

















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COMPANY INFORMATION

BOARD OF DIRECTORS	: Ijaz Hameed Mohammad Hameed Aamer Hameed Zainab Khan Tariq Hameed Omer Mohyudin Malik Murtaza Hameed	(Chairman/Non Executive Director) (Chief Executive/Executive Director) (Executive Director) (Independent Director) (Non Executive Director) (Independent Director) (Non Executive Director)
CHIEF FINANCIAL OFFICER	: M. Muddasar Shahzad	
COMPANY SECRETARY	: Usman Khalid	
AUDIT COMMITTEE	: Omer Mohyudin Malik Zainab Khan Murtaza Hameed	(Chairman) (Member) (Member)
HUMAN RESOURCE & REMUNERATION COMMITTEE	: Zainab Khan Ijaz Hameed Omer Mohyudin Malik	(Chairperson) (Member) (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	



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 61st Annual General Meeting ("AGM") of the shareholders of Service Industries Textiles Limited ("Company") will be held on 28 October, 2022 at 09.30 A.M. at Registered Office of the Company, 38-Emress Road, Lahore to transact the following Business:

ORDINARY BUSINESS:

1. To confirm the minutes of 60th Annual General Meeting held on October 28, 2021
2. To consider, approve and adopt Annual Audited accounts of the Company together with the Directors' Auditors' Report for the year ended June 30, 2022.
3. To appoint Statutory Auditors of the Company for the year ending June 30, 2023 and to fix remuneration. The retiring Auditors M/s Crowe Hussain Chaudhury & Co. Chartered Accountants, being eligible, have offered themselves for reappointment.
4. To elect seven directors as fixed by the board of directors in accordance with the provisions of Section 159(1) of the Companies Act, 2017 for a period of three years commencing from October 31, 2022 in place of the following retiring directors namely: -
 1. Mr. Mohammad Hameed
 2. Mr. Ijaz Hameed
 3. Mr. Aamer Hameed
 4. Mr. Tariq Hameed
 5. Mr. Murtaza Hameed
 6. Mr. Omar Mohyud Din Malik
 7. Mrs. Zainab Khan

OTHER BUSINESS:

5. To transact any other business with permission of the Chair.

BY ORDER OF THE BOARD

(USMAN KHALID)
Company Secretary

LAHORE
06 October, 2022

NOTES

1. BOOK CLOSURE

The share transfer books of the Company will remain closed from 21.10.2022 to 28.10.2022 (both days inclusive). Transfers received at the Company's Share Registrar's Office i.e. M/s Corplink (Pvt) Limited, Wings Arcade, 1-K Commercial, Model Town, Lahore, upto the close of business on 20.10.2022 will be considered in time for the purpose attending the meeting.

2. FOR APPOINTING PROXIES

A member entitled to attend and vote at the above meeting may appoint another member as his/her proxy to attend and vote on his behalf at the meeting. The instrument of the proxy duly executed in accordance with the Articles of Association of the Company must be received at the registered office of the Company not less than 48 hours before the time of holding of the meeting.

3. FOR ATTENDING MEETING

Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her original CNIC or Passport, Account and participant's I.D numbers, to prove his/her identity, and in case of proxy must enclose and attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose. The account/sub account holders of CDC will further have to follow the guidelines as laid down in Circular No.1 of 2000 dated January 26, 2000 issued by Securities Exchange Commission of Pakistan.

4. CONSENT TO ACT AS DIRECTOR

In terms of Section 159 (3) of the Companies Act, 2017, any member who seeks to contest election to the office of director of the company shall file with the Company, at its registered office, a notice of intention to offer himself for election not later than fourteen days before the date of Annual General Meeting along with a written consent to act as directors.



5. MEASURES TAKE OWING TO PREVAILING SITUATION OF COVID 19 PANDEMIC

To ensure to safety and well-being of all the Members keeping in view of the prevailing situation due to COVID 19 pandemic and pursuant to the guidelines issued by the Securities Exchange Commission of Pakistan, vide its Circular No.04 of 2021 dated February 15, 2021, members interested in attending the AGM through ZOOM are requested to get themselves registered by sending an email at least 48 hours prior to the date of the meeting at info@prime-service.com by providing the following details:

Name of the Member	CNIC No.	Folio / CDC Account No	Cell No.	Email Address

Login facility will be opened thirty minutes before the meeting time to enable the participants to join the meeting after the identification process. Members will be able to login and participate in the Annual General Meeting proceedings through their devices after completing all the formalities required for the identification and verification.

6. 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.

I/We _____ of _____,
 being a member of Service Industries Textiles Limited, holder of _____ Ordinary shares as per Register Folio / CDC
 account No. _____ hereby opt for video conference facility at _____.

 Signature of Member

7. POSTAL BALLOT

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.

8. AVAILABILITY OF ANNUAL AUDITED FINANCIAL STATEMENT

In accordance with the provision of section 223 and 237 of the Companies Act, 2017, the audited financial statement of the Company for the year, which ended of June 30, 2022 are available on the Company's website: www.sitl.com.pk

9. CHANGE OF ADDRESS

Shareholders are requested to notify the change of their addresses, if any, to our Share Registrar M/s Corplink (Pvt) Limited, Wings Arcade, 1-K, Commercial Model Town, Lahore Tel No.042-35839182, 042-35916714-19.

10. CONVERSION OF PHYSICAL SHARES TO ELECTRONIC

As per Section 72 of the Companies Act, 2017, every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission.

The Shareholders having physical shareholding are encouraged to open CDC sub-account with any of the brokers or Investor account directly with CDC to place their physical shares into scrip less form, this will facilitate them in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange.



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, 2022, an annual evaluation of Board of Director's is carried out and the Board's overall performance and effectiveness has been assessed as satisfactory. The overall assessment is based on 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 Directors have been able to deliver and keeps the company afloat 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, 2022

Ijaz Hameed
Chairman



چیرمین کی جائزہ رپورٹ

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

مالی سال برائے 30 جون، 2022 کے لیے بورڈ کی سالانہ مجموعی کارکردگی اور افادیت اطمینان بخش قرار پائی ہے۔ مجموعی جائزے کا اطمینان بخش ہونا ضروری اجزاء کے انفرادی جائزے پر منحصر ہے جن میں دورانہ پیشی، نصب العین اور اقدار، حکمت عملی کے بنانے میں کردار، پالیسیز کی تشکیل، کمپنی میں جاری کاروباری سرگرمیوں کی نگرانی، ملیاتی 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 اور 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۔

کمپنی اپنے ملازمین کی حفاظت، صحت اور کام کے آرامدہ ماحول کو اور بہتر کرنے کیلئے کوشش کر رہی ہے۔

اعجاز حمید

چیرمین

لاہور

مورخہ 6- اکتوبر 2022



DIRECTORS' REPORT

The directors are pleased to present the 61st annual report along with the audited financial statement for the year ended 30 June 2022.

Operating & Financial Results:

During the year, net revenue from sales were Rs. 1.342 Billion as compared to Rs. Rs 1.230 Billion during the previous year. Gross profit for the year is Rs. 37.645 Million (June 30, 2021: Rs. 130.246 Million). The company has incurred a net loss after taxation of Rs.11.370 Million as compared to net profit of Rs. 59.543 Million in preceding year. One of the reasons for the loss during the year is unprecedented hike in cotton prices domestically and globally. Cotton prices jacked up from 0.87 cents/lbs to 1.40cents /lbs during the year. On the other hand yarn prices had not been inflated to the extent of increase in cotton prices which resulted in reducing the margins during the year. In addition to this Pakistan rupee fell to record low against dollar owing to multiple factors but mainly that of political instability. Also due to Russia-Ukraine war oil prices were traded at record high levels which significantly increased the fuel cost during the year especially in the last quarter. Furthermore the non availability / curtailment of gas have also contributed in high fuel cost.

It is quite challenging in today's business environment to keep the Company afloat in these circumstances. 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 2022	JUNE 2021	JUNE 2020	JUNE 2019	JUNE 2018	JUNE 2017	JUNE 2016
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Sales	1,341,765	1,230,010	921,250	979,881	854,392	801,430	483,006
Gross Profit / (Loss)	37,645	130,246	59,146	85,254	48,176	43,915	15,037
Operating Profit/(Loss)	(8,452)	87,222	23,934	54,684	21,444	21,067	(8,756)
Profit/(Loss)before Tax	(7,552)	80,734	(1,832)	42,758	13,060	8,132	(18,025)
Tax	(3,818)	(21,192)	(23,210)	(5,644)	(2,413)	676	(4,737)
Profit/(Loss) after Tax	(11,370)	59,543	(25,042)	37,114	1,065	8,809	(22,763)
Total Assets	1,492,622	866,901	828,577	811,059	606,487	555,566	610,421
Current Liabilities	197,287	174,181	166,913	132,778	167,362	108,391	151,979
	1,295,335	692,720	661,664	678,281	439,125	447,175	458,442
Presented by:							
Equity-net	1,167,855	563,211	543,911	571,517	363,685	353,055	343,860
Long term loans	46,066	52,209	26,270	36,700	48,700	60,700	72,700
Deferred Liability	81,414	77,300	91,484	70,065	26,740	33,420	41,882
	1,295,335	692,720	661,664	678,281	439,125	447,175	458,442

EPS:

Earnings per share (basic) for the year ended June 30, 2022 is Rs. -0.82 (2021:Rs9.91)

Future Prospects:

Currently Pakistan is facing the aftermath of worst floods of her history. Pakistan is now predicted to experience an economic loss of \$12.5 billion to \$ 15.00 billion approximately as a result of the destruction caused by flooding. These floods have severely affected the cotton crop due to which the total production of cotton in the country is expected to be around 65 lakh bales. For last few years cotton scarcity remains the country's primary concern for textile industry and usually 3 to 4 million bales were imported every year to fulfill the requirements of local industry. There are multiple factors for the decline in cotton production such as climate change, uncertified seeds, unchecked business of spurious pesticides, and high cost of production with diminishing return for farmers. Due to recent flooding approximately 7.0 million bales of cotton will have to be imported. This could set the country back significantly, especially with its dwindling foreign currency reserves. Government should realize this and should work with local farmers and help them in providing the quality seed and



Implementation of modern techniques for improving yield and better quality of cotton. The Government has promised the industry RCET (regionally competitive energy tariff) which has been approved for one quarter of the next financial year with the total subsidy of Rs. 20 Billion unfortunately with the rise in fuel prices this subsidy will be insufficient and will need to be revised. Also the government should sit with all stakeholders of the industry and discuss the energy cost of mills all across Pakistan. There is a huge disparity in regards with energy cost amongst the mills in Sindh and Punjab which is making the Punjab based industry uncompetitive. This is a serious situation and needs the attention of the government as dual policy for Sindh and Punjab mills can be disastrous in the long run. Another factor that has severely impacted the economy is Russia-Ukraine war. This has jolted the world economy and as a result all commodity prices but in particular fuel prices have been increased significantly locally and globally. This along with political instability and unrest has depreciated the Pak rupee against dollar significantly. All these factors have resulted in highest inflation of 27.3% since 1970's and trade deficit has also been widening.

