



1st Quarterly Accounts

Un-Audited

Sep 30, 2021



Service Industries Textiles Limited



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 (Chairperson)
Ijaz Hameed (Member)
Omer Mohyudin Malik (Member)

BANKERS : Meezan Bank Limited
MCB Bank Limited
Bank Alfalah Limited

AUDITORS : Crowe Hussain Chaudhury & Co.,
Chartered Accountants

INTERNAL AUDITOR : Awan & Co.
Chartered Accountants

REGISTERED OFFICE : 38-Empress Road, Lahore
Telephones: (92-42) 36304561-3, 36367861-3
Telefax: (92-42) 3636 7861
E-mail: info@prime-service.com

MILLS : Rehman Shaheed Road, Gujrat
Telephone: (92-53) 3514065, 3535085
Telefax: (92-53) 3513700

Web Reference : www.sitl.com.pk

Share Registrar : Corplink (Pvt) Ltd.
Wings Arcade, 1-K Commercial
Model Town, Lahore
Tel: (92-42) 35839182, 35916719

**DIRECTORS' REPORT**

The Directors of your Company present before you the un-audited financial statements for the quarter ended September 30, 2021. The financial results are as follows:

	<u>30.09.2021</u> (Rupees 000)	<u>30.09.2020</u> (Rupees 000)
Net (Loss)/Profit for the period	(6,386)	13,398
Accumulated loss brought forward	(78,093)	(152,467)
	(84,479)	(139,069)
Transfer from surplus on revaluation Of fixed assets in respect of incremental Depreciation- net of deferred tax	3,523	3,951
Accumulated Loss	<u>(80,956)</u>	<u>(135,118)</u>
Earning per share - Basic	(0.46)	3.01

During the current period Company has incurred a net loss of Rs.6.386 million as compared to net profit of Rs. 13.398 million for the same period in previous year. Major reason for the loss during the current quarter is inflationary trend in cotton prices and also the reopening of other countries in the region put pressure on cotton yarn prices and hence margins have been reduced considerably. Cotton crop production has been revised from 8.46 million bales to 9.374 million bales due to favorable weather and price of crop. However this increase is still insufficient and the only option left is to import the cotton to meet the demand of spinning sector and this will not only raise the import bill of country considerably but also it will put the pressure on cotton prices which are already all time high globally. The cotton production is on a decline for last many years due to multiple factors such as climate change, uncertified seeds, unchecked business of spurious pesticides, and high cost of production with diminishing return for farmers. Though the Government has realized the challenges for improving the yield and quality of cotton crops and has taken small steps for its improvement still there is a long way to go. 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

Government has pledged to support the industry by keep on providing electricity and gas at concessionary rate of US cents 9/KWH and \$6.5/MMBTU respectively for year 2021-22 but this year wise competitive tariff package is not feasible and it should be announced for five years keeping in view of broader spectrum to attract huge long term investment

We are fully aware of the challenges and are prepared to do everything possible to mitigate the adverse impact of such an event as far as it is under the control of management. We are very hopeful that current crisis will be over in the coming years by the combine efforts of Government and industry and we remain hopeful of the improving macro and micro economic situation of the Country.

For and on Behalf of the Board of Directors

Mohammad Hameed
Chief Executive

Aamer Hameed
Director

Lahore
October 29, 2021



ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹرز 30 ستمبر 2021 کو ختم ہونے تین ماہ کے عرصے کے غیر منتفیج شدہ حسابات پیش کرتے ہیں۔ مالیاتی نتائج درج ذیل ہیں۔

30-09-2021	30.09.2020	
(Rupees 000)	(Rupees 000)	
(6,386)	13,398	خالص (نقصان) / منافع
(78,093)	(152,467)	آگے لایا گیا مجمع نقصان
84,479	(139,069)	
3,523	3,951	ٹرانسفر فرام سرپلس آن ریویلیوشن
(80,956)	(135,118)	منافع / نقصان
(0.46)	3.01	فی شیئر منافع

زیر جائزہ مدت کے دوران کمپنی کو 6.386 ملین روپے کا نقصان ہوا جبکہ اسی مدت کے دوران پچھلے سال منافع 13.398 ملین روپے کا منافع رہا۔ نقصان کی بنیادی وجہ کمپاس کی قیمتوں میں اضافے کے علاوہ خطے کے دوسرے ممالک کی ٹیکسٹائل انڈسٹری کا کھولنا شامل ہے۔ اس وجہ سے دھاگے کی قیمتوں میں مسابقت زیادہ ہوگئی ہے جسکی وجہ سے مارجن کافی حد تک کم ہو گئے۔

