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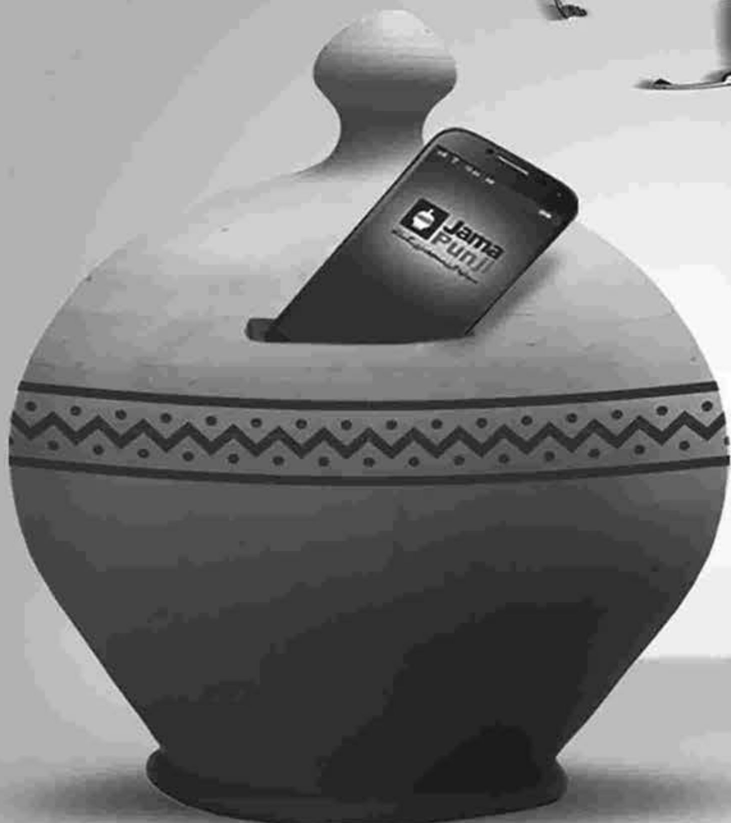

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COMPANY INFORMATION

BOARD OF DIRECTORS	:	Ijaz Hameed	(Chairman/Non Executive Director)
		Mohammad Hameed	(Chief Executive/Executive Director)
		Aamer Hameed	(Executive Director)
		Uzma Hameed	(Non Executive Director)
		Tariq Hameed	(Non Executive Director)
		Omer Mohyudin Malik	(Independent Director)
		Murtaza Hameed	(Non Executive Director)
		Sajid Saleem Minhas	(Non Executive Director)
CHIEF FINANCIAL OFFICER	:	M. Muddasar Shahzad	
COMPANY SECRETARY	:	Usman Khalid	
AUDIT COMMITTEE	:	Omer Mohyudin Malik	(Chairman)
		Sajid Saleem Minhas	(Member)
		Murtaza Hameed	(Member)
HUMAN RESOURCE & REMUNERATION COMMITTEE	:	Omer Mohyudin Malik	(Chairman)
		Ijaz Hameed	(Member)
		Tariq Hameed	(Member)
BANKERS	:	MCB Bank Limited Bank Alfalah Limited	
AUDITORS	:	Horwath Hussain Chaudhury & Co., Chartered Accountants	
INTERNAL AUDITOR	:	Awan & Co. Chartered Accountants	
REGISTERED OFFICE	:	38-Empress Road, Lahore Telephones: 36304561-3, 36367861-3 Telefax: (92-42) 3636 7861 E-mail: info@prime-service.com	
MILLS	:	G.T 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: 042-35839182, 35916719	

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 58th Annual General Meeting of the Shareholders of Service Industries Textiles Limited will be held on 28th October, 2019 at 09:30 hours at Registered Office 38, Empress Road, Lahore to transact the following business:

Ordinary Business:-

1. To confirm the minutes of the 57th Annual General Meeting held on October 27, 2018.

2. To consider, approve and adopt Annual Audited Accounts of the Company together with the Directors' and Auditors' Reports for the year ended June 30, 2019.

3. To appoint Statutory Auditors of the Company for the year ending June 30, 2020 and to fix their remuneration. The retiring auditors M/s Horwath Hussain Chaudhury & Co. Chartered Accountants, being eligible, have offered themselves for reappointment.

4. To consider and approve payment of final cash dividend of one rupee per share (10%) for the year ended June 30, 2019, as recommended by the Board of Directors.

5. To elect seven directors as fixed by the board of directors in accordance with the provisions of Section 159(1) of the Companies Act, 2017 for a period of three years commencing from October 28, 2019 in place of the following retiring directors namely:-

1. Mr. Aamer Hameed	2 Ms. Uzma Hameed
3. Mr. Ijaz Hameed	4. Mr. Mohammad Hameed
5. Mr. Tariq Hameed	6. Mr. Murtaza Hameed
7. Mr. Sajid Salim Minhas	8. Mr. Omer Mohy-ud-din Malik

All the retiring directors shall be eligible to offer them selves for re-election.

Special Business:-

6. To consider and approve the remuneration of Chief Executive Officer and one Executive Director.

Other Business:-

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

BY ORDER OF THE BOARD

LAHORE
Dated: 04 October, 2019

(USMAN KHALID)
Company Secretary

NOTES

1. BOOK CLOSURE

The share transfer books of the Company will remain closed from 21.10.2019 to 28.10.2019 (both days inclusive). Transfers received in order at the Company's Share Registrar, M/s Corplink (Pvt.) Limited, Wings Arcade, 1-K Commercial, Model Town, Lahore, upto the close of business on 20.10.2019 will be considered in time for the purpose of attending the meeting / entitlement for the payment of cash dividend.

2. CONSENT TO ACT AS DIRECTOR

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

3. 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.

4. 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

5. CNIC/NTN NUMBER & IBAN ON ELECTRONIC DIVIDEND (MANDATORY)

As per SRO 831(1)/2012 dated July 5, 2012 and other relevant rules, the electronic dividend should also bear the CNIC number of the registered shareholder or the authorized person, except in case of minor(s) and corporate shareholder(s). Therefore all shareholders who had not yet submitted the valid copies of CNIC, NTN certificate(s) and IBAN are requested to send the same to the Share Registrar. Shareholders of the company who holds shares in scrip-less form on Central Depository Company of Pakistan Ltd. (CDC) are requested to update their IBAN details directly to their CDC participant (brokers)/CDC) Investor Account Services.

6. E-DIVIDEND (MANDATORY)

In Accordance with SECP Circular No.18 of 2017 dated August 1, 2017 and the instruction related to distribution of dividend indicated in Companies (Distribution of Dividends) Regulations, 2017 and section 242 of the Companies Act 2017, all listed companies are required to ensure that with effect from November 1, 2017, the cash dividend shall be paid through electronic mode only. Therefore, shareholders are requested to provided the details of their bank mandate specifying:

(i) Title of account, (ii) International Bank Account No. (IBAN) 24 digits, (III) Bank Name, (iv) Branch Address to the Company's Share Registrar: M/s Corplink (Pvt.) Limited, Wings Arcade, 1-K Commercial, Model Town, Lahore. Please note that as Section 243 (30 of the Companies Act, 2017, listed companies are entitled to withhold payment of dividend, if necessary information is not provided by the shareholder.

For the convenience of shareholders e-Dividend mandate Form is available on Company's website: www.sitl.com.pk

7. DEDUCTION OF INCOME TAX U/S 150 OF THE INCOME TAX ORDINANCE

Shareholders whose names are not appearing in the Active Taxpayers List (ATL) are advised to immediately make necessary arrangement to make them active. Otherwise, tax on their cash dividend will be deducted, as per rules.

8. AVAILABILITY OF ANNUAL AUDITED FINANCIAL STATEMENT

IN ACCORDANCE WITH THE PROVISON OF Section 223 and 237 of the Companies Act, 2017, the audited financial statements of the Company for the year, which ended on June 30, 2019 are available on the Company's website: www. Sitl.com.pk

9. CHANGE OF ADDRESS

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

The statement of material facts under section 134(3) of the Companies Act, 2017 concerning the special business contained item no.6 of the Notice of Annual General meeting.

Item No.5

i. To consider and approve the increase in annual remuneration of Chief Executive Officer and one Executive Director of the company to Rs.4.8 Million per annum and Rs.4.2 Million per annum respectively exclusive of perquisites, bonus, company maintained car, reimbursement of actual medical expenses, business related traveling, entertainment and other incidentals relating to their office in accordance with the company policy.

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, 2019, the Board's overall performance and effectiveness has been assessed as satisfactory. Improvement is an ongoing process leading to action plans. The overall assessment as satisfactory is based on an 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
O4 October, 2019

Ijaz 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، 2019 کے لیے بورڈ کی مجموعی کارکردگی اور افادیت اطمینان بخش قرار پائی ہے۔ بہتری ایک مستقل جاری رہنے والا عمل ہے جس کی مدد سے عملی منصوبہ بندیوں کو ممکن بنایا جاتا ہے۔ مجموعی جائزے کا اطمینان بخش ہونا ضروری اجزاء کے انفرادی جائزے پر منحصر ہے جن میں دور اندیشی، 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 سے ملاقات کرتا ہے۔ نان ایگزیکٹو اور آزاد ڈائریکٹرز بھی اہم فیصلوں میں برابری کی بنیاد پر شامل ہوتے ہیں۔

اعجاز حمید
چیئرمین

لاہور
مورخہ 4-اکتوبر 2019

DIRECTOR'S REPORT

The directors are pleased to present the 58th annual report along with the audited financial statement for the year ended 30 June 2019.

Operating & Financial Results:

By the grace of Almighty Allah during the year, the Company has earned a net profit after taxation of Rs. 37.114 Million as compared to net profit of Rs. 10.647 Million in preceding year. Turnover for the year is Rs. 974.953 Million (2018: Rs.854.392 Million). Major reason for the increase in sale is investments in plant and machinery in current and preceding years, which has resulted in improvement in the quality and production of yarn.

It is quite challenging in today's business environment to keep the Company afloat especially after the SRO 1125 (1)/ 2011, relating to zero rating of five export oriented sectors ,has been rescinded by the Government of Pakistan w.e.f July 01, 2019. 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 2019	JUNE 2018	JUNE 2017	JUNE 2016	JUNE 2015	JUNE 2014	JUNE 2013	JUNE 2012
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Sales	974,953	854,392	801,430	483,006	586,437	698,543	683,246	525,055
Gross Profit / (Loss)	80,236	48,176	43,915	15,037	38,568	49,297	96,318	23,292
Operating Profit/(Loss)	54,684	21,444	21,067	(8,756)	13,734	28,638	80,371	8,945
Profit/(Loss)before Tax	42,758	13,060	8,132	(18,025)	32,149	27,264	65,425	(19,852)
Tax	(5,644)	(2,413)	676	(4,737)	(2,051)	(522,968)	(451)	578
Profit/(Loss) after Tax	37,114	1,065	8,809	(22,763)	30,098	26,741	64,974	(19,274)
Total Assets	811,059	606,487	555,566	610,421	569,018	583,895	447,751	444,386
Current Liabilities	132,778	167,362	108,391	151,979	72,941	68,865	69,786	170,807
	678,281	439,125	447,175	458,442	496,077	515,029	377,966	273,579
Presented by:								
Equity-net	571,517	363,685	353,055	343,860	366,130	220,067	67,170	1,685
Long term loans	36,700	48,700	60,700	72,700	84,700	243,361	278,571	236,316
Deferred Liability	70,064	26,740	33,420	41,882	45,247	51,602	32,224	35,578
	678,281	439,125	447,175	458,442	496,077	515,029	377,966	273,579

EPS:

Earnings per share (basic) for the year ended June 30, 2019 is Rs 8.34 (2018:Rs.2.39).

