



Half Yearly Accounts  
Un-Audited  
2nd Quarter Ended  
December 31, 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 December 31, 2021. The financial results are as follows:

	31.12.21 (Rupees 000)	31.12.20 (Rupees 000)
Net Profit for the period	14,400	26,888
Accumulated loss brought forward	(78,093)	(152,467)
	63,693	(125,579)
Final dividend for the year ended June 30, 2021	(13,788)	-
Transfer from surplus on revaluation of fixed assets in respect of incremental Depreciation- net of deferred tax	6,967	7,920
Surplus on revaluation of property, plant And equipment realized on disposal	1,900	-
Accumulated Loss	(68,614)	(117,677)
Earning per share - Basic	1.04	6.04

During the current period Company has earned a net profit of Rs. 14.400 million as compared to net profit of Rs. 26.888 million for the same period in previous year. Sales during the current period reviewed are Rs. 632.008 Million (December 31, 2020: Rs.552.094 Million) and gross profit for the current period is Rs. 48.612 Million as compared to Rs. 56.677 Million for the same period in previous year. Major reason for the decline in profits during the current period is inflationary trend in cotton prices,. Another reason is suspension of gas supply to industry and revision of electricity rate from 7.5 cents per unit to 9 cents per unit. Therefore mills have no choice but to shift to electricity and hence this resulted in increased production cost. Also the reopening of other countries in the region has put the pressure on cotton yarn prices and hence margins have been reduced considerably.

Textile sector has shown significant growth due to the early removal of Covid restrictions than regional competitors and effective policy measures taken by the Government. Textile exports have been up both in quantity and value and keeping up this momentum is critical for economic growth. However major threats to industry are availability of raw material and supply of energy at regional competitive prices throughout the year. During the period under review there is unprecedented hike in cotton prices at international level, cotton prices jacked up from 0.87 cents/lbs to \$1.2/lbs. Also continuous fluctuation in exchange rate has significantly increased the working capital requirements of the industry. Moreover the cotton production is on a decline for last many years due to multiple factors such as climate change, uncertified seeds, unchecked business of spurious pesticides, and high cost of production with diminishing return for farmers. Though the Government has realized the challenges for improving the yield and quality of cotton crops and has taken small steps for its improvement 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.

Meanwhile new textile policy has been approved by the cabinet under which three years target as textile exports will be increased up to \$27 billion in the fiscal year 2022-23, \$34 billion in 2023-24, and \$42 billion in the fiscal year 2024-25 Government has made a commitment for the provision of supply of gas and electricity at competitive international prices instead of existing fixed prices for gas (\$6.5 per MBBTU) and electricity (9 cents per unit) , a continuation of tariff rationalization and sticking to the policy of Duty Drawback on Local Taxes and Levies.

We are fully aware of the challenges and are prepared to do everything possible to mitigate the adverse impact of such an event as far as it is under the control of management. We remain hopeful of the improving macro and micro economic situation of the Country.

Mohammad Hameed  
Chief Executive

Aamer Hameed  
Director

Lahore  
Dated: 28.02.2022



## ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹرز 31 دسمبر 2021 کو تمہارے نصف سال کے غیر متعین شدہ حسابات پیش کرتے ہیں۔ مالیاتی نتائج درج ذیل ہیں۔

31.12.2020 Rupees 000	31.12.2021 Rupees 000	
26,888	14,400	مدت کیلئے خالص منافع
(152,467)	(78,093)	جمع نقصان آگے لایا
(125,579)	(63,693)	
-	(13,788)	سالانہ ڈیویڈنڈ برائے سال جون 2021
7,902	6,967	ٹرانسفر فرام سرپلس آن ریویلوٹن
-	1,900	سرپلس آن ریویلوٹن ڈسپوزل پر
(117,677)	(68,614)	
6.04	1.04	فی شیئر منافع