کمپاس کی پیداوار کا نیا اندازہ اب 9.374 ملین بیلز ہے جبکہ پہلے یہ 8.46 ملین بیلز کا تھا۔ اس اضافے کی وجہ سازگار موسم اور کمپاس کی قیمتوں میں اضافہ ہے۔ لیکن ملکی ٹیکسٹائل انڈسٹری کے طلب کو پورا کرنے کیلئے ابھی بھی کمپاس کو منگنے داموں درآمد کرنے پڑے گا جو کہ ملکی خزانے پر بوجھ ہوگا۔ مختلف وجوہات کی وجہ سے گزشتہ کئی سال سے کمپاس کی فصل کا ہدف حاصل نہیں ہو سکا ان میں موسمیاتی تبدیلیاں غیر تصدیق شدہ شیخ غیر معیاری کیرے مارا دو بیات، پیداواری لاگت میں اضافہ کی وجہ سے کسان کا کم ہونا ہوا منافع شامل ہے۔ حکومت کو اس مسئلے پر قابو پانے کیلئے صحیح سمت میں اقدامات کرنے چاہیے اور کسانوں کی ہر ممکن مدد کرنی چاہیے حکومت نے بجلی اور گیس مسابقتی نرخوں پر فراہمی کی یقین دہانی کرائی ہے جس میں گیس \$ 6.5 فی MMBTU اور بجلی 9/KWH سینٹ ہے۔ لیکن حکومت کو چاہیے کہ انڈسٹری کو ان نرخوں میں بجلی اور گیس کی دستیابی 5 سال کیلئے کرے تاکہ ٹیکسٹائل انڈسٹری پر اعتماد ہو۔ اور لمبی مدت کیلئے سرمایہ کاری کرے۔

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۔

بورڈ آف ڈائریکٹرز کی طرف سے

عامر حمید
ڈائریکٹر

محمد حمید
چیف ایگزیکٹو

لاہور

مورخہ 29 اکتوبر 2021



**STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2021**

	Notes	September 30, 2021 (Un-audited) Rs. '000'	June 30, 2021 (Audited) Rs. '000'
CAPITAL AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital			
20,000,000 (June 2021: 20,000,000) ordinary shares of Rs. 10 each		200,000	200,000
Issued, subscribed and paid up capital		137,876	137,876
Accumulated loss		(62,279)	(59,416)
Surplus on revaluation of property, plant and equipment - net		481,228	484,751
		556,825	563,211
Non Current Liabilities			
Long term financing	4	49,209	52,209
Post employment benefit obligations		12,517	11,956
Government dues payable		-	1,425
Deferred tax liability		65,971	63,919
		127,697	129,509
Current Liabilities			
Trade and other payables		149,145	129,613
Unclaimed dividends		233	233
Unpaid dividends		364	364
Current portion of long term financing		12,000	12,000
Accrued markup on long term financing		6,851	5,546
Provision for taxation		31,033	26,424
		199,626	174,180
Contingencies and Commitments	5	-	-
		884,148	866,900
ASSETS			
Non Current Assets			
Property, plant and equipment	6	752,553	717,221
Long term deposits and other receivables		16,297	16,297
		768,850	733,518
Current Assets			
Stores and spares		4,836	4,843
Stock in trade		58,426	53,941
Trade debts		-	1,944
Advances and prepayments		23,222	24,715
Cash and bank balances		28,814	47,939
		115,298	133,382
		884,148	866,900

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

Mohammad Hameed
Chief Executive

Aamer Hameed
Director

M. Muddasar Shahzad
Chief Financial Officer



**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (UN AUDITED)**

		Quarter ended September 30, 2021	Quarter ended September 30, 2020
	Note	(Un-audited) Rupees '000	(Un-audited) Rupees '000
Revenue from Sales		306,864	265,412
Cost of Sales	7	(292,617)	(236,188)
Gross Profit		14,247	29,224
Operating Expenses:			
Distribution Cost		(1,231)	(1,785)
Administrative expenses	8	(9,341)	(8,402)
Operating Profit		3,675	19,037
Finance cost		(1,897)	(2,277)
Other operating expenses		(1,503)	(1,248)
Other operating Income		-	16
		(3,400)	(3,509)
Profit before taxation		275	15,528
Income tax expense		(6,661)	(2,130)
Net (Loss) / Profit for the period		<u>(6,386)</u>	<u>13,398</u>
Earnings per Share - Basic		<u>(0.46)</u>	<u>3.01</u>