Future Prospects:

Pakistan is currently facing one of the worst economic crises of its history. Inflation is at around 10 pc which is highest in the region and further projected to increase to 12 pc in remainder of the year. Also the projected GDP growth rate is 2.8 in fiscal year 2020 which is lowest in the region. Although the performance of the Company during the year under review is quite satisfactory but there are difficult times ahead as abolition of SRO 1125 (1)/2011 has resulted in imposition of sales tax at rate of 17%. Along with it 3% of additional further tax on supplies made to unregistered person has also been levied. As still most of the textile sector especially the brokers and power looms are un organized and un registered and this levy of sales tax will seriously hit the manufacturers as it will not be passed on fully and hence it will be added in their cost which will result in further squeezing of margins. Further the rate of turnover tax has also been increased to 1.5% which along with the levy of sales tax has seriously raised the cash flow problems for the mills. Currently Government is providing support price to textile sector in respect of electricity @7.5 cent / KWH plus 6.5$ per MMBTU on gas in order to remove the disparity between the mills located in Punjab and Sindh. This support price will be available to the industry till December 2019 and if this support provided by the Government does not continue thereafter we foresee that no. of units based in Punjab may be forced to shut down or cut their production in coming days which will seriously cause unemployment in the country and it will adversely affect the Government efforts for the industrialization and revival of the economy of the country. Again this year target cotton crop could not be met and cotton market is already witnessing the inflationary trend because of it and the only option left is to import the cotton to meet the domestic demands.

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

Payment of Dividend:

Board of Directors are pleased to recommend final cash dividend of 10% i.e. one rupee per share in line with the recommendation of audit committee for the approval from shareholders in the forthcoming Annual General Meeting schedule to be held on October 28, 2019.

Corporate & Financial Reporting Framework:

a) The financial statements prepared by the management of the Company, present its state of affairs fairly, the results of its operations, cash flows and changes in equity.
b) Proper books of account have been maintained by the Company.
c) Appropriated accounting policies have been adopted and consistently applied in the preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
d) International financial reporting standards as applicable in Pakistan have been followed in preparation of financial statements.
e) The system of internal control is sound in design and has been effectively implemented and monitored. The process of review will continue and any weakness in control will be removed.
f) Six year financial summary is annexed.
g) Pattern of shareholdings as on June 30, 2019 and its disclosure as required by the Code of Corporate Governance is annexed with this report.
h) The Company has adopted best practices of corporate governance as per listing regulations of Pakistan Stock Exchange.
i) Auditors have added an emphasis of matter para in their review report on the statement of compliance regarding the Director's training program. Said compliance will be made in year starting feom July 2019.

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.

Board Composition:

As required under regulations 36 of CCG 2017 the Board of eight Directors is comprised as follows:

Independent Director	Male	1
Executive Directors	Male	2
Non-Executive	Male	4
	Female	1

Board of Directors Meeting:

During the year ended 30 June 2019, the Board of Directors held six meetings. Attendance of each director is given hereunder:

Mohammad Hameed	6
Ijaz Hameed	6
Aamer Hameed	6
Tariq Hameed	6
Sajid Saleem Minhas	4
Murtaza Hameed	6
Omer Mohyudin Malik	6
Uzma Hameed	5

Leave of absence was granted to the director who was unable to attend the meetings.

Audit Committee Meeting:

During the year four meetings of Audit Committee of the Board were held. Attendance by each director is as follows:

Omer Mohyudin Malik	4
Sajid Saleem Minhas	4
Murtaza Hameed	4

Human Resource and Remuneration (HR & R) Committee Meeting:

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

Omer Mohyudin Malik	2
Ijaz Hameed	2
Tariq Hameed	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, 2019.

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 is prepared and recommended by human resource and remuneration committee (HRRC) to 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. No fee or remuneration shall be payable either to non-executive or independent.

Auditors:

M/s Horwath 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 2020.

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 31) Details of related party transactions are placed before the Audit Committee, and upon recommendation of the Board Audit Committee, the same are placed before the Board of Directors for review and approval in accordance with regulatory requirements.

Social Responsibility:

Your company has very distinct Corporate and Social Responsibility (CSR) policy in fulfilling its responsibilities of securing the community within which it operates. Its philanthropic activities include participation in health and environmental protection initiatives. During the period under review following expenses were incurred

Health & safety	Rs. 100,000
Environmental protection	Rs. 100,000

Safety, Health and Environment:

We maintain our commitment to high standards of safety, health and environment. We are committed in providing clean, healthy and safe conditions to our employees. All of our employees are continuously updated on relevant aspects of safety especially with regards to safe production, delivery, storage and handling of inventory items. Safety values are demonstrated in our day to day activities through lead by example approach. Due to these controls and with the blessing of Almighty Allah no major accidents or incidents took place at the mill during the year.

Pattern of Shareholding:

Pattern of shareholding and additional information regarding pattern of shareholding is attached separately. No trade in shares of the Company was carried out by the CEO, CFO and Company Secretary and their spouses and minor children

Subsequent Events:

No material changes or commitments affecting the Company happened after the year end up to the date of this report.

Acknowledgement:

The directors express their gratitude for the continued support of shareholders and employees of the Company during the period under review and pray to Allah for better prospects in future.

For & on behalf of the Board of Directors

Lahore
Dated: 04 October, 2019

Mohammad Hameed
Chief Executive

Aamer Hameed
Director

ڈائریکٹرز رپورٹ

کمپنی ڈائریکٹرز 30 جون 2019ء کو ختم ہونے والے سال کی 58 ویں سالانہ رپورٹ بمعہ مالیاتی حسابات اور آڈٹ رپورٹ پیش کرتے ہیں۔

کمپنی کی کارکردگی:

الحمد اللہ کمپنی کو گزشتہ سال کے 10.647 ملین روپے کے مقابلے میں سال رواں 37.114 ملین روپے کا منافع ہوا۔ کمپنی کا ٹرن آور اس سال 974.953 ملین روپے رہا (854.392 ملین روپے)۔ ٹرن آور میں اضافہ کی بنیادی وجہ گزشتہ سالوں میں مشینری میں کی گئی سرمایہ کاری ہے جسکی وجہ سے دھاگے کی کوالٹی بہتر ہوئی اور دھاگے کو اچھے داموں میں بیچ سکے اسی لئے کمپنی کے نتائج بہتر آئے۔

آج کل کے حالات میں کمپنی کو چلتی حالت میں رکھنا ایک چیلنج ہے۔ خاص طور پر جب سے حکومت نے SRO/1125(1)/2011 کو یکم جولائی 2019 سے ختم کیا ہے۔ آپ کی کمپنی کے ڈائریکٹرز کمپنی کو چلانے کیلئے پرعزم ہیں۔ اس لئے وہ اپنی بھرپور کوشش کر رہے ہیں کہ کمپنی مسابقتی طور پر چلتی رہے۔

کلیدی آپریشنل اور مالیاتی ڈیٹا:

	جون 2019ء (روپے 000)	جون 2018ء (روپے 000)	جون 2017ء (روپے 000)	جون 2016ء (روپے 000)	جون 2015ء (روپے 000)	جون 2014ء (روپے 000)
سیلز	974,953	854,392	801,430	483,006	586,437	698,543
گراس منافع/نقصان	80,236	48,176	43,915	15,037	38,568	49,297
آپریٹنگ منافع/نقصان	54,684	21,444	21,067	(8,756)	13,734	28,638
منافع/نقصان ٹیکس سے پہلے	42,758	13,066	8,132	(18,025)	32,149	27264
ٹیکس	(5,644)	(2,413)	676	(4,737)	(2,051)	(522,968)
منافع/نقصان ٹیکس کے بعد	37,114	1,065	8,809	(22,763)	30,098	26,741
ٹوٹل اثاثہ جات	811,059	606,487	555,566	610,421	569,018	583,895
موجودہ واجبات	132,778	167,362	108,391	151,979	72,941	68,865
	678,281	439,125	447,175	458,442	496,077	515,029
پریذینٹیڈ بائی						
ایکویٹی۔نیٹ	571,517	363,685	353,055	343,860	366,130	220,067
لانگ ٹرم لون اور لیز	36,700	48,700	60,700	72,700	84,700	243,361
موخر واجبات	70,065	26,740	33,420	41,882	45,247	51,602
	678,281	439,125	447,175	458,442	496,077	515,029

فی شیئر آمدنی:

30 جون 2019ء کے لئے فی شیئر آمدنی 8.34 روپے رہی (2017 : 2.39)

مستقبل کے امکانات:

پاکستان اس وقت اپنی تاریخ کے مشکل ترین معاشی بحران سے گزر رہا ہے۔ مہنگائی کی موجودہ شرح 10 فیصد ہے جو کہ 12 فیصد تک ہونے کی توقع ہے۔ جو کہ خطے میں سب سے زیادہ ہے جبکہ جی ڈی پی ریٹ سال 2020 میں 2.8 فیصد رہنے کی توقع ہے جو کہ خطے میں سب سے کم ہے۔ گو کہ اس سال کمپنی نے کافی بہتر کارکردگی دکھائی لیکن SRO 1125 (1)/2011 ختم ہونے سے اور سیلز پر 17% ٹیکس لگنے اور درین از اان رجسٹرڈ پر مزید 3% ٹیکس لگنے سے ٹیکسٹائل سیکٹر کیلئے کافی مشکلات ہیں۔ جیسا کہ آپ جانتے ہیں ٹیکسٹائل سیکٹر ابھی بھی کافی حد تک غیر منظم اور ان رجسٹرڈ ہے۔ خاص طور پر بروکر اور پاور لومز سیکٹر اس وجہ سے یہ ٹیکس مکمل طور پر آگے منتقل نہیں ہو سکے گا اور لاگت کا حصہ بن جائے گا اور منافع مزید کم ہو جائے گا۔ اس کے علاوہ ٹرن آور ٹیکس کا ریٹ بھی بڑھا کر 1.5% کر دیا گیا ہے جسکی وجہ سے کیش فلو کی شدید مشکالات پیش آسکتی ہیں اس وقت حکومت ملکی ٹیکسٹائل سیکٹر کو رعایتی نرخوں پر بجلی KWH / 7.5 سینٹ اور گیس / 6.5 MMBTU ڈالر مہیا کر رہی ہے۔ تا کہ پنجاب اور سندھ میں بجلی اور گیس کی قیمتوں کے مابین تفاوت کو ختم کیا جا سکے۔ یہ سہولت دسمبر 2019 تک کیلئے ہے۔ اگر یہ سہولت اس کے بعد مہیا نہیں کی گئی تو پنجاب میں لگی ملز یا تو بند ہو جائیں گی یا اپنی پوری صلاحیت پر نہیں چل پائے گی جسکی وجہ سے بیروزگاری میں مزید اضافہ ہوگا اور ملکی اکانومی اور صنعتی صلاحیت میں اضافہ کرنے کی حکومت کی کوششوں کو شدید دھچکا لگے گا۔ مزید برآں اس سال بھی کپاس کی فصل اپنے ہدف کو حاصل نہیں کر پائے گی اور ہم ابھی سے روئی کی قیمتوں میں خاطر خواہ اضافہ دیکھ رہے ہیں۔

