Vision

To maintain an excellent level of ethical and Professional standards

Mission Statement

To become a quality manufacturer of textile products

COMPANY INFORMATION

BOARD OF DIRECTORS	:	Aamer Hameed	(Chairman/Non Executive Director)
		Mohammad Hameed	(Chief Executive/Executive Director)
		Murtaza Hameed	(Executive Director)
		Omar Mohyud Din Malik	(Independent Director)
		Zainab Khan	(Independent Director)
		Tariq Hameed	(Non Executive Director)
		Sadia Hamid	(Non Executive Director)
CHIEF FINANCIAL OFFICER	:	M. Muddasar Shahzad	
COMPANY SECRETARY	:	Usman Khalid	
AUDIT COMMITTEE	:	Omar Mohyud Din Malik	(Chairman)
		Zainab Khan	(Member)
		Tariq Hameed	(Member)
HUMAN RESOURCE & REMUNERATION COMMITTEE	:	Zainab Khan	(Chairperson)
		Aamer Hameed	(Member)
		Omar Mohyud Din Malik	(Member)
BANKERS	:	Meezan Bank Limited MCB Bank Limited Bank Alfalah Limited	
AUDITORS	:	Crowe Hussain Chaudhury & Co., Chartered Accountants	
INTERNAL AUDITOR	:	Awan & Co. Chartered Accountants	
REGISTERED OFFICE	:	38-Empress Road, Lahore Telephones: (92-42) 36304561-3, 36367861-3 Telefax: (92-42) 3636 7861 E-mail: info@prime-service.com	
MILLS	:	Rehman Shaheed Road, Gujrat Telephone: (92-53) 3514065, 3535085 Telefax: (92-53) 3513700	
Web Reference	:	www.sitl.com.pk	
Share Registrar	:	Corplink (Pvt) Ltd. Wings Arcade, 1-K Commercial Model Town, Lahore Tel: (92-42) 35839182, 35916719	

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 63rd Annual General Meeting ("AGM") of the shareholders of Service Industries Textiles Limited ("Company") will be held on 28 October, 2024 at 09.30 A.M. at Registered Office of the Company, 38-Empress Road, Lahore to transact the following Business;

ORDINARY BUSINESS:

1. To confirm the minutes of 62nd Annual General Meeting held on October 27, 2023

2. To consider, approve and adopt Annual Audited accounts of the Company together with the Directors' Auditors' Report for the year ended June 30, 2024.

3. To appoint Statutory Auditors of the Company for the year ending June 30, 2025 and to fix remuneration. The retiring Auditors M/s Crowe Hussain Chaudhury& Co. Chartered Accountants, being eligible, have offered themselves for reappointment.

OTHER BUSINESS:

4. To transact any other business with permission of the Chair.
By order of the Board

BY ORDER OF THE BOARD

LAHORE
04 October, 2024

(USMAN KHALID)
Company Secretary

Notes:

1. BOOK CLOSURE

The share transfer books of the Company will remain closed from 22.10.2024 to 28.10.2024 (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 21.10.2024 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. PARTICIPATION THROUGH VIDEO LINK

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.

5. 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.

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of general meeting along with complete information necessary to enable them to access such facility.

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

6. 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, 2024 are available on the Company's website: www.sitl.com.pk

7. CHANGE OF ADDRESS AND UPDATION OF E.MAIL / CELL. NO. IBAN

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) 3583 9182, (042) 3591 6714-19. All Shareholders are requested to provide their e.mail address, cell phone and IBAN number in corporated / updated in their physical folio or CDC account.

8. 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, 2024, 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 we have been able to deliver improvement in profitability 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
04 October, 2024

Aamer Hameed
Chairman

چیئرمین کی جائزہ رپورٹ

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

مالی سال برائے 30 جون، 2024 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 دوراندیشی، 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۔

لاہور

مورخہ 04 - اکتوبر 2024

عامر حمید
چیئرمین

DIRECTORS' REPORT

The directors are pleased to present the 63rd annual report along with the audited financial statement for the year ended 30 June 2024.

Operating & Financial Results:

During the year, net revenue from sales were Rs. 1.341 Billion as compared to Rs. Rs 1.052 Billion during the previous year. Gross loss for the year is Rs. 35.239 Million as compared to gross loss of Rs. 109.482 Million in the preceding year. The company has incurred a net loss after taxation of Rs.100.64 Million as compared to net loss of Rs. 157.918 Million in last year. Major reason for the loss is unprecedented high cost of fuel and energy during the year. Energy costs, whether for electricity or gas, remain prohibitively high. The factors contributing in high energy cost are withdrawal of RCET (regionally competitive energy tariff) and depreciation of Pakistani rupee to record low against the dollar. Industrial power tariffs in Pakistan are currently at around 17 cents/kWh. This is over twice the regional average. The price of gas has been raised to Rs. 2,750/MMBtu, this will take the price of captive generation from around 10 cents/kWh to 13 cents/kWh which is well above a regionally competitive level of 9 cents/kWh and power tariffs in regional economies. If the Government fails to address this issue timely and is unable to provide the energy at RCET then this will hit the textile industry adversely and number of mills will be forced to either close or curtail their operations /productions

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 2024 Rs. '000	JUNE 2023 Rs. '000	JUNE 2022 Rs. '000	JUNE 2021 Rs. '000	JUNE 2020 Rs. '000	JUNE 2019 Rs. '000	JUNE 2018 Rs. '000
Sales	1,341,318	1,051,603	1,341,765	1,230,010	921,250	979,881	854,392
Gross Profit / (Loss)	(35,239)	(109,842)	37,645	130,246	59,146	85,254	48,176
Operating Profit/(Loss)	(79,009)	(152,406)	(8,452)	87,222	23,934	54,684	21,444
Profit/(Loss)before Tax	(92,720)	(157,371)	(7,552)	80,734	(1,832)	42,758	13,060
Tax	(7,925)	(548)	(3,818)	(21,192)	(23,210)	(5,644)	(2,413)
Profit/(Loss) after Tax	(100,644)	(157,918)	(11,370)	59,543	(25,042)	37,114	1,065
Total Assets	1,469,906	1,451,674	1,492,622	866,901	828,577	811,059	606,487
Current Liabilities	469,072	339,592	197,287	174,181	166,913	132,778	167,362
	1,000,834	1,112,081	1,295,335	692,720	661,664	678,281	439,125
Presented by:							
Equity-net	911,352	1,010,125	1,167,855	563,211	543,911	571,517	363,685
Long term loans	19,213	26,295	46,066	52,209	26,270	36,700	48,700
Deferred Liability	70,269	75,661	81,414	77,300	91,484	70,065	26,740
	1,000,834	1,112,081	1,295,335	692,720	661,664	678,281	439,125

EPS:

Earnings per share (basic) for the year ended June 30, 2024 is Rs. -7.30 (2023: Rs. -11.45)

Future Prospects:

Pakistan is facing economic turmoil, inflation was at all-time high and Pakistani rupee has been depreciated to record low. Number of mills have either shut their operations or curtailed the production. However, during the second half of this year, the inflationary pressure started to ease, which further improved in the last quarter and hence this help in reduing policy rate to 17.5%.

During the period country also witnessed remarkable growth in cotton production, reaching 8.4 million bales which not only support the country's textile and helped in stabilizing the cotton prices but also made significant contributions to both saving and earning foreign exchange. However, for the year 2024-2025 cotton production will again miss the target. The cotton production is on a decline for last many years due to multiple factors such as climate change, uncertified seeds, unchecked business of spurious pesticides, and high cost of production with diminishing return for farmers. Though the Government has realized the challenges for improving the yield and quality of cotton crops and has taken small steps for its improvement still there is a long way to go. Government should fully support the farmers and help them in up-gradation of ginning technology, educate the farmer to use the quality seed and make investment in research and development of quality seed, capacity building of farmers and introduce incentives for better quality cotton that would help in motivating the farmers.

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 substantially.

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.

Emphasis of Matter in Auditor's Report

The auditors have raised observation as to going concern of the Company due to gross loss during the year. As discussed earlier during the year Pakistan was facing its worst economic conditions and input costs were at all-time high mainly due to high energy cost. To mitigate higher energy cost we are planning a better energy mix by adding solar energy. Currently the cost of setting up a solar system is at its lowest as there is a lot of supply of solar panels available in the local market. The company is actively pursuing proposals and plans from solar experts. Solar companies are offering many different type of products and proposals in regards with setting up a solar system on roof top of industries. We are hopeful that by choosing the right product and financial proposal the company will be able to reduce its dependence on the grid in near future and bring down its average unit cost of electricity. Also the quality cotton crop will bring the stability to cotton prices and help in better yarn prices. We believe that worst economic conditions are over and hopeful that it will improve in future. The directors are fully committed to run the company at any cost and are committed to inject more funds if and when will be required and therefore the directors consider it appropriate and have prepared the financial statements on going concern basis

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 years financial summary is annexed.
g) Pattern of shareholdings as on June 30, 2024 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 Listed Companies (Code of Corporate Governance) Regulations.

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:	5
Female:	2

The composition is as follows:

Category	Names
Independent Director	Mr. Omer Mohyudin Malik Ms. Zainab Khan

Category	Names
Executive Director	Mr. Mohammad Hameed
	Mr. Murtaza Hameed
Non-Executive	Mr. Aamer Hameed
	Mr. Tariq Hameed
	Ms. Sadia Hamid
Female Director	Ms. Zainab Khan
	Ms. Sadia Hamid

Board of Directors Meeting:

During the year ended 30 June 2024, the Board of Directors held five meetings. Attendance of each director is given hereunder:

Mohammad Hameed	5
Aamer Hameed	5
Tariq Hameed	5
Murtaza Hameed	5
Omer Mohyudin Malik	5
Zainab Khan	5
Sadia Hamid	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)
Tariq 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
Tariq Hameed	4

Human Resource and Remuneration (HR & R) Committee:

The committee comprises of three (2) members as per the following:

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

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

Zainab Khan	2
Aamer 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, 2024.

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 2025.

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 33) 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.

Sustainability-Related Risks

The sustainability-related risks involve the consideration of environmental, social, and governance (ESG) factors. The management has set specific and measurable ESG targets that are in align with the Company's strategic objective to achieve greater sustainable resilience and positive social impact. The Company performs a thorough analysis of current and potential risks, highlighting specific areas of concern by following recognized frameworks.

