420,000 paid to Gujranwala Welfare Clinic, in which the director of the company is trustee

Note 26

Finance Cost

		2020	2019
	Note	Rupees	Rupees
Markup on long term financing		6,066,938	5,465,425
Interest on workers' (profit) participation fund	12.3	1,445,233	1,541,855
Bank charges		87,718	24,622
		<u>7,599,889</u>	<u>7,031,902</u>



Note 27

Other Operating Expenses

	Note	2020 Rupees	2019 Rupees
Auditors' remuneration:			
- Statutory audit fee		625,000	625,000
- Other attestation services		175,000	175,000
		800,000	800,000
Provision for workers' (profit) participation fund	12.3	-	2,151,616
Provision for workers' welfare fund		415,373	924,500
Write-down of raw materials to net realizable value	18	-	2,748,474
Advances written off		66,428	2,612,950
Impairment loss		-	2,179,150
Government dues	27.1	22,754,717	-
Fines and penalties		934,602	-
		24,971,120	11,416,690

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

Note 28

Income Tax Expense

	2020 Rupees	2019 Rupees
Current:		
- Charge for the year	13,826,623	11,204,768
- Prior period adjustments	(198,068)	(162,793)
	13,628,555	11,041,975
Deferred tax	9,581,511	(5,398,023)
	23,210,066	5,643,952
28.1 Reconciliation of tax charge for the year:		
(Loss) / Profit before taxation	(1,832,400)	42,757,556
Tax @ 29% on profit before taxation	(531,396)	12,399,691
Prior year tax charge	(198,068)	(162,793)
Other adjustments	14,358,019	(1,194,923)
Deferred taxation	9,581,511	(5,398,023)
	23,210,066	5,643,952

28.2 In view of the available income tax losses, the provision for current taxation represents tax on minimum turnover under section 113 of the Income Tax Ordinance, 2001. Since provision for tax is based on minimum tax on turnover, reconciliation of average effective tax rate with applicable tax rate is not given.



Note 29

Earnings per Share - Basic and Diluted

	Note	2020	2019
Net profit for the year attributable to ordinary shareholders	Rupees	(25,042,466)	37,113,604
Weighted average number of ordinary shares	Number	4,449,159	4,449,159
Weighted average number of dilutive shares	29.1 Number	19,449,159	19,449,159
Earnings per share - Basic	Rupees	(5.63)	8.34
Earnings per share - Diluted	Rupees	(1.29)	1.91

29.1 To calculate the diluted earnings per share, the share deposit money has been considered as issued share capital.

Note 30

Chief Executive's, Directors' and Executives Remuneration

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

	Chief Executive Officer	Executive Director	Non-Executive / Independent Directors	Executives	Chief Executive Officer	Executive Director	Non-Executive / Independent Directors	Executives
	2020				2019			
	Rupees				Rupees			
Managerial remuneration	3,360,000	2,856,000	-	7,061,000	1,680,000	1,680,000	-	5,356,000
House rent allowance	840,000	714,000	-	-	480,000	480,000	-	-
Medical allowance / reimbursement	-	310,712	-	-	403,879	666,245	-	-
	4,200,000	3,880,712	-	7,061,000	2,563,879	2,826,245	-	5,356,000
Number of persons	1	1	6	4	1	1	6	4

- 30.1 Apart from the above, the chief executive officer and executives are provided with Company maintained cars.
- 30.2 No meeting fee has been paid to any director of the Company.
- 30.3 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 31

Transactions with Related Parties

Related parties comprise directors of the Company and 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			2020	2019
			Rupees	Rupees
Related party	Relationship	Nature of transaction		
Directors and close relatives thereof	Associated persons	Long term financing repaid to directors	(10,430,090)	(12,000,090)
		Markup on long term financing from directors	6,066,938	5,465,425
		Markup on long term financing repaid / adjusted	(5,553,294)	(13,202,720)
Gujranwala Welfare Clinic	Common Directorship	Donation paid during the year	(420,000)	-
Balance outstanding as at June 30, 2020				
Directors, executives and close relatives thereof		Long term financing	38,270,130	48,700,220
		Accrued markup on long term financing	5,985,685	3,939,090
		Share deposit money	150,000,000	150,000,000

31.1 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	9.70
2	Mr. Ijaz Hameed	Director	6.48
3	Ms. Uzma Hameed	Related person	2.48
4	Mr. Muhammad Hameed	CEO	2.02
5	Mr. Tariq Hameed	Director	2.02

Note 32

Plant Capacity and Production

	2020	2019
	KGs	KGs
100% plant capacity converted into 20/S (2019: 20/S) count based on three shifts per day for 1080 shifts (2019: 1080 shifts)	6,437,086	6,437,086
Actual production for the year converted into 20/S (2019: 20/S)	5,443,699	5,774,430

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. The closure of mills due to COVID-19 pandemic contributed lesser volumes of production during the year.