To counter the unpredictability, the State bank of Pakistan has tightened the monetary policy and increased its policy rate to 15% to combat inflationary pressure and promote sustained economic recovery but still there will be no respite soon to be. Due to above factors (shortage of cotton and very high fuel prices) subsequent to the year end, number of mills have either reduced their production partially or shut it down completely. Therefore we foresee the coming year 2022-23 will be very challenging for the textile industry. For the survival of industry it is very importance that the Government shall continue the supply of energy at regional competitive rates throughout the year apart from the availability of cotton by timely importing it.

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. 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.

Payment of Dividend:

No dividend has been declared by the Board of directors during the year due to losses.

Corporate & Financial Reporting Framework:

- a) 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.
- b) Proper books of account have been maintained by the Company.
- c) Appropriated accounting policies have been adopted and consistently applied in the preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
- d) International financial reporting standards as applicable in Pakistan have been followed in preparation of financial statements.
- e) 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.
- f) Six year financial summary is annexed.
- g) Pattern of shareholdings as on June 30, 2022 and its disclosure as required by the Code of Corporate Governance is annexed with this report.
- h) 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.

Composition of the Board of Directors:

The total number of directors is seven (07) including the Chief Executive (deemed director) as per the following:

Male:	6
Female:	1



The composition is as follows:

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

Board of Directors Meeting:

During the year ended 30 June 2022, the Board of Directors held five meetings. Attendance of each director is given hereunder:

Mohammad Hameed	5
Ijaz Hameed	5
Aamer Hameed	5
Tariq Hameed	5
Murtaza Hameed	5
Omer Mohyudin Malik	5
Zainab Khan	5

Committees of the Board:

To assist the smooth operations of the Board and support in sound decision making, the Board has established two committees which are chaired by independent directors. These committees are as follows

Audit Committee:

The committee comprises of three (3) members as per the following:

Omer Mohyudin Malik	(Chairman)
Zainab Khan	(Member)
Murtaza Hameed	(Member)

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:

The committee comprises of three (3) members as per the following:

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

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

Zainab Khan	2
Ijaz Hameed	2
Omer Mohyudin Malik	2

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, 2022.

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 2023.

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 32) 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.

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, 2022



ڈائریکٹرز رپورٹ

کمپنی ڈائریکٹرز 30 جون 2022ء کو ختم ہونے والے سال کی 61 ویں سالانہ رپورٹ بمعہ مالیاتی حسابات اور آڈٹ رپورٹ پیش کرتے ہیں۔

کارکردگی:

سال رواں کمپنی کی سیل 1,342 ملین روپے رہی جبکہ پچھلے سال 1,230 ملین روپے تھی۔ اس سال گراس منافع 37,645 ملین روپے رہا جبکہ پچھلے سال 130,246 ملین روپے تھا۔ کمپنی کو اس سال 11,370 ملین روپے کا نیٹ نقصان ہوا جبکہ اس کے مقابلے میں پچھلے سال 59,543 ملین روپے کا نیٹ منافع تھا۔ اس سال نقصان کی بنیادی وجوہات میں سے ایک کپاس کی قیمتوں کا ریکارڈ بڑھنا تھا جو کہ 0.87 سینٹ فی پونڈ سے بڑھ کر 1.40 سینٹ فی پونڈ ہو گئی۔ کپاس کی قیمت میں یہ اضافہ البتہ دھاگے کی قیمت میں خاطر خواہ اضافہ نہ کر سکا۔ اسکے علاوہ پاکستانی کرنسی ڈالر کے مقابلے میں اپنی قدر کھوئی گئی اور اس میں ریکارڈ کمی ہوئی جسکی بنیادی وجہ سیاسی افراتفری اور کمزور ملکی معیشت ہے۔ اسکے علاوہ روس اور یوکرین کی جنگ کی وجہ سے بھی خام تیل کی قیمتوں میں ریکارڈ اضافہ ہوا ان حالات کی وجہ سے کمپنی کو چلائے رکھنا کافی چیلنجنگ ہے لیکن کمپنی کے ڈائریکٹرز کمپنی کو چلائے رکھنے میں پرعزم ہیں اور اسکے لیے وہ ہر ممکن تنگ و دو کیلئے تیار ہیں۔

کلیدی آپریشنل اور مالیاتی ڈیٹا:

جون 2022ء (روپے 000)	جون 2021ء (روپے 000)	جون 2020ء (روپے 000)	جون 2019ء (روپے 000)	جون 2018ء (روپے 000)	جون 2017ء (روپے 000)	جون 2016ء (روپے 000)	
1,341,765	1,230,010	921,250	979,881	854,392	801,430	483,006	سیلز
37,645	130,246	59,146	85,254	48,176	43,915	15,037	گراس منافع / نقصان
(8,452)	87,222	23,934	54,684	21,444	21,067	(8,756)	آپریٹنگ منافع / نقصان
(7,552)	80,734	(1,832)	42,758	13,060	8,132	(18,025)	منافع / نقصان ٹیکس سے پہلے
(3,818)	(21,192)	(23,210)	(5,644)	(2,413)	676	(4,737)	ٹیکس
(11,370)	59,543	(25,042)	37,114	1,065	8,809	(22,763)	منافع / نقصان ٹیکس کے بعد
1,492,622	866,901	828,577	811,059	606,487	555,566	610,421	ٹوٹا اثاثہ جات
197,287	174,181	166,913	132,778	167,362	108,391	151,979	موجودہ واجبات
1,295,335	692,720	661,664	678,281	439,125	447,175	458,442	
1,167,855	563,211	543,911	571,517	363,685	353,055	343,860	پریزنٹیشنل بانی
46,066	52,209	26,270	36,700	48,700	60,700	72,700	ایکویٹی - نیٹ
81,414	77,300	91,484	70,065	26,740	33,420	41,882	لانگ ٹرم لون اور لیز
1,295,335	692,720	661,664	678,281	439,125	447,175	458,442	موثر واجبات

فی شیئر آمدنی:

30 جون 2022ء کے لئے فی شیئر آمدنی 0.82 - روپے رہی (2021 Rs. 9.91)

مستقبل:

حالیہ سیلاب کی وجہ سے پاکستان اس وقت اپنی تاریخ کے مشکل ترین مالی حالات سے گزر رہا ہے اور ایک اندازے کے مطابق تقریباً 12.5 بلین ڈالر سے 15 بلین ڈالر کا مالی نقصان ہوا ہے۔ اس سیلاب نے فصلوں بلخصوص کپاس کی فصل کو کافی نقصان پہنچایا ہے اور کپاس کی پیداوار تقریباً 65 لاکھ گانٹھیں تک محدود رہنے کا اندازہ ہے۔ پچھلے چند سالوں سے ملکی کپاس کی پیداوار مسلسل کمی کا شکار ہے۔ جسکی وجہ سے تقریباً 3 بلین سے 4 بلین گانٹھیں اچھورت کرنی پڑی تھیں لیکن اس سال سیلاب سے کپاس کی فصل کے نقصان کی وجہ سے اندازہ ہے کہ تقریباً 7 بلین کپاس کی گانٹھیں درآمد کرنی پڑیں گی۔ جو کہ پہلے سے کم ہوتے ہوئے زرمبادلہ کے ذخائر کو اور کم کریں گے اور یہ



2	☆ زینب خان
2	☆ عمر محی الدین ملک
2	☆ اعجاز حمید

گریجویٹی فنڈ کی ویلیو آف انویسٹمنٹ:

کمپنی نے اپنے ملازمین کیلئے گریجویٹی فنڈ برقرار رکھا ہوا ہے لیکن اس 30 جون 2022 کو کوئی پلان ایسٹ اس لائبلٹی کو نہیں کرتا۔

حسابات کی کتب:

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

ڈائریکٹرز کا مشاہرہ:

ہیومن ریسورس اور ریمو نیشن کمیٹی 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 مدنظر رکھ کر تیار کی گئی۔ جو ڈائریکٹرز مشاہرہ لینے ہیں انہوں نے اس پالیسی کو بنانے میں حصہ نہیں لیا۔

آڈیٹرز:

میسرز کرو حسین چوہدری اینڈ کمپنی ریٹائر ہو گئے ہیں۔ اہل ہونے کی بناء پر سال 2022-23ء کیلئے بطور آڈیٹرز دوبارہ تقرری کیلئے خود کو پیش کرتے ہیں۔ اور آڈٹ کمیٹی بھی ان کے تقرر کی 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 سڈ ریگولیشنز آف اسٹاک ایکچینج کے بیان کئے گئے بہترین طریقوں کے مطابق کی گئی۔ ان ٹرانزیکشن کی تفصیل فنانشل سٹیٹمنٹ کے نوٹ نمبر 32 میں بیان کی گئی ہے۔ تمام ٹرانزیکشن کو آڈٹ کمیٹی 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 کا 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۔

