



**Service Industries Textiles Limited**  
**Quarterly Report**  
Un-Audited  
**1st Quarter Ended**  
**September 30, 2022**

**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	



## DIRECTORS' REPORT

The Directors of your Company present before you the un-audited financial statements for the quarter ended September 30, 2022. The financial results are as follows:

	<u>30.09.2022</u> (Rupees 000)	<u>30.09.2021</u> (Rupees 000)
Net Loss for the period	(30,996)	(6,386)
Accumulated loss brought forward	(90,449)	(78,093)
	(121,445)	(84,479)
Transfer from surplus on revaluation Of fixed assets in respect of incremental Depreciation- net of deferred tax	3,739	3,523
Accumulated Loss	<u>(117,706)</u>	<u>(80,956)</u>
Earning per share - Basic	(2.25)	( 0.46)

During the current period Company has incurred a net loss of Rs. 30.996 million as compared to net loss of Rs. 6.386 million for the same period in previous year. One of the reasons for the loss during the period is unprecedented hike in cotton prices domestically and globally. However the local yarn prices have not been increased accordingly and hence resulted in reducing the margins during the period. In addition to this Pakistan rupee fell to record low against dollar owing to multiple factors but mainly that of political instability. Also the Government could not provide the energy at RCET (regionally competitive energy tariff) for the month of July which substantially increased the fuel cost. Another reason for high Fuel and power cost was Russia-Ukraine war due to which oil prices were traded at record high levels. Furthermore the non availability / curtailment of gas have also contributed in high fuel cost.

Recent 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 and to fulfil the requirements of local textile industry 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.

Although the Government has pledged to support the industry by providing the electricity at RCET (regionally competitive energy tariff) @ Rs.19.99 per unit all inclusive from October 2022 to June 2023. If the Government keeps its promise then this will help the industry by reducing the cost and margins will be improved.

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

For and on Behalf of the Board of Directors

Mohammad Hameed  
Chief Executive

Aamer Hameed  
Director

Lahore  
October 28, 2022



## ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹرز 30 ستمبر 2022 کو ختم ہونے والی سہ ماہی کے غیر منتفح شدہ حسابات پیش کرتے ہیں۔ مالیاتی نتائج درج ذیل ہیں۔

30.09.2021	30.09.2022	
(Rupees 000)	(Rupees 000)	
(6,386)	(30,996)	خالص نقصان
(78,093)	(90,449)	آگے لایا گیا جمع نقصان
84,479	(121,445)	
3,523	3,739	ٹرانسفر فرام ہیرس آن ریبیلیوٹن
(80,956)	(117,706)	منافع / نقصان
(0.46)	(2.25)	فی شیئر نقصان

زیر جائزہ مدت کے دوران کمپنی کو 30,996 ملین روپے کا نقصان ہوا جبکہ اسی مدت کے دوران پچھلے سال منافع 6,386 ملین روپے کا نقصان رہا۔ اس نقصان کی بنیادی وجوہات میں سے ایک کپاس کی قیمتوں کا ریکارڈ بڑھنا تھا۔ 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 اور گورنمنٹ اپنے وعدے کے مطابق مسابقتانہ ریٹ پر ایندھن کی فراہمی ممکن نہ بنا سکی یا مخصوص جولائی کے مہینے میں جسکی وجہ سے کاروباری لاگت میں خاطر خواہ اضافہ ہوا۔

حالیہ سلاب کی وجہ سے پاکستان اس وقت اپنی تاریخ کے مشکل ترین مالی حالات سے گزر رہا ہے۔ اس سلاب 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 اور تقریباً 7 ملین کپاس کی گانٹھیں درآمد کرنی پڑیں گی جو کہ پہلے سے کم ہوتے ہوئے زرمبادلہ کے ذخائر کو اور کم کریں گے اور یہ ملکی معیشت کیلئے کافی پریشان کن ہے۔ حکومت کو اس بات کا احساس کرتے ہوئے کسانوں کے ساتھ ملکر ان کو کاشت کے جدید طریقے سکھانے چاہئیں اور تصدیق شدہ بیج کی بوائی کو ممکن بنانا چاہیے تاکہ کوٹلی اور مقدار دونوں میں اضافہ ہو اور کسان کو بھی فصل کا خاطر خواہ منافع ہو۔