Note 33 Financial Risk Management

The Company finances its operations through equity, borrowings and management of working capital with a view to obtain a reasonable mix between various sources of finance to minimize the risk.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk, other market price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

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.

The Company's overall risk management procedures, to minimize the potential adverse effects of financial market on the Company's performance, are as follows:

33.1 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.

33.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. As there are no foreign receivables/payables of the Company, it is not exposed to currency risk (2019 : Rs Nil).

33.1.2 Interest rate risk

This represents 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 analyses its interest rate exposure on a dynamic basis taking into consideration the option of obtaining refinancing. The Company has no significant long-term interest-bearing assets. Its only interest bearing liability is long term financing obtained from directors. As the borrowings are obtained at variable rates, these expose the Company to cash flow interest rate risk. As at the reporting date, the profile of the Company's interest bearing financial instruments was as under:

	2020	2019
	----- Rupees -----	
Floating rate instruments		
Financial liabilities		
Long term financing	38,270,130	48,700,220

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the reporting date fluctuate by 1% higher / lower with all other variables held constant, profit before taxation for the year would have been Rs. 0.383 million (2019: Rs. 0.487 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liabilities outstanding at the reporting date are outstanding for the entire year.

33.1.3 Price risk

Price risk represents 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 interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. As of the reporting date, the Company is not exposed to equity and commodity price risk.



Note 33, Financial Risk Management - Contd...

33.2 Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Carrying amounts of financial assets represent the maximum credit exposure.

The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilization of credit limits is regularly monitored. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

33.2.1 Exposure to credit risk

Carrying values of financial assets exposed to credit risk and which are neither past due nor impaired are as under:

	2020	2019
	----- Rupees -----	
Long term deposits	15,481,023	17,036,023
Sales tax refund bond	-	2,500,000
Trade debts	1,269,870	269,558
Bank balances	47,711,205	21,599,313

33.2.2 The aging of trade debts and related impairment loss as at the reporting date is as follows:

	2020	2019
	----- Rupees -----	
Past due 1 - 30 days	1,269,870	269,558
Past due 31 - 60 days	-	-
Past due 61 - 120 days	-	-
More than 120 days	-	-
	<u>1,269,870</u>	<u>269,558</u>

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 and trade debts are subject to specific credit ceilings based on customer credit history.

The management estimates the recoverability of trade receivables on the basis of financial position and past history of its customers based on the objective evidence that it shall not receive the amount due from the particular customer. The provision is written off by the Company when it expects that it cannot recover the balance due. Any subsequent repayments in relation to amounts written off are credited directly to the statement of profit or loss.



Note 33, Financial Risk Management - Contd...

33.2.3 Credit quality of bank balances

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	2020	2019
	Short term	Long term		Rupees	Rupees
National Bank of Pakistan	A-1+	AAA	JCR-VIS	2,488	2,488
MCB Bank Limited	A1+	AAA	PACRA	14,107,700	11,080,031
Bank Alfalah Limited	A-1+	AA+	JCR-VIS	12,792,676	10,465,242
JS Bank Limited	A1+	AA-	PACRA	1,393,497	51,552
Meezan bank	A-1+	AA+	JCR-VIS	19,414,844	-
				47,711,205	21,599,313

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, the management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

33.3 Liquidity risk

Liquidity risk represents the risk that the Company shall encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. The management monitors the forecasts of the Company's cash and cash equivalents on the basis of expected cash flow. This is generally carried out in accordance with the practice and limits set by the Company. These limits vary by location to take into account the liquidity of the market in which the Company operates. In addition, the Company's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities.

The Company manages liquidity risk by maintaining sufficient cash. As at the reporting date, the Company has Rs. 48.244 million (2019: Rs. 22.128 million) cash and bank balances. The management believes that the Company has low liquidity risk as the directors shall inject funds to meet the liquidity requirements of the Company, if required. The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period as at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows as the impact of discounting is not significant.