زیرہ جائزہ مدت کے دوران کمپنی نے 14.400 ملین روپے کا منافع کمایا جبکہ اسی مدت کے دوران پچھلے سال 26.888 ملین روپے کا منافع کمایا۔ کمپنی کی سٹاک اس مدت میں 632.008 ملین روپے رہی جبکہ پچھلے سال اس مدت کے دوران کمپنی کی سٹاک 552.094 ملین روپے رہی اور گراس منافع زیرہ جائزہ مدت کیلئے 48.612 ملین روپے رہا (دسمبر 2020: 56.677 ملین روپے) منافع میں کمی کی وجہ سے کمپنی کی قیمتوں میں اضافہ کے ساتھ ساتھ انڈسٹری کوئٹس کی بندش کی وجہ سے بجلی پر منتقل ہونا پڑا اور اسکے ساتھ بجلی کی قیمتوں میں اضافہ ہے جو کہ فی یونٹ 7.5 سینٹ سے 9 سینٹ کی گئی۔ اسکے علاوہ نخلے کے دوسرے ممالک میں انڈسٹری کا کھولنا بھی شامل ہے جس کی وجہ سے دھماگے کی قیمت میں مسابقت زیادہ ہونے سے مارجن کم ہو گئے ہیں۔

حکومت کی جانب سے بروقت اقدامات کی وجہ سے ٹیکسٹائل کے شعبے نے خاطر خواہ ترقی کی ہے۔ ٹیکسٹائل برآمدات میں نہ صرف پلیٹیوں میں اضافہ ہوا بلکہ مقدار بھی بڑھی۔ اس تیزی کو برقرار رکھنا ملکی معیشت کیلئے ناگزیر ہے۔ جس کیلئے ضروری ہے کہ کپاس کی پورے سال دستیابی کے ساتھ ساتھ توانائی کی مسلسل مسابقتی قیمت پر فراہمی ہے۔ زیرہ جائزہ مدت میں کپاس کی قیمتوں میں ریکارڈ اضافہ ہوا۔ عالمی منڈی میں قیمت 87.0 سینٹ سے بڑھ کر 1.2 سینٹ ہو گئی۔ علاوہ ازیں ڈالر کی قیمت میں مسلسل اضافہ سے بھی پیداواری لاگت میں اضافہ ہوا۔ مزید برآں گزشتہ کئی سال سے کپاس کی فصل کا ٹارگٹ پورا نہیں کیا جا سکا جس کی مختلف وجوہات ہیں جیسا کہ موسمیاتی تبدیلیاں، غیر تصدیق شدہ بیج، غیر معیاری کیڑے مار دویات اور پیداواری لاگت میں اضافہ کی وجہ سے کسان کا منافع کم ہونا ہے۔ حکومت کو اس سلسلے میں کسان کی بھرپور مدد کرنی چاہئے اور جدید کاشت کے طریقے کسان کو سکھانے چاہئے تاکہ ان کو اپنی فصل کا صحیح منافع ملے۔

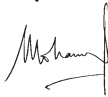
نئی ٹیکسٹائل پالیسی کی بھی منظوری دے گئی ہے جس میں سال 2024-25 تک ٹیکسٹائل کی برآمدات کو 42 ملین ڈالر روپے تک لیجانے کا ٹارگٹ رکھا گیا ہے۔ حکومت نے توانائی کو مسابقتی قیمت پر مسلسل فراہمی کی یقین دہانی کرائی ہے۔ اور برآمدی شعبہ کو ہر سہولت دینے کا بھی کہا ہے۔

ہم ان مشکلات سے بخوبی آگاہ ہیں اور ان سے نمٹنے کیلئے تیار ہیں۔ ہم آنے والے سالوں میں ملکی معیشت کے مستحکم ہونے کیلئے پرامید ہیں۔

بورڈ آف ڈائریکٹرز کی طرف سے



عامر حمید  
ڈائریکٹر



محمد حمید  
چیف ایگزیکٹو

لاہور

مورخہ 28 فروری 2022

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

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of SERVICE INDUSTRIES TEXTILES LIMITED ("the Company") as at December 31, 2021 and the related condensed interim statement of profit or loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

### Scope of Review

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

### Conclusion

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

### Other Matter

The figures of the condensed interim statement of profit or loss account and the condensed interim statement of comprehensive income for the quarters ended December 31, 2021 and 2020 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2021.

