



Servis

Service Industries Limited



Annual Report 2023

**DIVERSIFICATION
CREATES OPPORTUNITY**

Cover Story



An enduring trait of modern corporations since their emergence in the mid-19th century is their propensity to diversify over time into multiple lines of business.

While there are many potential resources that might become relevant during the process of diversification (e.g., brand, distribution) technological knowhow has been a focal point. Empirical work has largely supported the general proposition that redeployment of technological assets plays a central role in diversification and that firms' diversification strategies demonstrate a degree of coherence around technological capabilities.

Contents

02

Our History

04

Our Vision and Mission

06

Company Information

08

Geographical Presence

10

Corporate Social
Responsibility

16

Notice of Annual
General Meeting

20

Board of Directors

21

Group Executive
Committee

22

Value Added & its
Distribution

23

Wealth Generated
and Distributed

24

Balance Sheet
Composition

26

Analytical Review

28

Six Years at a Glance

30

Horizontal Analysis

31

Vertical Analysis

32

Chairman's Review

34

Director's Report to the Shareholders

45

Statement of Compliance

48

Review Report on the Statement of Compliance

50

Auditor's Report to the Members

56

Statement of Financial Position

58

Statement of Profit or Loss

59

Statement of Comprehensive Income

60

Statement of Changes in Equity

61

Statement of Cash Flow

62

Notes to the Financial Statements

144

Auditor's Report to the Members (Consolidated Financial Statements)

150

Consolidated Statement of Financial Position

152

Consolidated Statement of Profit or Loss

153

Consolidated Statement of Comprehensive Income

154

Consolidated Statement of Changes in Equity

155

Consolidated Statement of Cash Flows

156

Notes to the Consolidated Financial Statements

250

Pattern of Shareholding

255

Proxy Form

268

Director's Report to the Shareholders (Urdu)

Our History



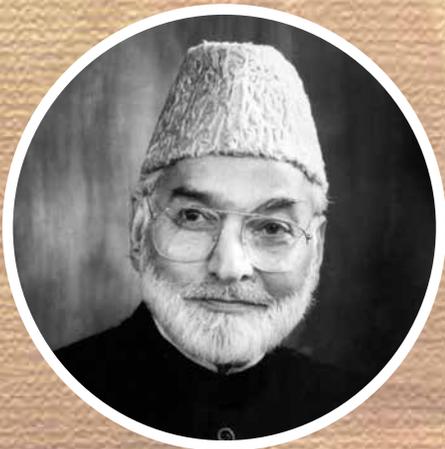
Ch. Muhammad Hussain

The story of 'Servis' begins in late 1930s when a group of three young graduates from college, started exploring the possibility of doing business together instead of aspiring for secured jobs. These determined young men, Chaudhry Nazar Muhammad, Chaudhry Mohammad Husain, both hailing from villages in Gujrat and Chaudhry Muhammad Saeed from the neighboring district of Gujranwala, had scarce capital as they came from families with modest means. They pooled their personal savings, and started small businesses of making Mosquito nets, minor steel products, leather chappals and eventually travel bags, hand bags and holdalls, made of canvas and leather largely for supply to the army.

Their promising business, operating out of an apartment with four small rooms in Gawalmandi, Lahore, received a serious setback at the end of World War II when the army stopped purchases and again in 1947 when subcontinent was partitioned into Pakistan and India.

Most of their market was lost as it was based in Indian Cities of Delhi, Bombay, Calcutta, Madras and Cawnpur. The money thus lost was never recovered. They were using a neutral name of Service Limited for their products, not revealing any particular religious identity under intense competition from people of other faiths.

After independence, they started their business afresh and this time with production of slippers, commonly called chappals in Pakistan. The limitation of financial resources did not deter them. They had experience of handling leather and canvas as well as handmade chappals. They established Service industries in 1953, converted to a Public Limited Company in 1959 and ultimately listed on the stock exchange in 1970.



Ch. Nazar Muhammad

In 1954, they installed a shoe manufacturing plant at industrial area in Gulberg, Lahore, and started production in the same year. The industry started manufacturing various types of shoes. A few years earlier retail outlet had been started at the Mall Road under banner of Hilal Store, later converted into a Servis store.

At Gujrat, they acquired large piece of land and established one of the biggest industrial complexes in Punjab, manufacturing leather and canvas footwear, canvas fabric, textile spinning and eventually also bicycle tires and tubes.

Humility, fairness and diligence were the core values held by our founders and these led to the phenomenal success of the group over the years. They were hugely focused on the impact of



Ch. Muhammad Saeed

their enterprise on society as a whole. They remained extremely particular about payment of taxes to the national exchequer, and in looking after the interests of shareholder and workforce alike. The importance to society of creating employment opportunities, improve employees' qualifications, develop backward areas and establish an export market stemmed from their vision and directed their growth.

In the public sphere, they were the pioneers and founders of the Lahore Chamber of Commerce and Industry, the Federation of Chambers of Commerce and Industry and the Lahore Stock Exchange.

Ch Nazar Muhammad and Ch Muhammad Saeed were both Presidents of the Lahore Chamber, and Ch Nazar Muhammad also served as the President of the Federation of Chambers of Commerce and Industry as well as Chairman of the newly established Lahore Stock Exchange. He founded the Businessmen Hospital Trust and through it became the founding Chairman of the Shalamar Hospital.

Ch Mohammad Hussain was a great promoter of cricket and became President for the Board of Control for Cricket in Pakistan.

Today, the Servis group has transferred into 3 companies namely Service Industries Limited, Service Global Footwear Limited and Service Long March Tyres (Pvt) Limited selling world class shoes, all steel truck and bus radial tyres, Agri Tyres and tubes, 2 wheeler and 3 wheeler tyres and tubes with a retail network operating with the brand of Servis. Servis group is the leading exporter of footwear, tyres and tubes from Pakistan. Our manufacturing facilities are spread over four locations, with three in Punjab and one in Sindh.

A humble venture of three friends has grown into a group that employs almost fifteen thousand people and makes a difference in the lives of millions of people every day.

**"Give light and
people will find
the way."**

-Ella Baker

Our Vision and Mission

Vision

To become a Global, World class and Diversified Company which leverages its brands and its people.

Mission

To be a result oriented and profitable Company by consistently improving market share quality, diversity, availability, presentation, reliability, and customer acceptance.

To emerge as a growth oriented ensuring optimum return and value addition to its shareholders.

To ensure cost consciousness in decision making and operations without compromising the commitment to quality.

To create an efficient resource management and conducive business environment. Evolving an effective leadership by creating a highly professional and motivated management team fully equipped to meet any challenge.

To keep abreast with modern technology and designs to optimize production and enhance brand image to attain international recognition for the Company's product.

To set up highly ethical business standards and be a good cooperate citizen, contributing towards the development of the national economy and assisting charitable causes.

To adopt appropriate safety rules and environment friendly policies.

Company Information

Board of Directors

Ms. Uzma Adil Khan
(Chairperson / Independent Director)

Mr. Arif Saeed
(Chief Executive Officer)
Executive Director

Mr. Omar Saeed
Executive Director

Mr. Hassan Javed
Non-Executive Director

Mr. Adil Matcheswala
Non-Executive Director

Mr. Ahsan Bashir
Non-Executive Director

Chaudhry Saif Javed
Non-Executive Director

Mr. Muhammad Naeem Khan
Independent Director

Mr. Shahid Hussain Jatoi
Independent Director

Chief Financial Officer
Mr. Badar Ul Hassan

Company Secretary
Mr. Waheed Ashraf

Audit Committee

Mr. Muhammad Naeem Khan
(Chairman)

Independent Director

Mr. Adil Matcheswala
(Member)

Non-Executive Director

Chaudhry Saif Javed
(Member)

Non-Executive Director

Human Resource and Remuneration Committee

Ms. Uzma Adil Khan
(Chairperson)

Independent Director

Mr. Arif Saeed
(Member)

Executive Director

Mr. Ahsan Bashir
(Member)

Non-Executive Director

Bankers

Allied Bank Limited

Askari Bank limited

Bank Al Habib Limited

Bank Alfalah Limited

Faysal Bank limited

Habib Bank Limited

Habib Metro Bank

ICBC Pakistan

MCB Bank Limited

MCB Islamic Bank

Meezan Bank Limited

National Bank Limited

Samba Bank Limited

Silk Bank Limited

Standard Chartered Bank

Soneri Bank Limited

The Bank of Punjab

The Bank of Khyber

Bank Islami Pakistan Limited

Dubai Islamic Bank Limited

United Bank Limited

SME Bank Limited

Pak Kuwait Investment Company

Al Baraka Bank (Pakistan) Limited

Auditors

M/s. Riaz Ahmad & Company,
Chartered Accountants

Legal Advisor

M/s. Bokhari Aziz & Karim
2-A, Block-G, Gulberg-II, Lahore.

Registered Office

Servis House,
2-Main Gulberg, Lahore-54662.
Tel: +92-42-35751990-96

Shares Registrar

M/s. Corplink (Pvt.) Limited
Wings Arcade, 1-K
Commercial, Model Town, Lahore
Tel: +92-42-35916714,
35916719,
35839182.

Pakistan Stock Exchange Limited

Stock Exchange Symbol SRVI

Factories

G.T. Road, Gujrat.

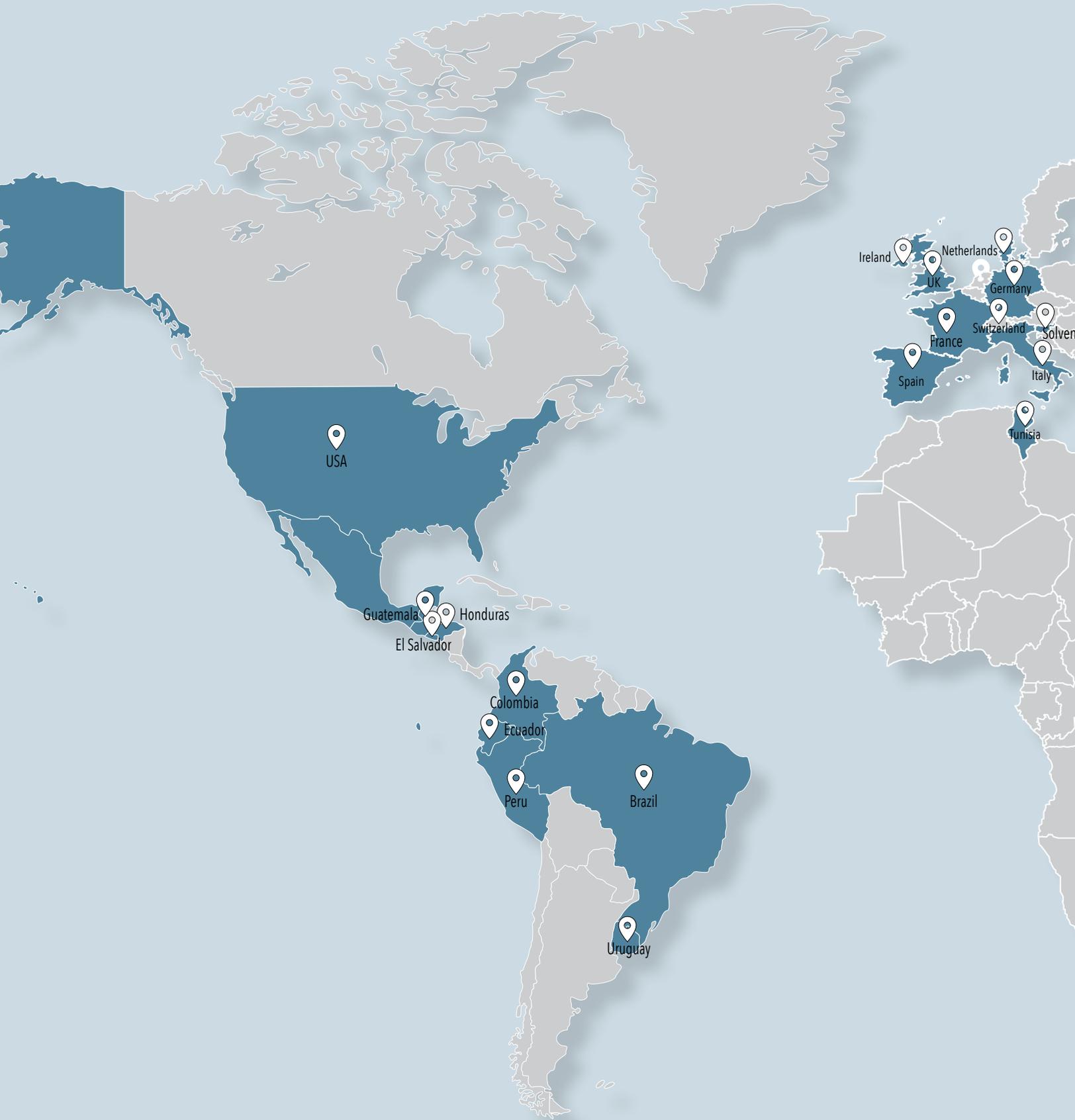
Sheikhupura Road, Muridke.

Web Presence

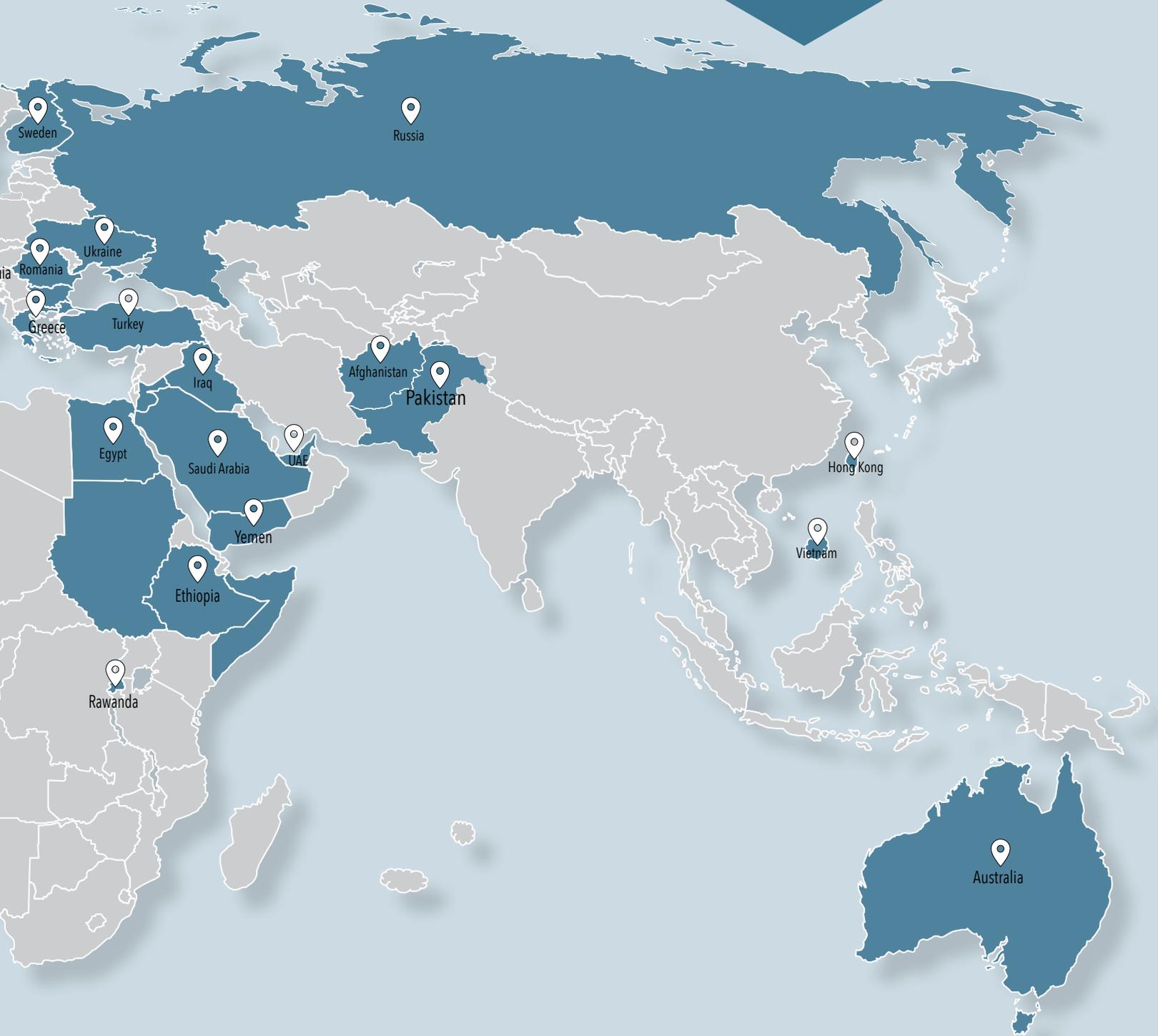
www.servisgroup.com

Geographical Presence

Our products are available in more than thirty countries.



"The undertaking of a new action brings new strength."
-Richard L. Evans



Corporate Social Responsibility

About Service Industries Limited (SIL)

SIL is a socially conscious business entity. Its tradition of charitable giving is as old as the company itself. Over the last several decades, SIL has been involved in significant philanthropic undertakings in health and education. SIL's aim is to strive to serve its employees, customers, shareholders, communities and the environment. The intention is simple: to give back, share prosperity and help people build and grow in a sustainable way.

SIL delivers the bulk of this work in a consolidated manner through Servis Foundation (SF), our independent corporate foundation, which became operational in 2019. Since its inception, SF's governance, performance, and initiatives were developed further and many learnings were gathered. SF was granted tax-exempt status under section 2(36) of the Income Tax Ordinance 2001. SF is now the principal vehicle of all CSR-based institutional contributions of the company. As SIL's philanthropic arm, SF aims to deliver its parent company's CSR goals through a programmatic and targeted mechanism.

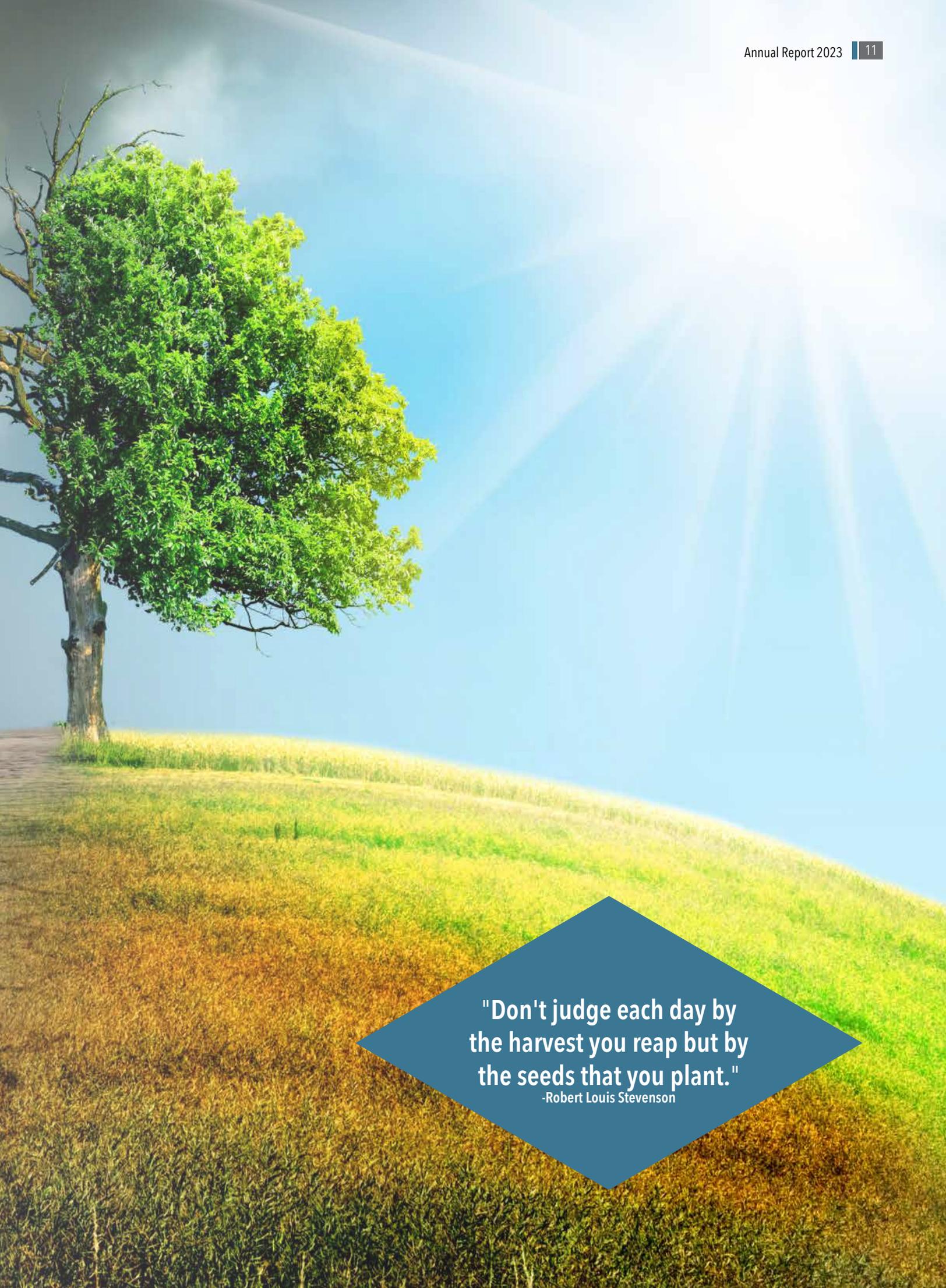
SF inherits and upholds SIL's values of giving back, community, trust, excellence, collaboration, partnership, and sustained progress. It seeks to foster SIL's legacy through work of larger scale and impact. SF's vision is to become a meaningful contributor to a Pakistan in which all people have access to excellent education, healthcare and opportunity. Further, SF's mission is to provide and promote lifelong access to best quality education and healthcare to low-income families in our communities and beyond. The Foundation delivers on these goals by partnering with credible partners with the right expertise from the public, private and charity sectors. SIL remains the primary donor of SF.

Our portfolio of CSR & ethical business practices comprises internal initiatives, directly-owned projects and institutional contributions through Servis Foundation.

About this section of the report

We use this section in the Annual Report to share how we are managing and measuring progress against our CSR goals, as well as to respond broadly to stakeholder expectations in this area. The 2023 CSR section details progress on our most pertinent issues over the year. In this section, we will provide an overview of internal company initiatives and responsible operations and institutional contributions through SF.





**"Don't judge each day by
the harvest you reap but by
the seeds that you plant."**
-Robert Louis Stevenson

1. Internal Company Initiatives & Responsible Operations

SIL has certain sustained initiatives to provide a safe, healthy and ethical environment for all internal stakeholders like employees, customers and shareholders associated with the company. Some of these initiatives are as follows:

a) Industrial Relations

SIL is Business Social Compliance Initiative (BSCI) certified, promoting workplace conditions in accordance with human rights, ILO conventions and national labor law. Additionally, SIL has been a member of SEDEX Global since 2015, ensuring our dedication to driving improvements in responsible and ethical business practices in the global supply chain, providing our family of over 7,902 employees the best working conditions for increased productivity.

b) Employment of females and persons with disability

SIL is proud to be an equal opportunity employer and encourages the participation of females and persons with special needs in the workforce. SIL has taken steps to create a work environment conducive to females, having separate and appropriate work spaces and production lines. Currently, the female headcounts amount to 212+, who are part of the SIL's diversified team.



c) Occupational Safety and Health

Our procedures have been gauged to provide a safe, clean, injury and illness-free environment to our employees. SIL has obtained ISO 45001:2018 Occupational Health and Safety Management Certification, an international standard providing a framework to identify, control and decrease the risks associated with health and safety within the workplace.

d) Consumer Protection Measures

SIL is ISO 9001:2015 certified, ensuring a Quality Management System focused on consistently providing products that meet customers and applicable statutory and regulatory requirements. SIL is also a member of SATRA Technologies since 2010 who conduct research and tests on footwear and leather products to ensure the product is comfortable, safe, performs well and is durable.

e) Business Ethics and Anti-Corruption Measures

We commit to conducting our business with honesty and integrity and in full compliance with applicable laws and regulations. Our Statement of Ethics & Business Practices states that "It is the Company's policy to conduct its operations in accordance with the highest business ethical considerations, to comply with all statutory regulations and to conform to the best accepted standards of good corporate citizenship."

f) Gujrat Workers' Children Schooling Programme

This programme was initiated in 2020 to provide our most vulnerable workers the opportunity for high-quality education for their children. For this, SF decided to leverage the branch network and educational expertise of a private partner well-known and well-respected in Gujrat and surrounding districts. 195 students continue to receive schooling through this partner. We spent PKR 10.6 million on this programme in 2023.

g) SF's Bright Future's Scholarship Program

SF launched a scholarship program for low-salaried employee's children that covers educational expenses for select undergraduate degree programs. After successful roll out of the program, SF awarded 12 scholarships to promising children





who met the scholarship criteria. SIL is committed to investing in its employee's welfare and that of their families for enhanced life and income opportunities.

h) Contribution to National Exchequer

SIL has a multi-million Rupee annual contribution to the national exchequer on account of taxes, duties and levies. In 2023, SIL contributed PKR 3,203 million.





of tests-further supporting community members of Gandrah. Approximately 23,000+ patient interactions are recorded at the facility annually

b) Servis-Sunbeams School, Muridke, Sheikhpura

This school is located in a village 5km from the SIL Muridke factory and enrolls 293 students. The facility has been enhanced through construction of six additional classrooms, toilets and provision of new furniture costing over PKR 15 million. There is no fee charged to students. SF supports all school management and running costs- in 2023 PKR 5.42 Million were spent to ensure provision of quality education to children. Operations and management are looked after by Sunbeams School System on behalf of SF since August 2019.



c) Service Charitable Trust's Bagh-e-Rehmat Trust High School

Service Charitable Trust runs a school for low-income students near Bhatta Chowk, Lahore. The Bagh-e-Rehmat School enrolls more than 500+ students and enjoys a reputation of high merit, standards and outcomes in the local community.



2. Direct Community Welfare Projects

a) Chaudhry Nazar Muhammad, Muhammad Hussain Memorial Society Clinic

Located in Gandhra, Gujrat, the hospital is a primary care facility for the community, providing subsidized consultation by a General Physician, free medicines, subsidized basic lab tests and ultrasound and x-ray facility. This year a new CBC analyser machine (worth PKR 1 Million) was added to the lab to enhance his menu



3. Institutional contributions through Servis Foundation

SIL contributed PKR 61 million to Servis Foundation during 2023 for the delivery of development programmes through charitable institutions. These institutional contributions included health and education spending through the following institutions:

a) Shalamar Institute of Health Sciences

In 2023, SIL sponsored the treatment of low-income patients to the tune of PKR 12.8 million at SIHS. Through SF, we also support a scholarship programme at the Medical College of SIHS.

b) Kidney Center Gujrat (KCG)

SF is the foremost donor at this facility providing free haemodialysis and subsidised kidney stone management services to 1100+ registered kidney disease patients from Gujrat and surrounding districts with 900+ who have received subsidised dialysis sessions. Many low-income patients are receiving subsidised kidney-stone management treatment through the state-of-the-art lithotripter contributed by us. In 2023, SF contributed PKR 12 million to Kidney Center Gujrat.

c) The Citizens Foundation (TCF)

SF sponsors three TCF schools with a total student strength of 615. These three branches are located in Mansehra, Sargodha and Lahore. All schools are primary with average female enrolment at 47% of student strength. The total annual commitment to TCF is PKR 15.6 million.

d) The Pakistan Society for the Rehabilitation of the Disabled (PSRD)

In December 2019, SF began its contributions to the Orthotics & Prosthetics Center at PSRD which provides subsidized services to

low-income patients. SF is also spearheading capacity building and institutional strengthening efforts at the center. Since 2019 SF has contributed regularly for facility improvement at PSRD. SF contributed PKR 3 Million to PSRD in 2023.

d) Servis Foundation Prosthetic's Initiative

Solid Ankle Cushion Heel (SACH) Feet were procured and provided to two strong partners (Chal Foundation & PSRD) for free of cost. SF spent PKR 4.57 million and provided 1483 SACH feet to persons from lower-income households with lower-limb disabilities.

In addition to above steps, SIL also made other notable contributions including:

- WISE Education Society: PKR 7.2 Million to support education for students from low-income households.
- Lahore Businessmen Association for Rehabilitation of the Disabled (LABARD): PKR 500,000 to support their mission of working for differently abled.
- Professional Education Foundation: PKR 500,000 to support professional education of 5 students.
- The Salam Award Writers Workshop held at Lahore University of Management Sciences: PKR 500,000 were donated.
- Muhammad Amin Trust: PKR 1 Million.
- Forman Christian College, University, Lahore: PKR 5 Million.
- Sindh Institute of Urology and Transplantation: PKR 1 Million.



Notice of Annual General Meeting

Notice is hereby given that the 67th Annual General Meeting ("AGM") of Service Industries Limited (the "Company") will be held on **Friday, the April 26, 2024 at 11:30 a.m.** at Shalimar Tower Hotel, Adjacent Servis House, 2 - Main Gulberg, Lahore, to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the separate and consolidated audited financial statements of the Company for the year ended December 31, 2023, together with the Directors' and Auditors' Reports thereon and Chairman's Review Report.

In accordance with Section 223 of the Companies Act, 2017 and S.R.O No. 389(I)/2023 dated March 21, 2023, the financial statements of the Company have been uploaded on the Company's website which can be downloaded from the following link and QR enabled code:

https://www.servisgroup.com/financial_reports/#1619777139052-b209138d-348e



2. To approve the final cash dividend of Rs. 10 per share i.e., 100% as recommended by the Board of Directors for the year ended December 31, 2023.
3. To appoint Auditors and to fix their remuneration. The members are hereby given notice that the Audit Committee and the Board of Directors have recommended the name of retiring auditors M/s. Riaz Ahmad & Company, Chartered Accountants for re-appointment as auditors of the Company.

Lahore
April 04, 2024

By Order of the Board

WAHEED ASHRAF
Company Secretary

NOTES:

1. The Share Transfer Books of the Company will remain closed from April 20, 2024 to April 26, 2024 (both days inclusive). Transfers received in order by our Shares Registrar, M/s. Corplink (Private) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore by the close of business on April 19, 2024 will be considered in time for the purpose of entitlement of final cash dividend and to attend and vote at the AGM.
2. A member of the Company entitled to attend and vote at the Annual General Meeting may appoint another member as his / her proxy to attend and vote in place of him / her at the meeting. Proxies in order to be effective must be received at the Registered Office of the Company duly stamped and signed not less than 48 hours before the time of meeting. A proxy must be a member of the Company. Proxy Forms in Urdu and English languages are attached to the notice circulated to the shareholders.
3. Members who have deposited their shares into Central Depository Company of Pakistan Limited ("CDC") will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan in Circular No 1 of 2000.

A For Attending the Meeting

- a. In case of Individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or, original Passport at the time of attending the Meeting.
- b. In case of corporate entity, the Board's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B For Appointing Proxies

- a. In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.
 - b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
 - c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
 - d. The proxy shall produce his original CNIC or original passport at the time of the Meeting.
 - e. In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.
4. The members can also participate in the Annual General Meeting through video link facility.

To attend the AGM through video link, members and their proxies are requested to register their following particulars by sending an e-mail at shareholders@servis.com.

Folio / CDC Account No.	No. of shares held	Name	CNIC No.	Cell No.	Email address

The video link and login credentials will be shared with the shareholders whose e-mails, containing all the requested particulars, are received at the given e-mail address by or before the close of business hours (5:00 p.m.) on April 22, 2024.

5. In accordance with the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. In order to receive dividends directly into their bank account, shareholders are requested to fill in Electronic Credit Mandate Form available on Company's website www.servisgroup.com and send it duly signed along with a copy of valid CNIC to the Shares Registrar of the Company M/s. Corplink (Private) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore in case of physical shares. In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to the shareholder's Broker/Participant/CDC Account Services.

Notice of Annual General Meeting

6. The Government of Pakistan has made certain amendments in the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These rates are as follows:

For filers of income tax returns	15%
For non-filers of income tax returns	30%

To enable the Company to make tax deduction on the amount of cash dividend @15% instead of 30% all the shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date of payment of the cash dividend, otherwise tax on their cash dividend will be deducted @30% instead of 15%.

In the case of shares registered in the name of two or more shareholders, each joint-holder is to be treated individually as either a filer or non-filer and tax will be deducted by the Company on the basis of shareholding of each joint-holder as may be notified to the Company in writing. If the share is not ascertainable then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, in order to avoid deduction of tax at a higher rate, the joint account holders are requested to provide the below details of their shareholding to the Share Registrar of the Company latest by the AGM date.

Folio / CDC Account No.	Name of Shareholder	CNIC	Shareholding	Total Shares	Principal / Joint Shareholder
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The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or the Shares Registrar. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

7. A valid tax exemption certificate is necessary for exemption from the deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001. Members who qualify under Income Tax Ordinance, 2001 and wish to seek an exemption must provide a copy of their valid tax exemption certificate to the Shares Registrar prior to the date of book closure otherwise tax will be deducted according to applicable law.
8. The Company has placed the Annual Report containing Audited Annual Financial Statements for the year ended 31 December 2023, Auditors' and Directors' Reports thereon and Chairman's Review Report on its website: www.servisgroup.com and can also be downloaded / viewed from the following QR code and weblink:

https://www.servisgroup.com/financial_reports/#1619777139052-b209138d-348e



9. Shareholders have passed an Ordinary Resolution in Annual General Meeting held on April 28, 2023 to transmit annual report through QR enabled code and weblink in compliance of directive of SRO 389(I)/2023 dated 21st March 2023. The shareholders who wish to receive hard copy of the aforesaid financial statements may send to the Company Secretary / Share Registrar, the Standard Request Form available on the website of the Company and the Company will supply hard copies of the aforesaid document to the shareholders on demand, free of cost, within one week of such demand.
10. The Shareholders having physical shareholding may open CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into script-less form. This will facilitate them in many ways including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Stock Exchange. Further, Section 72 of the Act states that after the commencement of the Act from a date notified by SECP, a company having share capital, shall have shares in book-entry form only. Every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by SECP, within a period not exceeding four years from the promulgation of the Act.

11. The members of the Company are required to submit Declaration for Zakat exemption in terms of Zakat and Ushr Ordinance, 1980 to the Company.
12. Shareholders, who by any reason, could not claim their dividends/shares, if any, are advised to contact our Share Registrar to collect / enquire about their unclaimed dividend/shares, if any.
13. The shareholders who have not yet provided their CNICs are once again advised to provide the attested copies of their CNICs (if not already provided) directly to our Share Registrar.
14. Members having physical shares are requested to immediately notify the change in their addresses, if any to our Shares Registrar, whereas CDC account holders are requested to contact their CDC Participant / CDC Account Services.
15. For any query / information, the investors may contact the Shares Registrar: Mr. Muhammad Akbar Moghal, Phone No. 042-35839182, 35916714, 35916719, e-mail address: corplink786@gmail.com and / or the Company: Mr. Tahir Maqsood, Phone No. 042-35751990, email address: shareholders@servis.com.

Statement under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

Name of Investee Company	Service Long March Tyres (Private) Limited (SLM)
Total Investment Approved	Further long-term equity investment up to Rs. 1,500,000,000 for purchase of 150,000,000 ordinary shares was approved by the shareholders in the Extraordinary General Meeting held on January 17, 2024.
Amount of Investment made to date	An investment of Rs. 486,017,640 has been made so far by the Company.
Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in a specified time	No deviation. The validity of resolution for investment is five (5) years from January 17, 2024. The balance investment will be made as and when funds are required by the subsidiary / associated Company.
Material change in financial statements of associated company or associated undertaking since the date of the resolution passed for approval of investment in such company	<p>The subsidiary / associated company has earned profit after tax of Rs. 2.51 billion during the twelve months from January 01, 2023 to December 31, 2023, against loss after tax of Rs. 1.18 billion for same period last year. EPS stood at Rs. 0.20 for twelve months ended December 31, 2023. SLM is presently operating at full capacity.</p> <p>As per latest audited financial statements for the year ended June 30, 2023 the balance sheet size is Rs. 31.54 billion, Loss after tax is Rs. 547 million and Loss per share is Rs. 0.44. As per audited financial statements for the year ended June 30, 2022 the balance sheet size was Rs. 26.79 billion, Loss after tax was Rs. 334 million and loss per share was Rs. 0.38.</p>

Board of Directors



Ms. Uzma Adil Khan
Chairperson



Mr. Arif Saeed
Chief Executive Officer



Mr. Omar Saeed
Director



Mr. Hassan Javed
Director



Mr. Adil Matcheswala
Director



Mr. Muhammad Naeem Khan
Director



Mr. Shahid Hussain Jatoi
Director



Mr. Ahsan Bashir
Director



Chaudhry Saif Javed
Director

Group Executive Committee



Mr. Arif Saeed
Chief Executive Officer

Mr. Arif Saeed graduated from the University of Oxford. He is currently the Chairman of Service Global Footwear Limited and serves as a Director on the Board of Service Long March Tyres (Private) Limited as well as Servis Foundation.

He was the founding Chairman of Quaid-e-Azam Solar Power (Private) Limited, Quaid-e-Azam Thermal Power (Private) Limited and the National Power Parks Management Company (Private) Limited which successfully set up four leading power projects in the public sector.

Mr. Saeed serves on the Board of Governors of Aitchison College and the Divisional Public School, Lahore. He was one of the founders of the Pakistan Rugby Union and currently serves as its Chairman. He has also served on the Pakistan Cricket Board.

He has been Chairman of the All Pakistan Textile Mills Association (APTMA) as well as the Lahore Stock Exchange.

He currently also serves as the Chairman of Engineering Development Board (EDB) and as an Independent Director on the Board of Sui Northern Gas Pipelines Limited (SNGPL).



Mr. Omar Saeed
Director

Mr. Omar Saeed graduated with high honors from Brown University and did his Master's in Business Administration from Harvard Business School. He is the Chief Executive Officer of Service Long March Tyres (Private) Limited and Servis Foundation. Omar also serves as a Director on the Boards of Nestle Pakistan Limited, Systems Limited, Service Industries Limited, Service Global Footwear Limited and The Hunar Foundation. Omar has served as the Chief Executive Officer of Service Industries Limited (SIL) from 2011 to 2018. Under his stewardship, SIL won the highly prestigious Pakistan Stock Exchange Top 25 Companies Award for the years 2011, 2013, 2014 and 2015.

Omar has set up multiple new companies for the Servis Group in the healthcare, trading, manufacturing and technology industries.



Mr. Hassan Javed
Director

Mr. Hassan Javed is a leather technologist from Nene College United Kingdom and Shoe Technologist from ISMS School Czech Republic. He is the Chief Executive Officer of Service Global Footwear Limited. He is also serving as a Director on the Boards of Service Industries Limited, Service Long March Tyres (Private) Limited and Servis Foundation. Mr. Javed has also served Service Industries Limited in various capacities most notably as the Resident Director of Gujrat for more than fifteen years. He served as the Chairman, Board of Directors of Gujranwala Electricity Supply Company. He has also served as the Chairman of Pakistan Footwear Manufacturers Association.

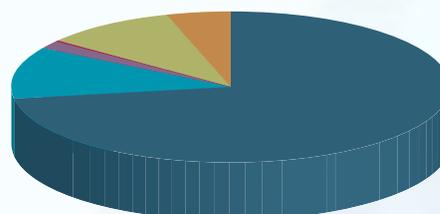
Value Added and its Distribution

	2023		2022	
	(Rs in 000)	%	(Rs in 000)	%
Wealth Generated				
Sales	55,744,034		42,599,481	
Other Income	686,325		1,102,208	
Bought-in-material & Services	(40,975,633)		(33,562,947)	
	15,454,726	100	10,138,742	100
Wealth Distributed				
To Employee				
Remuneration , Benefits,and Facilities	6,242,576	40	4,739,846	47
To Government				
Taxation	1,015,747	7	621,594	6
Workers welfare fund	36,352	-	757	-
To Society				
Donation	87,975	1	66,269	1
To Lenders				
Dividend	469,875	3	234,937	2
Mark up & finance cost	5,020,990	32	3,075,387	30
Retained for Reinvestment & Future Growth				
Depreciation	1,707,084	11	1,278,539	13
Amortization	1,866	-	1,923	-
Retained Profit	872,261	6	119,490	1
Unappropriated profit,depreciation & amortization	2,581,211	17	1,399,952	14
	15,454,726	100	10,138,742	100

Wealth Generated and Distributed

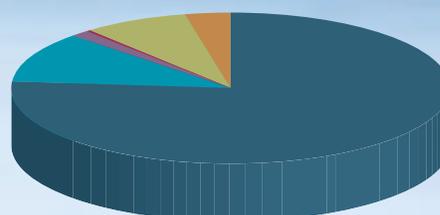
2023

	Amount '000'	%
● Bought-in-material & services	40,975,633	72.61%
● To Employees	6,242,576	11.06%
● To Government	1,052,099	1.86%
● To Society	87,975	0.16%
● To Lenders	5,490,865	9.73%
● Retained for Reinvestment & Future Growth	2,581,211	4.57%
Total	56,430,359	100%



2022

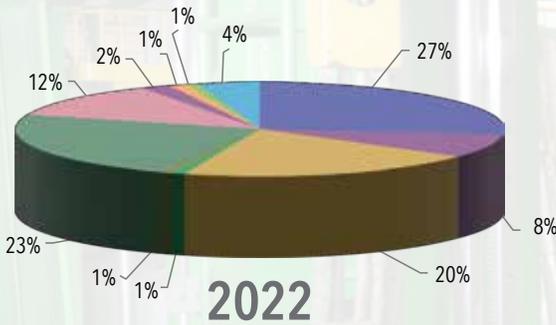
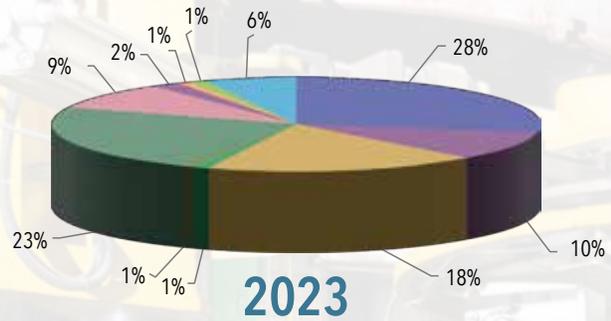
	Amount '000'	%
● Bought-in-material & services	33,562,947	76.59%
● To Employees	4,739,846	10.82%
● To Government	622,351	1.42%
● To Society	66,269	0.15%
● To Lenders	3,310,324	7.57%
● Retained for Reinvestment & Future Growth	1,399,952	3.19%
Total	43,701,689	100%



Balance Sheet Composition

Fixed and Current Assets

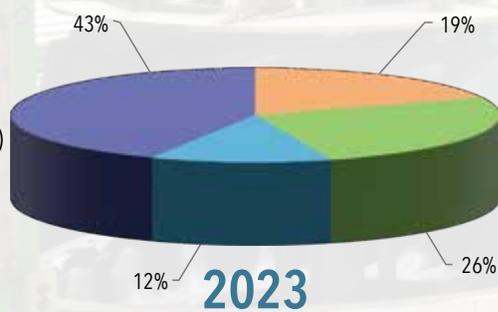
- Property, Plant and equipment
- Right-of-use assets
- Long term investments
- Long term loans and deposits
- Stores and spares
- Stock in trade
- Trade debts - net
- Advances and prepayments
- Other receivables
- Income tax-net
- Cash and bank balances & short term investments



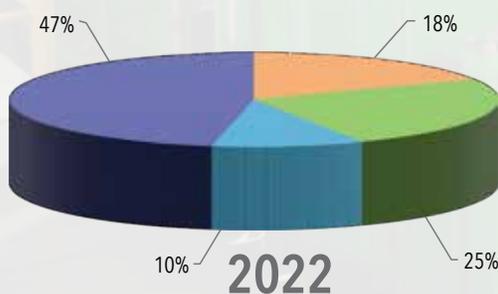
- Property, Plant and equipment
- Right-of-use assets
- Long term investments
- Long term loans and deposits
- Stores and spares
- Stock in trade
- Trade debts - net
- Advances and prepayments
- Other receivables
- Income tax-net
- Cash and bank balances & short term investments

Equities and Liabilities

- Equity & Reserves
- Long term financing (Including non-current & current portion)
- Non Current Liabilites (Excluding non-current portion of loan)
- Current Liabilities (Excluding current portion of loan)



- Equity & Reserves
- Long term financing (Including non-current & current portion)
- Non Current Liabilites (Excluding non-current portion of loan)
- Current Liabilities (Excluding current portion of loan)





"Diversification is a safety factor that is essential because we should be humble enough to admit we can be wrong."

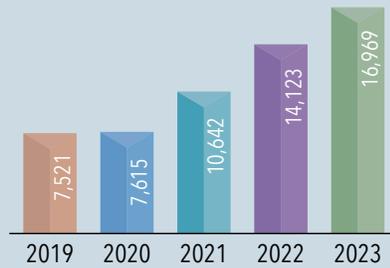
-John Templeton

Analytical Review

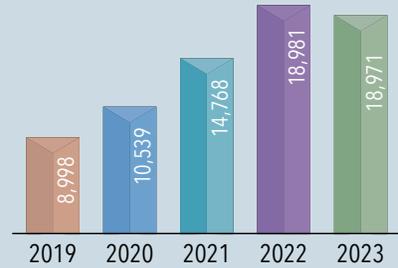
Current Assets



Fixed Assets and Right-of-use asset



Current liabilities
(excluding current portion of loan)



Long term liabilities
(Including current portion of loans)



Equity



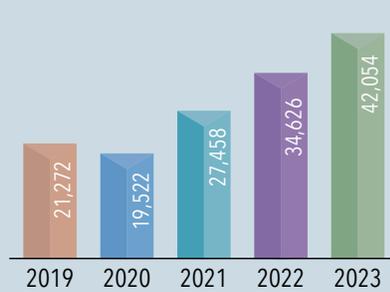
Contribution to Exchequer



Net Sales



Cost of Sales



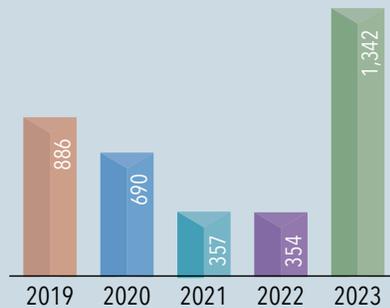
Gross Profit



Operating Profit



Net Profit



EBITDA



Gross Profit Margin



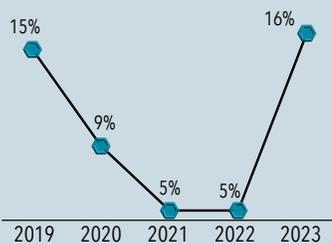
Net Profit Margin



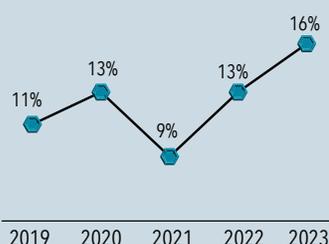
Return on Capital Employed



Return on Equity



EBITDA Margins to Sales



Earning per share



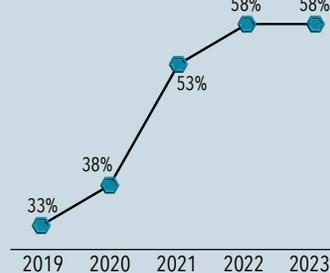
Breakup Value



Price Earning Ratio



Debt to Equity Ratio



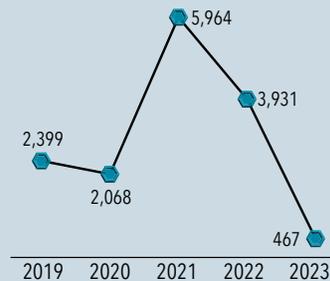
Cash Flows from Operating Activities



Cash Flows from Investing Activities



Cash Flows from Financing Activities

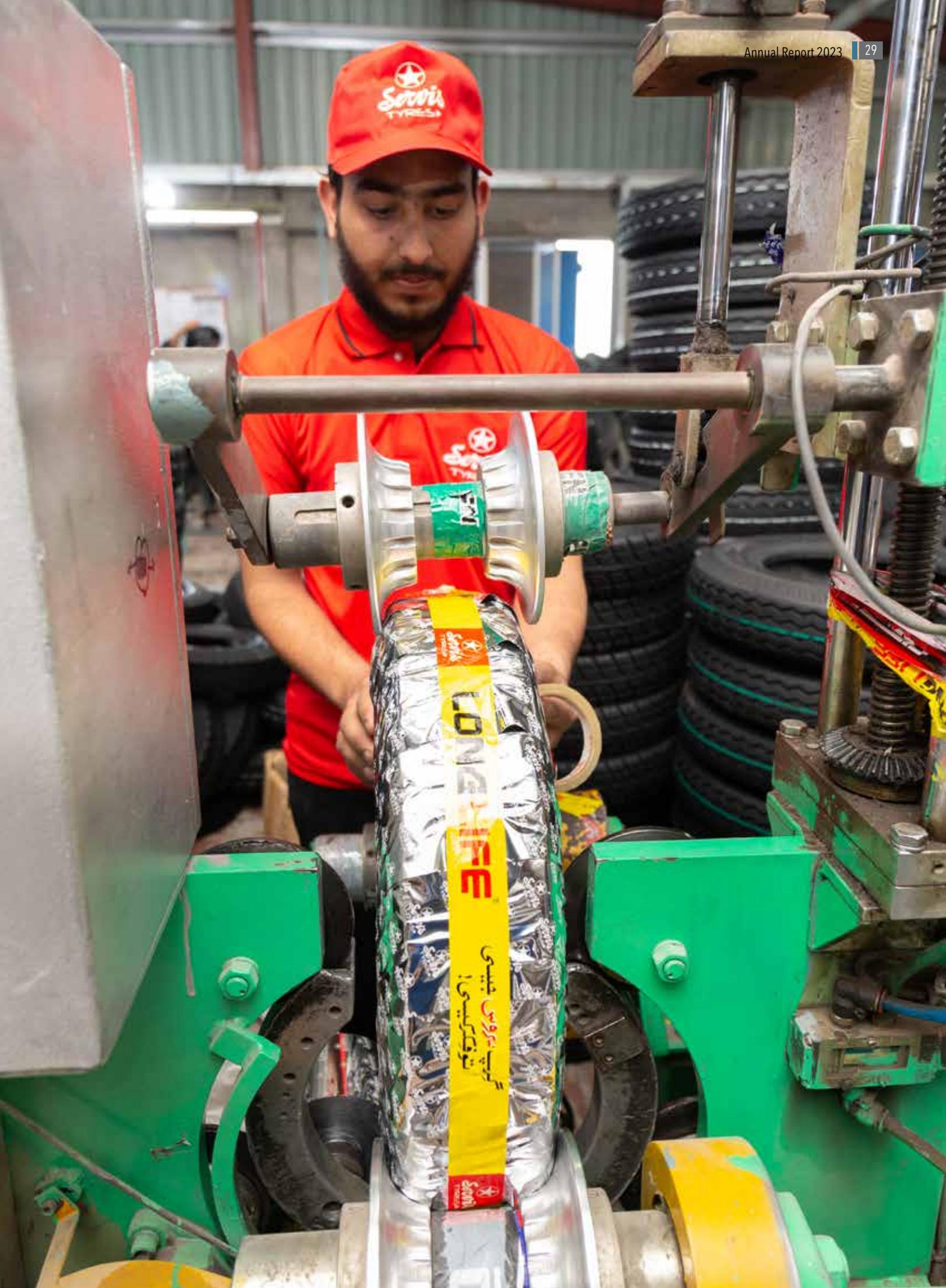


Dividend Payout



Six Years at a Glance

	2023	2022	2021	2020	2019	2018
	Rupees in million					
Sales	55,744	42,599	32,725	24,442	26,156	24,080
Gross profit	13,690	7,973	5,267	4,921	4,884	4,333
Profit before tax	2,358	976	571	1,161	1,073	1,205
Profit after tax	1,342	354	357	690	886	1,061
Share capital	470	470	470	235	188	120
Share holder's equity	8,318	7,271	7,308	7,283	5,741	5,516
Property, plant & equipment	12,447	10,736	7,999	5,996	6,117	6,946
Total assets	44,428	40,250	33,345	24,451	19,150	18,121
Net current assets	(2,149)	(3,394)	(687)	(355)	(145)	1,044
Market Value Per Share (Rs.)	628	340	469	834	777	725
Dividend Declared (%)						
Cash - Interim	-	-	-	-	125	-
Cash - Final	100	50	75	150	75	300
Bonus Shares	-	-	-	100	50	25
Profitability (%)						
Gross Profit	24.56	18.72	16.09	20.13	18.67	17.99
Profit Before Tax	4.23	2.29	1.74	4.75	4.10	5.01
Profit After Tax	2.41	0.83	1.09	2.82	3.39	4.41
Return to Shareholders						
R.O.E -Before Tax (%)	28.35	13.42	7.81	15.94	18.69	21.85
R.O.E -After Tax (%)	16.13	4.87	4.88	9.47	15.43	19.24
E.P.S-After Tax (Rs.)	28.56	7.54	7.59	14.69	18.86	22.59
Price Earning Ratio	21.98	45.04	61.70	56.80	41.18	32.10
Activity (Times)						
Sales To Total Assets	1.25	1.06	0.98	1.00	1.37	1.33
Sales To Fixed Assets	4.48	3.97	4.09	4.08	4.28	3.47
Inventory Turnover Ratio	4.05	3.78	3.05	4.00	5.01	4.88
Interest Coverage Ratio	1.47	1.32	1.43	2.07	1.95	3.05
Liquidity/Leverage						
Current Ratio	0.90	0.84	0.96	0.97	0.98	1.11
Break-up Value per Share	177.03	154.75	155.53	309.98	305.46	458.58
Total Liabilities To Equity	4.34	4.54	3.56	2.36	2.40	2.29
Debt Equity Ratio	58:42	58:42	52:48	40:60	38:62	38:62



Horizontal Analysis

	2023		2022		2021		2020		2019	
	Increase/(Decrease) from last year		Increase/(Decrease) from last year		Increase/(Decrease) from last year		Increase/(Decrease) from last year		Increase/(Decrease) from last year	
	Rs '000	%	Rs '000	%						
Balance Sheet										
Equity & reserve	8,318,179	14.4%	7,271,421	-0.5%	7,308,181	0.4%	7,282,592	26.8%	5,741,208	4.1%
Long term financing facilities	11,698,971	16.4%	10,046,917	23.3%	8,146,121	85.4%	4,394,843	58.6%	2,770,768	5.9%
Non current liability (excluding non-current portion of loans)	5,438,977	37.7%	3,950,159	26.5%	3,122,460	39.8%	2,234,307	36.3%	1,639,506	212.4%
Current liabilities (excluding current portion of loans)	18,971,384	-0.1%	18,981,295	28.5%	14,768,179	40.1%	10,539,268	17.1%	8,998,338	-2.7%
	44,427,511	10.4%	40,249,792	20.7%	33,344,941	36.4%	24,451,218	27.7%	19,149,820	6.9%
Property plant and equipment	12,447,494	15.9%	10,736,350	34.2%	7,999,342	33.4%	5,996,063	-2.0%	6,117,464	-11.9%
Right-of-use assets	4,521,384	33.5%	3,386,718	28.2%	2,642,560	63.2%	1,618,879	15.4%	1,403,090	0.0%
Intangibles	7,510	-19.9%	9,376	135.6%	3,979	213.1%	1,271	-52.7%	2,688	4.9%
long term investment	8,028,956	0.5%	7,987,951	17.8%	6,779,666	29.3%	5,242,711	96.5%	2,668,005	385.2%
long term loans & deposits	250,113	23.7%	202,232	22.3%	165,372	39.6%	118,500	12.8%	105,078	-9.0%
Current Assets										
Stores and spares	616,897	8.4%	568,953	76.2%	322,895	39.0%	232,316	-7.9%	252,240	58.2%
Stock in-trade	10,387,433	13.3%	9,164,082	1.8%	9,001,107	84.5%	4,877,842	14.9%	4,247,068	5.0%
Trade debts	3,867,331	-21.3%	4,914,679	29.0%	3,808,763	-3.3%	3,938,337	30.4%	3,021,121	-8.5%
Loans & advances	729,894	5.0%	695,309	21.5%	572,187	31.9%	433,755	11.0%	390,886	-15.7%
Trade deposits and prepayments	187,382	-20.9%	236,834	-26.2%	320,840	36.6%	234,864	59.5%	147,214	57.5%
Other receivables	379,147	84.9%	205,067	-22.8%	265,476	56.4%	169,767	-51.8%	352,051	-72.1%
Income tax - net	306,864	-42.8%	536,034	-11.8%	607,515	57.4%	385,855	-4.6%	404,412	-56.0%
Short term investments	883,430	386.4%	181,615	0.0%	155,943	0.0%	-	0.0%	-	0.0%
Cash and balance	1,813,676	27.3%	1,424,592	103.7%	699,296	-41.8%	1,201,058	3019.4%	38,503	-28.4%
	44,427,511	10.4%	40,249,792	20.7%	33,344,941	36.4%	24,451,218	27.7%	19,149,820	6.9%

	2023		2022		2021		2020		2019	
	Increase/(Decrease) from last year		Increase/(Decrease) from last year		Increase/(Decrease) from last year		Increase/(Decrease) from last year		Increase/(Decrease) from last year	
	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%
Profit & Loss										
Net sales	55,744,034	30.9%	42,599,481	30.2%	32,724,924	33.9%	24,442,492	-6.6%	26,156,201	8.6%
Cost of sales	42,053,764	21.5%	34,626,020	26.1%	27,458,310	40.7%	19,521,551	-8.2%	21,271,958	7.7%
Gross profit	13,690,270	71.7%	7,973,461	51.4%	5,266,614	7.0%	4,920,941	0.8%	4,884,243	12.7%
Administration and selling expenses	6,997,722	39.3%	5,024,261	35.8%	3,698,500	33.9%	2,761,398	-8.6%	3,020,079	7.8%
Other income	622,573	-42.0%	1,073,620	280.1%	282,457	110.2%	134,378	-57.0%	312,202	57.3%
Operating profit	7,315,121	81.8%	4,022,820	117.4%	1,850,571	-19.3%	2,293,921	5.4%	2,176,366	25.8%
Financial charges	5,020,990	63.3%	3,075,387	134.0%	1,314,456	21.2%	1,084,627	-3.5%	1,123,589	90.8%
Share of profit / (loss)	63,752	123.0%	28,588	-17.7%	34,727	-172.2%	(48,110)	-337.6%	20,248	-68.3%
Profit before taxation	2,357,883	141.6%	976,021	71.0%	570,842	-50.8%	1,161,184	8.2%	1,073,025	-11.0%
Provision for taxation	1,015,747	63.4%	621,594	190.4%	214,016	-54.6%	471,160	152.4%	186,661	29.6%
Profit after taxation	1,342,136	278.7%	354,427	-0.7%	356,826	-48.3%	690,024	-22.2%	886,364	-16.5%

Vertical analysis

	2023		2022		2021		2020		2019	
	Increase/(Decrease) from last year		Increase/(Decrease) from last year		Increase/(Decrease) from last year		Increase/(Decrease) from last year		Increase/(Decrease) from last year	
	Rs '000	%								
Balance Sheet										
Equity & reserve	8,318,179	18.7%	7,271,421	18.1%	7,308,181	21.9%	7,282,592	29.8%	5,741,208	30.0%
Long term financing facilities	11,698,971	26.3%	10,046,917	25.0%	8,146,121	24.4%	4,394,843	18.0%	2,770,768	14.5%
Non current liability (excluding non-current portion of loans)	5,438,977	12.2%	3,950,159	9.8%	3,122,460	9.4%	2,234,307	9.1%	1,639,506	8.6%
Current liabilities (excluding current portion of loans)	18,971,384	42.7%	18,981,295	47.2%	14,768,179	44.3%	10,539,268	43.1%	8,998,338	47.0%
	44,427,511	100.0%	40,249,792	100.0%	33,344,941	100.0%	24,451,218	100.0%	19,149,820	100.0%

Property plant and equipment	12,447,494	28.0%	10,736,350	26.7%	7,999,342	24.0%	5,996,063	24.5%	6,117,464	31.9%
Right-of-use assets	4,521,384	10.2%	3,386,718	8.4%	2,642,560	7.9%	1,618,879	6.6%	1,403,090	7.3%
Intangibles	7,510	0.0%	9,376	0.0%	3,979	0.0%	1,271	0.0%	2,688	0.0%
Long term investment	8,028,956	18.1%	7,987,951	19.8%	6,779,666	20.3%	5,242,711	21.4%	2,668,005	13.9%
Long term loans & deposits	250,113	0.6%	202,232	0.5%	165,372	0.5%	118,500	0.5%	105,078	0.5%

Current Assets

Stores and spares	616,897	1.4%	568,953	1.4%	322,895	1.0%	232,316	1.0%	252,240	1.3%
Stock in-trade	10,387,433	23.4%	9,164,082	22.8%	9,001,107	27.0%	4,877,842	19.9%	4,247,068	22.2%
Trade debts	3,867,331	8.7%	4,914,679	12.2%	3,808,763	11.4%	3,938,337	16.1%	3,021,121	15.8%
Loans & advances	729,894	1.6%	695,309	1.7%	572,187	1.7%	433,755	1.8%	390,886	2.0%
Trade deposits and prepayments	187,382	0.4%	236,834	0.6%	320,840	1.0%	234,864	1.0%	147,214	0.8%
Other receivables	379,147	0.9%	205,067	0.5%	265,476	0.8%	169,767	0.7%	352,051	1.8%
Income tax - net	306,864	0.7%	536,034	1.3%	607,515	1.8%	385,855	1.6%	404,412	2.1%
Short term investments	883,430	2.0%	181,615	0.5%	155,943	0.5%	-	0.0%	-	0.0%
Cash and balance	1,813,676	4.1%	1,424,592	3.5%	699,296	2.1%	1,201,058	4.9%	38,503	0.2%
	44,427,511	100.0%	40,249,792	100.0%	33,344,941	100.0%	24,451,218	100.0%	19,149,820	100.0%

	2023		2022		2021		2020		2019	
	Increase/(Decrease) from last year		Increase/(Decrease) from last year		Increase/(Decrease) from last year		Increase/(Decrease) from last year		Increase/(Decrease) from last year	
	Rs '000	%								

Profit & Loss

Net sales	55,744,034	100.0%	42,599,481	100.0%	32,724,924	100.0%	24,442,492	100.0%	26,156,201	100.0%
Cost of sales	42,053,764	75.4%	34,626,020	81.3%	27,458,310	83.9%	19,521,551	79.9%	21,271,958	81.3%
Gross profit	13,690,270	24.6%	7,973,461	18.7%	5,266,614	16.1%	4,920,941	20.1%	4,884,243	18.7%
Administration and selling expenses	6,997,722	12.6%	5,024,261	11.8%	3,698,500	11.3%	2,761,398	11.3%	3,020,079	11.5%
Other income	622,573	1.1%	1,073,620	2.5%	282,457	0.9%	134,378	0.5%	312,202	1.2%
Operating profit	7,315,121	13.1%	4,022,820	9.4%	1,850,571	5.7%	2,293,921	9.4%	2,176,366	8.3%
Financial charges	5,020,990	9.0%	3,075,387	7.2%	1,314,456	4.0%	1,084,627	4.4%	1,123,589	4.3%
Share of profit / (loss)	63,752	0.1%	28,588	0.1%	34,727	0.1%	(48,110)	-0.2%	20,248	0.1%
Profit before taxation	2,357,883	4.2%	976,021	2.3%	570,842	1.7%	1,161,184	4.8%	1,073,025	4.1%
Provision for taxation	1,015,747	1.8%	621,594	1.5%	214,016	0.7%	471,160	1.9%	186,661	0.7%
Profit after taxation	1,342,136	2.4%	354,427	0.8%	356,826	1.1%	690,024	2.8%	886,364	3.4%

Chairperson's Review

On behalf of the Board of Directors, I am pleased to present to you the Annual Report of Service Industries Limited ("the Company") showing overall performance of the Company and effectiveness of the leadership in attaining the Company's aims and objectives for the year ended December 31, 2023.