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, 2020:						
Long term financing	38,270	54,196	9,143	9,881	35,172	-
Trade and other payables	90,241	90,241	90,241	-	-	-
Accrued markup on long term financing	5,986	5,986	5,986	-	-	-
	134,497	150,423	105,370	9,881	35,172	-
Contractual maturities of financial liabilities as at June 30, 2019:						
Long term financing	48,700	69,154	9,920	12,454	35,046	11,734
Trade and other payables	87,738	87,738	87,738	-	-	-
Accrued markup on long term financing	3,939	3,939	3,939	-	-	-
	140,377	160,831	101,597	12,454	35,046	11,734

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at the reporting date. The rates of interest / mark up have been disclosed in relevant notes to these financial statements.

*Note 33, Financial Risk Management - Contd...*

33.4 Financial instruments by categories

Financial assets as at amortized cost

	2020	2019
	Rupees	Rupees
Sales tax refund bond	-	2,500,000
Trade debts	1,269,870	269,558
Cash and bank balances	48,244,271	22,128,155
	<u>49,514,141</u>	<u>24,897,713</u>

Financial liabilities at amortized cost

Long term financing	38,270,130	48,700,000
Trade and other payable	90,241,217	87,738,000
Accrued markup on long term financing	5,985,685	3,939,000
	<u>134,497,032</u>	<u>140,377,000</u>

33.5 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.

The carrying values of all financial assets and liabilities reflected in financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.



Note 34 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.

As at the reporting date the Company was not geared. For the year 2019, the gearing ratio of the Company was worked out as under:

	2020	2019
	Rupees	Rupees
Total borrowings	38,270,130	48,700,220
Cash and bank balances	(48,244,271)	(22,128,155)
Net debt	(9,974,141)	26,572,065
Equity	543,910,844	571,516,645
Total capital employed	533,936,703	598,088,710
Gearing ratio	Nil	4.44%

Note 35 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 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 33, Segment Information - Contd...*

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

- Information about major customers

One customer of the Company accounts for 9.91% of total sales for the year. Revenue from such customer was Rs. 106,730,633 million. During the year 2019, no single customer contributed towards a significant portion of sales.

- 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 42/single and 32/single.

Note 36**Number of Employees**

	2020 Number	2019 Number
Total number of employees as at June 30,		
- Permanent	300	347
- Contractual	7	7
Average number of employees during the year		
- Permanent	324	338
- Contractual	7	10

Note 37**Impact of COVID-19 on the Financial Statements**

The outbreak of COVID-19 pandemic and the lockdown situation in the country have impacted businesses to varying degrees, having implications on their operations, financial position, profitability, liquidity and in certain cases, the going concern status. The management has evaluated the impacts of COVID-19 on the Financial Statements of the Company and has concluded as follows:

- There are no material implications of COVID-19 on carrying amounts of assets and liabilities or items of income and expenses, as required under the relevant accounting and reporting standards, that require specific disclosure in the financial statements.

As disclosed in note 22, the Company has recorded net sales of Rs. 915.862 million (2019: Rs. 974.953 million). The most important contributing factor in decrease in sales for the year was the decreased demand of the products of the Company during the lockdown period. Further, as disclosed in note 32, the production output of the Company was 5,443,699 kgs (2019: 5,774,430 kgs). The closure of plant / mills due to COVID-19 pandemic contributed lesser volumes of production during the year.

The management has evaluated the impacts of COVID-19 on going concern status of the Company and has concluded that the Company is not exposed to any going concern risk.



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 October 06, 2020.

Note 39

General

Comparative figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. Following re-arrangement / reclassification has been made in these financial statements for better presentation:

Nature	From	To	Amount (Rupees)
Commission expense	Revenue (Note 22)	Distribution cost (Note 24)	4,927,468