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

LAHORE

Dated: 28.02.2022

UDIN: RR202110169igzTpUd92



CROWE HUSSAIN CHAUDHURY & CO.

Chartered Accountants



**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)  
AS AT DECEMBER 31, 2021**

	Notes	December 31, 2021 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Authorized share capital			
20,000,000 (June 30, 2021: 20,000,000) ordinary shares of Rs. 10 each		200,000,000	200,000,000
Issued, subscribed and paid up capital			
13,787,567 (June 30, 2021: 13,787,567) ordinary shares of Rs. 10 each fully paid in cash		137,875,670	137,875,670
Reserves		(49,936,765)	(59,415,806)
Surplus on revaluation of property, plant and equipment		475,884,169	484,750,860
		563,823,074	563,210,724
<b>Non Current Liabilities</b>			
Long term financing	4	46,000,000	52,209,054
Staff retirement benefits		11,582,120	11,956,214
Government dues payable		-	1,425,270
Deferred tax liability		57,119,318	63,918,455
		114,701,438	129,508,993
<b>Current Liabilities</b>			
Trade and other payables		168,392,313	129,613,176
Unclaimed dividend		232,987	232,987
Unpaid dividends		694,479	364,412
Short term borrowings	5	7,600,000	-
Accrued markup		4,033,945	5,546,056
Current portion of long term financing	4	12,209,099	12,000,090
Provision for taxation		15,035,891	26,424,478
		208,198,714	174,181,199
Contingencies and Commitments	6	-	-
<b>Total Equity and Liabilities</b>		<b>886,723,226</b>	<b>866,900,916</b>
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, plant and equipment	7	739,436,035	717,220,869
Long term deposits		16,297,023	16,297,023
		755,733,058	733,517,892
<b>Current Assets</b>			
Stores and spares		6,667,501	4,843,349
Stock in trade		68,718,469	53,941,063
Trade debts		3,683,364	1,944,041
Advances, prepayments and other receivables		9,385,431	24,715,369
Cash and bank balances		42,535,403	47,939,202
		130,990,168	133,383,024
		<b>886,723,226</b>	<b>866,900,916</b>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements (un-audited).

Mohammad Hameed  
Chief Executive

Aamer Hameed  
Director

M. Muddasar Shahzad  
Chief Financial Officer



**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021**

	Notes	Half Year Ended December 31, 2021	Half Year Ended December 31, 2020	Quarter Ended December 31, 2021	Quarter Ended December 31, 2020
		Rupees Un-audited	Rupees Un-audited	Rupees Un-audited	Rupees Un-audited
Sales - net		632,007,967	552,094,107	325,143,967	286,682,041
Cost of sales	8	(583,395,688)	(495,417,039)	(290,778,688)	(259,228,777)
Gross Profit		48,612,279	56,677,068	34,365,279	27,453,264
Operating Expenses					
Distribution expenses		(3,033,543)	(3,274,983)	(1,802,543)	(1,490,195)
Administrative expenses		(21,520,771)	(18,258,617)	(12,179,771)	(9,856,530)
		(24,554,314)	(21,533,600)	(13,982,314)	(11,346,725)
Operating Profit		24,057,965	35,143,468	20,382,965	16,106,539
Finance cost		(4,273,233)	(2,435,752)	(2,376,233)	(158,324)
Other operating charges		(3,947,250)	(2,703,438)	(2,444,250)	(1,455,654)
Other income		12,931	2,371,103	12,931	2,355,603
		(8,207,552)	(2,768,087)	(4,807,552)	741,625
Profit before Taxation		15,850,413	32,375,381	15,575,413	16,848,164
Taxation	9	(1,450,496)	(5,487,809)	5,210,504	(3,357,982)
Profit for the Period		14,399,917	26,887,572	20,785,917	13,490,182
Earnings per Share - Basic		1.04	6.04	1.51	3.03
Earnings per Share - Diluted		1.04	1.38	1.51	0.69

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements (un-audited).