Gender, Race & Diversity:

We are committed to fostering a culture of inclusivity and diversity, where everyone was given opportunity to thrive. We are in the process of increasing gender diversity within our organization. We recognize diversity as a key driver for innovation and competitiveness. We remain dedicated to continuing our efforts to create a workplace that reflects diverse gender and race. We actively promoted women's participation at all levels and provided equal opportunities of growth to everyone

Corporate 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 other than mentioned in form 20 (annexed).

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

Lahore
04 October, 2024

Mohammad Hameed
Chief Executive

Aamer Hameed
Director

ڈائریکٹرز رپورٹ

کمپنی ڈائریکٹرز 30 جون 2024ء کو ختم ہونے والے سال کی 63 ویں سالانہ رپورٹ بمعہ مالیاتی حسابات اور آڈٹ رپورٹ پیش کرتے ہیں۔

آپریٹنگ اور مالیاتی نتائج:

سال رواں کمپنی کی سیلز 1.342 بلین روپے رہی جبکہ پچھلے سال 1.052 بلین روپے تھی۔اس سال گراس نقصان 35.239 ملین روپے رہا جبکہ پچھلے سال 109.482 ملین روپے کا گراس نقصان تھا۔ کمپنی کو اس سال 100.644 ملین روپے کا نیٹ نقصان ہوا جبکہ پچھلے سال 157.918 ملین روپے کا نقصان تھا۔اس سال نقصان کی بنیادی وجہ انرجی کی قیمتوں میں ہوشربا اضافہ تھا۔اس اضافے کی وجوہات میں روپے کی قدر میں ریکارڈ کمی اور ٹیکسٹائل انڈسٹری کو مسابقانہ قیمت میں بجلی کی فراہمی کو معطل کرنا ہے۔پاکستان میں انڈسٹری کا ٹیرف 17/KWH سینٹ ہے جو کہ خطے کے مقابلے میں تقریبا دوگناہ ہے۔گیس کی قیمت میں بھی اضافہ ہوا ہے جو کہ خطے کے مسابقانہ ریٹ 9/KWH سینٹ سے کافی زیادہ ہے اگر حکومت ان مسائل کو حل کرنے میں ناکام رہتی ہے اور انڈسٹری کو مسابقانہ قیمتوں پر بجلی کی فراہمی نہیں کر پاتی تو ڈر ہے کہ کئی ملیں یا تو بند ہو جائیں گی یا اپنی پیداواری صلاحیت میں کمی کرنے پر مجبور ہوں گی

ان حالات میں کمپنی کو چلائے رکھنا کافی چیلینجنگ ہے لیکن کمپنی کے ڈائریکٹرز کمپنی چلائے رکھنے کے لیئے پرعزم ہیں اور اسکے لیئے ہر ممکن تگ ودو کیلئے تیار ہیں۔

کلیدی آپریشنل اور مالیاتی ڈیٹا:

	جون 2024ء (روپے 000)	جون 2023ء (روپے 000)	جون 2022ء (روپے 000)	جون 2021ء (روپے 000)	جون 2020ء (روپے 000)	جون 2019ء (روپے 000)	جون 2018ء (روپے 000)
سیلز	1,341,318	1,051,603	1,341,765	1,230,010	921,250	979,881	854,392
گراس منافع/نقصان	(35,239)	(109,842)	37,645	130,246	59,146	85,254	48,176
آپریٹنگ منافع/نقصان	(79,009)	(152,406)	(8,452)	87,222	23,934	54,684	21,444
منافع/نقصان ٹیکس سے پہلے	(92,720)	(157,371)	(7,552)	80,734	(1,832)	42,758	13,060
ٹیکس	(7,925)	(548)	(3,818)	(21,192)	(23,210)	(5,644)	(2,413)
منافع/نقصان ٹیکس کے بعد	(100,644)	(157,918)	(11,370)	59,543	(25,042)	37,114	1,065
ٹوٹل اثاثہ جات	1,469,906	1,451,674	1,492,622	866,901	828,577	811,059	606,487
موجودہ واجبات	469,072	339,592	197,287	174,181	166,913	132,778	167,362
	1,000,834	1,112,081	1,295,335	692,720	661,664	678,281	439,125
پریذینٹیڈ بائی							
ایکویٹی-نیٹ	911,352	1,010,125	1,167,855	563,211	543,911	571,517	363,685
لانگ ٹرم لون اور لیز	19,213	26,295	46,066	52,209	26,270	36,700	48,700
موخر واجبات	70,269	75,661	81,414	77,300	91,484	70,065	26,740
	1,000,834	1,112,081	1,295,335	692,720	661,664	678,281	439,125

فی شیئر آمدنی:

30 جون 2024ء کے لئے فی شیئر آمدنی 7.30- روپے رہی (Rs. -11.45:2023)

مستقبل کے امکانات:

حالیہ وقتوں میں پاکستان اپنی تاریخ کے بدترین معاشی حالات سے نبرد آزمائے۔مہنگائی اپنے عروج پر ہے اور روپے کی قدر میں ریکارڈ کمی ہوئی ہے۔سال رواں میں کئی ملز یا تو بند ہوگئی ہیں یا انھوں نے اپنی پیداواری صلاحیت میں کمی کی ہے۔البتہ سال کے آخر میں سخت معاشی پالیسیوں کی بدولت افراط زر میں کمی ہوئی ہے جسکی بدولت پالیسی ریٹ بھی کم ہوئی % 17.5 پر ہوا ہے۔سال رواں میں کپاس کی بمپر

فصل کی وجہ سے کپاس کی قیمت مستحکم رہی۔ البتہ 2024-25 سال میں کپاس کو فصل کا ٹارگٹ پھر حاصل نہ ہو پائے گا۔ کپاس کی فصل گزشتہ کئی سالوں سے انحطاط کا شکار ہے۔ جسکی وجہ موسمانہ تبدیلی ناقص بیج اور زرعی ادویات کا سپرے کے ساتھ ساتھ کسان کی منافع میں کمی ہے۔ حکومت کو چاہیے کہ کسان کی بھرپور مدد کرے اور ان کو کاشتکاری کے جدید طریقے سکھائے۔ اصل اور اعلی بیج کی فراہمی کو یقینی بنائے اور کسان کو فصل کا منصفانہ منافع ملنے کو یقینی بنائے۔

ٹیکسٹائل سیکٹر کی بحالی کی بنیادی وجہ مسابقانہ قیمتوں میں انرجی کی فراہمی تھی لیکن اسکے منقطع کئے جانے اور روپے کی قیمت میں ریکارڈ کمی نے انرجی کی قیمت کو ملکی بلخصوص پنجاب کی انڈسٹری کیلئے ناقابل برداشت بنا دیا ہے۔ اس کے علاوہ صوبوں کے مابین قیمتوں میں تفاوت نے پنجاب ٹیکسٹائل کو بری طرح متاثر کیا ہے۔ جسکی وجہ سے کئی ملز یا تو بند ہوگئی ہیں یا ان کو اپنی پیداواری صلاحیت میں کمی کرنی پڑی۔ کیپٹیو پاورز کی حوصلہ افزائی کی گئی تھی کہ وہ مسابقانہ قیمت میں بجلی کی فراہمی کی وجہ سے گیس کی بجائے گرڈ کی بجلی کا استعمال کرے لیکن گرڈ کی بجلی کے غیر اعلانیہ بند ہونے یا وولٹیج کے اوپر نیچے ہونے سے پیداواری لاگت میں اضافہ ہو۔ پنجاب اور دیگر صوبوں میں انرجی کی قیمتوں میں تفاوت کو ختم کرتے ہوئے ایک ہی قیمت پر بجلی اور گیس مہیا کی جانی چاہئے تا کہ پنجاب کی انڈسٹری کی بقا ہو سکے۔

یمفیز آف میٹر پیرا گراف:

آڈیٹرز نے کمپنی کے گراس نقصان کیوجہ سے اسکے چلتے رہنے پر سوال اٹھایا ہے۔ جیسے کہ پہلے بیان کیا جا چکا ہے کہ پاکستان اپنے بدترین معاشی بحران سے گزر رہا ہے اور پچھلے سال پیداواری لاگت کپاس کی کم دستیابی اور انرجی کی قیمت میں ریکارڈ اضافے کے باعث تاریخ کی بلند ترین سطح پر رہی۔ انرجی کی ہوشربا قیمتوں میں اضافے کو تخفیف کرنے کیلئے سولر انرجی میں انویسٹمنٹ کرنے کا پلان ہے۔

ہم لوگوں کے خیال میں سے پاکستان اپنے بدترین معاشی دور سے گزر چکا ہے اور ایک بہتر مستقبل کیلئے پر امید ہیں۔ ہم کمپنی کو ہر حال میں چلانے کیلئے پرعزم ہیں اور ضرورت کے وقت اس میں فنڈز ڈالتے رہیں گے جیسے کہ پچھلے سال بھی کیا اسی بنیاد پر کمپنی کے حسابات گوئنگ کنسرن کی بنیاد پر تیار کیلئے گئے ہیں۔

ڈیویڈنڈ کی ادائیگی:

رواں سال نقصان کیوجہ سے کوئی ڈیویڈنڈ تجویز نہیں کیا گیا۔

کارپوریٹ گورننس اور مالیاتی رپورٹنگ کا طریقہ کار:

1- کمپنی انتظامیہ کی طرف سے تیار کردہ مالیاتی حسابات، اسکے امور آپریشنز کے نتائج، نقدی بہاؤ اور ایکوئٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
2- کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
3- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
4- مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے۔
5- اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی موثر طریقے سے عمل درآمد اور نگرانی کی جاتی ہے۔
6- گزشتہ چھ سال کا کلیدی آپریٹنگ اور مالیاتی شماریات منسلک ہیں۔
7- پیٹرن آف شیئر ہولڈنگ برائے سال 30 جون 2024 کا انکشاف کوڈ آف کارپوریٹ گورننس کے مطابق اس رپورٹ کے ساتھ منسلک ہے۔
8- کمپنی نے کارپوریٹ گورننس کے بہترین طریقہ کو اختیار کیا ہے جو کہ لسٹنگ کمپنی (کوڈ آف کارپوریٹ گورننس) کے مطابق ہے۔

اندرونی کنٹرول کا نظام:

کمپنی نے ہمیشہ اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہونے پر زور دیا ہے اور اس کی موثر طریقے سے عمل درآمد اور نگرانی کی جاتی ہے۔

قانونی ادائیگیاں:

کوئی قانونی ادائیگی واجب الادا نہیں جو 30 جون 2024 کو بقایا ہو ماسوائے ان کے جن کا مالی حسابات میں ظاہر کیا گیا۔

بورڈ آف ڈائریکٹر کی ترتیب:

کل ڈائریکٹران بشمول چیف ایگزیکٹو کی تعداد 7 ہے۔ جن میں سے 5 میل ڈائریکٹرز اور 2 فی میل ڈائریکٹرز ہے۔

بورڈ آف ڈائریکٹر کی کمپوزیشن درج ذیل ہے۔

کیٹگری	نام
☆ انڈیپنڈنٹ ڈائریکٹرز	عمر محی الدین ملک
	زینب خان
☆ ایگزیکٹو ڈائریکٹرز	محمد حمید
	مرتضی حمید
☆ نان ایگزیکٹو ڈائریکٹرز	عامر حمید
	طارق حمید

سعدیہ حمید

☆ خاتون ڈائریکٹر — زینب خان

سعدیہ حمید

بورڈ آف ڈائریکٹر کے اجلاس

ختم ہونے والے سال 30 جون 2024ء میں 5 اجلاس ہوئے۔ حاضری کی پوزیشن مندرجہ ذیل ہے:

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

بورڈ کمیٹیز:

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

آڈٹ کمیٹی

درج ذیل تین ممبران پر مشتمل ہے۔

☆	عمر محی الدین ملک	چیئرمین
☆	زنیب خان	ممبر
☆	طارق حمید	ممبر

آڈٹ کمیٹی کے اجلاس

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

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

ہیومن ریسورس اینڈ ریمونریشن کے کمیٹی:

مندرجہ ذیل تین ممبران پر مشتمل ہے

☆	زینب خان	چیئرپرسن
☆	عامر حمید	ممبر
☆	عمر محی الدین ملک	ممبر

ہیومن ریسورس اینڈ ریمونریشن کے اجلاس:

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

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

گریجوئٹی فنڈ کی ویلیو آف انویسٹمنٹ:

کمپنی نے اپنے ملازمین کیلئے گریجوئٹی فنڈ برقرار رکھا ہوا ہے لیکن اس 30 جون 2024ء کو کوئی پلان ایسٹ اس لائبلیٹی کو کور نہیں کرتا۔

حسابات کی کتب:

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

ڈائریکٹرز کا مشاہرہ:

ہیومن ریسورس اور ریمیونریشن 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 تیا کی گئی۔ جو ڈائریکٹرز مشاہرہ لیتے ہیں انہوں نے اس پالیسی کو بنانے میں حصہ نہیں لیا

آڈیٹرز:

میسرز کروحسین چوہدری اینڈ کمپنی ریٹائر ہو گئے ہیں۔ اہل ہونے کی بناء پر سال 30 جون، 2025 کو ختم ہونے والے سال کیلئے بطور آڈیٹر 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 لسٹڈ ریگولیشنز آف سٹاک ایکسچینج 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 کمپنی کے جائزہ کیلئے رکھا گیا اور ان کی سفارش پر بورڈ آف ڈائریکٹرز نے ان کا جائزہ لیا اور ان کو منظور کیا۔

پائیداری سے متعلق خطرات:

پائیداری سے متعلق خطرے میں ماحولیاتی سماجی اور گورننس (ESG) کے عوامل پر غور کرنا شامل ہے۔ انتظامیہ نے مخصوص اور قابل پیائش ESG اہداف مقرر کیئے ہیں جو کہ کمپنی کے سٹریٹجک اہداف کے عین مطابق ہیں۔ کمپنی نے تسلیم شدہ فریم ورک کے تحت موجودہ اور ممکنہ خطرات کا تجزیہ کیا ہے۔

صنفی نسل اور تنوع:

ہم اپنی کمپنی میں شمولیت اور تنوع کے کلچر کو فروغ دینے کیلئے پرعزم ہیں جہاں ہر ایک کو ترقی طے کرنے کا موقع ملے۔ ہم صنفی تنوع کو بڑھانے کے عمل میں ہیں اور اس کو ہم مسابقت اور جدت کیلئے ایک کلیدی کسوٹی کے طور پر مانتے ہیں۔ ہم اپنی ورک پلیس کو متنوع صنف کرنے کیلئے کوشش جاری رکھنے کیلئے پرعزم ہیں۔ ہم ہر سطح پر خواتین کی فعال طور پر شمولیت اور سب کو ترقی کے یکساں مواقع فراہم کرنے کے فروغ میں ہیں۔

کارپوریٹ سوشل ذمہ داری:

آپ کی کمپنی کہ 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 شیئر ہولڈنگ:

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

بعداز 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، شیئر ہولڈرز اور بینکرز کے مسلسل تعاون پر شکر گزار ہے۔

لاہور

مورخہ 4-اکتوبر 2024

عامر حمید
ڈائریکٹر

محمد حمید
چیف ایگزیکٹو

STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 FOR THE YEAR ENDED 30 June 2024

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: 5
   b) Female: 2

2. The composition of the Board is as follows:

Category	Names
Independent Director *	Mr. Omer Mohyud Din Malik Ms. Zainab Khan
Executive Director	Mr. Mohammad Hameed Mr. Murtaza Hameed
Non-Executive Director	Mr. Aamer Hameed Mr. Tariq Hameed Ms. Sadia Hamid
Female Director	Ms. Zainab Khan Ms. Sadia Hamid

*For a Board comprising of seven members, one-third equates to 2.33. Two independent directors have been appointed, hence it fulfills the requirement of minimum two (2) independent directors. Furthermore, the two independent directors have the requisite skills and knowledge to take independent decisions. Therefore, the fraction of 0.33 in such one-third is not rounded up as one this time.

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 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 compiled 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. Three 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 three 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 Mohyud Din Malik	Chairman
ii)	Zainab Khan	Member
iii)	Tariq Hameed	Member

b) HR & Remuneration Committee

i)	Zainab Khan	Chairman
ii)	Aamer Hameed	Member
iii)	Omer Mohyud Din 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.	Regulation No.	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, 2025.

For & on behalf of the Board of Directors

Lahore
04 October, 2024

(AAMER HAMEED)
Chairman

Crowe

Crowe Hussain Chaudhury & Co.

7th Floor, Gul Mohar Trade Centre,
8-F Main Market, Gulberg II,
Lahore-54660, Pakistan.
Main +92-42-3575 9223-5
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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SERVICE INDUSTRIES TEXTILE 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 Textile Limited ("the Company") for the year ended June 30, 2024 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, 2024.

Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in the paragraph reference where it is stated in the Statement of Compliance:

Sr. No.	Paragraph Reference	Description
1.	9 & 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 Ch & Co.

Lahore
04 October, 2024
UDIN: CR2024101690ukoEvSGM

(CROWE HUSSAIN CHAUDHURY & CO.)
Chartered Accountants

Crowe Hussain Chaudhury & Co.

7th Floor, Gul Mohar Trade Centre,
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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, 2024, 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 ended June 30, 2024, and notes to the financial statements, including material accounting policy information 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, 2024 and of the loss, its comprehensive loss, the changes in equity and its cash flows for the year ended June 30, 2024.

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 (the code) 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1.3 to the financial statements which states that the Company has incurred a net loss after taxation amounting to Rs. 100.64 million during the year ended June 30, 2024 and its current liabilities exceed its current assets by Rs. 307.15 million. These conditions along with negative cash flows from operating activities indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. In addition to matters described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Following are the Key Audit Matter

Sr. No.	Key audit matter	How the matter was addressed in our audit
1. Revenue		
	Refer to note 21 to the financial statements. Revenue of the Company has increased from Rs. 1,051 million to Rs. 1,341 million for the year ending June 30 2024.	Our key audit procedures related to revenue included: • Obtaining an understanding of the Company's processes and related internal controls for revenue recognition and on a sample basis, testing the operating effectiveness of those controls.

Sr. No.	Key audit matter	How the matter was addressed in our audit
1. Revenue		
	The Company is primarily engaged in manufacturing and sale of yarn. We identified recognition of revenue as a key audit matter due to revenue being one of the key performance indicators of the Company and increase in revenue from last year	• Assessing the appropriateness of the Company's revenue recognition policies and their compliance with applicable accounting and reporting standards. • Comparing a sample of revenue transactions recorded during the year with customers' orders, sales invoices, delivery orders and other relevant underlying documents. • Reviewing contracts with customers and comparing the revenue transactions to the relevant sales orders, sales invoices, and other relevant underlying documents to assess whether the revenue was recorded in accordance with the Company's revenue accounting policy and applicable financial reporting framework. • Performing cut-off procedures on sales to ensure revenue has been recorded in the correct period. • Examining the customer receipts for sales made during the year. • Assessing the appropriateness and adequacy of disclosed information in the financial statements in accordance with the relevant accounting and reporting standard standards.

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 auditor's 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) no Zakat was deductible at source under Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

Crowe Hussain Ch & Co.