حکومت نے ملکی انڈسٹری کو خطے کے مطابق مسابقتانہ ریٹ میں ایندھن کی فراہمی کی پھر یقین دہانی کروائی ہے۔ اور بجلی کی قیمت برآمدی شیبے کیلئے 19.19 روپے فی یونٹ مقرر کی ہے۔ اگر حکومت اپنے وعدے کے مطابق اس ریٹ پر ایندھن کی فراہمی یقینی ہے تو یہ ملکی انڈسٹری کیلئے فائدہ مند ہوگا اور اس وجہ سے کاروباری لاگت میں کمی ہوگی۔

ہم ان تمام چیلنجز سے بخوبی آگاہ ہیں اور ان سے نمٹنے کیلئے تیار ہیں۔ ہم ممکن کوشش کریں گے ان منفی اثرات پر قابو پانے اور کم کرنے کی۔ ہم پر امید ہیں کہ ملکی معاشی حالات بہتر ہوں گے۔

بورڈ آف ڈائریکٹرز کی طرف سے

عامر حمید  
ڈائریکٹر

محمد حمید  
چیف ایگزیکٹو

لاہور

مورخہ 28 اکتوبر 2022



**STATEMENT OF FINANCIAL POSITION  
AS AT SEPTEMBER 30, 2022**

	Notes	September 30, 2022 (Un-audited) Rs. '000'	June 30, 2022 (Audited) Rs. '000'
<b>CAPITAL AND LIABILITIES</b>			
Share Capital and Reserves			
Authorized share capital			
20,000,000 (2021: 20,000,000) ordinary shares of Rs. 10 each		200,000	200,000
Issued, subscribed and paid up capital		137,876	137,876
Share premium reserve		18,677	18,677
Accumulated loss		(117,706)	(90,449)
Surplus on revaluation of property, plant and equipment - net		1,098,012	1,101,751
		1,136,859	1,167,855
Non Current Liabilities			
Long term financing	4	43,066	46,066
Post employment benefit obligations		14,953	14,759
Government dues payable		-	-
Deferred tax liability		65,073	66,655
		123,092	127,480
Current Liabilities			
Trade and other payables		196,437	167,741
Unclaimed dividends		233	233
Unpaid dividends		684	683
Current portion of long term financing		12,000	12,000
Accrued markup on long term financing		1,377	-
Provision for taxation		20,646	16,630
		231,377	197,287
Contingencies and Commitments	5	-	-
		1,491,328	1,492,622
<b>ASSETS</b>			
Non Current Assets			
Property, plant and equipment	6	1,350,193	1,358,772
Long term deposits and other receivables		19,337	19,337
		1,369,530	1,378,109
Current Assets			
Stores and spares		4,376	5,254
Stock in trade		67,332	47,274
Trade debts		-	2,444
Advances and prepayments		31,604	24,629
Cash and bank balances		18,486	34,912
		121,798	114,513
		1,491,328	1,492,622

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

Mohammad Hameed  
Chief Executive

Aamer Hameed  
Director

M. Muddasar Shahzad  
Chief Financial Officer



**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS  
FOR THE QUARTER ENDED SEPTEMBER 30, 2022 (UN AUDITED)**

		Quarter ended September 30, 2022	Quarter ended September 30, 2021
	Note	(Un-audited) Rupees '000	(Un-audited) Rupees '000
Revenue from sales		321,275	306,864
Cost of Sales	7	(337,942)	(292,617)
Gross (Loss) / Profit		(16,667)	14,247
Operating Expenses:			
Distribution Cost		(1,554)	(1,231)
Administrative expenses	8	(8,931)	(9,341)
Operating (Loss) / Profit		(27,152)	3,675
Financel cost		(1,410)	(1,897)
Other operating expenses		-	(1,503)
Other operating Income		-	-
		(1,410)	(3,400)
(Loss) / Profit before taxation		(28,562)	275
Taxation			
Current tax		4,016	4,608
Deferred tax		(1,582)	2,053
		(2,434)	(6,661)
Net Loss for the period		(30,996)	(6,386)
Earnings per Share - Basic		(2.25)	(0.46)