I am pleased to report that the performance of the Board remained par excellence throughout the year and their contributions effectively steered the Company towards achievement of its objectives and creation of new benchmarks, while maintaining its reputation for good governance and providing steady returns to our shareholders.

The Company has a nine (9) member Board of Directors ("the Board") which comprises of individuals with diverse background having core competencies, knowledge and experience relevant to the business of the Company. The Composition of the Board and its Committees is in accordance with the requirements of Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019.

The Board has developed a mechanism for annual evaluation of Board's own performance, members of the Board and its Committees in compliance with the provisions of Listed Companies (Code of Corporate Governance) Regulations 2019. The performance evaluation mechanism also ensures that all statutory and legal requirements are fulfilled with regard to procedures, meetings and oversight role of the Board.

During the financial year 2023, the Board successfully achieved targets and objectives set for the growth of the Company by performing the following functions:

- Ensured effective and robust oversight.
- Supervised overall corporate strategy, key financial performance indicators and other budgetary targets.

- Ensured the quality and appropriateness of financial reporting and the transparency of disclosures.
- Carried out risk assessment especially relating to regulatory and legal requirements, market trends, materials' supply and price, energy availability and cost, foreign exchange fluctuations, interest rate and liquidity.
- Reviewed effectiveness of internal control system.
- Evaluated the significant investments.
- Reviewed details of financing facilities availed by the Company.
- Ensured timely dissemination of price sensitive and inside information to relevant regulatory authorities.

The Board of the company is fully committed to add value to the shareholders' wealth. Consistent with our commitment to provide steady returns to our shareholders, the Board is pleased to propose a final cash dividend of Rs. 10 per share.



Ms. Uzma Adil Khan
Chairperson

February 27, 2024
Lahore



**"Shoot for the moon
and if you miss you
will still be among
the stars."**

-Les Brown



Directors' Report to the Shareholders

The Directors of Service Industries Limited ("SIL" or the "Company") are pleased to present the Annual Report along with the audited financial statements for the year ended December 31, 2023 ("FY 2023").

The Directors' Report has been prepared in accordance with the requirements of Section 226-227 and other applicable provisions of the Companies Act, 2017.

Principal activities:

The principal activities of the Company are purchase, manufacture and sale of footwear, tyres and tubes, spare parts of automobiles and technical rubber products.

Review of Business:

This year was plagued with political instability and economic volatility, continuing the stretch of the period of uncertainty that businesses have endured. The overall inflationary pressure marred consumer spending power. Increased input costs, along with a high policy rate of 22% burdened businesses and impacted their ability to perform well. Despite these challenges, Service Industries Limited has posted impressive growth both in its topline and bottomline which are detailed in the following paragraphs.

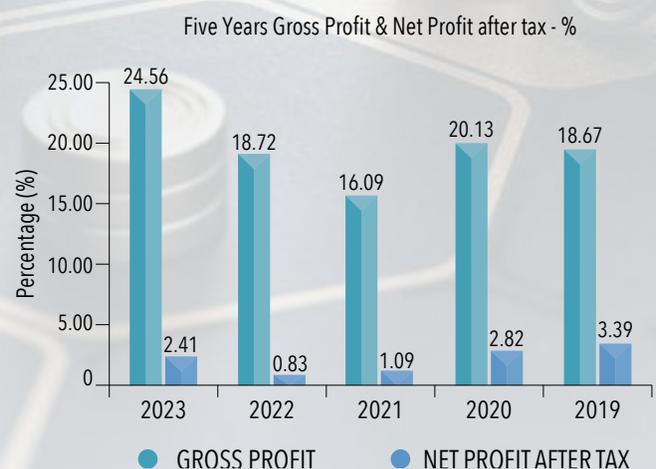
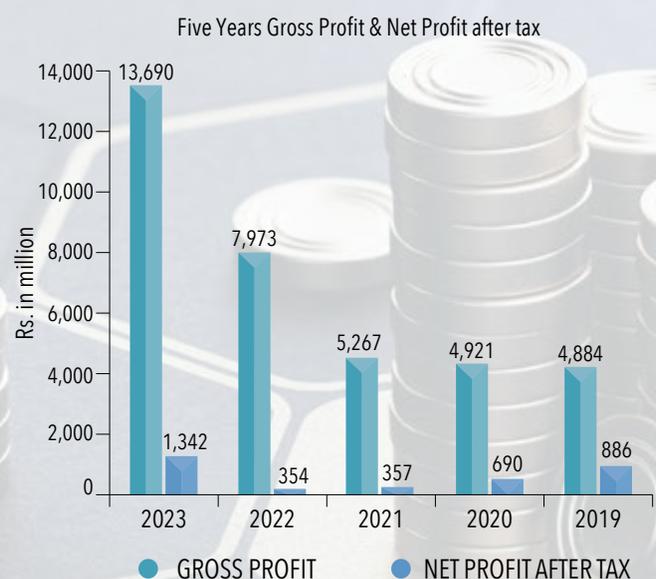
Key Performance Indicators (KPIs) for FY 2023 v/s FY 2022

Please find below key performance indicators of separate financials of Service Industries Limited for the year ended December 31, 2023.

Particulars	FY 2023 Rs'000'	FY 2022 Rs'000'	Percentage Change
Net Sales	55,744,034	42,599,481	31%
Gross Profit	13,690,270	7,973,461	72%
Operating profit	7,315,121	4,022,820	82%
Profit before tax	2,357,883	976,021	142%
Net profit after tax	1,342,136	354,427	279%
EPS (Rs. / share)	28.56	7.54	279%

The Company posted topline of Rs. 56 billion in the year, recording an increase of 31% over last year's sales of Rs. 43 billion. The increase was observed in all segments, but primarily it was driven by the Tyre Segment followed by the Retail segment. Gross Profit Margins have also improved from 19% in 2022 to 25% in 2023. In absolute terms, the Profit after tax increased by 279% and clocked in at Rs. 1,342 million in 2023 as compared to Rs. 354 million in 2022.

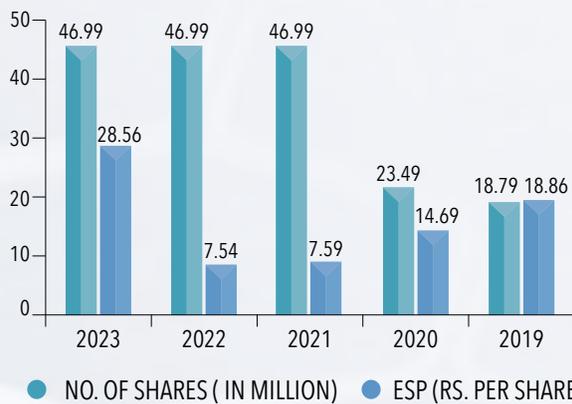
Five years sales and profitability data are as follows:



Earnings per share (EPS)

The earnings per share of the Company stood at Rs. 28.56 during the year ended 31st December 2023 as compared to Rs. 7.54 during last year. Five years historical data of EPS is presented below:

Five Years EPS and Number of shares



*There is retrospective effect on EPS due to issuance of bonus shares in FY 2021

Tyre Division

The Tyre Division has further consolidated its position as the major contributor towards Company's growth by posting double digit growth of 25% in sales over last year. Sales have increased from Rs. 31 billion to Rs. 39 billion. Export sales in tyre division alone have grown by 87%, driven both by quantity increase and devaluation impact.

In the environment of persisting inflationary pressures which have disturbed domestic market demand patterns, the Company still managed to keep the customer base intact through effective marketing and pricing strategies. Further, the company leveraged its position as the country's top exporter of tyres to manage the foreign currency shortage.

The Company has further projects in pipeline to enhance its strategic depth. These include further investment in Agricultural tyres to tap the increasing demand for our brand.

Grid station installation is underway to meet energy requirements. Further, various automation projects are in hand to further reduce dependence on manual workforce and increase efficiency.

"I can't change the direction of the wind. but I can adjust my sails to always reach my destination."

-Jimmy Dean

Directors' Report to the Shareholders

Footwear Division

The sales revenue of the footwear segment has escalated by almost 45%, with overall sales increasing from Rs.11 billion to Rs.16 billion. This huge increase is primarily driven by growth in our retail business.

The retail business has performed extremely well during the year under review. Its extraordinary success is evident from the fact that 83 new retail outlets were opened in the year under review. The number of stores as of December 31, 2023 is 232 stores. Online sales also witnessed tremendous growth with overall revenue increasing by more than 300%.

In order to bring diversity in the product offerings, a range of apparel was introduced at online and selected stores in Lahore region to gauge customer response. The feedback received is quite promising and the apparel offering has been extended to 11 additional cities.

Energy conservation is also of paramount importance to business and society as a whole. Recognizing this fact, 51 retail outlets have been solarized during the current year.

IFRS - 16 "Leases" - Adjustment

In case of rented retail outlets and warehouses, right-of-use assets and corresponding lease liabilities are recognized in the statement of financial position (as per the requirements of the IFRS). Operating lease expense is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognized lease liabilities (included in finance costs).

In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 is always higher, as the operating expense is replaced by interest expense and depreciation in the statement of profit or loss.

In view of ongoing growth in rented retail outlets of the Company, the Company, during the period under review, has to recognize higher expense associated with the leases under IFRS of Rs.364 million. Going forward as the new retail store openings normalize, such higher expense will decrease.

Group Reporting - Subsidiary Companies

The Group comprises of Service Industries Limited and the following companies:

1. Service Tyres (Private) Limited, wholly owned subsidiary;
2. Service Retail (Private) Limited, wholly owned subsidiary;
3. Service Industries Capital (Private) Limited, wholly owned subsidiary;
4. Service Long Footwear Limited, a partially owned subsidiary;
5. Service Long March Tyres (Private) Limited, partially owned subsidiary;
6. Service Shoes Lanka (Private) Limited, Sri Lanka, a partially owned subsidiary company
7. SIL Gulf FZE, United Arab Emirates, wholly owned subsidiary;
8. Dongguan Service Global Limited, China, wholly owned subsidiary company.

Business Review of the Group:

Please find below key performance indicators of consolidated financials of Service Industries Limited and its subsidiaries ("the Group") for the year ended December 31, 2023.

Particulars	FY 2023 Rs. "000"	FY 2022 Rs. "000"	Percentage Change
Net Sales	96,520,660	61,668,669	57%
Gross Profit	21,850,240	10,262,044	113%
Operating profit	13,183,876	3,996,720	230%
Profit / (loss) before tax	5,741,926	(9,379)	-
Net profit / (loss) after tax	4,312,384	(1,224,818)	-
Earning / (Loss) per share -Rs.	60.48	(14)	-

During the year, the Group has reported a consolidated revenue of Rs. 96 billion as compared to Rs. 62 billion in the last year, reflecting an increase of 57%. Gross profit margin has also increased significantly by 113%. Net profit after tax stood at Rs. 4.3 billion as compared to loss of Rs. 1.2 billion in the last year.

Service Tyres (Private) Limited

Service Tyres (Private) Limited was incorporated as a private limited company on 21 December 2023 in Pakistan under the Companies Act, 2017. Service Tyres (Private) Limited is a wholly owned subsidiary of the Service Industries Limited. Its registered office is situated at Servis House, 2 - Main Gulberg, Lahore. The principal line of business of Service Tyres (Private) Limited shall be to carry on the business of manufacturing, trading, sale, marketing, retail, wholesale, import and export of all types of tyres, tubes, spare parts and allied products for bicycles, motorcycles, scooters, rickshaws, automobiles, aircrafts, buses, trucks, cars, tractors, trolleys and other vehicles.

Service Retail (Private) Limited

Service Retail (Private) Limited was incorporated as a private limited company on 21 December 2023 in Pakistan under the Companies Act, 2017. Service Retail (Private) Limited is a wholly owned subsidiary of the Service Industries Limited. Its registered office is situated at Servis House, 2 - Main Gulberg, Lahore. The principal line of business of Service Retail (Private) Limited shall be to carry on the business of manufacturing, sale, trading, retail, wholesale, marketing, import and export of footwear, bags, apparel, accessories and other items / products.

Service Industries Capital (Private) Limited

Service Industries Capital (Private) Limited is wholly owned subsidiary of the Service Industries Limited. Service Industries Capital (Private) Limited got registered under the Companies Ordinance, 1984 (now the Companies Act 2017) in Pakistan as a company limited by shares on November 10, 2015. The registered office of Service Industries Capital (Private) Limited is situated at Servis House, 2-Main Gulberg, Lahore. The main object of Service Industries Capital (Private) Limited

is to make investment in new ventures, shares and securities, listed or otherwise, in Pakistan or elsewhere in the world, subject to requirements of applicable law.

Service Global Footwear Limited (SGFL)

Service Global Footwear Limited was incorporated as a public limited company on 19 July 2019 in Pakistan under the Companies Act, 2017. The principal activities of the Company are manufacturing, sale, marketing, import and export of footwear, leather and allied products. Service Industries Limited has 79.43% (2022: 79.75%) equity stake in Service Global Footwear Limited. The Director Report providing a commentary on the performance of Service Global Footwear Limited for the year ended December 31, 2023 has been presented in its separate report.

The export-oriented subsidiary company experienced massive revenue growth, with increase of 37% in topline clocking at Rs. 15 billion. The bottom line also showed massive improvement, with profits growing by more than 245% to reach at Rs. 1.1 billion. SIL earned dividend amounting to Rs. 164 million from this investment during the year.

In the month of January 2024, the Company received a further cash dividend amounting to Rs. 491 million from SGFL, which will be reflected in first quarterly financial statements of 2024.

Service Long March Tyres (Private) Limited (SLM)

Service Long March Tyres (Private) Limited is a Private Limited Company incorporated in Pakistan on January 07, 2020 under Companies Act, 2017. The registered office of the Company is situated at Servis House, 2-Main Gulberg, Lahore. The principal line of business of the Company is to carry on the business of manufacturing, sale, marketing, import and export of all steel radial truck and bus tyres. The shareholding of Service Industries Limited in Service Long March Tyres (Private) Limited is 32.09% (2022:32.09%) and shareholding of Service Global Footwear Limited in Service Long March Tyres (Private) Limited is 18.91% (2022: 18.91%).

The Company and Service Global Footwear Limited - subsidiary company collectively hold 51% of the ordinary shares of Service Long March Tyres (Private) Limited and controls the composition of the board of Service Long March Tyres (Private) Limited.

The strategic investment of Servis Group with Chaoyang Long March Tyres of China has performed very well during the year. SLM is presently operating at its optimum capacity. Expansion of production capacity is underway and letter of credit for new machinery have been established. A stable inflow in form of dividends from SLM could be expected in future periods.

Service Shoes Lanka (Private) Limited

Service Shoes Lanka (Private) Limited ("SSL") is a subsidiary company of Service Industries Capital (Private) Limited ("SICPL"), which is wholly owned subsidiary of Service Industries Limited. Service

Shoes Lanka (Private) Limited is a Private Limited Liability Company incorporated on July 16, 2015 and domiciled in Sri Lanka under the provisions of the Companies Act No. 07 of 2007. The registered office of the Company is located at No 143/17, Sri Wickrema Mawatha, Colombo 15 and the principal place of business is located at Katunayake. The principal business line of SSL is to carry on the business of manufacturing of shoes for the export market.

SSL had sustained losses owing to deteriorating economic situation in Sri Lanka and lack of interest by the existing export customers in Sri Lanka coupled with global and economic downturn. The management of SICPL had made maximum efforts to reduce the existing losses of SSL and to make it a profitable business. However, owing to global and economic downturn and unfavorable business conditions in Sri Lanka, the board of SICPL had decided to shutdown / closure of business operations of SSL and its disposal / sale. Accordingly, the business operations of SLL have been closed since January 15, 2023 and management is exploring best opportunities to sale it out subject to completion of all legal requirements.

SIL Gulf FZE

SIL Gulf FZE, a wholly owned subsidiary of Service Industries Limited, is incorporated in United Arab Emirates under the applicable corporate regulatory requirements of the jurisdiction. The principal object of the Company is to engage in selling of tyre and allied products.

Dongguan Service Global Limited

Dongguan Service Global Limited is a limited liability company (wholly owned by foreign legal person) registered with Dongguan Administration of Market Regulations, China. Date of incorporation of Dongguan Service Global Limited is 18 December 2022. Business scope of Dongguan Service Global Limited is wholesale of shoes and hats, sales of leather products, sales of needle textiles and raw materials, wholesale of hardware products, sales of bags, sales of daily necessities, inspection of clothing and apparel, finishing services, technical services and other related matters. Commercial address of Dongguan Service Global Limited is Room 302, No. 18, Houjie Town, Dongguan City, Guangdong Province, China.

Information and Explanation with Regard to Contents of Modification in Auditors Report on Consolidated Financial Statements

The Auditors of the Company have given a qualified opinion on consolidated financial statements on the basis that the financial statements of Service Shoes Lanka (Private) Limited (SSL) - Subsidiary Company for the year ended 31 December 2023 and Dongguan Service Global Limited - Subsidiary Company for the period 03 April 2023 to 31 December 2023 are un-audited. The financial statements of SSL have been prepared by the management in accordance with Sri Lanka Accounting Standards for Small and Medium Sized Entities. The financial statements of Dongguan Service Global Limited have been prepared by the management in accordance with Chinese Accounting Standards for Small Business Enterprises. Since, the

Directors' Report to the Shareholders

financial statements of Service Shoes Lanka (Private) Limited and Dongguan Service Global Limited are totally immaterial as part of the consolidated financial statements of the Company for the year ended 31 December 2023, therefore, keeping in view of immateriality, no adjustment to the consolidated financial statements of the Company for the year ended 31 December 2023 is mandated as per IFRS. Further, the note 40 of the consolidated financial statements sufficiently disclosed all facts relating to SSL.

Dividend and Appropriations

Following is the summary of appropriations made during FY 2023:

	RS. in million
Accumulated equity as at January 01, 2023	7,271
Total comprehensive income for FY 2023	1,282
Final Dividend @ Rs.5 per ordinary share for FY 2022	(235)
Accumulated equity as at December 31, 2023	8,318

The Board of Directors of the Company has recommended final cash dividend of Rs. 10 per share (2022: final cash dividend Rs. 5 per share) in their meeting held on February 27, 2024.

Key Operating and Financial Data of last 6 Years

An overview of key operating and financial data for last 6 years is annexed.

Evaluation of Company's Performance

The Board has developed a mechanism of regular performance evaluation. Every member of the Board ensures their active participation in all the meetings of the Board. Detailed discussions are held on strategic matters and clear directions are provided to the management, which are regularly monitored by the Board and its committees.

For the purpose of evaluating the performance of the Company, the management uses various indicators that include industry growth, position of peer companies in the business segment where the company operates, prior years' performance, macroeconomic indicators and business environment impacting the Company.

Budgets are formulated and actual performance is measured against the budget at regular intervals during the year so that remedial action could be taken on a timely basis. This exercise is carried out for each business segment of the Company.

The Board ensures that the Company adopts the best practices of corporate governance. The Board also reviews performance of business segments each quarter with an aim to improve the low performing segments and at the same time explore further opportunities of growth in the more profitable segments. Moreover, the company has not defaulted in payment of any debt during the year.

Cash Flows & Capital Expenditure

The Company's working capital funds are arranged through internal cash generation, working capital loans from banks and financial

institutions and through short term loan arrangement with subsidiary company. In order to meet funds requirements for undertaking capital projects, the Company sources finance from banks under various schemes including LTFF and TERM Loans. There is proper monitoring of cash inflows and outflows and system-based alerts have been embedded to highlight the potential gaps. During the current year, the Company made capital investment of Rs.2,859 million (2022: Rs. 3,606 million) mainly on account of capex incurred in Tyre segment and addition of 80+ shops.

Principal Risks and Uncertainties and Mitigations

The Company's overall risk management program focuses on minimizing potential adverse effects on the Company's performance. Company's senior management team carries out the overall risk management for the Company and the results are shared with the Board of Directors. This entails identifying, evaluating and addressing strategic, financial, commercial and operational risks to which our company is exposed.

A senior management team also carries out intensive budgeting and planning exercise including SWOT analysis of the Company and its business segments. On the basis of the same, key challenges are addressed and opportunities identified, action plans developed and executed to achieve the long-term strategic objectives of the Company.

The following are the principal risks and uncertainties and mitigation strategies:

Risk	Description of Risk	Mitigation Strategies
Financial Risks	Financial risks include Economic Risk, Credit Risk and Liquidity Risk.	The Company has carefully designed strategies to cope up with these risks. These include budgeting, forecasting, planning, timely decision making, hedging, increasing exports, optimizing working capital levels, adequate credit lines from banks and close watch on government policy making etc.
Other Risks	Other risks include political risk, technological risk, competition risk, laws & environmental regulations.	The Company has developed strategies at various levels to deal with the said risks. These includes BMR, effective and efficient management of resources, strong and well-established distribution network, strong supply chain, brand development, economies of scale, technological efficiencies and engagement of professional resources.

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Directors' Report to the Shareholders

Environment, Health and Safety (EHS)

SIL has taken following initiatives to provide a safe, healthy and ethical environment for all internal stakeholders like employees, customers and shareholders associated with the company.

a) Industrial Relations

SIL is Business Social Compliance Initiative (BSCI) certified, promoting workplace conditions in accordance with human rights, ILO conventions and national labor law. Additionally, SIL has been a member of SEDEX Global since 2015, ensuring our dedication to driving improvements in responsible and ethical business practices in the global supply chain and providing over 7,900 employees the best working conditions for increased productivity.

b) Employment of Females and Persons with Disability

SIL is proud to be an equal opportunity employer and encourages the participation of females and persons with special needs in the workforce. SIL has taken steps to create a work environment conducive to females by dedicating separate production lines in Gujrat factories, employing 212+ females currently.

c) Occupational Safety and Health

Our procedures have been gauged to provide a safe, clean, injury and illness-free environment to our employees. SIL has obtained ISO 45001:2018 Occupational Health and Safety Management Certification, an international standard providing a framework to identify, control and decrease the risks associated with health and safety within the workplace.

d) Environmental Measures

Ensuring environmental protection stands as a primary focus for the Company. The Company has implemented various mitigation measures including, reduced water consumption by process improvement, emphasizing on recycle and reuse, environmental friendly disposal of solid and process waste, control of air and water emissions according to PEQS and use of Solar System initiative as an Energy alternative.

e) Energy Conservation

To maintain the environment as green and clean, the Company has installed setup of 2.35 MW solar at Gujrat plant. Currently, the Gujrat Footwear business is meeting its 25% of electricity requirements from Solar Energy.

f) Consumer Protection Measures

SIL is ISO 9001:2015 certified, ensuring a Quality Management System focused on consistently providing products that meet customers and applicable statutory and regulatory requirements. SIL is also a member of SATRA Technologies since 2010 who conduct research and tests on footwear and leather products to ensure that the product is comfortable, safe, performs well and is durable.

g) Business Ethics and Anti-Corruption Measures

We have a commitment of conducting our business with honesty and integrity and in full compliance with applicable laws and regulations. Our Statement of Ethics & Business Practices states that "It is the Company's policy to conduct its operations in accordance with the highest business ethical considerations, to comply with all statutory regulations and to conform to the best accepted standards of good corporate citizenship."

h) Contribution to National Exchequer

SIL has a significant annual contribution to the national exchequer on account of taxes, duties and levies. In 2023, SIL contributed RS.3,203 million on this account.

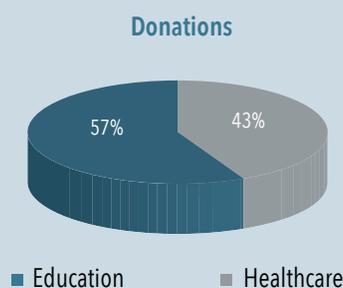
i) Rural Development Programs and contribution in national cause

The Company engages through its philanthropic arm in rural development programs for the enhancement of health and education of the rural population. Further, the Company always remain committed to contribute in any national cause.

Corporate Social Responsibility (CSR)

SIL is a socially conscious business entity and has been involved in the philanthropy activities since its inception. The company has made contributions towards healthcare and education of underprivileged segments of society and is on the donor list of various welfare organizations.

Servis group, in a major step, corporatized the welfare activities in 2019 through establishment of Servis Foundation. During the year, the Company contributed Rs. 87 million on account of CSR activities in various sectors.



Scheme of Compromises, Arrangement and Reconstruction

The Board of Directors of the Company in their meeting held on February 27, 2024 approved the Scheme of Compromises, Arrangement and Reconstruction (the "Scheme") under Section 279 to 283 of the Companies Act, 2017 for the de-merger of Tyre Undertaking and Retail Undertaking from Service Industries Limited inclusive of all assets, rights, liabilities, entitlements and obligations pertaining thereto and simultaneously transferring to, vesting and amalgamating the same with and into Service Tyres (Private) Limited and Service Retail (Private) Limited respectively and transferring and vesting of 160,709 shares of Speed (Private) Limited from Service Industries Limited to Service Industries Capital (Private) Limited.

The key aspects of the Scheme are as follows.

1. The transfer and vesting of the Tyre Undertaking inclusive of all assets, rights, liabilities, entitlements and obligations (including 128,150,000 shares of Service Long March Tyres (Private) Limited) pertaining thereto from Service Industries Limited to Service Tyres (Private) Limited, a wholly owned subsidiary of Service Industries Limited.
2. The transfer and vesting of the Retail Undertaking inclusive of all assets, rights, liabilities, entitlements and obligations pertaining thereto from Service Industries Limited to Service Retail (Private) Limited, a wholly owned subsidiary of Service Industries Limited
3. The transfer and vesting of 160,709 shares of Speed (Private) Limited from Service Industries Limited to Service Industries Capital (Private) Limited, a wholly owned subsidiary of SIL.
4. The Scheme shall take effect by operation of law as of the Sanction Date which will be the date on which the Court will sanction the Scheme.
5. The Effective date of the Scheme be 00:00 hours on January 1, 2024.

The Scheme shall be filed with the Honorable Lahore High Court, Lahore and for sanction in due course.

Future Outlook

Adverse global conditions and international conflicts have severely hindered Pakistan's economic growth. The challenging business environment acted as a deterrent to investment. While expediting the sale of productive assets or attracting foreign investment may provide short-term relief by bolstering forex reserves, addressing the underlying issues of low investment and declining productivity demands urgent action. This entails leveling the playing field, fostering competition, streamlining bureaucratic processes, and enhancing policy predictability.

The UN's World Economic Situation and Prospects report for 2024 offers a nuanced economic outlook for Pakistan, forecasting modest Gross Domestic Product (GDP) growth of less than two percent in 2024 and a slightly improved 2.4 percent in 2025. However, a closer examination of Pakistan's economic landscape reveals troubling trends. Inflation surged to 39.18 percent in 2023, prompting the State Bank of Pakistan to maintain a record-high policy rate of 22 percent since June 2023. The anticipation of interest rate reduction has waned amidst persistent inflation. Moreover, Pakistan experienced a currency depreciation of over 20 percent in 2023.

However, the recently conducted elections will bring the much-needed certainty. The resolve from all mainstream political parties that they will go to the International Monetary Fund (IMF) for the

next programme if they get a chance to form a government will ensure much-needed fiscal discipline and policy consistency. It will also help in shoring up Pakistan's foreign exchange reserves. This in turn will improve Pakistan's creditworthiness.

Going forward, with a view to get the additional market share in Agricultural tyres, the Company is expanding the production capacity of Agricultural tyre segment in order to cater to the excessive demand, the additional capacity will be available for commercial production by December 2024.

Moreover, the future of retail business appears highly promising, marked by a trajectory of substantial growth and the Company is expecting to increase the number of retail outlets to 300 by the end of December 2024 by adding 60 new outlets.

Adherence to Best Practices of Corporate Governance

The Company is determined to meet and wherever possible, exceed in all legal and ethical requirements and to conduct all businesses according to the highest professional and ethical standards and practices. The Board defines a path of continuous improvement constantly challenging existing processes. It also requires the Company to embrace change so that the Company is in the right place when new opportunities arise. This also means attracting the best talent in the marketplace and giving them the skills and opportunities, which they need to become high achievers. The Company constantly reviews its portfolio to provide answers to society's most vital challenges, enabling it to create sustainable value for its shareholders.

The Company has established an internal audit function, staffed with qualified professionals, to evaluate internal controls and operations to ensure fair financial reporting processes, compliance with applicable laws and adherence with internal control systems. This also results in achieving our objective of adding value to our operations.

Directors' Statement on Corporate and Financial Reporting Framework.

Following is the Directors' statement on Corporate and Financial Reporting framework:

- a. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b. Proper books of account have been maintained by the Company.
- c. Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

Directors' Report to the Shareholders

- d. International Financial Reporting Standards (IFRSs), as applicable in Pakistan, have been followed in the preparation of financial statements.
 - e. The Company maintains a sound internal control system which gives reasonable assurance against any material misstatement or loss. The internal control system is regularly reviewed. This has been formalized by the Board's Audit Committee and is updated as and when needed.
 - f. There are no significant doubts upon the Company's ability to continue as a going concern.
 - g. There has been no material departure from the best practices of Corporate Governance.
 - h. The Key operating and financial data for the last six years is annexed to the annual report.
- The Company will reimburse or incur expenses of travelling and accommodation of Directors in relation to attending meetings of the Board and its Committees.
 - The Directors' Remuneration Policy will be reviewed and approved by the Board of Directors from time to time.

During the year ended December 31, 2023, the following amounts were charged in the financial statements for remuneration including benefits to Chief Executive Officer and Executive Directors:

- a. Rs. 118.292 million (2022: Rs.85.124 million) on account of Chief Executive Officer (Details given in Note 40 to the audited financial statements).
- b. Rs. 116.486 million (2022: Rs.83.554 million) on account of Executive Director (Details given in Note 40 to the audited financial statements).

During the year ended December 31, 2023, meeting fee of Rs. 3.280 million (2022: Rs. 3.040 million) was paid to non-executive directors.

Directors

The existing Board of Directors ("Board") was elected on August 03, 2023. It comprises of nine (9) directors, including one female independent director, who is Chairperson of the Board, two independent directors, four non-executive directors and two executive directors including CEO.

Following are the names of the persons, who, at any time during the financial year, were directors of the Company:

Ms. Uzma Adil Khan, Chairperson, Independent Director
 Mr. Arif Saeed, Chief Executive Officer
 Mr. Omar Saeed, Executive Director
 Mr. Hassan Javed, Non-Executive Director
 Mr. Muhammad Naeem Khan, Independent Director
 Mr. Shahid Hussain Jatoi, Independent Director
 Mr. Ahsan Bashir, Non-Executive Director
 Mr. Adil Matcheswala, Non-Executive Director
 Chaudhry Saif Javed, Non-Executive Director
 Mr. Ahmed Javed (Retired)
 Mr. Osman Saifullah Khan (Retired)
 Mr. Riaz Ahmed (Retired)
 Mrs. Ayesha Naweed (Retired)

Composition of Board and Committees

As per requirements of Clause 34(2)(i, ii & iii) of the Listed Companies (Code of Corporate Governance) Regulations, 2019, the composition of the Board and its committees is given in serial No. 1, 2 and 12 of "Statement of Compliance" annexed to the Annual Report.

Comments / Responsibility Regarding Adequacy of Internal Financial Controls

The Directors are responsible for the adequacy of the internal financial controls and review of its effectiveness. The Company has established an effective and efficient system of internal financial controls to safeguard the assets of the Company, prevent and detect fraud and ensure compliance with all statutory and legal requirements. While the Board maintain its overall responsibility, The internal control structure is regularly reviewed and monitored by the Internal Audit function duly established by the Board. Audit Committee of the Board reviews the adequacy of internal control system on quarterly basis in accordance with the term of its reference.

Related party transactions

In compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 and applicable laws and regulations, details of all related party transactions are placed before the Audit Committee and upon recommendations of the Audit Committee, the same are placed before the Board for review and approval. In addition to the above, as required under Companies Act, 2017, details of contracts or arrangements entered into along with the justifications for entering into such contracts or arrangements have been disclosed in relevant notes to the financial statements.

Directors' Remuneration

The Company has a formal policy and transparent procedure for the remuneration of its directors in accordance with the provisions of the Companies Act, 2017, the Listed Companies (Code of Corporate Governance), Regulations, 2019 and the Articles of Association of the Company. The main features of the policy, approved by the Board, are as follows:

- The Company shall not pay remuneration to its non-executive directors including independent directors except for meeting fee for attending Board and its Committees meetings.

Audit Committee

The Audit Committee consists of three members, one of whom is Independent Director and two are Non-Executive Directors. The Chairman of the committee is an Independent Director. The terms of reference of this Committee have been determined in accordance with the guidelines provided in the Code of Corporate Governance and advised to the Committee for compliance.

The Committee held four (4) meetings during the year. Attendance by each member was as follows:

Name of Member	Attendance
Mr. Muhammad Naeem Khan - Chairman	4/4
Mr. Adil Matcheswala - Member	2/2
Chaudhry Saif Javed - Member	2/2
* Mr. Osman Saifullah Khan - Member (Retired)	2/2
* Mr. Riaz Ahmed - Member (Retired)	0/2

* Subsequent to election of Directors held on August 03, 2023, Mr. Osman Saifullah Khan and Mr. Riaz Ahmed retired from the Board of Directors of the Company, accordingly, Mr. Adil Matcheswala and Chaudhry Saif Javed appointed as members of the Audit Committee in place of retiring directors.

Human Resource and Remuneration Committee

The Human Resource & Remuneration Committee comprises of three members one of whom is Independent Director, one is Non-Executive Director and one is Executive Director. The Chairperson of the Committee is an Independent Director. The Committee is involved in making recommendations to the Board regarding executives' remuneration, performance evaluation and succession planning etc.

The Committee held three (3) meetings during the year. Attendance by each member was as follows:

Name of Member	Attendance
Ms. Uzma Adil Khan - Chairperson	1/1
Mr. Arif Saeed - Member	3/3
Mr. Ahsan Bashir - Member	1/1
* Mrs. Ayesha Naweed - Chairperson (Retired)	2/2
* Mr. Riaz Ahmed - Member (Retired)	1/2

* Subsequent to election of Directors held on August 03, 2023, Mrs. Ayesha Naweed and Mr. Riaz Ahmed retired from the Board of Directors of the Company, accordingly, Ms. Uzma Adil Khan and Mr. Ahsan Bashir appointed as the Chairperson and member of the Human Resource and Remuneration Committee respectively in place of retiring directors.

Meetings of the Board of Directors

During the year under review, eight (8) meetings of the Board of Directors of the Company were held and the attendance position is as follows:

Name of Director	Attendance
Mr. Arif Saeed	8/8
Mr. Omar Saeed	7/8
Mr. Hassan Javed	7/8
Mr. Muhammad Naeem Khan	8/8
Mr. Shahid Hussain Jatoi	8/8
Ms. Uzma Adil Khan	4/4
Mr. Adil Matcheswala	3/4
Mr. Ahsan Bashir	3/4
Chaudhry Saif Javed	4/4
*Mr. Ahmed Javed (Retired)	0/4
*Mr. Osman Saifullah Khan (Retired)	3/4
*Mr. Riaz Ahmed (Retired)	0/4
*Mrs. Ayesha Naweed (Retired)	4/4

* During the year, election of Directors was held in the Extraordinary General Meeting on August 03, 2023, accordingly, Mr. Ahmed Javed, Mr. Osman Saifullah Khan, Mr. Riaz Ahmed and Mrs. Ayesha Naweed retired from the board of directors and Ms. Uzma Adil Khan, Mr. Ahsan Bashir, Mr. Adil Matcheswala and Chaudhry Saif Javed were elected as Directors in place of retiring directors.

Leave of absence was granted to the Directors who could not attend the Board and Committee meetings.

Management Committee

The Management Committee comprises senior members of the Company who meet and discuss significant business plans, issues and progress updates of their respective segments. Significant matters to be put forth before the Board as per the Code of Corporate Governance are also discussed in the Management Committee meetings for onward approval of the Board.

External Auditors

The present Auditors M/s. Riaz Ahmad & Company, Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The Board of Directors endorses the recommendation of the Audit Committee for their re-appointment as auditors of the Company.

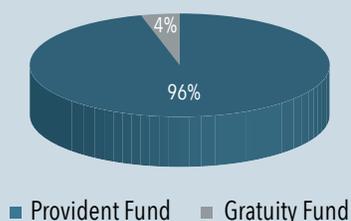
Investments in Retirement Benefits

The Company maintains retirement benefits plans for its employees which are regulated through the respective Board of trustees. The value of investments of these funds as per their respective un-audited financial statements, are as follows:

Directors' Report to the Shareholders

	December 31, 2023	December 31, 2022
	(Rupees in million)	
Provident Fund	2,612	1,818
Gratuity Fund	108	97
Total	2,720	1,915

Value of Investments



Pattern of Shareholding

The information about pattern of holding of the shares as at December 31, 2023 in the prescribed Form 34 is included in the Annual Report. The statement of purchase and sale of shares of the Company undertaken by Directors, Executives their spouses and minor children is also annexed.

Executives include Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Head of Internal Audit and Company Secretary.

Statement of Compliance

The statement of compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 as per prescribed format is published in the Annual Report which is reviewed and certified by the statutory auditors of the Company. The statement of compliance is approved by the Board of Directors of the Company.

Post Balance Sheet Event

No material changes and commitments affecting the financial position of the Company occurred between 31 December 2023 and 27 February 2024 (date of audit report) except for:

- Declaration of final cash dividend of Rupees 10 per share (i.e. 100%) which is subject to approval of members in the forthcoming Annual General Meeting and as disclosed in note 49 in the accompanying audited financial statements of the Company for the year ended 31 December 2023; and
- Approval by the Board of Directors of the Scheme of Compromises, Arrangement and Reconstruction (the "Scheme") under section 279 to 283 of the Companies Act, 2017 and as disclosed in note 1.1.1 in the accompanying audited financial statements of the Company for the year ended 31 December 2023.

Acknowledgment

The Directors would like to express their deep appreciation to the shareholders who have consistently demonstrated their trust in the Company.

We would also like to place on record our sincere appreciation for tireless efforts, dedication and commitment of all employees of Servis Group and are confident that they shall continue to do so in future.

We also thank our customers, suppliers and bankers for their continuing commitment to the Company.

We look forward to delivering best results in the coming years.

For and on behalf of the board

Arif Saeed
Chief Executive

Omar Saeed
Director

February 27, 2024
Lahore

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations)

Name of Company: Service Industries Limited
Year ended: December 31, 2023

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

1. The total number of Directors are nine (9) as per the following:

- a. Male: 8
- b. Female: 1

2. The composition of the Board is as follows:

Category	Names
Independent Directors	Mr. Shahid Hussain Jatoi Mr. Muhammad Naeem Khan Ms. Uzma Adil Khan (Female Director)
Non-Executive Directors	Mr. Hassan Javed Mr. Adil Matcheswala Mr. Ahsan Bashir Chaudhry Saif Javed
Executive Directors	Mr. Arif Saeed (Chief Executive) Mr. Omar Saeed

3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this company;

4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;

5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and the Regulations;

7. The meetings of the Board were presided over by the Chairperson and, in his / her absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and the Regulations;

9. Following Directors have attained the directors training program certification:

Names of Directors
Mr. Omar Saeed
Mr. Hassan Javed
Mr. Shahid Hussain Jatoi
Mr. Muhammad Naeem Khan
Ms. Uzma Adil Khan

Following Directors meet the exemption criteria of minimum of 14 years of education and 15 years of experience on the Boards of listed companies, hence are exempt from Directors' training program:

Names of Directors
Mr. Arif Saeed
Mr. Ahsan Bashir

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

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

a) Audit Committee

Names	Designation held
Mr. Muhammad Naeem Khan	Chairman
Mr. Adil Matcheswala	Member
Mr. Chaudhry Saif Javed	Member

b) HR and Remuneration Committee

Names	Designation held
Ms. Uzma Adil Khan	Chairperson
Mr. Arif Saeed	Member
Mr. Ahsan Bashir	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

14. The frequency of meetings (quarterly / half yearly / yearly) of the committee were as per following:

a) Audit Committee:

Four quarterly meetings were held during the financial year ended December 31, 2023.

b) HR and Remuneration Committee:

Three meetings of HR and Remuneration Committee were held during the financial year ended December 31, 2023.

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
19. Explanations for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

Sr. No.	Requirement	Explanation of Non-Compliance	Regulation Number
1.	Responsibilities of the Board and its members The Board is responsible for adoption of corporate governance practices by the company.	Non-mandatory provisions of the Regulations are partially complied. The company is deliberating on full compliance with all the provisions of the Regulations.	10(1)
2.	Directors' Training It is encouraged that by 30 June 2022, all directors on the Board have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it.	5 out of 9 directors of the company have acquired Directors' Training Program certification. Two directors are exempt from Directors' Training Program. The Company has planned to arrange Directors' Training Program certification for remaining 2 directors by end of next financial year.	19(1)
3.	Directors' Training Companies are encouraged to arrange training for at least one female executive every year under the Directors' Training Program from year July 2020.	The Company has planned to arrange Directors' Training Program certification for female executives over the next few years.	19(3)
4.	Directors' Training Companies are encouraged to arrange training for at least one head of department every year under the Directors' Training program from July 2022.	The company has planned to arrange Directors' Training Program certification for head of departments over the next few years.	19(3)
5.	Nomination Committee The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	Currently, the Board has not constituted a separate nomination committee and the functions are being performed by the human resource and remuneration committee.	29
6.	Risk Management Committee The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	Currently, the Board has not constituted a risk management committee and a senior officer of the Company performs the requisite functions and apprise the Board accordingly.	30
7.	Disclosure of significant policies on website The company may post key elements of its significant policies, brief synopsis of terms of reference of the Board's committees on its website and key elements of the directors' remuneration policy.	Although these are well circulated among the relevant employees and directors, the Board shall consider posting such policies and synopsis on its website in near future.	35
8.	Representation of Minority shareholders The minority members as a class shall be facilitated by the Board to contest election of directors by proxy solicitation.	No nomination was received to contest election as director representing minority shareholders.	5



Uzma Adil Khan
(Chairperson)



Arif Saeed
(Chief Executive)

February 27, 2024
Lahore

Independent Auditor's Review Report

To the members of Service Industries Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Service Industries Limited (the Company) for the year ended 31 December 2023 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 31 December 2023.



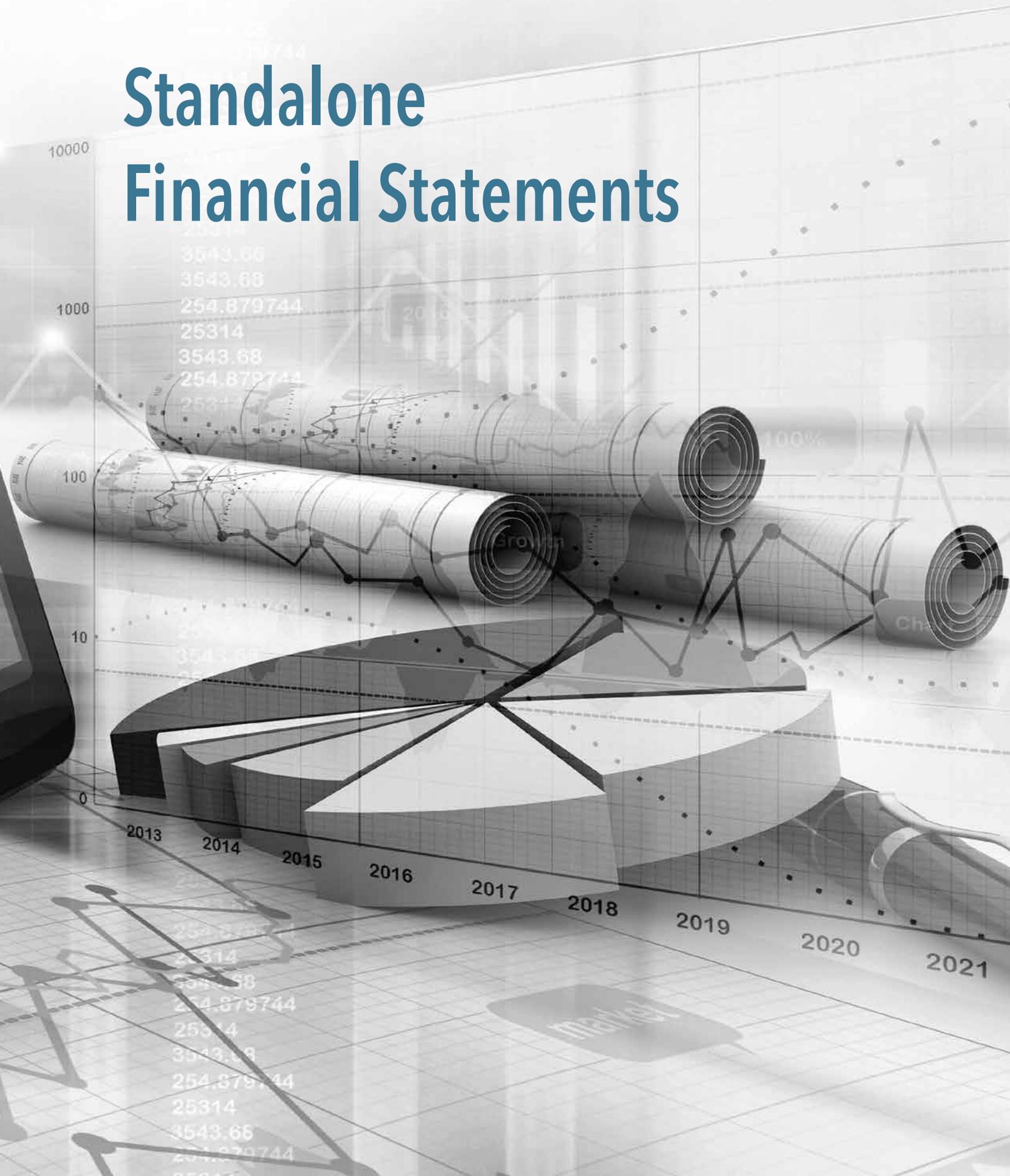
RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: 27 February 2024

UDIN: CR202310168WJ2wE04TM

Standalone Financial Statements



Independent Auditor's Report

To the members of Service Industries Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Service Industries Limited (the Company), which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of the profit, other comprehensive loss, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

Sr. No.	Key audit matters	How the matters were addressed in our audit
1	<p>Revenue recognition</p> <p>The Company recognized net revenue of Rupees 55,744 million for the year ended 31 December 2023.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</p> <p>For further information on revenue, refer to the following:</p> <ul style="list-style-type: none"> - Material accounting policy information, Revenue recognition note 2.24 to the financial statements. - Revenue – net note 30 to the financial statements. 	<p>Our audit procedures to assess the recognition of revenue, amongst others, included the following:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue; • Comparing a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents; • Comparing a sample of revenue transactions recorded around the year end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting year; • Assessing whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'; • We also considered the appropriateness of disclosures in the financial statements..
2	<p>Stock-in-trade</p> <p>As at 31 December 2023, stock-in-trade is stated at Rupees 10,387 million. Stock-in-trade is measured at the lower of cost and net realizable value.</p> <p>We identified existence and valuation of stock-in-trade as a key audit matter due to its size, representing 23.38% of total assets of the Company as at 31 December 2023, and the judgment involved in valuation.</p> <p>For further information on stock-in-trade, refer to the following:</p> <ul style="list-style-type: none"> - Material accounting policy information, Stock-in-trade note 2.21 to the financial statements. - Stock-in-trade note 22 to the financial statements. 	<p>Our audit procedures to assess the existence and valuation of stock-in-trade, amongst others, included the following:</p> <ul style="list-style-type: none"> • Assessing the design, implementation and operating effectiveness of key internal controls over valuation of stock-in-trade including determination of net realizable values; • Attending inventory counts and reconciling the count results to the inventory listings to test the completeness of data; • Assessing the net realizable value of stock-in-trade by comparing, on a sample basis, management's estimation of future selling prices for the products with selling prices achieved subsequent to the end of the reporting year; • Comparing the net realizable value to the cost of a sample of stock-in-trade and comparison to the associated provision to assess whether stock-in-trade provisions are complete;

Sr. No.	Key audit matters	How the matters were addressed in our audit
		<ul style="list-style-type: none"> • Assessing accuracy of inventory ageing reports and adequacy of provisions; • In the context of our testing of the calculation, we analysed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs.. • We also made enquires of management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.
3	<p>Capital expenditures</p> <p>The Company is investing significant amounts in its operations and there are a number of areas where management judgement impacts the carrying value of property, plant and equipment and its respective depreciation profile. These include among other the decision to capitalize or expense costs; and review of useful life of the assets including the impact of changes in the Company's strategy.</p> <p>We focused on this area since the amounts have a significant impact on the financial position of the Company and there is significant management judgment required that has significant impact on the reporting of the financial position for the Company. Therefore, considered as one of the key audit matters.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none"> - Material accounting policy information, Property, plant, equipment and depreciation note 2.8 to the financial statements. - Fixed assets note 15 to the financial statements. 	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • We tested operating effectiveness of controls in place over the property, plant and equipment cycle including the controls over whether costs incurred on activities is capital or operating in nature; • We evaluated the appropriateness of capitalization policies and depreciation rates; • We performed tests of details on costs capitalized; • We verified the accuracy of management's calculation used for the impairment testing.
4	<p>Leases</p> <p>The Company has right-of-use assets and lease liabilities with carrying values as at 31 December 2023 amounting to Rupees 4,521.384 million and Rupees 5,461.579 million respectively. A number of judgements were applied and estimates were made in recognition of right-of-use assets and lease liabilities. The Company has a large volume of property leases. The significant judgements included the following:</p>	<p>Our audit procedures comprised, amongst others:</p> <ul style="list-style-type: none"> • We evaluated management's policies, processes and controls put in place to identify, capture and account for active leases; • For a sample of leases, we performed the following procedures:

Sr. No.	Key audit matters	How the matters were addressed in our audit
	<ul style="list-style-type: none"> • Lease terms including the consideration of renewal options included in lease contracts <p>Due to the material effect in terms of value that IFRS 16 "Leases" had on the financial statements of the Company, the large number of property leases, the values associated with the rentals, as well as the judgements applied in measuring the lease liabilities and related right-of-use assets this has been identified as a key audit matter.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none"> - Material accounting policy information, Right-of-use assets and Lease liabilities note 2.9 and note 2.10 to the financial statements respectively. - Right-of-use assets and Lease liabilities note 16 and note 7 to the financial statements respectively. 	<ul style="list-style-type: none"> • We inspected the lease contracts and evaluated management's identification of relevant lease terms to determine whether the leases were correctly considered for accounting in terms of IFRS 16; • We inspected the details of the contracts to assess management's determination of the beneficial occupation date and the lease end date; • We assessed the discount rates determined by management with reference to entity-specific borrowing rates and external market data; • We recalculated the lease liabilities and right-of-use assets based on the underlying contractual terms; • We checked the accuracy of lease payments included in the IFRS 16 model; • We assessed the appropriateness of the income tax and deferred tax arising from the right-of-use assets and lease liabilities; • We assessed the completeness and accuracy of disclosures with reference to the requirements of IFRS 16.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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



RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: February 27, 2024

UDIN: AR202310168cbZV0FpQo

Statement of Financial Position

As at December 31, 2023

	Note	2023 Amount	2022 Amount
		Rupees in thousand	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
100,000,000 (2022: 100,000,000)			
Ordinary shares of Rupees 10 each		1,000,000	1,000,000
Issued, Subscribed and Paid -up share capital	3	469,874	469,874
Reserves	4	7,848,305	6,801,547
Total equity		8,318,179	7,271,421
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	8,808,519	7,102,730
Long term deposits	6	85,024	1,915
Lease liabilities	7	5,037,023	3,721,780
Employees' retirement benefit	8	287,024	214,459
Deferred liabilities	9	570,883	616,041
		14,788,473	11,656,925
CURRENT LIABILITIES			
Trade and other payables	10	6,788,737	6,359,206
Accrued mark-up	11	802,891	612,873
Short term borrowings	12	10,889,573	11,699,132
Current portion of non-current liabilities	13	2,795,875	2,608,205
Unclaimed dividend		43,783	42,030
		21,320,859	21,321,446
Total liabilities		36,109,332	32,978,371
Contingencies and commitments	14		
TOTAL EQUITY AND LIABILITIES		44,427,511	40,249,792

The annexed notes form an integral part of these financial statements.



Arif Saeed
(Chief Executive)

		2023	2022
		Amount	Amount
	Note	Rupees in thousand	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	15	12,447,494	10,736,350
Right-of-use assets	16	4,521,384	3,386,718
Intangible assets	17	7,510	9,376
Long term investments	18	8,028,956	7,987,951
Long term loans to employees	19	17,812	13,422
Long term security deposits	20	232,301	188,810
		25,255,457	22,322,627
CURRENT ASSETS			
Stores, spares and loose tools	21	616,897	568,953
Stock-in-trade	22	10,387,433	9,164,082
Trade debts	23	3,867,331	4,914,679
Loans and advances	24	729,894	695,309
Advance income tax - net of provision for taxation	25	306,864	536,034
Trade deposits and prepayments	26	187,382	236,834
Other receivables	27	379,147	205,067
Short term investments	28	883,430	181,615
Cash and bank balances	29	1,813,676	1,424,592
		19,172,054	17,927,165
TOTAL ASSETS		44,427,511	40,249,792



Omar Saeed
(Director)



Badar Ul Hassan
(Chief Financial Officer)

Statement of Profit or Loss

For the year ended December 31, 2023

	Note	2023 Amount	2022 Amount
Rupees in thousand			
Revenue - net	30	55,744,034	42,599,481
Cost of sales	31	(42,053,764)	(34,626,020)
Gross profit		13,690,270	7,973,461
Distribution cost	32	(4,643,023)	(3,218,564)
Administrative expenses	33	(2,091,125)	(1,505,313)
Other expenses	34	(263,574)	(300,384)
		(6,997,722)	(5,024,261)
		6,692,548	2,949,200
Other income	35	622,573	1,073,620
Profit from operations		7,315,121	4,022,820
Finance cost	36	(5,020,990)	(3,075,387)
		2,294,131	947,433
Share of profit from equity accounted investee - net of taxation		63,752	28,588
Profit before taxation		2,357,883	976,021
Taxation	37	(1,015,747)	(621,594)
Profit after taxation		1,342,136	354,427
Earnings per share - basic and diluted (Rupees)	38	28.56	7.54

The annexed notes form an integral part of these financial statements.



Arif Saeed
(Chief Executive)



Omar Saeed
(Director)



Badar Ul Hassan
(Chief Financial Officer)

Statement of Comprehensive Income

For the year ended December 31, 2023

	2023 Amount	2022 Amount
	Rupees in thousand	
Profit after taxation	1,342,136	354,427
Other comprehensive loss		
Items that will not be reclassified to profit or loss:		
Deficit arising on remeasurement of investment at fair value through other comprehensive income - net of tax	(21,645)	(9,106)
Remeasurements of employees' retirement benefit obligation - net of tax	(38,796)	(29,675)
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive loss for the year - net of tax	(60,441)	(38,781)
Total comprehensive income for the year	1,281,695	315,646

The annexed notes form an integral part of these financial statements.



Arif Saeed
(Chief Executive)



Omar Saeed
(Director)



Badar Ul Hassan
(Chief Financial Officer)

Statement of Cash Flows

For the year ended December 31, 2023

	Note	2023 Amount Rupees in thousand	2022 Amount
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39	8,886,799	3,635,838
Finance cost paid		(4,691,104)	(2,607,602)
Income tax paid		(767,574)	(667,132)
Workers' welfare fund paid	10.2	(1,293)	(4,810)
Workers' profit participation fund paid	10.3	(125,354)	(50,000)
Employees' retirement benefit paid - net	8.2	(22,198)	(42,938)
Net (increase) / decrease in long term loans to employees		(8,075)	15,758
Net (increase) / decrease in security deposits		(8,839)	37,385
Insurance claim received against loss of assets due to fire		-	544,344
Net cash generated from operating activities		3,262,362	860,843
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on operating fixed assets		(2,859,207)	(3,605,952)
Intangible assets acquired		-	(7,320)
Return on bank deposits and term deposits receipts		30,440	17,620
Proceeds from sale of operating fixed assets		25,389	2,774
Insurance claim received against loss on operating fixed assets		-	2,330
Long term investment made		-	(1,187,044)
Dividend income received		163,550	735,975
Short term investments made		(879,914)	(179,914)
Short term investments disposed of		179,914	155,000
Net cash used in investing activities		(3,339,828)	(4,066,531)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		4,309,888	3,476,129
Repayment of long term financing		(2,657,834)	(1,575,333)
Repayment of lease liabilities		(225,870)	(166,948)
Long term deposits - net		83,109	475
Short term borrowings - net		(809,559)	2,546,380
Dividend paid		(233,184)	(349,719)
Net cash from financing activities		466,550	3,930,984
Net increase in cash and cash equivalents		389,084	725,296
Cash and cash equivalents at the beginning of the year	29	1,424,592	699,296
Cash and cash equivalents at the end of the year	29	1,813,676	1,424,592

The annexed notes form an integral part of these financial statements.


Arif Saeed
(Chief Executive)


Omar Saeed
(Director)


Badar Ul Hassan
(Chief Financial Officer)

Notes to the Financial Statements

For the year ended December 31, 2023

1. THE COMPANY AND ITS OPERATIONS

1.1 Service Industries Limited (the Company) was incorporated as a private limited Company on 20 March 1957 in Pakistan under the Companies Act, 1913 (now the Companies Act, 2017), converted into a public limited company on 23 September 1959 and got listed on 27 June 1970. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The principal activities of the Company are purchase, manufacture and sale of footwear, tyres and tubes, spare parts of automobiles and technical rubber products. These financial statements are the separate financial statements of the Company. Consolidated financial statements of the Company are prepared separately. Details of the Company's investment in subsidiaries and associate are stated in note 18 to these financial statements.

1.1.1 Subsequent to the reporting period, the board of directors of the Company in their meeting held on 27 February 2024 has approved the Scheme of Arrangement between the Company and its members and Service Tyres (Private) Limited – wholly owned subsidiary company and its members and Service Retail (Private) Limited – wholly owned subsidiary company and its members and Service Industries Capital (Private) Limited – wholly owned subsidiary company and its members (in terms of provisions of sections 279 to 283 and all other enabling provisions of the Companies Act, 2017) [hereinafter referred to as the 'Scheme']. The principal object of the Scheme is to provide for the reconstruction of the Company by:

- i) the separation of the Transferred Assets and Undertakings [the Tyre Undertaking (inclusive of 128,150,000 shares of Service Long March Tyres (Private) Limited), the Retail Undertaking and Speed (Private) Limited (SPL) Shares] inclusive of all assets, rights, liabilities and obligations of the Company (except for the Retained Assets and Undertakings) pertaining thereto;
- ii) the transfer and vesting of the Tyre Undertaking into Service Tyres (Private) Limited;
- iii) the transfer and vesting of the Retail Undertaking into Service Retail (Private) Limited; and
- iv) the transfer and vesting of the SPL Shares into Service Industries Capital (Private) Limited.

As of the date of authorization for issue of these financial statements, the Scheme is subject to approval of shareholders of the respective companies and Honourable Lahore High Court, Lahore. Effective Date as per the proposed Scheme is 01 January 2024.