Mohammad Hameed
Chief Executive

Aamer Hameed
Director

M. Muddasar Shahzad
Chief Financial Officer



FORM 34

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

1.1 Name of the Company

Service Industries Textiles Limited

30-06-2020

2.1. Pattern of holding of the shares held by the shareholders as at

2.2 No. of Shareholders	-----Shareholdings-----		Total Shares Held
	From	To	
544	1	100	14,631
451	101	500	106,448
98	501	1,000	77,284
106	1,001	5,000	248,759
25	5,001	10,000	191,950
13	10,001	15,000	161,090
5	15,001	20,000	92,300
2	20,001	25,000	48,521
2	25,001	30,000	55,500
4	30,001	35,000	134,500
3	35,001	40,000	114,720
6	45,001	50,000	293,980
1	50,001	55,000	50,560
4	60,001	65,000	253,500
1	70,001	75,000	74,000
1	80,001	85,000	84,603
3	85,001	90,000	269,239
1	95,001	100,000	97,500
1	110,001	115,000	101,601
3	120,001	125,000	366,129
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	285,001	290,000	288,316
1	430,001	435,000	431,703
1,281			4,449,159
2.3 Categories of shareholders			Share held
2.3.1 Directors, Chief Executive Officers, and their spouse and minor children			Percentage
			1,346,794 30.2708%
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)			0 0.0000%
2.3.3 NIT and ICP			283,854 6.3799%
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.			109,154 2.4534%
2.3.5 Insurance Companies			364,920 8.2020%
2.3.6 Modarabas and Mutual Funds			7,900 0.1776%
2.3.7 Share holders holding 10% or more			0 0.0000%
2.3.8 General Public			
a. Local			2,316,267 52.0608%
b. Foreign			0 0.0000%
2.3.9 Others (to be specified)			
Joint Stock Companies			20,006 0.4497%
Others			264 0.0059%



Service Industries Textiles Limited
Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2020

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	431,703	9.7030%
2	MR. IJAZ HAMEED	288,316	6.4802%
3	MR. MOHAMMAD HAMEED	89,713	2.0164%
4	MR. TARIQ HAMEED	89,713	2.0164%
5	MR. MURTAZA HAMEED	225,701	5.0729%
6	MR. OMAR MOHY-UD-DIN MALIK	500	0.0112%
7	MRS. ZAINAB KHAN	500	0.0112%
8	MRS. ROBINA IJAZ W/O IJAZ HAMEED	123,148	2.7679%
9	MRS. SAIMA HAMEED W/O AAMER HAMEED	97,500	2.1914%

Executives:

- -

Public Sector Companies & Corporations:

- -

Banks, Development Finance Institutions, Non Banking Finance

481,974 10.8329%

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

Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)

1	MR. AAMER HAMEED	431,703	9.7030%
2	MR. IJAZ HAMEED	288,316	6.4802%
3	MR. MURTAZA HAMEED	225,701	5.0729%

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	MR. AAMER HAMEED	-	19,992
2	MR. IJAZ HAMEED	-	19,992
3	MR. MURTAZA HAMEED	-	183,201
4	MRS. ZAINAB KHAN	-	500



SERVICE INDUSTRIES TEXTILES LIMITED

FORM OF PROXY

Please quote 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 Wednesday October 28, 2020 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 (مختارنامہ)

رجسٹر فو لیونمبر

سیکرٹری

سروس انڈسٹریز ٹیکسٹائلز لمیٹڈ

38-ایمپرس روڈ، لاہور

میں اہم

ساکن

بیشیت رکن حامل

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

بذریعہ ہذا

محترم! محترمہ

ساکن

جو کمپنی کا ممبر ہے بمطابق چیئر رجسٹر فو لیونمبر _____

(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر _____ پارٹیشن (شرکت) آئی ڈی نمبر _____)

یا اسکی غیر موجودگی میں محترم! محترمہ _____ ساکن _____

جو کمپنی کا ممبر ہے بمطابق چیئر رجسٹر فو لیونمبر _____

(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر _____ پارٹیشن (شرکت) آئی ڈی نمبر _____) کو

موردہ 28 اکتوبر 2020ء کو منعقد ہونے والے کھیتی کے 59 ویں سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا اہارا بطور مختار (پراکسی) مقرر

کرتا ہوں کرتے ہیں۔

5 روپے کارسیدی ٹکٹ

چسپاں کریں

دستخط کمپنی کے ہاں رجسٹرڈ نمونہ دستخطوں کے

مطابق ہونے چاہئیں

دستخط _____ آج بروز _____ بتاریخ _____ ء

نوٹ:

1- اگر ایک ممبر اجلاس میں شرکت کے قابل نہیں ہے تو وہ اس فارم پر دستخط کرے اور سیکرٹری کو اس طور اسل کردے 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 کمپیوٹرائزڈ قومی 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 کمپیوٹرائزڈ قومی شناختی کارڈ بعد اپنے ٹیکرز سے اسکی مصدقہ کاپی، اکاؤنٹ نمبر اور پارٹیشن آئی ڈی نمبر ہمراہ لائیں۔

4- کارپوریٹ ایسٹبلٹی کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد / مختارنامہ کی مصدقہ کاپی مع نمونہ دستخط (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختارنامہ) کے ہمراہ کمپنی میں جمع کرانا ہوگا۔