ہم ان چیلنجز سے بخوبی آگاہ ہیں اور ان سے نمٹنے کیلئے تیار ہیں۔

ڈیویڈنڈ کی ادائیگی:

بورڈ آف ڈائریکٹر نے رواں سال آڈٹ کمیٹی کی تجویز پر 10٪ یعنی ایک روپیہ فی شیئر تجویز کیا ہے۔جسکی منظوری شیئرز ہولڈر سے آنے والے سالانہ جنرل میٹنگ جو کہ 28 اکتوبر 2019 کو منعقد ہوگی میں لی جائے گی۔

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 2019ء 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 ریگولیشن آف سٹاک ایکسچینج کے مطابق ہے۔

9- آڈیٹرز نے ریویو رپورٹ آف کوڈ میں ڈائریکٹرز ٹریننگ کے حوالے سے ایمفیز آف میٹر پیرا کا اضافہ کیا ہے جو کہ سال رواں ختم کر دیا جائے گا۔

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 2019ء کو بقایا ہوں ماسوائے ان کے جن کا مالی حسابات میں ظاہر کیا گیا۔

بورڈ آف ڈائریکٹر کے اجلاس:

ختم ہونے والے سال 30 جون 2019ء میں 6 اجلاس ہوئے۔حاضری کی پوزیشن مندرجہ ذیل ہے:

☆محمد حمید	6
☆اعجاز حمید	6
☆عامر حمید	6
☆طارق حمید	6
☆عظمیٰ حمید	5
☆ساجد سلیم منہاس	4
☆عمر محی الدین ملک	6
☆مرتضیٰ حمید	6

ڈائریکٹرز جو بورڈ کے کسی اجلاس میں نہیں آسکتے تھے کو غیر موجودگی کی رخصت عطا کی گئی۔

آڈٹ کمیٹی کے اجلاس:

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

☆ عمر محی الدین ملک	
☆ساجد سلیم منہاس	4
☆مرتضیٰ حمید	4

ہیومن ریسورس اینڈ ریمونریشن کے اجلاس:

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

☆ عمر محی الدین ملک	2

☆اعجاز حمید	2
☆طارق حمید	2

گریجوئٹی فنڈ کی ویلیو آف انویسٹمنٹ :

کمپنی نے اپنے ملازمین کیلئے گریجوئٹی فنڈ برقرار رکھا ہوا ہے لیکن اس 30 جون 2019ء کو کوئی پلان ایسٹ اس لائبلیٹی کو کور نہیں کرتا۔

حسابات کی کتب:

کمپنی نے اپنے رجسٹرز 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۔ یہ پالیسی کمپنیز ایکٹ 2017، کمپنی کے آرٹیکل آف ایسوسی ایشن اور کوڈ آف کارپوریٹ گورننس ریگولیشن مارکیٹ سٹینڈرڈ اور کام کو مدنظر رکھ کر تیار کی گئی۔ جو ڈائریکٹرز مشاہرہ لیتے ہیں انہوں نے اس پالیسی کو بنانے میں حصہ نہیں لیا اور نہ ہی کسی نان ایگزیکٹو اور انڈیپنڈنٹ ڈائریکٹر کو مشاہرہ دیا گیا۔

آڈیٹرز:

میسرز ہاروتھ حسین چوہدری اینڈ کمپنی ریٹائر ہو گئے ہیں۔ اہل ہونے کی بناء پر سال 2019-20ء 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 31 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۔

کارپوریٹ سوشل ذمہ داری:

آپکی 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 پر عزم ہیں۔ ہم اپنے ملازمین کو صاف ستھرا، صحت منداور محفوظ حالات فراہم کرنے کے لئے پر عزم 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۔

بعد از 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 2019

عامر حمید
ڈائریکٹر

محمد حمید
چیف ایکزیکٹو

STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017
FOR THE YEAR ENDED 30 June 2019

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 8 as per the following:

   a. Male: 7
   b. Female: 1

2. The composition of the Board is as follows:

Category	Names
Independent Director*	Mr. Omer Mohyudin Malik
Executive Directors	Mr. Muhammad Hameed Mr. Aamer Hameed
Non-Executive	Mr. Ijaz Hameed Ms. Uzma Hameed Mr. Tariq Hameed Mr. Murtaza Hameed Mr. Sajid Saleem Minhas

*The Company intends to complete the requirements of having at least 2 independent directors on its Board upon the next reconstitution of its new Board as permitted by Listed Companies (Code of Corporate Governance) Regulations, 2017.

3. The directors have confirmed that none of them is serving as a director in more than five 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. A Complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

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 Companies Act , 2017(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. Five members of the Board are either entitled for exemption from Directors' Training Program by virtue of their requisite qualification and required experience of serving on the Board of a listed company, or they have attended the Directors' Training Program as prescribed. During the year Mr. Sajid Salim Minhas (Non Executive Director) attained the Director's training program from Pakistan Institute of Corporate Governance (PICG) which is recognized under Securities and Exchange Commission of Pakistan (SECP) .The Company encourages the remaining directors to attend the Director's training program so that at least 75% of the Board members would either be exempt or have received Director's Training on or before June 30, 2020.

10. The Board has approved appointment of CFO, Company Secretary, and Internal Auditor including their remuneration and terms and conditions of employment and complied with relevant requirements of Regulations.

11. CFO and CEO duly endorsed the financial statements before the approval of the Board.

12. The Board has formed committees comprising of the members given below:

    a) Audit Committee
        i) Omer Mohyudin Malik
        ii) Sajid Saleem Minhas
        iii) Murtaza Hameed

    b) HR & Remuneration Committee
        i) Omer Mohyudin Malik
        ii) Ijaz Hameed
        iii) Tariq Hameed

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 (ICAP) and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or persons associated with them have not been appointed to provide other services except in accordance with the Companies Act, 2017, 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 material principles of Regulations have been complied with.

For & on behalf of the Board of Directors

Lahore
Dated: 04 October, 2019

(MOHAMMAD HAMEED)
Chief Executive

Horwath Hussain Chaudhury & Co.
25-E, Main Market, Gulberg II,
Lahore-54660 Pakistan.
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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF

SERVICE INDUSTRIES TEXTILES LIMITED
REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Service Industries Textiles Limited for the year ended June 30, 2019 in accordance with the requirements of regulation 40 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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, 2019.

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

S. No.	Paragraph Reference	Description
1.	9.	The Company has not arranged the Directors training program or obtained exemption from the Directors training program from the Commission as required under clause 20 of the Regulations.

Horwath Hussain Ch. Co.

Lahore
Dated: 04 October, 2019

(HORWATH HUSSAIN CHAUDHURY & CO.)
Chartered Accountants

(Engagement Partner: Amin Ali)

Crowe

Horwath Hussain Chaudhury & Co.

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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, 2019, and the statement of profit or loss account, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss account, 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 Company's affairs as at June 30, 2019 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standard 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.

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.

We have determined that there are no key audit matters to communicate in our report.

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 2019, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of 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, the 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 the 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 the management.

- Conclude on the appropriateness of the 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.

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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 account, 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 the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Amin Ali.

Horwath Hussain Ch. & Co.

Lahore
Dated: 04 October, 2019

(HORWATH HUSSAIN CHAUDHURY & CO.)
Chartered Accountants

(Engagement Partner: Amin Ali)

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
CAPITAL AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital			
20,000,000 (2018: 10,000,000) ordinary shares of Rs. 10 each		200,000,000	200,000,000
Issued, subscribed and paid up capital	6	44,491,590	44,491,590
Share deposit money	7	150,000,000	150,000,000
Accumulated loss		(142,422,421)	(184,791,190)
Surplus on revaluation of property, plant and equipment	8	519,447,476	353,984,425
		571,516,645	363,684,825
Non Current Liabilities			
Long term financing	9	36,700,130	48,699,910
Staff retirement benefits	10	10,182,278	9,862,142
Deferred tax liability	11	59,882,229	16,877,723
		106,764,637	75,439,775
Current Liabilities			
Trade and other payables	12	105,400,999	136,345,931
Unclaimed dividend		232,987	232,987
Accrued markup on long term financing		3,939,090	10,109,908
Current portion of long term financing	9	12,000,090	12,000,090
Provision for taxation	13	11,204,768	8,673,396
		132,777,934	167,362,312
Contingencies and Commitments	14	-	-
		811,059,216	606,486,912
ASSETS			
Non Current Assets			
Property, plant and equipment	15	697,317,757	476,496,326
Long term deposits and other receivable	16	17,036,023	11,442,037
		714,353,780	487,938,363
Current Assets			
Stores and spares	17	4,041,573	4,145,461
Stock in trade	18	57,899,210	65,567,080
Trade debts	19	269,558	1,002,300
Sales tax refunds due from the government		1,558,218	2,015,850
Advances and prepayments	20	10,808,722	8,615,232
Cash and bank balances	21	22,128,155	37,202,626
		96,705,436	118,548,549
		811,059,216	606,486,912

The annexed notes from 1 to 39 form an integral part of these financial statements.

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

STATEMENT OF PROFIT OR LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
Revenue	22	974,953,341	854,392,052
Cost of sales	23	(894,627,198)	(806,928,913)
Gross Profit		80,326,143	47,463,139
Operating expenses:			
- Distribution costs	24	(862,554)	(780,000)
- Administrative expenses	25	(24,779,806)	(25,238,964)
		(25,642,360)	(26,018,964)
Operating Profit		54,683,783	21,444,175
Finance cost	26	(7,031,902)	(5,793,412)
Other operating expenses	27	(11,416,690)	(2,590,268)
Other income - Liabilities written back		6,522,365	-
		(11,926,227)	(8,383,680)
Profit before Taxation		42,757,556	13,060,495
Taxation	28	(5,643,952)	(2,413,074)
Net Profit for the year		37,113,604	10,647,421
Earnings per Share - Basic	29	8.34	2.39
Earnings per Share - Dilutive	29	1.91	0.55

The annexed notes from 1 to 39 form an integral part of these financial statements.