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

Mohammad Hameed  
Chief Executive

Aamer Hameed  
Director

M. Muddasar Shahzad  
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2022**

	Note	Quarter ended September 30, 2022 (Un-audited) Rupees '000	Quarter ended September 30, 2021 (Un-audited) Rupees '000
Net Loss for the period		(30,996)	(6,386)
Other Comprehensive Income for the period			
Items that may be reclassified to profit and loss			
Items that will not be reclassified to profit or loss			
Experience adjustment on remeasurement of post employment benefits		-	-
Related deferred tax impact		-	-
Total Comprehensive Loss for the period		<u>(30,996)</u>	<u>(6,386)</u>

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



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2022**

	Share Capital	Share Deposit Money	Reserves		Surplus on Revaluation of Property, Plant and Equipment	Total
			Share Premium Reserve	Accumulated (Loss)		
	Rupees (000)	Rupees (000)	Rupees (000)	Rupees (000)	Rupees (000)	Rupees (000)
Balance as at June 30, 2021	137,876	-	18,677	(78,093)	484,751	563,211
Net loss for the period ended September 30, 2021				(6,386)	-	(6,386)
Other comprehensive income for the period ended September 30, 2021 - net of deferred tax					-	-
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current period - net of deferred tax				3,523	(3,523)	-
Balance as on September 30, 2021	137,876	-	18,677	(80,956)	481,228	556,825
Balance as at June 30, 2022	137,876	-	18,677	(90,449)	1,101,751	1,167,855
Net loss for the period ended September 30, 2022				(30,996)	-	(30,996)
Other comprehensive income for the period ended September 30, 2022 - net of deferred tax					-	-
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current period - net of deferred tax				3,739	(3,739)	-
Balance as on September 30, 2022	137,876	-	18,677	(117,706)	1,098,012	1,136,859

Mohammad Hameed  
Chief Executive

Aamer Hameed  
Director

M. Muddasar Shahzad  
Chief Financial Officer





**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2022**

	Quarter ended 30 September 2022	Quarter ended 30 September 2021
	Rupees '000	Rupees '000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before taxation	(28,562)	276
Adjustments for :		
Depreciation	10,412	10,679
Post employment benefits	1,747	1,299
Worker's (profit) participation fund	-	44
Worker's welfare fund	-	6
Loss on disposal of fixed assets	-	1,453
Finance cost	1,410	1,897
	<u>13,569</u>	<u>15,378</u>
Operating (Loss)/Profit before working capital changes	(14,993)	15,654
(Increase) / decrease in current assets:		
Stores and spares	879	7
Stock in trade	(20,058)	(4,485)
Trade debts	2,444	1,944
Sales tax refund due from the government	-	6,959
Advances, and prepayments	(594)	6,532
Increase/(Decrease) in current liabilities:		
Trade and other payables	27,303	11,097
	<u>9,974</u>	<u>22,054</u>
Cash (used in)/generated from operations	(5,019)	37,708
Income tax paid	(4,989)	(5,039)
Finance cost paid	(33)	(592)
Post employment benefit paid	(1,552)	(738)
Net Cash (used in)/generated from operating activities	(11,593)	31,339
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Property , plant and equipment	(1,833)	(50,061)
Proceeds from disposal of property, plant and equipment	-	2,597
Net cash used in investing activities	(1,833)	(47,464)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term financing- paid	(3,000)	(3,000)
Net cash used in financing activities	(3,000)	(3,000)
Net Decrease in Cash and Cash Equivalents	(16,426)	(19,125)
Cash and Cash Equivalents at the beginning of the Period	34,912	47,939
Cash and Cash Equivalents at the end of the Period	<u>18,486</u>	<u>28,814</u>

Mohammad Hameed  
Chief Executive

Aamer Hameed  
Director

M. Muddasar Shahzad  
Chief Financial Officer



**NOTES TO AND FORMING PART OF THE CONDENSED  
INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2022**

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

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

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

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

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

and

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

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

- 2.2 This condensed interim financial information should be read in conjunction with annual audited financial statements for the year ended June 30, 2022. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2022 whereas comparative profit and loss account, comparative statement of comprehensive income, comparative cash flows statement and comparative statement of changes in equity are extracted from unaudited interim financial information for the quarter ended September 30, 2021.
- 2.3 This condensed interim financial information is presented in Pak Rupees, which is the Company's functional and presentational currency. All the figures have been rounded off to the nearest rupees, unless otherwise stated.

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

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The Company's accounting and financial risk management policies and methods of computation of this condensed interim financial information are the same as those followed in the preparation of annual financial statements for the preceding financial year ended June 30, 2022.