(CROWE HUSSAIN CHAUDHURY & CO.)
Chartered Accountants

Lahore
04 October, 2024
UDIN: AR202410169LzyYqJasi

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
CAPITAL AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital			
20,000,000 (2023: 20,000,000) ordinary shares of Rs. 10 each		200,000,000	200,000,000
Issued, subscribed and paid up capital	5	137,875,670	137,875,670
Share premium reserve		18,676,816	18,676,816
Accumulated loss		(318,533,836)	(233,221,606)
Surplus on revaluation of property, plant and equipment	6	1,073,333,474	1,086,794,560
		911,352,124	1,010,125,440
Non Current Liabilities			
Long term financing	7	19,213,153	26,294,691
Post employment benefit obligations	8	24,354,001	21,668,309
Deferred tax liability	9	45,915,029	53,992,892
		89,482,183	101,955,892
Current Liabilities			
Trade and other payables	10	404,136,999	278,144,159
Unclaimed dividends		232,987	232,987
Unpaid dividends		683,629	683,629
Short term borrowings	11	26,720,000	26,720,000
Current portion of long term financing	7	11,750,000	15,749,980
Accrued markup		8,782,300	4,916,506
Provision for taxation	12	16,766,470	13,145,037
		469,072,385	339,592,298
Contingencies and Commitments	13	-	-
Total Equity and Liabilities		1,469,906,692	1,451,673,630
ASSETS			
Non Current Assets			
Property, plant and equipment	14	1,284,419,194	1,317,923,851
Long term deposits	15	23,564,083	19,367,023
		1,307,983,277	1,337,290,874
Current Assets			
Stores and spares	16	3,569,118	4,003,153
Stock in trade	17	65,567,338	59,791,184
Trade debts	18	3,239,253	2,196,115
Advances and prepayments	19	65,199,860	29,208,799
Cash and bank balances	20	24,347,846	19,183,505
		161,923,415	114,382,756
Total Assets		1,469,906,692	1,451,673,630

The annexed notes from 1 to 41 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, 2024

	Note	2024 Rupees	2023 Rupees (Restated)
Revenue	21	1,341,317,598	1,051,602,974
Cost of sales	22	(1,376,556,469)	(1,161,445,018)
Gross Loss		(35,238,871)	(109,842,044)
Operating expenses:			
- Distribution cost	23	(9,069,761)	(7,385,834)
- Administrative expenses	24	(34,700,190)	(35,177,828)
		(43,769,951)	(42,563,662)
Operating Loss		(79,008,822)	(152,405,706)
Finance cost	25	(12,262,287)	(12,371,386)
Other operating expenses	26	(1,579,670)	(852,500)
Other income	27	131,266	8,258,846
		(13,710,691)	(4,965,040)
Loss before Levy / Taxation		(92,719,513)	(157,370,746)
Levy	28	(16,766,470)	(13,287,162)
		(109,485,983)	(170,657,908)
Loss before Income Tax			
Income tax	29	8,841,956	12,739,476
Net Loss for the Year		(100,644,027)	(157,918,432)
Loss per Share - Basic and Diluted	30	(7.30)	(11.45)

The annexed notes from 1 to 41 form an integral part of these financial statements.

Mohammad Hameed	Aamer Hameed	M. Muddasar Shahzad
Chief Executive	Director	Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2024

	2024 Rupees	2023 Rupees
Net Loss for the Year	(100,644,027)	(157,918,432)
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	-	-
Experience adjustment on remeasurement of post employment benefits	2,634,804	265,947
Less: Related deferred tax impact	(764,093)	(77,125)
	1,870,711	188,822
Total Comprehensive Loss for the Year	(98,773,316)	(157,729,610)

The annexed notes from 1 to 41 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, 2024

Particulars	Issued, Subscribed and Paid up Capital	Reserve		Surplus on Revaluation of Property, Plant and Equipment	Total
		Share Premium Reserve	Accumulated Loss		
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2022	137,875,670	18,676,816	(90,448,757)	1,101,751,321	1,167,855,050
Net loss for the year	-	-	(157,918,432)	-	(157,918,432)
Other comprehensive income for the year	-	-	188,822	-	188,822
Total comprehensive income for the year	-	-	(157,729,610)	-	(157,729,610)
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current year - net of deferred tax	-	-	14,956,761	(14,956,761)	-
Balance as at June 30, 2023	137,875,670	18,676,816	(233,221,606)	1,086,794,560	1,010,125,440
Net loss for the year	-	-	(100,644,027)	-	(100,644,027)
Other comprehensive income for the year	-	-	1,870,711	-	1,870,711
Total comprehensive income for the year	-	-	(98,773,316)	-	(98,773,316)
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current year - net of deferred tax	-	-	13,461,086	(13,461,086)	-
Balance as at June 30, 2024	137,875,670	18,676,816	(318,533,836)	1,073,333,474	911,352,124

The annexed notes from 1 to 41 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, 2024

	Notes	2024 Rupees	2023 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before Levy / Taxation		(92,719,513)	(157,370,746)
Adjustments for:			
- Depreciation	14	37,576,657	41,497,877
- Post employment benefit obligations	8	12,049,886	9,765,814
- Discounting of long term loan	27	-	(8,172,670)
- Finance cost	25	12,262,287	12,371,386
		61,888,830	55,462,407
Operating loss before working capital changes		(30,830,683)	(101,908,339)
(Increase) / decrease in current assets:			
- Stores and spares	16	434,035	1,251,026
- Stock in trade	17	(5,776,154)	(12,516,904)
- Trade debts	18	(1,043,138)	247,968
- Advances and prepayments	19	(32,881,599)	(6,448,840)
Increase in current liabilities:			
- Trade and other payables	10	118,788,941	103,559,341
		79,522,085	86,092,591
Cash Generated from / (Used in) Operations		48,691,402	(15,815,748)
Income tax paid		(16,254,499)	(14,903,234)
Finance cost paid		(24,112)	(209,547)
Long term deposits paid	15	(4,197,060)	(30,000)
Post employment benefit obligations paid	8	(6,729,390)	(2,590,330)
Net Cash Generated from / (Used in) Operating Activities		21,486,341	(33,548,859)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	14	(4,072,000)	(650,000)
Net Cash Used in Investing Activities		(4,072,000)	(650,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing - paid to related parties	7	(12,250,000)	(8,250,020)
Short term borrowings - net	11	-	26,720,000
Net Cash (Used in) / Generated from Financing Activities		(12,250,000)	18,469,980
Net Increase / (Decrease) in Cash and Cash Equivalents		5,164,341	(15,728,879)
Cash and cash equivalents at the beginning of the year		19,183,505	34,912,384
Cash and Cash Equivalents at the End of the Year		24,347,846	19,183,505

The annexed notes from 1 to 41 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, 2023

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 :

Business unit	Geographical location
Head / Registered office	38 - Empress Road, Lahore.
Manufacturing unit	Rehman Shaheed Road, Gujrat.

1.3 The Company has accumulated loss of Rs. 318,533,836 (2023: Rs. 233,221,606) as at the reporting date and has incurred net loss for the period under audit of Rs. 100,644,027 (2023: Rs. 157,918,432). Furthermore, current liabilities of the Company exceed its current assets by Rs. 307,148,970 (2023: Rs. 225,209,542) as at the reporting date. These factors raise doubts about the Company being a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

However, any adjustments relating to recoverability of recorded assets and liabilities have not been incorporated in these financial statements as the sponsors have committed to provide continuous support as and when required. Subsequent to reporting date, the operating results of the Company have improved. Furthermore, cotton outlook is promising both in terms of quality and quantity which will help in stabilizing the local cotton yarn market. The Company is planning to install solar panels in forthcoming year which will reasonably reduce energy costs and improve the Company's operating results. Keeping in view all these factors, the going concern assumption is considered appropriate and, therefore, these financial statements have been prepared on going concern basis.

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 8	(stated at Present value)
Certain property, plant and equipment	Note 14	(stated at Revalued / Fair value)

2.3 Functional and presentation 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 2, Basis of Preparation - Continued...

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting and reporting 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 related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the year in which such revisions are made. Significant management estimates in these financial statements relate primarily to:

- Useful lives, residual values, depreciation method and fair value of property, plant and equipment – Note 3.5, 4.1 & 14
- Provision for obsolescence of inventories - Note 3.7, 3.8, 4.9, 16 & 17
- Impairment loss of non-financial assets other than inventories – Note 3.6
- Obligation of post employment benefits - Note 3.2 & 8
- Estimation of provisions - Note 3.1
- Estimation of contingent liabilities - Note 4.4 & 13
- Current income tax expense, provision for current tax and recognition of deferred tax - Note 3.4, 9 & 12

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

Note 2.5 Changes in Accounting Standards, Interpretations and Pronouncements

2.5.1 Standards, interpretations and amendments to approved accounting standards which became effective during the year

Certain standards, amendments and interpretations to IFRS are effective for the year ended June 30, 2024. 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;

Standard or Interpretation	Effective Date - Annual Periods Beginning on or After
IAS 1 'Presentation of Financial Statements' - Disclosure of accounting Policies (Amendments)	January 1, 2023
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 1, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 1, 2023
Amendments to 'IAS 12 Income taxes' - International Tax Reform - Pillar Two Model Rules	January 1, 2023
Initial Application of 'IFRS 17 Insurance Contracts and IFRS 9 - Comparative Information'	January 1, 2023

Note 2, Basis of Preparation - Continued...

During the year, the Institute of Chartered Accountants of Pakistan (ICAP) has withdrawn Technical Release 27 'IAS 12, Income Taxes (Revised 2012)' and issued the 'IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes' (the Guidance). Accordingly, in accordance with the Guidance, the Company has changed its accounting policy to recognise minimum and final taxes as 'Levy' under IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" which were previously being recognised as 'Income tax'.

The Company has accounted for the effects of these changes in accounting policy retrospectively under IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and the corresponding figures have been restated in these financial statements. The effects of restatements are as follows:

	Had there been no change in acounting policy	Impact of change in accounting policy	After incorporating effects of change in accounting policy
	Rupees	Rupees	Rupees
Effect on statement of profit or loss			
For the year ended June 30, 2024			
Minimum tax	-	16,766,470	16,766,470
Loss before tax	(92,719,513)	(16,766,470)	(109,485,983)
Taxation	(7,924,514)	16,766,470	8,841,956
	(100,644,027)	-	(100,644,027)
Loss after tax	(100,644,027)	-	(100,644,027)
For the year ended June 30, 2023			
Minimum tax	-	13,287,162	13,287,162
Loss before tax	(157,370,746)	(13,287,162)	(170,657,908)
Taxation	(547,686)	13,287,162	12,739,476
	(157,918,432)	-	(157,918,432)
Loss after tax	(157,918,432)	-	(157,918,432)

The related changes to the statement of cash flows with respect to the amount of loss before taxation have been made as well. There is no impact on loss after tax.

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

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments 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.

Standard or Interpretation	Effective Date - Annual Periods Beginning on or After
-IFRS 16 'Leases' - Lease Liability in a Sale and Leaseback [Amendments]	January 1, 2024
-IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants [Amendments]	January 1, 2024
-IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial instruments disclosures' Supplier Finance Arrangements [Amendments]	January 1, 2024
-IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current [Amendments]	January 1, 2024
-IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability [Amendments]	January 1, 2025
-IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' Classification and Measurement of Financial Instruments [Amendments]	January 1, 2026

Note 2, Basis of Preparation - Continued...