1.2 Geographical location

Geographical location and addresses of all business units are as follows:

Offices, Manufacturing units and Retail outlets	Addresses
Registered and head office	Servis House, 2 Main Gulberg, Lahore
Karachi office	Adamjee House, 10th Floor, I.I. Chundrigar Road, Karachi
Factory site	G.T. Road, Gujrat
Muridke factory	10 - KM, Muridke - Sheikhpura Road, District Sheikhpura
Kalara office	17, Block C3, Near Hussain Chowk, Gulberg III, Lahore
Retail outlets	
Lahore 1	Servis, Airport Road, Opposite Honda Point Shop, Lahore
Lahore 2	Servis, Gulshan Block-1, Main Boulevard, Allama Iqbal Town, Lahore
Lahore 3	Servis, 23 Hunza Block, Allama Iqbal Town, Lahore
Lahore 4	Servis, 136 Jahnzaib Block, Allama Iqbal Town, Lahore
Lahore 5	Servis, 17-A, Main G.T. Road, Baghbanpura, Lahore
Lahore 6	Servis, Batapur, Attoke Awan, Lahore Cantt, Lahore
Lahore 7	Servis, Plot-170, Block H, Phase 1, DHA, Lahore
Lahore 8	Servis, Plot-133, Block Y, Phase 3, DHA, Lahore

Offices, Manufacturing units and Retail outlets	Addresses
Lahore 9	Servis, B-3, M.A. Johar Town, Lahore
Lahore 10	Servis, 23-Karim Block, Allama Iqbal Town, Lahore
Lahore 11	Servis, Opposite Raja Sahib, Model Town Link Road, Lahore
Lahore 12	Servis, Near Urban Sole, Mall Road, Lahore
Lahore 13	Servis, Shop No. 1, Dinga Singh Building, 46 - Mall Road, Lahore
Lahore 14	Servis, Main Multan Road, Maraka, Lahore
Lahore 15	Servis, R-2, M.M. Alam Road, Gulberg II, Lahore
Lahore 16	Servis, Tufail Road, Saddar Gol Chakkar, Lahore Cantt., Lahore
Lahore 17	Servis, 683 Main Road, Shadbagh, Lahore
Lahore 18	Servis, SE-3R-107, Shalimar Link Road, Lahore
Lahore 19	Servis, Canal Bank Road, Tajbagh Scheme, Lahore
Lahore 20	Servis, Plot-12, Block 8, Sector B-1, Madina Market, Township, Lahore
Lahore 21	Servis, Mall of Shadrah, Near Police Station Shadrah, Lahore
Lahore 22	Servis, 2-G, PIA Employees Cooperative Housing Society, Lahore
Lahore 23	Servis, Block A 158, Main Boulevard Gulshan Ravi, Lahore
Lahore 24	Servis, Main Canal Road, Rajput Town, Lahore
Lahore 25	Servis, Property No. 13-D, Main Wahdat Road, Lahore
Lahore 26	Servis, Near Gajumata Metro Stop, Lahore
Lahore 27	Servis, Packeges Mall, Lahore
Lahore 28	Servis, Plot 16/B Comercial Sector C, Talwar Chowk, Bahria Town, Lahore
Lahore 29	Servis, Main Bazar Islam Pura, Lahore
Lahore 30	Servis, Model Town Link Road, Adjacent to Amanah Mall, Lahore
Lahore 31	Servis, Plot No. A-3, Block D, Valencia Town, Lahore
Karachi 1	Servis, Plot No. G-21/23, Block 8, Clifton, Karachi
Karachi 2	Servis, B-61, Block H, Sector 2, North Nazimabad, Karachi
Karachi 3	Servis, Liaqatabad No. 10, Karachi
Karachi 4	Servis, Block 21, Shop No. LG-13, Lucky One Mall, Main Rashid Minhas Road, Opposite UBL Sports Complex, Karachi
Karachi 5	Servis, Asia Pacific Trade Center, Rashid Minhas Road, Gulistan-e-Jauhar, Karachi
Karachi 6	Servis, Plot No 282, Gulshan-e-Hadeed, Phase 1, Bin Qasim Town, Karachi
Karachi 7	Servis, Shop No 55-C, Survey Sheet No. 35-P/I, Block No. 2, P.E.C.H.S., Tariq Road, Karachi.
Karachi 8	Servis, Plot No. 10, Sector 33-A, Near Stylo Shoes, Korangi, Karachi
Karachi 9	Servis, Plot No Z-83/Z-84, Delhi Mercantile Society, Tariq Road, Karachi
Karachi 10	Servis, Shop No. GF-1/2, Ground Floor, Safa Mall, Malir Cantt., Karachi
Karak	Servis, Main Indus Highway, Jail Chowk, Karak
Multan 1	Servis, Zain Tower, 10-A, Gulgashat Colony, Multan
Multan 2	Servis, Gardezi Market Near Jalal Masjid Chowk, Gulgasht Colony, Multan
Multan 3	Servis, Plot-12, Block Y, Street-100, Multan
Multan 4	Servis, 115-1A, Aziz Bhatti Shaheed Road, Multan Cantt., Multan
Multan 5	Servis, Ghani Bukhari Road, Multan Cantt., Multan
Multan 6	Servis, Bosan Road, Shalimar Colony, Mall of Multan, Multan
Multan 7	Servis, Near Telephone Exchange, Mumtazabad, Multan

Notes to the Financial Statements

For the year ended December 31, 2023

Offices, Manufacturing units and Retail outlets	Addresses
Multan 8	Servis, 979-C, Main Market Mumtazabad, Multan
Multan 9	Servis, Nishter Chowk, Multan
Multan 10	Servis, Abdali Road, Multan
Multan 11	Servis, Main Sher Shah Road, Garden Town, Multan
Multan 12	Servis, Khata No. 6, K-08-M, Khatooni 712/713, Neel Kot, Bason Road, Multan
Multan 13	Servis, City Plaza, Khanewal Road, Multan
Multan 14	Servis, Vehari Road, Mumtazabad, Multan
Islamabad 1	Servis, 104 Aabpara Market, International Market, Khayaban-e-Soharwardi Road, Islamabad
Islamabad 2	Servis, Awami Trade Center, G-9, Islamabad
Islamabad 3	Servis, Shop No. 3-4, LG Floor, Giga Mall, Islamabad
Islamabad 4	Servis, 11-C, Main PWD, Islamabad
Islamabad 5	Servis, 2-D, PWD Scheme, Islamabad
Islamabad 6	Servis, Membership No. 492, NPF O-9 Housing Scheme, Islamabad
Abbotabad 1	Servis, Mansehra Road, Near Khan Motors, Abbotabad
Abbotabad 2	Servis, RK Plaza, Opposite Al Syed Hospital, Main Mansehra Road, Abbottabad
Rawalpindi 1	Servis, Airport Road, Gulzar-e-Quaid, Rawalpindi
Rawalpindi 2	Servis, Plaza 99, Wallayat Complex, Bahria Expressway, Rawalpindi
Rawalpindi 3	Servis, 154 Street Service Avenue, Phase 7, Bahria Town, Rawalpindi
Rawalpindi 4	Servis, 67 & 67-A, Bank Road, Rawalpindi
Rawalpindi 5	Servis, Nadir Plaza, Near Shan Mall, Commercial Market, Satellite Town, Rawalpindi
Rawalpindi 6	Servis, Tench Bhatta Bazar, Rawalpindi
Rawalpindi 7	Servis, Alpha Mall, Adyala Road, Rawalpindi
Rawalpindi 8	Servis, Misryal Road, Rawalpindi
Rawalpindi 9	Servis, Bank Road, Near Rania Mall, Rawalpindi
Rawalpindi 10	Servis, Opposite City Centre, Bank Road, Saddar, Rawalpindi
Rawalpindi 11	Servis, Taj Arcade, Jahaz Ground, Bund Khana Road, Rawalpindi
Arifwala 1	Servis, Bahawalnagar Road, Arifwala
Arifwala 2	Servis, Thana Bazar, Arifwala
Attock	Servis, Naseem Mart, Kamrah Road, Attock
Bahawalnagar 1	Servis, Plot-6, Block No. 20, City Chowk, Bahawalnagar
Bahawalnagar 2	Servis, Jail Road Opposite City Mall, Bahawalnagar
Bahawalpur 1	Servis, Circular Road, Opposite Quaid-e-Azam Medical College, Bahawalpur
Bahawalpur 2	Servis, Railway Road, Bahawalpur
Bahawalpur 3	Servis, Ahmed Pur Road, Dubai Chowk, Near Total Pump, Bahawalpur
Bannu	Servis, Railway Road, Bannu
Bhakkar	Servis, Darya Khan Road, Bhakkar
Bhalwal	Servis, Liaqat Shaheed Road, Bhalwal
Burewala 1	Servis, Al-Rehman Center, Opposite Stylo Shoes, G.T. Road, Vehari Road, Burewala
Burewala 2	Servis, 95-C Block, City Gate, Multan Road, Burewala
Burewala 3	Servis, Main Vehari Road, Khasra No. 95-C, Khatooni No. 363, Burewala
Battagram	Servis, Opposite Al-Fakhar Hotel, Main Bazar, Battagram
Chakwal	Servis, Al Fateh Plaza, Talagang Road, Near GPO, Chakwal
Charsadda	Servis, Nowshera Road, Charsadda

Offices, Manufacturing units and Retail outlets	Addresses
Chichawatni 1	Servis, Sultan Plaza, Khatoni No. 1197, Naya Bazar, Chichawatni
Chichawatni 2	Servis, Qasr-e-Qadir, Chichawatni Road, Kamalia
Chistian 1	Servis, Main Bazar, Chistian
Chistian 2	Servis, Collage Road, Chistian
Chiniot	Servis, Chachabban Wala, Opposite Animal Hospital, Chiniot
D.G. Khan 1	Servis, Saddar Bazar, D.G. Khan
D.G. Khan 2	Servis, Block 13, Jaampur Road, D.G. Khan
D.G. Khan 3	Servis, Bank Road, Opposite Clive Shoe Store, D.G. Khan
D.G. Khan 4	Servis, Bank Road, D.G. Khan
D.I. Khan	Servis, Opposite State Life Building, Circular Road, D.I. Khan
Daska 1	Servis, College Road, Near Borjan, Daska
Daska 2	Servis, College Road, Opposite Irfan Plaza, Daska
Depalpur	Servis, Pakpattan Chowk, Depalpur
Faisalabad 1	Servis, Harian Wala Chowk, D-Ground, Faisalabad
Faisalabad 2	Servis, Gulberg, Faisalabad
Faisalabad 3	Servis, Jhang Road, Faisalabad
Faisalabad 4	Servis, Kohinoor Plaza, Faisalabad
Faisalabad 5	Servis, Shop No. 1407, Street No. 20, Bilal Chowk, Samanabad, Faisalabad
Faisalabad 6	Servis, Satyana Road, Near Mcdonalds, Faisalabad
Faisalabad 7	Servis, 584-B, Chen One Road, Peoples Colony 1, Faisalabad
Faisalabad 8	Servis, Susan Road, Faisalabad
Faisalabad 9	Servis, Shop No. 30, Misaq-ul-Mall, Sheikhpura Road, Faisalabad
Faisalabad 10	Servis, Jhang Bazar, Rajbha Road, Faisalabad
Faisalabad 11	Servis, Plot 403-B, Ghulam Muhammad Colony, Faisalabad
Faisalabad 12	Servis, Opposite Allied Hospital, Faisalabad
Faisalabad 13	Servis, Millat Road, Near Islamic Bank, Gulshan Colony, Faisalabad
Muridke	Servis, Fair Price Shop, 10-Km, Sheikhpura Road, Near Servis Factory, Muridke
Gojra	Servis, Plot No. 88, Quaid-e-Azam Road, Mehdi Shah Bazar, Gojra
Gujranwala 1	Servis, 400-C, College Chowk, Main Market, Satellite Town, Gujranwala
Gujranwala 2	Servis, 751-B, Rex Cinema Road, Main Market, Satellite Town, Gujranwala
Gujranwala 3	Servis, Gujranwala Kings Mall, Adjacent to Borjan Shoes, Gujranwala
Gujranwala 4	Servis, Property 419-C, Main Market, Satellite Town, Opposite China Bakery, Gujranwala
Gujrat 1	Servis, Hassan Chowk, Kacheri Road, Gujrat
Gujrat 2	Servis, Kachery Chowk, Kot Road, Gujrat
Gujrat 3	Servis, Gulzar-e-Madina Road, Ramtalai Chowk, Gujrat
Gujrat 4	Servis, Fair Price Shop, Near Servis Factory, G.T Road, Gujrat
Gujrat 5	Servis, Opposite Aleena Center, Bimber Road, Gujrat
Gujrat 6	Servis, Bhimber Road, Near Marariyan Chowk, Kotla Arab Ali Khan, Gujrat
Hafizabad	Servis, Vanike Tarar Road, Near Jamia Masjid Al-Qadeem, Hafizabad
Haripur 1	Servis, Plot No. 20, Mouza Pandak, Haripur
Haripur 2	Servis, Shairanwala Gate, Main Bazar, Haripur
Haroonabad	Servis, Baldya Road, Opposite ECS Store, Haroonabad
Hyderabad 1	Servis, D-1 & D-4, Block D, Autobahn Road, Hyderabad

Notes to the Financial Statements

For the year ended December 31, 2023

Offices, Manufacturing units and Retail outlets	Addresses
Hyderabad 2	Servis, Main Jamshoro Road, Hyderabad
Hyderabad 3	Servis, Garrison Complex, Next to J., Hyderabad
Hyderabad 4	Servis, Unit No. 7, Plot No. 4 B, Latifabad, Hyderabad
Hasilpur	Servis, Rail Bazar, Fawara Chowk, Hasilpur
Jauharabad	Servis, 155, Block 20, Mandi Town, Jauharabad
Jhelum	Servis, Commercial Plaza, Civil Line Road, Jhelum
Jhang 1	Servis, Fawara Chowk, Jhang
Jhang 2	Servis, Yousaf Shah Road, Jhang
Jacobabad	Servis, Main Quaid-e-Azam Road, City Survey No 664/4, Near Askari Bank Jacobabad
Jaranwala	Servis, Fawara Chowk, Naya Bazar, Near HBL Bank, Jaranwala
Kasur 1	Servis, Shahbaz Khan Road, Opposite the Bank of Punjab, Kasur
Kasur 2	Servis, Chandani Chowk, Railway Road, Kasur
Khairpur	Servis, 483-A, Mall Road, Khairpur
Khanewal	Servis, Plot No. 6-7, Block 12, Jamia Masjid Road, Khanewal
Kharian	Servis, Main G.T. Road, Near Stylo Shoes, Kharian
Kohat 1	Servis, Rehman Plaza, Kacheri Road, Kohat
Kohat 2	Servis, Main Pindi Road, Kohat
Khanpur	Servis, Katachery Bazar, Model Town, Khanpur
Kamra	Servis, Safdar Plaza, Main Bazar, Kamra
Kabirwala	Servis, Khanewal Road, Opposite HBL, Kabirwala
Kotli	Servis, Aabshaar Chowk, Pindi Road Near Dream Land Hotel, Kotli
Layyah 1	Servis, Circular Road, Layyah
Layyah 2	Servis, Chubara Road, Near Old Baloch Adda, Layyah
Larkana	Servis, Station Road, Larkana
Mandi Bahauddin 1	Servis, Kacheri Road, Mandi Bahauddin
Mandi Bahauddin 2	Servis, Opposite Al-Asar Mall, Jail Road, Mandi Bahauddin
Mandi Bahauddin 3	Servis, Kacheri Road, Near HBL, Mandi Bahauddin
Mandi Bahauddin 4	Servis, Jinnah Road, Malakwal, Mandi Bahauddin
Mardan 1	Servis, Opposite Railway Station, Nowshehra Road, Mardan
Mardan 2	Servis, Bank Road, Opposite UBL, Mardan
Mian Channu	Servis, Plot No. 11, Nishtar Road, Mian Channu
Mianwali	Servis, High School Road, Fahad Plaza, Mianwali
Mirpurkhas 1	Servis, Hyderabad Road, Near Telenor Franchise, Mirpurkhas
Mirpurkhas 2	Servis, Plot No 16, Ali Town, Phase 1, Mirpurkhas
Mirpurkhas 3	Servis, Allama Iqbal Road, Opposite Crown Plaza, Mirpur
Mirpurkhas 4	Servis, Plot No. 15, Sector F-1, Mirpur
Murree	Servis, Mall Road, Near Bundu Khan, Murree
Muzaffarabad 1	Servis, Al-Raheem Plaza, Neelam Road, Lower Plate, Muzaffarabad
Muzaffarabad 2	Servis, Madina Market, Muzaffarabad
Muzaffargarh	Servis, Multan Road, Muzaffargarh
Narowal	Servis, Bypass Chowk, Circular Road, Narowal
Nawabshah	Servis, Gol Chakr Road, Shaheed Benazirabad, Nawabshah
Okara 1	Servis, B1-2R/169, M.A. Jinnah Road, Okara

Offices, Manufacturing units and Retail outlets	Addresses
Okara 2	Servis, Kacheri Bazar, Okara
Okara 3	Servis, Tehsil Road, Thandi Sarak, Near Company Bagh, Okara
Pattoki	Servis, Brand Way Mall Bypass, Opposite Punjab College, Pattoki
Peshawar 1	Servis, University Road, Peshawar
Peshawar 2	Servis, Shop No. 454-455, Saddar Road, Peshawar
Peshawar 3	Servis, 17-C, Saddar Road, Peshawar Cantt., Peshawar
Peshawar 4	Servis, 1451, University Road, Peshawar
Peshawar 5	Servis, The Ficus 2 Plaza, Near Northwest Institute, Ring Road, Peshawar
Peshawar 6	Servis, Main Saddar, Near Waheed Sons, Saddar Cantt., Peshawar
Peshawar 7	Servis, Nasapa, Charsadda Road, Peshawar
Peshawar 8	Servis, Saddar Road, Near Imam Bargha, Peshawar
Pakpattan 1	Servis, Sahiwal Road, Near Government Boys High School, Pakpattan
Pakpattan 2	Servis, Jahangir Heights, Mandi Mor, Katchery Road, Pakpattan
Phalia	Servis, Al Abbas Chowk, Opposite Sun Shine Dry Clean, Haila Road, Phalia
Quetta 1	Servis, Jinnah Road, Quetta
Quetta 2	Servis, Main Airport Road, Near Askari Check Post, Quetta
Rahim Yar Khan 1	Servis, Shahi Road, Rahim Yar Khan
Rahim Yar Khan 2	Servis, 5/A, Al-Hamra Road, Model Town, Rahim Yar Khan
Rahim Yar Khan 3	Servis, 27, New Sadiq Bazar, Rahim Yar Khan
Rahwali	Servis, G.T. Road, Opposite Siddique Family Hospital, Rahwali
Rawalakot	Servis, Nala Bazar, Opposite CMH Hospital, Rawlakot
Sadiqabad	Servis, Ammam Din Plaza, Club Road, Near Sadiq Club, Sadiqabad
Sahiwal 1	Servis, Near Metro Shoes, Girls College Road, Sahiwal
Sahiwal 2	Servis, High Street, Sahiwal
Sahiwal 3	Servis, Main Saddar Bazar, Near Pak Chean Dawa Khana, Sahiwal
Sahiwal 4	Servis, High Street, Near UBL, Jogi Chowk, Sahiwal
Sargodha 1	Servis, City Tower, City Road, Sargodha
Sargodha 2	Servis, 03-Jinnah Park, University Road, Sargodha
Sargodha 3	Servis, Katchery Bazar, Sargodha
Sargodha 4	Servis, Main Bazar, Noori Gate, Sargodha
Sargodha 5	Servis, Lalla Zar Colony, Chak No. 47 Main University Road, Sargodha
Sheikhupura	Servis, Jinnah Park, Opposite Limelight Near Stylo, Sheikhupura
Sialkot 1	Servis, Allama Iqbal Road, Near Toba Masjid, Sialkot Cantt., Sialkot
Sialkot 2	Servis, Railway Road, Drama Wala Chowk, Hassanpura, Sialkot
Sialkot 3	Servis, Sony Square Mall, Sialkot
Sialkot 4	Servis, Muslim Bazar, Rung Pura Chowk, Sialkot
Swabi	Servis, Main Jhangira Road, Dara Lar, Swabi
Swat 1	Servis, G.T. Road, Near City Center, Qambar Swat
Swat 2	Servis, Kanju Chowk, Airport Road, Swat
Shikarpur	Servis, Hazari Gate, Main Circular Road, Shikarpur
Sukkur	Servis, Mission Road, Near Bata Store, Sukkur
Tandu Adam	Servis, A/134, Ward A, Survey No. 543/221, Tandul Adam
Toba Tek Singh	Servis, Saddar Bazar, Toba Tek Singh

Notes to the Financial Statements

For the year ended December 31, 2023

Offices, Manufacturing units and Retail outlets	Addresses
Timergara	Servis, Dir Road, Timergara
Tonsa Sharif	Servis, Mangrotha Road, Opposite Faisal Mover Terminal, Tonsa
Vehari 1	Servis, 143-C, Club Road, Vehari
Vehari 2	Servis, Ludden Road, Vehari
Vehari 3	Servis, Jinnah Road, Vehari
Wah Cantt. 1	Servis, B-68, SVY No. 36, Lala Rukh, Wah Cantt.
Wah Cantt. 2	Servis, G.T. Road, Malakand Stop, Near Stylo, Wah Cantt.
Wah Cantt. 3	Servis, Aslam Market, Wah Cantt.
Wah Cantt. 4	Servis, B-6, Post Office Road, Lala Rukh, Wah Cantt.
Wazirabad	Servis, Opposite Telephone Exchange, Sialkot Road, Wazirabad

Warehouses	Addresses
Lahore	19-A, Main Ravi Road, Near Kasurpura Stop, Yadgar, Lahore
Lahore	2.5 KM, Manga Raiwind Road, Lahore
Raiwind	Near Rupali Foods, Manga Road (Former Oye Hoye Factory), Raiwind
Sheikhupura	Al Jannat Road, Beside Khanka Syed Ahmed Shaheed, Faiz Road, Sheikhupura
Multan	Plot No. 220, Multan Industrial Estate, Phase 2, Multan

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information applied in the preparation of these financial statements are set out below. Further, accounting policies related to material class of accounts does not necessarily means it is material. These policies have been consistently applied to all years presented, unless otherwise stated:

2.1 Basis of preparation

a) 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 (IFRSs) 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 IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

b) Accounting convention

These financial statements have been prepared under the historical cost convention except as otherwise stated in the respective accounting policies.

c) Critical accounting estimates and judgements

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

i) Useful lives, patterns of economic benefits and impairments

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of operating fixed assets, with a corresponding effect on the depreciation charge and impairment.

ii) Inventories

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made on each reporting date on inventories for excess inventories, obsolescence and declines in net realisable value and an allowance is recorded against the inventory balances for any such declines.

iii) Income tax

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

iv) Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

v) Provisions

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

vi) Contingencies

The Company reviews the status of all pending litigations and claims against the Company. Based on the judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the statement of financial position date.

vii) Impairment of investment in subsidiary companies and equity method accounted for associated company

In making an estimate of recoverable amount of the Company's investment in subsidiary companies and equity method accounted for associated company, the management considers future cash flows.

viii) Revenue from contracts with customers involving sale of goods

When recognizing revenue in relation to the sale of goods to customers, the key performance obligation of the Company is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

ix) Employees' retirement benefit

The actuarial valuation of employees' retirement benefit requires the use of certain assumptions related to future periods, including increase in future salary, expected returns on plan assets and the discount rate used to discount future cash flows to present values.

Notes to the Financial Statements

For the year ended December 31, 2023

d) Amendments to published approved accounting standards that are effective in current year and are relevant to the Company

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 January 2023:

- Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current;
- Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgement' - Disclosure of Accounting Policies;
- Amendments to IAS 12 'Income taxes' - Deferred Tax related to Assets and Liabilities arising from a Single Transaction;
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Change in definition of Accounting Estimate;
- Amendments to IAS 12 'Income Taxes' - International Tax Reform – Pillar Two Model Rules.

The above-mentioned amendments to approved accounting standards did not have any impact on the amounts recognised in prior period and are not expected to significantly affect the current or future periods.

e) Amendments to published approved accounting standards that are effective in current year but not relevant to the Company

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 January 2023 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

f) Amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 January 2024 or later periods:

On 31 October 2022, the IASB issued 'Non-current Liabilities with Covenants (Amendments to IAS 1)' to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments are effective for reporting periods beginning on or after 01 January 2024.

On 22 September 2022, the IASB issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments are effective for annual periods beginning on or after 01 January 2024.

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' (deferred indefinitely) to clarify the treatment of the sale or contribution of assets from an investor to its associates or joint venture, as follows: require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 'Business Combinations'); require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occur by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

Supplier Finance Arrangements (Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures'). The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. The amendments are effective for annual reporting periods beginning on or after 01 January 2024.

Lack of Exchangeability (Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates'). The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The amendments are effective for annual reporting periods beginning on or after 01 January 2025.

The above amendments and improvements are likely to have no significant impact on the financial statements.

g) Standards and amendments to approved published standards that are not yet effective and not considered relevant to the Company

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 January 2024 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Figures are rounded off to the nearest thousand of Pak Rupees.

2.3 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 dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

2.4 Employees' retirement benefits

i) Contributory provident fund

There is an approved contributory provident fund for employees of the Company. Equal monthly contributions are made both by the employees and the Company to the fund in accordance with the fund rules. The Company's contributions to the fund are charged to statement of profit or loss.

ii) Defined benefit plan

The Company operates a funded gratuity scheme as a defined benefit plan for its permanent employees other than those who participate in the provident fund scheme. The managerial staff is entitled to participate in both the provident fund trust and gratuity fund scheme.

The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Company determines the net interest expense / (income) on the net defined benefit liability / (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability / (asset), taking into account any changes in the net defined benefit liability / (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plan are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

iii) Compensated absences

The Company provides for liability in respect of employees' compensated absences in the period in which these are earned.

Notes to the Financial Statements

For the year ended December 31, 2023

2.5 Taxation

Current

Provision for current tax is based on the taxable income for the period determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the period, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.6 Borrowings

Financing and borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method.

2.7 Borrowing costs

Interest, mark-up and other charges on long-term finances are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such long-term finances. All other interest, mark-up and other charges are recognized in statement of profit or loss.

2.8 Property, plant, equipment and depreciation

Operating fixed assets

Fixed assets except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Cost of operating fixed assets consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable costs of bringing the asset to working condition. Freehold land is stated at cost less any recognized impairment loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to statement of profit or loss during the period in which they are incurred.

Depreciation

Depreciation on operating fixed assets except for leasehold improvements is charged to the statement of profit or loss applying the reducing balance method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in note 15.1. Depreciation on leasehold improvements is charged to the statement of profit or loss applying the straight line method so as to write off the cost / depreciable amount of the assets over their estimated useful lives or the shorter lease term at the rates given in note 15.1. Depreciations on additions is charged from the month in which the assets are available for use up to the month prior to disposal. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

De-recognition

An item of operating fixed assets is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the statement of profit or loss in the year the asset is de-recognized.

Capital work-in-progress

Capital work-in-progress is stated at cost less identified impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

2.9 Right-of-use assets

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment loss (if any). Cost comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Company has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to income as incurred.

2.10 Lease liabilities

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of-use asset, or to statement of profit or loss if the carrying amount of the right-of-use asset is fully written down.

2.11 Intangible assets

Intangible assets, which are non-monetary assets without physical substance, are recognized at cost, which comprise purchase price, non-refundable purchase taxes and other directly attributable expenditures relating to their implementation and customization. After initial recognition, an intangible asset is carried at cost less accumulated amortization and impairment losses, if any. Intangible assets are amortized from the month, when these assets are available for use, using the straight line method, whereby the cost of the intangible asset is amortized over its estimated useful life over which economic benefits are expected to flow to the Company. The useful life and amortization method are reviewed and adjusted, if appropriate, at each reporting date.

2.12 Investment in subsidiary companies

Investment in subsidiary companies is stated at cost less impairment loss, if any, in accordance with the provisions of IAS 27 'Separate Financial Statements'.

Notes to the Financial Statements

For the year ended December 31, 2023

2.13 Investment in associate - (with significant influence)

Associate is an entity over which the Company has significant influence but not control or joint control. Investment in associate is accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investment is initially recognised at cost and adjusted thereafter to recognise the Company's share of the post-acquisition profits or losses of the investee in profit or loss, and the Company's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associate is recognised as a reduction in the carrying amount of the investment.

When the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Company and its associate are eliminated to the extent of the Company's interest in this entity. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investee have been changed where necessary to ensure consistency with the policies adopted by the Company.

Investment in equity method accounted for associate is tested for impairment in accordance with the provision of IAS 36 `Impairment of Assets`

2.14 Ijarah transactions

Under the Ijarah contracts the Company obtains usufruct of an asset for an agreed period for an agreed consideration. The Company accounts for its Ijarah contracts in accordance with the requirements of IFAS 2 `Ijarah`. Accordingly, the Company as a Mustaj'ir (lessee) in the Ijarah contract recognises the Ujrah (lease) payments as an expense in the statement of profit or loss on straight line basis over the Ijarah term.

2.15 Investments and other financial assets

a) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income / (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair value through profit or loss

Changes in the fair value of equity investments at fair value through profit or loss are recognised in other income / (other expenses) in the statement of profit or loss as applicable.

Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

2.16 Financial liabilities - classification and measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

Notes to the Financial Statements

For the year ended December 31, 2023

2.17 Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECLs) on:

- Financial assets measured at amortized cost;
- Debt investments measured at FVTOCI; and
- Contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

The Company has elected to measure loss allowances for trade debts using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Company has established a matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVTOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;

- it is probable that the debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

2.18 De-recognition of financial assets and liabilities

a) Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

b) Financial liabilities

The Company derecognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

2.19 Offsetting of financial instruments

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

2.20 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which assets carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment losses are restricted to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if impairment losses had not been recognized. An impairment loss or reversal of impairment loss is recognized in the statement of profit or loss.

2.21 Inventories

Inventories, except for stock-in-transit and waste stock, are stated at lower of cost and net realizable value. Cost is determined as follows:

Stores, spares and loose tools

Usable stores, spare parts and loose tools are valued principally at cost using first-in-first-out (FIFO) cost formula, while items considered obsolete are carried at nil value. Items-in-transit are valued at cost comprising invoice value plus other charges paid thereon.

Stock-in-trade

Cost of raw material, work-in-process and finished goods is determined as follows:

- | | | |
|-------|---|---|
| (i) | For raw materials: | First-in-first-out (FIFO) cost formula |
| (ii) | For work-in-process and finished goods: | Direct material, labour and appropriate manufacturing overheads |
| (iii) | Finished goods purchased for resale: | Moving average |

Materials in transit are valued at cost comprising invoice value plus other charges paid thereon. Waste stocks are valued at net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make a sale.

Notes to the Financial Statements

For the year ended December 31, 2023

2.22 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost and subsequently measured at amortized cost using the effective interest method.

2.23 Trade and other receivables

Trade debts are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

2.24 Revenue recognition

(a) Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

(b) Interest

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(c) Dividend

Dividend on equity investments is recognized when right to receive the dividend is established.

(d) Processing services

The Company provides processing services to local customers. These services are sold separately and the Company's contract with the customer for services constitute a single performance obligation.

Revenue from services is recognized at the point in time, generally at the time of dispatch. There are no terms giving rise to variable consideration under the Company's contracts with its customers.

2.25 Contract assets

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due. Contract assets are treated as financial assets for impairment purposes.

2.26 Customer acquisition costs

Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

2.27 Customer fulfilment costs

Customer fulfilment costs are capitalised as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the Company that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfilment costs are amortised on a straight-line basis over the term of the contract.

2.28 Right of return assets

Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

2.29 Contract liabilities

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.

2.30 Refund liabilities

Refund liabilities are recognised where the Company receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the Company does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology.

2.31 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.32 Warranty obligations

The Company recognises the estimated liability, on an accrual basis, to replace products under warranty at the reporting date, and recognises the estimated product warranty costs in the statement of profit or loss when the sale is recognised.

2.33 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

2.34 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

2.35 Contingent assets

Contingent assets are disclosed when the Company has a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization becomes certain.

2.36 Contingent liabilities

Contingent liability is disclosed when the Company has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the financial statements.

2.37 Share capital

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

Notes to the Financial Statements

For the year ended December 31, 2023

2.38 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss over the expected lives of the related assets.

2.39 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the chief executive officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the chief executive officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Company has following reportable business segments. Footwear (Purchase, manufacturing and sale of different qualities of footwear), Tyre (Manufacturing of different qualities of tyres and tubes) and Others (Manufacturing of different qualities of rubber products on specifications and trading and manufacturing of spare parts of automobiles).

Transaction among the business segments are recorded at cost. Inter segment sales and purchases are eliminated from the total.

2.40 Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain. Goodwill is not amortised but is reviewed for impairment at least annually.

2.41 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

3. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

	2023	2022	2023	2022
	Number of shares		Rupees in thousand	
Ordinary shares of Rupees 10 each fully paid in cash	3,183,190	3,183,190	31,832	31,832
Ordinary shares of Rupees 10 each issued as fully paid bonus shares	43,804,264	43,804,264	438,042	438,042
	46,987,454	46,987,454	469,874	469,874

3.1 Movement during the year

	2023	2022	2023	2022
	Number of shares		Rupees in thousand	
At 01 January	46,987,454	46,987,454	469,874	469,874
At 31 December	46,987,454	46,987,454	469,874	469,874

3.2 The share capital of the Company consists only of fully paid ordinary shares with a nominal (par) value of Rupees 10 per share. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at shareholders' meetings of the Company.

	2023	2022
	Number of shares	
3.3 Ordinary shares of the Company held by associated company / associated undertakings:		
Shahid Arif Investments (Private) Limited - associated company	39,624	39,624
Service Charitable Trust	45,253	45,254
Service Provident Fund Trust	2,181,274	2,181,274

	2023	2022
	Amount	Amount
	Rupees in thousand	

4. RESERVES

Composition of reserves is as follows:

Capital reserves

Capital gains		102,730	102,730
Fair value reserve FVTOCI investment - net of deferred income tax	(Note 4.1)	34,247	55,892
Share premium	(Note 4.2)	21,217	21,217
Share of share premium reserve held by equity accounted investee		23,935	23,935
Reserve pursuant to the Scheme of Compromises, Arrangement and Reconstruction between the Company and Service Global Footwear Limited		927,163	927,163
		1,109,292	1,130,937

Revenue reserves

General reserve		1,558,208	1,558,208
Un-appropriated profit		5,180,805	4,112,402
		6,739,013	5,670,610
		7,848,305	6,801,547

Notes to the Financial Statements

For the year ended December 31, 2023

- 4.1 This represents the unrealized gain on re-measurement of investment at fair value through other comprehensive income and is not available for distribution. Reconciliation of fair value reserve is as under:

	2023	2022
	Amount	Amount
	Rupees in thousand	
Balance at 01 January	66,937	74,284
Fair value adjustment during the year	(22,747)	(7,347)
	44,190	66,937
Deferred income tax liability	(9,943)	(11,045)
Balance at 31 December	34,247	55,892

- 4.2 This reserve can be utilized by the Company only for the purposes specified in section 81 of the Companies Act, 2017.

	2023	2022
	Amount	Amount
	Rupees in thousand	

5. LONG TERM FINANCING

From banking companies - secured

Long term loans	(Note 5.1)	8,988,612	6,277,645
Long term musharakah	(Note 5.2)	776,026	788,766
		9,764,638	7,066,411

From related party - unsecured

Long term loan from subsidiary company	(Note 5.6)	1,250,000	2,250,000
		11,014,638	9,316,411

Current portion shown under current liabilities (Note 13)

Long term loans	(1,636,494)	(1,629,672)
Long term musharakah	(69,625)	(84,009)
Long term loan from subsidiary company	(500,000)	(500,000)
	(2,206,119)	(2,213,681)
	8,808,519	7,102,730

5.1 Long term loans

Lender	Rupees in thousand		Rate of mark-up per annum	Number of instalments	Interest Repricing	Interest Payable	Security
	2023	2022					
Allied Bank Limited (Note 5.3)	-	90,000	6-months KIBOR + 0.15%	Ten equal half yearly instalments commenced on 20 June 2018 and ended on 20 December 2023.	Half yearly	Half yearly	
Allied Bank Limited (Note 5.3)	200,000	250,000	6-months KIBOR + 0.15%	Seven unequal instalments commenced on 29 January 2020 and ending on 29 June 2025.	Half yearly	Half yearly	
Allied Bank Limited (Note 5.3)	96,752 12,741 109,493	109,166 16,303 125,469	SBP rate for LTF + 0.25% 6-months KIBOR + 0.25%	Three hundred and twenty nine unequal instalments commenced on 21 May 2019 and ending on 29 August 2030.	- Half yearly	Quarterly Quarterly	Joint pari passu charge of Rupees 1,285,334 million over plant and machinery of the Company with 25% margin.
Allied Bank Limited	320,901	401,125	3-months KIBOR + 0.25%	Twenty equal quarterly instalments commenced on 1 March 2023 and ending on 1 December 2027.	Quarterly	Quarterly	
Allied Bank Limited	87,597	97,329	3-month KIBOR + 0.25%	Ten equal quarterly instalments commenced on 21 December 2023 and ending on 21 March 2026.	Quarterly	Quarterly	
MCB Bank Limited (Note 5.3)	-	50,000	6-month KIBOR + 0.25%	Ten equal half yearly instalments commenced on 28 March 2018 and ended on 28 September 2023.	Half yearly	Half yearly	Joint pari passu hypothecation charge of Rupees 1,819 million over plant and machinery of the Company and first pari passu hypothecation charge of Rupees 767 million over all present and future moveable fixed assets of the Company and ranking charge of Rupees 767 million over land and building of the Company with 25% margin.
MCB Bank Limited (Note 5.3)	160,000	320,000	6-month KIBOR + 0.14%	Ten equal half yearly instalments commenced on 30 December 2018 and ending on 30 June 2024.	Half yearly	Half yearly	
MCB Bank Limited (Note 5.3)	100,000	250,000	6-month KIBOR + 0.10%	Ten equal half yearly instalments commenced on 27 June 2019 and ending on 27 December 2024.	Half yearly	Half yearly	
MCB Bank Limited	400,000	600,000	6-month KIBOR + 0.25%	Ten equal half yearly instalments commenced on 11 June 2021 and ending on 11 December 2025.	Half yearly	Half yearly	
MCB Bank Limited	460,000	575,000	6-month KIBOR + 0.10%	Ten equal half yearly instalments commenced on 29 May 2023 and ending on 29 November 2027.	Half yearly	Half yearly	
Habib Bank Limited (Note 5.3)	6,650	8,163	SBP rate for LTF + 0.50%	One hundred and sixty unequal instalments commenced on 12 December 2019 and ending on 30 April 2028.	-	Quarterly	
Habib Bank Limited (Note 5.4)	1,045,646	987,535	SBP rate for TERF + 1%	Twenty three unequal instalments commenced on 20 April 2023 and ending on 20 April 2031.	-	Half yearly	Joint pari passu charge of Rupees 2,128,387 million over plant and machinery of the Company and first pari passu hypothecation charge of Rupees 466,667 million over all present and future moveable fixed assets of the Company and ranking charge of Rupees 2,000 million on land and building of the Company with 25% margin.
Habib Bank Limited (Note 5.3)	29,391	88,171	SBP rate for LTF + 0.50%	Sixteen equal quarterly instalments commenced on 22 December 2019 and ending on 22 June 2024.	-	Quarterly	
Habib Bank Limited	1,076,499	1,350,000	6-months KIBOR + 0.20%	Eleven unequal instalments commenced on 26 August 2022 and ending on 26 February 2027.	Half yearly	Half yearly	
Habib Bank Limited	192,435	-	6-months KIBOR + 0.20%	Sixteen unequal instalments commencing on 20 January 2026 and ending on 20 July 2033.	Half yearly	Half yearly	
Pakistan Kuwait Investment Company (Private) Limited	800,000	1,000,000	6-month KIBOR + 1%	Ten equal half yearly instalments commenced on 15 March 2023 and ending on 15 September 2027.	Half yearly	Half yearly	Joint pari passu charge of Rupees 2,000 million on present and future plant and machinery of the Company and ranking charge of Rupees 2,000 million on land and building of the Company with 25% margin.
Pakistan Kuwait Investment Company (Private) Limited	500,000	84,853	3-month KIBOR + 1%	Thirty two unequal instalments commencing on 28 February 2025 and ending on 23 December 2028.	Quarterly	Quarterly	
Pakistan Kuwait Investment Company (Private) Limited	1,500,000	-	3-month KIBOR + 1%	Eight equal half yearly instalments commencing on 30 May 2025 and ending on 30 November 2028.	Quarterly	Quarterly	
Askari Bank Limited	2,000,000	-	1-month KIBOR + 0.35%	Twelve equal quarterly instalments commencing on 31 August 2025 and ending on 31 May 2028.	Monthly	Monthly	Joint pari passu charge of Rupees 2,667 million on factory's plant and machinery of the Company.
	8,988,612	6,277,645					

Notes to the Financial Statements

For the year ended December 31, 2023

5.2 Long term musharakata

Lender	Rupees in thousand		Rate of mark-up per annum	Number of instalments	Interest Repricing	Interest Payable	Security
	2023	2022					
Meezan Bank Limited (Note 5.3)	90,000	150,000	6-months KIBOR + 0.12%	Ten equal half yearly instalments commenced on 18 December 2019 and ending on 18 May 2025.	Half yearly	Half yearly	Exclusive charge of Rupees 365,578 million over plant and machinery of the Company with 15% margin and joint pari passu charge of Rupees 134 million over all present and future plant and machinery of the Company with 25% margin.
Meezan Bank Limited	43,206	52,831	SBP rate for Islamic financing facility for renewable energy + 1%	Seventy eight unequal instalments commenced on 03 August 2021 and ending on 21 May 2028.	-	Quarterly	
Faysal Bank Limited (Note 5.5)	351,823	326,699	SBP rate for ITERF + 0.75%	Thirty-two unequal instalments commenced on 10 June 2023 and ending on 10 March 2031.	-	Quarterly	Joint pari passu charge of Rupees 667 million over all present and future plant and machinery of the Company with 25% margin.
Bank of Punjab (Note 5.5)	290,997	259,236	SBP rate for ITERF + 0.60%	Ninety six unequal instalments commenced on 4 July 2023 and ending on 20 September 2032.	-	Half yearly	Exclusive charge of Rupees 667 million over plant and machinery of the Company with 25% margin.
	776,026	788,766					

5.3 Repayment period of these loans includes deferment of repayment of principal loan amount by one year in accordance with State Bank of Pakistan BPRD Circular Letter No. 13 of 2020 dated 26 March 2020.

5.4 This loan is obtained by the Company under SBP Temporary Economic Refinance Facility (TERF). It is recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment is recognized at discount rates ranging from 8.54% to 20.96% (2022: 8.54% to 13.05%) per annum.

5.5 This loan is obtained by the Company under SBP Islamic Temporary Economic Refinance Facility (ITERF). It is recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment is recognized at discount rates ranging from 8.45% to 23.11% (8.45% to 17.11%) per annum.

5.6 This represents unsecured loan from Service Global Footwear Limited - Subsidiary Company for working capital requirement. This carries mark-up at 6 months KIBOR plus 0.25 percent per annum or average borrowing cost, whichever is higher. Effective rate of mark-up charged on this long term loan ranges from 17.29% to 23.22% (2022: 11.72% to 17.29%) per annum.

6. LONG TERM DEPOSITS

These represent deposits of dealers and franchises, who have permitted the utilization of such money by the Company in pursuance of section 217 of the Companies Act, 2017.

		2023	2022
		Amount	Amount
		Rupees in thousand	
7. LEASE LIABILITIES			
Total lease liabilities	(Note 7.1)	5,461,579	3,967,990
Current portion shown under current liabilities	(Note 13)	(424,556)	(246,210)
		5,037,023	3,721,780

7.1 Reconciliation of lease liabilities

Balance at 01 January		3,967,990	2,984,950
Additions during the year		1,763,553	1,226,155
Interest on lease liabilities	(Note 36)	615,417	360,941
Impact of lease termination		(44,094)	(76,167)
Payments made during the year		(841,287)	(527,889)
Balance at 31 December		5,461,579	3,967,990

7.2 Maturity analysis of lease liability is as follows:

Upto 6 months		503,037	308,918
6-12 months		544,751	333,295
1-2 year		1,156,666	711,605
More than 2 years		8,176,706	4,983,373
		10,381,160	6,337,191
Less: Future finance cost		(4,919,581)	(2,369,201)
Present value of lease liabilities		5,461,579	3,967,990

7.3 Implicit rates against lease liabilities range from 8.08% to 25.05% (2022: 8.05% to 18.08%) per annum.

8. EMPLOYEES' RETIREMENT BENEFIT

The latest actuarial valuation of the Fund as at 31 December 2023 was carried out using the 'Projected Unit Credit Method'. Details of the Fund as per the actuarial valuation are as follows

		2023	2022
		Amount	Amount
		Rupees in thousand	
8.1 Amount recognized in the statement of financial position is as follows:			
Present value of defined benefit obligations		365,143	284,399
Fair value of plan assets		(78,119)	(69,940)
Net defined benefit obligation		287,024	214,459

Notes to the Financial Statements

For the year ended December 31, 2023

	2023 Amount	2022 Amount
	Rupees in thousand	
8.2 Movement in net defined benefit obligation:		
Net liability at 01 January	214,459	176,721
Transferred to defined benefit obligation relating to Service Global Footwear Limited - subsidiary company	(1,976)	(7,618)
Current service cost	26,337	24,576
Past service cost	-	7,735
Net interest on defined benefit obligation	29,630	18,690
Net remeasurements for the year	38,796	29,675
Contributions made during the year	(20,222)	(35,320)
Net liability at 31 December	287,024	214,459
8.3 Movement in the present value of defined benefit obligation:		
Present value of defined benefit obligation at 01 January	284,399	252,845
Transferred to defined benefit obligation relating to Service Global Footwear Limited - subsidiary company	(1,976)	(7,618)
Current service cost	26,337	24,576
Past service cost	-	7,735
Interest cost	39,771	27,634
Benefits paid during the year	(20,222)	(35,320)
Remeasurements on obligation:		
Actuarial losses from changes in financial assumptions	31,834	1,534
Experience adjustments	5,000	13,013
Present value of defined benefit obligation at 31 December	365,143	284,399
8.4 Movement in the fair value of the plan assets:		
Fair value of plan assets at 01 January	69,940	76,124
Interest income on plan assets	10,141	8,944
Contributions made during the year	20,222	35,320
Benefits paid during the year	(20,222)	(35,320)
Remeasurements on fair value of plan assets	(1,962)	(15,128)
Fair value of plan assets at 31 December	78,119	69,940

8.4.1 As per the Scheme, employees gratuity fund of Service Industries Limited in the name of Service Industries Limited Employees Gratuity Fund Trust is being continued for the benefits of the employees of the Company and Service Global Footwear Limited - subsidiary company. Hence, total plan assets of Service Industries Limited Employees Gratuity Fund Trust as shown below have been allocated by the Actuary for actuarial valuation purposes of the Company and Service Global Footwear Limited - subsidiary company.

	2023	2022
	Amount	Amount
	Rupees in thousand	
Mutual funds	107,455	96,810
Bank balances	1,660	880
Total plan assets	109,115	97,690
Allocated to the Company	(78,119)	(69,940)
Allocated to Service Global Footwear Limited - subsidiary company	(30,996)	(27,750)
	-	-

8.5 Amounts recognized in the statement of profit or loss:

Current service cost	26,337	24,576
Past service cost	-	7,735
Interest cost	39,771	27,634
Interest income on plan assets	(10,141)	(8,944)
Net expense charged in the statement of profit or loss	55,967	51,001

8.5.1 Charge for the year has been allocated as follows:

Cost of sales	(Note 31)	19,455	19,257
Distribution cost	(Note 32)	16,270	15,222
Administrative expenses	(Note 33)	20,242	16,522
		55,967	51,001

8.6 Remeasurements charged to statement of other comprehensive income:

Experience adjustments	5,000	13,013
Return on plan assets excluding interest income	1,962	15,128
Actuarial losses from changes in financial assumptions	31,834	1,534
Total remeasurements charged to statement of other comprehensive income	38,796	29,675

Notes to the Financial Statements

For the year ended December 31, 2023

8.7 Comparison of present value of defined benefit obligation and the fair value of plan assets for current and previous four years is as follows:

	2023	2022	2021	2020	2019
	Rupees in thousand				
Present value of defined benefit obligation	365,143	284,399	252,845	225,093	212,148
Fair value of the plan assets	(78,119)	(69,940)	(76,124)	(71,016)	(63,740)
Deficit in the plan	287,024	214,459	176,721	154,077	148,408
Remeasurement loss on obligation	(36,834)	(14,547)	(8,192)	(1,806)	(13,804)
Remeasurement (loss) / gain on plan assets	(1,962)	(15,128)	(1,816)	106	(6,843)

8.8 Estimated charge to profit or loss for the year ending 31 December 2024 will be Rupees 73.724 million.

	2023	2022	
Discount rate used for interest cost	% per annum	14.50	11.75
Discount rate used for year end obligation	% per annum	15.50	14.50
Expected rate of salary increase	% per annum	15.50	13.50

8.9 Principal actuarial assumptions used:

8.10 Sensitivity analysis for actuarial assumptions:

The sensitivity of the defined benefit obligation to changes in the weighted principal assumption at the reporting date:

	Defined benefit obligation		
	Changes in assumption	Increase in assumption	Decrease in assumption
	Bps	Rupees in thousand	
Discount rate	100	330,989	396,571
Future salary increase	100	396,647	330,383

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

8.11 Mortality was assumed to be based on SLIC 2001-2005 ultimate mortality rates, set back one year.

8.12 The average duration of the benefit obligation is 9 years.

8.13 Expected maturity profile of undiscounted defined benefit obligation:

Less than a year	Between 1 - 2 years	Between 3 - 5 years	Between 6 - 10 years	Over 10 years	Total
Rupees in thousand					
21,642	21,759	76,545	454,400	5,814,295	6,388,641
				2023	2022
				Amount	Amount
Rupees in thousand					

9. DEFERRED LIABILITIES

Deferred income - Government grant	(Note 9.1)	540,977	604,036
Gas Infrastructure Development Cess (GIDC) payable	(Note 9.2)	-	-
Deferred income tax liability - net	(Note 9.3)	29,906	12,005
		570,883	616,041

9.1 Deferred income - Government grant

Balance at 01 January		730,506	327,813
Recognized during the year		93,695	519,344
Amortized during the year	(Note 35)	(139,868)	(116,651)
		684,333	730,506
Current portion shown under current liabilities	(Note 13)	(143,356)	(126,470)
		540,977	604,036

9.1.1 The State Bank of Pakistan (SBP), through its Circular No. 01 and 02 of 2020 dated 17 March 2020 and Circular No. 09 of 2020 dated 08 May 2020 introduced a Temporary Economic Refinance Facility (TERF) and Islamic Temporary Economic Refinance Facility (ITERF) for setting of new industrial units and for undertaking Balancing, Modernization and Replacement and / or expansion of projects / businesses. These refinances were available through Banks / DFIs. One of the key feature of these refinance facilities is that borrowers could obtain loan at mark-up rates that are below normal lending rates. As per International Accounting Standard (IAS) 20 'Accounting for Government Grants and Disclosure of Government Assistance', the benefit of a Government loan at a below-market rate of interest is treated as a Government grant. The Company obtained these loans as disclosed in note 5 to the financial statements. In accordance with IFRS 9 'Financial Instruments', loans obtained under the refinance facilities were initially recognized at fair value which is the present value of loans proceeds received, discounted using prevailing market rates of interest for a similar instrument. Hence, the benefit of the below-market rate of interest has been measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. This benefit is accounted for and presented as deferred grant in accordance with IAS 20. The grant is being amortized in the statement of profit or loss, in line with the recognition of interest expense the grant is compensating. There are no unfulfilled conditions or contingencies attached to this grant.

Notes to the Financial Statements

For the year ended December 31, 2023

	2023	2022
	Amount	Amount
	Rupees in thousand	
9.2 Gas Infrastructure Development Cess (GIDC) Payable		
Gas Infrastructure Development Cess payable at amortized cost	21,844	21,649
Adjustment due to impact of IFRS 9	(Note 36) -	195
Current portion shown under current liabilities	(Note 13) (21,844)	(21,844)
	-	-

9.2.1 This represents Gas Infrastructure Development Cess (GIDC) that was levied through GIDC Act, 2015. During the year ended 31 December 2021, Honourable Supreme Court of Pakistan upheld the GIDC Act, 2015 to be constitutional and intra vires. The Company has filed a review petition in Honourable Lahore High Court which is pending adjudication. GIDC payable has been recognized at amortized cost in accordance with IFRS 9.

	2023	2022
	Amount	Amount
	Rupees in thousand	
9.3 Deferred income tax liability - net		
The deferred income tax liability originated due to timing differences relating to:		
Taxable temporary differences:		
Accelerated tax depreciation	1,100,577	881,920
Investment in associate	67,090	38,875
Fair value reserve FVTOCI investment	9,943	11,045
Right-of-use assets	1,763,340	983,503
	2,940,950	1,915,343
Deductible temporary differences:		
Allowance for expected credit losses	(108,450)	(91,870)
Provision for doubtful advances to suppliers	(3,046)	(1,626)
Provision for slow moving and obsolete stores	(12,515)	(9,187)
Provision for slow moving and obsolete stock-in-trade	(35,180)	(15,406)
Lease liabilities	(2,130,016)	(1,152,304)
Available unused tax loss - unabsorbed tax depreciation	-	(11,108)
Minimum tax carry forward	(621,837)	(621,837)
	(2,911,044)	(1,903,338)
Deferred income tax liability - net	29,906	12,005

9.3.1 Movement in deferred income tax balances during the year is as follows:

	2023			Closing balance
	Opening balance	Recognised in statement of profit or loss	Recognised in other comprehensive income	
	Rupees in thousand			
Accelerated tax depreciation	881,920	218,657	-	1,100,577
Investment in associate	38,875	28,215	-	67,090
Fair value reserve FVTOCI investment	11,045	-	(1,102)	9,943
Right-of-use assets	983,503	779,837	-	1,763,340
Allowance for expected credit losses	(91,870)	(16,580)	-	(108,450)
Provision for doubtful advances to suppliers	(1,626)	(1,420)	-	(3,046)
Provision for slow moving and obsolete stores	(9,187)	(3,328)	-	(12,515)
Provision for slow moving and obsolete stock-in-trade	(15,406)	(19,774)	-	(35,180)
Lease liabilities	(1,152,304)	(977,712)	-	(2,130,016)
Available unused tax loss - unabsorbed tax depreciation	(11,108)	11,108	-	-
Minimum tax carry forward:				
Available	(1,048,544)	16,504	-	(1,032,040)
Movement in deferred income tax not recognized	426,707	(16,504)	-	410,203
Deferred income tax recognized	(621,837)	-	-	(621,837)
	12,005	19,003	(1,102)	29,906

Notes to the Financial Statements

For the year ended December 31, 2023

	2022			Closing balance
	Opening balance	Recognised in statement of profit or loss	Recognised in other comprehensive income	
	Rupees in thousand			
Accelerated tax depreciation	595,148	286,772	-	881,920
Investment in associate	26,403	12,472	-	38,875
Fair value reserve FVTOCI investment	9,286	-	1,759	11,045
Right-of-use assets	613,074	370,429	-	983,503
Allowance for expected credit losses	(61,794)	(30,076)	-	(91,870)
Provision for doubtful advances to suppliers	-	(1,626)	-	(1,626)
Provision for slow moving and obsolete stores	(6,735)	(2,452)	-	(9,187)
Provision for slow moving and obsolete stock-in-trade	(10,968)	(4,438)	-	(15,406)
Lease liabilities	(692,508)	(459,796)	-	(1,152,304)
Available unused tax loss - unabsorbed tax depreciation	-	(11,108)	-	(11,108)
Minimum tax carry forward:				
Available	(664,786)	(383,758)	-	(1,048,544)
Movement in deferred income tax not recognized	320,145	106,562	-	426,707
Deferred income tax recognized	(344,641)	(277,196)	-	(621,837)
	127,265	(117,019)	1,759	12,005

9.3.2 Deferred income tax asset has been recognised to the extent that the realization of related tax benefits is probable from future taxable profits. It is probable that sufficient taxable profits will be available for utilization of recognized deferred income tax asset. Detail of available minimum tax carried forward is given as follows:

	Accounting year to which tax loss relates	Amount		Accounting year in which tax loss will expire
		2023	2022	
	Rupees in thousand			
Available unused tax loss - unabsorbed tax depreciation	2022	-	38,303	Unlimited

9.3.3

	Accounting year to which minimum tax carry forward relates	Amount		Accounting year in which minimum tax carry forward will expire
		2023	2022	
Rupees in thousand				
Minimum tax carry forward	2023	98,657	-	2026
	2022	456,707	456,707	2025
	2021	288,414	288,414	2026
	2019	188,262	188,262	2024
	2018	-	115,161	2023
		1,032,040	1,048,544	

	2023	2022
	Amount	Amount
Rupees in thousand		

10. TRADE AND OTHER PAYABLES

Trade creditors	(Note 10.1)	3,845,309	3,440,696
Accrued liabilities		1,640,520	1,311,650
Letters of credit		50,041	375,195
Contract liabilities - unsecured		694,294	921,578
Provident fund payable		40,433	32,161
Provision for service warranties		4,571	37,434
Workers' profit participation fund	(Note 10.2)	(25,693)	(16,203)
Workers' welfare fund	(Note 10.3)	54,977	19,918
Income tax deducted at source		36,067	38,577
Sales tax payable		427,237	183,045
Others		20,981	15,155
		6,788,737	6,359,206

10.1 These include Rupees 11.471 million (2022: Rupees Nil) due to Service Global Footwear Limited - subsidiary company. This was in ordinary course of business and interest free.

Notes to the Financial Statements

For the year ended December 31, 2023

		2023	2022
		Amount	Amount
		Rupees in thousand	
10.2 Workers' profit participation fund			
Balance at 01 January		(16,203)	(11,648)
Allocation for the year	(Note 34)	115,864	45,445
		99,661	33,797
Payments made during the year		(125,354)	(50,000)
Balance at 31 December		(25,693)	(16,203)
10.3 Workers' welfare fund			
Balance at 01 January		19,918	23,971
Provision for the year	(Note 34)	36,352	757
		56,270	24,728
Payments made during the year		(1,293)	(4,810)
Balance at 31 December		54,977	19,918
11. ACCRUED MARK-UP			
Long term financing		313,576	231,493
Short term borrowings		489,315	381,380
		802,891	612,873
12. SHORT TERM BORROWINGS			
From banking companies - secured			
Short term running finances	(Notes 12.1 and 12.2)	4,861,869	5,874,667
Export refinance	(Notes 12.1 and 12.3)	3,577,891	1,816,847
Other short term finance - money market loans	(Notes 12.1 and 12.4)	2,449,813	4,000,000
		10,889,573	11,691,514
From related party - unsecured			
Loan from Service Global Footwear Limited - subsidiary company	(Note 12.5)	-	7,618
		10,889,573	11,699,132

12.1 These finances are obtained from banking companies under mark-up arrangements and are secured by hypothecation of present and future current assets of the Company. These form part of total credit facilities of Rupees 12,640 million (2022: Rupees 12,730 million).

12.2 The rates of mark-up range from 15.91% to 23.90% (2022: 10.47% to 17.58%) per annum.

12.3 The rates of mark-up range from 2% to 19% (2022: 2.25% to 10%) per annum.

12.4 The rates of mark-up range from 15.97% to 23.69% (2022: 7.80% to 16.78%) per annum.

- 12.5** This represented unsecured loan from Service Global Footwear Limited - subsidiary company for working capital requirement. Total credit facility available is Rupees 4,500 million (2022: Rupees 4,500 million). This carried mark-up at the rate of 1 month KIBOR plus 0.05 percent per annum. Effective rate of mark-up charged on this short term loan ranges from 17.57% to 22.66% (2022: 10.40% to 16.63%) per annum.

		2023	2022
		Amount	Amount
		Rupees in thousand	
13. CURRENT PORTION OF NON-CURRENT LIABILITIES			
Long term financing	(Notes 5)	2,206,119	2,213,681
Lease liabilities	(Note 7)	424,556	246,210
Deferred income - Government grant	(Note 9.1)	143,356	126,470
Gas Infrastructure Development Cess (GIDC) Payable	(Note 9.2)	21,844	21,844
		2,795,875	2,608,205

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

- 14.1.1** The Additional Collector (Adjudication) of Pakistan Customs Computerized System, Karachi initiated case against the Company for failure to pay leviable sales tax and income tax of Rupees 18.630 million and Rupees 4.108 million respectively at import of tyre cord fabrics during the period from August 2007 to July 2008 by wrongly claiming sales tax zero rating in terms of SRO 509 (1)/2007 dated 09 June 2007. The case has been remanded back by the Appellate Tribunal Inland Revenue (ATIR) to the Commissioner Inland Revenue Appeals [CIR (Appeals)], which is still pending.
- 14.1.2** Deputy Director of Pakistan Employees Social Security Institute (PESSI), Gujrat initiated three cases against the Company. In the first case the alleged amount recoverable by the PESSI is Rupees 4.804 million covering the period from January 1987 to September 1992 on account of short payment of contributions. In the second case, Rupees 1.982 million is recoverable by the Company from PESSI on account of wrongly paid contributions covering the period from July 1992 to September 1993. Both cases have been decided against the Company by the Director General Recovery PESSI, Lahore. In the third case, Rupees 31.807 million is recoverable by PESSI. This case was decided in the favour of the Company in the year 2013, however, the case is re-opened in the year 2014. The Company has filed an appeal before Social Security Court, Lahore against the aforesaid cases. During the pendency of the matter, PESSI sent a recovery notice for the same amount. The Company has filed a writ petition before Lahore High Court, Lahore.
- 14.1.3** Deputy Commissioner Inland Revenue (DCIR) initiated a case on 12 October 2012, against the Company after post sales tax refund audit in which demand of Rupees 27.922 million was raised. The Company filed an appeal on 21 May 2013, before CIR (Appeals) in which the demand was cancelled except two points having impact of Rupees 2.650 million. The Company filed an appeal on 26 August 2013, before ATIR against said points.
- 14.1.4** DCIR initiated sales tax audit for the year 2013-2014 on 28 December 2017, in which demand of Rupees 182.707 million was created. The Company filed appeal with CIR (Appeals) on 18 January 2018, who confirmed the demand of Rupees 10.626 million and remanded back certain charges to the tune of Rupees 172.081 million. The Company filed an appeal with ATIR on 14 March 2018, against the decision of CIR (Appeals) which is pending for hearing. Furthermore, the Company filed an application on 07 September 2018, for stay of recovery and Honourable Lahore High Court, Lahore, has granted stay in said case.
- 14.1.5** DCIR initiated income tax audit for the year 2014 on 31 January 2018, in which a demand of Rupees 123.412 million was created. The Company filed an appeal before CIR (Appeals) on 26 February 2018, who remitted back the proceedings to the department for denovo consideration by way of order dated 29 October 2020. The Company has filed an appeal before ATIR against said points on 23 December 2020.

Notes to the Financial Statements

For the year ended December 31, 2023

- 14.1.6** The Company received show cause notice dated 14 December 2018 for which detailed reply was furnished to Assistant Commissioner Unit-07 Sindh Revenue Board (SRB). Taxation Officer subsequently passed assessment order under section 47 read with section 44 of the Sindh Sales Tax on Services Act, 2011 on 18 April 2019, demanding sales tax amounting to Rupees 30.572 million. Aggrieved with impugned order, the Company preferred an appeal to the Commissioner Appeals SRB on 23 April 2019, which, upon lapse of 180 days for deciding the appeal, was transferred to ATIR SRB, which is pending adjudication.
- 14.1.7** Honourable Lahore High Court, Lahore, allowed a petition filed by the Company on 31 October 2017, against show-cause notice dated 06 July 2017, issued by DCIR amounting to Rupees 13.076 million. The show-cause notice was issued on account of post sales tax refunds audit of various tax periods. Federal Board of Revenue challenged the decision of Honourable Lahore High Court, Lahore, in Honourable Supreme Court of Pakistan on 13 December 2017, which is pending for hearing.
- 14.1.8** DCIR conducted income tax audit for the year 2011 in which a demand of Rupees 19.605 million was created on 30 April 2018. The Company filed an appeal before CIR (Appeals) on 29 May 2018, who confirmed the demand of Rupees 12.989 million and remanded back certain charges amounting to Rupees 6.616 million by way of order dated 07 August 2020. On 07 October 2020, the Company filed an appeal before ATIR against said points which is pending adjudication.
- 14.1.9** The Company has challenged, before Honourable Lahore High Court, Lahore, the vires of first proviso to sub-clause (x) of clause (4) of SRO 491(1)/2016 dated 30 June 2016 issued under sections 3 and 4 read with sections 8 and 71 of the Sales Tax Act, 1990 whereby through amendment in the earlier SRO 1125(I)/2011 dated 31 December 2011 adjustment of input sales tax on packing material of all sorts has been disallowed. The learned single judge of Honourable Lahore High Court, Lahore, dismissed the writ petition of the Company, therefore intra-court appeal has been filled dated 12 December 2019. Consequently, the Company has claimed input sales tax on packing material of Rupees 50.069 million in its monthly sales tax returns.
- 14.1.10** The Company has challenged, before Honourable Lahore High Court, Lahore, the vires of clauses (h) and (i) to sub-section (1) of section 8 of the Sales Tax Act, 1990 dated 07 September 2017, whereby claim of input sales tax in respect of building materials, electrical and gas appliances, pipes, fittings, wires, cables and ordinary electrical fittings and sanitary fittings have been disallowed. The Honourable Lahore High Court, Lahore, has passed order dated 11 September 2017, whereby tax department shall consider whether the Company is entitled to claim input sales tax on aforesaid goods that are used for the purpose of taxable supplies. The Company has claimed input sales tax of Rupees 20.056 million (2022: Rupees 18.608 million) on such goods in its respective monthly sales tax returns.
- 14.1.11** On 30 October 2015, DCIR initiated income tax case of tax year 2008 in which demand of Rupees 68.406 million was created by amending return. Appeal was preferred with CIR (Appeals) on 28 December 2015, which was dismissed against the Company without discussing the merits of the case. The Company has filed appeal on 26 April 2018, with ATIR which has been heard. ATIR has remanded back the case to the CIR (Appeals).
- 14.1.12** On 30 June 2021, Additional Commissioner Inland Revenue (ACIR) completed assessment proceedings under section 122(5A) of the Income Tax Ordinance, 2001 (the Ordinance) for tax year 2015 and raised a demand of Rupees 13.055 million based on disallowance of certain expenditure under section 21(l) of the Ordinance. The Company filed an appeal on 26 July 2021, against foregoing assessment proceedings before CIR (Appeals), who remanded back the issue to taxation officer for fresh consideration, effectively deleting the impugned tax demand. Further, ACIR completed assessment proceedings under section 122(5A) of the Ordinance for tax year 2018 and raised a demand of Rupees 48.324 million consequent to addition of salaries and advertisement expenses under section 21(c) and section 24 of the Ordinance. On 08 February 2022, the Company filed appeals before the ATIR contesting the directions of CIR (Appeals) for both of the aforementioned cases which are in the process of being heard.
- 14.1.13** On 13 December 2018, CIR passed an order regarding CREST discrepancies of sales tax for an amount of Rupees 10.324 million. The Company filed an appeal before ATIR which is pending for hearing. Furthermore, the Company filed an application on 10 June 2019, for stay of recovery and Honourable Lahore High Court, Lahore, has granted stay in said case.
- 14.1.14** On 30 November 2022, DCIR completed assessment proceedings and passed an order under section 11(2) of the Sales Tax Act, 1990 demanding sales tax amounting to Rupees 167.535 million along with penalty amounting to Rupees 8.377 million against claimed input tax for the tax periods from July 2020 to November 2021. The Company filed appeal on 29 December 2022, against foregoing assessment proceedings before CIR (Appeals), who has confirmed the order of DCIR. The Company filed an appeal on 04 February 2023, before ATIR. ATIR, in connection with the appeal, remanded the issue to the assessing officer for fresh consideration through order dated 04 September 2023.