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	2019 Rupees	2018 Rupees
Net Profit for the Year	37,113,604	10,647,421
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		
Revaluation surplus on property, plant and equipment	220,628,411	-
Related tax impact	(48,839,752)	-
Experience adjustment on remeasurement of staff retirement benefits	(1,507,666)	(24,506)
Related tax impact	437,223	7,107
	170,718,216	(17,399)
Total Comprehensive Income for the Year	207,831,820	10,630,022

The annexed notes from 1 to 39 form an integral part of these financial statements.

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

	Share Capital	Share Deposit Money	Accumulated Loss	Surplus on Revaluation of Property, Plant and Equipment	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2017	44,491,590	150,000,000	(202,426,848)	360,990,061	353,054,803
Net profit for the year	-	-	10,647,421	-	10,647,421
Other comprehensive loss for the year	-	-	(17,399)	-	(17,399)
Total comprehensive income for the year	-	-	10,630,022	-	10,630,022
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current year - net of deferred tax	-	-	7,005,636	(7,005,636)	-
Balance as at June 30, 2018	44,491,590	150,000,000	(184,791,190)	353,984,425	363,684,825
Net profit for the year	-	-	37,113,604	-	37,113,604
Other comprehensive income for the year	-	-	(1,070,443)	171,788,659	170,718,216
Total comprehensive income for the year	-	-	36,043,161	171,788,659	207,831,820
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current year - net of deferred tax	-	-	6,325,608	(6,325,608)	-
Balance as at June 30, 2019	44,491,590	150,000,000	(142,422,421)	519,447,476	571,516,645

The annexed notes from 1 to 39 form an integral part of these financial statements.

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	2019 Rupees	2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	42,757,556	13,060,495
Adjustments for:		
- Depreciation	21,613,594	29,126,357
- Provision for gratuity	3,627,685	3,262,542
- Advances written off	2,612,950	-
- Liabilities written back	(6,522,365)	-
- Impairment loss	2,179,150	-
- Write-down of raw materials to net realizable value	2,748,474	482,618
- Workers' (profit) participation fund	2,151,616	747,525
- Workers' welfare fund	924,500	267,903
- Finance cost	7,031,902	5,793,412
	36,367,506	39,680,357
Operating profit before working capital changes	79,125,062	52,740,852
(Increase) / decrease in current assets:		
- Stores and spares	103,888	581,622
- Stock in trade	4,919,396	(37,301,619)
- Trade debts	732,742	(1,002,300)
- Sales tax refunds due from the government	457,632	(801,677)
- Advances and prepayments	(3,162,144)	1,085,649
(Decrease) / increase in current liabilities:		
- Trade and other payables	(27,498,683)	59,216,229
	(24,447,169)	21,777,904
Cash Generated from Operations	54,677,893	74,518,756
Income tax paid	(10,154,899)	(9,357,069)
Finance cost paid	(13,202,720)	(7,591,182)
Gratuity paid	(4,815,215)	(4,029,690)
Net Cash Generated from Operating Activities	26,505,059	53,540,815
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(23,985,764)	(21,965,365)
Long term deposits and other receivable	(5,593,986)	-
Net Cash Used in Investing Activities	(29,579,750)	(21,965,365)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing - paid	(11,999,780)	(12,000,090)
Net Cash Used in Financing Activities	(11,999,780)	(12,000,090)
Net (Decrease)/Increase in Cash and Cash Equivalents	(15,074,471)	19,575,360
Cash and cash equivalents at the beginning of the year	37,202,626	17,627,266
Cash and Cash Equivalents at the End of the Year	22,128,155	37,202,626

The annexed notes from 1 to 39 form an integral part of these financial statements.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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 fiber.

1.2 The Information on geographical location and address of the Company's business is as under :

- The registered office of the Company is situated at 38 - Empress Road, Lahore.

- The Company's factory is situated at Rehman Shaheed Road, Gujrat.

Note 2
Basis of Preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

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

Where provisions of and directives issued under the Companies Act, 2017 differ from the 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 certain property, plant and equipment that have been stated at revalued amounts and post employment benefits that are stated at present value.

2.3 Functional and presentational currency

These financial statements are prepared and presented in Pak Rupees which is the Company's functional and presentation currency. All the figures have been rounded off to the nearest rupee, unless otherwise stated.

Note 3
Changes in Accounting Standards, Interpretations and Pronouncements

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

The following amendments to existing standards and interpretations have been published and are mandatory for accounting periods beginning on or after July 1, 2018 and are considered to be relevant to the Company’s financial statements:

IFRS 9 ‘Financial Instruments’ (effective for annual periods beginning on or after July 01, 2018). IASB has published the complete version of IFRS 9 which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used previously.

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

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after July 1, 2018) replaces IAS 18 Revenue, IAS 11 Construction Contracts, and other related interpretations on revenue recognition. IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognize revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

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

The following standards have been issued by the International Accounting Standards Board [IASB], which are yet to be notified by the Securities and Exchange Commission of Pakistan [SECP] for the purpose of their applicability in Pakistan. The Company intends to adopt these standards, if applicable, when they become effective.

Standard or Interpretation	Effective Date (Period beginning on or after)
IFRS 17	January 01, 2021
Annual improvements to IFRSs (2015-2017 Cycle)	January 01, 2019
IAS 19	January 01, 2019
Conceptual Framework in IFRS Standards [Amendments]	January 01, 2020
IAS 1 and IAS 8 [Amendments]	January 01, 2020
IFRIC 23	January 01, 2019
IAS 28	January 01, 2019
IFRS 16	January 01, 2019

IFRS 17 outlines the principles governing the recognition, measurement, presentation and disclosure of insurance contracts. The objective of the Standard is to ensure that the reporting entity provides relevant information that faithfully represents those insurance contracts. This information gives users of financial statements better insights into the effects that insurance contracts have on an entity's net assets, financial position, results of operations and cash flows.

Annual improvements to IFRSs (2015-2017 Cycle) relates to IFRS 3 and IFRS 11, as well as IAS 12 and IAS 23.

Amendments to IAS 19 specify the basis for determining the current service cost and the net interest expense / income for the period between a defined benefit retirement plan amendment, curtailment or settlement and the end of the reporting period.

The IASB has published a revised Conceptual Framework for Financial Reporting that will be used to develop new Standards and Interpretations in future. In particular, the definitions of assets and liabilities as well as the guidance on measurement and derecognition, presentation and disclosure were amended. This has not resulted in any technical amendments to current Standards to date. The amendments merely update the references to the Conceptual Framework in existing Standards. The Conceptual Framework itself is not subject of the endorsement procedure.

Amendments to IAS 1 and IAS 8 clarify the definition of "material". Besides additional explanations, the definition of "material" in the Conceptual Framework as well as all Standards was aligned with the central definition in IAS 1.

IFRIC 23 clarifies the requirements for measuring and recognizing uncertain income tax items. The interpretation must be applied to the determination of taxable profit / loss, tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over income tax treatments under IAS 12.

Amendment to IAS 28 clarifies that IFRS 9 must be applied to long-term interests that, in substance, form part of the net investment in an associate or joint venture to which the equity method is applied.

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

IFRS 16 'Leases' (effective for annual periods beginning on or after 1 January 2019) is introduced during the year that aims to set out the principles for recognition, measurement, presentation and disclosure of leases. It introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all the leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make the lease payments. IFRS 16 substantially carries forward the lessor accounting requirements of IAS 17 ''Leases''. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. IFRS 16 replaces IAS 17 ''Leases'', IFRIC 4'' Determining whether an arrangement contains a lease'' , SIC-15 Operating Leases-Incentives and SIC-27 ''Evaluating the Substance of Transactions Involving the Legal Form of a Lease.''

The Company expects that such improvement to the standards will not have any material impact on its financial statements.

Note 4
Use of Estimates and Judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, results of which form the basis of making judgment about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The basis and associated assumptions underlying the accounting estimates used in the preparation of annual financial statement of the Company for the year ended June 30, 2019 have been consistent with previous year.

Judgments made by the management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are as under:

4.1 Property, plant and equipment

The Company reviews the useful lives of property, plant and equipment on regular basis. Any change in estimates in remaining useful life might effect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment, if any.

4.2 Staff retirement benefits

The Company has recorded its employee retirement benefits at present value using actuarial assumptions regarding increase in salaries in subsequent years and an estimate of discount rates. Change in actuarial assumptions over the period of time may affect the fair value of post-employment benefits payable and the charge for such liability accounted for in any given period.

4.3 Inventories

The Company has recorded its inventories using lower of cost and net realizable value. Valuation of this inventory is reviewed at regular intervals for determination of possible impairment, if any. Any possible impairment may change the future value of inventories.

4.4 Taxation

The Company takes into account the current income tax laws and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the tax department at the assessment stage and the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

Note 5
Significant Accounting Policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years, except for the following:

5.1 Change in Accounting Policy

The Company has adopted IFRS 9 'Financial Instruments' during the year that has replaced IFRIC 9 - Reassessment of Embedded Derivatives, IAS 39 - Financial Instruments: Recognition and Measurement, IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013). IFRS 9 shall now govern the classification and measurement of financial instruments, impairment of financial assets and hedge accounting.

The Company has also adopted IFRS 15 (Revenue from contract) with customers which has replaced IAS 18 which covers revenue for goods and services, IAS 11 which covers construction contracts, SIC31 - Revenue - Barter transaction involving advertising services, IFRIC 15 - Agreements for the construction of real estate and IFRIC 18 - Transfer of assets from customers. The Company has adopted both the standards with effect from July 01, 2018, any change in presentation or classification of items has been accounted for in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Below are the details of key impacts arising from the adoption of IFRS 15:

Statement of financial position

In statement of financial position, the corresponding figure of advances from customers amounting to Rs. 5,412,270 has been reclassified to contract liabilities. Contract liabilities are recognized in respect of Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or the amount is due) from a customer. Amounts as at 30 June 2018 have also been reclassified as follows for the purpose of comparability:

Description	As at 30 June 2018		
	Carrying Amount	Reclassification	IFRS 15 Carrying Amount
	----------------------------Rupees------------------------------		
Advances from customers	5,412,270	(5,412,270)	-
Contract liabilities	-	5,412,270	5,412,270
	5,412,270	-	5,412,270

The application of IFRS 15 did not have a material impact on amounts in the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows as the current methodology for revenue recognition adequately reflects timing of satisfaction of performance obligations under requirements of the new standard.

The application of IFRS 9 has no material impact on the Company's financial statements and no restatement was required in this regard except for the following reclassifications.