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

Mohammad Hameed
Chief Executive

Aamer Hameed
Director

M. Muddasar Shahzad
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2021**

	Note	Quarter ended September 30, 2021 (Un-audited) Rupees '000	Quarter ended September 30, 2020 (Un-audited) Rupees '000
Net (Loss) / Profit for the period		(6,386)	13,398
Other Comprehensive Income for the period			
Items that may be reclassified to profit and loss			
Items that will not be reclassified to profit or loss			
Experience adjustment on remeasurement of post employment benefits		-	-
Related deferred tax impact		-	-
Total Comprehensive Income for the period		<u>(6,386)</u>	<u>13,398</u>

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



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2021**

	Share Capital	Share Deposit Money	Capital Reserves Share Premium Reserve	Revenue Reserves Accumulated (Loss) / Unappropriated Profit	Surplus on Revaluation of Property, Plant and Equipment	Total
	Rupees (000)	Rupees (000)	Rupees (000)	Rupees (000)	Rupees (000)	Rupees (000)
Balance as at June 30, 2020	44,492	150,000	-	(152,467)	501,886	543,911
Net profit for the period ended September 30, 2020				13,398	-	13,398
Other comprehensive income for the period ended September 30, 2020 - net of deferred tax					-	-
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current year - net of deferred tax				3,951	(3,951)	-
Balance as on September 30, 2020	44,492	150,000	-	(135,118)	497,935	557,309
Balance as at June 30, 2021	137,876	-	18,677	(78,093)	484,751	563,211
Net profit for the period ended September 30, 2021				(6,386)	-	(6,386)
Other comprehensive income for the period ended September 30, 2021 - net of deferred tax					-	-
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current year - net of deferred tax				3,523	(3,523)	-
Balance as on September 30, 2021	137,876	-	18,677	(80,956)	481,228	556,825

Mohammad Hameed
Chief Executive

Aamer Hameed
Director

M. Muddasar Shahzad
Chief Financial Officer



**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2021**

	Quarter ended 30 September 2021	Quarter ended 30 September 2020
	Rupees '000	Rupees '000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	276	15,527
Adjustments for :		
Depreciation	10,679	8,866
Post employment benefits	1,299	1,168
Worker's (profit) participation fund	44	915
Worker's welfare fund	6	333
Loss on disposal of fixed assets	1,453	
Finance cost	1,897	2,277
	<u>15,378</u>	<u>13,559</u>
Operating Profit before working capital changes	15,654	29,086
(Increase) / decrease in current assets:		
Stores and spares	7	(23)
Stock in trade	(4,485)	12,457
Trade debts	1,944	63
Sales tax refund due from the government	6,959	-
Advances, and prepayments	6,532	(110)
Increase/(Decrease) in current liabilities:		
Trade and other payables	11,097	(56,037)
	<u>22,054</u>	<u>(43,650)</u>
Cash generated from/(used) in operations	37,708	(14,564)
Income tax paid	(5,039)	(3,412)
Finance cost paid	(592)	(3,373)
Post employment benefit paid	(738)	(1,285)
Net Cash generated from/(used) in operating activities	31,339	(22,634)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property , plant and equipment	(50,061)	(894)
Proceeds from disposal of property, plant and equipment	2,597	
Net cash used in Investing Activities	(47,464)	(894)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term financing- paid	(3,000)	(3,000)
Net cash used in Financing Activities	(3,000)	(3,000)
Net Decrease in Cash and Cash Equivalents	(19,125)	(26,528)
Cash and Cash Equivalents at the beginning of the Year	47,939	48,244
Cash and Cash Equivalents at the end of the Year	<u>28,814</u>	<u>21,716</u>

Mohammad Hameed
Chief Executive

Aamer Hameed
Director

M. Muddasar Shahzad
Chief Financial Officer



**NOTES TO AND FORMING PART OF THE CONDENSED
INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2021**

Note 1**The Company and its Operations**

- 1.1 Service Industries Textiles Limited (the Company) was incorporated in Pakistan in 1962 as a Private Limited Company under the Companies Act 1913, (now The Companies Ordinance, 1984) and was subsequently converted into a Public Limited Company in 1970. The Company is listed on the Pakistan Stock Exchange Limited. The principal activity of the Company is manufacturing and sale of yarn made from raw cotton and synthetic fiber. The registered office of the Company is situated at 38 - Empress Road, Lahore.

Note 2**Basis of Preparation**

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

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

and

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

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

- 2.2 This condensed interim financial information should be read in conjunction with annual audited financial statements for the year ended June 30, 2021. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2021 whereas comparative profit and loss account, comparative statement of comprehensive income, comparative cash flows statement and comparative statement of changes in equity are extracted from unaudited interim financial information for the quarter ended September 30, 2020.
- 2.3 This condensed interim financial information is presented in Pak Rupees, which is the Company's functional and presentational currency. All the figures have been rounded off to the nearest rupees, unless otherwise stated.