- 14.1.15** On 21 November 2022, DCIR completed assessment proceedings and passed an order under section 11(2) of the Sales Tax Act, 1990 demanding sales tax amounting to Rupees 30.785 million along with penalty amounting Rupees 1.500 million considering that the Company has failed to discharge its sales tax liability by not depositing due sales tax during the period of June 2019 under the proviso of sub-section (1) of section 8B of the Sales Tax Act, 1990. The Company filed appeal on 30 January 2023, against foregoing assessment proceedings before CIR (Appeals), who has annulled the demand of DCIR.
- 14.1.16** Director (PESSI), Gujrat has demanded through notice dated 07 May 2022 social security contribution amounting to Rupees 96.002 million covering the period from August 2017 to November 2021 on account of short payment of contribution. The Company filed an appeal before Social Security Court, Gujrat against the aforesaid notice, which was dismissed and the Company was advised to make the payment of aforesaid amount. The Company filed a writ petition against the matter in Honourable Lahore High Court, Lahore. On 18 April 2013, through a rectified order the aforementioned amount was reduced to Rupees 94.793 million out of which Rupees 63.195 million relates to the short payment of contribution and Rupees 31.598 million on account of penalty. The Company has filed complaint under section 57 of the Provincial Employees' Social Security Ordinance, 1965 regarding the penalty amounting to Rupees 31.598 million, which is pending for hearing.
- 14.1.17** On 7 December 2022, ACIR amended assessment for tax year 2019 and raised a tax demand of Rupees 500.278 million on the basis of re-assessment of certain issues regarding tax credits, withholding of advance income tax and deductible allowances. The Company filed rectification application and an appeal before the CIR (Appeals), both of which are pending adjudication.
- 14.1.18** Amendment order dated 31 March 2014, was issued for the tax year 2012, creating a demand of Rupees 226.103 million on the basis of re-assessment of certain issues. On 21 June 2014, through the appellate order, CIR (Appeals) modified the aforementioned case in favour of the Company, in which additions in income aggregating to Rupees 523.003 million was remanded back to the assessing officer and other income was allocated to sales alone. The Company filed an appeal before ATIR against the aforementioned actions of CIR (Appeals). ATIR in connection with the appeal deleted additions to the extent of Rupees 417.132 million and remanded remaining issues to CIR (Appeals) for re-adjudication through order dated 03 August 2023.
- 14.1.19** The management, based on advice of its advisors, is confident that the decisions regarding the above matters will be in favour of the Company, hence no provision has been made in these financial statements.
- 14.1.20** The Company is availing Export Facilitation Scheme (EFS) License issued by Collector of Custom, Sialkot Dry Port with a face value of Rupees 7,800 million for the duty and tax free imports of plant, machinery, equipment, component parts, raw material, packing material and accessories. The said limit was allowed by Collector of Customs, Sialkot Dry Port after securing a post dated cheque of Rupees 7,800 million from the Company.
- 14.1.21** The Company has issued cross corporate guarantees of Rupees 9,000 million (2022: Rupees 9,000 million) on behalf of Service Long March Tyres (Private) Limited - subsidiary company to secure the obligations of subsidiary company towards its lenders.
- 14.1.22** The Company's share in contingencies of associate accounted for under equity method is Rupees 91.67 million (2022: Rupees 37.49 million).
- 14.1.23** Guarantees issued in ordinary course of business through banks are of Rupees 2,757.884 million (2022: Rupees 2,453.647 million).

14.2 Commitments

- 14.2.1** Contracts for capital expenditure are approximately of Rupees 144.646 million (2022: Rupees 384.709 million).
- 14.2.2** Letters of credit other than capital expenditure are of Rupees 2,996.048 million (2022: Rupees 1,589.768 million).
- 14.2.3** The Company has obtained vehicles under ijarah arrangements from Meezan Bank Limited and Bank AL Habib Limited for a period of four years. Ijarah rentals are payable on half yearly and monthly basis. Future Ujrah payments under Ijarah are as follows:

Notes to the Financial Statements

For the year ended December 31, 2023

	2023	2022
	Amount	Amount
	Rupees in thousand	
Not later than one year	32,247	61,463
Later than one year and not later than five years	6,230	43,657
	38,477	105,120

14.2.4 Following represent commitments arising from short-term and low value leases recognized on a straight-line basis as expense under the practical expedients applied by the Company. The amount of future payments under these leases and the period in which these payments will become due are as follows:

	2023	2022
	Amount	Amount
	Rupees in thousand	
Not later than 1 year	30,522	33,194

15. FIXED ASSETS

Operating fixed assets	(Note 15.1)	11,149,760	8,800,881
Capital work-in-progress	(Note 15.2)	1,297,734	1,935,469
		12,447,494	10,736,350

15.1 Reconciliation of carrying amount of operating fixed assets at the beginning and at the end of the year is as follows:

Description	Freehold land	Buildings on freehold land	Plant and machinery	Furniture, fixture and fittings	Vehicles	Service equipment	Leasehold Improvements	Total
-----Rupees in thousand -----								
At 31 December 2021								
Cost	299,886	2,125,334	7,168,236	89,815	99,465	1,488,892	544,797	11,816,425
Accumulated depreciation	-	(715,767)	(2,738,011)	(37,078)	(39,756)	(744,002)	(166,802)	(4,441,416)
Net book value	299,886	1,409,567	4,430,225	52,737	59,709	744,890	377,995	7,375,009
Year ended 31 December 2022								
Opening net book value	299,886	1,409,567	4,430,225	52,737	59,709	744,890	377,995	7,375,009
Additions	95,896	187,474	1,260,253	36,978	140,057	285,675	288,483	2,294,816
Disposals / written off:								
Cost	-	-	(371)	(489)	(1,651)	(5,279)	-	(7,790)
Accumulated depreciation	-	-	358	174	866	4,062	-	5,460
	-	-	(13)	(315)	(785)	(1,217)	-	(2,330)
Written off due to fire:								
Cost	-	-	-	(3,219)	-	(820)	(807)	(4,846)
Accumulated depreciation	-	-	-	1,103	-	670	208	1,981
	-	-	-	(2,116)	-	(150)	(599)	(2,865)
Adjustment:								
Cost	(5,520)	(5,980)	-	-	-	-	-	(11,500)
Accumulated depreciation	-	50	-	-	-	-	-	50
	(5,520)	(5,930)	-	-	-	-	-	(11,450)
Depreciation	-	(133,147)	(493,093)	(7,431)	(24,279)	(118,482)	(75,867)	(852,299)
Closing net book value	390,262	1,457,964	5,197,372	79,853	174,702	910,716	590,012	8,800,881
At 31 December 2022								
Cost	390,262	2,306,828	8,428,118	123,085	237,871	1,768,468	832,473	14,087,105
Accumulated depreciation	-	(848,864)	(3,230,746)	(43,232)	(63,169)	(857,752)	(242,461)	(5,286,224)
Net book value	390,262	1,457,964	5,197,372	79,853	174,702	910,716	590,012	8,800,881

Notes to the Financial Statements

For the year ended December 31, 2023

Description	Freehold land	Buildings on freehold land	Plant and machinery	Furniture, fixture and fittings	Vehicles	Service equipment	Leasehold Improvements	Total
-----Rupees in thousand-----								
Year ended 31 December 2023								
Opening net book value	390,262	1,457,964	5,197,372	79,853	174,702	910,716	590,012	8,800,881
Additions	-	400,127	1,966,035	74,679	357,481	404,147	294,473	3,496,942
Disposals / written off:								
Cost	-	-	-	(577)	(20,597)	(16,248)	(44,203)	(81,625)
Accumulated depreciation	-	-	-	100	5,170	10,944	31,021	47,235
Depreciation	-	(159,223)	(620,541)	(477)	(15,427)	(5,304)	(13,182)	(34,390)
Closing net book value	390,262	1,698,868	6,542,866	142,139	446,996	1,156,784	771,845	11,149,760
At 31 December 2023								
Cost	390,262	2,706,955	10,394,153	197,187	574,755	2,156,367	1,082,743	17,502,422
Accumulated depreciation	-	(1,008,087)	(3,851,287)	(55,048)	(127,759)	(999,583)	(310,898)	(6,352,662)
Net book value	390,262	1,698,868	6,542,866	142,139	446,996	1,156,784	771,845	11,149,760
Annual rate of depreciation (%)		5-10	10	10	20	10-30	10	

15.1.1 Detail of operating fixed assets, exceeding the book value of Rupees 500,000, disposed of / written off during the year is as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchasers
----- Rupees in thousand -----							
Service Equipment							
Generator Perkins 60 KVA	1,382	754	628	925	297	Negotiation	AES Energy Solutions (Private) Limited, Lahore.
Generator Perkins 60 KVA	1,306	702	604	925	321	Negotiation	AES Energy Solutions (Private) Limited, Lahore.
Generator Perkins 100 KVA	1,500	830	670	1,150	480	Negotiation	AES Energy Solutions (Private) Limited, Lahore.
Generator Perkins 60 KVA	1,315	728	587	925	338	Negotiation	AES Energy Solutions (Private) Limited, Lahore.
Vehicles							
Vehicle Toyota Corolla Altis 1.6 AHG-22-224	3,573	752	2,821	2,821	-	Company's Policy	Mr. Salman Riaz, Company's employee, Gujrat.
Vehicle Toyota Corolla Altis 1.6 AZK-22-422	3,633	1,017	2,616	2,616	-	Company's Policy	Mr. Muhammad Ejaz, Company's employee, Gujrat.
Vehicle Toyota Corolla Altis 1.6 AHA-21-282	3,931	1,095	2,836	2,836	-	Company's Policy	Mr. Adnan Arshad, Company's employee, Gujrat.
Changan Oshan X7 ANW-23-148	6,939	925	6,014	6,129	115	Negotiation	Mr. Badar Ul Hassan, Company's employee, Lahore.
Leasehold Improvements							
Level 2 Racks	30,128	23,362	6,766	3,277	(3,489)	Negotiation	Mr. Muhammad Amin, Lahore.
Level 2 Racks	9,382	5,295	4,087	-	(4,087)	Written off	-
Aggregate of other items of operating fixed assets with individual book values not exceeding Rupees 500,000	18,536	11,775	6,761	3,785	(2,976)		
	81,625	47,235	34,390	25,389	(9,001)		

Notes to the Financial Statements

For the year ended December 31, 2023

2023 2022
Amount Amount
Rupees in thousand

15.1.2 Depreciation charge for the year has been allocated as follows:

Cost of sales	(Note 31)	857,630	686,647
Distribution cost	(Note 32)	197,866	128,816
Administrative expenses	(Note 33)	58,177	36,836
		1,113,673	852,299

15.1.3 Particulars of immovable properties are as follows:

Head office and manufacturing units	Address	Area of land Sq. Feet
Head office	2 - Main Gulberg, Lahore.	35,017
Manufacturing unit:		
Gujrat factory and residential colony	G.T. Road, Gujrat.	2,038,608
Muridke Factory	10 - KM, Muridke - Sheikhpura Road, District Sheikhpura.	689,491
		2,763,116

15.2 Movement in capital work in progress

	Buildings on freehold land	Plant and machinery	Furniture, fixture and fittings	Advances against purchase of vehicles	Service equipment	Leasehold improvements	Advances against capital expenditures	Total
----- Rupees in thousand -----								
Balance at 31 December 2021	107,144	244,737	972	23,848	80,696	3,264	163,672	624,333
Additions during the year	394,033	2,019,171	38,725	82,942	522,316	289,342	131,387	3,477,916
Transferred to operating fixed assets during the year	(186,474)	(1,250,485)	(36,033)	(78,825)	(161,808)	(288,483)	-	(2,002,108)
Adjusted during the year	-	-	-	-	-	-	(163,672)	(163,672)
Charged to profit or loss during the year	(1,000)	-	-	-	-	-	-	(1,000)
Balance at 31 December 2022	313,703	1,013,423	3,664	27,965	441,204	4,123	131,387	1,935,469
Additions during the year	177,546	1,161,858	74,228	188,039	402,945	319,175	366,159	2,689,950
Transferred to operating fixed assets during the year	(400,127)	(1,966,035)	(74,487)	(202,200)	(388,595)	(294,473)	-	(3,325,917)
Adjusted during the year	-	88,985	-	-	43,649	-	(132,634)	-
Charged to profit or loss during the year	-	-	-	-	(1,768)	-	-	(1,768)
Balance at 31 December 2023	91,122	298,231	3,405	13,804	497,435	28,825	364,912	1,297,734

152.1 Particulars of royalty paid during the year in connection with business of manufacturing motorcycle chains and sprocket are as follows:

Name of the company	Registered address	Relationship with the Company or directors	
		2023	2022
Hangzhou SFR Technology Co. Ltd., Renqiu Yate Motorcycle Parts Co. Ltd.	No. 106, Houmuqiao Road, Cangqian Street, Yuhang District, Hangzhou, China 311121 Shimenenqiao Town, Renqiu City, Hebei, China 062556	Other Other	6,100 7,331

Rupees in thousand

Notes to the Financial Statements

For the year ended December 31, 2023

	2023	2022
	Amount	Amount
	Rupees in thousand	
16. RIGHT-OF-USE ASSETS		
Reconciliation of carrying amount of right-of-use assets		
Balance at 01 January	3,386,718	2,642,560
Additions during the year	1,763,553	1,226,155
Impact of lease termination	(35,476)	(55,757)
Depreciation for the year (Note 16.2)	(593,411)	(426,240)
Balance at 31 December	4,521,384	3,386,718

16.1 Lease of buildings

The Company obtained buildings on lease for godowns and shops. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease periods range from three to twenty years.

The Company also has certain leases of buildings with lease term of twelve months or less. The Company applies 'short-term lease' and 'lease of low value assets' recognition exemptions for these leases.

There is no impairment against right-of-use assets.

	2023	2022
	Amount	Amount
	Rupees in thousand	

16.2 The depreciation charge for the year has been allocated as follows:

Distribution cost	(Note 32)	593,411	426,240
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17. INTANGIBLE ASSETS

Intangible assets in use	(Notes 17.1 and 17.1.4)	1,862	3,728
Intangible asset under development		5,648	5,648
		7,510	9,376

17.1 Intangible assets in use

Balance at 01 January		3,728	3,979
Addition during the year		-	1,672
Amortization during the year (Note 17.1.2)		(1,866)	(1,923)
Balance at 31 December		1,862	3,728

17.1.1 Cost at 31 December		50,515	50,515
Accumulated amortization at 31 December		(48,653)	(46,787)
Net book value at 31 December		1,862	3,728

		2023	2022
		Amount	Amount
		Rupees in thousand	
17.1.2 Amortization on intangible assets has been allocated as follows:			
Distribution cost	(Note 32)	557	454
Administrative expenses	(Note 33)	1,309	1,469
		1,866	1,923

17.1.3 Intangible assets - computer software have been amortized at the rate of 33.33% per annum.

17.1.4 These include intangible assets having cost of Rupees 39.134 million (2022: Rupees 39.134 million) which are fully amortized.

		2023	2022
		Amount	Amount
		Rupees in thousand	
18. LONG TERM INVESTMENTS			
Investment in subsidiary companies - at cost	(Note 18.1)	7,559,766	7,559,766
Investment in associate (with significant influence) - under equity method	(Note 18.2)	407,911	344,159
Investment in joint ventures	(Note 18.3)	-	-
Other investment - at FVTOCI	(Note 18.4)	61,279	84,026
		8,028,956	7,987,951

18.1 Investment in subsidiary companies - at cost

Service Industries Capital (Private) Limited - unquoted			
40,000,000 (2022: 40,000,000) fully paid ordinary shares of Rupees 10 each.			
Equity held 100% (2022: 100%)	(Note 18.1.1)	400,000	400,000
Service Global Footwear Limited - quoted			
163,550,000 (2022: 163,550,000) fully paid ordinary shares of Rupees 10 each			
Equity held 79.43% (2022: 79.75%)	(Note 18.1.2)	3,026,184	3,026,184
Service Long March Tyres (Private) Limited - unquoted			
411,233,350 (2022: 411,233,350) fully paid ordinary shares of Rupees 10 each			
Equity held 32.09% (2022: 32.09%)	(Note 18.1.3)	4,126,367	4,126,367
SIL GULF (FZE) - unquoted			
1 (2022: 1) fully paid share of UAE Dirhams 150,000			
Equity held 100% (2022: 100%)		7,215	7,215
		7,559,766	7,559,766

Notes to the Financial Statements

For the year ended December 31, 2023

18.1.1 Investment in Service Industries Capital (Private) Limited includes 3 shares held in the name of nominee directors of the Company.

18.1.2 Investment in Service Global Footwear Limited includes 9 shares held in the name of nominee directors of the Company.

18.1.3 The Company and Service Global Footwear Limited - subsidiary company collectively hold 51% of the ordinary shares of Service Long March Tyres (Private) Limited and controls the composition of the board of Service Long March Tyres (Private) Limited as it can appoint or remove a majority of the directors of Service Long March Tyres (Private) Limited. Hence, Service Long March Tyres (Private) Limited is deemed to be a subsidiary company of the Company as per the Companies Act, 2017.

	2023	2022
	Amount	Amount
	Rupees in thousand	
18.2 Investment in associate (with significant influence) - under equity method		
Speed (Private) Limited - unquoted		
160,709 (2022: 160,709) fully paid ordinary shares of Rupees 100 each	190,949	190,949
Share of post acquisition changes in investee's net assets:		
At 01 January	153,210	124,622
Share of post acquisition profit for the year - net of tax	63,752	28,588
	216,962	153,210
	407,911	344,159

18.2.1 Speed (Private) Limited is primarily engaged in the business of distribution of international brands of footwear, apparel, watches, bags, sunglasses etc. The registered office of Speed (Private) Limited is situated at Office No.1, First Floor, Service Club Extension Building, Mereweather Road, Karachi.

18.2.2 Summary of financial information of associate as per un-audited financial statements for the year:

	2023	2022
	Amount	Amount
	Rupees in thousand	
Current assets	2,157,485	1,556,148
Non-current assets	829,235	879,556
Total assets	2,986,720	2,435,704
Current liabilities	673,880	425,378
Non-current liabilities	724,346	712,935
Total liabilities	1,398,226	1,138,313
Net assets	1,588,494	1,297,391

18.2.3 Breakup value per share (Rupees) **2,165** 1,768

	2023	2022
	Amount	Amount
	Rupees in thousand	
18.2.4 Reconciliation to carrying amounts:		
Balance at 01 January	1,297,391	1,166,853
Profit after income tax - net of tax	291,103	130,538
Balance at 31 December	1,588,494	1,297,391
Percentage of holding	21.90%	21.90%
Company's share	347,881	284,129
Goodwill	60,030	60,030
Carrying value of investment in associate	407,911	344,159
Summarized statement of comprehensive income:		
Revenue - net for the year	3,326,258	2,549,052
Profit for the year	291,103	130,538
Total comprehensive income for the year	291,103	130,538
18.3 Investment in joint ventures		
S2 Power Limited		
24,000 (2022: 24,000) fully paid ordinary shares of Rupees 10 each	240	240
S2 Hydro Limited		
24,000 (2022: 24,000) fully paid ordinary shares of Rupees 10 each	240	240
	480	480
Impairment loss against investment	(480)	(480)
	-	-
18.4 Other investment - at FVTOCI		
TRG Pakistan Limited - quoted		
775,000 (2022: 775,000) fully paid ordinary shares of Rupees 10 each	17,089	17,089
Fair value adjustment	44,190	66,937
	61,279	84,026

Notes to the Financial Statements

For the year ended December 31, 2023

18.5 Service Tyres (Private) Limited was incorporated as a private limited company on 21 December 2023 in Pakistan under the Companies Act, 2017. Its registered office is situated at Servis House, 2 - Main Gulberg, Lahore. The principal line of business of Service Tyres (Private) Limited shall be to carry on the business of manufacturing, trading, sale, marketing, retail, wholesale, import and export of all types of tyres, tubes, spare parts and allied products for bicycles, motorcycles, scooters, rickshaws, automobiles, aircrafts, buses, trucks, cars, tractors, trolleys and other vehicles. The issued, subscribed and paid-up share capital of Service Tyres (Private) Limited is Rupees 5,000,000 divided into 500,000 ordinary shares of Rupees 10 each. Service Tyres (Private) Limited is a wholly owned subsidiary of Service Industries Limited. However, Service Industries Limited has remitted funds into the bank account of Service Tyres (Private) Limited against the shares subscribed subsequent to the reporting period on 29 January 2024.

18.6 Service Retail (Private) Limited was incorporated as a private limited company on 21 December 2023 in Pakistan under the Companies Act, 2017. Its registered office is situated at Servis House, 2 - Main Gulberg, Lahore. The principal line of business of Service Retail (Private) Limited shall be to carry on the business of manufacturing, sale, trading, retail, wholesale, marketing, import and export of footwear, bags, apparel, accessories and other items / products. The issued, subscribed and paid-up share capital of Service Retail (Private) Limited is Rupees 5,000,000 divided into 500,000 ordinary shares of Rupees 10 each. Service Retail (Private) Limited is a wholly owned subsidiary of Service Industries Limited. However, Service Industries Limited has remitted funds into the bank account of Service Retail (Private) Limited against the shares subscribed subsequent to the reporting period on 29 January 2024.

		2023	2022
		Amount	Amount
		Rupees in thousand	
19. LONG TERM LOANS TO EMPLOYEES			
Considered good:			
Executives	(Notes 19.1, 19.2 and Note 19.3)	27,641	19,581
Other employees	(Note 19.3)	1,530	1,515
		29,171	21,096
Current portion shown under current assets	(Note 24)		
Executives		(10,434)	(6,993)
Other employees		(925)	(681)
		(11,359)	(7,674)
		17,812	13,422

19.1 Reconciliation of carrying amount of loans to executives:

Balance at 01 January	19,581	34,315
Disbursements during the year	28,281	6,600
Repayments during the year	(20,221)	(21,334)
Balance at 31 December	27,641	19,581

19.2 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 35.060 million (2022: Rupees 32.375 million).

19.3 These represent interest free loans to executives and employees for general purposes and house building, which are recoverable in monthly instalments over a period of 1 to 7 years and are secured by amount due to the employees against retirement benefits.

19.4 The fair value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' arising in respect of staff loans is not considered material and hence not recognized.

		2023 Amount	2022 Amount
Rupees in thousand			
20. LONG TERM SECURITY DEPOSITS			
Security deposits against Ijarah		6,558	23,513
Security deposits against right-of-use assets		155,506	109,178
Security deposits - others		76,852	73,413
		238,916	206,104
Current portion shown under current assets	(Note 26)	(6,615)	(17,294)
		232,301	188,810

21. STORES, SPARES AND LOOSE TOOLS

Machinery spares		217,833	116,126
Stores	(Note 21.1)	435,818	483,084
Loose tools		1,000	1,379
		654,651	600,589
Provision for slow moving and obsolete items	(Note 21.2)	(37,754)	(31,636)
		616,897	568,953

21.1 These include stores in transit of Rupees 64.254 million (2022: Rupees 40.292 million).

21.2 Provision for slow moving and obsolete items

Balance at 01 January		31,636	29,031
Provision for the year		6,118	2,605
Balance at 31 December		37,754	31,636

22. STOCK-IN-TRADE

Raw materials	(Note 22.1)	3,610,961	3,571,065
Packing materials		124,582	112,394
Work-in-process		400,386	760,874
Finished goods	(Notes 22.2, 22.3)		
- Own production		2,810,068	2,468,316
- Purchased		3,547,559	2,304,483
		6,357,627	4,772,799
		10,493,556	9,217,132
Provision for slow moving and obsolete items	(Note 22.5)	(106,123)	(53,050)
		10,387,433	9,164,082

22.1 These include stock in transit of Rupees 489.849 million (2022: Rupees 316.546 million).

22.2 These include stock in transit of Rupees 79.781 million (2022: Rupees 142.810 million).

Notes to the Financial Statements

For the year ended December 31, 2023

22.3 Finished goods of Rupees 349.435 million (2022: Rupees 73.135 million) are being carried at net realizable value.

22.4 The aggregate amount of Rupees 25.239 million (2022: Rupees 5.770 million) has been charged to cost of sales, being the cost of inventory written down during the year.

	2023	2022
	Amount	Amount
	Rupees in thousand	
22.5 Provision for slow moving and obsolete items		
Balance at 01 January	53,050	47,274
Charge of provision for the year	59,707	5,776
Stock written off against provision	(6,634)	-
Balance at 31 December	106,123	53,050

23. TRADE DEBTS

Considered good:

Secured:

- Against irrevocable letters of credit - 9,372

Unsecured:

- Related parties (Notes 23.3) **8,199** -

- Others (Note 23.6) **4,186,280** 5,221,663

4,194,479 5,221,663

4,194,479 5,231,035

Allowance for expected credit losses (Note 23.7) **(327,148)** (316,356)

3,867,331 4,914,679

23.1 Foreign jurisdictions of trade debts:

Europe	100,156	93,601
South America	294,593	225,728
North America	8,719	45,326
Asia	1,579	14,351
Australia	-	6,897
Africa	302,268	12,005
Pakistan	3,487,164	4,833,127
	4,194,479	5,231,035

	2023 Amount	2022 Amount
	Rupees in thousand	
23.2 Types of counterparties:		-
Export		
Corporate	668,318	396,544
Other	38,997	1,364
	707,315	397,908
Local		
Corporate	1,389,588	1,438,544
Other	2,097,576	3,394,583
	3,487,164	4,833,127
	4,194,479	5,231,035

23.3 This represents amounts due from following related party:

Service Global Footwear Limited - subsidiary company	8,199	-
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23.4 The maximum aggregate amount receivable from related parties at the end of any month during the year was as follows:

	2023 Amount	2022 Amount
	Rupees in thousand	
Service Global Footwear Limited - subsidiary company	189,082	126,039
Jomo Technologies (Private) Limited - associated company	-	53,068
Service Long March Tyres (Private) Limited - subsidiary company	85,801	135,217
SIL GULF (FZE) - subsidiary company	100,083	-

23.5 As at the reporting date, trade debt due from related party amounting to Rupees 8.199 million (2022: Rupees Nil) was past due but not impaired. The ageing analysis of this trade debt is as follows:

	2023 Amount	2022 Amount
	Rupees in thousand	
Upto 1 month	8,199	-
1 to 6 months	-	-
More than 6 months	-	-
	8,199	-

Notes to the Financial Statements

For the year ended December 31, 2023

23.6 As at 31 December 2023, trade debts due from other than related parties of Rupees 704.727 million (2022: Rupees 1,232.722 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The age analysis of these trade debts is as follows:

	2023	2022
	Amount	Amount
	Rupees in thousand	
Upto 1 month	222,372	403,094
1 to 6 months	129,656	554,590
More than 6 months	352,699	275,038
	704,727	1,232,722

23.7 Allowance for expected credit losses

Balance at 01 January		316,356	266,354
Expected credit losses recognized during the year	(Note 34)	10,792	50,002
Balance at 31 December		327,148	316,356

24. LOANS AND ADVANCES

Considered good:

Advances to staff		17,360	11,083
Current portion of long term loans to employees	(Note 19)	11,359	7,674
Advances to suppliers	(Note 24.1)	221,534	193,339
Letters of credit		468,805	473,477
Others	(Note 24.2)	10,836	9,736
		729,894	695,309

24.1 Advances to suppliers

Advances to suppliers		230,723	198,937
Provision against doubtful advances to suppliers	(Note 24.1.1)	(9,188)	(5,598)
		221,535	193,339

24.1.1 Provision against doubtful advances to suppliers

Balance at 01 January		5,598	-
Provision recognized during the year	(Note 34)	3,590	5,598
Balance at 31 December		9,188	5,598

24.2 These include amount due from following related parties:

S2 Power Limited - joint venture		2,691	2,691
S2 Hydro Limited - joint venture		11,476	11,476
		14,167	14,167
Impairment loss against advances		(14,167)	(14,167)
		-	-

24.2.1 The maximum aggregate of amount due from related parties at the end of any month during the year was as follows:

	2023	2022
	Amount	Amount
	Rupees in thousand	
S2 Power Limited - joint venture	2,691	2,691
S2 Hydro Limited - joint venture	11,476	11,476

25. ADVANCE INCOME TAX - NET OF PROVISION FOR TAXATION

Advance income tax	1,849,474	1,711,878
Provision for taxation	(1,542,610)	(1,175,844)
	306,864	536,034

26. TRADE DEPOSITS AND PREPAYMENTS

Security deposits		94,497	118,470
Prepayments		86,270	101,070
Current portion of long term security deposits	(Note 20)	6,615	17,294
		187,382	236,834

27. OTHER RECEIVABLES

Considered good:

Duty draw back		26,553	26,553
Custom duty rebate		249,950	112,415
Others	(Note 27.1)	102,644	66,099
		379,147	205,067

27.1 This includes amount of Rupees 1.352 million (2022: Rupees Nil) receivable from Service Industries Capital (Private) Limited - subsidiary company against expenses incurred on behalf of the subsidiary company. The maximum aggregate amount receivable at the end of any month during the year was Rupees 1.352 million (2022: Rupees Nil).

		2023	2022
		Amount	Amount
		Rupees in thousand	
28. SHORT TERM INVESTMENT			
At amortized cost			
Term deposits receipts	(Note 28.1)	879,914	179,914
Interest accrued thereon		3,516	1,701
		883,430	181,615

28.1 These represent term deposits with banking company having maturity period of one year and carry profit at the rates ranging from 9.80% to 21% per annum (2022: 5.56% to 9.70% per annum).

Notes to the Financial Statements

For the year ended December 31, 2023

	2023	2022
	Amount	Amount
	Rupees in thousand	
29. CASH AND BANK BALANCES		
With banks:		
On current accounts		
Local currency	1,488,848	1,308,086
Foreign currency	(Note 29.1) 118,315	12,641
	1,607,163	1,320,727
On saving accounts		
Local currency	(Note 29.2) 116,564	66,986
	1,723,727	1,387,713
Cash in transit	20,071	9,914
Cash in hand	69,878	26,965
	1,813,676	1,424,592

29.1 This represents USD 1,394 (2022: USD 1,394) and EURO 378,742 (2022: EURO 51,077).

29.2 Rate of profit on saving accounts ranges from 9.80% to 20.50% (2022: 7% to 15%) per annum.

	2023	2022
	Amount	Amount
	Rupees in thousand	
30. REVENUE - NET		
Revenue from contracts with customers:		
Export:		
- Sales	8,192,452	5,330,673
- Discounts, commissions etc.	(129,490)	(72,229)
	8,062,962	5,258,444
Local:		
- Sales	60,419,044	47,307,292
- Sales tax	(9,498,062)	(7,126,154)
- Discounts, commissions etc.	(3,349,096)	(2,959,048)
	47,571,886	37,222,090
Processing income	(Note 30.2) 109,186	118,947
	55,744,034	42,599,481

	2023	2022
	Amount	Amount
	Rupees in thousand	
30.1 Sales of footwear - net		
Export sales	1,595,334	1,794,789
Local sales	14,086,257	9,035,077
	15,681,591	10,829,866
Processing income	(Note 30.2) 109,186	118,947
Sales of tyres - net		
Export sales	6,467,628	3,462,388
Local sales	29,537,296	24,782,270
	36,004,924	28,244,658
Sales of spare parts for automobiles - net		
Export sales	-	1,267
Local sales	3,247,357	3,050,069
	3,247,357	3,051,336
Sales of technical rubber products - net		
Local sales	700,976	354,674
	55,744,034	42,599,481

30.2 This income is net of sales tax of Rupees 19.566 million (2022: Rupees 20.221 million).

30.3 The amount of Rupees 717.366 million included in contract liabilities (Note 10) at 31 December 2022 has been recognised as revenue in 2023 (2022: Rupees 442.769 million).

30.4 Revenue is recognized at point in time as per the terms and conditions of underlying contracts with customers.

Notes to the Financial Statements

For the year ended December 31, 2023

		2023	2022
		Amount	Amount
		Rupees in thousand	
31. COST OF SALES			
Raw materials consumed	(Note 31.1)	27,375,238	22,270,270
Salaries, wages and other benefits	(Note 31.2)	3,392,820	2,896,563
Stores and spares consumed		462,666	314,560
Packing materials consumed		911,929	696,161
Fuel and power		2,326,526	2,263,662
Insurance		62,839	43,248
Travelling		61,141	39,738
Repair and maintenance		340,575	249,468
Entertainment		21,645	8,669
Depreciation on operating fixed assets	(Note 15.1.2)	857,630	686,647
Charge of provision for slow moving and obsolete inventory		65,825	8,381
Vendor processing charges		6,624	18,146
Other manufacturing charges		114,313	98,297
		35,999,771	29,593,810
Work-in-process			
Opening stock		760,874	559,759
Closing stock		(400,386)	(760,874)
		360,488	(201,115)
Cost of goods manufactured		36,360,259	29,392,695
Finished goods			
Opening stock		4,772,799	4,068,747
Purchases during the year		7,278,333	5,937,377
Closing stock		(6,357,627)	(4,772,799)
		5,693,505	5,233,325
		42,053,764	34,626,020
31.1 Raw materials consumed			
Opening stock		3,571,065	4,326,819
Purchases during the year		27,415,134	21,514,516
Closing stock		(3,610,961)	(3,571,065)
Raw materials consumed during the year	(Note 31.1.1)	27,375,238	22,270,270

31.1.1 Custom duty rebate for the year amounting to Rupees 192.822 million (2022: Rupees 113.340 million) has been adjusted against raw materials consumed.

- 31.2** Salaries, wages and other benefits include Rupees 101.447 million (2022: Rupees 81.293 million), Rupees 19.455 million (2022: Rupees 19.257 million) and Rupees 45.740 million (2022: Rupees 42.965 million) in respect of provident fund contribution, gratuity fund and compensated absences by the Company respectively.

		2023	2022
		Amount	Amount
		Rupees in thousand	
32. DISTRIBUTION COST			
Salaries and other benefits	(Note 32.1)	1,294,084	812,511
Freight and insurance		942,695	704,895
Advertisement and publicity		586,185	499,417
Communication		12,118	9,731
Entertainment		32,329	16,058
Samples		114,137	49,684
Depreciation on operating fixed assets	(Note 15.1.2)	197,866	128,816
Depreciation on right-of-use assets	(Note 16.2)	593,411	426,240
Amortization on intangible assets	(Note 17.1.2)	557	454
Rent, rates and taxes	(Notes 32.2 and 32.3)	196,974	141,906
Repairs and maintenance		68,074	20,423
Legal and professional		18,054	15,972
Postage and courier		22,585	33,285
Fuel and power		307,485	184,976
Travelling and conveyance		166,598	115,869
Others		89,871	58,327
		4,643,023	3,218,564

- 32.1** Salaries and other benefits include Rupees 27.259 million (2022: Rupees 18.792 million), Rupees 16.270 million (2022: Rupees 15.222 million) and Rupees 3.061 million (2022: Rupees 0.139 million) in respect of provident fund contribution, gratuity fund and compensated absences by the Company respectively.

- 32.2** These include rent expense of Rupees 184.382 million (2022: Rupees 70.738 million) relating to shops not classified as lease due to sales based rent.

- 32.3** These include rent expense of Rupees 8.628 million (2022: Rupees 1.175 million) and Rupees 1.601 million (2022: Rupees 2.108 million) relating to short term and low value leases respectively.

Notes to the Financial Statements

For the year ended December 31, 2023

		2023	2022
		Amount	Amount
		Rupees in thousand	
33. ADMINISTRATIVE EXPENSES			
Salaries and other benefits	(Note 33.1)	1,439,808	985,327
Communication		32,955	30,195
Printing and stationery		24,990	16,311
Travelling and conveyance		89,497	43,386
Entertainment		55,173	34,100
Vehicles' running		103,136	66,893
Insurance		11,735	5,441
Rent, rates and taxes	(Note 33.2)	34,592	33,434
Fuel and power		40,299	35,254
Repairs and maintenance		22,492	20,469
Auditor's remuneration	(Note 33.3)	5,901	5,367
Legal and professional		38,629	50,516
Fee and subscription		10,138	5,889
Depreciation on operating fixed assets	(Note 15.1.2)	58,177	36,836
Amortization on intangible assets	(Note 17.1.2)	1,309	1,469
Ijarah rentals		41,505	58,534
Computer running and maintenance		19,320	21,169
Advertisement		981	37
General		60,488	54,686
		2,091,125	1,505,313

33.1 Salaries and other benefits include Rupees 36.503 million (2022: Rupees 27.840 million), Rupees 20.242 million (2022: Rupees 16.522 million) and Rupees 1.286 million (2022: Rupees 2.673 million) in respect of provident fund contribution, gratuity fund and compensated absences by the Company respectively.

33.2 These include rent expense of Rupees 20.363 million (2022: Rupees 15.878 million) and Rupees 3.062 million (2022: Rupees 2.146 million) relating to short term leases and leases of low value assets respectively.

		2023	2022
		Amount	Amount
		Rupees in thousand	
33.3 Auditor's remuneration:			
Statutory audit fee		3,565	3,241
Statutory audit fee of consolidated financial statements		354	322
Half yearly review		982	892
Certification charges		550	500
Reimbursable expenses		450	412
		5,901	5,367

		2023	2022
		Amount	Amount
		Rupees in thousand	
34. OTHER EXPENSES			
Donations	(Note 34.1)	87,975	66,269
Workers' profit participation fund	(Note 10.2)	115,864	45,445
Workers' welfare fund	(Note 10.3)	36,352	757
Provision for doubtful advances to suppliers	(Note 24.1.1)	3,590	5,598
Advances to employees written off		-	6,555
Other receivable written off		-	71
Allowance for expected credit losses - trade debts	(Note 23.7)	10,792	50,002
Assets written off - net		6,610	125,687
Loss on disposal of operating fixed assets - net		2,391	-
		263,574	300,384

34.1 The names of donees to whom donation amount exceeds Rupees 8.798 million (2022: Rupees 6.627 million) are as follows:

		2023	2022
		Amount	Amount
		Rupees in thousand	
Servis Foundation	(Note 34.1.1)	61,035	45,246
Shalamar Hospital	(Note 34.1.2)	12,794	8,581
Service Charitable Trust	(Note 34.1.3)	-	7,922
		73,829	61,749

34.1.1 Mr. Arif Saeed, Chief Executive, Mr. Omar Saeed and Mr. Hassan Javed, Directors of the Company are directors of Servis Foundation.

34.1.2 Mr. Omar Saeed, Director of the Company is Trustee in Shalamar Hospital.

34.1.3 Mr. Arif Saeed, Chief Executive, Mr. Omar Saeed and Mr. Hassan Javed, Directors of the Company are members of Board of Trustees of Service Charitable Trust.

Notes to the Financial Statements

For the year ended December 31, 2023

		2023 Amount	2022 Amount
Rupees in thousand			
35. OTHER INCOME			
Income from financial assets			
Return on bank deposits and term deposits receipts		32,255	18,378
Dividend income		163,550	735,975
Gain on lease termination		8,618	20,410
Exchange gain - net		136,616	66,391
Income from non-financial assets			
Amortization of deferred income - Government grant	(Note 9.1)	139,868	116,651
Gain on disposal of operating fixed assets - net		-	359
Scrap sales		105,666	79,456
Miscellaneous		36,000	36,000
		622,573	1,073,620
36. FINANCE COST			
Mark-up / interest on:			
- long term financing		1,469,645	751,181
- short term borrowings		2,317,319	1,351,694
- loans from Service Global Footwear Limited - subsidiary company		532,170	544,882
- lease liabilities	(Note 7.1)	615,417	360,941
- provident fund payable		-	163
Adjustment due to impact of IFRS 9 on GIDC	(Note 9.2)	-	195
Bank charges and commission		86,439	66,331
		5,020,990	3,075,387
37. TAXATION			
Current	(Note 37.1)	938,204	718,231
Prior year		58,540	20,382
Deferred tax		19,003	(117,019)
		1,015,747	621,594

- 37.1** Provision for current taxation mainly represents minimum tax, final tax and super tax under section 113, section 154 and section 4C of the Income Tax Ordinance, 2001 respectively.

	2023	2022
	Amount	Amount
	Rupees in thousand	
Reconciliation between tax expense and accounting profit:		
Accounting profit before taxation	2,357,883	976,021
Applicable tax rate	29%	29%
Tax on accounting profit	683,786	283,046
Prior year	58,540	20,382
Deferred tax	19,003	(117,019)
Super tax	230,021	39,027
Tax effect of final tax regime income taxed at a lower rate	(2,318,779)	(1,593,990)
Tax effect of minimum tax	149,747	491,538
Tax effect of share of profit from equity accounted investee	(18,488)	(8,291)
Tax effect of expenses / income that are not considered in determining taxable liability	2,211,917	1,506,901
	1,015,747	621,594

38. EARNINGS PER SHARE - BASIC AND DILUTED

- 38.1** There is no dilutive effect on basic earnings per share for the year ended 31 December 2023 and 31 December 2022 as the Company has no potential ordinary shares as on 31 December 2023 and 31 December 2022

	2023	2022
	Amount	Amount
	Rupees in thousand	
Profit after taxation attributable to ordinary shareholders (Rupees in thousand)	1,342,136	354,427
Weighted average number of ordinary shares (Numbers)	46,987,454	46,987,454
Earnings per share (Rupees)	28.56	7.54

Notes to the Financial Statements

For the year ended December 31, 2023

	2023	2022
	Amount	Amount
	Rupees in thousand	
39. CASH GENERATED FROM OPERATIONS		
Profit before taxation	2,357,883	976,021
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets (Note 15.1.2)	1,113,673	852,299
Depreciation on right-of-use-assets (Note 16.2)	593,411	426,240
Amortization on intangible assets (Note 17.1.2)	1,866	1,923
Exchange gain - net (Note 35)	(136,616)	(66,391)
Provision for gratuity (Note 8.5)	55,967	51,001
Finance cost (Note 36)	5,020,990	3,075,387
Dividend income (Note 35)	(163,550)	(735,975)
Provision for workers' profit participation fund (Note 10.2)	115,864	45,445
Provision for workers' welfare fund (Note 10.3)	36,352	757
Charge of provision for slow moving and obsolete inventory (Note 31)	65,825	8,381
Allowance for expected credit losses (Note 23.7)	10,792	50,002
Return on bank deposits and term deposits receipts (Note 35)	(32,255)	(18,378)
Amortization of deferred income - Government grant (Note 9.1)	(139,868)	(116,651)
Impact of lease termination (Note 35)	(8,618)	(20,410)
Share of profit of equity accounted investee (Note 18.2)	(63,752)	(28,588)
Loss / (gain) on disposal of operating fixed assets - net (Note 34)	2,391	(359)
Provision for doubtful advances to suppliers (Note 24.1.1)	3,590	5,598
Other receivable written off (Note 34)	-	71
Advances to employees written off (Note 34)	-	6,555
Assets written off - net (Note 34)	6,610	125,687
Working capital changes (Note 39.1)	46,244	(1,002,777)
	8,886,799	3,635,838
39.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(54,062)	(246,058)
Stock-in-trade	(1,283,058)	(863,937)
Trade debts	1,173,172	(1,089,527)
Loans and advances	(34,490)	(137,039)
Prepayments	14,800	(4,233)
Other receivables	(174,080)	83,338
	(357,718)	(2,257,456)
Increase in trade and other payables	403,962	1,254,679
	46,244	(1,002,777)

39.2 Reconciliation of movement of liabilities to cash flows arising from financing activities:

	2023				
	Liabilities from financing activities				
	Long term financing	Lease liabilities	Short term borrowings	Long term deposits	Unclaimed dividend
	-----Rupees in thousand-----				
Balance at 31 December 2022	9,316,411	3,967,990	11,699,132	1,915	42,030
Financing / borrowings obtained	4,309,888	-	71,982,677	-	-
Repayment of financing / lease liabilities / borrowings	(2,657,834)	(225,870)	(72,792,236)	-	-
Long term deposits - net	-	-	-	83,109	-
Dividend declared	-	-	-	-	234,937
Dividend paid	-	-	-	-	(233,184)
Other changes - non-cash movement:					
Deferred income - Government grant - net	46,173	-	-	-	-
Lease liabilities recognized during the year	-	1,763,553	-	-	-
Impact of lease termination	-	(44,094)	-	-	-
Balance at 31 December 2023	11,014,638	5,461,579	10,889,573	85,024	43,783

	2022				
	Liabilities from financing activities				
	Long term financing	Lease liabilities	Short term borrowings	Long term deposits	Unclaimed dividend
	-----Rupees in thousand-----				
Balance at 31 December 2021	7,818,308	2,984,950	9,152,752	1,440	39,343
Financing / borrowings obtained	3,476,129	-	55,818,297	-	-
Repayment of financing / lease liabilities / borrowings	(1,575,333)	(166,948)	(53,271,917)	-	-
Long term deposits - net	-	-	-	475	-
Dividend declared	-	-	-	-	352,406
Dividend paid	-	-	-	-	(349,719)
Other changes - non-cash movement:					
Deferred income - Government grant - net	(402,693)	-	-	-	-
Lease liabilities recognized during the year	-	1,226,155	-	-	-
Impact of lease termination	-	(76,167)	-	-	-
Balance at 31 December 2022	9,316,411	3,967,990	11,699,132	1,915	42,030

Notes to the Financial Statements

For the year ended December 31, 2023

	2023	2022
	Amount	Amount
	Rupees in thousand	
39.3 Non-cash financing activities		
Deferred income - Government grant - net	46,173	(402,693)
Lease liabilities recognized during the year	1,763,553	1,226,155
Impact of lease termination	(44,094)	(76,167)

40. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration including all benefits to Chief Executive Officer, Directors and Executives of the Company is as follows:

	Chief Executive Officer		Director		Executives	
	2023	2022	2023	2022	2023	2022
	-----Rupees in thousand-----					
Managerial remuneration	47,653	41,438	46,431	40,375	534,147	296,549
Bonus	48,000	24,000	48,000	24,000	214,841	86,709
Allowances:						
House rent	4,765	4,144	4,643	4,038	145,887	95,832
Conveyance	-	-	-	-	48,581	35,623
Medical	-	-	-	-	77,070	41,265
Utilities	4,765	4,144	4,643	4,037	96,548	44,922
Retirement and other benefits	13,109	11,398	12,769	11,104	39,015	39,594
Total	118,292	85,124	116,486	83,554	1,156,089	640,494
Number of persons	1	1	1	1	136	106

40.1 The chief executive, executive director and some of the executives of the Company are provided with Company maintained vehicles in accordance with the Company's policy.

40.2 Aggregate amount charged in these financial statements for meeting fee to directors was Rupees 3.280 million (2022: Rupees 3.040 million).

40.3 No remuneration was paid to non-executive directors of the Company.

41. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise subsidiary companies, sub-subsidiary, associated companies / undertakings, joint ventures, employees' gratuity fund trust, employees' provident fund trust and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

Nature of relationship	Nature of transactions	2023	2022
Subsidiary Companies			
Service Global Footwear Limited	Sale of goods	390,094	140,844
	Expenses charged	280,647	235,853
	Purchase of goods	305,772	68,244
	Loans obtained	11,589,162	9,886,995
	Loans repaid	12,596,780	11,156,097
	Interest expense on borrowings	532,170	544,882
	Dividend income	163,550	735,975
Service Industries Capital (Private) Limited	Services rendered	109,186	118,947
	Investment made	-	100,000
SIL GULF (FZE)	Expense paid	1,352	-
	Investment made	-	7,215
Service Long March Tyres (Private) Limited	Sale of goods	414,278	45,014
	Investment made	-	1,079,829
	Service rendered	36,000	36,000
	Purchase of goods	55,486	23,986
	Sale of goods	246,110	522,148
	Reimbursement of expenses	4,104	6,826
Associated companies / undertakings			
Jomo Technologies (Private) Limited	Purchase of fixed assets	12,596	1,703
Shahid Arif Investment (Private) Limited	Cash dividend paid	198	297
Service Charitable Trust	Cash dividend paid	226	339
	Donation made	7,441	7,922
Servis Foundation	Donation made	61,035	45,246
Shalamar Hospital	Donation made	12,794	8,581
Post employment benefit plans			
Service Industries Limited Employees Gratuity Fund Trust	Company's contribution made	55,967	51,001
Service Provident Fund Trust	Company's contribution made	165,209	127,925
	Cash dividend paid	10,906	16,360
Directors	Cash dividend paid	103,349	155,024

41.1 Detail of compensation to key management personnel comprising of chief executive officer, directors and executives is disclosed in Note 40.

Notes to the Financial Statements

For the year ended December 31, 2023

41.2 Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place:

Name of related party	Basis of Relationship	Transactions entered or agreements and / or arrangements in place during the financial year ended		Percentage of Shareholding
		2023	2022	
S2 Power Limited	Joint venture and common directorship	No	No	48.00%
S2 Hydro Limited	Joint venture and common directorship	No	No	48.00%
Speed (Private) Limited	Shareholding	No	No	21.90%
SBL Trading (Private) Limited	Common directorship	No	No	Nil
Service Industries Capital (Private) Limited	Wholly owned subsidiary company	Yes	Yes	100.00%
Service Global Footwear Limited	Subsidiary company	Yes	Yes	79.43%
Dongguan Service Global Limited	Subsidiary of Service Global Footwear Limited (subsidiary company)	No	No	79.43%
Service Shoes Lanka (Private) Limited	Subsidiary of Service Industries Capital (Private) Limited (subsidiary company)	No	No	60.00%
Service Long March Tyres (Private) Limited	Subsidiary company due to control	Yes	Yes	32.09%
SIL GULF (FZE)	Wholly owned subsidiary company	Yes	Yes	100.00%
Jomo Technologies (Private) Limited	Common directorship and associate of Service Industries Capital (Private) Limited (subsidiary company)	Yes	Yes	Nil
Shahid Arif Investment (Private) Limited	Common directorship	Yes	Yes	Nil
Service Provident Fund Trust	Post employment benefit plan	Yes	Yes	Nil
Service Industries Limited Employees Gratuity Fund Trust	Post employment benefit plan	Yes	Yes	Nil
Servis Foundation	Common directorship	Yes	Yes	Nil
Service Charitable Trust	Directors of the Company are Trustees	Yes	Yes	Nil
Shalamar Hospital	Directors of the Company are Trustees	Yes	Yes	Nil
Kidney Centre Gujrat	Directors of the Company are member of Board of Governors	No	No	Nil
Service Tyres (Private) Limited	Common directorship	No	No	Nil
Service Retail (Private) Limited	Common directorship	No	No	Nil
Suraj Cotton Mills Limited	Common directorship	No	No	Nil
Premier Insurance Limited	Common directorship	No	No	Nil
Crescent Powertec Limited	Common directorship	No	No	Nil
JS Bank Limited	Common directorship	Yes	Yes	Nil

Name of related party	Basis of Relationship	Transactions entered or agreements and / or arrangements in place during the financial year ended		Percentage of Shareholding
		2023	2022	
Mr. Arif Saeed	Chief Executive	Yes	Yes	Nil
Mr. Hassan Javed	Director	Yes	Yes	Nil
Chaudhry Saif Javed	Director	Yes	No	Nil
Mr. Omar Saeed	Director	Yes	Yes	Nil
Mr. Adil Matcheswala	Director	Yes	No	Nil
Mr. Muhammad Naeem Khan	Director	Yes	Yes	Nil
Mr. Shahid Jatoi	Director	Yes	Yes	Nil
Mr. Ahsan Bashir	Director	No	No	Nil
Ms. Uzma Adil Khan	Director	Yes	No	Nil
Mr. Riaz Ahmed	Ex-Director	Yes	Yes	Nil
Mr. Osman Saifullah Khan	Ex-Director	Yes	Yes	Nil
Ms. Ayesha Naweed	Ex-Director	Yes	Yes	Nil

41.3 Particulars of company incorporated outside Pakistan with whom the Company had entered into transactions or had agreements and / or arrangements in place is as follows:

Name	Country of incorporation	Basis of association	Percentage of Shareholding
Service Shoes Lanka (Private) Limited	Sri Lanka	Subsidiary of Service Industries Capital (Private) Limited (subsidiary company)	60%
SIL GULF (FZE)	UAE	Wholly owned Subsidiary Company	100%
Dongguan Service Global Limited	China	Subsidiary of Service Global Footwear Limited (subsidiary company)	79.43%

41.3.1 As on 31 December 2023 and 31 December 2022, disclosures relating to subsidiary of Service Industries Capital (Private) Limited - subsidiary company, subsidiary of Service Global Footwear Limited - subsidiary company and subsidiary of the Company incorporated outside Pakistan are as follows:

Notes to the Financial Statements

For the year ended December 31, 2023

Particulars	Subsidiary	Sub-subsidiaries	
Name of the company	SIL GULF (FZE)	Service Shoes Lanka (Private) Limited	Dongguan Service Global Limited
Jurisdiction	United Arab Emirates	Sri Lanka	China
Beneficial owner	Service Industries Limited	Service Industries Capital (Private) Limited	Service Global Footwear Limited
Investment made during the year ended 31 December	2022	2017	2023
Investment in:			
Local currency	PKR 7,215,000	PKR 62,770,000	PKR 89,166,721
Foreign currency	UAE AED 150,000	USD 600,000	EURO 287,645
Terms and conditions of investment	Investment in shares of wholly owned subsidiary company	Investment in shares of subsidiary company	Investment in shares of subsidiary company
Amount of returns received	None	None	None
Litigation against investee company	None	None	None
Default / breach related to foreign company	None	None	None
Gain / (loss) on disposal of investment	Not applicable	Not applicable	Not applicable

42. PLANT CAPACITY

Footwear division

	Installed capacity		Actual production	
	2023	2022	2023	2022
Number of pairs	4,200,000	4,200,000	3,230,190	4,023,437

Tyre division

	Installed capacity		Actual production	
	2023	2022	2023	2022
Number of tyres	24,706,538	23,330,560	12,633,731	11,334,795
Number of tubes	62,870,800	62,614,162	38,692,616	42,885,951

Others

Servis genuine parts

	Installed capacity		Actual production	
	2023	2022	2023	2022
Number of chains	2,496,000	756,164	1,273,646	202,830
Number of sprockets	1,872,000	203,836	1,195,345	35,772

Technical rubber products

Due to the nature of the Company's business, production capacity is not determinable.

42.1 Reason for low production

The capacity of the tyre division and servis genuine parts was utilized to the extent of orders received. In case of footwear, the deviation in actual production from installed capacity is due to rapidly growing trends as the Company has to change major shoe lines in accordance with the market trends. This involves change in manufacturing operations and product mix which causes variances not only between the installed capacity and actual production but also between the actual production of any two years.

43. FINANCIAL RISK MANAGEMENT

43.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme 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 Company's finance department under policies approved by the Board of Directors. The Company's finance department evaluates and hedges financial risks. 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, liquidity risk and investment of excess liquidity.

(a) Market risk

(i) 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.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD), Euro and British Pound Sterling (GBP). Currently, the Company's foreign exchange risk exposure is restricted to bank balances, and the amounts receivable / payable from / to the foreign entities. The Company's exposure to currency risk was as follows:

	2023	2022
Cash at banks - USD	1,394	1,394
Cash at banks - EURO	378,742	51,077
Trade debts - USD	2,501,646	2,392,689
Trade debts - EURO	156,944	80,610
Trade debts - GBP	24,828	42,350
Trade and other payables - USD	(131,495)	(1,638,361)
Trade and other payables - EURO	(11,399)	(17,484)
Trade and other payables - GBP	(25,253)	-
Net exposure - USD	2,371,545	755,722
Net exposure - EURO	524,287	114,203
Net exposure - GBP	(425)	42,350

The following significant exchange rates were applied during the year:

Notes to the Financial Statements

For the year ended December 31, 2023

	2023	2022
Rupees per US Dollar		
Average rate	283.35	204.92
Reporting date rate	281.86	226.40
Rupees per EURO		
Average rate	307.13	213.99
Reporting date rate	311.50	241.45
Rupees per GBP		
Average rate	353.63	250.83
Reporting date rate	358.60	273.02

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, Euro and GBP with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 39.120 million (2022: Rupees 9.986 million) higher / lower, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

Other 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. The Company is not exposed to commodity price risks.

Sensitivity analysis

The table below summarizes the impact of increase / decrease in the Pakistan Stock Exchange (PSX) Index on the Company's equity (fair value reserve FVTOCI investment). The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and the Company's equity instrument moved according to the historical correlation with the index:

Index	Impact on statement of other comprehensive loss (Fair value reserve FVTOCI investment)	Impact on statement of other comprehensive income (Fair value reserve FVTOCI investment)
	2023 Amount Rupees in thousand	2022 Amount Rupees in thousand
PSX (5% increase)	(2,375)	(3,508)
PSX (5% decrease)	2,375	3,508

Equity (fair value reserve) would increase / decrease as a result of gains / losses on equity investment classified as FVTOCI.

(iii) 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 has no significant long-term interest-bearing assets. The Company's interest rate risk arises mainly from long term financing, short term borrowings, term deposit receipts and bank balances in saving accounts. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments at fixed rate expose the Company to fair value interest rate risk.

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

	2023	2022
	Amount	Amount
	Rupees in thousand	
Fixed rate instruments		
Financial assets		
Short term investment	700,000	-
Financial liabilities		
Long term financing	1,864,465	1,831,801
Lease liabilities	5,461,579	3,967,990
Short term borrowings	3,577,891	1,816,847
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	116,564	66,986
Short term investments	179,914	179,914
Financial liabilities		
Long term financing	9,150,173	7,484,610
Short term borrowings	7,311,682	9,882,285

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 164.601 million lower / higher (2022: Rupees 162.640 million), mainly as a result of higher / lower interest expense / income on floating rate financial instruments. This analysis is prepared assuming the amounts of assets and liabilities outstanding at reporting the dates were outstanding for the whole year.

Notes to the Financial Statements

For the year ended December 31, 2023

(b) 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. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2023	2022
	Amount	Amount
	Rupees in thousand	
Long term investment	61,279	84,026
Long term loans to employees	29,171	21,096
Security deposits	333,413	324,574
Trade debts	3,867,331	4,914,679
Loans and advances	28,196	20,819
Other receivables	102,644	66,099
Short term investments	883,430	181,615
Bank balances	1,723,727	1,387,713
	7,029,191	7,000,621

The credit quality of financial assets 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			2023	2022
	Short term	Long term	Agency	Amount	Amount
-----Rupees in thousand-----					
Banks					
Allied Bank Limited	A1+	AAA	PACRA	144,649	67,314
Askari Bank Limited	A1+	AA+	PACRA	22,077	11
Bank Alfalah Limited	A1+	AA+	PACRA	66,127	59,418
Bank AL Habib Limited	A1+	AAA	PACRA	150,584	2,663
Faysal Bank Limited	A1+	AA	PACRA	202,219	149,144
Habib Bank Limited	A-1+	AAA	VIS	525,964	730,934
MCB Bank Limited	A-1+	AAA	VIS	119,707	85,134
MCB Islamic Bank Limited	A1	A	PACRA	134,056	131,100
Meezan Bank Limited	A-1+	AAA	VIS	24,986	8,665
National Bank of Pakistan	A1+	AAA	PACRA	10,227	558
Samba Bank Limited	A1	AA	PACRA	95	92
Soneri Bank Limited	A1+	AA-	PACRA	42,909	28,446
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	175	2,028
Silk Bank Limited	A-2	A-	VIS	14	17
United Bank Limited	A-1+	AAA	VIS	95,991	30,190
BankIslami Pakistan Limited	A1	AA-	PACRA	27,645	2,481
JS Bank Limited (associated company)	A1+	AA-	PACRA	2	2
Industrial and Commercial Bank of China Limited	P-1	A1	Moody's	307	117
The Bank of Khyber	A1	A+	PACRA	8,343	9
The Bank of Punjab	A1+	AA+	PACRA	31,430	89,390
Dubai Islamic Bank Pakistan Limited	A-1+	AA	VIS	33,322	-
Al Baraka Bank (Pakistan) Limited	A-1	A+	VIS	80,655	-
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	2,243	-
				1,723,727	1,387,713
Investments					
TRG Pakistan Limited		Unknown		61,279	84,026
MCB Islamic Bank Limited	A1	A	PACRA	183,430	181,615
BankIslami Pakistan Limited	A1	AA-	PACRA	700,000	-
				2,668,436	1,653,354

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 23.

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

Trade debts

The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade debts.