Mohammad Hameed  
Chief Executive

Hameed  
Director

M. Muddasar Shahzad  
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021**

	Half Year Ended December 31, 2021	Half Year Ended December 31, 2020	Quarter Ended December 31, 2021	Quarter Ended December 31, 2020
	Rupees Un-audited	Rupees Un-audited	Rupees Un-audited	Rupees Un-audited
Net Profit for the Period	14,399,917	26,887,572	20,785,917	13,490,182
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Items that will not be reclassified subsequently to profit or loss	-	-	-	-
Total Comprehensive Income for the Period	<u>14,399,917</u>	<u>26,887,572</u>	<u>20,785,917</u>	<u>13,490,182</u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements (un-audited).

Mohammad Hameed  
Chief Executive

Aamer Hameed  
Director

M. Muddasar Shahzad  
Chief Financial Officer





**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

Particulars	Share Capital	Share Deposit Money	Reserves		Surplus on Revaluation of Property, Plant and Equipment	Total
			Capital Reserve - Share Premium Reserve	Revenue Reserve - Accumulated Loss		
	Rupees Un-audited	Rupees Un-audited	Rupees Un-audited	Rupees Un-audited	Rupees Un-audited	Rupees Un-audited
Balance as at June 30, 2020	44,491,590	150,000,000	-	(152,466,845)	501,886,099	543,910,844
Net profit for the half year ended December 31, 2020	-	-	-	26,887,572	-	26,887,572
Other comprehensive income for the half year ended December 31, 2020	-	-	-	-	-	-
Total comprehensive income for the half year ended December 31, 2020	-	-	-	26,887,572	-	26,887,572
Incremental depreciation charged for the period on surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	7,902,620	(7,902,620)	-
Balance as at December 31, 2020	<u>44,491,590</u>	<u>150,000,000</u>	<u>-</u>	<u>(117,676,653)</u>	<u>493,983,479</u>	<u>570,798,416</u>
Balance as at June 30, 2021	137,875,670	-	18,676,816	(78,092,622)	484,750,860	563,210,724
Net profit for the half year ended December 31, 2021	-	-	-	14,399,917	-	14,399,917
Other comprehensive income for the half year ended December 31, 2021	-	-	-	-	-	-
Total comprehensive income for the half year ended December 31, 2021	-	-	-	14,399,917	-	14,399,917
Final dividend for the year ended June 30, 2021 at Rs. 1 per share	-	-	-	(13,787,567)	-	(13,787,567)
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current period - net of deferred tax	-	-	-	6,966,691	(6,966,691)	-
Surplus on revaluation of property, plant and equipment realized on disposal	-	-	-	1,900,000	(1,900,000)	-
Balance as at December 31, 2021	<u>137,875,670</u>	<u>-</u>	<u>18,676,816</u>	<u>(68,613,581)</u>	<u>475,884,169</u>	<u>563,823,074</u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements (un-audited).

Mohammad Hameed  
Chief Executive

Aamer Hameed  
Director

M. Muddasar Shahzad  
Chief Financial Officer



**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

	Half Year Ended December 31, 2021	Half Year Ended December 31, 2020
	Rupees Un-audited	Rupees Un-audited
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	15,850,413	32,375,381
Adjustments for:		
- Depreciation	21,477,084	17,807,659
- Provision for gratuity	2,598,221	2,336,702
- Interest on Workers' (profit) participation fund	1,452,233	795,582
- Workers' (profit) participation fund	1,313,310	1,674,324
- Workers' welfare fund	568,940	904,114
- Loss on disposal of fixed assets	1,638,750	-
- Finance costs	2,821,000	1,640,169
	31,869,538	25,158,550
Operating profit before working capital changes	47,719,951	57,533,931
Decrease / (Increase) in current assets:		
- Stores and spares	(1,824,152)	402,096
- Stock in trade	(14,777,406)	(3,050,909)
- Trade debts	(1,739,323)	597,168
- Advances, prepayments and other receivables	6,448,373	243,532
Decrease in current liabilities:		
- Government dues payable	(4,275,810)	(5,015,749)
- Refunds due from the government - sales tax	9,649,268	467,612
- Trade and other payables	26,281,628	(22,499,442)
	19,762,578	(28,855,692)
Cash Generated from Operations	67,482,529	28,678,239
Income tax paid	(8,392,357)	(7,174,289)
Finance cost paid	(4,333,111)	(3,314,799)
Gratuity paid	(2,972,315)	(3,312,439)
Net Cash Generated from Operating Activities	51,784,746	14,876,712
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(47,731,000)	(4,365,323)
Proceeds from disposal of property, plant and equipment	2,400,000	-
Net Cash Used in Investing Activities	(45,331,000)	(4,365,323)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(13,457,500)	(70,417)
Long term financing repaid	(6,000,045)	(6,000,045)
Short term borrowings	7,600,000	-
Net Cash Used in Financing Activities	(11,857,545)	(6,070,462)
Net (Decrease) / Increase in Cash and Cash Equivalents	(5,403,799)	4,440,927
Cash and cash equivalents at the beginning of the period	47,939,202	48,244,271
Cash and Cash Equivalents at the End of the Period	42,535,403	52,685,198