	June 30, 2018			
	Loan and Receivable under IAS 39	Reclassified to IFRS 9 Categories		
		Fair Value Through Profit or Loss	Amortized Cost	Fair Value through OCI
	--------------------------------Rupees--------------------------------			
Trade debts	1,002,300	-	1,002,300	-
Cash and bank balances	37,202,626	-	37,202,626	-

Note 5, Significant Accounting Policies - Contd…

5.2 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources shall be required to settle the obligation and the amount has been reliably estimated. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

5.3 Staff retirement benefits

The Company operates an unfunded gratuity scheme for all its permanent employees whose period of service with the Company is one year or more. Liability is provided annually on the basis of last drawn salary and the length of service of the employee in accordance with the Company's rules. The liability is provided using the actuarial valuation method as required under IAS - 19 (Employee Benefits).

5.4 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid or given in future for goods and services received or to be delivered or for any other amount, whether or not billed to the Company.

5.5 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of profit or loss except to the extent that relates to items recognized directly in equity, in which case it is recognized in equity.

5.5.1 Current

The charge for current tax is based on taxable income for the year determined in accordance with the prevailing laws of taxation. All tax credits and tax rebates are taken into account in calculating this charge. However, in case of loss for the year, income tax expense is recognized as minimum tax liability, which is higher of minimum tax liability on turnover of the Company and minimum tax liability on accounting profit of the Company, in accordance with the provisions of the Income Tax Ordinance, 2001.

5.5.2 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 corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are recognized for all major taxable temporary differences.

Deferred tax assets are recognized for all major deductible temporary differences to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

Carrying amounts of deferred tax assets are reviewed at each reporting date and is recognized only to the extent that it is probable that future taxable profits will be available against which assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent of probable future taxable profit available that will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is utilized or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the reporting date.

Note 5, Significant Accounting Policies - Contd...

5.6 Property, plant and equipment

Property, plant and equipment are stated at revalued amount / cost less accumulated depreciation and identified impairment losses, if any, except freehold land which is stated at revalued amount. 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 borrowing during construction period in respect of loans taken for specific projects.

Depreciation on property, plant and equipment, except freehold land, is charged to profit or loss on reducing balance method at the rates specified below. 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 is charged at the following rates:

- Land freehold	Nil
- Factory building on freehold land	10%
- Plant and machinery	10% to 25%
- Power plant	12.5%
- Electric fittings, equipment and appliances	10%
- Furniture and fixtures	10%
- Vehicles	20%
- Library books	10%

Depreciation on additions is charged from the month in which the assets are available for use while no depreciation is charged in the month in which the assets are disposed off.

Depreciation method, residual value and useful lives of assets are reviewed at least at each financial year end and adjusted if impact on depreciation is significant.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and replacements are capitalized. Gains or losses on disposal of property, plant and equipment are included in the current year's income.

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 fixed asset of the Company are debited against revaluation surplus directly in equity. All other decreases are charged to profit or loss.

Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss and represents expenditure incurred on property, plant and equipment during construction and installation. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. Cost also includes applicable borrowing costs. Transfers are made to relevant property, plant and equipment category as and when the assets are available for use.

5.7 Impairment of assets

The Company assesses at each reporting date whether there is any indication of impairment loss. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in profit or loss. A previously recognized impairment loss is reversed only if there is a change in the estimates used to determine

Note 5, Significant Accounting Policies - Contd…

the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. 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.

5.8 Stores and spares

Stores and spares are valued at weighted average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon. Provision is made for obsolete and slow moving stores and spares based on management estimate.

5.9 Stock in trade

These are valued at lower of cost and net realizable value. The cost is determined by using the following basis:

Raw materials	-	At average cost
Material in transit	-	At cost comprising invoice value plus incidental charges
Work in process	-	At estimated average manufacturing cost
Finished goods	-	At average manufacturing cost
Wastes	-	At net realizable value

Manufacturing cost in relation to work in process and finished goods comprises cost of material, labour and appropriate manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make a sale. If the net realizable value is lower than the carrying amount, a write-down is recognized for the amount by which the carrying amount exceeds its net realizable value. Provision is made in the financial statements for obsolete and slow moving stock in trade based on management estimate.

5.10 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include cash in hand, cheques in hand and deposits with banks.

5.11 Mark-up, interest and other charges

Mark-up, interest and other charges on loans and advances are capitalized up to the date of commissioning of the respective asset, acquired out of the proceeds of such loans and advances. All other mark-up, interest and other charges are charged to income currently.

5.12 Related party transactions

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

5.13 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

5.13.1 Financial assets

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 financial assets are recognized and derecognized, as applicable, using trade-date accounting or settlement date accounting.

Note 5, Significant Accounting Policies - Contd...

5.13.1.1 Classification

The Company classifies its financial assets in the following categories: at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss. The 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.

a) Financial assets at amortized cost

A financial asset is measured at amortized cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) Financial assets at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Financial assets at fair value through profit or loss

A financial asset is measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income.

Reclassification

When the Company changes its business model for managing financial assets, it reclassifies all affected financial assets accordingly. The Company applies the reclassification prospectively from the reclassification date.

In case of reclassification out of the amortized cost measurement category to fair value through profit or loss measurement category, fair value of the financial asset is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortized cost and fair value is recognized in profit or loss.

In case of reclassification out of fair value through profit or loss measurement category to the amortized cost measurement category, fair value of the financial asset at the reclassification date becomes its new gross carrying amount.

In case of reclassification out of the amortized cost measurement category to fair value through other comprehensive income measurement category, fair value of the financial asset is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortized cost and fair value is recognized in other comprehensive income. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

In case of reclassification out of fair value through other comprehensive income measurement category to the amortized cost measurement category, the financial asset is reclassified at its fair value at the reclassification date. However, the cumulative gain or loss previously recognized in other comprehensive income is removed from equity and adjusted against the fair value of the financial asset at the reclassification date. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

In case of reclassification out of fair value through profit or loss measurement category to the fair value through other comprehensive income measurement category, the financial asset continues to be measured at fair value.

Note 5, Significant Accounting Policies - Contd…

In case of reclassification out of fair value through other comprehensive income measurement category to the fair value through profit or loss measurement category, the financial asset continues to be measured at fair value. The cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

5.13.1.2 Initial recognition and measurement

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade-date – the date on which the Company commits to purchase or sell the asset.

Except for trade receivables, financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through 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 profit and loss account. Dividend income from financial assets at fair value through profit or loss is recognized in the profit and 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.

5.13.1.3 Subsequent measurement

Financial assets carried at amortized cost are subsequently measured using the effective interest method. Gain or loss is recognized in profit or loss when the financial asset is derecognized, reclassified, through the amortization process or in order to recognize impairment gains or losses.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Company recalculates the gross carrying amount of the financial asset and recognizes a modification gain or loss in profit or loss.

Financial assets 'at fair value through other comprehensive income' are marked to market using the closing market rates and are carried in the statement of financial position at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognized in other comprehensive income. Interest calculated using the effective interest rate method is credited to the statement of profit or loss. Dividends on equity instruments are credited to the statement of profit or loss when the Company's right to receive payments is established.

Financial assets 'at fair value through profit or loss' are marked to market using the closing market rates and are carried in the statement of financial position at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the profit or account in the period in which these arise.

Fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

5.13.1.4 Derecognition

Financial assets are derecognized when:

- the contractual rights to receive cash flows from the assets have expired; or

- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

a) the Company has transferred substantially all the risks and rewards of the asset; or
b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Note 5, Significant Accounting Policies - Contd...

The difference between the carrying amount and the consideration received is recognized in profit or loss.

If the Company transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognizes either a servicing asset or a servicing liability for that servicing contract.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability which cannot be offset with the related asset. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

If the Company's continuing involvement is in only a part of a financial asset, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the consideration received for the part no longer recognized is recognized in profit or loss.

5.13.1.5 Impairment of financial assets

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

The Company recognizes a loss allowance for expected credit losses on a financial asset measured at amortized cost and through other comprehensive income, a lease receivable or a contract asset. In case of financial assets measured at fair value through other comprehensive income, loss allowance is recognized in other comprehensive income and carrying amount of the financial asset in the statement of financial position is not reduced.

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 profit or loss.

5.13.2 Financial liabilities

5.13.2.1 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 5, Significant Accounting Policies - Contd…

Financial liabilities are classified, at initial recognition, as financial liabilities 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 profit and loss account.

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

5.13.2.2 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 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 EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. 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.

5.13.2.3 Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where 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 a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit and loss account. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Note 5, Significant Accounting Policies - Contd…

If the Company repurchases a part of a financial liability, the Company allocates the previous carrying amount of the financial liability between the part that continues to be recognized and the part that is derecognized based on the relative fair values of those parts on the date of the repurchase. The difference between the carrying amount allocated to the part derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, for the part derecognized is recognized in profit or loss.

5.13.3 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

5.14 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.

5.15 Revenue recognition

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers. Any bundled goods or services that are distinct are separately recognized, and any discounts or rebates on the contract price are generally allocated to the separate elements.

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.

5.16 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer. Segment results, assets and liabilities include items directly attributable to a segment. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

5.17 Contingent liabilities

Contingent liability is disclosed when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company.

A contingent liability is also disclosed when there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

5.18 Dividend and other appropriations

Dividend to the shareholders is recognized in the period in which it is declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

Note 6
Issued, Subscribed and Paid up Capital

2019	2018		2019	2018
Number of shares			Rupees	Rupees
2,884,580	2,884,580	Ordinary shares of Rs. 10 each	28,845,800	28,845,800
23,400	23,400	Ordinary shares of Rs. 10 each issued for consideration other than cash	234,000	234,000
1,541,179	1,541,179	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	15,411,790	15,411,790
4,449,159	4,449,159		44,491,590	44,491,590

6.1 Reconciliation of the number of shares outstanding as at the beginning and at the end of the year is as under:

	2019	2018
Opening balance (Shares)	4,449,159	4,449,159
Issued / cancelled during the year (Shares)	-	-
Closing balance (Shares)	4,449,159	4,449,159

6.2 23,400 shares of Rs. 10 each were issued to Pakistan Industrial Credit and Investment Corporation (PICIC) for consideration other than cash.

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

Note 7
Share Deposit Money

This represents unsecured and interest free deposit received for issuance of shares from directors in previous years. The Company intends to initiate the process of issue of capital after obtaining necessary approvals.