Notes to the Financial Statements

For the year ended December 31, 2023

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. These trade receivables are netted off with the collateral obtained, if any, from these customers to calculate the net exposure towards these customers. The Company has concluded that the expected loss rates for trade debts against local sales are different from the expected loss rates for trade debts against export sales.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2023 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has accordingly adjusted the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 December 2023 and 31 December 2022 was determined as follows:

	Local sales			Export sales			
	Expected loss rate	Trade debts	Loss allowance	Expected loss rate	Trade debts	Loss allowance	
	%	Rupees in thousand		%	Rupees in thousand		
At 31 December 2023							
Not past due	0.00%	0.00%	2,827,306	-	0.00%	662,446	-
Up to 30 days	2.12%	27.91%	179,685	32,765	3.05%	32,415	162
31 to 60 days	7.73%	93.73%	45,298	35,181	0.99%	14	1
61 to 90 days	16.08%	100.00%	12,210	8,788	3.61%	-	-
91 to 180 days	31.53%	100.00%	51,731	50,224	12.03%	-	-
181 to 360 days	45.88%	100.00%	53,412	50,068	25.09%	-	-
Above 360 days	100.00%	100.00%	149,959	149,959	100.00%	-	-
			3,319,601	326,985		694,875	163
Trade debts which are not subject to risk of default			167,563	-		12,440	-
Gross Trade debts			3,487,164	326,985		707,315	163

	Local sales			Export sales			
	Expected loss rate	Trade debts	Loss allowance	Expected loss rate	Trade debts	Loss allowance	
	%	Rupees in thousand		%	Rupees in thousand		
At 31 December 2022							
Not past due	0.00%	0.00%	3,758,809	-	0.00%	239,504	-
Up to 30 days	0.34%	28.08%	26,954	6,009	0.36%	62,980	229
31 to 60 days	3.94%	63.19%	39,744	29,430	4.49%	24,321	1,093
61 to 90 days	11.04%	69.58%	83,122	37,336	9.72%	-	-
91 to 180 days	26.96%	91.74%	111,622	82,292	23.97%	3,424	821
181 to 360 days	43.95%	81.62%	34,751	34,346	37.27%	14,214	5,297
Above 360 days	100.00%	100.00%	119,503	119,503	100.00%	-	-
			4,174,505	308,916		344,443	7,440
Trade debts which are not subject to risk of default			658,622	-		53,465	-
Gross Trade debts			4,833,127	308,916		397,908	7,440

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 31 December 2023, the Company had Rupees 6,250.427 million (2022: Rupees 5,530.868 million) available borrowing limits and Rupees 1,813.676 million (2022: Rupees 1,424.592 million) cash and bank balances. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 31 December 2023:

	Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1-2 Years	More than 2 Years
-----Rupees in thousand-----						
Non-derivative financial liabilities:						
Long term financing	11,014,638	15,767,557	1,676,495	1,452,986	3,795,988	8,842,088
Long term deposits	85,024	85,024	-	-	-	85,024
Lease liabilities	5,461,579	10,381,160	503,037	544,751	1,156,666	8,176,706
Trade and other payables	5,561,422	5,561,422	5,561,422	-	-	-
Accrued mark-up	802,891	802,891	802,891	-	-	-
Short term borrowings	10,889,573	11,179,361	11,179,361	-	-	-
Unclaimed dividend	43,783	43,783	43,783	-	-	-
	33,858,910	43,821,198	19,766,989	1,997,737	4,952,654	17,103,818

Contractual maturities of financial liabilities as at 31 December 2022:

	Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1-2 Years	More than 2 Years
-----Rupees in thousand-----						
Non-derivative financial liabilities:						
Long term financing	9,316,411	12,785,874	2,125,139	1,624,073	2,801,169	6,235,493
Long term deposits	1,915	1,915	-	-	-	1,915
Lease liabilities	3,967,990	6,337,191	308,918	333,295	711,605	4,983,373
Trade and other payables	5,180,131	5,180,130	5,180,130	-	-	-
Accrued mark-up	612,873	612,873	612,873	-	-	-
Short term borrowings	11,699,132	12,375,366	12,375,366	-	-	-
Unclaimed dividend	42,030	42,030	42,030	-	-	-
	30,820,482	37,335,379	20,644,456	1,957,368	3,512,774	11,220,781

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 reporting date. The rates of interest / mark up have been disclosed in note 5, 7 and note 12 to these financial statements.

Notes to the Financial Statements

For the year ended December 31, 2023

43.2 Financial instruments by categories

Assets as per statement of financial position

	2023		2022	
	FVTOCI	Amortized cost	FVTOCI	Amortized cost
-----Rupees in thousand-----				
Long term investments	61,279	-	84,026	-
Long term loans to employees	-	29,171	-	21,096
Security deposits	-	333,413	-	324,574
Trade debts	-	3,867,331	-	4,914,679
Loans and advances	-	28,196	-	20,819
Other receivables	-	102,644	-	66,099
Short term investments	-	883,430	-	181,615
Cash and bank balances	-	1,813,676	-	1,424,592
	61,279	7,057,861	84,026	6,953,474

2023	2022
At amortized cost	

-----Rupees in thousand-----

Liabilities as per statement of financial position

Long term financing	11,014,638	9,316,411
Long term deposits	85,024	1,915
Lease liabilities	5,461,579	3,967,990
Trade and other payables	5,561,422	5,180,131
Accrued mark-up	802,891	612,873
Short term borrowings	10,889,573	11,699,132
Unclaimed dividend	43,783	42,030
	33,858,910	30,820,482

43.3 Reconciliation of financial assets and financial liabilities to the line items presented in the statement of financial position is as follows:

	2023		
	Financial assets	Non-financial assets	Assets as per statement of financial position
	-----Rupees in thousand -----		
Long term investments	61,279	7,967,677	8,028,956
Long term loans to employees	29,171	-	29,171
Long term security deposits	232,301	-	232,301
Trade debts	3,867,331	-	3,867,331
Loans and advances	28,196	690,339	718,535
Trade deposits and prepayments	101,112	86,270	187,382
Other receivables	102,644	276,503	379,147
Short term investments	883,430	-	883,430
Cash and bank balances	1,813,676	-	1,813,676
	7,119,140	9,020,789	16,139,929

	2023		
	Financial liabilities	Non-financial liabilities	Liabilities as per statement of financial position
	-----Rupees in thousand -----		
Long term financing	11,014,638	-	11,014,638
Long term deposits	85,024	-	85,024
Lease liabilities	5,461,579	-	5,461,579
Trade and other payables	5,561,422	1,227,315	6,788,737
Accrued mark-up	802,891	-	802,891
Short term borrowings	10,889,573	-	10,889,573
Unclaimed dividend	43,783	-	43,783
	33,858,910	1,227,315	35,086,225

Notes to the Financial Statements

For the year ended December 31, 2023

	2022		
	Financial assets	Non-financial assets	Assets as per statement of financial position
	-----Rupees in thousand-----		
Long term investments	84,026	7,903,925	7,987,951
Long term loans to employees	21,096	-	21,096
Long term security deposits	188,810	-	188,810
Trade debts	4,914,679	-	4,914,679
Loans and advances	20,819	666,816	687,635
Trade deposits and prepayments	135,764	101,070	236,834
Other receivables	66,099	138,968	205,067
Short term investments	181,615	-	181,615
Cash and bank balances	1,424,592	-	1,424,592
	7,037,500	8,810,779	15,848,279

	2022		
	Financial liabilities	Non-financial liabilities	Liabilities as per statement of financial position
	-----Rupees in thousand-----		
Long term financing	9,316,411	-	9,316,411
Long term deposits	1,915	-	1,915
Lease liabilities	3,967,990	-	3,967,990
Trade and other payables	5,180,131	1,179,075	6,359,206
Accrued mark-up	612,873	-	612,873
Short term borrowings	11,699,132	-	11,699,132
Unclaimed dividend	42,030	-	42,030
	30,820,482	1,179,075	31,999,557

43.4 Offsetting financial assets and financial liabilities

As on the reporting date, recognized financial instruments are not subject to off setting as there are no enforceable master netting arrangements and similar agreements.

43.5 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company

monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing and short term borrowings obtained by the Company as referred to in note 5 and note 12 respectively. Total capital employed includes 'total equity' as shown in the statement of financial position plus 'borrowings'.

		2023	2022
Borrowings	Rupees in thousand	21,904,211	21,015,543
Total equity	Rupees in thousand	8,318,179	7,271,421
Total capital	Rupees in thousand	30,222,390	28,286,964
Gearing ratio	Percentage	72.48%	74.29%

Decrease in gearing is due to increase in equity of the Company.

44. UNUTILIZED CREDIT FACILITIES

	Non- funded		Funded	
	2023	2022	2023	2022
	-----Rupees in thousand -----			
Total facilities	15,658,000	13,645,000	17,140,000	17,230,000
Utilized at the end of the year	(6,542,618)	(4,287,783)	(10,889,573)	(11,699,132)
Unutilized at the end of the year	9,115,382	9,357,217	6,250,427	5,530,868

45. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

Recurring fair value measurements At 31 December 2023	Level 1	Level 2	Level 3	Total
	-----Rupees in thousand -----			

Financial asset

Financial asset at fair value through other comprehensive income	61,279	-	-	61,279
Total financial assets	61,279	-	-	61,279

Recurring fair value measurements At 31 December 2022	Level 1	Level 2	Level 3	Total
	-----Rupees in thousand -----			

Financial asset

Financial asset at fair value through other comprehensive income	84,026	-	-	84,026
Total financial assets	84,026	-	-	84,026

Notes to the Financial Statements

For the year ended December 31, 2023

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the period. Further, there was no transfer in and out of level 3 measurements.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include the use of quoted market prices.

46. SEGMENT INFORMATION

The Company has three reportable segments. The following summary describes the operation in each of the Company's reportable segments:

Footwear: Purchase, manufacturing and sale of different qualities of footwear.

Tyre: Manufacturing of different qualities of tyres and tubes.

Others: Manufacturing of different qualities of rubber products on specifications and trading and manufacturing of spare parts of automobiles.

Footwear		Tyre		Others		Total - Company	
2023	2022	2023	2022	2023	2022	2023	2022

-----Rupees in thousand-----

Sales	15,790,777	10,948,813	36,004,924	28,244,658	3,948,333	3,406,010	55,744,034	42,599,481
Profit before taxation and unallocated								
Income and expenses	689,390	415,342	6,070,452	2,987,717	157,891	224,464	6,917,733	3,627,523
Unallocated income and expenses							(4,559,850)	(2,651,502)
Taxation							(1,015,747)	(621,594)
Profit after taxation							1,342,136	354,427

46.1 Reconciliation of reportable segment assets and liabilities

	Footwear		Tyre		Others		Total - Company	
	2023	2022	2023	2022	2023	2022	2023	2022
-----Rupees in thousand -----								
Total assets for reportable segment	21,624,821	18,369,433	19,918,077	19,648,355	2,884,613	2,232,004	44,427,511	40,249,792
Total assets as per statement of financial position							44,427,511	40,249,792
Total liabilities for reportable segment	19,807,632	18,090,156	15,268,221	13,944,347	1,033,479	943,868	36,109,332	32,978,371
Total liabilities as per statement of financial position							36,109,332	32,978,371

46.2 Geographical information

The Company's revenue from external customers by geographical locations is detailed below:

Europe	869,082	1,053,267	752,194	603,511	-	1,267	1,621,276	1,658,045
South America	-	-	35,965	1,124,734	-	-	35,965	1,124,734
Central America	-	-	-	7,926	-	-	-	7,926
North America	70,231	217,268	2,292,728	58,305	-	-	2,362,959	275,573
Asia	634,060	485,693	1,720,701	1,596,035	-	-	2,354,761	2,081,728
Australia	21,961	14,160	-	-	-	-	21,961	14,160
Africa	-	24,401	1,666,040	71,877	-	-	1,666,040	96,278
Pakistan	14,195,443	9,154,024	29,537,296	24,782,270	3,948,333	3,404,743	47,681,072	37,341,037
	15,790,777	10,948,813	36,004,924	28,244,658	3,948,333	3,406,010	55,744,034	42,599,481

46.3 All non-current assets except investment in SIL GULF (FZE) of the Company as at reporting dates are located and operating in Pakistan.

46.4 Revenue from major customers

The Company's revenue is earned from a large mix of customers.

47. PROVIDENT FUND RELATED DISCLOSURES

Employees provident fund of Service Industries Limited in the name of Service Provident Fund Trust is continued for the benefits of the employees of the Company and Service Global Footwear Limited - subsidiary company.

As at the reporting date, the Service Provident Fund Trust is in the process of regularizing its investments in accordance with section 218 of the Companies Act, 2017 and the regulations formulated for this purpose by Securities and Exchange Commission of Pakistan.

	2023	2022
48. NUMBER OF EMPLOYEES		
Number of employees as at 31 December	7,902	8,481
Average number of employees during the year	8,574	8,493

49. EVENTS AFTER THE REPORTING PERIOD

49.1 The Board of Directors of the Company has proposed final cash dividend for the year ended 31 December 2023 of Rupees 10 per share (i.e. 100%) at their meeting held on February 27, 2024. However, this event has been considered as non-adjusting event under IAS 10 'Events after the Reporting Period' and has not been recognized in these financial statements.

50. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on February 27, 2024 by the Board of Directors of the Company.

51. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made.

52. General

Figures have been rounded off to nearest thousand of Rupees, except stated otherwise.



Arif Saeed
(Chief Executive)

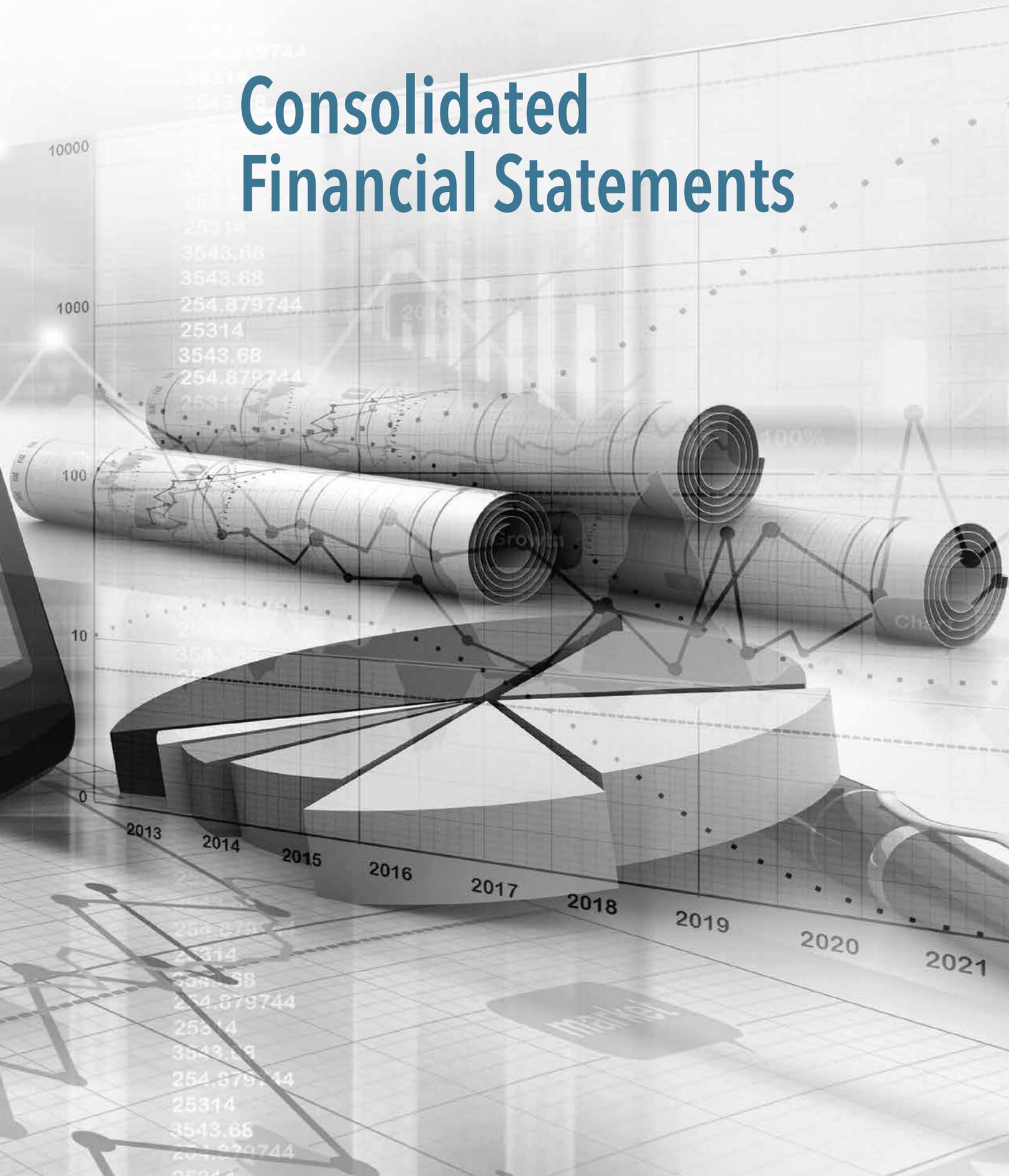


Omar Saeed
(Director)



Badar Ul Hassan
(Chief Financial Officer)

Consolidated Financial Statements



Independent Auditor's Report

On Consolidated Financial Statements

To the members of Service Industries Limited

Qualified Opinion

We have audited the annexed consolidated financial statements of Service Industries Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Qualified Opinion

The financial statements of Service Shoes Lanka (Private) Limited – Subsidiary Company for the year ended 31 December 2023 are un-audited and have been prepared by the management in accordance with Sri Lanka Accounting Standards for Small and Medium Sized Entities. Hence, total assets of Rupees 288.432 million as at 31 December 2023 and total turnover and net loss of Rupees 39.164 million and Rupees 25.980 million respectively for the year ended 31 December 2023 pertaining to the aforesaid Subsidiary Company have been classified as a disposal group held for sale and a discontinued operation without incorporating adjustments necessary to give effect to uniform accounting policies adopted by the Group and disclosures required under the provisions of and directives issued under the Companies Act, 2017 and accounting and reporting standards as applicable in Pakistan.

The financial statements of Dongguan Service Global Limited – Subsidiary Company for the period from 03 April 2023 to 31 December 2023 are un-audited and have been prepared by the management in accordance with Chinese Accounting Standards for Small Business Enterprises. Hence, total assets of Rupees 283.666 million as at 31 December 2023 and total turnover and net loss of Rupees 432.032 million and Rupees 10.275 million respectively for the period from 03 April 2023 to 31 December 2023 pertaining to the aforesaid Subsidiary Company have been consolidated without incorporating adjustments necessary to give effect to uniform accounting policies adopted by the Group and disclosures required under the provisions of and directives issued under the Companies Act, 2017 and accounting and reporting standards as applicable in Pakistan.

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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of the 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 qualified opinion

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

Following are the Key audit matters:

Sr. No.	Key audit matters	How the matters were addressed in our audit
1	<p>Revenue recognition</p> <p>The Group recognized net revenue of Rupees 96,520.660 million from continuing operations for the year ended 31 December 2023.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Group and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</p> <p>For further information on revenue, refer to the following:</p> <ul style="list-style-type: none"> - Material accounting policy information, Revenue recognition note 2.23 to the consolidated financial statements. - Revenue – net note 32 to the consolidated financial statements. 	<p>Our audit procedures to assess the recognition of revenue, amongst others, included the following:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue; • Comparing a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents; • Comparing a sample of revenue transactions recorded around the year end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting year; • Assessing whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'; • We also considered the appropriateness of disclosures in the financial statements..
2	<p>Stock-in-trade</p> <p>As at 31 December 2023, stock-in-trade (other than grouped under assets held for sale) amounted to Rupees 21,052.081 million.</p> <p>Stock-in-trade is measured at the lower of cost and net realizable value.</p> <p>We identified existence and valuation of stock-in-trade as a key audit matter due to its size, representing 24.53% of total assets of the Group as at 31 December 2023, and the judgment involved in valuation.</p> <p>For further information on stock-in-trade, refer to the following:</p> <ul style="list-style-type: none"> - Material accounting policy information, Stock-in-trade note 2.20 to the consolidated financial statements. 	<p>Our audit procedures to assess the existence and valuation of stock-in-trade, amongst others, included the following:</p> <ul style="list-style-type: none"> • Assessing the design, implementation and operating effectiveness of key internal controls over valuation of stock-in-trade including determination of net realizable values; • Attending inventory counts and reconciling the count results to the inventory listings to test the completeness of data; • Assessing the net realizable value of stock-in-trade by comparing, on a sample basis, management's estimation of future selling prices for the products with selling prices achieved subsequent to the end of the reporting year;

	<p>- Stock-in-trade note 23 to the consolidated financial statements.</p>	<ul style="list-style-type: none"> • Comparing the net realizable value to the cost of a sample of stock-in-trade and comparison to the associated provision to assess whether stock-in-trade provisions are complete; • Assessing accuracy of inventory ageing reports and adequacy of provisions; • In the context of our testing of the calculation, we analysed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs.. • We also made enquires of management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.
3	<p>Capital expenditures</p> <p>The Group is investing significant amounts in its operations and there are a number of areas where management judgement impacts the carrying value of property, plant and equipment and its respective depreciation profile. These include among other the decision to capitalize or expense costs; and review of useful life of the assets including the impact of changes in the Group's strategy.</p> <p>We focused on this area since the amounts have a significant impact on the financial position of the Group and there is significant management judgment required that has significant impact on the reporting of the financial position for the Group. Therefore, considered as one of the key audit matters.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none"> - Material accounting policy information, Property, plant, equipment and deprecation note 2.9 to the consolidated financial statements. - Fixed assets note 16 to the consolidated financial statements. 	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • We tested operating effectiveness of controls in place over the property, plant and equipment cycle including the controls over whether costs incurred on activities is capital or operating in nature; • We evaluated the appropriateness of capitalization policies and depreciation rates; • We performed tests of details on costs capitalized; • We verified the accuracy of management's calculation used for the impairment testing.

4	<p>Leases</p> <p>The Group has right-of-use assets and lease liabilities with carrying values as at 31 December 2023 amounting to Rupees 4,521.384 million and Rupees 5,461.579 million respectively. A number of judgements were applied and estimates were made in recognition of right-of-use assets and lease liabilities, the Group has a large volume of property leases. The significant judgements included the following:</p> <ul style="list-style-type: none"> Lease terms including the consideration of renewal options included in lease contracts. <p>Due to the material effect in terms of value that IFRS 16 "Leases" had on the financial statements of the Group, the large number of property leases, the values associated with the rentals, as well as the judgements applied in measuring the lease liabilities and related right-of-use assets this has been identified as a key audit matter.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none"> - Material accounting policy information, Right-of-use assets and Lease liabilities note 2.10 and note 2.11 to the consolidated financial statements respectively. - Right-of-use assets and Lease liabilities note 17 and note 7 to the consolidated financial statements respectively. 	<p>Our audit procedures comprised, amongst others:</p> <ul style="list-style-type: none"> We evaluated management's policies, processes and controls put in place to identify, capture and account for active leases; For a sample of leases, we performed the following procedures: <ul style="list-style-type: none"> We inspected the lease contracts and evaluated management's identification of relevant lease terms to determine whether the leases were correctly considered for accounting in terms of IFRS 16; We inspected the details of the contracts to assess management's determination of the beneficial occupation date and the lease end date; We assessed the discount rates determined by management with reference to entity-specific borrowing rates and external market data; We recalculated the lease liabilities and right-of-use assets based on the underlying contractual terms; We checked the accuracy of lease payments included in the IFRS 16 model; We assessed the appropriateness of the income tax and deferred tax arising from the right-of-use assets and lease liabilities; We assessed the completeness and accuracy of disclosures with reference to the requirements of IFRS 16.
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Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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. As described in the Basis for Qualified Opinion section above, the Group should classify Service Shoes Lanka (Private) Limited (Subsidiary Company) as a disposal group held for sale and a discontinued operation based on audited financial statements prepared on the basis of uniform accounting policies adopted by the Group and disclosures required under the provisions of and directives issued under the Companies Act, 2017 and accounting and reporting standards as applicable in Pakistan. Further, the Group should have consolidated Dongguan Service Global Limited (Subsidiary Company) based on audited financial statements prepared on the basis of uniform accounting policies adopted by the Group and disclosures required under the provisions of and directives issued under the Companies Act, 2017 and accounting and reporting standards as applicable in Pakistan. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to these matters.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated 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.

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



RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: February 27, 2024

UDIN: AR202310168j9ITK3Jbd

Consolidated Statement of Financial Position

As at December 31, 2023

	Note	2023 Amount	2022 Amount
		Rupees in thousand	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
100,000,000 (2022: 100,000,000)			
Ordinary shares of Rupees 10 each		1,000,000	1,000,000
Issued, Subscribed and Paid -up share capital	3	469,874	469,874
Reserves	4	10,669,107	8,248,530
Equity attributable to equity holders of the Holding Company		11,138,981	8,718,404
Non-controlling interest		7,830,617	6,580,739
Total equity		18,969,598	15,299,143
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	15,357,142	13,387,147
Long term deposits	6	85,024	1,915
Lease liabilities	7	5,037,023	3,721,780
Employees' retirement benefit	8	503,128	371,850
Deferred liabilities	9	2,147,134	2,369,499
		23,129,451	19,852,191
CURRENT LIABILITIES			
Trade and other payables	10	10,974,549	9,939,781
Accrued mark-up	11	1,366,720	1,139,189
Short term borrowings	12	26,272,346	23,436,108
Current portion of non-current liabilities	13	4,098,449	3,060,938
Dividend payable	14	127,103	-
Unclaimed dividend		48,727	46,880
		42,887,894	37,622,896
Liabilities directly associated with the assets held for sale	40	845,629	582,594
Total liabilities		66,862,974	58,057,681
Contingencies and commitments	15		
TOTAL EQUITY AND LIABILITIES		85,832,572	73,356,824

The annexed notes form an integral part of these consolidated financial statements.



Arif Saeed
(Chief Executive)

	Note	2023 Amount Rupees in thousand	2022 Amount
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	16	36,297,947	32,852,198
Right-of-use assets	17	4,521,384	3,386,718
Intangible assets	18	7,510	9,376
Long term investments	19	708,562	626,612
Long term loans to employees	20	28,589	35,600
Long term security deposits	21	251,106	199,382
		41,815,098	37,109,886
CURRENT ASSETS			
Stores, spares and loose tools	22	997,685	682,046
Stock-in-trade	23	21,052,081	19,480,754
Trade debts	24	9,717,394	8,582,194
Loans and advances	25	1,925,257	1,730,019
Trade deposits and prepayments	26	271,663	274,158
Other receivables	27	2,710,660	2,148,055
Advance income tax - net of provision for taxation	28	514,325	821,400
Accrued interest	29	23,419	17,609
Short term investments	30	883,430	181,615
Cash and bank balances	31	5,633,128	2,043,598
		43,729,042	35,961,448
Assets held for sale	40	288,432	285,490
		44,017,474	36,246,938
TOTAL ASSETS		85,832,572	73,356,824



Omar Saeed
(Director)



Badar Ul Hassan
(Chief Financial Officer)

Consolidated Statement of Profit or Loss

For the year ended December 31, 2023

	Note	2023 Amount	2022 Amount
Rupees in thousand			
Continuing operations			
Revenue - net	32	96,520,660	61,668,669
Cost of sales	33	(74,670,420)	(51,406,625)
Gross profit		21,850,240	10,262,044
Distribution cost	34	(6,091,823)	(4,321,758)
Administrative expenses	35	(3,215,775)	(2,387,286)
Other expenses	36	(670,189)	(387,385)
		(9,977,787)	(7,096,429)
Other income	37	1,311,423	831,105
Profit from operations		13,183,876	3,996,720
Finance cost	38	(7,546,647)	(4,013,679)
		5,637,229	(16,959)
Share of profit of equity accounted investees - net of taxation	19.1	104,697	7,580
Profit / (loss) before taxation		5,741,926	(9,379)
Taxation	39	(1,403,563)	(1,157,143)
Profit / (loss) after taxation from continuing operations		4,338,363	(1,166,522)
Discontinued operations			
Loss after taxation for the year from discontinued operations	40	(25,979)	(58,296)
Profit / (loss) after taxation		4,312,384	(1,224,818)
Share of profit / (loss) attributable to:			
Equity holders of the holding company		2,841,802	(637,131)
Non-controlling interest		1,470,582	(587,687)
		4,312,384	(1,224,818)
Earnings / (loss) per share - basic and diluted (rupees)	41	60.48	(13.56)
Earnings / (loss) per share from continuing operations - basic and diluted (rupees)	41	60.81	(12.82)

The annexed notes form an integral part of these consolidated financial statements.



Arif Saeed
(Chief Executive)



Omar Saeed
(Director)



Badar Ul Hassan
(Chief Financial Officer)

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2023

	2023	2022
	Amount	Amount
	Rupees in thousand	
Profit / (loss) after taxation	4,312,384	(1,224,818)
Other comprehensive (loss) / income		
Items that will not be reclassified to profit or loss:		
Deficit arising on remeasurement of investment at fair value through other comprehensive income - net of tax	(21,645)	(9,106)
Remeasurements of employees' retirement benefit obligation - net of tax	(70,438)	(46,535)
Share of remeasurement of retirement benefit of associate - net of tax	-	(74)
	(92,083)	(55,715)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign subsidiaries	(155,463)	94,819
Other comprehensive (loss) / income for the year	(247,546)	39,104
Total comprehensive income / (loss) for the year	4,064,838	(1,185,714)
Share of total comprehensive income / (loss) attributable to:		
Equity holders of the holding company	2,661,715	(632,000)
Non-controlling interest	1,403,123	(553,714)
	4,064,838	(1,185,714)

The annexed notes form an integral part of these consolidated financial statements.


Arif Saeed
(Chief Executive)


Omar Saeed
(Director)


Badar Ul Hassan
(Chief Financial Officer)

Consolidated Statement of Cash Flows

For the year ended December 31, 2023

	Note	2023 Amount Rupees in thousand	2022 Amount
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	42	13,428,649	(6,591,656)
Finance cost paid		(6,779,013)	(2,682,797)
Income tax paid		(1,040,552)	(935,325)
Workers' profit participation fund paid	10.1	(144,237)	(68,300)
Workers' welfare fund paid	10.2	(15,052)	(16,265)
Employees' retirement benefit paid		(31,449)	(41,922)
Long term loans to employees - net		469	9,635
Insurance claim received against loss of assets due to fire and business interruption		13,963	1,021,301
Security deposits - net		(20,961)	35,186
Net cash generated from / (used in) operating activities		5,411,818	(9,270,143)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on operating fixed assets		(5,955,682)	(8,332,972)
Intangible assets acquired		-	(7,320)
Loans given to associates		(4,500)	(100,000)
Return on bank deposits, term deposit receipts and loans to associate received		86,219	158,701
Proceeds from sale of operating fixed assets	16.1.1	40,874	8,508
Insurance claim received against loss on fixed assets due to fire		-	20,966
Short term investments made		(879,914)	(179,914)
Short term investments disposed of		179,914	155,000
Net cash used in investing activities		(6,533,089)	(8,277,031)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing	42.2	4,217,235	4,588,504
Repayment of long term financing	42.2	(1,663,145)	(1,723,793)
Repayment of lease liabilities	42.2	(225,870)	(166,948)
Long term deposits - net	42.2	83,109	475
Short term borrowings - net	42.2	2,720,884	11,093,199
Share capital issued by subsidiary companies to non-controlling interest		8,300	1,643,866
Dividend paid		(274,628)	(530,487)
Net cash from financing activities		4,865,885	14,904,816
Effects of exchange rate changes on cash and cash equivalents		(154,272)	94,819
Net increase / (decrease) in cash and cash equivalents		3,590,342	(2,547,539)
Cash and cash equivalents at the beginning of the year	42.4	2,045,895	4,593,434
Cash and cash equivalents at the end of the year	42.4	5,636,237	2,045,895

The annexed notes form an integral part of these consolidated financial statements.


Arif Saeed
(Chief Executive)


Omar Saeed
(Director)


Badar Ul Hassan
(Chief Financial Officer)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

1 THE GROUP AND ITS OPERATIONS

1.1 The Group consists of:

Holding Company

- Service Industries Limited

Subsidiary Companies

- Service Global Footwear Limited
- Service Industries Capital (Private) Limited
- Service Shoes Lanka (Private) Limited
- Service Long March Tyres (Private) Limited
- SIL GULF (FZE)
- Dongguan Service Global Limited
- Service Tyres (Private) Limited
- Service Retail (Private) Limited

(a) Service Industries Limited

Service Industries Limited was incorporated as a private limited company on 20 March 1957 in Pakistan under the repealed Companies Act, 1913 (now the Companies Act, 2017), converted into a public limited company on 23 September 1959 and got listed on 27 June 1970. The shares of the Holding Company are quoted on Pakistan Stock Exchange Limited. The principal activities of the Holding Company are purchase, manufacture and sale of footwear, tyres and tubes, spare parts of automobiles and technical rubber products. Geographical location and addresses of all business units are as follows:

Offices, Manufacturing units and Retail outlets	Addresses
Registered and head office	Servis House, 2 Main Gulberg, Lahore
Karachi office	Adamjee House, 10th Floor, I.I. Chundrigar Road, Karachi
Factory site	G.T. Road, Gujrat
Muridke factory	10 - KM, Muridke - Sheikhpura Road, District Sheikhpura
Kalara office	17, Block C3, Near Hussain Chowk, Gulberg III, Lahore
Retail outlets	
Lahore 1	Servis, Airport Road, Opposite Honda Point Shop, Lahore
Lahore 2	Servis, Gulshan Block-1, Main Boulevard, Allama Iqbal Town, Lahore
Lahore 3	Servis, 23, Hunza Block, Allama Iqbal Town, Lahore
Lahore 4	Servis, 136 Jahnzaib Block, Allama Iqbal Town, Lahore
Lahore 5	Servis, 17-A, Main G.T. Road, Baghbanpura, Lahore
Lahore 6	Servis, Batapur, Attoke Awan, Lahore Cantt, Lahore
Lahore 7	Servis, Plot-170, Block H, Phase 1, DHA, Lahore
Lahore 8	Servis, Plot-133, Block Y, Phase 3, DHA, Lahore
Lahore 9	Servis, B-3, M.A. Johar Town, Lahore
Lahore 10	Servis, 23-Karim Block, Allama Iqbal Town, Lahore
Lahore 11	Servis, Opposite Raja Sahib, Model Town Link Road, Lahore
Lahore 12	Servis, Near Urban Sole, Mall Road, Lahore
Lahore 13	Servis, Shop No. 1, Dinga Singh Building, 46 - Mall Road, Lahore
Lahore 14	Servis, Main Multan Road, Maraka, Lahore

Offices, Manufacturing units and Retail outlets	Addresses
Lahore 15	Servis, R-2, M.M. Alam Road, Gulberg II, Lahore
Lahore 16	Servis, Tufail Road, Saddar Gol Chakkar, Lahore Cantt., Lahore
Lahore 17	Servis, 683 Main Road, Shadbagh, Lahore
Lahore 18	Servis, SE-3R-107, Shalimar Link Road, Lahore
Lahore 19	Servis, Canal Bank Road, Tajbagh Scheme, Lahore
Lahore 20	Servis, Plot-12, Block 8, Sector B-1, Madina Market, Township, Lahore
Lahore 21	Servis, Mall of Shadrah, Near Police Station Shadrah, Lahore
Lahore 22	Servis, 2-G, PIA Employees Cooperative Housing Society, Lahore
Lahore 23	Servis, Block A 158, Main Boulevard Gulshan Ravi, Lahore
Lahore 24	Servis, Main Canal Road, Rajput Town, Lahore
Lahore 25	Servis, Property No. 13-D, Main Wahdat Road, Lahore
Lahore 26	Servis, Near Gajumata Metro Stop, Lahore
Lahore 27	Servis, Packeges Mall, Lahore
Lahore 28	Servis, Plot 16/B Comercial Sector C, Talwar Chowk, Bahria Town, Lahore
Lahore 29	Servis, Main Bazar Islam Pura, Lahore
Lahore 30	Servis, Model Town Link Road, Adjacent to Amanah Mall, Lahore
Lahore 31	Servis, Plot No. A-3, Block D, Valencia Town, Lahore
Karachi 1	Servis, Plot No. G-21/23, Block 8, Clifton, Karachi
Karachi 2	Servis, B-61, Block H, Sector 2, North Nazimabad, Karachi
Karachi 3	Servis, Liaqatabad No. 10, Karachi
Karachi 4	Servis, Block 21, Shop No. LG-13, Lucky One Mall, Main Rashid Minhas Road, Opposite UBL Sports Complex, Karachi
Karachi 5	Servis, Asia Pacific Trade Center, Rashid Minhas Road, Gulistan-e-Jauhar, Karachi
Karachi 6	Servis, Plot No 282, Gulshan-e-Hadeed, Phase 1, Bin Qasim Town, Karachi
Karachi 7	Servis, Shop No 55-C, Survey Sheet No. 35-P/I, Block No. 2, P.E.C.H.S., Tariq Road, Karachi
Karachi 8	Servis, Plot No. 10, Sector 33-A, Near Stylo Shoes, Korangi, Karachi
Karachi 9	Servis, Plot No Z-83/Z-84, Delhi Mercantile Society, Tariq Road, Karachi
Karachi 10	Servis, Shop No. GF-1/2, Ground Floor, Safa Mall, Malir Cantt., Karachi
Karak	Servis, Main Indus Highway, Jail Chowk, Karak
Multan 1	Servis, Zain Tower, 10-A, Gulgashat Colony, Multan
Multan 2	Servis, Gardezi Market Near Jalal Masjid Chowk, Gulgasht Colony, Multan
Multan 3	Servis, Plot-12, Block Y, Street-100, Multan
Multan 4	Servis, 115-1A, Aziz Bhatti Shaheed Road, Multan Cantt., Multan
Multan 5	Servis, Ghani Bukhari Road, Multan Cantt., Multan
Multan 6	Servis, Bosan Road, Shalimar Colony, Mall of Multan, Multan
Multan 7	Servis, Near Telephone Exchange, Mumtazabad, Multan
Multan 8	Servis, 979-C, Main Market Mumtazabad, Multan
Multan 9	Servis, Nishter Chowk, Multan
Multan 10	Servis, Abdali Road, Multan
Multan 11	Servis, Main Sher Shah Road, Garden Town, Multan
Multan 12	Servis, Khata No. 6, K-08-M, Khatooni 712/713, Neel Kot, Bason Road, Multan
Multan 13	Servis, City Plaza, Khanewal Road, Multan

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

Offices, Manufacturing units and Retail outlets	Addresses
Multan 14	Servis, Vehari Road, Mumtazabad, Multan
Islamabad 1	Servis, 104 Aabpara Market, International Market, Khayaban-e-Soharwardi Road, Islamabad
Islamabad 2	Servis, Awami Trade Center, G-9, Islamabad
Islamabad 3	Servis, Shop No. 3-4, LG Floor, Giga Mall, Islamabad
Islamabad 4	Servis, 11-C, Main PWD, Islamabad
Islamabad 5	Servis, 2-D, PWD Scheme, Islamabad
Islamabad 6	Servis, Membership No. 492, NPF O-9 Housing Scheme, Islamabad
Abbotabad 1	Servis, Mansehra Road, Near Khan Motors, Abbotabad
Abbotabad 2	Servis, RK Plaza, Opposite Al Syed Hospital, Main Mansehra Road, Abbottabad
Abbotabad 3	Servis, Mansehra Road Supply, Abbottabad
Rawalpindi 1	Servis, Airport Road, Gulzar-e-Quaid, Rawalpindi
Rawalpindi 2	Servis, Plaza 99, Wallayat Complex, Bahria Expressway, Rawalpindi
Rawalpindi 3	Servis, 154 Street Service Avenue, Phase 7, Bahria Town, Rawalpindi
Rawalpindi 4	Servis, 67 & 67-A, Bank Road, Rawalpindi
Rawalpindi 5	Servis, Nadir Plaza, Near Shan Mall, Commercial Market, Satellite Town, Rawalpindi
Rawalpindi 6	Servis, Tench Bhatta Bazar, Rawalpindi
Rawalpindi 7	Servis, Alpha Mall, Adyala Road, Rawalpindi
Rawalpindi 8	Servis, Misryal Road, Rawalpindi
Rawalpindi 9	Servis, Bank Road, Near Rania Mall, Rawalpindi
Rawalpindi 10	Servis, Opposite City Centre, Bank Road, Saddar, Rawalpindi
Rawalpindi 11	Servis, Taj Arcade, Jahaz Ground, Bund Khana Road, Rawalpindi
Arifwala 1	Servis, Bahawalnagar Road, Arifwala
Arifwala 2	Servis, Thana Bazar, Arifwala
Attock	Servis, Naseem Mart, Kamrah Road, Attock
Bahawalnagar 1	Servis, Plot-6, Block No. 20, City Chowk, Bahawalnagar
Bahawalnagar 2	Servis, Jail Road Opposite City Mall, Bahawalnagar
Bahawalpur 1	Servis, Circular Road, Opposite Quaid-e-Azam Medical College, Bahawalpur
Bahawalpur 2	Servis, Railway Road, Bahawalpur
Bahawalpur 3	Servis, Ahmed Pur Road, Dubai Chowk, Near Total Pump, Bahawalpur
Bannu	Servis, Railway Road, Bannu
Bhakkar	Servis, Darya Khan Road, Bhakkar
Bhalwal	Servis, Liaqat Shaheed Road, Bhalwal
Burewala 1	Servis, Al-Rehman Center, Opposite Stylo Shoes, G.T. Road, Vehari Road, Burewala
Burewala 2	Servis, 95-C Block, City Gate, Multan Road, Burewala
Burewala 3	Servis, Main Vehari Road, Khasra No. 95-C, Khatooni No. 363, Burewala
Battagram	Servis, Opposite Al-Fakhar Hotel, Main Bazar, Battagram
Chakwal	Servis, Al Fateh Plaza, Talagang Road, Near GPO, Chakwal
Charsadda	Servis, Nowshera Road, Charsadda
Chichawatni 1	Servis, Sultan Plaza, Khatoni No. 1197, Naya Bazar, Chichawatni
Chichawatni 2	Servis, Qasr-e-Qadir, Chichawatni Road, Kamalia
Chistian 1	Servis, Main Bazar, Chistian
Chistian 2	Servis, Collage Road, Chistian
Chiniot	Servis, Chachabban Wala, Opposite Animal Hospital, Chiniot

Offices, Manufacturing units and Retail outlets	Addresses
D.G. Khan 1	Servis, Saddar Bazar, D.G. Khan
D.G. Khan 2	Servis, Block 13, Jaampur Road, D.G. Khan
D.G. Khan 3	Servis, Bank Road, Opposite Clive Shoe Store, D.G. Khan
D.G. Khan 4	Servis, Bank Road, D.G. Khan
D.I. Khan	Servis, Opposite State Life Building, Circular Road, D.I. Khan
Daska 1	Servis, College Road, Near Borjan, Daska
Daska 2	Servis, College Road, Opposite Irfan Plaza, Daska
Depalpur	Servis, Pakpattan Chowk, Depalpur
Faisalabad 1	Servis, Harian Wala Chowk, D-Ground, Faisalabad
Faisalabad 2	Servis, Gulberg, Faisalabad
Faisalabad 3	Servis, Jhang Road, Faisalabad
Faisalabad 4	Servis, Kohinoor Plaza, Faisalabad
Faisalabad 5	Servis, Shop No. 1407, Street No. 20, Bilal Chowk, Samanabad, Faisalabad
Faisalabad 6	Servis, Satyana Road, Near Mcdonalds, Faisalabad
Faisalabad 7	Servis, 584-B, Chen One Road, Peoples Colony 1, Faisalabad
Faisalabad 8	Servis, Susan Road, Faisalabad
Faisalabad 9	Servis, Shop No. 30, Misaq-ul-Mall, Sheikhpura Road, Faisalabad
Faisalabad 10	Servis, Jhang Bazar, Rajbha Road, Faisalabad
Faisalabad 11	Servis, Plot 403-B, Ghulam Muhammad Colony, Faisalabad
Faisalabad 12	Servis, Opposite Allied Hospital, Faisalabad
Faisalabad 13	Servis, Millat Road, Near Islamic Bank, Gulshan Colony, Faisalabad
Muridke	Servis, Fair Price Shop, 10-Km, Sheikhpura Road, Near Servis Factory, Muridke
Gojra	Servis, Plot No. 88, Quaid-e-Azam Road, Mehdi Shah Bazar, Gojra
Gujranwala 1	Servis, 400-C, College Chowk, Main Market, Satellite Town, Gujranwala
Gujranwala 2	Servis, 751-B, Rex Cinema Road, Main Market, Satellite Town, Gujranwala
Gujranwala 3	Servis, Gujranwala Kings Mall, Adjacent to Borjan Shoes, Gujranwala
Gujranwala 4	Servis, Property 419-C, Main Market, Satellite Town, Opposite China Bakery, Gujranwala
Gujrat 1	Servis, Hassan Chowk, Kacheri Road, Gujrat
Gujrat 2	Servis, Kachery Chowk, Kot Road, Gujrat
Gujrat 3	Servis, Gulzar-e-Madina Road, Ramtalai Chowk, Gujrat
Gujrat 4	Servis, Fair Price Shop, Near Servis Factory, G.T Road, Gujrat
Gujrat 5	Servis, Opposite Aleena Center, Bimber Road, Gujrat
Gujrat 6	Servis, Bhimber Road, Near Marariyan Chowk, Kotla Arab Ali Khan, Gujrat
Hafizabad	Servis, Vanike Tarar Road, Near Jamia Masjid Al-Qadeem, Hafizabad
Haripur 1	Servis, Plot No. 20, Mouza Pandak, Haripur
Haripur 2	Servis, Shairanwala Gate, Main Bazar, Haripur
Haroonabad	Servis, Baldya Road, Opposite ECS Store, Haroonabad
Hyderabad 1	Servis, D-1 & D-4, Block D, Autobahn Road, Hyderabad
Hyderabad 2	Servis, Main Jamshoro Road, Hyderabad
Hyderabad 3	Servis, Garrison Complex, Next to J., Hyderabad
Hyderabad 4	Servis, Unit No. 7, Plot No.4 B, Latifabad, Hyderabad
Hasilpur	Servis, Rail Bazar, Fawara Chowk, Hasilpur
Jauharabad	Servis, 155, Block 20, Mandi Town, Jauharabad

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

Offices, Manufacturing units and Retail outlets	Addresses
Jhelum	Servis, Commercial Plaza, Civil Line Road, Jhelum
Jhang 1	Servis, Fawara Chowk, Jhang
Jhang 2	Servis, Yousaf Shah Road, Jhang
Jaranwala	Servis, Fawara Chowk, Naya Bazar, Near HBL Bank, Jaranwala
Kasur 1	Servis, Shahbaz Khan Road, Opposite the Bank of Punjab, Kasur
Kasur 2	Servis, Chandani Chowk, Railway Road, Kasur
Khairpur	Servis, 483-A, Mall Road, Khairpur
Khanewal	Servis, Plot No. 6-7, Block 12, Jamia Masjid Road, Khanewal
Kharian	Servis, Main G.T. Road, Near Stylo Shoes, Kharian
Kohat 1	Servis, Rehman Plaza, Kacheri Road, Kohat
Kohat 2	Servis, Main Pindi Road, Kohat
Khanpur	Servis, Katachery Bazar, Model Town, Khanpur
Kamra	Servis, Safdar Plaza, Main Bazar, Kamra
Kabirwala	Servis, Khanewal Road, Opposite HBL, Kabirwala
Kotli	Servis, Aabshaar Chowk, Pindi Road Near Dream Land Hotel, Kotli
Layyah 1	Servis, Circular Road, Layyah
Layyah 2	Servis, Chubara Road, Near Old Baloch Adda, Layyah
Larkana	Servis, Station Road, Larkana
Mandi Bahauddin 1	Servis, Kacheri Road, Mandi Bahauddin
Mandi Bahauddin 2	Servis, Opposite Al-Asar Mall, Jail Road, Mandi Bahauddin
Mandi Bahauddin 3	Servis, Kacheri Road, Near HBL, Mandi Bahauddin
Mandi Bahauddin 4	Servis, Jinnah Road, Malakwal, Mandi Bahauddin
Mardan 1	Servis, Opposite Railway Station, Nowshehra Road, Mardan
Mardan 2	Servis, Bank Road, Opposite UBL, Mardan
Mian Channu	Servis, Plot No. 11, Nishtar Road, Mian Channu
Mianwali	Servis, High School Road, Fahad Plaza, Mianwali
Mirpurkhas 1	Servis, Hyderabad Road, Near Telenor Franchise, Mirpurkhas
Mirpurkhas 2	Servis, Plot No 16, Ali Town, Phase 1, Mirpurkhas
Mirpurkhas 3	Servis, Allama Iqbal Road, Opposite Crown Plaza, Mirpur
Mirpurkhas 4	Servis, Plot No. 15, Sector F-1, Mirpur
Murree	Servis, Mall Road, Near Bundu Khan, Murree
Muzaffarabad 1	Servis, Al-Raheem Plaza, Neelam Road, Lower Plate, Muzaffarabad
Muzaffarabad 2	Servis, Madina Market, Muzaffarabad
Muzaffargarh	Servis, Multan Road, Muzaffargarh
Narowal	Servis, Bypass Chowk, Circular Road, Narowal
Nawabshah	Servis, Gol Chakr Road, Shaheed Benazirabad, Nawabshah
Okara 1	Servis, B1-2R/169, M.A. Jinnah Road, Okara
Okara 2	Servis, Kacheri Bazar, Okara
Okara 3	Servis, Tehsil Road, Thandi Sarak, Near Company Bagh, Okara
Pattoki	Servis, Brand Way Mall Bypass, Opposite Punjab College, Pattoki
Peshawar 1	Servis, University Road, Peshawar
Peshawar 2	Servis, Shop No. 454-455, Saddar Road, Peshawar
Peshawar 3	Servis, 17-C, Saddar Road, Peshawar Cantt., Peshawar

Offices, Manufacturing units and Retail outlets	Addresses
Peshawar 4	Servis, 1451, University Road, Peshawar
Peshawar 5	Servis, The Ficus 2 Plaza, Near Northwest Institute, Ring Road, Peshawar
Peshawar 6	Servis, Main Saddar, Near Waheed Sons, Saddar Cantt., Peshawar
Peshawar 7	Servis, Nasapa, Charsadda Road, Peshawar
Peshawar 8	Servis, Saddar Road, Near Imam Bargha, Peshawar
Pakpattan 1	Servis, Sahiwal Road, Near Government Boys High School, Pakpattan
Pakpattan 2	Servis, Jahangir Heights, Mandi Mor, Katchery Road, Pakpattan
Phalia	Servis, Al Abbas Chowk, Opposite Sun Shine Dry Clean, Haila Road, Phalia
Quetta 1	Servis, Jinnah Road, Quetta
Quetta 2	Servis, Main Airport Road, Near Askari Check Post, Quetta
Rahim Yar Khan 1	Servis, Shahi Road, Rahim Yar Khan
Rahim Yar Khan 2	Servis, 5/A, Al-Hamra Road, Model Town, Rahim Yar Khan
Rahim Yar Khan 3	Servis, 27, New Sadiq Bazar, Rahim Yar Khan
Rahwali	Servis, G.T. Road, Opposite Siddique Family Hospital, Rahwali
Rawalakot	Servis, Nala Bazar, Opposite CMH Hospital, Rawlakot
Sadiqabad	Servis, Ammam Din Plaza, Club Road, Near Sadiq Club, Sadiqabad
Sahiwal 1	Servis, Near Metro Shoes, Girls College Road, Sahiwal
Sahiwal 2	Servis, High Street, Sahiwal
Sahiwal 3	Servis, Main Saddar Bazar, Near Pak Chean Dawa Khana, Sahiwal
Sahiwal 4	Servis, High Street, Near UBL, Jogi Chowk, Sahiwal
Sargodha 1	Servis, City Tower, City Road, Sargodha
Sargodha 2	Servis, 03-Jinnah Park, University Road, Sargodha
Sargodha 3	Servis, Katchery Bazar, Sargodha
Sargodha 4	Servis, Main Bazar, Noori Gate, Sargodha
Sargodha 5	Servis, Lalla Zar Colony, Chak No. 47 Main University Road, Sargodha
Sheikhupura	Servis, Jinnah Park, Opposite Limelight Near Stylo, Sheikhupura
Sialkot 1	Servis, Allama Iqbal Road, Near Toba Masjid, Sialkot Cantt., Sialkot
Sialkot 2	Servis, Railway Road, Drama Wala Chowk, Hassanpura, Sialkot
Sialkot 3	Servis, Sony Square Mall, Sialkot
Sialkot 4	Servis, Muslim Bazar, Rung Pura Chowk, Sialkot
Swabi	Servis, Main Jhangira Road, Dara Lar, Swabi
Swat 1	Servis, G.T. Road, Near City Center, Qambar Swat
Swat 2	Servis, Kanju Chowk, Airport Road, Swat
Shikarpur	Servis, Hazari Gate, Main Circular Road, Shikarpur
Sukkur	Servis, Mission Road, Near Bata Store, Sukkur
Tandu Adam	Servis, A/134, Ward A, Survey No. 543/221, Tandul Adam
Toba Tek Singh	Servis, Saddar Bazar, Toba Tek Singh
Timergara	Servis, Dir Road, Timergara
Tonsa Sharif	Servis, Mangrotha Road, Opposite Faisal Mover Terminal, Tonsa
Vehari 1	Servis, 143-C, Club Road, Vehari
Vehari 2	Servis, Ludden Road, Vehari
Vehari 3	Servis, Jinnah Road, Vehari
Wah Cantt. 1	Servis, B-68, SVY No. 36, Lala Rukh, Wah Cantt.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

Offices, Manufacturing units and Retail outlets	Addresses
Wah Cantt. 2	Servis, G.T. Road, Malakand Stop, Near Stylo, Wah Cantt.
Wah Cantt. 3	Servis, Aslam Market, Wah Cantt.
Wah Cantt. 4	Servis, B-6, Post Office Road, Lala Rukh, Wah Cantt.
Wazirabad	Servis, Opposite Telephone Exchange, Sialkot Road, Wazirabad
Warehouses	
Lahore	19-A, Main Ravi Road, Near Kasurpura Stop, Yadgar, Lahore
Lahore	2.5 KM, Manga Raiwind Road, Lahore
Raiwind	Near Rupali Foods, Manga Road (Former Oye Hoyo Factory), Raiwind
Sheikhupura	Al Jannat Road, Beside Khanka Syed Ahmed Shaheed, Faiz Road, Sheikhupura

(b) Service Global Footwear Limited

Service Global Footwear Limited was incorporated as a public limited company on 19 July 2019 in Pakistan under the Companies Act, 2017 and got listed on 28 April 2021. The shares of Service Global Footwear Limited are quoted on Pakistan Stock Exchange. The principal activities of Service Global Footwear Limited are manufacturing, sale, marketing, import and export of footwear, leather and allied products. Service Global Footwear Limited is subsidiary of Service Industries Limited. Ownership interest held by non-controlling interest in Service Global Footwear Limited – Subsidiary Company is 20.57% (2022 : 20.25%). Geographical location and addresses of all business units are as follows:

Offices, Manufacturing unit, and Factory outlet	Addresses
Registered office and Head office	Servis House, 2 – Main Gulberg, Lahore
Factory site	10 - KM, Muridke – Sheikhupura Road, Lahore
Freehold land	Hadbast Manga Otar, Raiwind, Lahore
Factory outlet	10 - KM, Muridke – Sheikhupura Road, Lahore

(c) Service Industries Capital (Private) Limited

Service Industries Capital (Private) Limited is a private limited company incorporated in Pakistan on 10 November 2015 under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017). Its registered office and head office is situated at Servis House, 2-Main Gulberg, Lahore. The principal objects of Service Industries Capital (Private) Limited are to hold investments in subsidiaries / joint ventures and other companies, entities and organizations, listed or otherwise in Pakistan or elsewhere in the world subject to all the applicable laws and procedures but not to act as an investment company. It is wholly owned subsidiary of Service Industries Limited.

Service Shoes Lanka (Private) Limited - Subsidiary Company and Jomo Technologies (Private) Limited - associated company have closed down their business operations. Hence, Service Industries Capital (Private) Limited – Subsidiary Company has incurred loss after taxation of Rupees 139.064 million during the year ended 31 December 2023. The management has carried out a going concern assessment of the Service Industries Capital (Private) Limited – Subsidiary Company in accordance with the requirements of International Financial Reporting Standards (IFRSs), and believes that the going concern assumption used for the preparation of these consolidated financial statements is appropriate. This assessment is based on letter of support wherein Service Industries Limited – Holding Company has committed to support Service Industries Capital (Private) Limited – Subsidiary Company to continue as going concern.

(d) Service Long March Tyres (Private) Limited

Service Long March Tyres (Private) Limited was incorporated as a private limited company on 07 January 2020 in Pakistan under the Companies Act, 2017. Its registered office is situated at Servis House, 2 – Main Gulberg, Lahore and its factory site is located at Sindh

Industrial Trading Estates Area, Nooriabad District, Jamshoro. The principal activities of Service Long March Tyres (Private) Limited are to carry on business of manufacturing, sale, marketing, import and export of all steel radial truck, bus, light truck and off the road tyres. It is a subsidiary of Service Industries Limited. Ownership interest held by non-controlling interest in Service Long March Tyres (Private) Limited – Subsidiary Company is 52.89% (2022: 52.83%).

(e) Service Shoes Lanka (Private) Limited

Service Shoes Lanka (Private) Limited is a private limited liability company incorporated on 16 July 2015 under the provisions of the Companies Act No. 07 of 2007 in Sri Lanka. The registered office of Service Shoes Lanka (Private) Limited is located at No. 143 / 17, Sri Wickrema Mawatha, Colombo and the principal place of business is located at Katunayake, Sri Lanka. It is subsidiary of Service Industries Capital (Private) Limited which is wholly owned subsidiary of Service Industries Limited. Ownership interest held by non-controlling interest in Service Shoes Lanka (Private) Limited – Subsidiary Company is 40% (2022: 40%).

(f) SIL GULF (FZE)

SIL GULF (FZE) is registered as a Free Zone Establishment with limited liability in Sharjah International Airport Free (SAIF) Zone with licence No. 22182 on 25 February 2021, under SAIF Zone. The registered office address of SIL GULF (FZE) is SAIF office Q1 – 05 - 081/A, Sharjah, United Arab Emirates. The principal activities of SIL GULF (FZE) are trading of the tyres and rims, car tyres and outfit, ready-made garments, hand bags and leather products, tanned leather, textile and rubber, professional health and safety and tools. It is wholly owned subsidiary of Service Industries Limited.

(g) Dongguan Service Global Limited

Dongguan Service Global Limited is a limited liability company (wholly owned by foreign legal person) registered with Dongguan Administration of Market Regulations, China. Date of incorporation of Dongguan Service Global Limited is 18 December 2022. Business scope of Dongguan Service Global Limited is wholesale of shoes and hats, sales of leather products, sales of needle textiles and raw materials, wholesale of hardware products, sales of bags, sales of daily necessities, inspection of clothing and apparel, finishing services, technical services, technology development, technical consultation, technology exchange, technology transfer, technology promotion, import and export of goods, technology import and export (except for projects subject to approval according to law, independently carry out business activities according to law with a business license). Commercial address of Dongguan Service Global Limited is Room 302, No. 18, Houjie Town, Dongguan City, Guangdong Province, China. The capital of Dongguan Service Global Limited is USD 1,250,000 which is being subscribed by Service Global Footwear Limited. Service Global Footwear Limited wholly owns Dongguan Service Global Limited.

(h) Service Tyres (Private) Limited

Service Tyres (Private) Limited was incorporated as a private limited company on 21 December 2023 in Pakistan under the Companies Act, 2017. Its registered office is situated at Servis House, 2 - Main Gulberg, Lahore. The principal line of business of Service Tyres (Private) Limited shall be to carry on the business of manufacturing, trading, sale, marketing, retail, wholesale, import and export of all types of tyres, tubes, spare parts and allied products for bicycles, motorcycles, scooters, rickshaws, automobiles, aircrafts, buses, trucks, cars, tractors, trolleys and other vehicles. The issued, subscribed and paid-up share capital of Service Tyres (Private) Limited is Rupees 5,000,000 divided into 500,000 ordinary shares of Rupees 10 each. Service Tyres (Private) Limited is a wholly owned subsidiary of Service Industries Limited. However, Service Industries Limited has remitted funds into the bank account of Service Tyres (Private) Limited against the shares subscribed subsequent to the reporting period on 29 January 2024.

(i) Service Retail (Private) Limited

Service Retail (Private) Limited was incorporated as a private limited company on 21 December 2023 in Pakistan under the Companies Act, 2017. Its registered office is situated at Servis House, 2 - Main Gulberg, Lahore. The principal line of business of Service Retail (Private) Limited shall be to carry on the business of manufacturing, sale, trading, retail, wholesale, marketing, import and export of footwear, bags, apparel, accessories and other items / products. The issued, subscribed and paid-up share capital of Service Retail (Private) Limited is Rupees 5,000,000 divided into 500,000 ordinary shares of Rupees 10 each. Service Retail (Private) Limited is a wholly owned subsidiary of Service Industries Limited. However, Service Industries Limited has remitted funds into the bank account of Service Retail (Private) Limited against the shares subscribed subsequent to the reporting period on 29 January 2024.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

1.2 Subsequent to the reporting period, the board of directors of the Holding Company in their meeting held on February 27, 2024 has approved the Scheme of Arrangement between the Holding Company and its members and Service Tyres (Private) Limited – wholly owned subsidiary company and its members and Service Retail (Private) Limited – wholly owned subsidiary company and its members and Service Industries Capital (Private) Limited – wholly owned subsidiary company and its members (in terms of provisions of sections 279 to 283 and all other enabling provisions of the Companies Act, 2017) [hereinafter referred to as the 'Scheme']. The principal object of the Scheme is to provide for the reconstruction of the Holding Company by:

- i) the separation of the Transferred Assets and Undertakings [the Tyre Undertaking (inclusive of 128,150,000 shares of Service Long March Tyres (Private) Limited), the Retail Undertaking and Speed (Private) Limited (SPL) Shares] inclusive of all assets, rights, liabilities and obligations of the Holding Company (except for the Retained Assets and Undertakings) pertaining thereto;
- ii) the transfer and vesting of the Tyre Undertaking into Service Tyres (Private) Limited;
- iii) the transfer and vesting of the Retail Undertaking into Service Retail (Private) Limited; and
- iv) the transfer and vesting of the SPL Shares into Service Industries Capital (Private) Limited.

As of the date of authorization for issue of these consolidated financial statements, the Scheme is subject to approval of shareholders of the respective companies and Honourable Lahore High Court, Lahore. Effective Date as per the proposed Scheme is 01 January 2024.

1.3 Significant restrictions

Cash and bank balances held in foreign countries are subject to local exchange control regulations. These regulations provide for restrictions on exporting capital from these countries, other than through normal dividends. The carrying amount of these assets included within the consolidated financial statements to which these restrictions apply is Rupees 53.356 million (2022: Rupees 51.664 million).

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information applied in the preparation of these consolidated financial statements are set out below. Further, accounting policies related to material class of accounts does not necessarily means it is material. These policies have been consistently applied to all years presented, unless otherwise stated:

2.1 Basis of preparation

a) Statement of compliance

These consolidated 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 (IFRSs) 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 IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

b) Accounting convention

These consolidated financial statements have been prepared under the historical cost convention except as otherwise stated in the respective accounting policies.

c) Critical accounting estimates and judgments

The preparation of these consolidated financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the

accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Group's financial statements or where judgments were exercised in application of accounting policies are as follows:

i) Useful lives, patterns of economic benefits and impairments

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management. Further, the Group reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of operating fixed assets, with a corresponding effect on the depreciation charge and impairment.

ii) Inventories

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made on each reporting date on inventories for excess inventories, obsolescence and declines in net realizable value and an allowance is recorded against the inventory balances for any such declines.

iii) Income tax

In making the estimates for income tax currently payable, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

iv) Contingencies

The Group reviews the status of all pending litigations and claims against the Group. Based on the judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the consolidated statement of financial position date.

v) Provisions

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the consolidated statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

vi) Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

vii) Impairment of investments in equity method accounted for associated companies

In making an estimate of recoverable amount of investments in equity method accounted for associated companies, the management considers future cash flows.

viii) Revenue from contracts with customers involving sale of goods

When recognizing revenue in relation to the sale of goods to customers, the key performance obligation of the Group is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

ix) Employees' retirement benefit

The actuarial valuation of employees' retirement benefit requires the use of certain assumptions related to future periods, including increase in future salary, expected returns on plan assets and the discount rate used to discount future cash flows to present values.

d) Amendments to published approved accounting standards that are effective in current year and are relevant to the Group

Following amendments to published approved accounting standards are mandatory for the Group's accounting periods beginning on or after 01 January 2023:

- Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current;
- Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgement' - Disclosure of Accounting Policies;
- Amendments to IAS 12 'Income taxes' - Deferred Tax related to Assets and Liabilities arising from a Single Transaction;
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Change in definition of Accounting Estimate;
- Amendments to IAS 12 'Income Taxes' - International Tax Reform – Pillar Two Model Rules.