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، پیئڈ 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 شیئرز ہولڈنگ:

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

بعداذ 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، شیئرز ہولڈرز اور بینکرز کے مسلسل تعاون پر شکر گزار ہے۔



عامر حمید	☆	نان ایگزیکٹو ڈائریکٹرز
اعجاز حمید		
طارق حمید		
مرتضیٰ حمید		
زینب خان	☆	خاتون ڈائریکٹر

بورڈ آف ڈائریکٹرز کے اجلاس:

ختم ہونے والے سال 30 جون 2022ء میں 15 اجلاس ہوئے۔ حاضری کی پوزیشن مندرجہ ذیل ہے:

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

بورڈ کمیٹی:

بورڈ کے کاموں میں مدد اور فیصلہ سازی کیلئے بورڈ نے دو کمیٹیاں تشکیل دی ہیں جن کی سربراہی انڈیپنڈنٹ ڈائریکٹرز کے پاس ہے۔ یہ کمیٹیاں مندرجہ ذیل ہیں۔

آڈٹ کمیٹی:

درج ذیل تین ممبران پر مشتمل ہے۔

چیئر مین	☆	عمر محی الدین ملک
ممبر	☆	زینب خان
ممبر	☆	مرتضیٰ حمید

آڈٹ کمیٹی کے اجلاس:

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

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

ہیومن ریسورس اینڈ ریٹرنیشن کمیٹی

مندرجہ ذیل تین ممبران پر مشتمل ہے

چیئر پرسن	☆	زینب خان
ممبر	☆	اعجاز حمید
ممبر	☆	عمر محی الدین ملک

ہیومن ریسورس اینڈ ریٹرنیشن کے اجلاس:

ہیومن ریسورس اینڈ ریٹرنیشن کمیٹی کے 2 اجلاس ہوئے حاضری درج ذیل ہے:



2	☆ زینب خان
2	☆ عمر محی الدین ملک
2	☆ اعجاز حمید

گرہجوٹی فنڈ کی ویلیو آف انویسٹمنٹ:

کمپنی نے اپنے ملازمین کیلئے گرہجوٹی فنڈ برقرار رکھا ہوا ہے لیکن اس 30 جون 2022ء 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 ریمپو نیشن کمیٹی نے ڈائریکٹرز کے مشاہرہ کی پالیسی تیار کی اور اسے بورڈ کو تجویز کیا ہے جو کہ منظور کر لی گئی۔ یہ پالیسی کمیٹی نے 2017ء کی آرٹیکل آف ایسوسی ایشن اور کوڈ آف کارپوریٹ گورننس ریگولیشن مارکیٹ سٹینڈرڈ اور کام کو مد نظر رکھ کر تیار کی گئی۔ جو ڈائریکٹرز کا مشاہرہ لیتے ہیں انہوں نے اس پالیسی کو بنانے میں حصہ نہیں لیا۔

آڈیٹرز:

میسرز وحسین چوہدری اینڈ کمپنی ریٹائر ہو گئے ہیں۔ اہل ہونے کی بناء پر سال 2022-23ء کیلئے بطور آڈیٹرز دوبارہ تقرر کیلئے خود کو پیش کرتے ہیں۔ اور آڈٹ کمیٹی بھی ان کے تقرر کی 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 لسڈ ریگولیشنز آف سٹاک ایکچینج کے بیان کئے گئے بہترین طریقوں کے مطابق کی گئی۔ ان ٹرانزیکشن کی تفصیل فنانشل سٹیٹمنٹ کے نوٹ نمبر 32 میں بیان کی گئی ہے۔ تمام ٹرانزیکشن کو آڈٹ کمیٹی 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:

آپنی کمپنی کو 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۔

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، ہینڈلنگ 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 شیئرز ہولڈنگ:

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

بہداز 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، شیئرز ہولڈرز اور بینکرز کے مسلسل تعاون پر شکر گزار ہے۔

محمد حمید
چیف ایگزیکٹو

عامر حمید
ڈائریکٹر

لاہور

مورخہ 6- اکتوبر 2022



STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019
FOR THE YEAR ENDED 30 June 2022

Name of Company:
Year Ended:

Service Industries Textile Limited (“the Company”) has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (“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 Director *	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	Zainab Khan

*The Board comprised of minimum number of members which is seven (7) hence it fulfills the requirement of minimum two (2) independent directors and the fraction (0.33) for independent directors has not been rounded up as one. Further, the existing independent directors have the requisite skills and knowledge to take independent decisions;

3. The directors have confirmed that none of them is serving as a 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 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 two 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. CFO and CEO 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
ii) Zainab Khan Member
iii) Murtaza Hameed Member
- b) HR & Remuneration Committee
- i) Zainab Khan Chairperson
ii) Ijaz Hameed Member
iii) Omer Mohyudin Malik Member
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: 2
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 given below:

Sr. No.	Paragraph Reference	Description	Explanation
1.	19	By June 30, 2022, all directors shall acquire certification under director training program	Directors' Training Program shall be organized for Director by or before end of June 30, 2023.

For & on behalf of the Board of Directors

(IJAZ HAMEED)
Chairman

**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, 2022 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, 2022.

Further, we highlight below instance of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where these are stated in the Statement of Compliance:

Sr. No.	Paragraph Reference	Description
1.	19	One Director out of Seven Directors has not acquired the prescribed certification under the Directors' Training Program as required under clause 19 of the Regulations.



(CROWE HUSSAIN CHAUDHURY & CO.)
 Chartered Accountants

Lahore
 06 October, 2022
 UDIN: CR2022101692aDOtxdBY

**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, 2022 and the statement of profit or loss, 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, the statement of profit or loss, the 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 state of the Company's affairs as at June 30, 2022 and of the loss, its comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan 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 report
	<p>Revaluation of Property Plant and Equipment</p> <p>Refer to note 7 to the financial statements. The Company has carried out revaluation of property, plant and equipment during the year that resulted in surplus of Rs. 617 million. It has increased to 1.101 billion as at June 30, 2022.</p> <p>Revaluation surplus requires significant judgments and estimates.</p> <p>Involvement of subjectivity, inherent uncertainty and the management judgements and estimates in relation to such revaluation surplus may be complex and can significantly impact the financial statements.</p>	<p>Our key audit procedures included:</p> <ul style="list-style-type: none"> ● Evaluated competence, capabilities and objectivity of the valuer. ● Evaluate the nature, scope and objectives of the valuer's work. ● Assessed relevance and reasonableness of significant assumptions and methods used by the valuer as per his valuation report. ● Evaluated the relevance and reasonableness of the valuer's findings and conclusions and their consistency.

Sr. No.	Key audit matter	How the matter was addressed in our audit
	For such reasons, we considered surplus on revaluation of property, plant and equipment as a key audit matter.	<ul style="list-style-type: none"> ● Checked that the independent valuer is in list of approved valuers of Pakistan Bank Association (PBA). ● Reviewed and assessed the adequacy of related disclosures made in the financial statements in accordance with the International Financial Reporting Standards and the Companies Act, 2017

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, 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 the 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, 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 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 management.
- Conclude on the appropriateness of 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, 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 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, 2022

	Note	2022 Rupees	2021 Rupees
CAPITAL AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital			
20,000,000 (2021: 20,000,000) ordinary shares			
of Rs. 10 each		200,000,000	200,000,000
Issued, subscribed and paid up capital	6	137,875,670	137,875,670
Share premium reserve		18,676,816	18,676,816
Accumulated loss		(90,448,757)	(78,092,622)
Surplus on revaluation of property, plant and equipment	7	1,101,751,321	484,750,860
		1,167,855,050	563,210,724
Non Current Liabilities			
Long term financing	8	46,066,037	52,209,054
Post employment benefit obligations	9	14,758,772	11,956,214
Government dues payable	11	-	1,425,270
Deferred tax liability	10	66,655,243	63,918,455
		127,480,052	129,508,993
Current Liabilities			
Trade and other payables	11	167,740,809	129,613,176
Unclaimed dividends		232,987	232,987
Unpaid dividends		683,629	364,412
Current portion of long term financing	8	12,000,000	12,000,090
Accrued markup		-	5,546,056
Provision for taxation	12	16,629,942	26,424,478
		197,287,367	174,181,199
Contingencies and Commitments	13	-	-
		1,492,622,469	866,900,916
ASSETS			
Non Current Assets			
Property, plant and equipment	14	1,358,771,728	717,220,869
Long term deposits	15	19,337,023	16,297,023
		1,378,108,751	733,517,892
Current Assets			
Stores and spares	16	5,254,179	4,843,349
Stock in trade	17	47,274,280	53,941,063
Trade debts	18	2,444,083	1,944,041
Advances and prepayments	19	24,628,792	24,715,369
Cash and bank balances	20	34,912,384	47,939,202
		114,513,718	133,383,024
		1,492,622,469	866,900,916

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, 2022**

	Note	2022 Rupees	2021 Rupees
Revenue from sales	21	1,341,765,352	1,230,009,524
Cost of sales	22	(1,304,119,965)	(1,099,763,761)
Gross Profit		37,645,387	130,245,763
Operating expenses:			
- Distribution costs	23	(8,761,169)	(8,375,749)
- Administrative expenses	24	(37,336,429)	(34,648,012)
		(46,097,598)	(43,023,761)
Operating (Loss) / Profit		(8,452,211)	87,222,002
Finance cost	25	(6,793,228)	(5,010,180)
Other operating expenses	26	(2,738,750)	(8,161,135)
Other income	27	10,432,455	6,684,287
		900,477	(6,487,028)
(Loss) / Profit before Taxation		(7,551,734)	80,734,974
Taxation	28		
Current tax		9,843,684	26,566,603
Deferred tax		(6,025,301)	(5,374,519)
		(3,818,383)	(21,192,084)
Net (Loss) / Profit for the year		(11,370,117)	59,542,890
(Loss) / Earnings per Share - Basic	29	(0.82)	9.91

