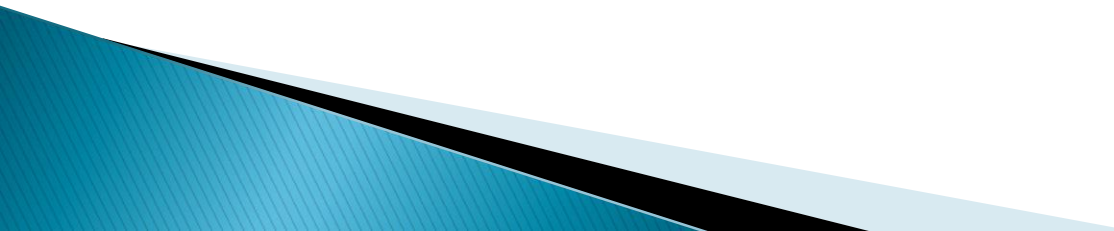


# Service Industries Textiles Ltd



# DISCLAIMER

The presentation is only for the information and discussion purpose with the participants. Any expression, information, statement or representation made during the discussion shall not be judged by any investor or potential investor as an advice or recommendation in relation to holding , purchasing or selling securities without proper consideration. It is suggested before acting on any information's shared or and remarks made during the discussion process , one should seek appropriateness and accuracy of information.

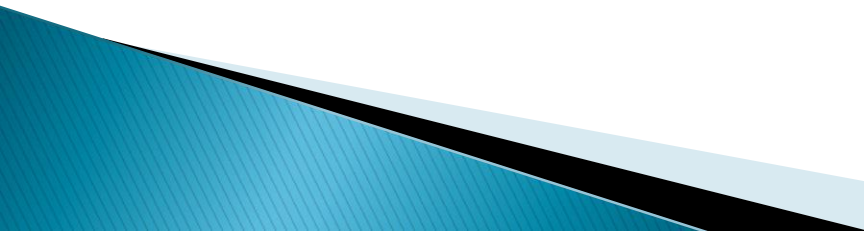




# ABOUT THE COMPANY

- ▶ The company was incorporated in Pakistan in 1962 as a Private Limited Company under the repealed Companies Act 1913, (now the Companies Act, 2017) and was subsequently converted into a Public Limited Company in 1970.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 listed on Pakistan Stock Exchange. The principal activity of the Company is manufacturing and sale of yarn made from raw cotton. Factory is situated at Gujrat and the registered office of the Company is situated at 38 – Empress Road, Lahore. Currently company has no external long term or short term debt and is a running and meeting its cash flow requirements through its own resources. At present the plant consists of 17,280 spindles with sufficient automatic cone winders besides other allied machinery capable of manufacturing around 7,036,705 kilograms of cotton and blended yarn ( based on 20/s) . The company also has an electricity self-generation facility.

# CORPORATE INFORMATION

- ▶ *SYMBOL of COMPANY in PAKISTAN STOCK EXCHANGE(PSX):*  
“SERT”
  - ▶ *LEGAL STATUS:*  
Public Limited Company
  - ▶ *AUDITORS:*  
Crowe Hussain Chaudhury & CO.  
(Chartered Accountants)
  - ▶ *SHARE REGISTRAR:*  
Corplink (Pvt) Ltd.
- 

# Board of Directors

- ▶ *Independent Director:*
  - Mr. Omer Mohyud Din Malik
  - Ms. Zainab Khan
- ▶ *Executive Director:*
  - Mr. Mohammad Hameed
  - Mr. Murtaza Hameed
- ▶ *Non-Executive Director:*
  - Mr. Aamer Hameed (Chairman)
  - Mr. Tariq Hameed
  - Ms. Sadia Hamid



# CUURENT ECONOMIC SCENARIO

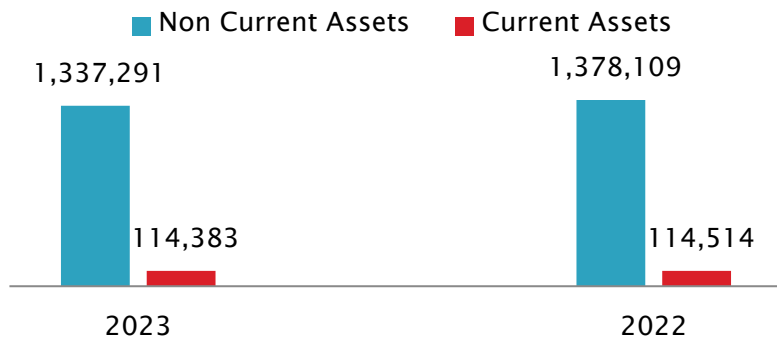
During the year, net revenue from sales were Rs. 1.052 Billion as compared to Rs. Rs 1.342 Billion during the previous year. Gross loss for the year is Rs. 109.482 Million as compared to gross profit of Rs. 37.645 Million in the preceding year. The company has incurred a net loss after taxation of Rs.157.918 Million as compared to net loss of Rs. 11.370 Million in last year. Major reason for the loss is unprecedented high cost of fuel and energy during the year. This was mainly driven because of appreciation of dollar to record high, Russia Ukraine war, political instability and withdrawal of RCET (regionally competitive energy tariff). Also There is a price differential in energy prices ( gas) between Sind and Punjab which is also a factor in high fuel cost for Punjab based spinning sector. Last year floods had severely damaged the cotton crop and hundreds of acres were wiped out and resulted in low production and quality of crop. Further we did not have any working capital limits which would help us in procuring the quality cotton as a result and we had to purchase the cotton on regular basis as per our requirement and cotton market remained in inflationary pressure due to the scarcity of production and quality of cotton crop. This also severely affected the operations and profitability of company as local yarn prices was not able to inflated to the extent of increase in cotton price