The above-mentioned amendments to approved accounting standards did not have any impact on the amounts recognised in prior period and are not expected to significantly affect the current or future periods.

e) Amendments to published approved accounting standards that are effective in current year but not relevant to the Group

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 January 2023 but are considered not to be relevant or do not have any significant impact on the Group's financial statements and are therefore not detailed in these consolidated financial statements.

f) Amendments to published approved accounting standards that are not yet effective but relevant to the Group

Following amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 01 January 2024 or later periods:

On 31 October 2022, the IASB issued 'Non-current Liabilities with Covenants (Amendments to IAS 1)' to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments are effective for reporting periods beginning on or after 01 January 2024.

On 22 September 2022, the IASB issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments are effective for annual periods beginning on or after 01 January 2024.

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' (deferred indefinitely) to clarify the treatment of the sale or contribution of assets from an investor to its associates or joint venture, as follows: require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 'Business Combinations'); require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occur by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

Supplier Finance Arrangements (Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures'). The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. The amendments are effective for annual reporting periods beginning on or after 01 January 2024.

Lack of Exchangeability (Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates'). The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The amendments are effective for annual reporting periods beginning on or after 01 January 2025.

The above amendments and improvements are likely to have no significant impact on the consolidated financial statements.

g) Standards and amendments to published approved accounting standards that are not yet effective and not considered relevant to the Group

There are other standards and amendments to published approved standards that are mandatory for accounting periods beginning on or after 01 January 2024 but are considered not to be relevant or do not have any significant impact on the Group's financial statements and are therefore not detailed in these consolidated financial statements.

2.2 Consolidation

a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The assets and liabilities of Subsidiary Companies have been consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against Holding Company's share in paid up capital of the Subsidiary Companies.

Intragroup balances and transactions have been eliminated.

Non-controlling interest are that part of net results of the operations and of net assets of Subsidiary Companies attributable to interest which are not owned by the Holding Company. Non-controlling interest are presented as separate item in the consolidated financial statements.

b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investees in profit or loss, and the Group's share of movements in other comprehensive income of the investees in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investment in equity method accounted for associates are tested for impairment in accordance with the provision of IAS 36 'Impairment of Assets'.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

c) Translations of the financial statements of foreign subsidiary

The financial statements of foreign subsidiaries of which the functional currency is different from that used in preparing the Group's financial statements are translated in functional currency of the Group. Statement of financial position items are translated at the exchange rate at the reporting date and statement of profit and loss items are converted at the average rate for the period. Any resulting translation differences are recognized under exchange translation reserve in consolidated reserves.

2.3 Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the functional currency). The consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency. Figures are rounded off to the nearest thousand of Pak Rupees.

2.4 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 dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to consolidated statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

2.5 Employees' retirement benefits

i) Contributory provident fund

There is an approved contributory provident fund for employees of Service Industries Limited – Holding Company and Service Global Footwear Limited – Subsidiary Company. Equal monthly contributions are made both by the employees and Service Industries Limited – Holding Company and Service Global Footwear Limited – Subsidiary Company to the fund in accordance with the fund rules. The contributions to the fund are charged to consolidated statement of profit or loss.

There is contributory provident fund scheme for employees of Service Long March Tyres (Private) Limited – Subsidiary Company. Equal monthly contributions are made both by the employees and the Service Long March Tyres (Private) Limited – Subsidiary Company.

Registration of provident fund trust of Service Long March Tyres (Private) Limited – Subsidiary Company is in process, and separate bank account of the provident fund trust will be opened shortly. Hence, disclosure relating to provident fund of Service Long March Tyres (Private) Limited – Subsidiary Company as required by the Companies Act, 2017 has not been given in these consolidated financial statements, being impracticable.

ii) Defined benefit plan

Service Industries Limited – Holding Company and Service Global Footwear Limited – Subsidiary Company operate a funded gratuity scheme as a defined benefit plan for permanent employees other than those who participate in the provident fund scheme. The managerial staff is entitled to participate in both the provident fund trust and gratuity fund scheme.

Service Industries Limited – Holding Company's and Service Global Footwear Limited – Subsidiary Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for Service Industries Limited – Holding Company and Service Global Footwear Limited – Subsidiary Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in consolidated other comprehensive income. Service Industries Limited – Holding Company and Service Global Footwear Limited – Subsidiary Company determine the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plan are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. Service Industries Limited – Holding Company and Service Global Footwear Limited – Subsidiary Company recognize gains and losses on the settlement of a defined benefit plan when the settlement occurs.

iii) **Compensated absences**

Service Industries Limited – Holding Company and Service Global Footwear Limited – Subsidiary Company provide for liability in respect of employees' compensated absences in the period in which these are earned.

2.6 **Taxation**

Current

a) **Group companies other than Service Shoes Lanka (Private) Limited, SIL GULF (FZE) and Dongguan Service Global Limited – Subsidiary Companies**

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

b) **Service Shoes Lanka (Private) Limited, SIL GULF (FZE) and Dongguan Service Global Limited – Subsidiary Companies**

Provision for current tax is computed in accordance with the tax legislation in force in the country where the income is taxable.

Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the consolidated statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.7 **Borrowings**

Financing and borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

2.8 **Borrowing costs**

Interest, mark-up and other charges on finances are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such finances. All other interest, mark-up and other charges are recognized in consolidated statement of profit or loss.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

2.9 Property, plant, equipment and depreciation

Operating fixed asset

Fixed assets except freehold land are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Cost of operating fixed assets consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable costs of bringing the asset to working condition. Freehold land is stated at cost less any recognized impairment loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to consolidated statement of profit or loss during the period in which they are incurred.

Depreciation

Depreciation on operating fixed assets except for leasehold improvements, leasehold land and operating fixed assets of Service Shoes Lanka (Private) Limited – Subsidiary Company is charged to the consolidated statement of profit or loss applying the reducing balance method so as to write off the cost / depreciable amount of the assets over their estimated useful lives. Depreciation on leasehold improvements is charged to the consolidated statement of profit or loss applying the straight line method so as to write off the cost / depreciable amount of the assets over their estimated useful lives or shorter of lease term, depreciation on leasehold land is charged to the consolidated statement of profit or loss over the lease period using straight-line method and depreciation on operating fixed assets of Service Shoes Lanka (Private) Limited – Subsidiary Company is charged to the consolidated statement of profit or loss applying the straight line method so as to write off the cost / depreciable amount of the assets over their estimated useful lives. Depreciation on additions is charged from the month in which the assets are available for use up to the month prior to disposal. The residual values and useful lives are reviewed by the management, at each financial period-end and adjusted if impact on depreciation is significant.

De-recognition

An item of operating fixed assets is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the consolidated statement of profit or loss in the year the asset is de-recognized.

Capital work-in-progress

Capital work-in-progress is stated at cost less identified impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

2.10 Right-of-use assets

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment losses (if any). Cost comprises of the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is charged over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Group has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to income as incurred.

2.11 Lease liabilities

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate of respective Group companies. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of-use asset, or to consolidated statement of profit or loss if the carrying amount of the right-of-use asset is fully written down.

2.12 Intangible assets

Intangible assets, which are non-monetary assets without physical substance, are recognized at cost, which comprise purchase price, non-refundable purchase taxes and other directly attributable expenditures relating to their implementation and customization. After initial recognition, an intangible asset is carried at cost less accumulated amortization and impairment losses, if any. Intangible assets are amortized from the month, when these assets are available for use, using the straight line method, whereby the cost of the intangible asset is amortized over its estimated useful life over which economic benefits are expected to flow to the Group. The useful life and amortization method are reviewed and adjusted, if appropriate, at each reporting date.

2.13 Ijarah transactions

Under the Ijarah contracts the Group obtains usufruct of an asset for an agreed period for an agreed consideration. The Group accounts for its Ijarah contracts in accordance with the requirements of IFAS 2 'Ijarah'. Accordingly, the Group as a Mustaj'ir (lessee) in the Ijarah contract recognises the Ujrah (lease) payments as an expense in the consolidated statement of profit or loss on straight line basis over the Ijarah term.

2.14 Investments and other financial assets

a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

b) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss.

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income / (other expenses) and impairment losses are presented as separate line item in the consolidated statement of profit or loss.

Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair value through profit or loss

Changes in the fair value of equity investments at fair value through profit or loss are recognised in other income / (other expenses) in the consolidated statement of profit or loss as applicable.

Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

2.15 Financial liabilities - classification and measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in consolidated statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

2.16 Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECLs) on:

- Financial assets measured at amortized cost;
- Debt investments measured at FVTOCI; and
- Contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

The Group has elected to measure loss allowances for trade debts using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVTOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

2.17 De-recognition of financial assets and liabilities

a) Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Group is recognized as a separate asset or liability.

b) Financial liabilities

The Group derecognizes a financial liability (or a part of financial liability) from its consolidated statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

2.18 Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the consolidated financial statements when there is a legal enforceable right to set off and the Group intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

2.19 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each consolidated statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which assets carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment losses are restricted to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if impairment losses had not been recognized. An impairment loss or reversal of impairment loss is recognized in the consolidated statement of profit or loss.

2.20 Inventories

Inventories, except for stock-in-transit and waste stock, are stated at lower of cost and net realizable value. Cost is determined as follows:

Stores, spares and loose tools

Usable stores, spare parts and loose tools are valued principally at cost using first-in-first-out (FIFO) cost formula, while items considered obsolete are carried at nil value. Items-in-transit are valued at cost comprising invoice value plus other charges paid thereon.

Stock-in-trade

Cost of raw material, work-in-process and finished goods is determined as follows:

- | | | |
|-------|---|---|
| (i) | For raw materials: | First-in-first-out (FIFO) cost formula |
| (ii) | For work-in-process and finished goods: | Direct material, labour and appropriate manufacturing overheads |
| (iii) | Finished goods purchased for resale: | Moving average |

Materials in transit are valued at cost comprising invoice value plus other charges paid thereon. Waste stocks are valued at net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make a sale.

2.21 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost and subsequently measured at amortized cost using the effective interest method.

2.22 Trade debts and other receivables

Trade debts are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

2.23 Revenue recognition

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Processing services

The Group provides processing services to local customers. These services are sold separately and the Group's contract with the customer for services constitute a single performance obligation.

Revenue from services is recognized at the point in time, generally at the time of dispatch. There are no terms giving rise to variable consideration under the Group's contracts with its customers.

Interest

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividend

Dividend on equity investments is recognized when right to receive the dividend is established.

2.24 Contract assets

Contract assets arise when the Group performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due. Contract assets are treated as financial assets for impairment purposes.

2.25 Customer acquisition costs

Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

2.26 Customer fulfilment costs

Customer fulfilment costs are capitalised as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the Group that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfilment costs are amortised on a straight-line basis over the term of the contract.

2.27 Derivative financial instruments

Derivatives are initially recognized at fair value. Any directly attributable transaction costs are recognized in the consolidated statement of profit or loss as incurred. They are subsequently remeasured at fair value on regular basis and at each reporting date as a minimum, with all their gains and losses, realized and unrealized, recognized in the consolidated statement of profit or loss.

2.28 Right of return assets

Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

2.29 Contract liabilities

Contract liability is the obligation of the Group to transfer goods to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Group performs its performance obligations under the contract.

2.30 Refund liabilities

Refund liabilities are recognised where the Group receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the Group does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology.

2.31 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.32 Warranty obligations

The Group recognises the estimated liability, on an accrual basis, to replace products under warranty at the reporting date, and recognises the estimated product warranty costs in the consolidated statement of profit or loss when the sale is recognised.

2.33 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

2.34 Earnings per share

The Group presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Holding Company by the weighted average number of ordinary shares outstanding during the year.

2.35 Contingent assets

Contingent assets are disclosed when the Group has a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are not recognized until their realization becomes certain.

2.36 Contingent liabilities

Contingent liability is disclosed when the Group has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the consolidated financial statements.

2.37 Share capital

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

2.38 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss over the expected lives of the related assets.

2.39 Segment reporting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Group's chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the chief operating decision makers include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Group has following reportable business segments. Footwear (Purchase, manufacturing and sale of different qualities of footwear), Tyre (Manufacturing of different qualities of tyres and tubes) and Others (Manufacturing of different qualities of rubber products on specifications and trading and manufacturing of spare parts of automobiles).

Transaction among the business segments are recorded at cost. Inter segment sales and purchases are eliminated from the total.

2.40 Employees' share options scheme

Service Global Footwear Limited – Subsidiary Company operates an equity settled share based Employees Stock Option Scheme. The compensation committee of the Board of Directors of Service Global Footwear Limited – Subsidiary Company evaluates the performance and other criteria of employees and approves the grant of options. These options vest with employees over a specific period subject to fulfillment of certain conditions. Upon vesting, employees are eligible to apply and secure allotment of Service Global Footwear Limited – Subsidiary Company's shares at a price determined on the date of grant of options.

At the grant date of share options to the employees Service Global Footwear Limited – Subsidiary Company initially recognizes employee compensation expense with corresponding credit to equity as employee share options reserve at the fair value of option at the grant date. The fair value of option determined at the grant date is recognized as an employee compensation expense on a straight line basis over the vesting period. Fair value of options is arrived at using Black Scholes pricing model.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

When share options are exercised, the proceeds received, net of any transaction costs, are credited to share capital (nominal value) and share premium.

2.41 Dividend and other appropriations

Dividend distribution to the shareholders is recognized as a liability in the consolidated financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

2.42 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2.43 Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain. Goodwill is not amortised but is reviewed for impairment at least annually.

3. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

	2023	2022	2023	2022
	Number of shares		Rupees in thousand	
Ordinary shares of Rupees 10 each fully paid in cash	3,183,190	3,183,190	31,832	31,832
Ordinary shares of Rupees 10 each issued as fully paid bonus shares	43,804,264	43,804,264	438,042	438,042
	46,987,454	46,987,454	469,874	469,874

3.1 The share capital of the Holding Company consists only of fully paid ordinary shares with a nominal (par) value of Rupees 10 per share. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at shareholders' meetings of the Holding Company.

	2023	2022
	Number of shares	
3.2 Ordinary shares of the Holding Company held by associated company / associated undertaking:		
Shahid Arif Investments (Private) Limited - associated company	39,624	39,624
Service Charitable Trust	45,253	45,254
Service Provident Fund Trust	2,181,274	2,181,274

	2023	2022
	Amount	Amount
	Rupees in thousand	
4. RESERVES		
Composition of reserves is as follows:		
Capital reserves		
Capital gains	102,730	102,730
Fair value reserve FVTOCI investment (Note 4.1)	34,247	55,892
Share premium (Note 4.2)	1,383,863	1,368,228
Share of share premium reserve held by equity accounted investee	44,395	44,395
Exchange translation reserve (Note 2.2(c))	(39,891)	54,568
Reserve pursuant to the Scheme of Compromises, Arrangement and Reconstruction between the Holding Company and Service Global Footwear Limited	927,163	927,163
Share options reserve (Note 4.3)	711	19,962
Share of employees' share compensation reserve held by equity accounted investee	307	307
	2,453,525	2,573,245
Revenue reserves		
General reserve	1,558,208	1,558,208
Unappropriated profit	6,657,374	4,117,077
	8,215,582	5,675,285
	10,669,107	8,248,530

4.1 This represents the unrealized gain on re-measurement of investment at fair value through other comprehensive income and is not available for distribution. Reconciliation of fair value reserve is as under:

	2023	2022
	Amount	Amount
	Rupees in thousand	
Balance at 01 January	66,937	74,284
Fair value adjustment during the year	(22,747)	(7,347)
	44,190	66,937
Deferred income tax liability	(9,943)	(11,045)
Balance at 31 December	34,247	55,892

4.2 This reserve can be utilized by the Holding Company only for the purposes specified in section 81 of the Companies Act, 2017.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

4.3 Share options reserve

4.3.1 Description of scheme:

Employees Stock Option Scheme, 2020 was approved by the Securities and Exchange Commission of Pakistan (SECP) on 25 November 2020 which comprises of an entitlement pool of 4.350 million shares. Under the scheme, share options of Service Global Footwear Limited - Subsidiary Company are granted to business head, vice president operations, vice president innovation and product strategy and employees of level MG 3 and above. The exercise period for options granted under the scheme is six months of the completion of respective vesting period. Initially, Service Global Footwear Limited - Subsidiary Company planned to grant 1,500,000, 712,500, 712,500, 712,500 and 712,500 share options in grant year 2020, 2021, 2022, 2023 and 2024 respectively. However, according to the scheme, if in anyone year, the full number of options are not granted, then the un-granted options may be carried forward to the subsequent years. During the year, compensation committee granted 705,000 options having vesting period started from 01 January 2023 and ending on 31 December 2026 with exercise price of Rupees 30 per share. Remaining 2,147,000 options will be granted in subsequent years in accordance with the scheme.

	2023	2022
	Amount	Amount
	Rupees in thousand	

4.3.2 Movement in employee's share option reserve:

Balance at 01 January	25,031	18,723
Recognized during the year at the fair value	895	25,031
Transferred to share premium	(25,031)	(18,723)
Balance at 31 December	895	25,031

4.3.2.1 Share of employees' share option reserve attributable to:

Equity holders of Holding Company	711	19,962
Non-controlling Interest	184	5,069
	895	25,031

4.3.3 Movement in share options outstanding at end of the year is as follows:

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	2023		2022	
	Number of options	WAEP (Rupees)	Number of options	WAEP (Rupees)
Outstanding at the beginning of the year	848,000	10	650,000	10
Options granted during the year	705,000	30	848,000	10
Options exercised during the year	(830,000)	10	(650,000)	10
Options lapsed during the year	(18,000)	10	-	-
Outstanding at 31 December	705,000	30	848,000	10
Exercisable at the end of the year	176,250	30	848,000	10

4.3.4 The weighted average share price at the date of the exercise of options granted during the year was Rupees 34.91 (2022: Rupees 38.96).

4.3.5 The weighted average remaining contractual life for the share options outstanding as at 31 December 2023 is 1.5 years (2022: 1 year).

4.3.6 The weighted average fair value of options granted during the year was Rupees 2.14 (2022: Rupees 29.51).

4.3.7 Exercise price for options outstanding at the end of the year is Rupees 30 (2022: Rupees 10).

4.3.8 Measurement of fair value

The fair value of the employee share options has been measured using the Black-Scholes pricing model.

The inputs used in the measurement of the fair value at grant date of the equity-settled share-based payment plans were as follows:

		2023	2022
Fair value at grant date	Rupees	1.41 to 2.92	29.5180
Share price at grant date	Rupees	33.00	47.00
Exercise price	Rupees	30.00	10.00
Expected volatility	%	31.77%	15.96%
Expected life	Years	1 - 4	1
Expected dividend	%	27%	20%
Risk-free interest rate	%	15.03%	10.75%

The expected life of the share options is based on current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

		2023	2022
		Amount	Amount
Rupees in thousand			
5. LONG TERM FINANCING			
From banking companies - secured			
Long term loans	(Note 5.1)	16,240,119	13,409,837
Long term musharaka	(Note 5.2)	2,228,881	2,251,440
		18,469,000	15,661,277
Current portion shown under current liabilities	(Note 13)		
Long term loans		(3,042,233)	(2,190,121)
Long term musharaka		(69,625)	(84,009)
		(3,111,858)	(2,274,130)
		15,357,142	13,387,147

5.1 Long term loans

Lender	2023 Rupees in thousand	2022 Rupees in thousand	Rate of mark-up Per annum	Number of instalments	Interest Repricing	Interest Payable	Security
Service Industries Limited - Holding Company							
Allied Bank Limited (Note 5.3)	-	90,000	6-month KIBOR + 0.15%	Ten equal half yearly instalments commenced on 20 June 2018 and ended on 20 December 2023.	Half yearly	Half yearly	
Allied Bank Limited (Note 5.3)	200,000	250,000	6-month KIBOR + 0.15%	Seven unequal instalments commenced on 29 January 2020 and ending on 29 June 2025.	Half yearly	Half yearly	
Allied Bank Limited (Note 5.3)	96,752 12,741 109,493	109,166 16,303 125,469	SBP rate for LTF + 0.25% 6-months KIBOR + 0.25%	Three hundred and twenty nine unequal instalments commenced on 21 May 2019 and ending on 29 August 2030.	- Half yearly	Quarterly Quarterly	Joint pari passu charge of Rupees 1,285.334 million over plant and machinery of the Holding Company with 25% margin.
Allied Bank Limited	320,901	401,125	3-months KIBOR + 0.25%	Twenty equal quarterly instalments commenced on 1 March 2023 and ending on 1 December 2027.	Quarterly	Quarterly	
Allied Bank Limited	87,597	97,329	3-month KIBOR + 0.25%	Ten equal quarterly instalments commenced on 21 December 2023 and ending on 21 March 2026.	Quarterly	Quarterly	
MCB Bank Limited (Note 5.3)	-	50,000	6-months KIBOR + 0.25%	Ten equal half yearly instalments commenced on 28 March 2018 and ended on 28 September 2023.	Half yearly	Half yearly	Joint pari passu hypothecation charge of Rupees 1,819 million over plant and machinery of the Holding Company and first pari passu hypothecation charge of Rupees 767 million over all present and future moveable fixed assets of the Holding Company and ranking charge of Rupees 767 million over land and building of the Holding Company with 25% margin.
MCB Bank Limited (Note 5.3)	160,000	320,000	6-month KIBOR + 0.14%	Ten equal half yearly instalments commenced on 30 December 2018 and ending on 30 June 2024.	Half yearly	Half yearly	
MCB Bank Limited (Note 5.3)	100,000	250,000	6-months KIBOR + 0.10%	Ten equal half yearly instalments commenced on 27 June 2019 and ending on 27 December 2024.	Half yearly	Half yearly	
MCB Bank Limited	400,000	600,000	6-months KIBOR + 0.25%	Ten equal half yearly instalments commenced on 11 June 2021 and ending on 11 December 2025.	Half yearly	Half yearly	
MCB Bank Limited	460,000	575,000	6-months KIBOR + 0.10%	Ten equal half yearly instalments commenced on 29 May 2023 and ending on 29 November 2027.	Half yearly	Half yearly	
Habib Bank Limited (Note 5.3)	6,650	8,163	SBP rate for LTF + 0.50%	One hundred and sixty unequal instalments commenced on 12 December 2019 and ending on 30 April 2028.	-	Quarterly	Joint pari passu charge of Rupees 2,128.387 million over plant and machinery of the Holding Company and first pari passu hypothecation charge of Rupees 466.667 million over all present and future moveable fixed assets of the Holding Company and ranking charge of Rupees 2,000 million on land and building of the Holding Company with 25% margin.
Habib Bank Limited (Note 5.3)	29,391	88,171	SBP rate for LTF + 0.50%	Sixteen equal quarterly instalments commenced on 22 December 2019 and ending on 22 June 2024.	-	Quarterly	
Habib Bank Limited (Note 5.4)	1,045,646	987,535	SBP rate for TERF + 1%	Thirty-three unequal instalments commenced on 20 April 2023 and ending on 20 April 2031.	-	Half yearly	
Habib Bank Limited	1,076,499	1,350,000	6-months KIBOR + 0.20%	Eleven unequal instalments commenced on 26 August 2022 and ending on 26 February 2027.	Half yearly	Half yearly	
Habib Bank Limited	192,435	-	6-months KIBOR + 0.20%	Sixteen unequal instalments commencing on 20 January 2026 and ending on 20 July 2033.	Half yearly	Half yearly	
Pakistan Kuwait Investment Company (Private) Limited	800,000	1,000,000	6-months KIBOR + 1%	Ten equal half yearly instalments commenced on 15 March 2023 and ending on 15 September 2027.	Half yearly	Half yearly	Joint pari passu charge of Rupees 2,000 million on present and future plant and machinery of the Holding Company and ranking charge of Rupees 2,000 million on land and building of the Holding Company with 25% margin.
Pakistan Kuwait Investment Company (Private) Limited	500,000	84,853	3-months KIBOR + 1%	Thirty two unequal instalments commencing on 28 February 2025 and ending on 23 December 2028.	Quarterly	Quarterly	
Pakistan Kuwait Investment Company (Private) Limited	1,500,000	-	3-months KIBOR + 1%	Eight equal half yearly instalments commencing on 30 May 2025 and ending on 30 November 2028.	Quarterly	Quarterly	
Askari Bank Limited	2,000,000	-	1-month KIBOR + 0.35%	Twelve equal quarterly instalments commencing on 31 August 2025 and ending on 31 May 2028.	Monthly	Monthly	Joint pari passu charge of Rupees 2,667 million on plant and machinery of the Holding Company.

Lender	2023		2022	Rate of mark-up Per annum	Number of instalments	Interest Repricing	Interest Payable	Security
	Rupees in thousand	Rupees in thousand						
Service Global Footwear Limited - Subsidiary Company								
Habib Bank Limited (Note 5.3)	65,587	80,460	149,306	SBP rate for LTF + 0.50% 6-months KIBOR + 0.50%	Three hundred and eight unequal instalments commenced on 22 June 2019 and ending on 08 August 2028. Thirty three unequal instalments commencing on 16 April 2024 and ending on 16 April 2032.	Half yearly	Quarterly Half yearly	First joint pari passu hypothecation charge of Rupees 788 million on plant and machinery of Service Global Footwear Limited - Subsidiary Company with 25% margin.
	214,893	229,766						
Habib Bank Limited	32,193	40,776		SBP rate for LTF + 0.50%	Thirty nine equal quarterly instalments commenced on 6 January 2018 and ending on 6 July 2027.		Quarterly	First joint pari passu hypothecation charge of Rupees 196.5 million on plant and machinery of Service Global Footwear Limited - Subsidiary Company and exclusive charge of Rupees 466.667 million on land and building of Service Global Footwear Limited - Subsidiary Company with 25% margin.
Allied Bank Limited	38,666	43,834	10,980	SBP rate for LTF + 0.25% 3-months KIBOR + 0.25%	Three hundred and thirty-two unequal instalments commenced on 23 July 2020 and ending on 16 July 2031	Quarterly	Quarterly	
	49,646	56,191						
Allied Bank Limited (Note 5.3)	65,632	75,081		SBP rate for LTF + 0.25%	One hundred and seventy-nine unequal instalments commenced on 21 April 2021 and ending on 29 October 2030.		Quarterly	
Service Long March Tyres (Private) Limited - Subsidiary Company								
Allied Bank Limited (Note 5.4)	1,431,199	1,434,799		SBP rate for TERF + 0.50%	Thirty two unequal instalments commenced on 25 February 2023 and ending on 25 February 2031.		Quarterly	First joint pari passu charge of Rupees 2,667 million on all present and future fixed assets of the Service Long March Tyres (Private) Limited - Subsidiary Company inclusive of 25% margin and corporate guarantee of Rupees 2,000 million of the Holding Company.
Allied Bank Limited	6,695			3-months KIBOR + 0.5%	Thirty two equal quarterly instalments commencing on 04 April 2024 and ending on 15 September 2025.	Quarterly	Quarterly	First joint pari passu charge of Rupees 1,334 million on all present and future fixed assets of the Service Long March Tyres (Private) Limited - Subsidiary Company inclusive of 25% margin and corporate guarantee of Rupees 1,000 million of the Holding Company.
Bank Alfalah limited (Note 5.4)	723,447	732,492		SBP rate for TERF + 0.75%	Thirty two unequal instalments commenced on 15 May 2023 and ending on 15 February 2031.		Quarterly	First joint pari passu charge of Rupees 1,334 million on all present and future fixed assets of the Service Long March Tyres (Private) Limited - Subsidiary Company inclusive of 25% margin and corporate guarantee of Rupees 1,000 million of the Holding Company.
MCB Bank Limited (Note 5.4)	748,788	709,419		SBP rate for TERF + 0.50%	Sixty four unequal instalments commenced on 02 July 2023 and ending on 27 April 2031.		Quarterly	First joint pari passu charge of Rupees 1,334 million on all present and future fixed assets of the Service Long March Tyres (Private) Limited - Subsidiary Company inclusive of 25% margin and corporate guarantee of Rupees 1,000 million of the Holding Company.
Habib Bank Limited (Note 5.4)	2,207,234	2,353,668		SBP rate for TERF + 0.50%	Thirty two unequal instalments commenced on 15 May 2023 and ending on 15 February 2031.		Quarterly	First joint pari passu charge of Rupees 4,000 million on all building, plant and machinery of the Service Long March Tyres (Private) Limited - Subsidiary Company inclusive of 25% margin and corporate guarantee of Rupees 3,000 million of the Holding Company.
Habib Bank Limited	21,945			SBP rate for financing power plants using renewable energy + 0.50%	Sixteen equal semi-annual instalments commencing on 17 May 2026 and ending on 17 November 2033.		Quarterly	First joint pari passu charge on fixed asset including land, building, plant and machinery of Service Long March Tyres (Private) Limited - Subsidiary Company located at Nooriabad, Karachi with 25% margin.
Habib Bank Limited	249,835			3-months KIBOR + 0.50%	Sixteen equal semi-annual instalments commencing on 17 May 2026 and ending on 17 November 2033.	Half yearly	Half yearly	First joint pari passu charge of Rupees 3,333 million on all present and future fixed assets of the Service Long March Tyres (Private) Limited - Subsidiary Company inclusive of 25% margin.
MCB Bank Limited	1,500,000	1,500,000		3-months KIBOR	Six equal semi-annual instalments commencing on 29 September 2023 and ending on 29 September 2026.	Quarterly	Quarterly	First joint pari passu charge of Rupees 3,333 million on all present and future fixed assets of the Service Long March Tyres (Private) Limited - Subsidiary Company inclusive of 25% margin.
	16,240,119		13,409,837					

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

5.2 Long term musharaka

Lender	Rupees in thousand		Rate of mark-up Per annum	Number of instalments	Interest Repricing	Interest Payable	Security
	2023	2022					
Service Industries Limited - Holding Company							
Meezan Bank Limited (Note 5.3)	90,000	150,000	6-months KIBOR + 0.12%	Ten equal half yearly instalments commenced on 18 December 2019 and ending on 18 May 2025.	Half yearly	Half yearly	Exclusive charge of Rupees 365,578 million over plant and machinery of the Holding Company with 15% margin and joint pari passu charge of Rupees 134 million over all present and future plant and machinery of the Holding Company with 25% margin.
Meezan Bank Limited	43,206	52,831	SBP rate for Islamic financing facility for renewable energy + 1.00%	Seventy eight unequal instalments commenced on 03 August 2021 and ending on 21 May 2028.	-	Quarterly	Joint pari passu charge of Rupees 667 million over all present and future plant and machinery of the Holding Company with 25% margin.
Faysal Bank Limited (Note 5.5)	351,823	326,699	SBP rate for ITERF + 0.75%	Thirty-two unequal instalments commenced on 10 June 2023 and ending on 10 March 2031.	-	Quarterly	Exclusive charge of Rupees 667 million over plant and machinery of the Holding Company with 25% margin.
Bank of Punjab (Note 5.5)	290,997	259,236	SBP rate for ITERF + 0.60%	Ninety six unequal instalments commenced on 04 July 2023 and ending on 20 September 2032.	-	Half yearly	First joint pari passu charge of Rupees 2,667 million on all present and future fixed assets of the Service Long March Tyres (Private) Limited - Subsidiary Company inclusive of 25% margin and corporate guarantee of Rupees 2,000 million of the Holding Company.

Service Long March Tyres (Private) Limited - Subsidiary Company

Faysal Bank Limited (Note 5.5)	1,452,855	1,462,674	SBP rate for ITERF + 0.50%	Thirty three unequal instalments commenced on 08 February 2023 and ending on 08 February 2031.	-	Quarterly	First joint pari passu charge of Rupees 2,667 million on all present and future fixed assets of the Service Long March Tyres (Private) Limited - Subsidiary Company inclusive of 25% margin and corporate guarantee of Rupees 2,000 million of the Holding Company.
2,228,881		2,251,440					

5.3 Repayment period of these loans / musharaka includes deferment of repayment of principal loan amount by one year in accordance with State Bank of Pakistan BPRD Circular Letter No. 13 of 2020 dated 26 March 2020.

5.4 These loans are obtained by the Holding Company and Service Long March Tyres (Private) Limited - Subsidiary Company under SBP Temporary Economic Refinance Facility (TERF). These are recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment is recognized at discount rates ranging from 7.98% to 23.66% (2022: 7.98% to 14.34%) per annum.

5.5 These loans are obtained by the Holding Company and Service Long March Tyres (Private) Limited - Subsidiary Company under SBP Islamic Temporary Economic Refinance Facility (ITERF). These are recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment is recognized at discount rates ranging from 8.01% to 23.11% (2022: 8.01% to 17.11%) per annum.

6. LONG TERM DEPOSITS

These represent deposits of dealers and franchises, who have permitted the utilization of such money by the Company in pursuance of section 217 of the Companies Act, 2017.

		2023	2022
		Amount	Amount
Rupees in thousand			
7. LEASE LIABILITIES			
Total lease liabilities	(Note 7.1)	5,461,579	3,967,990
Current portion shown under current liabilities	(Note 13)	(424,556)	(246,210)
		5,037,023	3,721,780

7.1 Reconciliation of lease liabilities:

Balance at 01 January		3,967,990	2,984,950
Additions during the year		1,763,553	1,226,155
Interest on lease liabilities	(Note 38)	615,417	360,941
Impact of lease termination		(44,094)	(76,167)
Payments made during the year		(841,287)	(527,889)
Balance at 31 December		5,461,579	3,967,990

7.2 Maturity analysis of lease liabilities is as follows:

Upto 6 months		503,037	308,918
6-12 months		544,751	333,295
1-2 year		1,156,666	711,605
More than 2 years		8,176,706	4,983,373
		10,381,160	6,337,191
Less: Future finance cost		(4,919,581)	(2,369,201)
Present value of lease liabilities		5,461,579	3,967,990

7.3 Implicit rates against lease liabilities range from 8.08% to 25.05% (2022: 8.05% to 18.08%) per annum.

8. EMPLOYEES' RETIREMENT BENEFIT

Service Industries Limited - Holding Company and Service Global Footwear Limited - Subsidiary Company

The latest actuarial valuation of the Fund as at 31 December 2023 was carried out using the 'Projected Unit Credit Method'. Details of the Fund as per the actuarial valuation are as follows:

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

	2023 Amount	2022 Amount
	Rupees in thousand	
8.1 The amounts recognized in the consolidated statement of financial position are as follows:		
Present value of defined benefit obligations	612,243	469,540
Fair value of plan assets	(109,115)	(97,690)
Net defined benefit obligation	503,128	371,850
8.2 Movement in net defined benefit obligation:		
Net liability at 01 January	371,850	290,585
Current service cost	37,002	33,399
Past service cost	-	7,735
Net interest on defined benefit obligation	51,884	31,894
Net remeasurements for the year	70,438	46,535
Contributions made during the year	(28,046)	(38,298)
Net liability at 31 December	503,128	371,850
8.3 Movement in the present value of defined benefit obligation:		
Present value of defined benefit obligation at 01 January	469,540	396,912
Current service cost	37,002	33,399
Past service cost	-	7,735
Interest cost	66,049	44,387
Benefits paid during the year	(28,046)	(38,298)
Remeasurements on obligation:		
Actuarial losses from changes in financial assumptions	46,595	2,214
Experience adjustments	21,103	23,191
Present value of defined benefit obligation at 31 December	612,243	469,540
8.4 Movement in the fair value of the plan assets:		
Fair value of plan assets at 01 January	97,690	106,327
Interest income on plan assets	14,165	12,493
Contributions made during the year	28,046	38,298
Benefits paid during the year	(28,046)	(38,298)
Remeasurements on fair value of plan assets	(2,740)	(21,130)
Fair value of plan assets at 31 December	109,115	97,690
8.4.1 The major categories of total plan assets of the Fund are as follows:		
Mutual funds	107,455	96,810
Bank balances	1,660	880
Total plan assets	109,115	97,690

	2023 Amount	2022 Amount
Rupees in thousand		
8.5 Amounts recognized in the consolidated statement of profit or loss:		
Current service cost	37,002	33,399
Past service cost	-	7,735
Interest cost	66,049	44,387
Interest income on plan assets	(14,165)	(12,493)
Net expense charged in the consolidated statement of profit or loss	88,886	73,028

8.6 Charge for the year has been allocated as follows:

Cost of sales	(Note 33)	48,440	38,353
Distribution cost	(Note 34)	16,455	15,325
Administrative expenses	(Note 35)	23,991	19,350
		88,886	73,028

8.7 Remeasurements charged to consolidated statement of comprehensive income:

Experience adjustments	21,103	23,191
Return on plan assets excluding interest income	2,740	21,130
Actuarial losses from changes in financial assumptions	46,595	2,214
Total remeasurements charged to consolidated statement of comprehensive income	70,438	46,535

8.8 Comparison of present value of defined benefit obligation and the fair value of plan assets for current and previous four years is as follows:

	2023	2022	2021	2020	2019
-----Rupees in thousand -----					
Present value of defined benefit obligation	612,243	469,540	396,912	351,912	301,421
Fair value of the plan assets	(109,115)	(97,690)	(106,327)	(99,193)	(89,196)
Deficit in the plan	503,128	371,850	290,585	252,719	212,225
Remeasurement loss on obligation	67,698	25,405	8,778	4,160	10,895
Remeasurement (loss) / gain on plan assets	(2,740)	(21,130)	(2,722)	148	(5,059)

		2023	2022
8.9 Principal actuarial assumptions used:			
Discount rate used for interest cost	% per annum	14.50	11.75
Discount rate used for year end obligation	% per annum	15.50	14.50
Expected rate of salary increase	% per annum	15.50	13.50

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

8.10 Sensitivity analysis for actuarial assumptions:

The sensitivity of the defined benefit obligation to changes in the weighted principal assumption at the reporting date:

	Defined benefit obligation		
	Changes in assumption	Increase in assumption	Decrease in assumption
	Bps	Rupees in thousand	
Discount rate	100	563,892	659,710
Future salary increase	100	659,820	563,005

The sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

8.11 Mortality was assumed to be based on SLIC 2001-2005 ultimate mortality rates, set back one year.

8.12 The average duration of the benefit obligation is 9 years.

8.13 Expected maturity profile of undiscounted defined benefit obligation:

Less than a year	Between 1 - 2 years	Between 3 - 5 years	Between 6 - 10 years	Over 10 years	Total
----- Rupees in thousand -----					
55,423	29,840	247,833	619,968	7,913,620	8,866,684

8.14 Estimated charge to consolidated statement of profit or loss for the year ending on 31 December 2024 will be Rupees 120.437 million.

		2023 Amount	2022 Amount
Rupees in thousand			
9. DEFERRED LIABILITIES			
Deferred income - Government grant	(Note 9.1)	1,848,967	2,124,037
Provision for Gas Infrastructure Development Cess (GIDC)	(Note 9.2)	-	-
Deferred income tax liability - net	(Note 9.3)	298,167	245,462
		2,147,134	2,369,499

	2023	2022
	Amount	Amount
	Rupees in thousand	
9.1 Deferred income - Government grant		
Balance at 01 January	2,642,791	2,535,625
Recognized during the year	291,011	603,396
Amortized during the year	(Note 37) (544,644)	(496,230)
	2,389,158	2,642,791
Current portion shown under current liabilities	(Note 13) (540,191)	(518,754)
	1,848,967	2,124,037

9.1.1 The State Bank of Pakistan (SBP), through its Circular No. 01 and 02 of 2020 dated 17 March 2020 and Circular No. 09 of 2020 dated 08 May 2020 introduced a Temporary Economic Refinance Facility (TERF) and Islamic Temporary Economic Refinance Facility (ITERF) for setting of new industrial units and for undertaking Balancing, Modernization and Replacement and / or expansion of projects / businesses. These refinances were available through Banks / DFIs. One of the key feature of these refinance facilities was that borrowers could obtain loan at mark-up rates that are below normal lending rates. As per International Accounting Standard (IAS) 20 'Accounting for Government Grants and Disclosure of Government Assistance', the benefit of a Government loan at a below-market rate of interest is treated as a Government grant. The Group obtained these loans as disclosed in note 5 to the consolidated financial statements. In accordance with IFRS 9 'Financial Instruments', loans obtained under the refinance facilities were initially recognized at fair value which is the present value of loans proceeds received, discounted using prevailing market rates of interest for a similar instrument. Hence, the benefit of the below-market rate of interest has been measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. This benefit is accounted for and presented as deferred grant in accordance with IAS 20. The grant is being amortized in the consolidated statement of profit or loss, in line with the recognition of interest expense the grant is compensating. There are no unfulfilled conditions or contingencies attached to this grant.

	2023	2022
	Amount	Amount
	Rupees in thousand	
9.2 Provision for Gas Infrastructure Development Cess (GIDC)		
Provision for GIDC at 31 December	21,844	21,649
Adjustment due to impact of IFRS 9	(Note 38) -	195
Current portion shown under current liabilities	(Note 13) (21,844)	(21,844)
	-	-

9.2.1 This represents Gas Infrastructure Development Cess (GIDC) that was levied through GIDC Act, 2015. During the year ended 31 December 2020, Honourable Supreme Court of Pakistan upheld the GIDC Act, 2015 to be constitutional and intra vires. The Holding Company has filed a review petition in Honourable Lahore High Court, Lahore which is pending adjudication. GIDC payable has been recognized at amortized cost in accordance with IFRS 9.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

	2023 Amount	2022 Amount
	Rupees in thousand	
9.3 Deferred income tax liability - net		
The deferred income tax liability originated due to timing differences relating to:		
Taxable temporary differences:		
Accelerated tax depreciation	1,342,985	1,095,665
Investment in associate	92,943	58,587
Fair value reserve FVTOCI investment	9,943	11,045
Right-of-use assets	1,763,340	983,503
	3,209,211	2,148,800
Deductible temporary differences		
Allowance for expected credit losses	(108,450)	(91,870)
Provision for doubtful advances to suppliers	(3,046)	(1,626)
Provision for slow moving and obsolete stores	(12,515)	(9,187)
Provision for slow moving and obsolete stock-in-trade	(35,180)	(15,406)
Lease liabilities	(2,130,016)	(1,152,304)
Available unused tax loss - unabsorbed tax depreciation	-	(11,108)
Minimum tax carry forward	(621,837)	(621,837)
	(2,911,044)	(1,903,338)
Deferred income tax liability - net	298,167	245,462

9.3.1 Movement in deferred income tax balances during the year is as follows:

	2023			Closing balance
	Opening balance	Recognised in consolidated statement of profit or loss	Recognised in consolidated statement of comprehensive income	
-----Rupees in thousand -----				
Accelerated tax depreciation	1,095,665	247,320	-	1,342,985
Investment in associate	58,587	34,356	-	92,943
Fair value reserve FVTOCI investment	11,045	-	(1,102)	9,943
Right-of-use assets	983,503	779,837	-	1,763,340
Allowance for expected credit losses	(91,870)	(16,580)	-	(108,450)
Provision for doubtful advances to suppliers	(1,626)	(1,420)	-	(3,046)
Provision for slow moving and obsolete stores	(9,187)	(3,328)	-	(12,515)
Provision for slow moving and obsolete stock-in-trade	(15,406)	(19,774)	-	(35,180)
Lease liabilities	(1,152,304)	(977,712)	-	(2,130,016)
Available unused tax loss - Unabsorbed tax depreciation	(11,108)	11,108	-	-
Minimum tax carry forward:				
Available	(1,048,544)	16,504	-	(1,032,040)
Movement in deferred income tax not recognized	426,707	(16,504)	-	410,203
Deferred income tax recognized	(621,837)	-	-	(621,837)
	245,462	53,807	(1,102)	298,167

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

	2022				Closing balance
	Opening balance	Recognised in consolidated statement of profit or loss	Recognised in consolidated statement of comprehensive income	Liability directly associated with the assets held for sale	
-----Rupees in thousand-----					
Accelerated tax depreciation	595,387	500,278	-	-	1,095,665
Investment in associate	43,361	15,226	-	-	58,587
Fair value reserve FVTOCI investment	9,286	-	1,759	-	11,045
Right-of-use assets	613,074	370,429	-	-	983,503
Allowance for expected credit losses	(61,794)	(30,076)	-	-	(91,870)
Provision for doubtful advances to suppliers	-	(1,626)	-	-	(1,626)
Provision for slow moving and obsolete stores	(6,735)	(2,452)	-	-	(9,187)
Provision for slow moving and obsolete stock-in-trade	(10,968)	(4,438)	-	-	(15,406)
Lease liabilities	(692,508)	(459,796)	-	-	(1,152,304)
Others - Service Shoes Lanka (Private) Limited - Subsidiary Company	2,979	-	-	(2,979)	-
Available unused tax loss - Unabsorbed tax depreciation	-	(11,108)	-	-	(11,108)
Minimum tax carry forward:					
Available	(664,786)	(383,758)	-	-	(1,048,544)
Movement in deferred income tax not recognized	320,145	106,562	-	-	426,707
Deferred income tax recognized	(344,641)	(277,196)	-	-	(621,837)
	147,441	99,241	1,759	(2,979)	245,462

9.3.2 Deferred income tax asset has been recognised to the extent that the realization of related tax benefits is probable from future taxable profits. It is probable that sufficient taxable profits will be available for utilization of recognized deferred income tax asset. Detail of available unused tax loss and minimum tax carried forward is given as follows:

	Accounting year to which tax loss relates	Amount	Accounting year in which tax loss will expire
	2023	2022	
Rupees in thousand			
Available unused tax loss - Unabsorbed tax depreciation	2022	- 38,303	Unlimited

	Accounting year to which the minimum tax carry forward relates	Amount		Accounting year in which minimum tax carry forward will expire
		2023	2022	
		Rupees in thousand		
Minimum tax carry forward	2023	98,657	-	2026
	2022	456,707	456,707	2025
	2021	288,414	288,414	2026
	2019	188,262	188,262	2024
	2018	-	115,161	2023
		1,032,040	1,048,544	

	2023	2022
	Amount	Amount
	Rupees in thousand	

10. TRADE AND OTHER PAYABLES

Trade creditors		6,697,945	6,020,183
Accrued liabilities		2,636,957	2,040,735
Letters of credit		50,041	375,195
Contract liabilities - unsecured		1,090,897	1,057,171
Provident fund payable		143,226	89,054
Provision for service warranties		4,571	37,434
Workers' profit participation fund	(Note 10.1)	116,619	1,171
Workers' welfare fund	(Note 10.2)	150,069	46,647
Income tax deducted at source		62,800	64,543
Fair value of forward exchange contracts		443	9,425
Sales tax payable		-	183,045
Others		20,981	15,178
		10,974,549	9,939,781

10.1 Workers' profit participation fund

Balance at 01 January		1,171	4,917
Interest for the year	(Note 38)	1,270	1,500
Provision for the year	(Note 36)	258,415	63,054
		260,856	69,471
Payments made during the year		(144,237)	(68,300)
Balance at 31 December		116,619	1,171

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

		2023 Amount	2022 Amount
Rupees in thousand			
10.2 Workers' welfare fund			
Balance at 01 January		46,647	50,167
Provision for the year	(Note 36)	118,474	12,745
		165,121	62,912
Payments during the year		(15,052)	(16,265)
Balance at 31 December		150,069	46,647
11. ACCRUED MARK-UP			
Long term financing		446,354	332,621
Short term borrowings		920,366	806,568
		1,366,720	1,139,189
12. SHORT TERM BORROWINGS			
From banking companies - secured			
Short term running finances	(Notes 12.1 and 12.2)	6,659,936	10,719,700
Export refinance	(Notes 12.1 and 12.3)	9,201,617	5,529,442
Other short term finance - money market loan	(Notes 12.1 and 12.4)	3,749,813	5,250,000
Export finance scheme	(Notes 12.1 and 12.5)	5,215,306	575,415
FE-25 loan against export	(Notes 12.1 and 12.6)	832,781	-
Islamic financing	(Notes 12.1 and 12.7)	612,893	1,361,551
		26,272,346	23,436,108

12.1 These short term borrowings are obtained from banking companies under mark-up arrangements and are secured by hypothecation of present and future current assets and joint pari passu charge over plant and machinery of the Group Companies. These form part of total credit facilities of Rupees 31,840 million (2022: Rupees 29,380 million).

12.2 The rates of mark-up range from 15.91% to 23.91% (2022: 10.47% to 17.58%) per annum.

12.3 The rates of mark-up range from 2% to 19% (2022: 2.25% to 12.25%) per annum.

12.4 The rates of mark-up range from 12.25% to 23.69% (2022: 7.80% to 16.78%) per annum.

12.5 The rates of mark-up range from 2% to 3% (2022: 1% to 3%) per annum.

12.6 The rates of mark-up range from 6.02% to 6.75% (2022: Nil) per annum.

12.7 The rates of mark-up range from 16.08% to 23.66% (2022: 16.39% to 16.92%) per annum.

		2023	2022
		Amount	Amount
		Rupees in thousand	
13. CURRENT PORTION OF NON-CURRENT LIABILITIES			
Long term financing	(Notes 5)	3,111,858	2,274,130
Lease liabilities	(Note 7)	424,556	246,210
Deferred income - Government grant	(Note 9.1)	540,191	518,754
Provision for GIDC	(Note 9.2)	21,844	21,844
		4,098,449	3,060,938

14. DIVIDEND PAYABLE

This represents interim cash dividend payable to non-controlling interest. The board of directors of Service Global Footwear Limited - Subsidiary Company declared an interim cash dividend for the year ended 31 December 2023 of Rupees 3 per share (i.e. 30%) in their meeting held on 19 December 2023.

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

15.1.1 The Additional Collector (Adjudication) of Pakistan Customs Computerized System, Karachi initiated case against the Holding Company for failure to pay leviable sales tax and income tax of Rupees 18.630 million and Rupees 4.108 million respectively at import of tyre cord fabrics during the period from August 2007 to July 2008 by wrongly claiming sales tax zero rating in terms of SRO 509 (1)/2007 dated 09 June 2007. The case has been remanded back by the Appellate Tribunal Inland Revenue (ATIR) to the Commissioner Inland Revenue Appeals [CIR (Appeals)], which is still pending.

15.1.2 Deputy Director of Pakistan Employees Social Security Institute (PESSI), Gujrat initiated three cases against the Holding Company. In the first case the alleged amount recoverable by the PESSI is Rupees 4.804 million covering the period from January 1987 to September 1992 on account of short payment of contributions. In the second case, Rupees 1.982 million is recoverable by the Holding Company from PESSI on account of wrongly paid contributions covering the period from July 1992 to September 1993. Both cases have been decided against the Holding Company by the Director General Recovery PESSI, Lahore. In the third case, Rupees 31.807 million is recoverable by PESSI. This case was decided in the favour of the Holding Company in the year 2013, however, the case is re-opened in the year 2014. The Holding Company has filed an appeal before Social Security Court, Lahore against the aforesaid cases. During the pendency of the matter, PESSI sent a recovery notice for the same amount. The Holding Company has filed a writ petition before Lahore High Court, Lahore.

15.1.3 Deputy Commissioner Inland Revenue (DCIR) initiated a case on 12 October 2012, against the Holding Company after post sales tax refund audit in which demand of Rupees 27.922 million was raised. The Holding Company filed an appeal on 21 May 2013, before CIR (Appeals) in which the demand was cancelled except two points having impact of Rupees 2.650 million. The Holding Company filed an appeal on 26 August 2013, before ATIR against said points.

15.1.4 DCIR initiated sales tax audit for the year 2013-2014 on 28 December 2017, in which demand of Rupees 182.707 million was created. The Holding Company filed appeal with CIR (Appeals) on 18 January 2018, who confirmed the demand of Rupees 10.626 million and remanded back certain charges to the tune of Rupees 172.081 million. The Holding Company filed an appeal with ATIR on 14 March 2018, against the decision of CIR (Appeals) which is pending for hearing. Furthermore, the Holding Company filed an application on 07 September 2018, for stay of recovery and Honourable Lahore High Court, Lahore, has granted stay in said case.

15.1.5 DCIR initiated income tax audit for the year 2014 on 31 January 2018, in which a demand of Rupees 123.412 million was created. The Holding Company filed an appeal before CIR (Appeals) on 26 February 2018, who remitted back the proceedings to the department for denovo consideration by way of order dated 29 October 2020. The Holding Company has filed an appeal before ATIR against said points on 23 December 2020.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

- 15.1.6** The Holding Company received show cause notice dated 14 December 2018 for which detailed reply was furnished to Assistant Commissioner Unit-07 Sindh Revenue Board (SRB). Taxation Officer subsequently passed assessment order under section 47 read with section 44 of the Sindh Sales Tax on Services Act, 2011 on 18 April 2019, demanding sales tax amounting to Rupees 30.572 million. Aggrieved with impugned order, the Holding Company preferred an appeal to the Commissioner Appeals SRB on 23 April 2019, which, upon lapse of 180 days for deciding the appeal, was transferred to ATIR SRB, which is pending adjudication.
- 15.1.7** Honourable Lahore High Court, Lahore, allowed a petition filed by the Holding Company on 31 October 2017, against show-cause notice dated 06 July 2017, issued by DCIR amounting to Rupees 13.076 million. The show-cause notice was issued on account of post sales tax refunds audit of various tax periods. Federal Board of Revenue challenged the decision of Honourable Lahore High Court, Lahore, in Honourable Supreme Court of Pakistan on 13 December 2017, which is pending for hearing.
- 15.1.8** DCIR conducted income tax audit for the year 2011 in which a demand of Rupees 19.605 million was created on 30 April 2018. The Holding Company filed an appeal before CIR (Appeals) on 29 May 2018, who confirmed the demand of Rupees 12.989 million and remanded back certain charges amounting to Rupees 6.616 million by way of order dated 07 August 2020. On 07 October 2020, the Holding Company filed an appeal before ATIR against said points which is pending adjudication.
- 15.1.9** The Holding Company and Service Global Footwear Limited Company - Subsidiary Company have challenged, before Honourable Lahore High Court, Lahore, the vires of first proviso to sub-clause (x) of clause (4) of SRO 491(1)/2016 dated 30 June 2016 issued under sections 3 and 4 read with sections 8 and 71 of the Sales Tax Act, 1990 whereby through amendment in the earlier SRO 1125(1)/2011 dated 31 December 2011 adjustment of input sales tax on packing material of all sorts has been disallowed. The learned single judge of Honourable Lahore High Court, Lahore has dismissed the writ petition of the Holding Company and Service Global Footwear Limited - Subsidiary Company, therefore intra-court appeal has been filled dated 12 December 2019. Consequently, the Holding Company and Service Global Footwear Limited - Subsidiary Company have claimed input sales tax on packing material of Rupees 59.211 million (2022: Rupees 59.211 million) in its monthly sales tax returns.
- 15.1.10** The Holding Company and Service Global Footwear Limited - Subsidiary Company have challenged, before Honourable Lahore High Court, Lahore, the vires of clauses (h) and (i) to sub-section (1) of section 8 of the Sales Tax Act, 1990 dated 07 September 2017, whereby claim of input sales tax in respect of building materials, electrical and gas appliances, pipes, fittings, wires, cables and ordinary electrical fittings and sanitary fittings have been disallowed. The Honourable Lahore High Court, Lahore has passed order dated 11 September 2017, whereby tax department shall consider whether the Holding Company and Service Global Footwear Limited - Subsidiary Company are entitled to claim input sales tax on aforesaid goods that are used for the purpose of taxable supplies. The Holding Company and Service Global Footwear Limited - Subsidiary Company have claimed input sales tax of Rupees 50.213 million (2022: Rupees 29.776 million) on such goods in its respective monthly sales tax returns.
- 15.1.11** On 30 October 2015, DCIR initiated income tax case of tax year 2008 in which demand of Rupees 68.406 million was created by amending return. Appeal was preferred with CIR (Appeals) on 28 December 2015, which was dismissed against the Holding Company without discussing the merits of the case. The Holding Company has filed appeal on 26 April 2018, with ATIR which has been heard. ATIR has remanded back the case to the CIR (Appeals).
- 15.1.12** On 13 December 2018, CIR passed an order regarding CREST discrepancies of sales tax for an amount of Rupees 10.324 million. The Holding Company filed an appeal before ATIR which is pending for hearing. Furthermore, the Holding Company filed an application on 10 June 2019, for stay of recovery and Honourable Lahore High Court, Lahore, has granted stay in said case.
- 15.1.13** On 30 June 2021, Additional Commissioner Inland Revenue (ACIR) completed assessment proceedings under section 122(5A) of the Income Tax Ordinance, 2001 (the Ordinance) for tax year 2015 and raised a demand of Rupees 13.055 million based on disallowance of certain expenditure under section 21(l) of the Ordinance. The Holding Company filed an appeal on 26 July 2021, against foregoing assessment proceedings before CIR (Appeals), who remanded back the issue to taxation officer for fresh consideration, effectively deleting the impugned tax demand. Further, ACIR completed assessment proceedings under section 122(5A) of the Ordinance for tax year 2018 and raised a demand of Rupees 48.324 million consequent to addition of salaries and advertisement expenses under section 21(c) and section 24 of the Ordinance. On 08 February 2022, the Holding Company filed appeals before the ATIR contesting the directions of CIR (Appeals) for both of the aforementioned cases which are in the process of being heard.

- 15.1.14** On 30 November 2022, DCIR completed assessment proceedings and passed an order under section 11(2) of the Sales Tax Act, 1990 demanding sales tax amounting to Rupees 167.535 million along with penalty amounting to Rupees 8.377 million against claimed input tax for the tax periods from July 2020 to November 2021. The Holding Company filed appeal on 29 December 2022, against foregoing assessment proceedings before CIR (Appeals), who has confirmed the order of DCIR. The Holding Company filed an appeal on 04 February 2023, before ATIR. ATIR, in connection with the appeal, remanded the issue to the assessing officer for fresh consideration through order dated 04 September 2023.
- 15.1.15** On 21 November 2022, DCIR completed assessment proceedings and passed an order under section 11(2) of the Sales Tax Act, 1990 demanding sales tax amounting to Rupees 30.785 million along with penalty amounting Rupees 1.500 million considering that the Holding Company has failed to discharge its sales tax liability by not depositing due sales tax during the period of June 2019 under the provisio of sub-section (1) of section 8B of the Sales Tax Act, 1990. The Holding Company filed appeal on 30 January 2023, against foregoing assessment proceedings before CIR (Appeals), who has annulled the demand of DCIR.
- 15.1.16** Director (PESSI), Gujrat has demanded through notice dated 07 May 2022 social security contribution amounting to Rupees 96.002 million covering the period from August 2017 to November 2021 on account of short payment of contribution. The Holding Company filed an appeal before Social Security Court, Gujrat against the aforesaid notice, which was dismissed and the Holding Company was advised to make the payment of aforesaid amount. The Holding Company filed a writ petition against the matter in Honourable Lahore High Court, Lahore. On 18 April 2013, through a rectified order the aforementioned amount was reduced to Rupees 94.793 million out of which Rupees 63.195 million relates to the short payment of contribution and Rupees 31.598 million on account of penalty. The Holding Company has filed complaint under section 57 of the Provincial Employees' Social Security Ordinance, 1965 regarding the penalty amounting to Rupees 31.598 million, which is pending for hearing.
- 15.1.17** Amendment order dated 31 March 2014, was issued for the tax year 2012, creating a demand of Rupees 226.103 million on the basis of re-assessment of certain issues. On 21 June 2014, through the appellate order, CIR (Appeals) modified the aforementioned case in favour of the Holding Company, in which additions in income aggregating to Rupees 523.003 million was remanded back to the assessing officer and other income was allocated to sales alone. The Holding Company filed an appeal before ATIR against the aforementioned actions of CIR (Appeals). ATIR in connection with the appeal deleted additions to the extent of Rupees 417.132 million and remanded remaining issues to CIR (Appeals) for re-adjudication through order dated 03 August 2023.
- 15.1.18** On 7 December 2022, ACIR amended assessment for tax year 2019 and raised a tax demand of Rupees 500.278 million on the basis of re-assessment of certain issues regarding tax credits, withholding of advance income tax and deductible allowances. The Holding Company filed rectification application and an appeal before the CIR (Appeals), both of which are pending adjudication.
- 15.1.19** Without considering the facts of the Scheme of Compromises, Arrangement and Reconstruction between Service Industries Limited - Holding Company and Service Global Footwear Limited - Subsidiary Company, the tax authorities through order dated 29 October 2021 alleged that Service Global Footwear Limited - Subsidiary Company suppressed its sale by Rupees 3,718.912 million during tax periods from July 2019 to December 2019 and raised demand of Rupees 632.097 million and further tax of Rupees 111.547 million, along with penalty and default surcharge. Being aggrieved Service Global Footwear Limited - Subsidiary Company filed appeal before CIR (Appeals) who upheld the order. Service Global Footwear Limited - Subsidiary Company filed an appeal before the ATIR dated 01 March 2022. ATIR on 20 June 2022 accepted Service Global Footwear Limited - Subsidiary Company's contentions and remanded the issue on account of verification of Service Global Footwear Limited - Subsidiary Company's claim that the sales tax liability (if any) on revenue reported by Service Global Footwear Limited - Subsidiary Company in its audited financial statements, had been discharged by Service Industries Limited - Holding Company. On 14 November 2022, ACIR raised the original demand through appeal effect order, ignoring the findings and directions of ATIR. Service Global Footwear Limited - Subsidiary Company filed an appeal before CIR (Appeals) on 27 December 2022 and CIR (Appeals) by way of his order dated 30 January 2023 has set-aside the order dated 14 November 2022 of ACIR with the direction to ACIR to verify / confirm different treatment of sales in income tax return vs sales tax returns and to check adequate disclosure of the demerger transaction in audited financial statements of Service Global Footwear Limited - Subsidiary Company and Service Industries Limited - Holding Company in light of directions of ATIR order dated 20 June 2022.
- 15.1.20** Assistant Commissioner Inland Revenue (ACIR) completed assessment proceedings and passed an order dated 22 June 2022 under section 11(2) of the Sales Tax Act, 1990 demanding sales tax amounting to Rupees 9.316 million and penalty amounting to Rupees 0.400 million against claimed input tax for the periods from July 2020 to June 2021. Service Global Footwear Limited - Subsidiary Company filed an appeal before ATIR which was heard on 13 December 2022 and was decided in favour of Service Global Footwear Limited - Subsidiary Company.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

- 15.1.21** Service Long March Tyres (Private) Limited - Subsidiary Company imported prefabricated buildings and claimed exemption from the customs duties and sales tax on the ground that these were being imported for the purpose of establishing an industry in the subject industrial economic zone which was denied on the ground that prefabricated buildings do not fall under capital goods or plant and machinery and thereafter these were allowed to be released provisionally against bank guarantee and the matter was referred to Federal Board of Revenue (FBR). Guarantees are given by the banks of Service Long March Tyres (Private) Limited - Subsidiary Company to the Collector of Customs, Karachi against matter which was referred to Federal Board of Revenue (FBR). Guarantees are given by banks of Service Long March Tyres (Private) Limited - Subsidiary Company to the Collector of Customs, Karachi against shipment amounting to Rupees 368.699 million (2022: Rupees 368.699 million). However, the FBR upheld the opinion of customs against which Service Long March Tyres (Private) Limited - Subsidiary Company filed constitutional appeal in the High Court of Sindh. The matter is currently pending in the High Court of Sindh.
- 15.1.22** The management, based on advice of its advisors, is confident that the decisions regarding the above matters will be in favour of the Company, hence no provision has been made in these consolidated financial statements.
- 15.1.23** Post dated cheques have been issued by Service Global Footwear Limited - Subsidiary Company to custom authorities in respect of duties amounting to Rupees 1,180.514 million (2022: Rupees 2,471.501 million) on imported material availed on the basis of consumption and export plans. In the event the documents of exports are not provided on due dates, cheques issued as security shall be encashable. Service Global Footwear Limited - Subsidiary Company is availing Export Facilitation Scheme (EFS) License issued by Collector of Custom, Lahore with a face value of Rupees 2,000 million for the duty and tax free imports of plant, machinery, equipment, component parts, raw material, packing material and accessories. The said limit was allowed by Collector of Customs, Lahore after securing a post dated cheque of Rupees 2,000 million from Service Global Footwear Limited - Subsidiary Company.
- 15.1.24** The Holding Company is availing Export Facilitation Scheme (EFS) License issued by Collector of Custom, Sialkot Dry Port with a face value of Rupees 7,800 million for the duty and tax free imports of plant, machinery, equipment, component parts, raw material, packing material and accessories. The said limit was allowed by Collector of Customs, Sialkot Dry Port after securing a post dated cheque of Rupees 7,800 million from the Holding Company.
- 15.1.25** Guarantees issued in ordinary course of business of the Holding Company through banks are of Rupees 3,137.884 million (2022: Rupees 2,453.647 million).
- 15.1.26** Guarantees of Rupees 106.27 million (2022: Rupees 106.27 million) are given by the banks of Service Long March Tyres (Private) Limited - Subsidiary Company to the Sui Southern Gas Company Limited against gas connection.
- 15.1.27** Group's share in contingencies of associate accounted for under equity method is Rupees 150.547 million (2022: Rupees 61.575 million).
- 15.1.28** Service Industries Limited - Holding Company has issued cross corporate guarantees of Rupees 9,000 million (2022: Rupees 9,000 million) on behalf of Service Long March Tyres (Private) Limited - Subsidiary Company to secure the obligations of Service Long March Tyres (Private) Limited - Subsidiary Company towards its lenders.
- 15.1.29** Guarantees are given by the banks of Service Long March Tyres (Private) Limited - Subsidiary Company to the National Logistics Cell, Controller of Military Accounts and Pakistan State Oil Company Limited amounting to Rupees 22.548 million, Rupees 5.625 million and Rupees 7 million (2022: Rupees Nil) respectively.