Note 4 Long Term Financing	September 30 2022 (Unaudited) Rupees (000)	June 30 2022 (Audited) Rupees (000)
Related parties - Unsecured		
Loan from directors / related parties	55,066	58,066
Less: Current portion	(12,000)	(12,000)
	<u>43,066</u>	<u>46,066</u>

4.1 This represents financing obtained from directors from time to time to meet the liquidity requirements of the Company. The outstanding balance of this financing is repayable in equal monthly instalments of Rs. 1 million each. This financing is unsecured and carries markup at 10% per annum.

Note 5  
Contingencies and Commitments

Contingencies

5.1 There has been no change in the status of contingencies as reported in the annual audited financial statements for the year ended June 30, 2022.

Commitments

5.2 There are no material commitments outstanding as at the reporting date (June 30, 2022: Nil).

Note 6 Property, Plant & Equipment	September 30 2022 (Unaudited) Rupees (000)	June 30 2022 (Audited) Rupees (000)
Opening written down value	1,358,772	717,221
Additions during the period / year	1,833	46,089
Disposals during the period / year	-	(5,000)
Revaluation surplus	-	641,916
Revaluation adjustment	-	(105,497)
Depreciation charge for the period / year	(10,412)	(42,415)
Depreciation charge for the period / year-Disposal	-	961
Revaluation adjustment	-	105,497
	<u>1,350,193</u>	<u>1,358,772</u>



Note 7	September 30	September 30
Cost of sales	2022	2021
	(Unaudited)	(Unaudited)
	Rupees (000)	Rupees (000)
Raw material consumed	241,741	206,776
Stores and spares consumed	2,350	3,071
Packing material consumed	3,582	3,831
Fuel and power	68,218	35,168
Salaries & wages	24,970	33,466
Insurance	517	220
Repair & maintenance	457	1,362
Depreciation	10,275	10,510
	352,110	294,404
Work in process		
Opening	15,988	8,439
Closing	(18,595)	(10,548)
	(2,607)	(2,109)
Finished Goods		
Opening	6,709	3,872
Closing	(18,270)	(3,550)
	(11,561)	322
	337,942	292,617
Note 8	September 30	September 30
Administrative Expenses	2022	2021
	(Unaudited)	(Unaudited)
	Rupees (000)	Rupees (000)
Salaries & Benefits	6,000	5,744
Utilities	560	277
Printing & Stationery	66	87
Communication	155	179
Travelling & conveyance	383	482
Repairs & Maintenance	74	57
Rent, rates & Taxes	279	283
Vehicle running & Maintenance	168	261
Fee and Subscription	37	5
Legal & Professional charges	290	494
Entertainment	148	365
Advertisement	-	500
Newspaper & Periodicals	16	13
Donations	591	396
Gardening Expenses	-	4
Miscellaneous	27	24
Depreciation	137	170
	8,931	9,341



## Note 9 Financial Risk Management

The Company's financial risk management objectives and policies are consistent with those disclosed in preceding audited annual financial statements for the year ended June 30, 2022.

## Note 10 Transactions with Related Parties

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

Transactions during the year			September 30 2022 (Unaudited) Rupees (000)	September 30 2021 (Unaudited) Rupees (000)
Related party	Relationship	Nature of transaction		
Directors and close relatives thereof	Associated persons	Long term financing repaid to directors	3,000	3,000
		Markup on long term financing from directors	1,377	1,305
Balance outstanding as at September 30, 2022				
Directors, executives and close relatives thereof				
		Long term financing	55,066	61,209
		Accrued markup on long term financing	1,377	6,851
		Share deposit money	-	-
			<u>56,443</u>	<u>68,060</u>

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

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



## Note 11 Segment Information

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

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

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

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

### Information about major customers

One customer of the Company accounts for 16% (2021: 11.08%) of total sales for the period. Revenue from such customer was Rs. 50.86 million (2021: Rs. 34.00 million).

### Information about geographical area

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

## Note 12 Date of Authorization for Issue

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These financial statements were approved by the board of directors and authorized for issue on 28 October 2022.

## Note 13 General

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

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

Mohammad Hameed  
Chief Executive

Aamer Hameed  
Director

M. Muddasar Shahzad  
Chief Financial Officer



PRINTED MATTER

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