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, 2022**

	2022 Rupees	2021 Rupees
Net (Loss) / Profit for the Year	(11,370,117)	59,542,890
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	641,915,960	-
Related deferred tax impact	(9,734,129)	-
Experience adjustment on remeasurement of post employment benefits	(3,351,861)	(3,244,938)
Related deferred tax impact	972,040	941,032
	629,802,010	(2,303,906)
Total Comprehensive Income for the Year	<u>618,431,893</u>	<u>57,238,984</u>

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, 2022**

Particulars	Share Capital	Share Deposit Money	Reserve		Surplus on Revaluation of Property, Plant and Equipment	Total
			Share Premium Reserve	Accumulated Loss		
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
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 year	-	-	-	59,542,890	-	59,542,890
Other comprehensive loss for the year	-	-	-	(2,303,906)	-	(2,303,906)
Total comprehensive income for the year	-	-	-	57,238,984	-	57,238,984
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current year - net of deferred tax	-	-	-	15,805,239	(15,805,239)	-
Surplus on revaluation of property, plant and equipment realized on disposal	-	-	-	1,330,000	(1,330,000)	-
Transferred to share capital	93,384,080	(93,384,080)	-	-	-	-
Transferred to share premium	-	(18,676,816)	18,676,816	-	-	-
Transferred to long term financing	-	(37,939,104)	-	-	-	(37,939,104)
Balance as at June 30, 2021	137,875,670	-	18,676,816	(78,092,622)	484,750,860	563,210,724
Net loss for the year	-	-	-	(11,370,117)	-	(11,370,117)
Other comprehensive income for the year	-	-	-	(2,379,821)	632,181,831	629,820,010
Total comprehensive income for the year	-	-	-	(13,749,938)	632,181,831	618,431,893
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 year - net of deferred tax	-	-	-	13,974,370	(13,974,370)	-
Surplus on revaluation of property, plant and equipment realized on disposal - net	-	-	-	1,207,000	(1,207,000)	-
Balance as at June 30, 2022	137,875,670	-	18,676,816	(90,448,757)	1,101,751,321	1,167,855,050

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, 2022**

	2022 Rupees	2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(7,551,734)	80,734,974
Adjustments for:		
- Depreciation	42,415,401	37,668,448
- Post employment benefits	5,210,692	5,420,763
- Excess provision / unclaimed liabilities written back	(10,400,000)	(5,651,477)
- Workers' profit participation fund	-	4,437,601
- Workers' welfare fund	-	1,962,284
- Loss on disposal of property, plant and equipment	1,638,750	106,270
- Finance cost	6,793,228	5,010,180
	45,658,071	48,954,069
Operating profit before working capital changes	38,106,337	129,689,043
(Increase) / decrease in current assets:		
- Stores and spares	(410,830)	(760,602)
- Stock in trade	6,666,783	4,598,653
- Trade debts	(500,042)	(674,171)
- Advances and prepayments	5,279,058	(6,743,521)
Increase / (decrease) in current liabilities:		
- Trade and other payables	42,401,519	(16,467,789)
	53,436,488	(20,047,430)
Cash Generated from Operations	91,542,825	109,641,613
Income tax paid	(24,145,247)	(19,105,011)
Finance cost paid	(8,323,894)	(5,449,809)
Post employment benefit paid	(5,759,995)	(5,633,519)
Net Cash Generated from Operating Activities	53,313,689	79,453,274
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(46,089,050)	(69,971,836)
Proceeds from disposal of property, plant and equipment	2,400,000	3,100,000
Long term deposits paid	(3,040,000)	(816,000)
Net Cash Used in Investing Activities	(46,729,050)	(67,687,836)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(13,468,350)	(70,417)
Long term financing - obtained from related parties	4,800,010	6,513,800
Long term financing - paid to related parties	(10,943,117)	(18,513,890)
Net Cash Used in Financing Activities	(19,611,457)	(12,070,507)
Net Decrease in Cash and Cash Equivalents	(13,026,818)	(305,069)
Cash and cash equivalents at the beginning of the year	47,939,202	48,244,271
Cash and Cash Equivalents at the End of the Year	<u>34,912,384</u>	<u>47,939,202</u>

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, 2022**

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 fibre.
- 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, 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 to the extent of following:

Post employment benefit obligations	Note 9	(stated at Present value)
Certain property, plant and equipment	Note 14	(stated at Revalued / Fair 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 that are effective in current year

The following standards, amendments and interpretations are effective for the year ended June 30, 2022. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective Date Annual period beginning on or after
Interest Rate Benchmark Reform – Phase 2 [Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16]	January 01, 2021
IFRS 16 Leases [Amendments] - COVID 19 rent related concession extended beyond June 30, 2021	April 01, 2021



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

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

There are certain standards, amendments and interpretations to the accounting and reporting standards which are mandatory for companies having accounting periods beginning on or after July 1, 2022 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

Standard or Interpretation	Effective Date (Annual Period beginning on or after)
IAS 1 Presentation of Financial Statements [Amendments]	January 1, 2022 & January 1, 2023
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors [Amendments]	January 1, 2023
IAS 12 Income Taxes [Amendments]	January 1, 2023
IAS 16 Property, Plant and Equipment [Amendments]	January 1, 2023
IAS 37 Provisions, Contingent Liabilities and Contingent Assets [Amendments]	January 1, 2022
Annual Improvements to IFRS Standards 2018-2020	January 1, 2022

The Company will assess the impacts of these changes in the period of initial application once such changes become effective for the Company.

Note 4
Use of Estimates and Judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on the historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the 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 statements of the Company for the year ended June 30, 2022 are consistent with previous year's unless otherwise stated.

Significant management estimates in these financial statements are relates primarily to followings:

4.1 Property, plant and equipment - Note 5.5 and 14

"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 14 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 - Note 5.2 and 9

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 Stores, spares and inventories, stores and spares - Note 5.7, 5.8, and 17

The Company has recorded its stores, spares and 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.

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

4.4 Taxation - Note 5.4 and 28

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. However, the management believes that the change in outcomes of estimates would not have a material effect on disclosed figures in financial statements.

**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.

5.1 Provisions

Provisions are recognized in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are not recognized for future operating losses.

5.2 Post employment benefits

"The Company operates an approved, funded defined benefit plan for all of its permanent employees. Under this plan, gratuity is paid to the retiring employees on the basis of their last drawn gross salary for each completed year of service."

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.

Provisions are made in the financial statements to cover obligations on the basis of actuarial valuation carried out at each reporting date.

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 expense for the year comprises current and deferred tax and is recognized in the statement of profit or loss 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 higher of corporate tax (higher of tax based on taxable income and minimum tax) and alternative corporate tax.

Corporate tax is based on taxable income for the year determined in accordance with the prevailing laws of taxation. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years. 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.



Note 5, 'Significant Accounting Policies - Continued...

Alternative corporate tax is calculated at 17% of accounting profit, after taking into account the required adjustments.

The Company offsets current tax assets and current tax liabilities if, and only if, the entity has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

5.4.2 Deferred

Deferred tax is recognized using the balance sheet method on all temporary differences between the carrying amount of assets, liabilities and their tax bases.

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 amount of the deferred tax asset is reviewed at each reporting date and is adjusted according to the availability of profits. 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 except freehold land, building on freehold land, plant and machinery and electrical equipments which are stated at revalued amount, are stated at cost less accumulated depreciation and identified impairment losses, if any. 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 statement of profit or loss on reducing balance method at the rates specified in note 14 of the financial statements. Depreciation on leasehold improvement is charged to profit or loss on straight line basis as disclosed in note 14 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 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.

Major repairs and modifications to assets are capitalized while day to day maintenance and normal repairs are charged to statement of profit or loss as and when incurred.



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

Disposal

The gain or loss on arising on disposal or retirement of an item of property, plant and equipment is determined as difference between sales proceeds and carrying amounts of the asset and is recognized as gain / (loss) on disposal of property, plant and equipment into the statement of profit or loss.

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 property, plant and equipment of the Company are debited against revaluation surplus directly in equity. All other decreases are charged to statement of profit or loss.

5.6 Borrowing cost

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are charged to statement of profit or loss in the period in which they are incurred.

5.7 Impairment on non - financial assets

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.

5.8 Stores and spares

These are valued at lower of moving average cost and net realizable value; whilst items considered obsolete are written off. Cost of items in transit comprises invoice value plus incidental charges paid thereon. Net realizable value signifies the estimated selling price in ordinary course of business less necessary cost to make the sale.

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 and packing materials	-	Moving average cost
Materials in transit	-	Invoice value plus incidental charges
Work in process	-	Estimated manufacturing cost
Finished goods	-	Average manufacturing cost

Manufacturing cost in relation to work in process and finished goods comprises cost of materials, labor and appropriate manufacturing overheads. Net realizable value signifies estimated selling price in the ordinary course of business less necessary costs to make the sale.

5.10 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise cash in hand and deposit with banks in current and savings accounts, which are free of encumbrances.

5.11 Related party transactions

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

*Note 5, Significant Accounting Policies - Contd...***5.12 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.

5.12.1 Financial assets

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

Classification

Financial assets are classified in either of the three categories: at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss. Currently, the Company classifies its financial assets at amortized cost. This 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.

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 statement of profit or loss. Financial assets carried at fair value through statement of profit or loss are initially recognized at fair value and transaction costs are expensed in the statement of profit and loss account. Dividend income from financial assets at fair value through statement of profit or loss is recognized in the statement of profit and loss 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.

Subsequent measurement

Financial assets measured at amortized cost are subsequently measured using the effective interest rate method. The amortized cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

Derecognition

Financial assets are primarily derecognised when:

- The rights to receive cash flows from the asset have expired. The difference between carrying amount and consideration received is recognized in statement of profit or loss.
- 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.

*Note 5, Significant Accounting Policies - Contd...**5.12 Financial instruments- Contd...***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 an allowance for expected credit losses (ECLs) on a financial asset measured at amortized cost and through other comprehensive income, a lease receivable or a contract asset.

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 statement of profit or loss.

5.12.2 Financial liabilities**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.

Financial liabilities are initially classified 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 statement of profit and loss.