# FUTURE OUTLOOK / CHALLENGES

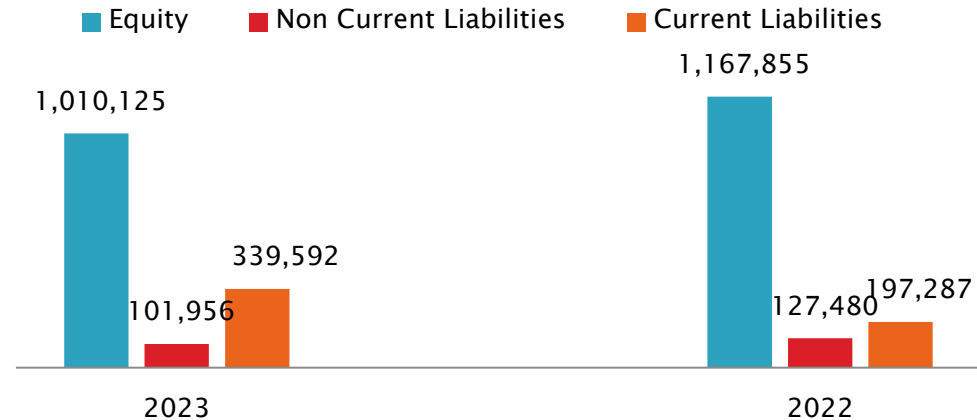
- ▶ Despite challenges like heat wave, poor picking and bug attacks, Pakistan's cotton production appears promising this year. The All Pakistan Textile Mills Association (APTMA) has partnered with the Punjab Government to revive cotton production through various strategies. Immediate actions include supporting emergency spray operations and allocating funds for the distribution of MATOI, a pesticide effective against whiteflies. These efforts have led to a 23% increase in cotton sowing, from 5.12 million acres to 6.6 million acres, and a projected cotton production of 12 million bales for the season is promising.
- ▶ Revival of textile industry was mainly based on providing the energy at RCET (regionally competitive energy tariff) which helped the Punjab based textile sector to compete regionally.. However because of its withdrawal and depreciation of Pakistani rupee to record low against the dollar has made the energy cost unbearable. Also the disparity in price of energy between provinces has adversely hit the profitability of Punjab based textile industry and as a result number of mills have shut or reduced their operations during the year. The industry was encouraged to shift from gas-based Captive Power Generation to the national power grid to save gas but the grid electricity apart from being uncompetitive is unreliable and substandard, reducing effective production capacity by over 25% and as a result increases conversion cost by 40%.
- ▶ 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.

# FINANCIAL POSITION AS AT JUNE 30, 2023

## Assets – (PKR in Millions)



## EQUITY & LIABILITIES (PKR in MILLIONS)





# STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2023

	2023 Rupees	2022 Rupees
<i>Revenue from sales</i>	1,051,602,974	1,341,765,352
Cost of sales	<b>(1,161,445,018)</b>	<b>(1,304,119,965)</b>
<b>Gross (Loss) / Profit</b>	<b>(109,842,044)</b>	<b>37,645,387</b>
<i>Operating expenses:</i>		
- Distribution costs	(7,385,834)	(8,761,169)
- Administrative expenses	(35,177,828)	(37,336,429)
	(42,563,662)	(46,097,598)
<b>Operating Loss</b>	<b>(152,405,706)</b>	<b>(8,452,211)</b>
Finance cost	(12,371,386)	(6,793,228)
Other operating expenses	(852,500)	(2,738,750)
Other income	8,258,846	10,432,455
	(4,965,040)	900,477
<b>Loss before Taxation</b>	<b>(157,370,746)</b>	<b>(7,551,734)</b>
<i>Taxation</i>		
Current tax	13,287,162	9,843,684
Deferred tax	(12,739,476)	(6,025,301)
	(547,686)	(3,818,383)
<b>Net Loss for the Year</b>	<b>(157,918,432)</b>	<b>(11,370,117)</b>
<b>Loss per Share - Basic</b>	<b>(11.45)</b>	<b>(0.82)</b>

## Key Operational and Financial Data:

	JUNE 2023	JUNE 2022	JUNE 2021	JUNE 2020	JUNE 2019	JUNE 2018
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Sales</b>	1,051,603	1,341,765	1,230,010	921,250	979,881	854,392
<b>Gross Profit / (Loss)</b>	(109,842)	37,645	130,246	59,146	85,254	48,176
<b>Operating Profit/(Loss)</b>	(152,406)	(8,452)	87,222	23,934	54,684	21,444
<b>Profit/(Loss) before Tax</b>	(157,371)	(7,552)	80,734	(1,832)	42,758	13,060
<b>Tax</b>	(548)	(3,818)	(21,192)	(23,210)	(5,644)	(2,413)
<b>Profit/(Loss) after Tax</b>	(15,792)	(11,370)	59,543	(25,042)	37,114	1,065
<b>Total Assets</b>	1,451,674	1,492,622	866,901	828,577	811,059	606,487
<b>Current Liabilities</b>	339,592	197,287	174,181	166,913	132,778	167,362
	1,112,081	1,295,335	692,720	661,664	678,281	439,125
<b>Presented by:</b>						
<b>Equity-net</b>	1,010,125	1,167,855	563,211	543,911	571,517	363,685
<b>Long term loans</b>	26,295	46,066	52,209	26,270	36,700	48,700
<b>Deferred Liability</b>	75,661	81,414	77,300	91,484	70,065	26,740
	1,112,081	1,295,335	692,720	661,664	678,281	439,125

# QUESTION AND ANSWER SESSION

Honorable guests and shareholders are requested to proceed for Question & answer session with regards to financial statements for the year ended June 30,2023.

THANKYOU