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements (un-audited).

Mohammad Hameed  
Chief Executive

Aamer Hameed  
Director

M. Muddasar Shahzad  
Chief Financial Officer



**NOTES TO AND FORMING PART OF THE CONDENSED  
INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

**Note 1****The Company and its Operations**

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- 1.1 Service Industries Textiles Limited (the Company) was incorporated in Pakistan in 1962 as a Private Limited Company under the Companies Act 1913, (now the Companies Act, 2017) and was subsequently converted into a Public Limited Company in 1970. The Company is listed on Pakistan Stock Exchange. The principal activity of the Company is manufacturing and sale of yarn made from raw cotton and synthetic fiber.
- 1.2 The Company is domiciled in Pakistan and its registered office is situated at 38-Empress Road, Lahore, whereas the production plant of the Company is located at Rehman Shaheed Road, Gujrat.

**Note 2****Basis of Preparation**

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- 2.1 These condensed interim financial statements (un-audited) have been prepared in accordance with the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and are in compliance with the International Accounting Standard - 34 (Interim Financial Reporting).
- 2.2 These condensed interim financial statements (un-audited) should be read in conjunction with annual audited financial statements for the year ended June 30, 2021. Comparative statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2021 whereas comparative statement of profit or loss, comparative statement of comprehensive income and comparative statement of cash flows are extracted from unaudited condensed interim financial statements (un-audited) for the half year ended December 31, 2020.

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

- 2.3 These condensed interim financial statements are unaudited and have been subjected to limited scope review by the auditors as required by Section 237 of the Companies Act, 2017 and the Companies (Code of Corporate Governance) Regulations, 2019. The figures for the quarters ended on December 31, 2020 and 2021 presented in the condensed interim financial statements have not been reviewed by the external auditors.
- 2.4 The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgments made by the management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements for the year ended June 30, 2021.
- 2.5 These condensed interim financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. All the figures have been rounded off to the nearest rupees, unless otherwise stated.

**Note 3****Significant Accounting Policies**

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The Company's accounting and financial risk management policies and methods of computation adopted in the preparation of these condensed interim financial statements (un-audited) are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended June 30, 2021 except for the adoption of new and amended standards, if any.



Note 4  
Long Term Financing

	Note	December 31, 2021 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
Related parties - Unsecured			
Loan from Directors / Related parties	4.1	58,209,099	64,209,144
Less: Current portion		<u>(12,209,099)</u>	<u>(12,000,090)</u>
		<u>46,000,000</u>	<u>52,209,054</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 installments of Rs. 1 million each. This financing is unsecured and carries markup at 3 months KIBOR plus 1%.

Note 5  
Short Term Borrowings

	December 31, 2021 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
Loan from Directors - unsecured	<u>7,600,000</u>	<u>-</u>

5.1 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 on demand. This carries markup at 3 months KIBOR plus 1%.