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

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.

*Note 5, Significant Accounting Policies - Contd...**5.12 Financial instruments- Contd...*

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 statement of 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. 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. Difference between carrying amount and consideration paid is recognized in the statement of profit or loss when the liabilities are derecognized.

Derecognition

"A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in statement of profit or loss."

5.12.3 Offsetting of financial assets and liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to offset the recognized amounts and the Company intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

5.13 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. The Company recognizes a contract asset for the earned consideration that is conditional if the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due.

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.

*Note 5, Significant Accounting Policies - Contd...**5.13 Balances from contract with customers - Contd...***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 made or the payment is due if a customer pays consideration before the Company transfers goods or services to the customer.

5.14 Earnings per Share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit after tax 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 after tax attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

5.15 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.

When there is no quoted price in an active market, the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the instrument is then initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is credited or charged to the statement of profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out. The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

5.16 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.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

5.17 Revenue recognition

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.

The Company is in the business of sale of goods. Revenue from contracts with customers is recognised at a point in time when control of the goods is transferred to the customers which is usually at the time of delivery of goods, at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods.



Note 5, Significant Accounting Policies - Contd...

5.18 Unclaimed dividend

The Company recognises unclaimed dividend which was declared and remained unclaimed by the shareholder from the date it was due and payable.

5.19 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the company's other components. All operating segments' operating results are reviewed regularly by the Chief Operating Decision Maker (the Chief Executive Officer of the Company) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly administrative and other operating expenses, and income tax assets and liabilities.

5.20 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.

5.21 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.

Note 6
Issued, Subscribed and Paid up Capital

2022			2021		
Number of shares			Rupees		
12,222,988	2,884,580	Ordinary shares of Rs. 10 each	122,229,880	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	
-	9,338,408	Ordinary shares of Rs. 10 each issued at premium of Rs. 2 to sponsors	-	93,384,080	
<u>13,787,567</u>	<u>13,787,567</u>		<u>137,875,670</u>	<u>137,875,670</u>	

6.1 Reconciliation of number of shares outstanding

Number of shares outstanding at the beginning of the year
Issued against share deposit money
Number of shares outstanding at the end of the year

2022		2021	
Number of shares		Number of shares	
13,787,567	4,449,159		
-	9,338,408		
<u>13,787,567</u>	<u>13,787,567</u>		



Note 6, Issued, Subscribed and Paid up Capital - Contd...

- 6.2 In October 2020, the general meeting of shareholders approved the issue of 9,338,408 ordinary shares of Rs. 10 each, which were issued at premium of Rs. 2 per shares. These shares were issued against share deposit money.
- 6.3 23,400 shares of Rs. 10 each were issued to Pakistan Industrial Credit and Investment Corporation (PICIC) for consideration other than cash. (2021: 23,400 shares)
- 6.4 There are no agreements with shareholders for any specific voting rights, board selection, rights of first refusal and block voting etc.

Note 7

Surplus on Revaluation of Property, Plant and Equipment

	2022	2021
	Rupees	Rupees
Land - freehold		
Opening balance	343,833,702	343,833,702
Add: Surplus on revaluation arisen during the year	608,350,000	-
	952,183,702	343,833,702
Factory buildings on freehold land		
Opening balance	69,841,856	77,602,062
Add: Surplus on revaluation arisen during the year	2,155,133	-
Less: Related deferred taxation	(624,989)	-
	71,372,000	77,602,062
Plant and machinery		
Opening balance	64,432,525	73,069,472
Add: Surplus on revaluation arisen during the year	24,183,978	-
Less: Related deferred taxation	(7,013,354)	-
	81,603,149	73,069,472
Electric fittings, equipment and appliances		
Opening balance	6,642,777	7,380,863
Add: Surplus on revaluation arisen during the year	7,226,849	-
Less: Related deferred taxation	(2,095,786)	-
	11,773,840	7,380,863
	1,116,932,691	501,886,099
Incremental depreciation charged on revalued property, plant and equipment in current year transferred to retained earnings - net of deferred tax	(13,974,370)	(15,805,239)
Surplus realized on disposal of revalued property, plant and equipment transferred to retained earnings - net of deferred tax	(1,207,000)	(1,330,000)
	1,101,751,321	484,750,860

- 7.1 This represents surplus over book value resulting from the revaluation of above-mentioned assets, adjusted by incremental depreciation and related deferred tax arising on revaluation of the above-mentioned assets except freehold land. Latest revaluation was carried out by an approved, independent valuer on June 30, 2022 using current market price / replacement cost that has resulted in additional revaluation surplus of Rs. 641.915 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 8

Long Term Financing

	Note	2022 Rupees	2021 Rupees
Related parties - Unsecured			
Loan from Directors / Related parties	8.1	58,066,037	64,209,144
Less: Current portion		(12,000,000)	(12,000,090)
		<u>46,066,037</u>	<u>52,209,054</u>

- 8.1 This represents financing obtained from directors / related parties 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 @ 3 months KIBOR plus 1%. However, considering the current situation of the Company, the directors have waived off the accrued markup of last quarter of the current year and agreed to charge the markup from July 01, 2022 @ 10% per annum.

Note 9

Post Employment Benefit Obligations

	Note	2022 Rupees	2021 Rupees
Post employment benefit obligations		<u>14,758,772</u>	<u>11,956,214</u>
9.1 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, 2022. Following key information is included in that actuarial report:			
9.2 Movement in net liability for defined benefit obligations			
Opening balance		11,956,214	8,924,032
Charge for the year	9.4	5,210,692	5,420,763
Net remeasurements for the year - Other comprehensive income		3,351,861	3,244,938
		<u>20,518,767</u>	<u>17,589,733</u>
Benefits paid during the year		(5,759,995)	(5,633,519)
Closing balance		<u>14,758,772</u>	<u>11,956,214</u>
9.3 Movement in present value of defined benefit obligations			
Opening balance		11,956,214	8,924,032
Current service cost for the year		4,303,070	3,997,647
Past Service Cost		-	903,998
Interest cost for the year		907,622	519,118
Remeasurement adjustments		3,351,861	3,244,938
Benefits paid during the year		(5,759,995)	(5,633,519)
Closing balance		<u>14,758,772</u>	<u>11,956,214</u>
9.4 Charge for the year			
Current service cost		4,303,070	3,997,647
Past service cost		-	903,998
Interest cost		907,622	519,118
		<u>5,210,692</u>	<u>5,420,763</u>



Note 9, Post Employment Benefit Obligations - Contd...

		2022	2021
		Rupees	Rupees
9.5	The charge for the year has been allocated as follows:		
	Cost of sales	4,481,195	4,661,856
	Distribution costs	104,214	108,415
	Administrative expenses	625,283	650,492
		<u>5,210,692</u>	<u>5,420,763</u>

9.6 Actuarial assumptions

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

Discount rate - per annum	13.25%	8.50%
Expected rate of increase in salary level - per annum	10.00%	10.00%
Expected mortality rate for active employees	SLIC (2001-2005) Mortality Table	
Actuarial valuation method	Projected Unit Credit Method	

9.7 Year end sensitivity analysis on defined benefit obligations

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 obligations as stated below:

	Change in assumption	Increase in obligation	Decrease in obligation
	%	Rupees	Rupees
Discount rate	1%	14,487,118	15,043,614
Salary increase	1%	15,107,187	14,420,758

9.8 Estimated charge for the year 2022-2023

		2023
		Rupees
	Current service cost	5,508,520
	Interest cost	1,477,972
		<u>6,986,492</u>

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

	2022	2021	2020	2019	2018
	Rupees	Rupees	Rupees	Rupees	Rupees
Present value of defined benefit obligations	<u>14,758,772</u>	<u>11,956,214</u>	<u>8,924,032</u>	<u>10,182,278</u>	<u>10,182,278</u>



Note 10
Deferred Tax Liability

	2022 Rupees	2021 Rupees
Deferred tax liability arising in respect of taxable temporary differences:		
- Accelerated tax depreciation on property, plant and equipment	15,681,899	15,403,639
- Surplus on revaluation of property, plant and equipment	63,292,176	59,508,941
	78,974,075	74,912,580
Deferred tax asset arising in respect of deductible temporary differences:		
- Provision for workers' profit participation fund	(7,633,702)	(6,469,239)
- Provision for workers' welfare fund	(405,086)	(1,057,584)
- Post employment benefit obligations	(4,280,044)	(3,467,302)
	(12,318,832)	(10,994,125)
	66,655,243	63,918,455
10.1 Reconciliation of deferred tax liability - net		
Opening balance	63,918,455	70,234,006
Charged to other comprehensive income	8,762,089	(941,032)
Charged to the profit or loss	(6,025,301)	(5,374,519)
Closing balance	66,655,243	63,918,455

10.2 Deferred tax assets and liabilities on temporary differences are measured at tax rate of 29% (2021: 29%).

10.3 Analysis of change in deferred tax

	Statement of Financial Position		Statement of Profit or Loss	
	2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees
Deferred tax Liability / (Asset)				
Accelerated tax depreciation on property, plant and equipment	(278,260)	(3,950,940)	278,260	3,950,940
Surplus on revaluation on property, plant and equipment	(3,783,235)	6,835,430	(5,950,894)	(6,835,430)
Provision for Workers' profit participation fund	1,164,463	1,755,883	(1,164,463)	(1,755,883)
Provision for Workers' welfare fund	(652,498)	512,294	652,498	(512,294)
Post employment benefit obligations	812,742	879,333	159,298	61,699
Unused tax losses	-	283,551	-	(283,551)
	(2,736,788)	6,315,551	(6,025,301)	(5,374,519)



Note 11

Trade and Other Payables

	Note	2022 Rupees	2021 Rupees
Trade creditors	11.1	37,619,102	23,702,451
Accrued liabilities		36,072,623	60,965,588
Government dues payable	11.2	1,425,270	8,551,620
Contract liabilities		55,090,151	4,933,165
Workers' profit participation fund	11.3	26,323,112	22,307,722
Workers' welfare fund	11.4	1,396,849	3,646,842
Income tax withheld		1,673,889	988,435
Sales tax payable		8,139,813	4,517,353
		<u>167,740,809</u>	<u>129,613,176</u>