Note 8
Surplus on Revaluation of Property, Plant and Equipment

	2019	2018
	Rupees	Rupees
Land - freehold		
Opening balance	290,933,702	290,933,702
Add: Surplus on revaluation arisen during the year	52,900,000	-
	343,833,702	290,933,702
Factory buildings on freehold land		
Opening balance	39,102,634	43,447,371
Add: Surplus on revaluation arisen during the year	71,876,257	-
Less: Related deferred taxation	(20,844,115)	-
	90,134,776	43,447,371
Plant and machinery		
Opening balance	23,218,179	25,797,977
Add: Surplus on revaluation arisen during the year	85,043,562	-
Less: Related deferred taxation	(24,662,633)	-
	83,599,108	25,797,977
Power Plant		
Opening balance	684,524	760,582
Add: Deficit on revaluation arisen during the year	(684,524)	-
	-	760,582
Electric fittings, equipment and appliances		
Opening balance	45,386	50,429
Add: Surplus on revaluation arisen during the year	11,493,116	-
Less: Related deferred taxation	(3,333,004)	-
	8,205,498	50,429
	525,773,084	360,990,061
Incremental depreciation charged on revalued property, plant and equipment in current year transferred to retained earnings - net of deferred tax	(6,325,608)	(7,005,636)
	519,447,476	353,984,425

Note 8, Surplus on Revaluation of Property, Plant and Equipment - Contd…

8.1 This represents surplus over book value resulting from the revaluation of above-mentioned assets, adjusted by incremental depreciation arising on revaluation of the above-mentioned assets except freehold land. Latest revaluation was carried out by an approved, independent valuer on June 30, 2019 using the below mentioned basis:

- Land	Market value
- Building	Depreciated replacement cost
- Plant and machinery	Depreciated replacement cost
- Power plant	Depreciated replacement cost
- Electric fittings, equipment and appliances	Depreciated replacement cost

This resulted in further revaluation surplus of Rs. 220.628 million.
Revaluation surplus cannot be distributed to shareholders as dividend.

Note 9

Long Term Financing

	Note	2019 Rupees	2018 Rupees
Related parties - Unsecured			
Loan from Directors / Related parties	9.1	48,700,220	60,700,000
Less: Current portion		(12,000,090)	(12,000,090)
		36,700,130	48,699,910

9.1 This represents financing obtained from directors from time to time, to pay off financing previously obtained from the banks and meet the liquidity requirements of the Company. The outstanding balance of this financing is repayable in equal monthly installments of Rs. 1 million each. This financing is unsecured and carries markup at 3 months KIBOR plus 1%.

Note 10

Staff Retirement Benefits

	Note	2019 Rupees	2018 Rupees
Staff retirement benefits - Gratuity		10,182,278	9,862,142

10.1 The Company operates an unfunded gratuity scheme covering its permanent employees subject to completion of minimum prescribed period of service. Actuarial valuation of the scheme is carried out annually by an independent actuary and the latest actuarial valuation has been carried out as at June 30, 2019. Following key information is included in that actuarial report:

10.2 Movement in net liability for staff gratuity

	Note	2019	2018
Opening balance		9,862,142	10,604,785
Charge for the year	10.4	3,627,685	3,262,542
Net remeasurements for the year - Other comprehensive income		1,507,666	24,505
		14,997,493	13,891,832
Benefits paid during the year / permanent withdrawal		(4,815,215)	(4,029,690)
		10,182,278	9,862,142

10.3 Movement in present value of defined benefit obligation

	2019	2018
Opening balance	9,862,142	10,604,785
Current service cost for the year	2,961,918	2,601,249
Interest cost for the year	665,767	661,293
Experience adjustment	1,507,666	24,505
Benefits paid during the year	(4,815,215)	(4,029,690)
Closing balance	10,182,278	9,862,142

Note 10, Staff Retirement Benefits - Contd...

10.4 Charge for the year

	2019	2018
Current service cost	2,961,918	2,601,249
Interest cost	665,767	661,293
	3,627,685	3,262,542

10.5 Actuarial assumptions

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

	2019	2018
Discount rate - per annum	9.00%	7.75%
Expected rate of increase in salary level - per annum	14.25%	9.00%
Expected mortality rate for active employees	SLIC (2001-2005) Mortality Table	
Actuarial valuation method	Projected Unit Credit Method	

10.6 Estimated Charge for the year 2019-2020

	Rupees
Current service cost	3,521,149
Interest cost	1,281,414
	4,802,563

10.7 Year end sensitivity analysis on defined benefit obligation

Reasonably possible changes as at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have resulted in present value of defined benefit obligation as stated below:

	Change in assumption	Increase in obligation	Decrease in obligation
	%	Rupees	Rupees
Discount rate	1%	9,522,697	10,930,579
Salary increase	1%	10,953,110	9,490,726

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

	2019	2018	2017	2016	2015
	Rupees	Rupees	Rupees	Rupees	Rupees
Present value of defined benefit obligation	10,182,278	9,862,142	10,604,785	10,508,941	10,448,388
Fair value of plan asset	-	-	-	-	-
Net deficit	10,182,278	9,862,142	10,604,785	10,508,941	10,448,388

10.9 The charge for the year has been allocated as follows:

	Note	2019	2018
		Rupees	Rupees
Cost of sales	23	3,119,809	2,804,642
Distribution costs	24	72,554	60,000
Administrative expenses	25	435,322	397,900
		3,627,685	3,262,542

Note 11

Deferred Tax Liability

	2019 Rupees	2018 Rupees
Deferred tax liability on taxable temporary differences arising in respect of:		
- Accelerated tax depreciation on property, plant and equipment	10,716,310	11,556,275
- Surplus on revaluation of property, plant and equipment	73,723,058	27,657,897
	84,439,368	39,214,172
Deferred tax asset on deductible temporary differences arising in respect of:		
- Unused tax losses	(16,700,538)	(15,904,794)
- Provision for Workers' (profit) participation fund	(4,294,239)	(3,223,132)
- Provision for Workers' welfare fund	(609,501)	(341,396)
- Staff retirement benefits and others	(2,952,861)	(2,867,127)
	(24,557,139)	(22,336,449)
	59,882,229	16,877,723

11.1 Deferred tax asset on tax losses available for carry forward has been fully recognized and the realization of related tax benefit is probable from reversal of existing taxable temporary differences and future taxable profit. Management's assertion of future taxable profit is mainly based on increasing sales.

The gross movement in net deferred tax asset during the year is as follows:	2019 Rupees	2018 Rupees
Opening balance	16,877,723	22,815,566
Charged to other comprehensive income	48,402,529	(7,106)
Charged to the profit or loss	(5,398,023)	(5,930,737)
Closing balance	59,882,229	16,877,723

Note 12

Trade and Other Payables

	Note	2019 Rupees	2018 Rupees
Trade creditors - Raw materials and others		51,756,301	89,666,454
Accrued liabilities		35,981,835	24,647,723
Contract liabilities		-	5,412,270
Workers' (profit) participation fund	12.1	14,807,719	11,114,248
Workers' welfare fund		2,101,727	1,177,227
Income tax withheld		753,417	4,328,009
		105,400,999	136,345,931

12.1 Workers' (profit) participation fund

	2019	2018
Opening balance	11,114,248	9,558,930
Provision for the year	2,151,616	747,525
Interest on workers' (profit) participation fund	1,541,855	807,793
	14,807,719	11,114,248
Paid during the year	-	-
Closing Balance	14,807,719	11,114,248

Note 13
Provision for Taxation

	2019	2018
	Rupees	Rupees
Opening balance	8,673,396	8,135,507
Provision for current year	11,204,768	8,673,396
Prior years adjustment	(162,793)	-
Prior years tax credits	-	(329,585)
	19,715,371	16,479,318
Payments / adjustments during the year	(8,510,603)	(7,805,922)
	11,204,768	8,673,396

13.1 Income tax assessments are deemed finalized up to the Tax Year 2018 as returns were filed under self assessment scheme.

Note 14
Contingencies and Commitments

Contingencies

14.1 Sui Northern Gas Pipelines Limited (SNGPL) has demanded an amount of Rs. 40.629 million (2018: Rs. 23.74 million) from the Company in respect of Gas Infrastructure Development Cess under the Gas Infrastructure Development Cess Act, 2015. However, the Company denies the claim and has filed a suit before the Honorable Sindh High Court dated February 02, 2017. Based on the advice of legal counsel, the management is of the view that there are meritorious grounds to defend the Company's position and it would be resolved in the Company's favor. Hence, no provision has been made in these financial statements.

Commitments

14.2 There are no material commitments outstanding as at the reporting date (2018: Nil).

Note 15
Property, Plant and Equipment

15.1 Year Ended June 30, 2019

Particulars	Cost / Revalued Amount					Depreciation				Written Down Value as at June 30, 2019
	As at July 01, 2018	Additions / (Disposals)	Revaluation adjustment	Revaluation Surplus / (Impairment)	Total as at June 30, 2019	As at July 01, 2018	For the year	Revaluation adjustment	Total as at June 30, 2019	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Land - freehold	290,950,000	-	-	52,900,000	343,850,000	-		-	-	343,850,000
Factory building on freehold land	95,930,746	-	(41,362,003)	71,876,257	126,445,000	35,298,809	6,063,194	(41,362,003)	-	126,445,000
Plant and machinery	152,846,006	20,874,846	(59,327,414)	85,043,562	199,437,000	47,910,497	12,801,965	(59,327,414)	1,385,048	198,051,952
Power plant	22,571,114	2,729,498	(8,886,938)	(2,863,674)	13,550,000	7,336,613	1,937,907	(8,886,938)	387,582	13,162,418
Electric fittings, equipment										
and appliances	5,996,140	221,120	(4,700,376)	11,493,116	13,010,000	4,544,152	156,224	(4,700,376)	-	13,010,000
Furniture and fixtures	7,298,642	85,600	-	-	7,384,242	7,167,188	17,404	-	7,184,592	199,650
Vehicles	7,994,978	74,700	-	-	8,069,678	4,834,041	636,900	-	5,470,941	2,598,737
Library books	11,856	-	-	-	11,856	11,856	-	-	11,856	-
Total Rupees	583,599,482	23,985,764	(114,276,731)	218,449,261	711,757,776	107,103,156	21,613,594	(114,276,731)	14,440,019	697,317,757

15.2 Year Ended June 30, 2018

Particulars	Cost / Revalued Amount					Depreciation				Written Down Value as at June 30, 2018
	As at July 01, 2017	Additions / (Disposals)	Revaluation adjustment	Revaluation Surplus	Total as at June 30, 2018	As at July 01, 2017	For the year	Revaluation adjustment	Total as at June 30, 2018	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Land - freehold	290,950,000	-	-	-	290,950,000	-	-	-	-	290,950,000
Factory building on freehold land	95,930,746	-	-	-	95,930,746	25,705,734	9,593,075	-	35,298,809	60,631,937
Plant and machinery	131,153,022	21,692,984	-	-	152,846,006	33,541,565	14,368,932	-	47,910,497	104,935,509
Power plant	22,571,114	-	-	-	22,571,114	5,079,502	2,257,111	-	7,336,613	15,234,501
Electric fittings, equipment			-	-				-		
and appliances	5,864,340	131,800	-	-	5,996,140	3,955,230	588,922	-	4,544,152	1,451,988
Furniture and fixtures	7,158,061	140,581	-	-	7,298,642	6,447,867	719,321	-	7,167,188	131,454
Vehicles	7,994,978	-	-	-	7,994,978	3,235,045	1,598,996	-	4,834,041	3,160,937
Library books	11,856	-	-	-	11,856	11,856	-	-	11,856	-
Total Rupees	561,634,117	21,965,365	-	-	583,599,482	77,976,799	29,126,357	-	107,103,156	476,496,326