Note 6  
Contingencies and Commitments

Contingencies

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

Commitments

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

Note 7  
Property, Plant and Equipment

	December 31, 2021 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
Opening written down value	717,220,869	688,123,751
Additions during the period / year	47,731,000	69,971,836
Disposal during the period / year	<u>(5,000,000)</u>	<u>(4,564,000)</u>
	759,951,869	753,531,587
Depreciation charge for the period / year	21,477,084	37,668,448
Depreciation charge for the period / year - disposal	<u>(961,250)</u>	<u>(1,357,730)</u>
	<u>739,436,035</u>	<u>717,220,869</u>



Note 8 Cost of Sales	Half Year Ended	Half Year Ended	Quarter Ended	Quarter Ended
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	(Un-audited) Rupees	(Un-audited) Rupees	(Un-audited) Rupees	(Un-audited) Rupees
Raw materials consumed	428,140,555	331,307,989	221,364,555	173,167,266
Stores and spares consumed	6,322,569	6,378,974	3,251,183	3,688,450
Packing materials consumed	7,597,107	6,424,906	3,766,107	3,329,387
Fuel and power	75,183,431	68,662,926	40,015,431	37,923,253
Salaries, wages and benefits	55,405,488	62,236,179	21,939,488	31,018,237
Insurance	743,072	493,260	523,072	218,260
Repairs and maintenance	2,712,475	3,877,144	1,350,475	2,034,472
Depreciation	21,104,615	17,577,189	10,594,615	8,823,229
Cost of goods manufactured	597,209,312	496,958,567	302,804,926	260,202,554
Work in process:				
- Opening	8,438,854	7,029,397	10,548,000	7,572,274
- Closing	(12,450,937)	(8,086,053)	(12,450,937)	(8,086,053)
	(4,012,083)	(1,056,656)	(1,902,937)	(513,779)
	593,197,229	495,901,911	300,901,989	259,688,775
Finished goods:				
- Opening	3,871,760	3,407,716	3,550,000	3,432,590
- Closing	(13,673,301)	(3,892,588)	(13,673,301)	(3,892,588)
	(9,801,541)	(484,872)	(10,123,301)	(459,998)
	583,395,688	495,417,039	290,778,688	259,228,777

Note 9 Taxation	Half Year Ended	Half Year Ended	Quarter Ended	Quarter Ended
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	(Un-audited) Rupees	(Un-audited) Rupees	(Un-audited) Rupees	(Un-audited) Rupees
Current				
- Charge for period	8,249,633	11,223,144	1,588,633	7,241,731
- Prior years / tax credits	-	(7,875)	-	(7,875)
	8,249,633	11,215,269	1,588,633	7,233,856
Deferred tax	(6,799,137)	(5,727,460)	(6,799,137)	(3,875,874)
	1,450,496	5,487,809	(5,210,504)	3,357,982

Note 10  
Financial Risk Management

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



## Note 11

## Transactions with Related Parties

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

Transactions with related persons			Half Year Ended December 31, 2021	Half Year Ended December 31, 2020
Name of Related Parties	Relationship	Nature of Transactions	(Un-audited) Rupees	(Un-audited) Rupees
Directors	Key management personnel	Repayment of loan	6,000,045	6,000,045
		Markup accrued	2,747,446	1,477,480
		Markup paid	4,259,557	3,260,283
		Dividend paid	7,820,656	69,973
		Short term borrowings received	11,911,055	-
		Repayment of Short term borrowings	4,311,055	-
Gratuity		Gratuity fund charge	2,598,221	2,336,702
Balances outstanding as at			December 31, 2021	June 30, 2021
			(Un-audited) Rupees	(Audited) Rupees
Directors	Long term loan payable Accrued markup payable Dividend payable Short term borrowings		58,209,099	52,209,054
			4,033,945	5,546,056
			694,479	364,412
			7,600,000	-

## Note 12

## Segment Information

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

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

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



Note 13

Date of Authorization for Issue

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These condensed interim financial statements (un-audited) are approved and authorized by the Board of Directors of the Company for issuance on February 28th, 2022.

Note 14

General

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

Mohammad Hameed  
Chief Executive

Aamer Hameed  
Director

M. Muddasar Shahzad  
Chief Financial Officer

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