11.1 This does not include any amount payable to related parties of the Company.

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

11.3 Workers' profit participation fund

Opening balance		22,307,722	16,252,952
Provision for the year	26	-	4,437,601
Interest on workers' profit participation fund		4,015,390	1,617,169
		<u>26,323,112</u>	<u>22,307,722</u>
Paid during the year		-	-
Closing Balance		<u>26,323,112</u>	<u>22,307,722</u>

11.4 Workers' welfare fund

Opening balance		3,646,842	1,880,309
Expense recognised during the year	26	-	1,962,284
		<u>3,646,842</u>	<u>3,842,593</u>
Payments made during the year		(2,249,993)	(195,751)
Closing balance		<u>1,396,849</u>	<u>3,646,842</u>

Note 12

Provision for Taxation

	2022 Rupees	2021 Rupees
Opening balance	26,424,478	13,826,623
Provision for current year	16,772,067	26,574,478
Prior year adjustment	(6,928,383)	(7,875)
	<u>36,268,162</u>	<u>40,393,226</u>
Payments / adjustments during the year	<u>(19,638,220)</u>	<u>(13,968,748)</u>
	<u>16,629,942</u>	<u>26,424,478</u>

12.1 Income tax assessments are deemed finalized up to the Tax Year 2021 as returns were filed under self assessment scheme.

12.2 The provision for current year tax represents minimum tax on revenue @ 1.25%. (2021: corporate tax at rate of 29%).



Note 13
Contingencies and Commitments

13.1 Contingencies

The income tax department has raised demand of Rs. 941,492 in respect of tax year 2012 through an order passed under section 205 of the Income Tax Ordinance, 2001. The Company has filed appeal against the demand before Appellate Tribunal Inland Revenue (ATIR). The matter is still pending before ATIR. The management does not foresee any adverse outcome against the Company based on the opinion of legal advisor, therefore no provision is recorded in these financial statements.

13.2 Commitments

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



Note 14
Property, Plant and Equipment

Year Ended June 30, 2022

Particulars	Cost / Revalued Amount						Depreciation				Written Down Value as at June 30, 2022 Rupees	
	As at July 01, 2021	Additions	Disposals	Revaluation adjustment	Revaluation Surplus	Total as at June 30, 2022	Rate	For the year	Disposals	Revaluation adjustment		Total as at June 30, 2022
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees		Rupees
Land - freehold	343,850,000	-	-	-	608,350,000	952,200,000		-	-	-	-	952,200,000
Factory building on freehold land and appliances	127,605,630	-	-	(34,391,363)	2,155,133	95,369,400	10	24,034,222	10,357,141	-	-	95,369,400
Plant and machinery	267,183,032	40,066,050	(5,000,000)	(67,433,060)	24,183,978	259,000,000	10	42,302,348	26,091,962	(961,250)	(34,391,363)	259,000,000
Power plant	24,222,841	-	-	-	-	24,222,841	12.5	5,627,107	2,324,467	-	-	16,271,267
Solar panel	10,221,921	6,023,000	-	-	-	16,244,921	10	1,508,565	1,508,565	-	-	14,608,537
Electric fittings, equipment and appliances	13,946,185	-	-	(3,673,034)	7,226,849	17,500,000	10	2,531,573	1,141,461	(3,673,034)	-	17,500,000
Furniture and fixtures	7,582,842	-	-	-	-	7,582,842	10	7,247,192	33,565	-	-	302,085
Vehicles	9,118,158	-	-	-	-	9,118,158	20	5,889,553	645,721	-	-	2,582,884
Leasehold improvement	1,904,874	-	-	-	-	1,904,874	25	654,800	312,519	-	-	937,555
Library books	11,856	-	-	-	-	11,856	10	11,856	-	-	-	-
Balance as at June 30, 2022	805,647,339	46,089,050	(5,000,000)	(105,497,457)	641,915,960	1,383,154,892		42,415,401	(961,250)	(105,497,457)	24,383,164	1,358,771,728

Year Ended June 30, 2021

Particulars	Cost / Revalued Amount						Depreciation				Written Down Value as at June 30, 2021 Rupees	
	As at July 01, 2020	Additions	(Disposals)	Revaluation adjustment	Revaluation Surplus	Total as at June 30, 2021	Rate	For the year	(Disposals)	Revaluation adjustment		Total as at June 30, 2021
	Rupees	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	1,160,630	-	-	-	127,605,630	10	12,644,500	11,389,722	-	-	103,571,408
Plant and machinery	215,236,332	55,446,700	(3,500,000)	-	-	267,183,032	10	21,744,658	21,196,440	(638,750)	42,302,348	224,880,684
Power plant	24,222,841	-	-	-	-	24,222,841	12.5	2,970,573	2,656,534	-	-	18,595,734
Solar panel	-	10,221,921	-	-	-	10,221,921	10	1,278,819	1,278,819	-	-	10,094,102
Electric fittings, equipment and appliances	13,038,680	907,505	-	-	-	13,946,185	10	1,303,601	1,227,972	-	-	11,414,612
Furniture and fixtures	7,460,242	122,600	-	-	-	7,582,842	10	7,211,767	35,425	-	-	335,650
Vehicles	8,069,678	2,112,480	(1,064,000)	-	-	9,118,158	20	5,990,688	617,845	(718,980)	5,889,553	3,228,605
Leasehold improvement	1,904,874	-	-	-	-	1,904,874	25	238,109	416,691	-	-	1,250,074
Library books	11,856	-	-	-	-	11,856	10	11,856	-	-	-	-
Balance as at June 30, 2021	740,239,503	69,971,836	(4,564,000)	-	-	805,647,339		37,668,448	(1,357,730)	-	88,426,470	717,220,869



Note 14, Property, Plant and Equipment - Contd...

- 14.1 Latest revaluation of property, plant and equipment was carried out by an independent valuer (refer to note 7) as on June 30, 2022. Had there been no revaluation, the net book values of revalued assets would have been as under:

As on June 30, 2022		
	Net book value	Forced sales value
	Rupees	Rupees
Land	16,298	761,760,000
Factory building	3,857,584	76,295,520
Plant and machinery	153,300,518	194,250,000
Electric fittings, equipment and appliances	1,851,503	13,125,000
	159,025,903	1,045,430,520

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

	Note	2022 Rupees	2021 Rupees
Cost of sales	22	41,736,115	37,015,178
Administrative expenses	24	679,286	653,270
		42,415,401	37,668,448

- 14.3 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

- 14.4 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, 2022 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 2	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			

- 14.5 There are no Level 1 and Level 3 assets or any transfer between Level 1, 2 and 3 during the year.



Note 14, Property, Plant and Equipment - Contd...

14.6 Detail of disposals of property, plant and equipment is as follow:

Asset	2022							
	Revalued Amount	Accumulated depreciation	Net book value	Sale proceeds	Loss	Mode of disposal	Particulars of buyers	Relationship with buyer
Rs.							
Plant and machinery	3,333,333	633,334	2,699,999	1,600,000	(1,099,999)	Negotiation	Fahad Javed Spinning Mills Private Limited	Third party
Plant and machinery	1,666,667	327,916	1,338,751	800,000	(538,751)	Negotiation	Waqas Rafique International Textile Mills	Third party
	5,000,000	961,250	4,038,750	2,400,000	(1,638,750)			
Rs.							
Asset	2021							
	Revalued Amount	Accumulated depreciation	Net book value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of buyers	Relationship with buyer
Rs.							
Vehicle	1,064,000	718,980	345,020	1,000,000	654,980	Negotiation	Faizan Irshad	Company's employee
Plant and machinery	3,500,000	638,750	2,861,250	2,100,000	(761,250)	Negotiation	Ideal trading company	Supplier
	4,564,000	1,357,730	3,206,270	3,100,000	(106,270)			



Note 15
Long Term Deposits

	2022	2021
	Rupees	Rupees
Sui Northern Gas Pipelines Limited -SNGPL	13,377,023	13,377,023
Water and Power Development Authority -WAPDA	5,960,000	2,920,000
	<u>19,337,023</u>	<u>16,297,023</u>

Note 16
Stores and Spares

	2022	2021
	Rupees	Rupees
Stores and spares	3,742,561	3,423,574
Packing materials	1,511,618	1,419,775
	<u>5,254,179</u>	<u>4,843,349</u>

Note 17
Stock in Trade

	2022	2021
	Rupees	Rupees
Raw materials	24,577,446	41,630,449
Work in process	15,988,206	8,438,854
Finished goods	3,678,141	3,072,945
Waste	3,030,487	798,815
	<u>47,274,280</u>	<u>53,941,063</u>
	<u>47,274,280</u>	<u>53,941,063</u>

Note 18
Trade Debts

		2022	2021
	Note	Rupees	Rupees
Local debts (Unsecured - considered good)	18.1	<u>2,444,083</u>	<u>1,944,041</u>

18.1 Trade debtors does not include any amount receivable from related parties of the Company (2021: Nil).

Note 19
Advance and Prepayments

	2022	2021
	Rupees	Rupees
Advances to employees (Unsecured - considered good)	1,942,690	1,047,866
Advance to supplier	-	6,560,000
Income tax deducted at source	21,943,260	16,750,779
Prepayments	742,842	356,724
	<u>24,628,792</u>	<u>24,715,369</u>



Note 20

Cash and Bank Balances

	2022	2021
	Rupees	Rupees
Cash in hand	474,297	538,617
Cash at banks in current accounts	34,438,087	47,400,585
	<u>34,912,384</u>	<u>47,939,202</u>

20.1 The above figures of cash and bank balances reconcile to the amount of cash and cash equivalents shown in the statement of cash flows.