Standard or Interpretation	Effective Date - Annual Periods Beginning on or After
-Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

Other than the aforesaid amendments, IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 'First Time Adoption of International Financial Reporting Standards'
- IFRS 18 'Presentation and Disclosures in Financial Statements'
- IFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information
- IFRS S2 - Climate-Related Disclosures

Note 3
Material Accounting Policy Information

Material 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.

3.1 Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

3.2 Post employment benefits obligation

The Company operates a unfunded gratuity scheme covering all eligible employees. The unfunded gratuity scheme is a defined benefit plan. The cost of providing benefits under the defined benefit plan is determined using the "Projected Unit Credit Method" of actuarial valuation, which is carried out by an independent valuer. Under this plan, gratuity is paid to retiring employees on the basis of their last drawn gross salary for each completed year of service.

3.3 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.

3.4 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.

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.

3.5 Taxation - Levy, Income Tax and Deferred Tax

These are 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.

Note 3, 'Material Accounting Policy Information - Continued…

Levy

In accordance with the Income Tax Ordinance, 2001, computation of levy / taxes is not based on taxable income. Therefore, as per IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes issued by the Institute of Accountant of Pakistan, these fall within the scope of IFRIC 21 / IAS 37 and accordingly have been classified as levy in the financial statements.

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.

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

Current tax for current and prior periods, to the extent unpaid, is recognized as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognized as an asset.

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.

The Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary timing differences arising from the difference between the carrying amount of the assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss.

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, unused tax losses and tax credits can be utilized.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

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 utilised or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the financial reporting date.

Note 3, 'Material Accounting Policy Information - Continued...

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.6 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, is charged to statement of profit or loss on reducing balance method at the rates specified in note 14 of the 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 date assets are available for use to the date at 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.

Disposal

The gain or loss 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.

3.7 Impairment on non - financial assets

Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses on fixed assets that offset available revaluation surplus are charged against this surplus, all other impairment losses

Note 3, 'Material Accounting Policy Information - Continued...

are charged to profit or loss. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date. Where impairment loss is recognized, the depreciation / amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value, over its remaining useful life. Any reversal of impairment loss of a revalued asset shall be treated as a revaluation increase.

3.8 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.

3.9 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	-	Average 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.

3.10 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.

3.11 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.

3.12 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.

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.

Note 3, 'Material Accounting Policy Information - Continued…

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

The Company’s financial assets include cash and bank balances and trade debts

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.

Financial assets carried at fair value through profit or loss are subsequently measured at fair value prevailing at the reporting date. The difference arising is charged to the profit or loss.

Financial assets carried at fair value through other comprehensive income are subsequently measured at fair value prevailing at the reporting date. The difference arising is charged to the other comprehensive income.

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 account.

- 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

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.

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.

Note 3, 'Material Accounting Policy Information - Continued…

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.

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.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

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."

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.

Note 3, 'Material Accounting Policy Information - Continued...

3.13 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.

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.

3.14 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 4
Summary of Other Accounting Policies

4.1 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date in an orderly transaction between market participants in the principal, or in its absence, the most advantageous market to which the Company has access at that date. There are three levels which are as under:

Level 1

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.

Level 2

When there is no quoted price in an active market, the Company determines transaction price by applying valuation techniques. 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.

Level 3

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 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 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.

4.2 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.

4.3 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.

4.4 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.

Note 4, 'Material Accounting Policy Information - Continued…

4.5 Earnings per share

The Company presents basic and diluted earnings per share (EPS) 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.

4.6 Unclaimed dividend

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

4.7 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 5
Issued, Subscribed and Paid up Capital

2024	2023		2024	2023
Number of shares			Rupees	Rupees
12,222,988	12,222,988	Ordinary shares of Rs. 10 each	122,229,880	122,229,880
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
13,787,567	13,787,567		137,875,670	137,875,670

5.1 23,400 shares of Rs. 10 each have been issued to Pakistan Industrial Credit and Investment Corporation (PICIC) for consideration other than cash.

5.2 There are no agreements with shareholders for any specific voting rights, board selection, rights of first refusal and block voting etc.

5.3 All ordinary shares rank equally with regard to residual assets of the Company. Ordinary shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Company. Voting and other rights are in proportion to the shareholding.

5.4 There is no movement in the shares of the Company during the year ended June 30, 2024.

Note 6
Surplus on Revaluation of Property, Plant and Equipment

	2024	2023
	Rupees	Rupees
Land - freehold	952,183,702	952,183,702
Factory buildings on freehold land	57,949,033	64,387,814
Plant and machinery	66,663,219	74,070,243
Electric fittings, equipment and appliances	9,998,606	11,109,562
	1,086,794,560	1,101,751,321
Incremental depreciation charged on revalued property, plant and equipment in current year transferred to retained earnings - net of deferred tax	(13,461,086)	(14,956,761)
	1,073,333,474	1,086,794,560

6.1 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 that resulted in additional revaluation surplus of Rs. 641.915 million. Following basis were used for revaluation:

- Freehold land	Market value
- Factory building on freehold Land	Depreciated replacement cost
- Plant and machinery	Depreciated replacement cost
- Electric fittings, equipment and appliances	Depreciated replacement cost

6.2 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.

6.3 Incremental depreciation charged on revalued property, plant and equipment has been transferred to retained earnings to record realization of surplus to the extent of incremental depreciation. Incremental depreciation represents 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.

Note 7
Long Term Financing

	Note	2024	2023
		Rupees	Rupees
Related parties - Unsecured			
Loan from directors - Undiscounted amount	7.1	42,044,671	58,066,037
Effect of discounting	7.2	-	(8,172,670)
Fair value of subsidized loan		42,044,671	49,893,367
Unwinding of discount		1,168,482	401,324
Repayment		(12,250,000)	(8,250,020)
		30,963,153	42,044,671
Less: Current portion	7	(11,750,000)	(15,749,980)
		19,213,153	26,294,691

7.1 This represents loan obtained from directors from time to time, to meet the liquidity requirements of the Company. The loan is repayable in equal monthly installments of Rs. 1 million each. This loan is unsecured and carries markup @ 10% per annum (2023: 10% per annum). This subsidized loan has been recognised at fair value being the present value of the future outflows as per the agreed loan repayment schedule. During the year, the unwinding of discount of Rs. 1,168,482 (2023: Rs. 401,324) has been recognised as part of finance cost in the statement of profit or loss.

Note 8
Post Employment Benefit Obligations

	2024 Rupees	2023 Rupees
Post employment benefit obligations	24,354,001	21,668,309

8.1 As stated in note 3.2, the Company operates an approved unfunded gratuity scheme for its permanent employees. Actuarial valuation of the scheme is carried out annually by an independent actuary and the latest actuarial valuation was carried out at June 30, 2024.

Risks on account of defined benefit plans

The Compay faces the following risks on account of defined benefit plans:

Final salary risk - The risk that the final salary at the time of cessation of service is greater than what the Company has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Discount rate fluctuation - The plan liabilities are calculated using a discount rate set with reference to government bond yields. The term of assumed yield of the government bonds is consistent with estimated term of the post-employment benefit obligations.

8.2 On the basis of the information included in the latest actuarial report, the actuarial valuation of the scheme has resulted in post employment benefit obligations in current year as presented in the following notes:

8.3 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 for year end obligation	14.75%	16.25%
Discount rate for interest cost in Profit or Loss	16.25%	13.25%
Expected rate of increase in salary level - per annum	15.25%	15.25%
Average duration of the defined benefit obligation	2 Years	2 Years
Expected mortality rate for active employees	SLIC (2001-2005) Mortality Table	
Actuarial valuation method	Projected Unit Credit Method	

	Note	2024 Rupees	2023 Rupees
8.4 Balance sheet reconciliation			
Present value of the defined benefit obligation	8.5	24,354,001	21,668,309

	Note	Rupees	Rupees
8.5 Changes in net liability for defined benefit obligations			
Opening balance		21,668,309	14,758,772
Charge for the year	8.8	12,049,886	9,765,814
Remeasurements chargeable in other comprehensive income		(2,634,804)	(265,947)
Benefits paid		(6,729,390)	(2,590,330)
		24,354,001	21,668,309

Note 8, Post Employment Benefit Obligations

		Note	2024 Rupees	2023 Rupees
8.6	Movement in present value of defined benefit obligations			
	Opening balance - net defined benefit obligations		21,668,309	14,758,772
	Current service cost for the year	8.8	6,307,781	6,242,755
	Past service cost		2,767,768	1,739,131
	Interest cost for the year		2,974,337	1,783,928
	Remeasurement adjustments	8.7	(2,634,804)	(265,947)
	Benefits paid during the year		(6,729,390)	(2,590,330)
	Closing balance - net defined benefit obligations		24,354,001	21,668,309
8.7	Remeasurements chargeable in other comprehensive income			
	Actuarial (gains) / losses from the changes in financial assumptions		(150,813)	274,047
	Experience adjustments		(2,483,991)	(539,994)
			(2,634,804)	(265,947)
8.8	Charge for the year			
	Current service cost		6,307,781	6,242,755
	Past service cost		2,767,768	1,739,131
	Interest cost		2,974,337	1,783,928
			12,049,886	9,765,814
8.9	The charge for the year has been allocated as follows:			
	Cost of sales	22	10,362,902	8,398,600
	Distribution cost	23	240,997	195,316
	Administrative expenses	24	1,445,987	1,171,898
			12,049,886	9,765,814

8.10 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 defined benefit obligations as stated below:

		2024 Rupees	2023 Rupees
	Discount rate + 100 bps	23,888,863	21,279,494
	Discount rate - 100 bps	24,841,411	22,075,383
	Salary increase + 100 bps	24,939,679	22,164,014
	Salary increase - 100 bps	23,785,624	21,186,893
8.11	Maturity profile		
	1 year	10,422,564	10,248,500
	2 year	8,743,442	8,197,782
	3 year	6,662,978	6,945,999
	4 year	5,199,029	5,532,974
	5 year	4,860,688	4,345,044
	6 year	4,455,512	4,039,466
	7 year	3,836,582	3,700,946
	8 year	2,805,889	3,160,707
	9 year	1,685,751	2,405,038
	10 year	1,036,001	1,462,682
	onwards	3,836,864	4,862,021