Note 15, Property, Plant and Equipment - Contd…

15.3 Latest revaluation of property, plant and equipment was carried out by an independent valuer (refer to note 8) as on June 30, 2019. Had there been no revaluation, the cost, accumulated depreciation and book values of revalued assets would have been as under:

	As on June 30, 2019			Forced sales value
	Cost	Accumulated depreciation	Book value	
	Rupees	Rupees	Rupees	Rupees
Land	16,298	-	16,298	275,080,000
Factory building	42,956,538	36,693,914	6,262,624	101,156,000
Plant and machinery	385,350,069	306,276,503	79,073,566	159,550,000
Power plant	37,265,218	23,083,027	14,182,191	10,840,000
Electric fittings, equipment and appliances	15,926,781	14,112,624	1,814,157	10,408,000
	481,514,904	380,166,068	101,348,836	557,034,000

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

	Note	2019 Rupees	2018 Rupees
Cost of sales	23	20,959,290	26,808,040
Administrative expenses	25	654,304	2,318,317
		21,613,594	29,126,357

15.5 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

15.6 Significant inputs used in fair value measurements of property plant and equipment categorized within Level 2 of the fair value hierarchy, together with a quantitative sensitivity analysis as at June 30, 2019 are as shown below:

Description	Valuation Technique	Significant Observable Inputs	Quantitative Data / Range (weighted average)
Land	Sales value comparison approach	Market enquiries and survey as per kanal/marla for land	NIL
Factory building		Market survey	
Plant and machinery		Market value of machinery considering condition, manufacturing date, country of manufacturing and replacement value	
Power plant Electric fittings, equipment and appliances		Market and replacement value	

15.7 The management has re-assessed the rate of depreciation of power plant from 10 to 12.5%. Owing to its value of usage. This change in depreciation rate estimates has increased the depreciation expense by Rs. 387,582.

Note 16

Long Term Deposits

	Note	2019 Rupees	2018 Rupees
Sui Northern Gas Pipeline Limited		11,616,023	8,522,037
WAPDA		2,920,000	2,920,000
Sales tax refund bond	16.1	2,500,000	-
		17,036,023	11,442,037

16.1 During the year, the Company applied for sales tax refund against which refund of Rs. 2,500,000 was received through Central Depository Company of Pakistan Limited (CDC) in form of government bonds, carrying markup @ 10% per annum having maturity after three years. The bonds can be freely transferred within Central Depository System (CDS). These can be sold/transferable to another bank, person or entity at any time.

Note 17

Stores and Spares

	2019 Rupees	2018 Rupees
Stores and spares	3,293,808	3,668,293
Packing materials	747,765	477,168
	4,041,573	4,145,461

Note 18

Stock in Trade

	2019 Rupees	2018 Rupees
Raw materials	52,578,926	59,376,719
Work in process	6,684,259	3,561,796
Finished goods	652,086	2,203,423
Waste	732,413	907,760
	60,647,684	66,049,698
Write-down of raw materials to net realizable value	(2,748,474)	(482,618)
	57,899,210	65,567,080

Note 19

Trade Debts

	2019 Rupees	2018 Rupees
Local debts (Unsecured - considered good)	269,558	1,002,300

Note 20

Advance and Prepayments

	Note	2019 Rupees	2018 Rupees
Advances to employees (Unsecured - considered good)	20.1	729,904	489,682
Income tax deducted at source / advance tax		9,507,066	7,862,770
Prepayments		571,752	262,780
		10,808,722	8,615,232

20.1 This includes amount of Rs. Nil (2018: Rs. 112,160) due from the executives of the Company.

Note 21

Cash and Bank Balances

	2019 Rupees	2018 Rupees
Cash in hand	528,842	572,882
Cash at banks in current accounts	21,599,313	36,629,744
	22,128,155	37,202,626

Note 22

Revenue

	2019 Rupees	2018 Rupees
Local:		
- Yarn	972,385,621	859,635,819
- Wastes	7,495,188	7,779,718
	979,880,809	867,415,537
Less: Sales tax	-	-
Less: Commission	(4,927,468)	(13,023,485)
	974,953,341	854,392,052

22.1 All the revenue is recognised at a point in time.

Note 23

Cost of Sales

	Note	2019 Rupees	2018 Rupees
Raw materials consumed		620,844,944	552,546,041
Stores and spares consumed		16,063,637	12,636,393
Packing materials consumed		11,818,951	11,984,046
Fuel and power		108,237,882	95,089,519
Salaries and wages	23.1	112,098,713	100,924,389
Insurance		791,403	713,298
Repairs and maintenance		5,208,157	4,147,992
Depreciation	15.4	20,959,290	26,808,040
		896,022,977	804,849,718
Work in process:			
- Opening		3,561,796	5,241,327
- Closing		(6,684,259)	(3,561,796)
		(3,122,463)	1,679,531
		892,900,514	806,529,249
Finished goods including waste:			
- Opening		3,111,183	3,510,847
- Closing		(1,384,499)	(3,111,183)
		1,726,684	399,664
		894,627,198	806,928,913

23.1 This includes Rs. 3.120 million (2018: Rs. 2.804 million) in respect of staff retirement benefits.

Note 24

Distribution Cost

	Note	2019 Rupees	2018 Rupees
Salaries	24.1	862,554	780,000

24.1 This includes Rs. 0.073 million (2018: Rs. 0.060 million) in respect of staff retirement benefits.

Note 25

Administrative Expenses

	Note	2019 Rupees	2018 Rupees
Salaries and benefits	25.1	15,179,299	14,799,002
Utilities		645,673	546,395
Printing and stationery		476,228	342,102
Communication		686,938	697,705
Travelling and conveyance		1,627,502	1,503,023
Repairs and maintenance		269,353	261,584
Rent, rates and taxes		891,118	856,634
Vehicle running and maintenance		894,944	791,344
Fees and subscription		119,400	92,140
Legal and professional charges		1,518,550	1,695,487
Entertainment		1,115,365	837,612
Advertisement		50,400	89,850
Newspapers and periodicals		68,839	76,750
Donations and employees welfare	25.2	370,350	219,439
Gardening expenses		108,530	60,770
Miscellaneous		103,013	50,810
Depreciation	15.4	654,304	2,318,317
		24,779,806	25,238,964

25.1 This includes Rs. 0.435 million (2018: Rs. 0.398 million) in respect of staff retirement benefits.

25.2 None of the directors or their spouses have any interest in the donees.

Note 26

Finance Cost

	Note	2019 Rupees	2018 Rupees
Markup on long term financing		5,465,425	4,947,689
Interest on workers' (profit) participation fund	12.1	1,541,855	807,793
Bank charges		24,622	37,930
		7,031,902	5,793,412

Note 27

Other Operating Expenses

	Note	2019 Rupees	2018 Rupees
Auditors' remuneration:			
- Statutory audit fee		625,000	525,000
- Other attestation services		175,000	150,000
		800,000	675,000
Provision for workers' (profit) participation fund	12.1	2,151,616	747,525
Provision for workers' welfare fund		924,500	267,903
Write-down of raw materials to net realizable value	18	2,748,474	482,618
Advances written off		2,612,950	-
Impairment loss		2,179,150	-
Fines and penalties		-	350,448
Exchange loss		-	66,774
		11,416,690	2,590,268

Note 28

Taxation

	2019	2018
	Rupees	Rupees
Current:		
- Charge for the year	11,204,768	8,673,396
- Prior year charge	(162,793)	-
- Tax credits	-	(329,585)
	11,041,975	8,343,811
Deferred tax	(5,398,023)	(5,930,737)
	5,643,952	2,413,074

28.1 In view of the available income tax losses, the provision for current taxation represents tax on minimum turnover under section 113 of the Income Tax Ordinance, 2001. Since provision for tax is based on minimum tax on turnover, reconciliation of average effective tax rate with applicable tax rate is not given.

Note 29

Earnings per Share - Basic and Dilutive

	Note		2019	2018
Net profit for the year attributable to ordinary shareholders		Rupees	37,113,604	10,647,421
Weighted average number of ordinary shares		Number	4,449,159	4,449,159
Weighted average number of dilutive shares	30.1	Number	19,449,159	19,449,159
Earnings per share - Basic		Rupees	8.34	2.39
Earnings per share - Dilutive		Rupees	1.91	0.55

29.1 To calculate the dilutive earnings per share, the share deposit money has been considered as issued share capital for the calculation of earnings per share.

Note 30
Chief Executive's, Directors' and Executives Remuneration

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

	Chief Executive	Executive Director	Non-Executive / Independent Directors	Executives	Chief Executive	Executive Director	Non-Executive / Independent Directors	Executives
	2019				2018			
	Rupees				Rupees			
Managerial remuneration	1,680,000	1,680,000	-	5,356,000	1,680,000	1,680,000	-	5,964,000
House rent allowance	480,000	480,000	-	-	480,000	480,000	-	-
Medical allowance / reimbursement	403,879	666,245	-	-	240,000	846,699	-	-
	2,563,879	2,826,245	-	5,356,000	2,400,000	3,006,699	-	5,964,000
Number of persons	1	1	6	3	1	1	6	4

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

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

30.3 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 31
Transactions with Related Parties

Related parties comprise directors of the Company and 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			2019	2018
			Rupees	Rupees
Related party	Relationship	Nature of transaction		
Directors and close relatives thereof	Associated persons	Long term financing repaid to directors	(12,000,090)	(12,000,090)
		Markup on long term financing from directors	5,465,425	4,947,689
		Markup on long term financing repaid / adjusted	(13,202,720)	(7,591,182)
Balance outstanding as at June 30, 2019				
Directors, executives and close relatives thereof		Long term financing	48,700,220	60,700,000
		Accrued markup on long term financing	3,939,090	10,109,908
		Share deposit money	150,000,000	150,000,000

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

Sr No	Company Name/ Party Name	Basis or association	Aggregate % of Shareholding
1	Mr. Aamer Hameed	Director	9.25
2	Mr. Ijaz Hameed	Director	6.03
3	Ms. Uzma Hameed	Director	2.48
4	Mr. Mohammad Hameed	CEO	2.02
5	Mr. Tariq Hameed	Director	2.02

Note 32

Plant Capacity and Production

	2019	2018
	KGs	KGs
100% plant capacity converted into 20/S (2018: 20/S) count based on three shifts per day for 1080 shifts (2018: 1080 shifts)	6,437,086	6,168,874
Actual production for the year converted into 20/S (2018: 20/S)	5,774,430	5,647,382

Plant capacity is determined on the basis of management estimates as it is difficult to calculate precisely the production capacity of spinning unit. The production capacity fluctuates widely depending on various factors such as count of yarn spun, spindle speed, twist, maintenance of machinery, power shutdown and raw materials used, and the pattern of production adopted in any particular year.

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

Note 33

Financial Risk Management

The Company finances its operations through equity, borrowings and management of working capital with a view to obtain a reasonable mix between various sources of finance to minimize the risk.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk, other market price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

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.

The Company's overall risk management procedures, to minimize the potential adverse effects of financial market on the Company's performance, are as follows:

33.1 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.