Note 21

Revenue

	2022	2021
	Rupees	Rupees
Local:		
- Yarn	1,569,284,183	1,438,599,249
- Wastes	11,577,920	7,493,275
	1,580,862,103	1,446,092,524
Less: Sales tax	(239,096,751)	(216,083,000)
	<u>1,341,765,352</u>	<u>1,230,009,524</u>

21.1 All the revenue is recognized at a point in time.

Note 22

Cost of Sales

	Note	2022	2021
		Rupees	Rupees
Raw materials consumed	22.1	967,658,662	737,851,673
Stores and spares consumed		12,783,863	15,308,027
Packing materials consumed		15,127,634	12,323,390
Fuel and power		169,156,939	134,942,518
Salaries, wages and other benefits	22.2	103,645,902	155,862,687
Insurance		1,233,311	1,289,893
Repairs and maintenance		3,163,759	7,043,896
Depreciation	14.2	41,736,115	37,015,178
		1,314,506,185	1,101,637,262
Work in process:			
- Opening stock		8,438,854	7,029,397
- Closing stock		(15,988,206)	(8,438,854)
		(7,549,352)	(1,409,457)
		1,306,956,833	1,100,227,805
Finished goods including waste:			
- Opening stock		3,871,760	3,407,716
- Closing stock		(6,708,628)	(3,871,760)
		(2,836,868)	(464,044)
		<u>1,304,119,965</u>	<u>1,099,763,761</u>
22.1 Raw materials consumed			
Opening balance		41,630,449	48,102,603
Purchases		950,605,659	731,379,519
		992,236,108	779,482,122
Less: Closing balance	17	(24,577,446)	(41,630,449)
Raw material consumed		<u>967,658,662</u>	<u>737,851,673</u>

22.2 This includes Rs. 4.481 million (2021: Rs. 4.662 million) in respect of post employment benefit obligations.



Note 23
Distribution Cost

	Note	2022 Rupees	2021 Rupees
Salaries and benefits	23.1	1,072,214	1,173,415
Commission		7,688,955	7,202,334
		<u>8,761,169</u>	<u>8,375,749</u>

23.1 This includes Rs. 0.104 million (2021: Rs. 0.108 million) in respect of post employment benefit obligations.

Note 24
Administrative Expenses

	Note	2022 Rupees	2021 Rupees
Salaries, wages and other benefits	24.1	23,702,145	22,475,326
Utilities		1,014,351	581,740
Printing and stationery		618,681	584,785
Communication		967,034	843,314
Travelling and conveyance		1,638,021	834,100
Repairs and maintenance		554,350	783,855
Rent, rates and taxes		994,741	811,158
Vehicle running and maintenance		857,108	1,201,099
Fees and subscription		106,010	612,500
Legal and professional charges		2,702,664	2,349,701
Entertainment		1,515,015	1,571,501
Advertisement		703,000	237,192
Newspapers and periodicals		55,334	67,062
Donations and employees welfare	24.2	1,130,500	865,900
Gardening expenses		19,860	88,240
Miscellaneous		78,329	87,269
Depreciation	14.2	679,286	653,270
		<u>37,336,429</u>	<u>34,648,012</u>

24.1 This includes Rs. 0.6252 million (2021: Rs. 0.6504 million) in respect of post employment benefits obligations.

24.2 This includes the amount of Rs. 940,000 (2021: Rs. 520,000) paid to M/S Gujranwala Welfare Clinic, which is related party due to common directorship.

Note 25
Finance Cost

		2022 Rupees	2021 Rupees
Markup on financing		2,597,061	3,272,546
Interest on workers' profit participation fund	11.3	4,015,390	1,617,169
Bank charges		180,777	120,465
		<u>6,793,228</u>	<u>5,010,180</u>



Note 26

Other Operating Expenses

	Note	2022 Rupees	2021 Rupees
Auditors' remuneration:			
- Statutory audit fee		852,500	775,000
- Other attestation services		247,500	225,000
		<u>1,100,000</u>	<u>1,000,000</u>
Provision for workers' profit participation fund	11.3	-	4,437,601
Provision for workers' welfare fund	11.4	-	1,962,284
Loss on sale of property, plant and equipment		1,638,750	761,250
		<u>2,738,750</u>	<u>8,161,135</u>

Note 27

Other Income

	2022 Rupees	2021 Rupees
Scrape sale	32,455	1,032,810
Excess provision / unclaimed liabilities written back	10,400,000	5,651,477
	<u>10,432,455</u>	<u>6,684,287</u>

Note 28

Taxation

	2022 Rupees	2021 Rupees
Current:		
- Charge for the year	16,772,067	26,574,478
- Prior period adjustments	(6,928,383)	(7,875)
	<u>9,843,684</u>	<u>26,566,603</u>
Deferred tax	(6,025,301)	(5,374,519)
	<u>3,818,383</u>	<u>21,192,084</u>
28.1 Reconciliation of tax charge for the year:		
(Loss) / profit before taxation	(7,551,734)	80,734,974
Tax @ 29% on profit before taxation	(2,190,003)	23,413,142
Prior year tax charge	(6,928,383)	(7,875)
Other adjustments	18,962,070	3,161,336
Deferred taxation	(6,025,301)	(5,374,519)
	<u>3,818,383</u>	<u>21,192,084</u>

Note 29

Earnings per Share

		2022	2021
Net (loss) / profit for the year attributable to ordinary shareholders	Rupees	(11,370,117)	59,542,890
Weighted average number of ordinary shares	Number	13,787,567	6,005,560
(Loss) / Earnings per share - Basic and diluted	Rupees	<u>(0.82)</u>	<u>9.91</u>



Note 30

Liabilities arising from Financing Activities

	As at June 30, 2021	Non-cash changes	Cash flows (Net)	As at June 30, 2022
	----- Rupees -----			
Unclaimed dividends	232,987	-	-	232,987
Unpaid dividends	364,412	13,787,567	(13,468,350)	683,629
Long term financing	64,209,144	-	(6,143,107)	58,066,037
	<u>64,573,556</u>	<u>13,787,567</u>	<u>(19,611,457)</u>	<u>58,749,666</u>

	As at June 30, 2020	Non-cash changes	Cash flows (Net)	As at June 30, 2021
	----- Rupees -----			
Unclaimed dividends	232,987	-	-	232,987
Unpaid dividends	434,829	-	(70,417)	364,412
Long term financing	38,270,130	37,939,104	(12,000,090)	64,209,144
	<u>38,704,959</u>	<u>37,939,104</u>	<u>(12,070,507)</u>	<u>64,573,556</u>

Note 31

Remuneration of Chief Executive Officer, Directors and Executives

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

	Chief Executive Officer	Executive Director	Executives	Total	Chief Executive Officer	Executive Director	Executives	Total
	2022				2021			
	Rupees				Rupees			
Managerial remuneration	4,800,000	4,200,000	9,420,000	18,420,000	4,800,000	4,200,000	8,556,000	17,556,000
Medical allowance / reimbursement	-	306,328	-	306,328	-	397,000	-	397,000
	<u>4,800,000</u>	<u>4,506,328</u>	<u>9,420,000</u>	<u>18,726,328</u>	<u>4,800,000</u>	<u>4,597,000</u>	<u>8,556,000</u>	<u>17,953,000</u>
Number of persons	1	1	4		1	1	4	

- 31.1 Apart from the above, the chief executive officer and executives are provided with Company maintained cars.
- 31.2 No meeting fee has been paid to any director of the Company.
- 31.3 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 32

Transactions with Related Parties

Related parties comprise associate directors of the Company, undertakings 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			2022	2021
			Rupees	Rupees
Related party	Relationship	Nature of transaction		
Directors and close relatives thereof	Associated persons	Long term financing Obtained	4,800,010	6,513,800
		Long term financing repaid	(10,943,117)	(18,513,890)
		Markup charged on long term financing	2,597,061	3,272,546
		Markup on long term financing repaid / adjusted	(8,143,117)	(5,449,809)
		Short term borrowings obtained	7,600,000	-
		Short term borrowings repaid	(7,600,000)	-
		Share deposit money transferred to long term financing	-	37,939,104
		Ordinary shares issued at premium against share deposit money	-	112,060,896
		Dividend paid	7,820,656	-
M/S Gujranwala Welfare Clinic	Common Directorship	Donation paid during the year	(940,000)	(520,000)
Balance outstanding as at June 30,				
Payable to Directors		Long term financing	58,066,037	64,209,144
		Accrued markup on long term financing	-	5,546,056

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

Sr No	Name of Related Party	Basis of Relationship	Aggregate % of Shareholding
1	Mr. Muhammad Hameed	CEO	17.49
2	Mr. Aamer Hameed	Director	16.65
3	Mr. Ijaz Hameed	Director	15.61
4	Ms. Uzma Hameed	Related party close relationship of Director	13.52
5	Ms. Saima Hameed	Related party close relationship of Director	9.08
6	Mr. Tariq Hameed	Director	0.65

Note 33

Plant Capacity and Production

	2022	2021
	KGs	KGs
100% plant capacity converted into 20/S (2021: 20/S) count based on three shifts per day for 1080 shifts (2021: 1080 shifts)	7,036,705	7,036,705
Actual production for the year converted into 20/S (2021: 20/S)	4,895,093	4,733,478

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 reason for shortfall in production is due to its demand and various other factors such as interruption of power supply, sub-optimal working conditions like humidity and moisture, low quality of raw cotton, and wear and tear etc.



Note 34
Financial Risk Management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on having cost efficient funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

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.

34.1 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.

Currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. This exists due to the Company's exposure resulting from outstanding import and export payments. As there are no foreign currency receivables / payables of the Company, it is not exposed to currency risk (2021 :Rs Nil).

Interest rate risk

Interest rate risk is 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's interest rate risk arises from short and long term borrowings. These are benchmarked to variable rates which expose the Company to cash flow interest rate risk.