		2025 Rupees
8.12	Estimated charge for the next year:	
	Current service cost	5,228,434
	Interest cost	2,823,551
		8,051,985

Note 8, Post Employment Benefit Obligations

8.13 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:

	2024	2023	2022	2021	2020
	Rupees	Rupees	Rupees	Rupees	Rupees
Fair value of plan asset	-	-	-	-	-
Present value of defined benefit obligations	24,354,001	21,668,309	14,758,772	11,956,214	8,924,032
Net liability for defined benefit obligations	24,354,001	21,668,309	14,758,772	11,956,214	8,924,032

Note 9

Deferred Tax Liability

	Note	2024	2023
		Rupees	Rupees
Deferred tax liability	9.1	45,915,029	53,992,892

9.1 Breakup of Deferred tax liability

	2024	2023
Taxable temporary differences		
Accelerated tax depreciation on property, plant and equipment	13,823,709	13,337,295
Surplus on revaluation of property, plant and equipment	51,266,662	56,962,958
	65,090,371	70,300,253
Deductible temporary differences		
Provision for workers' (profit) participation fund	(11,707,596)	(9,618,465)
Provision for workers' welfare fund	(405,086)	(405,086)
Post employment benefit obligations	(7,062,660)	(6,283,810)
	(19,175,342)	(16,307,361)
	45,915,029	53,992,892

9.2 Reconciliation of deferred tax liability - net

	2024	2023
Opening balance	53,992,892	66,655,243
Charged to the profit or loss	(8,841,956)	(12,739,476)
Charged to other comprehensive income	764,093	77,125
Closing balance	45,915,029	53,992,892

9.3 Deferred tax assets and liabilities on temporary differences are measured at tax rate of 29% (2023: 29%).

9.4 Analysis of deferred tax

	Statement of Financial Position		Statement of Profit or Loss	
	2024	2023	2024	2023
	Rupees	Rupees	Rupees	Rupees
Deferred tax Liability / (Asset)				
Accelerated tax depreciation on property, plant and equipment	13,823,709	13,337,295	486,414	(2,344,604)
Surplus on revaluation of property, plant and equipment	51,266,662	56,962,958	(5,696,296)	(6,329,218)
Provision for Workers' profit participation fund	(11,707,596)	(9,618,465)	(2,089,131)	(1,984,763)
Provision for Workers' welfare fund	(405,086)	(405,086)	-	-
Post employment benefit obligations	(7,062,660)	(6,283,810)	(1,542,943)	(2,080,891)
	45,915,029	53,992,892	(8,841,956)	(12,739,476)

9.5 Being prudent the Company has decided not to recognize deferred tax asset amounting to Rs. 19.97 million (2023: Rs. 38.83 million) on unused tax losses of Rs. 68.85 million (2023: Rs. 133.91 million).

Note 10
Trade and Other Payables

	Note	2024 Rupees	2023 Rupees
Trade creditors	10.1	147,843,238	90,529,435
Accrued liabilities		75,385,925	70,367,095
Contract liabilities		131,535,132	69,441,675
Workers' (profit) participation fund	10.2	40,371,020	33,167,121
Workers' welfare fund	10.3	1,396,849	1,396,849
Income tax withheld		5,538,977	4,175,771
Sales tax payable		2,065,858	9,066,213
		404,136,999	278,144,159

10.1 This does not include any amount payable to any related party of the Company.

10.2 Workers' (profit) participation fund

	2024 Rupees	2023 Rupees
Opening balance	33,167,121	26,323,112
Interest on workers' profit participation fund	7,203,899	6,844,009
	40,371,020	33,167,121
Closing balance	40,371,020	33,167,121

Note 11
Short Term Borrowings

	Note	2024 Rupees	2023 Rupees
Related parties - unsecured - considered good	11.1	26,720,000	26,720,000

11.1 This represents unsecured, interest free loan given by the directors and related parties to meet the liquidity requirements of the Company. Thses loans are repayable on demand.

Note 12
Provision for Taxation

	2024	2023
	Rupees	Rupees
Opening balance	13,145,037	16,629,942
Provision for current year	16,766,470	13,145,037
Prior year adjustment	-	142,125
	29,911,507	29,917,104
Payments / adjustments made during the year	(13,145,037)	(16,772,067)
	16,766,470	13,145,037

12.1 Income tax assessments are deemed finalized up to the Tax Year 2023 as returns were filed under self assessment scheme.

12.2 The provision for current year tax represents minimum tax on revenue @ 1.25% (2023: minimum tax on revenue @ 1.25%).

12.3 In determining the income tax liabilities, management is required to estimate the deductibility of certain expenses. Though, the Company has significant open tax assessments at the reporting date, management believes that the tax positions are sustainable and provision for current tax for the year is sufficient.

	2023	2022	2021
	Rupees	Rupees	Rupees
Provision as per financial statements	13,145,037	16,629,942	26,424,478
Assessed amount of tax liability	13,145,037	16,487,817	33,352,861
Difference between provision and assessed amount	-	142,125	(6,928,383)

Note 13
Contingencies and Commitments

13.1 Contingencies

The income tax department has raised demand of Rs. 15,039,454 in respect of tax year 2023 through an order passed under section 205 / 147 of the Income Tax Ordinance, 2001. The Company has filed appeal against the demand before Comissioner Inland Revenue (CIR). The matter is still pending before CIR. 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 (2023: Nil).

Note 14
Property, Plant and Equipment

Year Ended June 30, 2024

Particulars	Cost / Revalued Amount						Depreciation						Written Down Value as at June 30, 2024
	As at July 01, 2023	Additions	Disposals	Revaluation adjustment	Revaluation Surplus	Total as at June 30, 2024	Rate	As at July 01, 2023	For the year	Disposals	Revaluation adjustment	Total as at June 30, 2024	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Land - freehold	952,200,000	-	-	-	-	952,200,000		-	-	-	-	-	952,200,000
Factory building on freehold land	95,369,400	-	-	-	-	95,369,400	10	9,536,940	8,583,246	-	-	18,120,186	77,249,214
Plant and machinery	259,650,000	4,072,000	-	-	-	263,722,000	10	25,935,000	23,707,733	-	-	49,642,733	214,079,267
Power plant	24,222,841	-	-	-	-	24,222,841	12.5	9,985,482	1,779,670	-	-	11,765,152	12,457,689
Solar panel	16,244,921	-	-	-	-	16,244,921	10	3,097,238	1,314,768	-	-	4,412,006	11,832,915
Electric fittings, equipment and appliances	17,500,000	-	-	-	-	17,500,000	10	1,750,000	1,575,000	-	-	3,325,000	14,175,000
Furniture and fixtures	7,582,842	-	-	-	-	7,582,842	10	7,310,966	27,188	-	-	7,338,154	244,688
Vehicles	9,118,158	-	-	-	-	9,118,158	20	7,051,851	413,260	-	-	7,465,111	1,653,047
Leasehold improvement	1,904,874	-	-	-	-	1,904,874	25	1,201,708	175,792	-	-	1,377,500	527,374
Library books	11,856	-	-	-	-	11,856	10	11,856	-	-	-	11,856	-
Balance as at June 30, 2024	1,383,804,892	4,072,000	-	-	-	1,387,876,892		65,881,041	37,576,657	-	-	103,457,698	1,284,419,194

Year Ended June 30, 2023

Particulars	Cost / Revalued Amount						Depreciation						Written Down Value as at June 30, 2023
	As at July 01, 2022	Additions	Disposals	Revaluation adjustment	Revaluation Surplus	Total as at June 30, 2023	Rate	As at July 01, 2022	For the year	(Disposals)	Revaluation adjustment	Total as at June 30, 2023	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Land - freehold	952,200,000	-	-	-	-	952,200,000		-	-	-	-	-	952,200,000
Factory building on freehold land	95,369,400	-	-	-	-	95,369,400	10	-	9,536,940	-	-	9,536,940	85,832,460
Plant and machinery	259,000,000	650,000	-	-	-	259,650,000	10	-	25,935,000	-	-	25,935,000	233,715,000
Power plant	24,222,841	-	-	-	-	24,222,841	12.5	7,951,574	2,033,908	-	-	9,985,482	14,237,359
Solar panel	16,244,921	-	-	-	-	16,244,921	10	1,636,384	1,460,854	-	-	3,097,238	13,147,683
Electric fittings, equipment and appliances	17,500,000	-	-	-	-	17,500,000	10	-	1,750,000	-	-	1,750,000	15,750,000
Furniture and fixtures	7,582,842	-	-	-	-	7,582,842	10	7,280,757	30,209	-	-	7,310,966	271,876
Vehicles	9,118,158	-	-	-	-	9,118,158	20	6,535,274	516,577	-	-	7,051,851	2,066,307
Leasehold improvement	1,904,874	-	-	-	-	1,904,874	25	967,319	234,389	-	-	1,201,708	703,166
Library books	11,856	-	-	-	-	11,856	10	11,856	-	-	-	11,856	-
Balance as at June 30, 2023	1,383,154,892	650,000	-	-	-	1,383,804,892		24,383,164	41,497,877	-	-	65,881,041	1,317,923,851

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

14.1 Cost, accumulated depreciation and book value of revalued assets

Latest revaluation of property, plant and equipment was carried out by an independent valuer (refer to note 6) 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, 2024	
	Net book value	Forced sales value
	Rupees	Rupees
Land	16,298	761,760,000
Factory building	3,124,642	61,799,371
Plant and machinery	128,462,687	171,263,414
Electric fittings, equipment and appliances	1,499,718	11,340,000
	133,103,345	1,006,162,785

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

	Note	2024 Rupees	2023 Rupees
Cost of sales	22	36,825,124	40,747,002
Administrative expenses	24	751,533	750,875
		37,576,657	41,497,877

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 Particulares of property / asset not held in the name of the Company/not in the possession and control of the Company

All assets are held in the name of the Company/ in the possession and control of the Company.

14.5 The details of property, plant and equipment disposed off during the year having individual book value exceeding Rs. 500,000 or more:

No disposals were made during the year.

14.6 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, 2023 is 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	

14.7 There are no Level 1 and Level 3 assets or any transfers between Level 1, 2 and 3 during the year.

14.8 Property, plant and equipment contains fully depreciated assets, having cost of Nil (2023: Rs. 11,856) that are in use as at the reporting date.