15.2 Commitments

- 15.2.1** Contracts for capital expenditure are approximately of Rupees 281.497 million (2022: Rupees 696.522 million).
- 15.2.2** Letters of credit other than capital expenditure are of Rupees 6,417.016 million (2022: Rupees 3,095.448 million).
- 15.2.3** Outstanding foreign currency forward contracts are of Rupees 3,194.370 million (2022: Rupees 2,133.050 million).
- 15.2.4** Vehicles are obtained under ijarah arrangements from Meezan Bank Limited and Bank AL Habib Limited for a period of four years. Ijarah rentals are payable on half yearly and monthly basis. Future Ujarah payments under Ijarah are as follows:

	2023	2022
	Amount	Amount
	Rupees in thousand	
Not later than one year	43,173	71,971
Later than one year and not later than five years	12,207	59,819
	55,380	131,790

15.2.5 Following represent commitments arising from short-term and low value leases recognized on a straight-line basis as expense under the practical expedients applied by the Group. The amount of future payments under these leases and the period in which these payments will become due are as follows:

	2023	2022
	Amount	Amount
	Rupees in thousand	
Not later than 1 year	32,542	37,504

16. FIXED ASSETS

Operating fixed assets	(Note 16.1)	34,585,560	30,509,561
Capital work-in-progress	(Note 16.2)	1,712,387	2,342,637
		36,297,947	32,852,198

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

16.1 Reconciliation of carrying amount of operating fixed assets at the beginning and at the end of the year is as follows:

Description	Leasehold land	Buildings on leasehold land	Freehold land	Buildings on freehold land	Plant and machinery	Furniture, fixture and fittings	Vehicles	Service equipment	Leasehold Improvements	Total
-----Rupees in thousand-----										
At 31 December 2021										
Cost	797,838	64,021	682,917	2,887,193	8,661,536	111,350	144,474	1,923,780	544,797	15,817,906
Currency retranslation	618	2,323	-	-	2,212	102	233	1,404	-	6,892
	798,456	66,344	682,917	2,887,193	8,663,748	111,452	144,707	1,925,184	544,797	15,824,798
Accumulated depreciation	(14,247)	(19,451)	-	(921,175)	(3,329,588)	(44,708)	(51,062)	(912,392)	(166,802)	(5,459,425)
Currency retranslation	(366)	(816)	-	-	(1,474)	(100)	(225)	(744)	-	(3,725)
	(14,613)	(20,267)	-	(921,175)	(3,331,062)	(44,808)	(51,287)	(913,136)	(166,802)	(5,463,150)
Net book value	783,843	46,077	682,917	1,966,018	5,332,686	66,644	93,420	1,012,048	377,995	10,361,648
Year ended 31 December 2022										
Opening net book value	783,843	46,077	682,917	1,966,018	5,332,686	66,644	93,420	1,012,048	377,995	10,361,648
Additions	-	6,850,150	95,896	291,593	13,726,812	159,727	210,266	553,188	288,483	22,176,115
Disposals / written off:										
Cost	-	-	-	-	(6,040)	(489)	(5,224)	(5,615)	-	(17,368)
Accumulated depreciation	-	-	-	-	419	174	4,439	4,317	-	9,349
	-	-	-	-	(5,621)	(315)	(785)	(1,298)	-	(8,019)
Written off due to fire:										
Cost	-	-	-	(8,732)	(15,276)	(3,219)	-	(2,077)	(807)	(30,111)
Accumulated depreciation	-	-	-	1,723	12,659	1,103	-	1,154	208	16,847
	-	-	-	(7,009)	(2,617)	(2,116)	-	(923)	(599)	(13,264)
Adjustment:										
Cost	-	-	(5,520)	(5,980)	-	-	-	-	-	(11,500)
Accumulated depreciation	-	-	(5,520)	50	-	-	-	-	-	50
	-	-	(5,520)	(5,930)	-	-	-	-	-	(11,450)
Depreciation	(9,795)	(265,608)	-	(185,624)	(1,087,747)	(25,388)	(37,870)	(180,131)	(75,867)	(1,868,030)
Currency retranslation	(2,165)	(4,617)	-	-	(9,147)	(123)	(84)	(5,898)	-	(22,034)
Assets held for sale (Note 40.3)	(5,023)	(41,009)	-	-	(47,692)	(298)	-	(11,383)	-	(105,405)
Closing net book value	766,860	6,584,993	773,293	2,059,048	17,906,674	198,131	264,947	1,365,603	590,012	30,509,561

Description	Leasehold land	Buildings on leasehold land	Freehold land	Buildings on freehold land	Plant and machinery	Furniture, fixture and fittings	Vehicles	Service equipment	Leasehold Improvements	Total
-----Rupees in thousand -----										
At 31 December 2022										
Cost	798,456	6,916,494	773,293	3,164,074	22,369,244	267,471	349,749	2,470,680	832,473	37,941,934
Currency retranslation	(2,483)	(10,735)	-	-	(20,391)	(876)	(1,799)	(10,690)	-	(46,974)
Accumulated depreciation	795,973	6,905,759	773,293	3,164,074	22,348,853	266,595	347,950	2,459,990	832,473	37,894,960
Currency retranslation	(24,408)	(285,875)	-	(1,105,026)	(4,405,731)	(68,919)	(84,718)	(1,087,796)	(242,461)	(7,304,934)
	318	6,118	-	-	11,244	753	1,715	4,792	-	24,940
Assets held for sale (Note 40.3)	(24,090)	(279,757)	-	(1,105,026)	(4,394,487)	(68,166)	(83,003)	(1,083,004)	(242,461)	(7,279,994)
	(5,023)	(41,009)	-	-	(47,692)	(298)	-	(11,383)	-	(105,405)
Net book value	766,860	6,584,993	773,293	2,059,048	17,906,674	198,131	264,947	1,365,603	590,012	30,509,561
Year ended 31 December 2023										
Opening net book value	766,860	6,584,993	773,293	2,059,048	17,906,674	198,131	264,947	1,365,603	590,012	30,509,561
Additions	-	512,274	-	838,163	3,411,263	99,268	588,002	841,444	295,518	6,585,932
Disposals / written off:										
Cost	-	-	-	-	(5,198)	(577)	(37,158)	(18,235)	(44,203)	(105,371)
Accumulated depreciation	-	-	-	-	4,913	100	10,237	12,615	31,021	58,886
	-	-	-	-	(285)	(477)	(26,921)	(5,620)	(13,182)	(46,485)
Depreciation	(9,639)	(346,111)	-	(230,280)	(1,369,449)	(39,222)	(108,915)	(260,234)	(99,519)	(2,463,369)
Currency retranslation	-	-	-	-	(10)	-	(53)	(10)	(6)	(79)
Closing net book value	757,221	6,751,156	773,293	2,666,931	19,948,193	257,700	717,060	1,941,183	772,823	34,585,560
At 31 December 2023										
Cost	790,064	7,360,370	773,293	4,002,237	25,675,371	362,949	898,794	3,257,226	1,083,788	44,204,092
Currency retranslation	-	-	-	-	(11)	-	(60)	(11)	(6)	(88)
Accumulated depreciation	790,064	7,360,370	773,293	4,002,237	25,675,360	362,949	898,734	3,257,215	1,083,782	44,204,004
Currency retranslation	(32,843)	(609,214)	-	(1,335,306)	(5,727,168)	(105,249)	(181,681)	(1,316,033)	(310,959)	(9,618,453)
	(32,843)	(609,214)	-	-	1	-	7	1	-	9
Assets held for sale (Note 40.3)	(32,843)	(609,214)	-	(1,335,306)	(5,727,167)	(105,249)	(181,674)	(1,316,032)	(310,959)	(9,618,444)
Net book value	757,221	6,751,156	773,293	2,666,931	19,948,193	257,700	717,060	1,941,183	772,823	34,585,560
Annual rate of depreciation (%)	1.22-2	05	-	5-10	5-10	5-20	5-20	5-30	10	-

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

16.1.1 Detail of operating fixed assets, exceeding the book value of Rupees 500,000, disposed of / written off during the year is as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchasers
----- Rupees in-thousand -----							
Service Equipment							
Generator Perkins 60 KVA	1,382	754	628	925	297	Negotiation	AES Energy Solutions (Private) Limited, Lahore.
Generator Perkins 60 KVA	1,306	702	604	925	321	Negotiation	AES Energy Solutions (Private) Limited, Lahore.
Generator Perkins 100 KVA	1,500	830	670	1,150	480	Negotiation	AES Energy Solutions (Private) Limited, Lahore.
Generator Perkins 60 KVA	1,315	728	587	925	338	Negotiation	AES Energy Solutions (Private) Limited, Lahore.
Vehicles							
Vehicle Toyota Corolla Altis	3,573	752	2,821	2,821	-	Holding Company's Policy	Mr. Salman Riaz, Holding Company's employee, Gujrat.
Vehicle Toyota Corolla Altis	3,633	1,017	2,616	2,616	-	Holding Company's Policy	Mr. Muhammad Ejaz, Holding Company's employee, Gujrat.
Vehicle Toyota Corolla Altis	3,931	1,095	2,836	2,836	-	Holding Company's Policy	Mr. Adnan Atshad, Holding Company's employee, Gujrat.
Changan Oshan X7	6,939	925	6,014	6,129	115	Negotiation	Mr. Badar Ul Hassan, Holding Company's employee, Lahore.
Changan Oshan X7	6,200	1,274	4,926	5,946	1,020	Negotiation	Mr. Hassan Ehsan - Director of Service Global Footwear Limited - Subsidiary Company
Toyota Revo	6,916	2,597	4,319	6,570	2,251	Insurance Claim	IGI Insurance
Toyota Corolla	3,403	1,159	2,244	2,244	-	Subsidiary Company's Policy	Mr. Khizer Hayat (Chief Operating Officer of Service Long March Tyres (Private) Limited - Subsidiary Company)
Leasehold Improvements							
Level 2 Racks	30,128	23,362	6,766	3,277	(3,489)	Negotiation	Mr. Muhammad Amin, Lahore.
Level 2 Racks	9,382	5,295	4,087	-	(4,087)	Written off	
Aggregate of other items of operating fixed assets with individual book values not exceeding Rupees 500,000	25,763	18,396	7,367	4,510	(2,857)		
	105,371	58,886	46,485	40,874	(5,611)		

		2023	2022
		Amount	Amount
Rupees in thousand			
16.1.2 The depreciation charge for the year has been allocated as follows:			
Cost of sales	(Note 33)	2,027,405	1,565,596
Distribution cost	(Note 34)	198,029	128,816
Administrative expenses	(Note 35)	237,935	160,533
Depreciation relating to fixed assets held for sale	(Note 40.4)	9,595	13,085
		2,472,964	1,868,030

16.1.3 Particulars of immovable properties are as follows:

Head office and manufacturing units	Area of land
	Sq. Feet
Head office	35,017
Manufacturing units	
Footwear and tyre factory and residential colony, Gujrat	2,038,608
Servis genuine parts factory, Muridke	689,491
Footwear factory and residential colony, Muridke	1,345,693
Freehold land, Muridke	211,500
Leasehold land and buildings on leasehold land including manufacturing unit, Nooriabad, Karachi	2,178,000
Manufacturing unit, Sri Lanka	44,475
	6,542,784

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

16.2 Movement in capital work in progress

	Buildings on freehold land	Plant and machinery	Civil works	Borrowing cost capitalised	Furniture, fixture and fittings	Advances against purchase of vehicles	Service equipment	Leasehold improvements	Advances against capital expenditures	Un-allocated expenses	Total
	Rupees in thousand										
Balance at 31 December 2021	138,814	9,492,185	5,048,186	108,152	27,452	26,803	809,968	3,264	163,672	354,586	16,173,082
Additions during the year	733,613	5,198,074	5,192,710	47,249	95,167	84,845	-	289,342	131,387	332,757	12,105,144
Written off due to fire	(7,702)	-	-	-	-	-	-	-	-	-	(7,702)
Transferred to operating fixed assets during the year	(290,593)	(13,667,308)	-	-	(118,955)	(82,205)	(366,295)	(288,483)	-	-	(14,813,839)
Adjusted during the year	-	-	(10,106,632)	(155,401)	-	-	-	-	(163,672)	(687,343)	(11,113,048)
Charged to profit or loss during the year	(1,000)	-	-	-	-	-	-	-	-	-	(1,000)
Balance at 31 December 2022	573,132	1,022,951	134,264	-	3,664	29,443	443,673	4,123	131,387	-	2,342,637
Additions during the year	391,785	2,223,052	378,010	-	97,091	412,706	851,810	319,175	791,490	-	5,465,119
Transferred to operating fixed assets during the year	(838,163)	(2,995,432)	(512,274)	-	(97,177)	(421,686)	(823,433)	(294,473)	(110,963)	-	(6,093,601)
Adjusted during the year	-	88,985	-	-	-	-	43,649	-	(132,634)	-	-
Charged to profit or loss during the year	-	-	-	-	-	-	(1,768)	-	-	-	(1,768)
Balance at 31 December 2023	126,754	339,556	-	-	3,578	20,463	513,931	28,825	679,280	-	1,712,387

16.2.1 Particulars of royalty paid during the year in connection with business of manufacturing motorcycle chains and sprocket are as follows:

Name of the company	Registered address	Relationship with the Group or directors	
		2023	2022
		Rupees in thousand	
Hangzhou SFR Technology Co. Ltd.,	No. 106, Houmuqiao Road, Cangqian Street, Yuhang District, Hangzhou, China 311121	6,100	9,298
Renqiu Yate Motorcycle Parts Co. Ltd.,	Shimenqiao Town, Renqiu City, Hebei, China 062556	7,331	-
	Related / Other		

	2023	2022
	Amount	Amount
	Rupees in thousand	
17. RIGHT-OF-USE ASSETS		
Reconciliation of carrying amount of right-of-use assets		
Balance at 01 January	3,386,718	2,642,560
Additions during the year	1,763,553	1,226,155
Impact of lease termination	(35,476)	(55,757)
Depreciation for the year (Note 17.2)	(593,411)	(426,240)
Balance at 31 December	4,521,384	3,386,718

17.1 Lease of buildings

The Holding Company obtained buildings on lease for godowns and shops. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease periods range from five to fifteen years.

There are certain leases of buildings with lease term of twelve months or less. As per IFRS 16, recognition exemption of 'short-term lease' and 'lease of low value assets' has been applied for these leases.

There is no impairment against right-of-use assets.

	2023	2022
	Amount	Amount
	Rupees in thousand	

17.2 The depreciation charge for the year has been allocated as follows:

Distribution cost	(Note 34)	593,411	426,240
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18. INTANGIBLE ASSETS

Computer softwares	(Notes 18.1 and 18.1.3)	1,862	3,728
Intangible asset under development		5,648	5,648
Goodwill	(Note 18.2)	-	-
		7,510	9,376

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

	2023	2022
	Amount	Amount
	Rupees in thousand	
18.1 Computer software		
Cost		
Balance at 01 January	50,515	48,843
Additions during the year	-	1,672
Balance at 31 December	50,515	50,515
Amortization		
Balance at 01 January	(46,787)	(44,864)
Charge for the year	(1,866)	(1,923)
Balance at 31 December	(48,653)	(46,787)
Net book value at 31 December	1,862	3,728

18.1.1 Intangible assets - computer software has been amortized at the rate of 33.33% per annum.

18.1.2 Amortization on intangible assets - computer software has been allocated as follows:

		2023	2022
		Amount	Amount
		Rupees in thousand	
Distribution cost	(Note 34)	557	454
Administrative expenses	(Note 35)	1,309	1,469
		1,866	1,923

18.1.3 These include intangible assets having cost of Rupees 39.134 million (2022: Rupees 39.134 million) which are fully amortized.

		2023	2022
		Amount	Amount
		Rupees in thousand	
18.2 Goodwill			
Goodwill		39,623	39,623
Impairment loss	(Note 18.2.2)	(39,623)	(39,623)
		-	-

18.2.1 This represents goodwill arose on acquisition of Service Shoes Lanka (Private) Limited - Subsidiary Company.

	2023	2022
	Amount	Amount
	Rupees in thousand	
18.2.2 Impairment loss		
Balance at 01 January	39,623	-
Impairment loss charged during the year	-	39,623
Balance at 31 December	39,623	39,623

19. LONG TERM INVESTMENTS

Investment in associates (with significant influence) - under equity method	(Note 19.1)	647,283	542,586
Investment in joint ventures - at cost	(Note 19.2)	-	-
Other investment - at FVTOCI	(Note 19.3)	61,279	84,026
		708,562	626,612

Speed (Private) Limited		Jomo Technologies (Private) Limited		Total	
2023	2022	2023	2022	2023	2022
----- Rupees in thousand -----					

19.1 Cost of investment	342,526	342,526	80,000	80,000	422,526	422,526
Share of post acquisition reserve						

Balance at 01 January	200,060	153,111	(80,000)	(69,742)	120,060	83,369
Adjustment due to deemed disposal of equity accounted investee	-	-	-	29,107	-	29,107
Share of employees' share compensation reserve	-	-	-	78	-	78
Share of post acquisition profit / (loss) - net of tax	104,697	46,949	-	(39,369)	104,697	7,580
Share of other comprehensive loss - net of tax	-	-	-	(74)	-	(74)
	304,757	200,060	(80,000)	(80,000)	224,757	120,060
	647,283	542,586	-	-	647,283	542,586

19.1.1 Share of post acquisition loss of Jomo Technologies (Private) Limited is restricted upto the interest of the Service Industries Capital (Private) Limited - Subsidiary Company in Jomo Technologies (Private) Limited. Hence, total loss of Rupees 78.097 million has not been recognized.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

Speed (Private) Limited		Jomo Technologies (Private) Limited	
2023	2022	2023	2022

----- Rupees in thousand -----

19.1.2 Summary of financial information of associates as per un-audited financial statements for the year:

Current assets	2,157,485	1,556,148	80,000	202,043
Non-current assets	829,235	879,556	42	83,062
Total assets	2,986,720	2,435,704	80,042	285,105
Current liabilities	673,880	425,378	553,758	456,048
Non-current liabilities	724,346	712,935	-	12,456
Total liabilities	1,398,226	1,138,313	553,758	468,504
Net assets	1,588,494	1,297,391	(473,716)	(183,399)

Reconciliation to carrying amounts:

Balance at 01 January	1,297,391	1,166,853	(183,399)	27,360
Transaction with owners in their capacity as owners	-	-	-	171,400
Employees' share compensation reserve	-	-	-	465
Profit / (loss) after income tax	291,103	130,538	(290,317)	(382,183)
Other comprehensive loss - net of tax	-	-	-	(441)
Balance at 31 December	1,588,494	1,297,391	(473,716)	(183,399)

Percentage of holding	35.97%	35.97%	16.49%	16.49%
Group's Share	571,311	466,663	(78,097)	(30,235)
Goodwill	75,972	75,923	-	-
Losses in excess of the interest of Service Industries Capital (Private) Limited - Subsidiary Company in the equity of investee company	-	-	78,097	30,235
Carrying amount	647,283	542,586	-	-

Summarized statement of comprehensive income:

Revenue	3,326,258	2,549,052	80,459	317,838
Profit / (loss) for the year	291,103	130,538	(290,317)	(382,183)
Other comprehensive loss for the year	-	-	-	(441)
Total comprehensive income / (loss) for the year	291,103	130,538	(290,317)	(382,624)

19.1.3 The registered office of Speed (Private) Limited is situated at Office No. 1, First Floor, Service Club Extension Building, Mereweather Road, Karachi. Speed (Private) Limited is primarily engaged in business of distribution of international brands of footwear, apparel, watches, bags, sunglasses etc. Number of shares held by the Holding Company and Service Industries Capital (Private) Limited - Subsidiary Company are 263,909 (2022: 263,909) fully paid ordinary shares of Rupees 100 each.

19.1.4 The registered office of Jomo Technologies (Private) Limited is situated at Servis House, 2-Main Gulberg, Lahore. Jomo Technologies (Private) Limited is primarily engaged in business of online marketing and sales of consumer and other goods. Number of shares held by the Service Industries Capital (Private) Limited - Subsidiary Company are 46,666,667 (2022: 46,666,667) fully paid ordinary shares of Rupee 1 each.

	2023	2022
	Amount	Amount
	Rupees in thousand	
19.2 Investment in joint ventures - at cost		
S2 Power Limited		
24,000 (2022: 24,000) fully paid ordinary shares of Rupees 10 each	240	240
S2 Hydro Limited		
24,000 (2022: 24,000) fully paid ordinary shares of Rupees 10 each	240	240
	480	480
Impairment loss recognized against investment in joint ventures	(480)	(480)
	-	-

19.3 Other investment - at FVTOCI

TRG Pakistan Limited		
775,000 (2022: 775,000) fully paid ordinary shares of Rupees 10 each	17,089	17,089
Fair value adjustment	44,190	66,937
	61,279	84,026

20. LONG TERM LOANS TO EMPLOYEES

Considered good:

Executives	(Note 20.1, 20.2 and 20.3)	46,471	48,373
Other employees	(Note 20.3)	4,008	2,575
		50,479	50,948
Current portion shown under current assets	(Note 25)		
Executives		(19,938)	(14,307)
Other employees		(1,952)	(1,041)
		(21,890)	(15,348)
		28,589	35,600

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

	2023	2022
	Amount	Amount
	Rupees in thousand	
20.1 Reconciliation of carrying amount of loans to executives:		
Balance at 01 January	48,373	56,311
Disbursements during the year	30,606	17,725
Reclassification of other employees to executives	-	2,000
Repayments during the year	(32,508)	(27,663)
Balance at 31 December	46,471	48,373

20.2 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 61.347 million (2022: Rupees 63.045 million).

20.3 These represent interest free loans to executives and employees for general purposes and house building, which are recoverable in monthly instalments over a period of 1 to 7 years and are secured by amount due to the employees against retirement benefits.

20.4 The fair value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' arising in respect of staff loans is not considered material and hence not recognized.

	2023	2022
	Amount	Amount
	Rupees in thousand	
21. LONG TERM SECURITY DEPOSITS		
Security deposits against Ijarah	13,314	31,433
Security deposits against right of use assets	155,506	109,178
Security deposits - others	88,901	76,942
	257,721	217,553
Current portion shown under current assets	(Note 26) (6,615)	(18,171)
	251,106	199,382

22. STORES, SPARES AND LOOSE TOOLS

Machinery spares	295,447	159,692
Stores	738,591	548,708
Loose tools	9,857	12,525
	1,043,895	720,925
Provision for slow moving and obsolete items	(Note 22.2) (46,210)	(38,879)
	997,685	682,046

22.1 These include stores in transit of Rupees 64.254 million (2022: Rupees 40.292 million).

	2023	2022
	Amount	Amount
	Rupees in thousand	
22.2 Provision for slow moving and obsolete items		
Balance at 01 January	38,879	32,949
Provision made during the year	7,331	5,930
Balance at 31 December	46,210	38,879
23. STOCK-IN-TRADE		
Raw materials (Notes 23.1)	9,418,115	9,317,005
Packing materials	204,903	183,989
Work-in-process (Notes 23.2)	1,795,905	1,819,427
Finished goods (Notes 23.3 and 23.4)		
- Own production	6,216,187	5,958,170
- Purchased	3,547,559	2,304,483
	9,763,746	8,262,653
	21,182,669	19,583,074
Provision for slow moving and obsolete items (Notes 23.6)	(130,588)	(102,320)
	21,052,081	19,480,754

23.1 These include stock in transit of Rupees 968.080 million (2022: Rupees 459.751 million).

23.2 This includes stock of Rupees 166.903 million (2022: Rupees 160.843 million) sent to outside parties for processing.

23.3 These include stock in transit of Rupees 484.279 million (2022: Rupees 392.742 million).

23.4 Finished goods of Rupees 366.890 million (2022: Rupees 114.223 million) are being carried at net realizable value.

23.5 The aggregate amount of Rupees 35.336 million (2022: Rupees 19.919 million) has been charged to cost of sales, being the cost of inventory written down during the year.

	2023	2022
	Amount	Amount
	Rupees in thousand	
23.6 Provision for slow moving and obsolete items		
Balance at 01 January	102,320	92,464
Provision made during the year	34,902	9,856
Stock written off against provision	(6,634)	-
Balance at 31 December	130,588	102,320

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

		2023	2022
		Amount	Amount
		Rupees in thousand	
24. TRADE DEBTS			
Considered good:			
Secured:			
- Against irrevocable letters of credit		916,305	1,103,767
Unsecured:			
- Related party	(Notes 24.3, 24.4 and 24.5)	-	5,958
- Others	(Note 24.6)	9,134,537	7,797,435
		9,134,537	7,803,393
		10,050,842	8,907,160
Allowance for expected credit losses	(Note 24.7)	(333,448)	(324,966)
		9,717,394	8,582,194

24.1 Foreign jurisdictions of trade debts:

Europe		3,722,649	1,304,613
South America		688,649	643,791
North America		8,719	185,333
Asia		212,663	333,269
Australia		-	6,897
Africa		302,268	12,005
Pakistan		5,115,894	6,421,252
		10,050,842	8,907,160

24.2 Types of counterparties:

Export			
Corporate		4,902,863	2,484,544
Other		38,997	1,364
		4,941,860	2,485,908
Local			
Corporate		3,007,833	3,065,781
Other		2,101,149	3,355,471
		5,108,982	6,421,252
		10,050,842	8,907,160

24.3 This represents amounts due from following related party:

Jomo Technologies (Private) Limited - associated company		-	5,958
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24.4 The maximum aggregate amount receivable from related party at the end of any month during the year was as follows:

	2023 Amount	2022 Amount
	Rupees in thousand	
Jomo Technologies (Private) Limited	8,994	118,298

24.5 As at the 31 December 2023, trade debt due from related party amounting to Rupees Nil (2022: Rupees 5.958 million) was past due but not impaired. The ageing analysis of this trade debts is as follows:

	2023 Amount	2022 Amount
	Rupees in thousand	
Upto 1 month	-	5,958
1 to 6 months	-	-
More than 6 months	-	-
	-	5,958

24.6 As at 31 December 2023, trade debts due from other than related parties of Rupees 2,755.120 million (2022: Rupees 3,442.316 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The age analysis of these trade debts is as follows:

	2023 Amount	2022 Amount
	Rupees in thousand	
Upto 1 month	2,179,347	2,360,612
1 to 6 months	206,870	805,404
More than 6 months	368,903	276,300
	2,755,120	3,442,316

24.7 Allowance for expected credit losses

Balance at 01 January		324,966	270,597
Recognition of expected credit losses during the year	(Note 36)	8,482	54,369
Balance at 31 December		333,448	324,966

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

		2023 Amount	2022 Amount
Rupees in thousand			
25. LOANS AND ADVANCES			
Considered good:			
Advances to staff		81,148	19,598
Current portion of long term loans to employees	(Note 20)	21,890	15,348
Advances to suppliers	(Note 25.1)	443,432	658,408
Letters of credit		1,316,369	896,929
Margin against bank guarantee		51,582	-
Loan to Jomo Technologies (Private) Limited	(Note 25.2)	-	130,000
Others	(Note 25.3)	10,836	9,736
		1,925,257	1,730,019

25.1 Advances to suppliers

Advances to suppliers		452,620	669,889
Provision against doubtful advances to suppliers	(Note 25.1.1)	(9,188)	(11,481)
		443,432	658,408

25.1.1 Provision against doubtful advances to suppliers

Balance at 01 January		11,481	-
(Reversal of provision) / provision for doubtful advances to suppliers	(Notes 36 and 37)	(2,293)	11,481
Balance at 31 December		9,188	11,481

25.2 Loan to Jomo Technologies (Private) Limited

Loan at 31 December		134,500	130,000
Expected credit loss recognized during the year	(Note 25.2.2)	(134,500)	-
		-	130,000

25.2.1 This represents loan given to Jomo Technologies (Private) Limited which is repayable till 23 June 2024. It carries interest at the rate of 3 months KIBOR + 0.50% (2022: 3 months KIBOR + 0.50%) per annum. The maximum aggregate amount due from the associate at the end of any month during the year was Rupees 134.500 million (2022: Rupees 130.000 million).

25.2.2 Expected credit loss

Considering the deteriorating cashflow position of Jomo Technologies (Private) Limited - associated company (JOMO), the management of Service Industries Capital (Private) Limited - Subsidiary Company has conducted a thorough review of its receivable against loan to JOMO and accrued interest thereon amounting to Rupees 134.500 million and Rupees 34.463 million respectively. This assessment has been conducted in accordance with the International Financial Reporting Standards (IFRS) guidelines on impairment of financial assets, including IFRS 9. The management has identified several indicators that strongly suggest impairment of the aforesaid receivables.

JOMO could not arrange fresh sources of funding to keep its current business model afloat. JOMO is therefore facing negative cashflows which raised concerns about the recoverability of the carrying amounts of various assets. The management initially maintained the view that JOMO would be able to secure the funding for working capital. This funding was expected to be secured within the second half of financial year 2023. However, mounting macroeconomic challenges in the domestic market such as economic instability,

inflation and currency devaluation contributed uncertainty and created a situation where the originally planned sources of funding for the future operations could not be secured. Hence, due to broader economic and market conditions and uncertain domestic economy, JOMO closed down its operations on 31 August 2023. This has resulted in significant decline in revenue and gross merchandise value of JOMO.

Following a detailed assessment and decision of board of directors of JOMO for closure of business, it has been determined that the carrying value of the JOMO's assets may not be recoverable based on the indicators mentioned above. As a result, an impairment loss amounting to Rupees 168.963 million is recognized in the consolidated financial statements for the year ended 31 December 2023. This amount has been recognized as an expense in the consolidated statement of profit or loss for the year ended 31 December 2023.

	2023	2022
	Amount	Amount
	Rupees in thousand	
25.3 These include amount due from following related parties:		
S2 Power Limited - joint venture	2,691	2,691
S2 Hydro Limited - joint venture	11,476	11,476
	14,167	14,167
Impairment loss against joint ventures	(14,167)	(14,167)
	-	-

24.3.1 The maximum aggregate of amount due from related parties at the end of any month during the year was as follows:

S2 Power Limited - joint venture	2,691	2,691
S2 Hydro Limited - joint venture	11,476	11,476

26. TRADE DEPOSITS AND PREPAYMENTS

Security deposits	106,825	126,032
Prepayments	158,223	129,955
Current portion of long term security deposits (Note 21)	6,615	18,171
	271,663	274,158

27. OTHER RECEIVABLES

Considered good:

Duty draw back	37,293	37,293
Custom duty rebate	870,018	404,654
Sales tax refundable	1,680,499	1,554,162
Lab testing charges (Note 27.1)	14,065	3,159
Claims receivable (Note 27.2)	-	53,529
Miscellaneous (Note 27.3)	108,785	95,258
	2,710,660	2,148,055

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

	2023 Amount	2022 Amount
	Rupees in thousand	
27.1 Lab testing charges		
Lab testing charges	14,065	4,214
Allowance for expected credit losses (Note 27.1.1)	-	(1,055)
	14,065	3,159
27.1.1 Allowance for expected credit losses		
Balance at 01 January	1,055	1,055
Reversal of allowance recognized during the year (Note 37)	(1,055)	-
Balance at 31 December	-	1,055
27.2 Claims receivable		
Claims receivable	13,621	53,529
Allowance for expected credit losses (Note 27.2.1)	(13,621)	-
	-	53,529
27.2.1 Allowance for expected credit losses		
Balance at 01 January	-	-
Allowance recognized during the year (Note 36)	13,621	-
Balance at 31 December	13,621	-
27.3 Miscellaneous		
Miscellaneous other receivables	116,434	95,258
Allowance for expected credit losses (Note 27.3.1)	(7,649)	-
	108,785	95,258
27.3.1 Allowance for expected credit losses		
Balance at 01 January	-	-
Allowance recognized during the year (Note 36)	7,649	-
Balance at 31 December	7,649	-
28 ADVANCE INCOME TAX - NET OF PROVISION FOR TAXATION		
Advance income tax	2,654,616	2,428,686
Provision for taxation	(2,140,291)	(1,607,286)
	514,325	821,400

		2023	2022
		Amount	Amount
Rupees in thousand			
29 ACCRUED INTEREST			
On term deposit receipts		23,419	12,269
On loan to Jomo Technologies (Private) Limited	(Note 29.1)	34,463	5,340
Allowance for expected credit loss recognized during the year	(Note 25.2.2)	(34,463)	-
		23,419	17,609

29.1 This represents interest accrued on loan given to Jomo Technologies (Private) Limited - associated company. The maximum aggregate amount receivable at the end of any month during the year was Rupees 34.463 million (2022: Rupees 5.340 million).

		2023	2022
		Amount	Amount
Rupees in thousand			
30. SHORT TERM INVESTMENT			
At amortized cost			
Term deposit receipt	(Note 30.1)	879,914	179,914
Interest accrued thereon		3,516	1,701
		883,430	181,615

30.1 These represent term deposits with banking company having maturity period of one year and carry profit at the rates ranging from 9.80% to 21% per annum (2022: 5.56% to 9.70% per annum).

		2023	2022
		Amount	Amount
Rupees in thousand			
31. CASH AND BANK BALANCES			
With banks:			
On current accounts :			
Local currency	(Note 31.1)	2,053,254	1,450,892
Foreign currency	(Note 31.2)	417,912	88,306
		2,471,166	1,539,198
On saving accounts:			
Local currency	(Note 31.3)	2,531,898	67,632
Foreign currency	(Note 31.4)	396	316
		2,532,294	67,948
Term deposit receipts	(Note 31.5)	5,003,460	1,607,146
		5,529,960	1,996,646
Cash in transit		20,071	9,914
Cash in hand		83,097	37,038
		5,633,128	2,043,598

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

- 31.1** These include AED 2,439 (2022: AED 95,324) and CNY 67,783 (2022: CNY Nil).
- 31.2** These include USD 157,915 (2022: USD 192,077) and EURO 1,219,990 (2022: EURO 185,628).
- 31.3** These include CNY 165,935 (2022: CNY Nil) and rates of profit on saving accounts range from 0.80% to 20.50% (2022: 4.25% to 15%) per annum.
- 31.4** This represents USD 1,404 (2022: USD 1,397) and rate of profit on foreign currency account ranges from 0.46% to 0.58% (2022: 0.48% to 0.57%) per annum.
- 31.5** Effective interest rates on term deposit receipts range from 9.7% to 20.2% (2022: 13% to 14.5%) per annum. Maturity period of these term deposit receipts is less than 3 months (2022: less than 3 months).

	2023	2022
	Amount	Amount
	Rupees in thousand	
32. REVENUE - NET		
Revenue from contracts with customers:		
Export:		
- Sales	32,988,310	19,610,969
- Discounts, commissions etc.	(282,561)	(293,161)
	32,705,749	19,317,808
Local:		
- Sales	80,602,297	53,348,902
- Sales tax	(12,824,568)	(8,046,570)
- Discounts, commissions etc.	(3,976,758)	(2,959,048)
	63,800,971	42,343,284
Revenue from services	13,940	7,577
	96,520,660	61,668,669

32.1 Sales of footwear - net

Export sales	16,384,709	13,119,985
Local sales	12,873,470	9,083,480
	29,258,179	22,203,465

Sales of tyres - net

Export sales	16,321,040	6,196,556
Local sales	46,979,168	29,855,061
Revenue from services	13,940	7,577
	63,314,148	36,059,194

Sales of spare parts for automobiles - net

Export sales	-	1,267
Local sales	3,247,357	3,050,069
	3,247,357	3,051,336

Sales of technical rubber products - net

Local sales	700,976	354,674
	96,520,660	61,668,669

32.2 The amount of Rupees 805.380 million included in contract liabilities (Note 10) at 31 December 2022 has been recognised as revenue in 2023 (2022: Rupees 499.544 million).

32.3 Revenue is recognised at point in time as per the terms and conditions of underlying contracts with customers

		2023	2022
		Amount	Amount
		Rupees in thousand	
33. COST OF SALES			
Raw materials consumed	(Note 33.1)	51,815,508	35,842,819
Processing charges		14,940	64,540
Salaries, wages and other benefits	(Notes 33.2 and 33.3)	7,168,139	5,699,989
Stores and spares consumed		967,538	647,218
Packing materials consumed		1,790,555	1,396,210
Fuel and power		4,058,654	3,375,040
Insurance		144,433	107,098
Travelling		200,768	106,792
Repair and maintenance		599,668	372,256
Entertainment		28,360	12,835
Rent, rates and taxes	(Note 33.4)	6,347	23,386
Depreciation on operating fixed assets	(Note 16.1.2)	2,027,405	1,565,596
Provision for slow moving and obsolete inventory		42,233	15,786
Other manufacturing charges		529,287	290,518
		69,393,835	49,520,083
Work-in-process			
Opening stock		1,819,427	1,049,074
Closing stock		(1,795,905)	(1,819,427)
		23,522	(770,353)
Cost of goods manufactured		69,417,357	48,749,730
Finished goods:			
Opening stock		8,262,653	4,923,121
Purchases during the year		6,754,156	5,996,427
Closing stock		(9,763,746)	(8,262,653)
		5,253,063	2,656,895
		74,670,420	51,406,625

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

		2023	2022
		Amount	Amount
		Rupees in thousand	
33.1 Raw materials consumed			
Opening stock		9,317,005	5,491,408
Purchases during the year		51,916,618	39,668,416
Closing stock		(9,418,115)	(9,317,005)
Raw materials consumed during the year	(Note 33.1.1)	51,815,508	35,842,819

33.1.1 Custom duty rebate for the year amounting to Rupees 700.592 million (2022: Rupees 482.273 million) has been adjusted against raw materials consumed.

33.2 Salaries, wages and other benefits include Rupees 222.594 million (2022: Rupees 171.738 million), Rupees 48.440 million (2022: Rupees 38.353 million) and Rupees 71.916 million (2022: Rupees 62.391 million) in respect of provident fund contribution, gratuity fund and compensated absences respectively.

33.3 Salaries, wages and other benefits include share options expense of Rupees 0.552 million (2022: Rupees 16.619 million).

33.4 These include rent expense of Rupees 0.428 million (2022: Rupees 2.445 million) related to short term leases.

		2023	2022
		Amount	Amount
		Rupees in thousand	
34. DISTRIBUTION COST			
Salaries and other benefits	(Notes 34.1 and 34.2)	1,521,512	929,228
Freight and insurance		1,319,978	1,101,863
Advertisement and publicity		639,798	625,695
Communication		12,419	10,061
Entertainment		45,475	25,331
Samples claims and product development		640,075	367,543
Depreciation on operating fixed assets	(Note 16.1.2)	198,029	128,816
Depreciation on right-of-use assets	(Note 17.2)	593,411	426,240
Amortization on intangible assets	(Note 18.1.2)	557	454
Rent, rates and taxes	(Notes 34.3 and 34.4)	202,805	143,783
Postage and courier		139,721	116,193
Fuel and power		319,862	192,840
Travelling and conveyance		279,576	158,989
Legal and professional		18,054	15,972
Repairs and maintenance		68,074	20,423
Others		92,477	58,327
		6,091,823	4,321,758

- 34.1** Salaries and other benefits include Rupees 30.993 million (2022: Rupees 21.684 million), Rupees 16.455 million (2022: Rupees 15.325 million) and Rupees 3.061 million (2022: Rupees 0.139 million) in respect of provident fund contribution, gratuity fund and compensated absences respectively.
- 34.2** Salaries and other benefits include share options expense of Rupees 0.127 million (2022: Rupees 1.948 million).
- 34.3** These include rent expense of Rupees 184.382 million (2022: Rupees 70.738 million) relating to shops not classified as lease due to sales based rent.
- 34.4** These include rent expense of Rupees 12.782 million (2022: Rupees 2.499 million) and Rupees 1.601 million (2022: Rupees 2.108 million) relating to short term and low value leases respectively.

		2023	2022
		Amount	Amount
		Rupees in thousand	
35. ADMINISTRATIVE EXPENSES			
Salaries and other benefits	(Notes 35.1 and 35.2)	2,121,572	1,454,952
Communication		46,236	44,999
Printing and stationery		37,956	24,114
Travelling and conveyance		109,288	57,266
Entertainment		74,383	72,925
Vehicles' running		136,125	93,772
Insurance		22,649	11,199
Rent, rates and taxes	(Note 35.3)	47,560	42,457
Fuel and power		61,029	51,385
Repairs and maintenance		35,340	32,480
Auditor's remuneration	(Note 35.4)	12,143	11,025
Legal and professional		94,200	103,143
Fee and subscription		10,344	8,976
Depreciation on operating fixed assets	(Note 16.1.2)	237,935	160,533
Amortization on intangible assets	(Note 18.1.2)	1,309	1,469
Ijarah rentals		53,381	71,726
Trade licence expenses		1,625	1,013
Computer running expenses		30,900	32,774
Advertisement		1,142	37
General expenses		80,658	111,041
		3,215,775	2,387,286

- 35.1** Salaries and other benefits include Rupees 55.377 million (2022: Rupees 46.279 million), Rupees 23.991 million (2022: Rupees 19.350 million) and Rupees 3.701 million (2022: Rupees 4.426 million) in respect of provident fund contribution, gratuity fund and compensated absences respectively.
- 35.2** Salaries and other benefits include share options expense of Rupees 0.216 million (2022: Rupees 6.464 million).
- 35.3** This includes rent expense of Rupees 20.363 million (2022: Rupees 15.878 million) and Rupees 3.062 million (2022: Rupees 2.146 million) relating to short term leases and leases of low value assets respectively.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

	2023 Amount	2022 Amount
	Rupees in thousand	
35.4 Auditor's remuneration:		
Statutory audit fee	6,188	6,179
Statutory audit fee of consolidated financial statements	708	322
Special audit fee	1,380	1,100
Half yearly review	1,587	1,442
Other certification services	1,100	1,000
Reimbursable expenses	1,180	982
	12,143	11,025

36. OTHER EXPENSES

Donations	(Note 36.1)	87,975	70,495
Workers' profit participation fund	(Note 10.1)	258,415	63,054
Workers' welfare fund	(Note 10.2)	118,474	12,745
Penalty	(Note 36.2)	-	3,305
Provision against doubtful advances to suppliers	(Note 25.1.1)	-	11,481
Advances to employees written off		-	6,555
Allowance for expected credit losses - trade debts	(Note 24.7)	8,482	54,369
Other receivables written off		-	71
Allowance for expected credit losses - miscellaneous other receivables	(Note 27.3.1)	7,649	-
Allowance for expected credit losses - claims receivable	(Note 27.2.1)	13,621	-
Assets written off - net		6,610	125,687
Expected credit loss - loan and accrued interest of associated company	(Note 25.2.2)	168,963	-
Impairment loss on goodwill	(Note 18.2.2)	-	39,623
		670,189	387,385

36.1 The names of donees to whom donation amount exceeds Rupees 8.798 million (2022: Rupees 7.050 million) are as follows:

Servis Foundation	(Note 36.1.1)	61,035	49,472
Shalamar Hospital	(Note 36.1.2)	12,794	8,581
Service Charitable Trust	(Note 36.1.3)	-	7,922
		73,829	65,975

36.1.1 Mr. Arif Saeed, Chief Executive, Mr. Omar Saeed and Mr. Hassan Javed, Directors of the Holding Company are directors of Servis Foundation.

36.1.2 Mr. Omar Saeed, Director of the Holding Company is Trustee in Shalamar Hospital.

35.1.3 Mr. Arif Saeed, Chief Executive, Mr. Omar Saeed and Mr. Hassan Javed, Directors of the Holding Company are members of Board of Trustees of Service Charitable Trust.

36.2 This represents penalty levied on late payment of short-term loan facility from Soneri Bank Limited.

	2023 Amount	2022 Amount
Rupees in thousand		
37. OTHER INCOME		
Income from financial assets		
Return on bank deposits	99,184	137,869
Interest on loan to associate	29,123	12,268
Gain on lease termination	8,618	20,410
Exchange gain - net	468,666	25,233
Income from non-financial assets		
Gain on sale of operating fixed assets	999	940
Amortization of deferred income - Government grant (Note 9.1)	544,644	496,230
Insurance claim against business interruption loss	-	4,908
Adjustment due to deemed disposal of equity accounted investee	-	29,107
Scrap sales and others	156,841	102,473
Reversal of provision for doubtful advances to suppliers (Note 25.1.1)	2,293	-
Reversal of allowance for expected credit losses - Lab testing charges (Note 27.1.1)	1,055	-
Miscellaneous	-	1,667
	1,311,423	831,105
38. FINANCE COST		
Mark-up / interest on:		
- long term financing	2,397,054	1,806,886
- short term borrowings	4,305,048	1,724,730
- lease liabilities (Note 7.1)	615,417	360,941
- provident fund payable	-	163
Adjustment due to impact of IFRS 9 on GIDC (Note 9.2)	-	195
Interest on workers' profit participation fund (Note 10.1)	1,270	1,500
Bank charges and commission	227,858	119,264
	7,546,647	4,013,679
39. TAXATION		
Current (Note 39.1)	1,232,477	1,047,135
Prior year	117,279	10,767
Deferred tax	53,807	99,241
	1,403,563	1,157,143

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

39.1 Except for Service Shoes Lanka (Private) Limited – Subsidiary Company, SIL GULF (FZE) - Subsidiary Company and Dongguan Service Global Limited - Subsidiary Company, provision for current income tax is made in accordance with the relevant provisions of the Income Tax Ordinance, 2001. Provision for current tax relating to Service Shoes Lanka (Private) Limited - Subsidiary Company, SIL GULF (FZE) - Subsidiary Company and Dongguan Service Global Limited - Subsidiary Company is computed in accordance with the tax legislation enforce in the countries where the income is taxable.

40. DISCONTINUED OPERATIONS

40.1 On 30 December 2022, the Group publicly announced the decision of its Board of Directors to close down the business operations of Service Shoes Lanka (Private) Limited - Subsidiary Company with effect from 15 January 2023 owing to prevailing global and economic downturn and unfavourable business conditions in Sri Lanka. The sale of Service Shoes Lanka (Private) Limited - Subsidiary Company was expected to be completed within a year from the reporting date. At 31 December 2022, Service Shoes Lanka (Private) Limited - Subsidiary Company had been classified as a disposal group held for sale and as a discontinued operation. Disposal group has been carried in these consolidated financial statements at carrying amount.

40.2 The results of Service Shoes Lanka (Private) Limited - Subsidiary Company for the year are presented below:

	2023	2022
	Amount	Amount
	Rupees in thousand	
Revenue		
Gross (loss) / profit from manufacturing activities	(26,524)	110,141
Other income - scrap sales and others	18,046	5,288
	(8,478)	115,429
Expenses		
Distribution cost	-	(1,295)
Operating and administrative expenses	(8,664)	(42,730)
Other expenses	(3,026)	(58,191)
	(11,690)	(102,216)
Loss from operations	(20,168)	13,213
Impairment loss recognised	-	(58,936)
Finance cost	(5,811)	(10,111)
Loss before tax	(25,979)	(55,834)
Taxation	-	(2,462)
Loss after taxation	(25,979)	(58,296)

2023 2022
Amount Amount
Rupees in thousand

40.3 Assets and liabilities of Service Shoes Lanka (Private) Limited are as follows:

Assets:

Fixed assets	(Note 40.4)	94,698	105,405
Stores, spares and loose tools		1,327	954
Stock-in-trade		24,755	22,915
Trade debts		153,726	146,150
Loans and advances		4,176	3,001
Trade deposits and prepayments		2,307	1,653
Other receivables		4,334	3,115
Cash and bank balances		3,109	2,297
Assets held for sale		288,432	285,490

Liabilities:

Employees' retirement benefit		-	3,403
Deferred income tax liability - net		7,570	5,441
Trade and other payables		838,059	458,396
Short term borrowing		-	115,354
Liabilities directly associated with the assets held for sale		845,629	582,594
Net assets directly associated with disposal group		(557,197)	(297,104)

The net cash flows incurred by Service Shoes Lanka (Private) Limited are as follows:

Operating	307,165	(40,065)
Investing	(40,840)	(18,021)
Financing	(265,513)	58,229
Net cash flows	812	143
Loss per share from discontinued operations - basic and diluted (Rupees)	(0.33)	(0.74)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

	2023 Amount	2022 Amount
	Rupees in thousand	
40.4 Fixed assets		
For the year ended		
Opening net book value	105,405	100,469
Additions	-	40,055
Disposals:		
Cost	(46,483)	(3,573)
Accumulated depreciation	4,532	3,573
	(41,951)	-
Depreciation	(9,595)	(13,085)
Currency retranslation	40,839	(22,034)
	94,698	105,405
At 31 December		
Cost	126,236	219,693
Currency retranslation	51,795	(46,974)
	178,031	172,719
Accumulated depreciation	(72,377)	(92,254)
Currency retranslation	(10,956)	24,940
	(83,333)	(67,314)
	94,698	105,405

41. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

41.1 There is no dilutive effect on basic earnings / (loss) per share for the year ended 31 December 2023 and 31 December 2022 as the Group has no potential ordinary shares as on 31 December 2023 and 31 December 2022.

		2023	2022
Profit / (loss) after taxation attributable to ordinary shareholders of the Holding Company	(Rupees in thousand)	2,841,802	(637,131)
Weighted average number of ordinary shares of the Holding Company	(Numbers)	46,987,454	46,987,454
Earnings / (loss) per share - basic and diluted	(Rupees)	60.48	(13.56)
Profit / (loss) attributable to ordinary shareholders of the Holding Company from continuing operations	(Rupees in thousand)	2,857,389	(602,153)
Weighted average number of ordinary shares of the Holding Company	(Numbers)	46,987,454	46,987,454
Earnings / (loss) per share from continuing operations - basic and diluted	(Rupees)	60.81	(12.82)

	2023	2022
	Amount	Amount
	Rupees in thousand	
42. CASH GENERATED FROM / (USED IN) OPERATIONS		
Profit / (loss) before taxation from continued operations	5,741,926	(9,379)
Loss before taxation from discontinued operations	(25,979)	(55,834)
Adjustments for non-cash charges and other items:		
Depreciation	2,472,964	1,881,115
Depreciation on right-of-use-assets	(Note 17.2) 593,411	426,240
Amortization on intangible assets	(Note 18.1.2) 1,866	1,923
Exchange gain - net	(Note 37) (468,666)	(25,233)
Provision for gratuity	(Note 8.6) 88,886	73,028
Finance cost	(Notes 38 and 40.1) 7,552,458	4,023,790
Provision for workers' profit participation fund	(Note 10.1) 258,415	63,054
Provision for workers' welfare fund	(Note 10.2) 118,474	12,745
Provision for slow moving and obsolete inventory	(Note 33) 42,233	15,786
Allowance for expected credit losses - trade debts	(Note 24.7) 8,482	54,369
Return on bank deposits, term deposit receipts and loan to associate	(128,307)	(150,137)
Impact of lease termination	(Note 37) (8,618)	(20,410)
Amortization of deferred income - Government grant	(Note 9.1) (544,644)	(496,230)
Share of profit in equity accounted investees	(Note 19.1) (104,697)	(7,580)
Gain on deemed disposal of equity accounted investee	(Note 37) -	(29,107)
Gain on disposal of operating fixed assets - net	(Note 37) (999)	(940)
Insurance claim against business interruption loss	(Note 37) -	(4,908)
(Reversal of provision) / provision against doubtful advances to suppliers	(Note 25.1.1) (2,293)	11,481
Other receivable written off	(Note 36) -	71
Advances to employees written off	(Note 36) -	6,555
Assets written off - net	(Note 36) 6,610	125,687
Allowance for expected credit losses - miscellaneous other receivables	(Note 27.3.1) 7,649	-
Employees' share option reserve	895	25,031
Reversal of allowance for expected credit losses - lab testing charges	(Note 27.1.1) (1,055)	-
Expected credit loss on investment	(Note 25.2.2) 168,963	-
Allowance for expected credit loss against claim receivable	(Note 27.2.1) 13,621	-
Impairment loss on goodwill	(Note 18.2.2) -	39,623
Working capital changes	(Note 42.1) (2,362,945)	(12,552,396)
	13,428,649	(6,591,656)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

	2023 Amount	2022 Amount
	Rupees in thousand	
42.1 Working capital changes		
Increase in current assets:		
Stores, spares and loose tools	(323,343)	(315,734)
Stock-in-trade	(1,608,069)	(9,076,441)
Trade debts	(682,592)	(4,289,231)
Loans and advances	(317,578)	(723,557)
Trade deposits and prepayments	(28,922)	(30,376)
Other receivables	(598,002)	(956,098)
	(3,558,506)	(15,391,437)
Increase in trade and other payables	1,195,561	2,839,041
	(2,362,945)	(12,552,396)

42.2 Reconciliation of movement of liabilities to cash flows arising from financing activities:

	2023					
	Liabilities from financing activities					
	Long term financing	Lease liabilities	Short term borrowings	Long term deposits	Dividend payable	Unclaimed dividend
	-----Rupees in thousand-----					
Balance at 31 December 2022	15,661,277	3,967,990	23,551,462	1,915	-	46,880
Financing / borrowings obtained	4,217,235	-	102,599,464	-	-	-
Repayment of financing / lease liabilities / short term borrowings	(1,663,145)	(225,870)	(99,878,580)	-	-	-
Long term deposits - net	-	-	-	83,109	-	-
Dividend declared	-	-	-	-	127,103	276,475
Dividend paid	-	-	-	-	-	(274,628)
Other changes - non-cash movement:						
Lease liabilities recognised during the year	-	1,763,553	-	-	-	-
Impact of lease termination	-	(44,094)	-	-	-	-
Deferred income - Government grant - net	253,633	-	-	-	-	-
Balance at 31 December 2023	18,469,000	5,461,579	26,272,346	85,024	127,103	48,727

	2022				
	Liabilities from financing activities				
	Long term financing	Lease liabilities	Short term borrowings	Long term deposits	Unclaimed dividend
	-----Rupees in thousand -----				
Balance at 31 December 2021	12,903,731	2,984,950	12,458,263	1,440	39,343
Financing / borrowings obtained	4,588,504	-	92,625,679	-	-
Repayment of financing / lease liabilities / short term borrowings	(1,723,793)	(166,948)	(81,532,480)	-	-
Long term deposits - net	-	-	-	475	-
Dividend declared	-	-	-	-	538,024
Dividend paid	-	-	-	-	(530,487)
Other changes - non-cash movement:					
Lease liabilities recognised during the year	-	1,226,155	-	-	-
Impact of lease termination	-	(76,167)	-	-	-
Deferred income - Government grant - net	(107,165)	-	-	-	-
Balance at 31 December 2022	15,661,277	3,967,990	23,551,462	1,915	46,880

	2023	2022
	Amount	Amount
	Rupees in thousand	

42.3 Non-cash financing activities

Deferred income - Government grant - net	253,633	(107,165)
Lease liabilities recognized during the year	1,763,553	1,226,155
Impact of lease termination	(44,094)	(76,167)

42.4 Cash and cash equivalents at the end of the year

Cash and cash equivalents at the end of the year from continuing operations	5,633,128	2,043,598
Cash and cash equivalents at the end of the year from discontinued operations	3,109	2,297
	5,636,237	2,045,895

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

43. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these consolidated financial statements for remuneration including all benefits to Chief Executive Officer, Directors and Executives of the Holding Company is as follows:

Chief Executive Officer		Director		Executives	
2023	2022	2023	2022	2023	2022

-----Rupees in thousand-----

Managerial remuneration	47,653	41,438	46,431	40,375	534,147	296,549
Bonus	48,000	24,000	48,000	24,000	214,841	86,709
Allowances:						
House rent	4,765	4,144	4,643	4,038	145,887	95,832
Conveyance	-	-	-	-	48,581	35,623
Medical	-	-	-	-	77,070	41,265
Utilities	4,765	4,144	4,643	4,037	96,548	44,922
Retirement and other benefits	13,109	11,398	12,769	11,104	39,015	39,594
Total	118,292	85,124	116,486	83,554	1,156,089	640,494
Number of persons	1	1	1	1	136	106

43.1 The chief executive, executive director and some of the executives of the Holding Company are provided with Company maintained vehicles in accordance with the Holding Company's policy.

43.2 Aggregate amount charged in these consolidated financial statements for meeting fee to directors of the Holding Company was Rupees 3.280 million (2022: Rupees 3.040 million).

43.3 No remuneration was paid to non-executive directors of the Holding Company.

44. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies / undertakings, joint ventures, employees' gratuity fund trust, employees' provident fund trust and key management personnel. The Group in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these consolidated financial statements are as follows:

Nature of relationship	Nature of transactions	2023	2022
Rupees in thousand			
Associated companies / undertakings			
Jomo Technologies (Private) Limited	Sale of goods	-	13,688
	Purchases made	-	668
	Loan given	4,500	100,000
	Interest charged	34,463	12,267
	Purchase of fixed assets	12,596	1,703
Chaoyang Long March Tyre Co. Ltd	Share deposit money received	-	1,469,117
	Share capital of Service Long March Tyres (Private) Limited - Subsidiary Company issued	-	1,480,600
	Service received	-	531,000
	Purchase of goods	306,525	3,588,085
Mr. Shabir Ahmad of Myco Corporation	Share deposit money received	-	168,250
	Share capital of Service Long March Tyres (Private) Limited - Subsidiary Company issued	-	168,250
	Sale of goods	692,215	-
Shahid Arif Investment (Private) Limited	Cash dividend paid	198	297
Service Charitable Trust	Cash dividend paid	226	339
	Donation made	7,441	7,922
Servis Foundation	Donation made	61,035	45,246
Shalamar Hospital	Donation made	12,794	8,581
Post employment benefit plans			
Service Industries Limited Employees Gratuity Fund Trust	Contribution made	88,886	73,028
Service Provident Fund Trust	Contribution made	308,964	226,075
	Cash dividend paid	10,906	16,360
Directors of the Holding Company			
	Cash dividend paid	103,349	155,024

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

44.1 Detail of compensation to key management personnel comprising of chief executive officer, directors and executives of the Holding Company is disclosed in Note 43.