Note 3**Significant Accounting Policies**

The Company's accounting and financial risk management policies and methods of computation of this condensed interim financial information are the same as those followed in the preparation of annual financial statements for the preceding financial year ended June 30, 2021.



Note 4 Long Term Financing	September 30 2021	June 30 2021
Related parties - Unsecured		
Loan from directors / related parties	61,209	64,209
Less: Current portion	(12,000)	(12,000)
	<u>49,209</u>	<u>52,209</u>

4.1 This represents financing obtained from directors from time to time to meet the liquidity requirements of the Company. The outstanding balance of this financing is repayable in equal monthly instalments of Rs. 1 million each. This financing is unsecured and carries markup at 3 months KIBOR plus 1%.

Note 5
Contingencies and Commitments

Contingencies

5.1 There has been no change in the status of contingencies as reported in the annual audited financial statements for the year ended June 30, 2021.

Commitments

5.2 There are no material commitments outstanding as at the reporting date (June 30, 2021: Nil).

Note 6 Property, Plant & Equipment	September 30 2021 (Unaudited) Rupees (000)	June 30 2021 (Unaudited) Rupees (000)
Opening written down value	717,221	688,124
Additions during the period / year	50,061	69,972
Disposals during the period / year	(5,000)	(4,564)
Depreciation charge for the period / year	(10,679)	(37,668)
Depreciation charge for the period / year-Disposal	950	1,357
	<u>752,553</u>	<u>717,221</u>



Note 7	September 30	September 30
Cost of Sales	2021	2020
	(Unaudited)	(Unaudited)
	Rupees	Rupees
	(000)	(000)
Raw material consumed	206,776	158,141
Stores and spares consumed	3,071	2,690
Packing material consumed	3,831	3,095
Fuel and power	35,168	30,740
Salaries & wages	33,466	31,218
Insurance	220	275
Repair & maintenance	1,362	1,843
Depreciation	10,510	8,754
Work in process	294,404	236,756
Opening	8,439	7,029
Closing	(10,548)	(7,572)
	(2,109)	(543)
Finished Goods		
Opening	3,872	3,408
Closing	(3,550)	(3,433)
	322	(25)
	292,617	236,188
Note 8	September 30	September 30
Administrative Expenses	2021	2020
	(Unaudited)	(Unaudited)
	Rupees	Rupees
	(000)	(000)
Salaries & Benefits	5,744	5,395
Utilities	277	141
Printing & Stationery	87	90
Communication	179	258
Travelling & conveyance	482	186
Repairs & Maintenance	57	172
Rent, rates & Taxes	283	465
Vehicle running & Maintenance	261	396
Fee and Subscription	5	55
Legal & Professional charges	494	432
Entertainment	365	256
Advertisement & Promotions	500	-
Newspaper & Periodicals	13	18
Donations	396	401
Gardening Expenses	4	5
Miscellaneous	24	20
Depreciation	170	112
	9,341	8,402



Note 9 Financial Risk Management

The Company's financial risk management objectives and policies are consistent with those disclosed in preceding audited annual financial statements for the year ended June 30, 2021.

Note 10 Transactions with Related Parties

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

Transactions during the year			September 30	September 30
			2021	2020
			(Unaudited)	(Unaudited)
			Rupees	Rupees
			(000)	(000)
Related party	Relationship	Nature of transaction		
Directors and close relatives thereof	Associated persons	Long term financing repaid to directors	3,000	3,000
		Markup on long term financing from directors	1,305	705
		Markup on long term financing repaid / adjusted	-	1,801
Balance outstanding as at September 30, 2021				
Directors, executives and close relatives thereof				
		Long term financing	61,209	35,270
		Accrued markup on long term financing	6,851	4,890
		Share deposit money	-	150,000
			<u>68,060</u>	<u>190,160</u>

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

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



Note 11 Segment Information

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

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

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

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

Information about major customers

One customer of the Company accounts for 11.08% (2020: 59.25%) of total sales for the period. Revenue from such customer was Rs. 34.00 million (2020: Rs. 157.98 million).

Information about geographical area

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

Note 12 Date of Authorization for Issue

These financial statements were approved by the board of directors and authorized for issue on 29 October 2021.

Note 13 General

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

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

Mohammad Hameed
Chief Executive

Aamer Hameed
Director

M. Muddasar Shahzad
Chief Financial Officer

PRINTED MATTER

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Service Industries Textiles Limited

38-Empress Road, Lahore. 54000 Tel: (042) 36304561-3