Note 15
Long Term Deposits

	2024 Rupees	2023 Rupees
Sui Northern Gas Pipelines Limited - SNGPL	17,604,083	13,407,023
Water and Power Development Authority - WAPDA	5,960,000	5,960,000
	23,564,083	19,337,023

Note 16
Stores and Spares

	2024 Rupees	2023 Rupees
Stores and spares	2,402,130	3,155,318
Packing materials	1,166,988	847,835
	3,569,118	4,003,153

Note 17
Stock in Trade

	2024 Rupees	2023 Rupees
Raw materials	40,401,251	35,365,146
Work in process	19,769,551	19,902,329
Finished goods	3,470,339	2,671,294
Waste	1,926,197	1,852,415
	65,567,338	59,791,184

Note 18
Trade Debts

	Note	2024 Rupees	2023 Rupees
Local debts (Unsecured - considered good)	18.1	3,239,253	2,196,115

18.1 Trade debts do not include any amount receivable from related parties of the Company (2023: Rs. Nill).

Note 19
Advances and Prepayments

	2024 Rupees	2023 Rupees
Advances to employees (Unsecured - considered good)	1,586,757	1,336,757
Advance to suppliers	39,963,052	7,269,249
Advance income tax	23,183,889	20,074,427
Prepayments	466,162	528,366
	65,199,860	29,208,799

Maximum aggregate balance outstanding at any time during the year calculated by reference to month end balances amounted to Rs. 791,000 (2023: Rs. 941,262).

Note 20

Cash and Bank Balances

	2024 Rupees	2023 Rupees
Cash in hand	412,619	1,746,692
Cash at banks in current accounts	23,935,227	17,436,813
	24,347,846	19,183,505

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

	2024 Rupees	2023 Rupees
Local:		
- Yarn	1,593,555,783	1,237,001,664
- Wastes	17,351,341	12,773,321
	1,610,907,124	1,249,774,985
Less: Sales tax	(269,589,526)	(198,172,011)
	1,341,317,598	1,051,602,974

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

Note 22

Cost of Sales

	Note	2024 Rupees	2023 Rupees
Raw materials consumed	22.1	776,016,330	746,297,886
Stores and spares consumed		9,790,725	8,167,953
Packing materials consumed		10,797,063	10,083,654
Fuel and power		421,902,381	256,007,564
Salaries, wages and other benefits	22.2	115,011,201	96,792,410
Insurance		1,867,071	2,016,116
Repairs and maintenance		5,086,623	3,061,637
Depreciation	14.2	36,825,124	40,747,002
		1,377,296,518	1,163,174,222
Work in process:			
- Opening stock		19,902,329	15,988,206
- Closing stock		(19,769,551)	(19,902,329)
		132,778	(3,914,123)
		1,377,429,296	1,159,260,099
Finished goods including waste:			
- Opening stock		4,523,709	6,708,628
- Closing stock		(5,396,536)	(4,523,709)
		(872,827)	2,184,919
		1,376,556,469	1,161,445,018

22.1 Raw materials consumed

	Note	2024 Rupees	2023 Rupees
Opening balance		35,365,146	24,577,446
Purchases		781,052,435	757,085,586
		816,417,581	781,663,032
Less: Closing balance	17	(40,401,251)	(35,365,146)
Raw materials consumed		776,016,330	746,297,886

22.2 This includes Rs. 10.363 million (2023: Rs. 8.399 million) in respect of post employment benefit obligations.

Note 23
Distribution Cost

	Note	2024 Rupees	2023 Rupees
Salaries and benefits	23.1	1,296,999	1,251,316
Commission		7,772,762	6,134,518
		9,069,761	7,385,834

23.1 This includes Rs. 0.241 million (2023: Rs. 0.195 million) in respect of post employment benefit obligations.

Note 24
Administrative Expenses

	Note	2024 Rupees	2023 Rupees
Salaries, wages and other benefits	24.1	23,486,177	23,123,154
Utilities		1,826,035	1,435,641
Printing and stationery		688,575	616,371
Communication		655,964	653,770
Travelling and conveyance		892,026	1,578,891
Repairs and maintenance		262,080	692,755
Rent, rates and taxes		782,120	912,249
Vehicle running and maintenance		944,239	469,885
Fees and subscription		855,604	619,262
Legal and professional charges		1,772,858	1,678,344
Entertainment		1,461,396	1,087,261
Advertisement		116,122	100,000
Newspapers and periodicals		64,695	62,860
Donations and employees welfare	24.2	8,000	1,243,600
Gardening expenses		68,285	46,920
Miscellaneous		64,481	105,990
Depreciation	14.2	751,533	750,875
		34,700,190	35,177,828

24.1 This includes Rs. 1.446 million (2023: Rs. 1.172 million) in respect of post employment benefit obligations.

24.2 This includes the amount of Nil (2023: Rs. 120,000) paid to M/s Gujranwala Welfare Clinic, which is related party due to common directorship. Mr. Aamer Hameed (Director) and Mr. Mohammad Hameed (CEO) are the trustees of Gujranwala Welfare Clinic.

Note 25
Finance Cost

	Note	2024 Rupees	2023 Rupees
Markup on financing		4,978,026	5,317,830
Interest on workers' profit participation fund	10.2	7,203,899	6,844,009
Bank charges		80,362	209,547
		12,262,287	12,371,386

Note 26
Other Operating Expenses

	2024 Rupees	2023 Rupees
Proviosion for doubtful debts	579,670	-
Auditors' remuneration:	1,000,000	852,500
	1,579,670	852,500

Note 27
Other Income

	Note	2024 Rupees	2023 Rupees
Scrap sales		131,266	86,176
Discounting of long term loan	7.1	-	8,172,670
		131,266	8,258,846

Note 28
Levy

	Note	2024 Rupees	2023 Rupees
Minimum tax	28.1	16,766,470	13,145,037
Prior year adjustments		-	142,125
		16,766,470	13,287,162

28.1 This represents portion of minimum tax paid under section 113 of Income tax Ordinance, 2001 ("the Ordinance"), representing levy in terms of requirements of IFRIC 21/IAS 37.

Note 29
Taxation

	2024 Rupees	2023 Rupees
Current:		
Charge for the year	-	-
	-	-
Deferred tax	(8,841,956)	(12,739,476)
	(8,841,956)	(12,739,476)

29.1 Reconciliation of levy and income tax under IAS-12:

	2024	2023
Current tax liability as per applicable tax laws	16,766,470	13,287,162
Portion of current tax liability representing income tax as per IAS-12	-	-
Portion of current tax liability representing levy as per IFRIC-21 / IAS-37	(16,766,470)	(13,287,162)
Difference	-	-

Note 30
Loss per Share

		2024	2023
Net loss for the year attributable to ordinary shareholders	Rupees	(100,644,027)	(157,918,432)
Weighted average number of ordinary shares	Number	13,787,567	13,787,567
Loss per share - Basic and diluted	Rupees	(7.30)	(11.45)

30.1 Diluted earnings per share

There is no dilution effect on the earnings per share of the Company as the Company does not have any convertible instruments in issue as at the reporting date (2023: Nil) that would have any effect on the earnings per share if the option to convert is exercised.

Note 31
Liabilities arising from Financing Activities

	As at June 30, 2023	Non-cash changes	Cash flows (Net)	As at June 30, 2024
	-------------------------------	Rupees	--------------------------------	
Unclaimed dividends	232,987	-	-	232,987
Unpaid dividends	683,629	-	-	683,629
Short term borrowings	26,720,000	-	-	26,720,000
Long term financing	42,044,671	1,168,482	(12,250,000)	30,963,153
	69,448,300	1,168,482	(12,250,000)	58,366,782

	As at June 30, 2022	Non-cash changes	Cash flows (Net)	As at June 30, 2023
	-------------------------------	Rupees	--------------------------------	
Unclaimed dividends	232,987	-	-	232,987
Unpaid dividends	683,629	-	-	683,629
Short term borrowings	-	-	26,720,000	26,720,000
Long term financing	58,066,037	(7,771,346)	(8,250,020)	42,044,671
	58,749,666	(7,771,346)	18,469,980	69,448,300

Note 32
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
	2024 Rupees				2023 Rupees			
Managerial remuneration	4,800,000	4,200,000	10,239,000	19,239,000	4,800,000	4,200,000	9,519,000	18,519,000
Medical allowance / reimbursement	88,180	281,035	-	369,215	52,733	150,017	-	202,750
	4,888,180	4,481,035	10,239,000	19,608,215	4,852,733	4,350,017	9,519,000	18,721,750
Number of persons	1	1	4		1	1	4	

32.1 Apart from the above, the chief executive officer and executives are provided with Company maintained cars.

32.2 No meeting fee has been paid to any director of the Company.

32.3 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 33
Transactions with Related Parties

Related parties comprise directors and associates 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

Related party	Relationship	Nature of transaction	2024 Rupees	2023 Rupees
Directors and close relatives thereof	Associated persons	Long term financing Obtained	-	-
		Long term financing repaid	(12,250,000)	(8,250,020)
		Markup charged on long term financing	4,978,026	5,317,830
		Markup on long term financing repaid / adjusted	(24,112)	(209,547)
		Short term borrowings obtained	-	26,720,000
M/S Gujranwala Welfare Clinic	Common Directorship	Donation paid during the year	-	120,000

Balance outstanding as at June 30,

		2024 Rupees	2023 Rupees
Payable to directors and close relatives thereof	Long term financing	30,963,153	42,044,671
	Accrued markup on long term financing	8,782,300	4,916,506
	Short Term Borrowing	26,720,000	26,720,000

Note 33, Transactions with Related Parties - Contd...

33.1 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. Mohammad Hameed	CEO	17.49
2	Mr. Aamer Hameed	Executive Director	16.65
3	Ms. Uzma Hameed	Related party close relationship of Director	13.52
4	Ms. Saima Hameed	Related party close relationship of Director	9.08
5	Ms. Rubina Ijaz	Related party- Spouse of Mr. Ijaz Hameed	2.86

Note 34
Plant Capacity and Production

	2024	2023
	KGs	KGs
100% plant capacity converted into 20/S (2023: 20/S) count based on three shifts per day for 1080 shifts (2023: 1080 shifts)	7,036,705	7,036,705
Actual production for the year converted into 20/S (2023: 20/S)	4,666,131	4,933,105

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.