33.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. As there are no foreign receivables/ payables of the Company, it is not exposed to currency risk (2018 : Rs 14.042 million).

33.1.2 Interest rate risk

This represents 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 analyses its interest rate exposure on a dynamic basis taking into consideration the option of obtaining refinancing. The Company has no significant long-term interest-bearing assets. Its only interest bearing liability is long term financing obtained from directors. As the borrowings are obtained at variable rates, these expose the Company to cash flow interest rate risk. As at the reporting date, the profile of the Company's interest bearing financial instruments was as under:

	2019	2018
	--------------(Rupees in '000)--------------	
Floating rate instruments		
Financial liabilities		
Long term financing	48,700	60,700

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the reporting date fluctuate by 1% higher / lower with all other variables held constant, profit before taxation for the year would have been Rs. 0.487 million (2018: Rs. 0.607 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liabilities outstanding at the reporting date are outstanding for the entire year.

33.1.3 Price risk

Price risk represents 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 interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. As of the reporting date, the Company is not exposed to equity and commodity price risk.

33.2 Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Carrying amounts of financial assets represent the maximum credit exposure.

The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilization of credit limits is regularly monitored. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

33.2.1 Exposure to credit risk

Carrying values of financial assets exposed to credit risk and which are neither past due nor impaired are as under:

	2019	2018
	--------------(Rupees in '000)--------------	
Long term deposits	17,036	11,442
Sales tax refund bond	2,500	-
Trade debts	270	1,002
Bank balances	21,599	36,630

33.2.2 The aging of trade debts and related impairment loss as at the reporting date is as follows:

	2019	2018
	--------------(Rupees in '000)--------------	
Past due 1 - 180 days	270	1,002

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 and trade debts are subject to specific credit ceilings based on customer credit history.

The management estimates the recoverability of trade receivables on the basis of financial position and past history of its customers based on the objective evidence that it shall not receive the amount due from the particular customer. The provision is written off by the Company when it expects that it cannot recover the balance due. Any subsequent repayments in relation to amounts written off are credited directly to the statement of profit or loss.

Note 33, Financial Risk Management - Contd...

33.2.3 Credit quality of bank balances

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	2019	2018
	Short term	Long term	Agency	Rupees	Rupees
National Bank of Pakistan	A1+	AAA	PACRA	2,488	3,648
MCB Bank Limited	A1+	AAA	PACRA	11,080,031	26,606,541
Bank Alfalah Limited	A1+	AA	PACRA	10,465,242	10,019,408
The Bank of Punjab	A1+	AA	PACRA	-	147
JS Bank Limited	A1+	AA-	PACRA	51,552	-
				21,599,313	36,629,744

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, the management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

33.3 Liquidity risk

Liquidity risk represents the risk that the Company shall encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. The management monitors the forecasts of the Company's cash and cash equivalents on the basis of expected cash flow. This is generally carried out in accordance with the practice and limits set by the Company. These limits vary by location to take into account the liquidity of the market in which the Company operates. In addition, the Company's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities.

The Company manages liquidity risk by maintaining sufficient cash. As at the reporting date, the Company has Rs. 22.128 million (2018: Rs. 37.203 million) cash and bank balances. The management believes that the Company has low liquidity risk as the directors shall inject funds to meet the liquidity requirements of the Company, if required. The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period as at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows as the impact of discounting is not significant.

Description	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Years	2-5 Years	5 - 10 years
	..........Rupees in '000..........					
Contractual maturities of financial liabilities as at June 30, 2019:						
Long term financing	48,700	132,640	9,920	12,454	35,046	75,220
Trade and other payables	87,738	87,738	87,738	-	-	-
Accrued markup on long term financing	3,939	3,939	3,939	-	-	-
	140,377	224,317	101,597	12,454	35,046	75,220
Contractual maturities of financial liabilities as at June 30, 2018:						
Long term financing	60,700	121,112	10,368	11,481	34,065	65,198
Trade and other payables	114,314	114,314	114,314	-	-	-
Accrued markup on long term financing	10,110	10,110	10,110	-	-	-
	185,124	245,536	134,792	11,481	34,065	65,198

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at the reporting date. The rates of interest / mark up have been disclosed in relevant notes to these financial statements.

Note 33, Financial Risk Management - Contd...

33.4 Financial instruments by categories

Financial assets as at amortized cost

	2019	2018
	Rupees	Rupees
Sales tax refund bond	2,500,000	-
Trade debts	269,558	1,002,300
Cash and bank balances	22,128,155	37,202,626
	24,897,713	38,204,926
Financial liabilities at amortized cost		
Long term financing	48,700,000	60,700,000
Trade and other payable	87,738,000	114,314,000
Accrued markup on long term financing	3,939,000	10,110,000
	140,377,000	185,124,000

33.5 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.

The carrying values of all financial assets and liabilities reflected in financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Note 34
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.

As at the reporting date, the gearing ratio of the Company was worked out as under:

Note 34, Capital Risk Management - Contd...

	2019 Rupees	2018 Rupees
Total borrowings	48,700,220	60,700,000
Cash and bank balances	(22,128,155)	(37,202,626)
Net debt	26,572,065	23,497,374
Equity	571,516,645	363,684,825
Total capital employed	598,088,710	387,182,199
Gearing ratio	4.44%	6.07%

Note 35
Segment Information

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

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

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

The Company is domiciled in Pakistan. All of the Company's income is from the entities incorporated in Pakistan.

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

- Information about major customers

  One customer of the Company accounts for 55.38% (2018: 51.58%) of total sales for the year. Revenue from such customer was Rs. 542.627 million (2018: Rs. 446.742 million).

- 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 Yarn 42 CT and Yarn 32 CT.

Note 36
Number of Employees

	Note	2019 Number	2018 Number
Total number of employees as at June 30,			
- Permanent	36.1	347	329
- Contractual	36.1	7	12
Average number of employees during the year			
- Permanent		338	330
- Contractual		10	12

Note 37
Subsequent Events

The Board of Directors of the Company in their meeting held on October 04, 2019 has recommended to issue a dividend of Rs 1.00 per share for the year ended June 30, 2019.

Note 38
Date of Authorization for Issue

These financial statements were approved and authorized for issuance by the Board of Directors of the Company on October 04, 2019.

Note 39
General

Comparative figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. Following re-arrangement / reclassification has been made in these financial statements for better presentation:

Nature	From	To	Amount (Rupees)
Insurance	Administrative expenses (Note 25)	Cost of sales (Note 23)	713,298

Mohammad Hameed
Chief Executive

Aamer Hameed
Director

M. Muddasar Shahzad
Chief Financial Officer

FORM 34

THE COMPANIES ACT, 2017

(Section 227 (2) (f)

PATTERN OF SHAREHOLDING

1.1 Name of the Company Service Industries Textiles Limited

30-06-2019

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

2.2 No. of Shareholders	------Shareholdings------ From	To	Total Shares Held
541	1	100	14,640
457	101	500	109,448
102	501	1,000	80,417
107	1,001	5,000	254,459
25	5,001	10,000	199,013
12	10,001	15,000	148,590
3	15,001	20,000	57,800
3	20,001	25,000	70,521
2	25,001	30,000	54,000
3	30,001	35,000	102,000
3	35,001	40,000	116,720
1	40,001	45,000	42,500
9	45,001	50,000	442,480
2	50,001	55,000	103,060
3	60,001	65,000	192,499
1	70,001	75,000	74,606
3	85,001	90,000	269,239
2	95,001	100,000	197,461
2	110,001	115,000	222,390
1	120,001	125,000	123,148
1	130,001	135,000	130,446
1	160,001	165,000	162,908
1	195,001	200,000	199,420
1	265,001	270,000	268,324
1	400,001	405,000	401,359
1	410,001	415,000	411,711
1,288			4,449,159

2.3 Categories of shareholders	Share held	Percentage
2.3.1 Directors, Chief Executive Officers, and their spouse and minor children	1,635,320	36.7557%
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	0	0.0000%
2.3.3 NIT and ICP	293,354	6.5935%
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	109,154	2.4534%
2.3.5 Insurance Companies	381,920	8.5841%
2.3.6 Modarabas and Mutual Funds	7,900	0.1776%
2.3.7 Share holders holding 10% or more	0	0.0000%
2.3.8 General Public		
a. Local	2,001,505	44.9861%
b. Foreign	0	0.0000%
2.3.9 Others (to be specified)		
Joint Stock Companies	20,006	0.4497%

Service Industries Textiles Limited

Categories of Shareholding required under Code of Corporate Governance (CCG)

As on June 30, 2019

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	411,711	9.2537%
2	MR. FAROOQ HAMEED	401,359	9.0210%
3	MR. IJAZ HAMEED	268,324	6.0309%
4	MR. MOHAMMAD HAMEED	89,713	2.0164%
5	MR. TARIQ HAMEED	89,713	2.0164%
6	MR. MURTAZA HAMEED	42,500	0.9552%
7	MR. SAJID SALIM MINHAS	500	0.0112%
8	MR. OMAR MOHY-UD-DIN MALIK	500	0.0112%
9	MRS. ROBINA IJAZ W/O IJAZ HAMEED	123,148	2.7679%
10	MRS. UZMA HAMEED W/O FAROOQ HAMEED	110,352	2.4803%
11	MRS. SAIMA HAMEED W/O AAMER HAMEED	97,500	2.1914%
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		498,974	11.2150%
Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)			
1	MR. AAMER HAMEED	411,711	9.2537%
2	MR. FAROOQ HAMEED	401,359	9.0210%
3	MR. IJAZ HAMEED	268,324	6.0309%

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
	NIL		

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, 2019 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 (مختار نامہ)

رجسٹر فولیو نمبر

سیکرٹری

سروسز انڈسٹریز ٹیکسٹائلز لمیٹڈ

38۔ایمپرس روڈ، لاہور

میں/ہم ____________________

ساکن

بحیثیت رکن حامل ____________ عام حصص بمطابق شیئر رجسٹر فولیو نمبر ____________

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

بذریعہ ہذا

محترم/محترمہ ____________ ساکن ____________

جو کمپنی کا ممبر ہے بمطابق چیئر رجسٹر فولیو 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 چیئر رجسٹر فولیو نمبر ____________

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

مورخہ 28 اکتوبر 2019ء کو منعقد ہونے والے کمپنی کے 58ویں 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 کمپنی کے ہاں رجسٹرڈ نمونہ دستخطوں کے مطابق ہونے چاہئیں

دستخط ____________ آج بروز ____________ بتاریخ ____________ ء

نوٹ:

1۔ اگر ایک ممبر اجلاس میں شرکت کے قابل نہیں ہے تو وہ اس فارم پر دستخط کرے اور سیکرٹری کو اس طور ارسل کردے 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 ڈائریکٹرز کی قرارداد/مختار نامہ کی مصدقہ کاپی معہ نمونہ دستخط (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختار نامہ) کے ہمراہ کمپنی میں جمع کرانا ہوگا۔