As the Company has no significant floating interest rate assets, the Company's income is substantially independent of changes in market interest rates. The interest rate profile of the Company's interest_bearing financial instruments as at the reporting date is as follows:

	2021	2020
	----- Rupees -----	
Floating rate instruments		
Financial liabilities		
Long term financing	58,066,037	64,209,144

Cash flow sensitivity analysis for variable rate instruments

As at June 30, 2022, if interest rates on the Company's borrowings had been 1% higher / lower with all other variables held constant, profit before tax for the year would have been higher / lower by Rs. 0.581 million (2021: Rs. 0.642 million), mainly as a result of interest exposure on variable rate borrowings.

Price risk

Other price risk is 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 currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to any market price risk.

34.2 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

*Note 34, Financial Risk Management - Contd...*

Credit risk of the Company arises from deposits with banks, trade receivables and other receivables. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The utilization of credit limits is regularly monitored. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings, if any. As at June 30, 2022, the maximum exposure to credit risk is equal to the carrying amount of the financial assets as detailed below:

		2022	2021
	Note	Rupees	
Long term deposits	15	19,337,023	16,297,023
Trade debts	18	2,444,083	1,944,041
Bank balances	20	34,438,087	47,400,585

The aging of trade debts as at the reporting date is as follows:

	2022	2021
	Rupees	
Past due 1 - 30 days	2,444,083	1,944,041
Past due 31 - 60 days	-	-
Past due 61 - 120 days	-	-
More than 120 days	-	-
	<u>2,444,083</u>	<u>1,944,041</u>

Customer credit risk is managed by each business unit subject to the Company's established policies, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. 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.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The Company does not hold collateral as security.

The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are operated in largely independent markets. The credit risk on liquid funds is limited because the counter parties are either banks (with reasonably high credit ratings) and trade receivables for which the exposure is spread over a large number of counter parties.

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:



Note 34, Financial Risk Management - Contd...

	Rating		Rating Agency	2022	2021
	Short term	Long term		Rupees	Rupees
National Bank of Pakistan	A1+	AAA	PACRA	2,488	2,488
MCB Bank Limited	A1+	AAA	PACRA	5,254,624	12,198,005
Bank Alfalah Limited	A1+	AA+	PACRA	9,595,490	1,124,250
JS Bank Limited	A1+	AA-	JCR-VIS	840	640
Meezan Bank Limited	A1+	AAA	JCR-VIS	18,225,230	33,096,496
Faysal Bank Limited	A1+	AA	JCR-VIS	1,304,343	974,802
Askari Bank Limited	A1+	AA+	PACRA	51,000	-
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	4,072	3,904
				<u>34,438,087</u>	<u>47,400,585</u>

34.3 Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business, the Company maintains flexibility in funding by maintaining committed credit lines available. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios and maintaining debt financing plans. The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period as at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

Contractual maturities of financial liabilities as at June 30, 2022:

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, 2022:

Long term financing	58,066	92,099	11,858	12,487	41,938	25,347
Trade and other payables	73,692	73,692	73,692	-	-	-
	<u>131,758</u>	<u>165,791</u>	<u>85,550</u>	<u>12,487</u>	<u>41,938</u>	<u>25,347</u>

Contractual maturities of financial liabilities as at June 30, 2021:

Long term financing	64,209	109,550	11,783	12,230	39,766	45,771
Trade and other payables	84,668	84,668	84,668	-	-	-
Accrued markup on long term financing	5,546	5,546	5,546	-	-	-
	<u>154,423</u>	<u>199,764</u>	<u>101,997</u>	<u>12,230</u>	<u>39,766</u>	<u>45,771</u>

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 34, Financial Risk Management - Contd...

34.4 Financial instruments by categories

Financial assets as at amortized cost

	2022	2021
	Rupees	Rupees
Trade debts	2,444,083	1,944,041
Cash and bank balances	34,912,384	47,939,202
	37,356,467	49,883,243
Financial liabilities at amortized cost		
Long term financing	58,066,037	64,209,144
Trade and other payable	73,691,725	84,668,039
Accrued markup on long term financing	-	5,546,056
	131,757,762	154,423,239

34.5 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.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. Fair value is determined on the basis of objective evidence at each reporting date. The management believes that the fair values of financial assets and financial liabilities approximate to their carrying amounts largely due to the short term maturities of these instruments.

Note 35 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.

The gearing ratio of the Company is calculated as follows:



Note 35, Capital Risk Management - Contd...

	2022	2021
	Rupees	Rupees
Total borrowings	58,066,037	64,209,144
Cash and bank balances	(34,912,384)	(47,939,202)
Net debt	23,153,653	16,269,942
Equity	1,167,855,050	563,210,724
Total capital employed	1,191,008,703	579,480,666
Gearing ratio	1.94%	2.81%

Note 36

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.

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

- Information about major customers
One customer of the Company accounts for 14% (2021: 20%) of total sales for the year. Revenue from such customer is Rs. 222,540,368 (2021: Rs. 245,756,539).
- 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 37

Number of Employees

	2022	2021
	Number	Number
Total number of employees as at June 30,		
- Permanent	263	272
- Contractual	5	74
Average number of employees during the year		
- Permanent	268	278
- Contractual	40	41

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, 2022.

Note 39

General

Comparative figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. No material re-arrangements / reclassifications have been made in these financial statements.

Mohammad Hameed
Chief Executive

Aamer Hameed
Director

M. Muddasar Shahzad
Chief Financial Officer



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

FORM 34

1.1 Name of the Company **Service Industries Textiles Limited**

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

30-06-2022

2.2 No. of Shareholders	-----Shareholdings-----		Total Shares Held
	From	To	
550	1	100	13,634
463	101	500	114,593
133	501	1,000	111,107
130	1,001	5,000	328,005
29	5,001	10,000	222,933
8	10,001	15,000	96,090
2	15,001	20,000	38,300
6	20,001	25,000	129,521
3	25,001	30,000	86,000
3	35,001	40,000	114,720
2	40,001	45,000	89,500
6	45,001	50,000	293,980
3	50,001	55,000	155,360
1	60,001	65,000	65,000
1	65,001	70,000	66,500
1	80,001	85,000	84,603
3	85,001	90,000	269,239
1	95,001	100,000	97,500
1	100,001	105,000	101,601
1	110,001	115,000	113,446
2	120,001	125,000	245,183
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	270,001	275,000	270,833
1	285,001	290,000	288,316
1	430,001	435,000	431,703
1	1,150,001	1,155,000	1,155,000
3	1,860,001	1,865,000	5,590,908
1	2,320,001	2,325,000	2,321,667
1,362			13,787,567

2.3 Categories of Shareholders	Shares Held	Percentage
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children	8,821,566	63.9820%
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	0	0.0000%
2.3.3 NIT and ICP	276,354	2.0044%
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	74,154	0.5378%
2.3.5 Insurance Companies	299,920	2.1753%
2.3.6 Modarabas and Mutual Funds	7,900	0.0573%
2.3.7 Shareholders holding 10% or more	8,722,307	63.2621%
2.3.8 General Public		
a. Local	4,290,908	31.1216%
b. Foreign	0	0.0000%
2.3.9 Others (to be specified)		
- Joint Stock Companies	9,989	0.0724%
- Others	6,776	0.0491%



Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2022

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	2,295,339	16.6479%
2	MR. IJAZ HAMEED	2,151,952	15.6079%
3	MR. MUHAMMAD HAMEED	2,411,380	17.4895%
4	MR. TARIQ HAMEED	89,713	0.6507%
5	MR. MURTAZA HAMEED	225,701	1.6370%
6	MR. OMAR MOHY-UD-DIN MALIK	500	0.0036%
7	MRS. ZAINAB KHAN	500	0.0036%
8	MRS. ROBINA IJAZ W/O IJAZ HAMEED	393,981	2.8575%
9	MRS. SAIMA HAMEED W/O AAMER HAMEED	1,252,500	9.0843%

Executives: - -

Public Sector Companies & Corporations: - -

Banks, Development Finance Institutions, Non Banking Finance
Companies, Insurance Companies, Takaful, Modarabas and Pension Funds: 381,974 2.7704%

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

1	MR. MUHAMMAD HAMEED (CDC)	2,411,380	17.4895%
2	MR. AAMER HAMEED (CDC)	2,295,339	16.6479%
3	MR. IJAZ HAMEED (CDC)	2,151,952	15.6079%
4	MST. UZMA HAMEED (CDC)	1,863,636	13.5168%
5	MRS. SAIMA HAMEED W/O AAMER HAMEED (CDC)	1,252,500	9.0843%

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
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N I L



SERVICE INDUSTRIES TEXTILES LIMITED

FORM OF PROXY

Please quote Folio Number

[Empty rounded rectangular box for 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 Friday October 28, 2022 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 (مختار نامہ)

رجسٹر فو لیو نمبر

سیکرٹری

سروس انڈسٹریز ٹیکسٹائلز لمیٹڈ

38- ایبپرس روڈ، لاہور

میں اہم

ساکن

بیشیت رکن حال

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

بذریعہ ہذا

محترم اہم

ساکن

جو کہ اپنی کامیابی کے لیے ہمیں بہت مبارکبادیں پیش کرتے ہیں۔

(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر _____ پارٹیسپنٹ (شرکت) آئی ڈی نمبر _____) یا اسکی غیر موجودگی میں محترم اہم _____ ساکن _____

جو کہ اپنی کامیابی کے لیے ہمیں بہت مبارکبادیں پیش کرتے ہیں۔

(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر _____ پارٹیسپنٹ (شرکت) آئی ڈی نمبر _____) کو مورخہ 28 اکتوبر 2022ء کو منعقد ہونے والے کینی کے 61 ویں سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا اہل بطور مختار (پراکسی) مقرر کرنا ہوں کرتے ہیں۔

5 روپے کار سیدی ٹکٹ
چسپاں کریں

دستخط کینی 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 ارسال کر دے 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 پارٹیسپنٹ آئی ڈی نمبر ہمراہ لائیں۔
- 4- کارپوریٹ اسٹیٹس کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد یا مختار نامہ کی مصدقہ کاپی مع نمونہ دستخط (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختار نامہ) کے ہمراہ کینی میں جمع کرانا ہوگا۔