Note 35
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.

35.1 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 (2023 : Rs. Nil).

Note 35, Financial Risk Management - Contd…

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:

	2024	2023
Fixed rate instruments	-------------- Rupees --------------	
Long term financing	30,963,153	42,044,671

Cash flow sensitivity analysis for variable rate instruments

As at June 30, 2024, 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. Nil. (2023: Nil), mainly as the Company has no variable rate borrowings as at the reporting date.

Cash flow sensitivity analysis for fixed rate instruments

The profit before taxation for the year would have no fluctuation due to change in rate at reporting date.

Price risk

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.

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 the reporting date, the maximum exposure to credit risk is equal to the carrying amount of the financial assets as detailed below:

	Note	2024	2023
		-------------- Rupees --------------	
Long term deposits	15	23,564,083	19,367,023
Trade debts	18	3,239,253	2,196,115
Cash and bank balances	20	23,935,227	17,436,813

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

	2024	2023
	------------- Rupees -------------	
Past due 1 - 30 days	3,239,253	2,196,115
Past due 31 - 60 days	-	-
Past due 61 - 120 days	-	-
More than 120 days	-	-
	4,933,105	2,196,115

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:

	Rating		Rating	2024	2023
	Short term	Long term	Agency		
				Rupees	Rupees
National Bank of Pakistan	A-1+	AAA	PACRA	2,488	2,488
MCB Bank Limited	A-1+	AAA	PACRA	2,589,358	111,866
Bank Alfalah Limited	A-1+	AAA	PACRA	3,090,209	2,844,904
JS Bank Limited	A-1+	AA	PACRA	940	890
Meezan Bank Limited	A-1+	AAA	VIS	16,969,759	13,256,076
Faysal Bank Limited	A-1+	AA	VIS	1,277,083	1,165,417
Askari Bank Limited	A-1+	AA+	PACRA	1,150	51,050
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA	4,240	4,122
				23,935,227	17,436,813

35.3 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:

Note 35, Financial Risk Management - Contd...

Contractual maturities of financial liabilities as at June 30, 2024:

Description	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Years	2-5 Years	5 - 10 years
	....	....	Rupees in '000'	....	....	
Long term financing	30,963	39,745	12,000	12,000	10,066	
Short term borrowings	26,720	26,720	26,720	-	-	-
Trade and other payables	223,229	223,229	223,229	-	-	-
Accrued markup	8,782	8,782	8,782	-	-	-
	289,694	298,476	270,731	12,000	10,066	-

Contractual maturities of financial liabilities as at June 30, 2023:

Description	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Years	2-5 Years	5 - 10 years
	....	....	Rupees in '000'	....	....	
Long term financing	42,045	46,962	12,000	12,000	22,066	
Short term borrowings	26,720	26,720	26,720			
Trade and other payables	160,897	160,897	160,897	-	-	-
Accrued markup	4,917	4,917	4,917			
	234,579	239,496	204,534	12,000	22,066	-

35.4 Financial instruments by categories

Financial assets as at amortized cost	2024	2023
	Rupees	Rupees
Trade debts	3,239,253	2,196,115
Cash and bank balances	23,935,227	19,183,505
	27,174,480	21,379,620
Financial liabilities at amortized cost		
Long term financing	30,963,153	42,044,671
Short term borrowings	26,720,000	26,720,000
Trade and other payables	223,229,163	160,896,530
Accrued markup	8,782,300	4,916,506
	289,694,616	234,577,707

35.5 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 36
Shariah Screening Disclosures by Company Listed on Islamic Index

	2024 Rupees	2023 Rupees
Loans / advances obtained as per Islamic mode	-	-
Shariah compliant bank deposits / bank balances	18,246,842	14,421,493
Profit earned from shariah compliant bank deposits / bank balances	-	-
Revenue earned from a shariah compliant business segment	-	-
Gain / loss or dividend earned from shariah compliant investments	-	-
Shariah compliant exchange gain earned	-	-
Mark up paid on Islamic mode of financing	-	-
Profits earned on any conventional loan or advance	-	-
Interest paid on any conventional loan or advance	-	-
Relationship with shariah compliant financial institute:		
- Long Term Financing - Diminishing musharakah financing arrangement	-	-
- Cash and Bank Balances - deposits with banks	-	-

Note 37
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:

a) 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

b) 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:

	2024 Rupees	2023 Rupees
Total borrowings	57,683,153	68,764,671
Cash and bank balances	(24,347,846)	(19,183,505)
Net debt	33,335,307	49,581,166
Equity	911,352,124	1,010,125,440
Total capital employed	944,687,431	1,059,706,606
Gearing ratio	3.53%	4.68%

Note 38
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 management of the Company's entire business which is considered 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. The Company has only one reportable segment.

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

- Information about major customers
- One customer of the Company accounts for 22% (2023: 21%) of total sales for the year. Revenue from such customer is Rs. 359,325,866 (2023: Rs. 260,261,440).
- 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 52/single, 40/single and 32/single.

Note 39
Number of Employees

	2024 Number	2023 Number
Total number of employees as at June 30,		
- Permanent	265	224
- Contractual	5	5
Average number of employees during the year		
- Permanent	245	244
- Contractual	5	5

Note 40
Date of Authorization for Issue

These financial statements were approved and authorized for issuance by the Board of Directors of the Company on 4th October 2024.

Note 41
General

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

Nature	From	To	2023 Rupees
Re-arrangement	Legal and professional charges (Note 24)	Fees and subscription (Note 24)	500,000

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 20

1.1 Name of the Company: Service Industries Textiles Limited

2.1. Pattern of holding of the shares held by the shareholders as at 30-06-2024

2.2 No. of Shareholders	------Shareholdings------ From	To	Total Shares Held
571	1	100	13,873
434	101	500	102,446
109	501	1,000	88,193
108	1,001	5,000	258,140
27	5,001	10,000	200,244
6	10,001	15,000	68,651
2	15,001	20,000	38,300
7	20,001	25,000	155,021
2	25,001	30,000	60,000
1	30,001	35,000	34,500
4	35,001	40,000	154,720
8	45,001	50,000	390,980
3	50,001	55,000	155,360
1	60,001	65,000	65,000
1	65,001	70,000	66,500
1	75,001	80,000	76,315
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	244,683
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	425,001	430,000	429,890
1	430,001	435,000	431,703
1	855,001	860,000	859,780
1	1,150,001	1,155,000	1,155,000
2	1,860,001	1,865,000	3,727,272
1	3,180,001	3,185,000	3,181,449
1,307			13,787,567

2.3 Categories of Shareholders	Shares Held	Percentage
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children	7,995,695	57.9921%
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	7,000	0.0508%
2.3.7 Shareholders holding 10% or more	7,592,832	55.0701%
2.3.8 General Public		
a. Local	5,018,734	36.4004%
b. Foreign	0	0.0000%
2.3.9 Others (to be specified)		
- Joint Stock Companies	108,934	0.7901%
- Others	6,776	0.0491%

Service Industries Textiles Limited
Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2024

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	MRS. SADIA HAMID	500	0.0036%
3	MR. MOHAMMAD HAMEED	3,271,162	23.7254%
4	MR. TARIQ HAMEED	949,493	6.8866%
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. 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:	381,074	2.7639%
	Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)		
1	MR. MOHAMMAD HAMEED (CDC)	3,271,162	23.7254%
2	MR. AAMER HAMEED (CDC)	2,295,339	16.6479%
3	MST. UZMA HAMEED (CDC)	2,026,331	14.6968%
4	MRS. SAIMA HAMEED W/O AAMER HAMEED (CDC)	1,252,500	9.0843%
5	MR. TARIQ HAMEED (CDC)	949,493	6.8866%

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
1	MR. MOHAMMAD HAMEED (CDC)	1,289,670 (Giftted)	2,149,452 (Transmitted)
2	MR. TARIQ HAMEED (CDC)	- -	859,780 (Giftted)

SERVICE INDUSTRIES TEXTILES LIMITED

FORM OF PROXY

Please quote 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 Monday October 28, 2024 at 09:30 a.m at the Registered Office, 38-Empress Road, Lahore, and at any adjournment thereof.

Signature
on
Five Ruppees
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 (مختارنامہ)

رجسٹرفولیونمبر

سیکرٹری

سروسر انڈسٹریز ٹیکسٹائلز لمیٹڈ

38۔ایمپرس روڈ، لاہور

میں/ہم ________________

ساکن

بحیثیت رکن حامل ________________ عام حصص بمطابق شیئر رجسٹرفولیونمبر ________________

(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر ________________ پارٹیسپنٹ (شرکت) آئی ڈی نمبر ________________)

بذریعہ ہذا

محترم/محترمہ ________________ ساکن ________________

جو کمپنی کا ممبر ہے بمطابق شیئر رجسٹرفولیو نمبر ________________

(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر ________________ پارٹیسپنٹ (شرکت) آئی ڈی نمبر ________________)

یا اسکی غیر موجودگی میں محترم/محترمہ ________________ ساکن ________________

جو کمپنی کا ممبر ہے بمطابق شیئر رجسٹرفولیونمبر ________________

(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر ________________ پارٹیسپنٹ (شرکت) آئی ڈی نمبر ________________) کو

مورخہ 28 اکتوبر 2024ء کو منعقد ہونے والے کمپنی کے 63 ویں سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا/ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں/کرتے ہیں۔

5 روپے کا رسیدی ٹکٹ
چسپاں کریں

دستخط ________ آج بروز ________ بتاریخ ________ ء

دستخط کمپنی کے ہاں رجسٹرڈ نمونہ دستخطوں کے
مطابق ہونے چاہئیں

نوٹ:

1۔ اگر ایک ممبر اجلاس میں شرکت کے قابل نہیں ہے تو وہ اس فارم پر دستخط کرے اور سیکرٹری کو اس طور ارسل 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 بمعہ اپنے بینکرز سے اسکی مصدقہ کاپی، اکاؤنٹ نمبر اور پارٹیسپنٹ آئی ڈی نمبر ہمراہ لائیں۔

4۔ کارپوریٹ اینٹٹی کی صورت میں، بورڈ آف ڈائریکٹر کی قرارداد/مختار نامہ کی مصدقہ کاپی معہ نمونہ دستخط (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختارنامہ) کے ہمراہ کمپنی میں جمع کرانا ہوگا۔

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