44.2 Following are the related parties with whom the Group had entered into transactions or have arrangements / agreements in place:

Name of related party	Basis of Relationship	Transactions entered or agreements and / or arrangements in place during the financial year ended		Percentage of Shareholding
		2023	2022	
S2 Power Limited	Common directorship and shareholding of Holding Company	No	No	48.00%
Chaoyang Long March Tyre Co. Ltd	Common directorship	Yes	Yes	Nil
Mr. Shabir Ahmad of Myco Corporation	Joint venturer	Yes	Yes	Nil
S2 Hydro Limited	Common directorship and shareholding of Holding Company	No	No	48.00%
Speed (Private) Limited	Shareholding	No	No	35.97%
SBL Trading (Private) Limited	Common directorship	No	No	Nil
Jomo Technologies (Private) Limited	Common directorship and shareholding of Service Industries Capital (Private) Limited- Wholly owned Subsidiary Company	Yes	Yes	16.49%
Shahid Arif Investment (Private) Limited	Common directorship	Yes	Yes	Nil
Service Provident Fund Trust	Post employment benefit plan	Yes	Yes	Nil
Service Industries Limited Employees Gratuity Fund Trust	Post employment benefit plan	Yes	Yes	Nil
Servis Foundation	Common directorship	Yes	Yes	Nil
Service Charitable Trust	Common directorship	Yes	Yes	Nil
Shalamar Hospital	Common directorship	Yes	Yes	Nil
Service Tyres (Private) Limited	Common directorship	No	No	Nil
Service Retail (Private) Limited	Common directorship	No	No	Nil
Suraj Cotton Mills Limited	Common directorship	No	No	Nil
Premier Insurance Limited	Common directorship	No	No	Nil
Crescent Powertec Limited	Common directorship	No	No	Nil
JS Bank Limited	Common directorship	Yes	Yes	Nil
Kidney Centre Gujrat	Directors of the Holding Company are member of Board of Governors	No	No	Nil
Mr. Arif Saeed	Chief Executive of Holding Company	Yes	Yes	Nil
Mr. Hassan Javed	Director of Holding Company	Yes	Yes	Nil
Chaudhry Saif Javed	Director of Holding Company	Yes	No	Nil
Mr. Omar Saeed	Director of Holding Company	Yes	Yes	Nil
Mr. Adil Matcheswala	Director of Holding Company	Yes	No	Nil

Name of related party	Basis of Relationship	Transactions entered or agreements and / or arrangements in place during the financial year ended		Percentage of Shareholding
		2023	2022	
Mr. Muhammad Naeem Khan	Director of Holding Company	Yes	Yes	Nil
Mr. Shahid Jatoi	Director of Holding Company	Yes	Yes	Nil
Mr. Ahsan Bashir	Director of Holding Company	No	No	Nil
Ms. Uzma Adil Khan	Director of Holding Company	Yes	No	Nil
Mr. Riaz Ahmed	Ex-Director of Holding Company	Yes	Yes	Nil
Mr. Osman Saifullah Khan	Ex-Director of Holding Company	Yes	Yes	Nil
Ms. Ayesha Naweed	Ex-Director of Holding Company	Yes	Yes	Nil

44.2.1 As on 31 December 2023 and 31 December 2022, disclosures relating to subsidiary of Service Industries Capital (Private) Limited - Subsidiary Company, subsidiary of Service Global Footwear Limited - Subsidiary Company and subsidiary of the Holding Company incorporated outside Pakistan are as follows:

Particulars	Details		
Name of the company	Dongguan Service Global Limited	SIL GULF (FZE)	Service Shoes Lanka (Private) Limited
Jurisdiction	China	United Arab Emirates	Sri Lanka
Beneficial owner	Service Global Footwear Limited -Subsidiary Company	Service Industries Limited - Holding Company	Service Industries Capital (Private) Limited - Subsidiary Company
Investment made during the year ended 31 December	2023	2022	2017
Investment in:			
Local currency	PKR 89,166,721	PKR 7,215,000	PKR 62,770,000
Foreign currency	EURO 287,645	AED 150,000	USD 600,000
Terms and conditions of investment	Investment in shares of subsidiary company	Investment in shares of subsidiary company	Investment in shares of subsidiary company
Amount of returns received	None	None	None
Litigation against investee company	None	None	None
Default / breach related to foreign company	None	None	None
Gain / (loss) on disposal of investment	Not applicable	Not applicable	Not applicable

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

45. PLANT CAPACITY

Footwear division

	Installed capacity		Actual production	
	2023	2022	2023	2022
Strobel construction	5,862,000	5,800,000	4,697,190	5,549,437
Lasted construction	2,338,000	2,250,000	2,062,000	2,145,000

Tyre division

	Installed capacity		Actual production	
	2023	2022	2023	2022
Number of tyres	25,446,538	24,070,560	13,226,860	11,631,322
Number of tubes	62,870,800	62,614,162	38,692,616	42,885,951

Others

Servis genuine parts

	Installed capacity		Actual production	
	2023	2022	2023	2022
Number of chains	2,496,000	756,164	1,273,646	202,830
Number of sprockets	1,872,000	203,836	1,195,345	35,772

Technical rubber products

Due to the nature of the business, production capacity is not determinable.

Reason for low production

The capacity of the tyre division and servis genuine parts was utilized to the extent of orders received. In case of footwear, the deviation in actual production from installed capacity is due to rapidly growing trends as the Group has to change major shoe lines in accordance with the market trends. This involves change in manufacturing operations and product mix which causes variances not only between the installed capacity and actual production but also between the actual production of any two years.

46. NON-CONTROLLING INTEREST (NCI)

Set out below is summarized un-audited financial information for Service Shoes Lanka (Private) Limited - Subsidiary Company, audited financial information for Service Long March Tyres (Private) Limited - Subsidiary Company and audited financial information for Service Global Footwear Limited - Subsidiary Company that have non-controlling interest that are material to the Group. The amount disclosed for the Subsidiary Companies are before inter-company elimination:

Service Shoes Lanka (Private) Limited		Service Long March Tyres (Private) Limited		Service Global Footwear Limited		Total	
2023	2022	2023	2022	2023	2022	2023	2022

-----Rupees in thousand -----

Summarized statement of financial position

Non-current assets	94,698	105,405	20,821,253	19,570,318	6,618,262	6,586,434	27,534,213	26,264,557
Current assets	193,735	180,084	13,047,573	10,661,478	12,336,999	7,778,852	25,578,307	18,618,014
Non-current liabilities	(7,570)	(8,841)	(8,538,456)	(9,407,310)	(593,762)	(518,243)	(9,139,788)	(9,934,394)
Current liabilities	(838,059)	(657,703)	(11,077,467)	(9,078,397)	(11,860,656)	(7,682,519)	(23,776,182)	(17,418,619)
Net assets	(557,196)	(381,055)	14,252,903	11,746,089	6,500,843	6,164,524	20,196,550	17,529,558
Accumulated non-controlling interest	(217,469)	(146,536)	7,070,399	5,737,785	977,687	989,490	7,830,617	6,580,739

Service Shoes Lanka (Private) Limited		Service Long March Tyres (Private) Limited		Service Global Footwear Limited		Total	
2023	2022	2023	2022	2023	2022	2023	2022

-----Rupees in thousand -----

Summarized statement of comprehensive income

Revenue	39,164	383,627	26,768,188	8,307,127	15,061,817	11,753,088	41,869,169	20,443,842
(Loss) / profit for the year	(25,979)	(189,686)	2,506,814	(1,184,946)	1,181,607	342,059	3,662,442	(1,032,573)
Other comprehensive loss	-	-	-	-	(31,642)	(16,860)	(31,642)	(16,860)
Total comprehensive (loss) / income	(25,979)	(189,686)	2,506,814	(1,184,946)	1,149,965	325,199	3,630,800	(1,049,433)
(Loss) / profit allocated to non-controlling interest	(10,392)	(75,874)	1,325,041	(625,700)	155,933	113,887	1,470,582	(587,687)
Other comprehensive (loss) / income to non-controlling interest	(60,064)	37,365	-	-	(7,395)	(3,392)	(67,459)	33,973
Total comprehensive (loss) / income to non-controlling interest	(70,456)	(38,509)	1,325,041	(625,700)	148,538	110,495	1,403,123	(553,714)
Dividend paid to non-controlling interest	-	-	-	-	41,538	185,618	41,538	185,618

Summarized statement of cash flows

Cash generated from / (used in) operating activities	307,165	(40,065)	1,980,101	(8,698,477)	(561,950)	(1,779,663)	1,725,316	(10,518,205)
Cash flows (used in) / from investing activities	(40,840)	(18,021)	(2,303,146)	(3,927,305)	745,491	351,025	(1,598,495)	(3,594,301)
Cash flows (used in) / from financing activities	(265,513)	58,229	785,633	10,072,862	2,557,889	654,841	3,078,009	10,785,932
Net increase / (decrease) in cash and cash equivalents	812	143	462,588	(2,552,920)	2,741,430	(773,797)	3,204,830	(3,326,574)

47. FINANCIAL RISK MANAGEMENT

47.1 Financial risk factors

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

Risk management is carried out by the finance departments of the Holding Company and Subsidiary Companies under the policies approved by their respective Board of Directors. The Holding Company and Subsidiary Companies' finance departments evaluate and hedge financial risks. The Board of each Group Company 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, liquidity risk and investment of excess liquidity.

(a) Market risk

(i) 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.

The Group is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD), Euro, Chinese Yuan (CNY), United Arab Emirates Dirham (AED) and British Pound Sterling (GBP). Currently, the Group's foreign exchange risk exposure is restricted to bank balances, amounts receivable / payable from / to the foreign entities and short term borrowings. The Group's exposure to currency risk was as follows:

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

	2023	2022
Cash at banks - USD	159,319	193,474
Cash at banks - EURO	1,219,990	185,628
Cash at banks - CNY	233,718	-
Cash at banks - AED	2,439	95,324
Trade debts - USD	4,762,823	5,286,253
Trade debts - EURO	3,349,292	4,558,730
Trade debts - GBP	149,685	117,876
Trade debts - AED	144,099	-
Other receivables - USD	33,566	207,918
Other receivables - EURO	-	60,256
Trade and other payables - USD	(1,533,576)	(3,735,531)
Trade and other payables - GBP	(26,779)	-
Trade and other payables - EURO	(293,074)	(720,298)
Trade and other payables - CNY	(1,236)	(79,392)
Trade and other payables - AED	(75,563)	-
Short term borrowings - USD	(1,925,000)	-
Net exposure - USD	1,497,132	1,952,114
Net exposure - EURO	4,276,208	4,084,316
Net exposure - GBP	122,906	117,876
Net exposure - CNY	232,482	(79,392)
Net exposure - AED	70,975	95,324

The following significant exchange rates were applied during the year:

Rupees per US Dollar

Average rate	283.35	204.92
Reporting date rate	281.86	226.40

Rupees per EURO

Average rate	307.13	213.99
Reporting date rate	311.50	241.45

Rupees per GBP

Average rate	353.63	250.83
Reporting date rate	358.60	273.02

Rupees per CNY

Average rate	39.99	30.22
Reporting date rate	39.63	32.53

	2023	2022
Rupees per AED		
Average rate	77.07	55.55
Reporting date rate	76.74	61.61

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, Euro, GBP, CNY and AED with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 186.392 million higher / lower (2022: loss after taxation for the year would have been Rupees 101.557 million lower / higher), mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

Other 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. The Group is not exposed to commodity price risks.

Sensitivity analysis

The table below summarizes the impact of increase / decrease in the Pakistan Stock Exchange (PSX) Index on the Group's equity (fair value reserve FVTOCI investment). The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and the Group's equity instrument moved according to the historical correlation with the index:

Index	Impact on consolidated statement of comprehensive income	
	2023 Amount	2022 Amount
	Rupees in thousand	
PSX (5% increase)	(2,375)	(3,508)
PSX (5% decrease)	2,375	3,508

(iii) 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 Group's interest rate risk arises mainly from long term financing, short term borrowings, short term investments, lease liabilities, loan to associate, term deposit receipts and bank balances. Financial instruments at variable rates expose the Group to cash flow interest rate risk. Financial instruments at fixed rate expose the Group to fair value interest rate risk.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

At the reporting date the interest rate profile of the Group's interest bearing financial instruments was:

	2023	2022
	Amount	Amount
	Rupees in thousand	
Fixed rate instruments		
Financial asset		
Term deposit receipts	526,500	389,500
Short term investment	700,000	-
Financial liabilities		
Long term financing	8,652,011	8,765,004
Lease liabilities	5,461,579	3,967,990
Short term borrowings	16,001,513	8,716,408
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	2,532,294	67,948
Short term investments	179,914	179,914
Loan to associate	-	130,000
Financial liabilities		
Long term financing	9,816,989	6,896,273
Short term borrowings	10,270,833	14,719,699

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Group.

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 126.318 million lower / higher (2022: loss after taxation for the year would have been Rupees 212.844 million higher / lower), mainly as a result of higher / lower interest expense on floating rate financial instruments. This analysis is prepared assuming the amounts of assets and liabilities outstanding at reporting the dates were outstanding for the whole year.

(b) 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. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2023 Amount	2022 Amount
	Rupees in thousand	
Long term investment	61,279	84,026
Long term loans to employees	50,479	50,948
Security deposits	364,546	343,585
Trade debts	9,717,394	8,582,194
Loans and advances	143,566	159,334
Other receivables	122,850	151,946
Accrued interest	23,419	17,609
Short term investments	883,430	181,615
Bank balances	5,529,960	1,996,646
	16,896,923	11,567,903

The credit quality of financial assets 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			2023	2022
	Short term	Long term	Agency	Amount	Amount
Rupees in thousand					
Banks					
Allied Bank Limited	A1+	AAA	PACRA	145,566	67,314
Askari Bank Limited	A1+	AA+	PACRA	44,117	13,206
Bank Alfalah Limited	A1+	AA+	PACRA	69,439	59,418
Bank Al Habib Limited	A1+	AAA	PACRA	173,862	3,225
Faysal Bank Limited	A1+	AA	PACRA	210,603	149,811
Habib Bank Limited	A-1+	AAA	VIS	552,132	782,164
MCB Bank Limited	A-1+	AAA	VIS	683,869	484,499
MCB Islamic Bank Limited	A1	A	PACRA	205,024	152,759
Meezan Bank Limited	A-1+	AAA	VIS	52,114	20,431
National Bank of Pakistan	A1+	AAA	PACRA	14,209	673
Samba Bank Limited	A1	AA	PACRA	95	114
Soneri Bank Limited	A1+	AA-	PACRA	2,824,693	110,682
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	888	2,185
Silk Bank Limited	A-2	A-	VIS	14	17
United Bank Limited	A-1+	AAA	VIS	97,684	30,262
Dubai Islamic Bank Pakistan Limited	A-1+	AA	VIS	106,569	19
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	20,067	362
SME Bank Limited	CCC	B	PACRA	-	5
MCB Bank Limited - Sri Lanka		[SL]A+	ICRA Lanka	396	316
JS Bank Limited (associated company)	A1+	AA-	PACRA	2	2

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

	Rating			2023	2022
	Short term	Long term	Agency	Amount	Amount
Rupees in thousand					
Industrial and Commercial Bank of China Limited	P-1	A1	Moody's	6,917	140
The Bank of Khyber	A1	A+	PACRA	8,343	9
The Bank of Punjab	A1+	AA+	PACRA	70,233	89,961
BankIslami Pakistan Limited	A1	AA-	PACRA	119,205	29,072
China Merchants Bank Limited	P1	A2	Moody's	41,336	-
Al Baraka Bank (Pakistan) Limited	A-1	A+	VIS	80,655	-
Habib Bank AG Zurich		Unknown		1,928	-
				5,529,960	1,996,646
Investments					
TRG Pakistan Limited		Unknown		61,279	84,026
MCB Islamic Bank Limited	A1	A	PACRA	183,430	181,615
BankIslami Pakistan Limited	A1	AA-	PACRA	700,000	-
				6,474,669	2,262,287

The Group's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 24.

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

Trade debts

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade debts.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. These trade receivables are netted off with the collateral obtained, if any, from these customers to calculate the net exposure towards these customers. The Group has concluded that the expected loss rates for trade debts against local sales are different from the expected loss rates for trade debts against export sales.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2023 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has accordingly adjusted the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 December 2023 and 31 December 2022 was determined as follows:

	Local sales				Export sales			
	Range of expected loss rate		Trade debts	Loss allowance	Range of expected loss rate		Trade debts	Loss allowance
	%		Rupees in thousand		%		Rupees in thousand	
At 31 December 2023								
Not past due	0.00%	0.00%	2,863,741	-	0.00%	0.00%	1,375,082	-
Up to 30 days	2.12%	9.88%	179,685	32,765	1.66%	3.05%	66,902	735
31 to 60 days	7.73%	22.75%	45,299	35,182	0.99%	6.53%	11,374	743
61 to 90 days	16.08%	29.21%	12,210	8,788	3.61%	10.90%	-	-
91 to 180 days	31.53%	43.43%	51,735	50,225	12.03%	22.13%	-	-
181 to 360 days	45.88%	50.57%	53,412	50,068	25.09%	32.58%	675	220
Above 360 days	100.00%	100.00%	154,722	154,722	100.00%	100.00%	-	-
			3,360,804	331,750			1,454,033	1,698
Trade debts which are not subject to risk of default			1,774,760	-			3,461,245	-
Gross trade debts			5,135,564	331,750			4,915,278	1,698

	Local sales				Export sales			
	Range of expected loss rate		Trade debts	Loss allowance	Range of expected loss rate		Trade debts	Loss allowance
	%		Rupees in thousand		%		Rupees in thousand	
At 31 December 2022								
Not past due	0.00%	0.00%	5,331,409	-	0.00%	0.00%	1,020,179	-
Up to 30 days	0.34%	28.08%	29,311	6,348	0.36%	2.25%	95,371	958
31 to 60 days	3.94%	63.19%	47,195	32,002	4.49%	10.27%	43,442	3,057
61 to 90 days	11.04%	69.58%	83,146	37,346	9.72%	15.65%	-	-
91 to 180 days	26.96%	91.74%	111,662	82,313	23.97%	27.51%	10,709	2,825
181 to 360 days	43.95%	81.62%	34,850	34,402	36.43%	37.27%	14,214	5,297
Above 360 days	100.00%	100.00%	120,418	120,418	100.00%	100.00%	-	-
			5,757,991	312,829			1,183,915	12,137
Trade debts which are not subject to risk of default			663,261	-			1,301,993	-
Gross trade debts			6,421,252	312,829			2,485,908	12,137

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Group manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 31 December 2023, the Group had Rupees 10,173.695 million (2022: Rupees 5,943.892 million) available borrowing limits from financial institutions and Rupees 5,633.128 million (2022: Rupees 2,043.598 million) cash and bank balances. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 31 December 2023:

	Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1-2 Years	More than 2 Years
-----Rupees in thousand -----						
Non-derivative financial liabilities:						
Long term financing	18,469,000	27,731,173	2,758,517	2,500,348	5,844,075	16,628,233
Long term deposits	85,024	85,024	-	-	-	85,024
Lease liabilities	5,461,579	10,381,160	503,037	544,751	1,156,666	8,176,706
Trade and other payables	9,410,495	9,410,495	9,410,495	-	-	-
Accrued mark-up	1,366,720	1,366,720	1,366,720	-	-	-
Short term borrowings	26,272,346	26,707,921	26,707,921	-	-	-
Dividend payable	127,103	127,103	127,103	-	-	-
Unclaimed dividend	48,727	48,727	48,727	-	-	-
Derivative financial liabilities	443	443	443	-	-	-
	61,241,437	75,858,766	40,922,963	3,045,099	7,000,741	24,889,963

Contractual maturities of financial liabilities as at 31 December 2022:

	Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1-2 Years	More than 2 Years
-----Rupees in thousand -----						
Non-derivative financial liabilities:						
Long term financing	15,661,277	21,664,085	1,966,522	1,950,919	4,025,848	13,720,796
Long term deposits	1,915	1,915	-	-	-	1,915
Lease liabilities	3,967,990	6,337,191	308,918	333,295	711,605	4,983,373
Trade and other payables	8,488,918	8,488,918	8,488,918	-	-	-
Accrued mark-up	1,139,189	1,139,189	1,139,189	-	-	-
Short term borrowings	23,436,108	24,517,681	23,934,540	583,141	-	-
Unclaimed dividend	46,880	46,880	46,880	-	-	-
Derivative financial liabilities	9,425	9,425	9,425	-	-	-
	52,751,702	62,205,284	35,894,392	2,867,355	4,737,453	18,706,084

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 reporting date. The rates of interest / mark up have been disclosed in note 5, note 7 and note 12 to these consolidated financial statements.

47.2 Financial instruments by categories

Assets as per consolidated statement of financial position

	2023		2022	
	FVTOCI	Amortized cost	FVTOCI	Amortized cost
----- Rupees in thousand-----				
Long term investment	61,279	-	84,026	-
Long term loans to employees	-	50,479	-	50,948
Security deposits	-	364,546	-	343,585
Trade debts	-	9,717,394	-	8,582,194
Loans and advances	-	143,566	-	159,334
Other receivables	-	122,850	-	151,946
Accrued interest	-	23,419	-	17,609
Short term investments	-	883,430	-	181,615
Cash and bank balances	-	5,633,128	-	2,043,598
	61,279	16,938,812	84,026	11,511,231

	2023		2022	
	FVTPL	Amortized cost	FVTPL	At amortized cost
----- Rupees in thousand-----				

Liabilities as per consolidated statement of financial position

Long term financing	-	18,469,000	-	15,661,277
Long term deposits	-	85,024	-	1,915
Lease liabilities	-	5,461,579	-	3,967,990
Trade and other payables	443	9,410,495	9,425	8,488,918
Accrued mark-up	-	1,366,720	-	1,139,189
Short term borrowings	-	26,272,346	-	23,436,108
Dividend payable	-	127,103	-	-
Unclaimed dividend	-	48,727	-	46,880
	443	61,240,994	9,425	52,742,277

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

47.3 Reconciliation of financial assets and financial liabilities to the line items presented in the consolidated statement of financial position is as follows:

	2023		
	Financial assets	Non-financial assets	Assets as per consolidated statement of financial position
	-----Rupees in thousand-----		
Long term investments	61,279	647,283	708,562
Long term loans to employees	50,479	-	50,479
Security deposits and prepayments	364,546	158,223	522,769
Trade debts	9,717,394	-	9,717,394
Loans and advances	143,566	1,759,801	1,903,367
Other receivables	122,850	2,587,810	2,710,660
Accrued interest	23,419	-	23,419
Short term investments	883,430	-	883,430
Cash and bank balances	5,633,128	-	5,633,128
	17,000,091	5,153,117	22,153,208

	2023		
	Financial liabilities	Non-financial liabilities	Liabilities as per consolidated statement of financial position
	-----Rupees in thousand-----		
Long term financing	18,469,000	-	18,469,000
Long term deposits	85,024	-	85,024
Lease liabilities	5,461,579	-	5,461,579
Trade and other payables	9,410,938	1,563,611	10,974,549
Accrued mark-up	1,366,720	-	1,366,720
Short term borrowings	26,272,346	-	26,272,346
Dividend payable	127,103	-	127,103
Unclaimed dividend	48,727	-	48,727
	61,241,437	1,563,611	62,805,048

2022		
Financial assets	Non-financial assets	Assets as per consolidated statement of financial position

-----Rupees in thousand -----

Long term investments	84,026	542,586	626,612
Long term loans to employees	50,948	-	50,948
Security deposits and prepayments	343,585	129,955	473,540
Trade debts	8,582,194	-	8,582,194
Loans and advances	159,334	1,555,337	1,714,671
Other receivables	151,946	1,996,109	2,148,055
Accrued interest	17,609	-	17,609
Short term investments	181,615	-	181,615
Cash and bank balances	2,043,598	-	2,043,598
	11,595,257	4,243,585	15,838,842

2022		
Financial liabilities	Non-financial liabilities	Liabilities as per consolidated statement of financial position

-----Rupees in thousand -----

Long term financing	15,661,277	-	15,661,277
Long term deposits	1,915	-	1,915
Lease liabilities	3,967,990	-	3,967,990
Trade and other payables	8,498,343	1,441,438	9,939,781
Accrued mark-up	1,139,189	-	1,139,189
Short term borrowings	23,436,108	-	23,436,108
Unclaimed dividend	46,880	-	46,880
	52,751,702	1,441,438	54,193,140

47.4 Offsetting financial assets and financial liabilities

As on the reporting date, recognized financial instruments are not subject to off setting as there are no enforceable master netting arrangements and similar agreements.

47.5 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Group monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing and short term borrowings obtained by the Group as referred to in note 5 and note 12 respectively. Total capital employed includes 'total equity' as shown in the consolidated statement of financial position plus 'borrowings'. The Group's strategy, remained unchanged from last year.

		2023	2022
		Amount	Amount
		Rupees in thousand	
Borrowings		44,741,346	39,097,385
Total equity of the Group		18,969,598	15,299,143
Total capital employed		63,710,944	54,396,528
Gearing ratio	(Percentage)	70.23%	71.87%

Decrease in gearing is due to increase in equity of the Group.

48. UNUTILIZED CREDIT FACILITIES

	Non- funded		Funded	
	2023	2022	2023	2022
	-----Rupees in thousand -----			

Total facilities	34,791,000	21,230,000	36,426,615	29,380,000
Utilized at the end of the year	15,188,308	4,773,665	26,252,920	23,436,108
Unutilized at the end of the year	19,602,692	16,456,335	10,173,695	5,943,892

49. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

Recurring fair value measurements At 31 December 2023	Level 1	Level 2	Level 3	Total
	-----Rupees in thousand -----			
Financial assets				
Financial asset at fair value through other comprehensive income	61,279	-	-	61,279
Total financial assets	61,279	-	-	61,279
Financial liabilities				
Derivative financial liabilities	-	443	-	-
Total financial liabilities	-	443	-	-

Recurring fair value measurements At 31 December 2022	Level 1	Level 2	Level 3	Total
-----Rupees in thousand -----				
Financial assets				
Financial asset at fair value through other comprehensive income	84,026	-	-	84,026
Total financial assets	84,026	-	-	84,026
Financial liabilities				
Derivative financial liabilities	-	9,425	-	-
Total financial liabilities	-	9,425	-	-

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(ii) **Valuation techniques used to determine fair values**

Specific valuation techniques used to value financial instruments include the use of quoted market prices or dealer quotes for similar instruments.

50. SEGMENT INFORMATION

The Group has three reportable segments. The following summary describes the operation in each of the Group's reportable segments:

Footwear: Purchase, manufacturing and sale of different qualities of footwear.

Tyre: Manufacturing of different qualities of tyres and tubes.

Others: Manufacturing of different qualities of rubber products on specifications and trading and manufacturing of spare parts of automobiles.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

Footwear		Tyre		Others		Total	
2023	2022	2023	2022	2023	2022	2023	2022

-----Rupees in thousand -----

Revenue	29,258,179	22,203,465	63,314,148	36,059,194	3,948,333	3,406,010	96,520,660	61,668,669
Profit before taxation and unallocated income and expenses	2,152,507	1,327,366	10,285,831	1,983,697	157,891	224,464	12,596,229	3,535,527
Unallocated income and expenses							(6,880,282)	(3,603,202)
Taxation							(1,403,563)	(1,157,143)
Profit / (loss) after taxation							4,312,384	(1,224,818)

50.1 Reconciliation of reportable segment assets and liabilities

Total assets for reportable segment	30,754,144	26,284,035	52,179,209	44,594,971	2,899,219	2,477,818	85,832,572	73,356,824
Total assets as per consolidated statement of financial position							85,832,572	73,356,824
Total liabilities for reportable segment	31,217,420	27,106,348	34,597,469	30,041,272	1,048,085	910,061	66,862,974	58,057,681
Total liabilities as per consolidated statement of financial position							66,862,974	58,057,681

50.2 Geographical information

The Group's revenue from external customers by geographical locations is detailed below:

Europe	12,652,440	10,176,054	752,194	603,511	-	1,267	13,404,634	10,780,832
South America	-	1,356,869	1,985,046	1,518,663	-	-	1,985,046	2,875,532
Central America	-	-	-	7,926	-	-	-	7,926
North America	2,240,542	217,268	9,669,963	1,917,615	-	-	11,910,505	2,134,883
Asia, Africa, Australia	1,491,727	1,369,794	3,913,837	2,156,418	-	-	5,405,564	3,518,635
Pakistan	12,873,470	9,083,480	46,993,108	29,855,061	3,948,333	3,404,743	63,814,911	42,350,861
	29,258,179	22,203,465	63,314,148	36,059,194	3,948,333	3,406,010	96,520,660	61,668,669

50.3 Revenue from major customers

The Group's revenue is earned from a large mix of customers.

51. PROVIDENT FUND RELATED DISCLOSURES

Employees provident fund of Service Industries Limited - Holding Company in the name of Service Provident Fund Trust is continued for the benefits of the employees of the Service Industries Limited - Holding Company and Service Global Footwear Limited - Subsidiary Company.

As at the reporting date, the Service Provident Fund Trust is in the process of regularizing its investments in accordance with section 218 of the Companies Act, 2017 and the regulations formulated for this purpose by Securities and Exchange Commission of Pakistan.

	2023	2022
52. NUMBER OF EMPLOYEES		
Number of employees at 31 December	14,265	15,379
Average number of employees during the year	14,904	14,762

53. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Holding Company has proposed final cash dividend for the year ended 31 December 2023 of Rupees 10 per share (i.e. 100%). However, this event has been considered as non-adjusting event under IAS 10 'Events after the Reporting Period' and has not been recognized in these consolidated financial statements.

54. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on February 27, 2024 by the Board of Directors.

55. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made.

56. GENERAL

Figures have been rounded off to nearest thousand of Rupees, except stated otherwise.



Arif Saeed
(Chief Executive)



Omar Saeed
(Director)



Badar Ul Hassan
(Chief Financial Officer)

Pattern of Shareholding

As at December 31, 2023

Number of Shareholders	Shareholding		Total Shares held
	From	To	
628	1	100	23,014
458	101	500	135,407
192	501	1,000	148,361
448	1,001	5,000	1,057,280
84	5,001	10,000	606,205
33	10,001	15,000	415,892
16	15,001	20,000	291,340
9	20,001	25,000	195,992
7	25,001	30,000	193,030
4	30,001	35,000	127,470
5	35,001	40,000	192,770
1	40,001	45,000	44,554
3	45,001	50,000	145,253
1	60,001	65,000	63,580
1	70,001	75,000	75,000
3	75,001	80,000	232,336
1	80,001	85,000	84,850
1	95,001	100,000	100,000
1	100,001	105,000	102,500
1	105,001	110,000	109,232
1	180,001	185,000	182,030
1	200,001	205,000	201,500
1	235,001	240,000	236,716
1	240,001	245,000	242,800
1	280,001	285,000	283,900
2	285,001	290,000	571,000
1	305,001	310,000	306,640
1	320,001	325,000	322,192
2	370,001	375,000	745,094
1	390,001	395,000	390,900
1	405,001	410,000	406,436
1	460,001	465,000	460,492
1	505,001	510,000	505,136
3	530,001	535,000	1,595,760
1	550,001	555,000	553,400
1	600,001	605,000	600,674
1	2,055,001	2,060,000	2,055,814
1	2,060,001	2,065,000	2,062,264
1	2,180,001	2,185,000	2,181,274
1	2,260,001	2,265,000	2,263,066
1	2,525,001	2,530,000	2,526,600
2	4,765,001	4,770,000	9,531,646
1	5,350,001	5,355,000	5,353,530
1	9,060,001	9,065,000	9,064,524
1,926			46,987,454

Pattern of Shareholding

As at December 31, 2023

Categories of Shareholders	Number of Shareholders	Number of Shares held	Percentage
Directors, Chief Executive Officer, and their spouses and minor children	9	18,968,126	40.3685
Associated companies, undertakings and related parties	4	4,328,415	9.2119
NIT and ICP	5	5,926,772	12.6135
Banks, Development Financial Institutions, Non Banking Financial Institutions	2	287,586	0.6120
Insurance companies	1	2,000	0.0043
Modarabas and Mutual Funds	9	1,104,038	2.3496
General Public			
a. Local	1,846	14,858,455	31.6222
b. Foreign	5	384,650	0.8186
Others (to be specified)			
1- Joint Stock Companies	28	443,938	0.9448
2- Pension Funds	4	607,774	1.2935
3- Others	13	75,700	0.1611
	1,926	46,987,454	100.0000
Shareholders holding 10% or more	4	23,949,700	50.9704

Information required under the Code of Corporate Governance

Categories of Shareholders	Number of Shares held	Percentage
Associated Companies, undertakings and related parties		
M/S SHAHID ARIF INVESTMENTS (PRIVATE) LIMITED	39,624	0.0843
TRUSTEE - SERVICE PROVIDENT FUND (CDC)	2,181,274	4.6422
M/S SERVICE CHARITABLE TRUST	45,253	0.0963
CHAUDHARY AHMED JAVED (CDC)	2,062,264	4.3890
Mutual Funds		
CDC - TRUSTEE ABL STOCK FUND (CDC)	76,300	0.1624
CDC - TRUSTEE AKD INDEX TRACKER FUND (CDC)	7,230	0.0154
CDC - TRUSTEE APF-EQUITY SUB FUND (CDC)	26,436	0.0563
CDC - TRUSTEE ATLAS STOCK MARKET FUND (CDC)	505,136	1.0750
CDC - TRUSTEE NBP BALANCED FUND (CDC)	2,300	0.0049
CDC - TRUSTEE UBL ASSET ALLOCATION FUND (CDC)	12,524	0.0267
CDC - TRUSTEE UBL DEDICATED EQUITY FUND (CDC)	5,300	0.0113
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND (CDC)	77,912	0.1658
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND (CDC)	390,900	0.8319
Directors and their spouses and minor children		
MR. ARIF SAEED (CDC)	4,765,822	10.1428
MR. OMAR SAEED (CDC)	4,765,824	10.1428
MR. HASSAN JAVED (CDC)	9,064,524	19.2914
MR. MUHAMMAD NAEEM KHAN (CDC)	1,000	0.0021
MR. AHSAN BASHIR (CDC)	100	0.0002
MR. ADIL MATCHESWALA (CDC)	1	0.0000
MS. UZMA ADIL KHAN	1	0.0000
CHAUDHRY SAIF JAVED (CDC)	10	0.0000
MRS. FATIMA SAEED W/O MR. ARIF SAEED (CDC)	370,844	0.7892
Executives	-	-
Public Sector Companies and Corporations	-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds	287,586	0.6120

Shareholders holding five percent or more voting rights

MR. HASSAN JAVED (CDC)	9,064,524	19.2914
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	5,353,530	11.3935
MR. OMAR SAEED (CDC)	4,765,824	10.1428
MR. ARIF SAEED (CDC)	4,765,822	10.1428
MR. SHAHID MALIK	2,526,600	5.3772

No trade in shares of the Company undertaken by Directors, Executives and their spouses and minor children during the year.

Form of Proxy

67th Annual General Meeting

I/We _____ of _____
 _____ being a member(s) of **Service Industries Limited** and holder of _____ Ordinary Shares
 hereby appoint Mr. / Mrs. / Miss _____ of _____ or
 failing him / her _____ of _____ as my/our proxy in my / our absence to attend and vote for me / us on my
 / our behalf at the 67th Annual General Meeting to be held on April 26, 2024 at 11:30 a.m. and / or at any adjournment thereof.

In witness thereof I / We have signed and set my / our hands seal thereon this _____ day of _____ 2024
 in the presence of _____

Signed this _____ day of _____ 2024

Folio No.	CDC Account No.	
	Participant I.D.	Account No.

Signature on Fifty - Rupees
Revenue Stamp

The Signature should agree with
the specimen registered with the
Company.

Important:

1. This Proxy Form, duly completed and signed, must be deposited at the registered office of the Company not less than 48 hours before the time of holding the meeting. A proxy must be a member of the Company.
2. If a member appoints more than one proxy and more than one instrument of proxies are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
3. For CDC Account Holders / Corporate Entities

In addition to the above the following requirements have to be met:

- Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
- The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted along with proxy form to the Company.



**AFFIX
CORRECT
POSTAGE**

The Company Secretary
Service Industries Limited
Servis House, 2-Main Gulberg,
Lahore.

پراکسی فارم

سرٹسٹھواں سالانہ اجلاس عام

میں / ہم _____ سروس انڈسٹریز لمیٹڈ کے ممبر کی حیثیت سے اور حال _____
 عمومی حصص، محترم / محترمہ _____ کو یا ان کی غیر حاضری کی صورت میں محترم / محترمہ _____
 کو اپنا / ہمارا پراکسی مقرر کرتا / کرتی ہوں کہ میری غیر موجودگی کی صورت میں میری / ہماری طرف سے کمپنی کے 67 ویں سالانہ اجلاس عام جو کہ مورخہ 26 اپریل 2024
 صبح 11:30 بجے منعقد ہو رہا ہے، میں شرکت / حق رائے دہی استعمال کر سکیں۔

گواہ نمبر 1

نام _____ دستخط _____ مورخہ _____

گواہ نمبر 2

نام _____ دستخط _____ مورخہ _____

پچاس روپے مالیت کی
 ریونیوٹکٹ پر دستخط کریں۔

(دستخط کمپنی میں درج نمونہ دستخط
 کے مطابق ہونے چاہئیں)

سی ڈی سی اکاؤنٹ نمبر		فولیو نمبر
اکاؤنٹ نمبر	پارٹنیشن آئی ڈی	

اہم ہدایات:

1. پراکسیز کے موثر ہونے کیلئے لازم ہے کہ وہ اجلاس سے 48 گھنٹے قبل کمپنی کو موصول ہوں۔ پراکسی کمپنی کے ممبرز میں سے ہی ہونا چاہیے۔
2. ایک سے زیادہ پراکسی مقرر کرنا یا جمع کروانا، ناقابل قبول ہوگا۔
3. سی ڈی سی اکاؤنٹ ہولڈرز / کارپوریٹ اداروں کیلئے۔

اوپر دی گئی ہدایت کے علاوہ مندرجہ ذیل شرائط بھی پوری کرنا ہوں گی:

- حصص یافتگان کے نمائندوں سے التماس ہے کہ وہ اپنے کمپیوٹر ڈیٹا کو قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی پر اکسی فارم کے ساتھ کمپنی میں جمع کرائیں۔
- حصص یافتگان کے نمائندوں سے التماس ہے کہ وہ اپنے کمپیوٹر ڈیٹا کو قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی اپنے ہمراہ لے کر آئیں۔
- کارپوریٹ ادارے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد یا بورڈ آف انارٹی بمعدہ دستخط کا نمونہ پراکسی فارم کے ساتھ جمع کروانا ضروری ہوگا۔



**AFFIX
CORRECT
POSTAGE**

The Company Secretary
Service Industries Limited
Servis House, 2-Main Gulberg,
Lahore.

ہم آنے والے سالوں میں بہتر نتائج حاصل کرنے کیلئے پرعزم ہیں۔

مخائب بورڈ



عارف سعید
چیف ایگزیکٹو



عمر سعید
ڈائریکٹر

مورخہ 27 فروری 2024

لاہور

حصص یافتگان کی تفصیل

مقررہ فارم 34 میں 31 دسمبر 2023 کو حصص یافتگان کی تفصیل کے بارے میں معلومات سالانہ رپورٹ میں شامل ہے۔ ڈائریکٹرز، ایگزیکٹوز اور ان کی شریک حیات اور نالغ بچوں کی کمپنی کے حصص کی خرید و فروخت کی تفصیل بھی اس رپورٹ میں شامل ہے۔ ایگزیکٹوز میں چیف ایگزیکٹو آفیسر، چیف آپریٹنگ آفیسر، چیف فنانشل آفیسر، ہیڈ آف انٹرنل آڈٹ اور کمپنی سیکرٹری شامل ہیں۔

کمپلائنس پر ایک نظر

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کی کمپلائنس کا بیان مقررہ شکل میں سالانہ رپورٹ میں شائع کیا جاتا ہے جس کا کمپنی کے قانونی آڈیٹرز کی طرف سے جائزہ لیا جاتا ہے اور تصدیق کی جاتی ہے کمپنی کے بورڈ آف ڈائریکٹرز کمپلائنس کے بیان کی منظوری دیتے ہیں۔

سالانہ گوشواروں کی تیاری کے بعد تبدیلیاں

31 دسمبر 2023 سے لے کر 27 فروری 2024 (آڈٹ رپورٹ کی تاریخ) 2024 تک اس سالانہ رپورٹ میں کوئی تبدیلی ایسی نہیں ہوئی جو کہ اس مالی گوشوارے پر اثر انداز ہو سوائے: اعلان برائے حتمی ڈیویڈنڈ 5 روپے فی شیئر (یعنی 50 فیصد) جس کی ادائیگی حصص یافتگان کے سالانہ اجلاس عام میں منظور کرنے سے مشروط ہے۔ اور جیسا کہ 31 دسمبر 2022 کو ختم ہونے والے مالی سال کے آڈٹ شدہ مالی بیانات میں درج کیا گیا ہے۔

• 10 روپے فی شیئر کے حتمی کیش ڈیویڈنڈ (یعنی 100%) کا اعلان جو کہ آئندہ سالانہ جنرل میٹنگ میں ممبران کی منظوری سے مشروط ہے۔ اور جیسا کہ 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے کمپنی کے منسلک آڈٹ شدہ مالیاتی بیانات میں نوٹ 49 میں بیان کیا گیا ہے۔ اور

• سکیم آف کپروماٹرز، ایگزیکٹوز اور ریٹائرمنٹ اور ریٹائرمنٹ کیشن (دی "اسکیم") کی بورڈ آف ڈائریکٹرز کی منظوری بمطابق کمپنیز ایکٹ 2017 کے سیکشن 279 سے 283 کے تحت اور جیسا کہ 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ مالیاتی بیانات میں نوٹ 1.1.1 میں ظاہر کیا گیا ہے۔

اظہار تشکر

ڈائریکٹرز، حصص یافتگان کی تہہ دل سے تعریف کا اظہار کرنا چاہیں گے جنہوں نے کمپنی کی غیر متزلزل حمایت جاری رکھی۔

ہم سروس گروپ کے تمام ملازمین کی انتھک کوششوں، لگن اور عزم کے لیے اپنی مخلصانہ تعریف بھی بر ملا کرنا چاہتے ہیں اور یقین رکھتے ہیں کہ وہ مستقبل میں بھی ایسا کرتے رہیں گے۔

ہم اپنے صارفین، سپلائرز اور بینکرز کا ان کی کمپنی کے ساتھ مسلسل تعاون اور حمایت کا بھی شکریہ ادا کرتے ہیں۔

* سال کے دوران ڈائریکٹرز کا انتخاب 03 اگست 2023 کو غیر معمولی جنرل میٹنگ میں ہوا جس کے مطابق جناب احمد جاوید، جناب عثمان سیف اللہ خان، جناب ریاض احمد اور مسز عائشہ نوید بورڈ آف ڈائریکٹرز سے ریٹائر ہوئے اور ریٹائر ہونے والے ڈائریکٹرز کی جگہ محترمہ علی عادل خان، جناب احسن بشیر، مسٹر عادل ماچس والا اور چوہدری سیف جاوید کو بطور ڈائریکٹرز منتخب کیا گیا۔

بورڈ اور کمپنی کے اجلاسوں میں شرکت نہ کرنے والے ڈائریکٹرز کے لئے غیر حاضری کی رخصت منظور کی گئی۔

انتظامیہ کمیٹی

انتظامیہ کمیٹی کمپنی کے سینئر اراکین پر مشتمل ہے جو کہ میٹنگ میں اہم کاروباری منصوبے، مسائل اور اپنے اپنے شعبے کی تازہ ترین صورتحال پر بحث کرتے ہیں۔ کارپوریٹ گورننس کی ضابطہ اخلاق کے مطابق بورڈ کی منظوری کے لیے پیش کئے جانے والے اہم معاملات بھی زیر بحث لائے جاتے ہیں۔

بیرونی آڈیٹرز

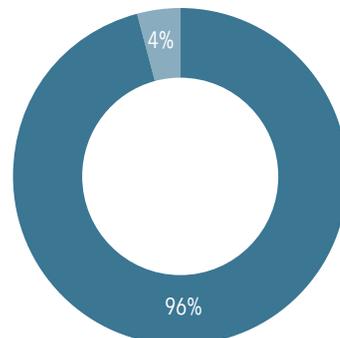
موجودہ آڈیٹرز میسرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اپنی اہلیت کی بنیاد پر دوبارہ تقرری کے لئے خود کو پیش کرتے ہیں۔ بورڈ آف ڈائریکٹرز 31 دسمبر 2024 کو ختم ہونے والے مالی سال کے لئے کمپنی کے آڈیٹرز کے طور پر ان کی دوبارہ تقرری کے لئے آڈٹ کمیٹی کی سفارش کی توثیق کرتے ہیں۔

ریٹائرمنٹ کی سہولیات میں سرمایہ کاری

کمپنی اپنے ملازمین کے لیے ریٹائرمنٹ کی سہولیات کی منصوبہ بندی رکھتی ہے جو کہ متعلقہ بورڈ آف ڈائریکٹرز کے مطابق ہے۔ اس سرمایہ کاری کی تفصیل متعلقہ غیر پڑتال شدہ مالی گوشواروں کے مطابق درج ذیل ہے۔

31 دسمبر	31 دسمبر	
2023	2022	پروویڈنٹ فنڈ
روپے بلین میں	روپے بلین میں	گرہیجیوٹی فنڈ
2,612	1,818	کل
108	97	
2,720	1,915	

سرمایہ کاری کی مالیت



پروویڈنٹ فنڈ ■ گرہیجیوٹی فنڈ ■

ڈائریکٹرز

موجودہ بورڈ آف ڈائریکٹرز ("بورڈ") کا انتخاب 03 اگست 2023 کو ہوا تھا۔ یہ نو (9) ڈائریکٹرز پر مشتمل ہے، جس میں ایک خاتون آزاد ڈائریکٹر، جو بورڈ کی چیئر پرسن ہیں، دو آزاد ڈائریکٹرز، چار نان ایگزیکٹو ڈائریکٹرز اور سی ای او سمیت دو ایگزیکٹو ڈائریکٹرز۔

ان افراد کے نام درج ذیل ہیں، جو اس مالی سال کے دوران کسی بھی وقت کمپنی کے ڈائریکٹر تھے:

محترمہ عظمیٰ عادل خان، چیئر پرسن، آزاد ڈائریکٹر
جناب عارف سعید، چیف ایگزیکٹو آفیسر
جناب عمر سعید، ایگزیکٹو ڈائریکٹر
جناب حسن جاوید، نان ایگزیکٹو ڈائریکٹر
جناب محمد نعیم خان، آزاد ڈائریکٹر
جناب شاہد حسین جتوئی، آزاد ڈائریکٹر
جناب احسن بشیر، نان ایگزیکٹو ڈائریکٹر
مسٹر عادل ماچس والا، نان ایگزیکٹو ڈائریکٹر
چوہدری سیف جاوید، نان ایگزیکٹو ڈائریکٹر
جناب احمد جاوید (ریٹائرڈ)
جناب عثمان سیف اللہ خان (ریٹائرڈ)
جناب ریاض احمد (ریٹائرڈ)
مسز عائشہ نوید (ریٹائرڈ)

بورڈ اور کمیٹیوں کی ساخت

لسنڈ کمپنیوں کے چلانے کے قواعد و ضوابط کی شق نمبر (i,ii,iii) (2)34 کارپوریٹ گورننس کے ضابطہ اخلاق ریگولیشن 2019 کے تحت بورڈ اور کمیٹیوں کی ساخت کمپلائنس کے بیان میں سیریل نمبر 2.1 اور 12 میں درج ہے۔ جو کہ اس سالانہ رپورٹ کے ساتھ منسلک کیا گیا ہے۔

آڈٹ کمیٹی

آڈٹ کمیٹی اس وقت تین اراکین پر مشتمل ہے جس میں سے دو انڈیپنڈنٹ ڈائریکٹرز ہیں اور ایک نان ایگزیکٹو ڈائریکٹر ہے۔ کمیٹی کا چیئر مین انڈیپنڈنٹ ڈائریکٹر ہے۔ اس کمیٹی کے حوالے کی شرائط کارپوریٹ گورننس کے ضابطہ اخلاق ریگولیشن کے مطابق ترتیب دی گئیں ہیں اور کمیٹی کو اس کی تعینیل کرنے کا حکم دیا گیا ہے۔

کمیٹی کی اس سال 4 میننگلز ہوئیں۔ ہر ممبر کی حاضری درج ذیل ہے:

ممبران	حاضری
جناب محمد نعیم خان چیئر مین	4/4
جناب عادل ماچس والا	2/4
چوہدری سیف جاوید	2/2
*جناب عثمان سیف اللہ خان - ممبر (ریٹائرڈ)	2/2
*جناب ریاض احمد - ممبر (ریٹائرڈ)	0/2

* 03 اگست 2023 کو ہونے والے ڈائریکٹرز کے انتخاب کے بعد جناب عثمان سیف اللہ خان اور جناب ریاض احمد کمپنی کے بورڈ آف ڈائریکٹرز سے ریٹائر ہوئے چنانچہ، مسٹر عادل ماچس والا اور چوہدری سیف جاوید کو ریٹائر ہونے والے ڈائریکٹرز کی جگہ آڈٹ کمیٹی کے ممبر مقرر کیا گیا۔

ہیومن ریسورس اور ریویو نیشن کمیٹی

یہ کمیٹی تین اراکین پر مشتمل ہے جن میں سے ایک نان ایگزیکٹو ڈائریکٹر، ایک انڈیپنڈنٹ ڈائریکٹر اور ایک ایگزیکٹو ڈائریکٹر ہیں۔ کمیٹی کا چیئر مین انڈیپنڈنٹ ڈائریکٹر ہے۔ کمیٹی ایگزیکٹوز کے معاوضے، انکی کارکردگی کے جائزے اور جانیشینی کی منصوبہ بندی وغیرہ کے بارے میں اپنی سفارشات بورڈ کو پیش کرتے ہیں۔

کمیٹی کی اس سال 3 میننگلز ہوئیں۔ ہر ممبر کی حاضری درج ذیل ہے:

ممبران	حاضری
محترمہ عظمیٰ عادل خان - چیئر پرسن	1/1
جناب عارف سعید - ممبر	3/3
جناب احسن بشیر - ممبر	1/1
*محترمہ عائشہ نوید - چیئر پرسن (ریٹائرڈ)	2/2
*جناب ریاض احمد ممبر (ریٹائرڈ)	1/2

* 03 اگست 2023 کو ہونے والے ڈائریکٹرز کے انتخاب کے بعد، مسز عائشہ نوید اور جناب ریاض احمد کمپنی کے بورڈ آف ڈائریکٹرز سے ریٹائر ہوئے، چنانچہ، محترمہ عظمیٰ عادل خان اور جناب احسن بشیر کو ریٹائر ہونے والے ڈائریکٹرز کی جگہ بالترتیب ہیومن ریسورس اور ریویو نیشن کمیٹی کا چیئر پرسن اور ممبر مقرر کیا گیا۔

بورڈ آف ڈائریکٹرز کے اجلاس

اس سال 8 بورڈ میننگلز ہوئیں۔ ممبران کی حاضری مندرجہ ذیل ہے۔

ڈائریکٹرز	حاضری
جناب عارف سعید	8/8
جناب عمر سعید	7/8
جناب حسن جاوید	7/8
جناب محمد نعیم خان	8/8
جناب شاہد حسین جتوئی	8/8
محترمہ عظمیٰ عادل خان	4/4
جناب عادل ماچس والا	3/4
جناب احسن بشیر	3/4
چوہدری سیف جاوید	4/4
*جناب احمد جاوید (ریٹائرڈ)	0/4
*جناب عثمان سیف اللہ خان (ریٹائرڈ)	3/4
*جناب ریاض احمد (ریٹائرڈ)	0/4
*محترمہ عائشہ نوید (ریٹائرڈ)	4/4

اندرونی مالی کنٹرولز کے مستند ہونے کی ذمہ داری اور اس پر تبصرہ ڈائریکٹرز اور مالیاتی کنٹرول کے مستند ہونے اور اس کے موثر ہونے کا جائزہ لینے کے ذمہ دار ہیں۔ کمپنی نے اندرونی اور مالی کنٹرول کا انتہائی موثر نظام اختیار کیا ہے جو کہ کمپنی کے اثاثہ جات کی حفاظت کو یقینی بناتا ہے، دھوکہ دہی کی شناخت کرتا ہے، اس سے بچاتا ہے اور متعلقہ قوانین کی پاسداری کو یقینی بناتا ہے۔ جبکہ بورڈ اپنی مجموعی ذمہ داری کو نبھاتا ہے، اندرونی آڈٹ کا شعبہ جو کہ بورڈ اور اندرونی کنٹرول کے نظام کی مناسب وقفہ سے نظر ثانی اور نگرانی کرتا ہے۔ بورڈ کی آڈٹ کمیٹی وضع کردہ اصولوں کے مطابق اندرونی کنٹرول کے نظام کے مستند ہونے پر سہ ماہی نظر ثانی کرتی ہے۔

متعلقہ پارٹی سے لین دین

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) کے ضوابط، 2019 اور قابل اطلاق قوانین اور ضوابط کے مطابق، تمام متعلقہ فریق کے لین دین کی تفصیلات آڈٹ کمیٹی کے سامنے رکھی جاتی ہیں اور آڈٹ کمیٹی کی سفارشات کو بورڈ کے سامنے جائزہ اور منظوری کے لیے پیش کیا جاتا ہے۔ مندرجہ بالا کے علاوہ، جیسا کہ کمپنیز ایکٹ، 2017 کے تحت ضروری ہے، معاہدوں کی تفصیلات اور اس طرح کے معاہدوں میں داخل ہونے کے جواز کے ساتھ متعلقہ مالی بیانات کے نوٹس میں ظاہر کیا گیا ہے۔

ڈائریکٹرز کا معاوضہ

ڈائریکٹرز نے بورڈ کے ڈائریکٹرز کے معاوضہ کے لئے پالیسی منظور کی ہے جو کہ کمپنیز ایکٹ، 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) کے ضوابط، 2019 کے عین مطابق ہے۔ اس پالیسی کے اہم نکات درج ذیل ہیں:

- کمپنی اپنے نان ایگزیکٹو ڈائریکٹرز بشمول انڈیپنڈنٹ ڈائریکٹرز کو کوئی معاوضہ نہیں ادا کرے گی، ماسوائے اس کے کہ وہ کسی اور ڈیپٹی ایگزیٹو میں شامل ہوں۔

- کمپنی بورڈ یا کمیٹی اجلاس میں شامل ہونے سے متعلقہ سفری اور رہائشی اخراجات ادا کرے گی۔

- ڈائریکٹرز کے معاوضہ کی پالیسی پر وقتاً فوقتاً نظر ثانی کی جائے گی اور اس کی منظوری دی جائے گی۔

31 دسمبر 2023 کو ختم ہونے والے سال کے دوران، معاوضے کے لیے مالیاتی گوشواروں میں درج ذیل رقم وصول کی گئی جن میں چیف ایگزیکٹو آفیسر اور ایگزیکٹو ڈائریکٹرز کی دیگر مراعات شامل ہیں:

- 118,292 ملین روپے (2022: 85,124 ملین روپے) چیف ایگزیکٹو آفیسر کے لیے۔ (تفصیلات نوٹ 40 میں آڈٹ شدہ مالیاتی بیانات میں دی گئی ہیں)۔

- ایگزیکٹو ڈائریکٹرز کے لیے 116,486 ملین روپے (2022: 83,554 ملین)۔ (تفصیلات نوٹ 40 میں آڈٹ شدہ مالیاتی بیانات میں دی گئی ہیں)۔

مالی سال دسمبر 31، 2023 کے دوران نان ایگزیکٹو ڈائریکٹرز کو 3.28 ملین روپے (3.04 ملین: 2022) میٹنگ کا معاوضہ ادا کیا گیا۔

نمایاں ہے اور کمپنی دسمبر 2024 کے آخر تک 60 نئے آڈٹ لیسٹس کا اضافہ کر کے ریٹیل آڈٹ لیسٹس کی تعداد کو 300 تک بڑھانے کی توقع کر رہی ہے۔

کارپوریٹ گورننس کے بہترین طریقوں پر عمل

کمپنی تمام اخلاقی اور قانونی ضوابط پر پورا اترنے بلکہ اس سے بھی آگے بڑھنے کیلئے پرعزم ہے۔ بورڈ نے لگاتار بہتری کیلئے ایک طریقہ کار تشکیل کر دیا ہے جو کہ لگاتار موجودہ طریقوں کو جانچتا رہتا ہے اور یہ اس بات کا تقاضا کرتا ہے کہ کمپنی میں وقت کے ساتھ ساتھ تبدیلی آئے اور جب مناسب مواقع آئیں تو کمپنی اس کیلئے تیار ہو۔ چنانچہ کمپنی مارکیٹ میں دستیاب بہترین ملازمین حاصل کرے اور ان کو وہ مہارت اور مواقع دے جس سے وہ اعلیٰ اہداف کو حاصل کرنے والے بن جائیں۔ کمپنی لگاتار اپنی مصنوعات کی اقسام کا جائزہ لیتی رہتی ہے تاکہ معاشرے کے سب سے اہم مسئلہ کا حل نکال سکے، اور اس طرح اپنے حصے یا فنڈنگ کے لیے لگاتار منافع پیدا کرتی رہے۔

کمپنی اندرونی کنٹرولز اور کام کرنے کے طریقوں کا جائزہ لینے کے لئے داخلی آڈٹ کا شعبہ قائم کیا ہے، جس کا عملہ اعلیٰ اہلیت کے حامل پیشہ ور افراد پر مشتمل ہے تاکہ شفاف مالی معلومات فراہم ہو سکے، قواعد و قوانین سے ہم آہنگی اور اندرونی کنٹرول کے نظام کی پابندی کو یقینی بنایا جاسکے۔ اس طرح ہمیں اپنی پروڈکشن میں قدر بڑھانے کا ہدف بھی حاصل ہوتا ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ کے فریم ورک پر ڈائریکٹرز کے بیانات

کارپوریٹ اور مالیاتی رپورٹنگ کے فریم ورک پر ڈائریکٹرز کے بیانات درج ذیل ہیں:

1۔ انتظامیہ کے تیار کردہ مالی گوشوارے کمپنی کے معاملات، کام کرنے کے طریقے، کیش فلو اور ایکویٹی میں تبدیلی کو احسن طریقے سے پیش کرتے ہیں۔

2۔ کمپنی نے اچھی طرح سے اکاؤنٹس کے کھاتے تیار کر رکھے ہیں۔

3۔ مالی گوشواروں اور اکاؤنٹنگ کے تخمینوں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ استعمال کیا جا رہا ہے۔

4۔ مالی گوشواروں کی تیاری بین الاقوامی مالی رپورٹنگ معیارات کے مطابق کی گئی ہے۔

5۔ کمپنی نے ٹھوس اندرونی کنٹرولز لاگو کر رکھے ہیں جس سے یقینی بنایا جاتا ہے کہ غلط معلومات نہ ملے اور نقصان نہ ہو۔ اندرونی کنٹرولز کے نظام کا باقاعدگی سے جائزہ لیا جاتا ہے۔ اس نظام کو حسب ضرورت بہتر کیا جاتا ہے۔

6۔ کمپنی کے لگاتار چلنے میں کسی قسم کا کوئی شک نہیں ہے۔

7۔ کارپوریٹ گورننس کے بہترین طریقوں سے ہٹنے کے کوئی شواہد نہیں ہے۔

8۔ پچھلے 6 سالوں کے اہم آپریٹنگ اور مالی اعداد و شمار اس سالانہ رپورٹ میں درج ہے۔

(3) سروس انڈسٹریز لمیٹڈ سے سروس انڈسٹریز کیپیٹل (پرائیویٹ) لمیٹڈ جو کہ سروس انڈسٹریز لمیٹڈ کی مکمل ملکیتی ذیلی کمپنی ہے کو سپیڈ (پرائیویٹ) لمیٹڈ کے 160,709 حصص کی منتقلی اور سرمایہ کاری۔

(4) اسکیم منظوری کی تاریخ سے نافذ العمل ہوگی جو اس تاریخ کو ہوگی جس دن عدالت اسکیم کی منظوری دے گی۔

(5) اسکیم 1 جنوری 2024 کو 00:00 بجے سے نافذ العمل ہوگی۔

اسکیم کو مناسب وقت پر منظوری کے لیے معزز لاہور ہائی کورٹ، لاہور میں دائر کیا جائے گا۔

مستقبل پر ایک نظر

نامساعد عالمی حالات اور بین الاقوامی تنازعات نے پاکستان کی معاشی ترقی میں شدید رکاوٹیں ڈالی ہیں۔ مشکل کاروباری ماحول نے سرمایہ کاری کے لیے رکاوٹ کا کام کیا ہے۔ جبکہ قومی منافع بخش اثاثوں کی فروخت میں تیزی لانا یا غیر ملکی سرمایہ کاری کو راغب کرنا غیر ملکی زرمبادلہ کے ذخائر کو مستقبل قریب میں بڑھانے کا باعث بن سکتا ہے، لیکن کم سرمایہ کاری اور گرتی ہوئی پیداواری صلاحیت کے بنیادی مسائل کو حل کرنے کے لیے فوری کارروائی کی ضرورت ہے۔ جس میں سب کیلئے کاروبار کے موافق ماحول، مسابقت کو فروغ دینا، کاروباری معاملات میں حکومتی اداروں کی طرف سے آسانی، اور حکومتی پالیسیوں میں تسلسل شامل ہے۔

اقوام متحدہ کی 2024 کے لیے عالمی اقتصادی صورتحال اور امکانات کی رپورٹ میں پاکستان کے لیے ایک اہم اقتصادی نقطہ نظر پیش کیا گیا ہے، جس میں 2024 میں دو فیصد سے کم جی ڈی پی کی نمو اور 2025 میں 2.4 فیصد سے قدرے بہتر ہونے کی پیش گوئی کی گئی ہے۔ تاہم، پاکستان کے معاشی منظر نامے کا قریب سے جائزہ لینے سے پریشان کن رجحانات کا پتہ چلتا ہے۔

2023 میں افراط زر 39.18 فیصد تک بڑھ گیا، جس سے اسٹیٹ بینک آف پاکستان نے جون 2023 کے بعد سے 22 فیصد کی ریکارڈ بلنڈ شرح سود برقرار رکھی۔ مسلسل افراط زر کے درمیان شرح سود میں کمی کی توقعات کم ہیں۔ مزید یہ کہ پاکستان نے 2023 میں کرنسی کی قدر میں 20 فیصد سے زیادہ کمی کا سامنا کیا۔

تاہم، حال ہی میں ہونے والے انتخابات ملکی حالات میں استحکام لانے میں معاون ہوں گے۔ تمام اہم سیاسی جماعتوں کا یہ عزم کہ اگر انہیں حکومت بنانے کا موقع ملتا ہے تو وہ اگلے پروگرام کے لیے آئی ایم ایف کے پاس جائیں گے جو کہ انتہائی ضروری مالیاتی استحکام اور پالیسی میں تسلسل کو یقینی بنانے گا۔ اس سے پاکستان کے زرمبادلہ کے ذخائر کو بہتر کرنے میں بھی مدد ملے گی۔ اس کے نتیجے میں پاکستان کی ساکھ میں بہتری آئے گی۔

آگے بڑھتے ہوئے، زرعی نائزوں میں اضافی مارکیٹ شیئر حاصل کرنے کے لیے، کمپنی زرعی نائزوں کے حصے کی پیداواری استعداد کو بڑھا رہی ہے تاکہ بڑھتی ہوئی مانگ کو پورا کیا جاسکے، اضافی استعداد دسمبر 2024 تک تجارتی پیداوار کے لیے دستیاب ہو جائے گی۔

مزید برآں، ریٹیل کاروبار کا مستقبل انتہائی امید افزا دکھائی دیتا ہے، جس میں خاطر خواہ ترقی کی رفتار

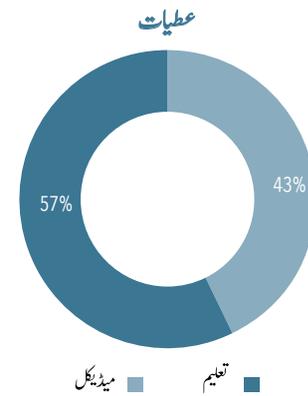
(9) دیہی ترقی کے پروگرام اور قومی مقاصد میں حصہ

کمپنی دیہی آبادی کی صحت اور تعلیم کو بہتر بنانے کے لیے دیہی ترقیاتی پروگراموں میں اپنے انسان دوستی کے عزم کے تحت کام کرتی ہے۔ کمپنی ہمیشہ کسی بھی قومی مقصد میں اپنا حصہ ڈالنے کے لیے پرعزم ہے۔

کمپنی کی سماجی ذمہ داری

سروس انڈسٹریز لمیٹڈ سماجی طور پر باشعور کاروباری ادارہ ہے اور اپنے آغاز سے ہی انسان دوستی کی سرگرمیوں میں شامل رہا ہے۔ کمپنی نے معاشرے کے پسماندہ طبقات کی صحت کی دیکھ بھال اور تعلیم کے لیے اپنا حصہ ڈالا ہے اور مختلف فلاحی تنظیموں سے مالی معاونت کرتی رہی ہے۔

سروس گروپ نے 2019 میں ایک اہم قدم اٹھایا اور اپنی فلاحی سرگرمیوں کو، سروس فاؤنڈیشن کے قیام کے ذریعے ایک ادارے کی شکل دے دی۔ سال 2023 کے دوران، کمپنی نے مختلف اداروں سے سماجی ذمہ داری سرگرمیوں کی مدد میں 87 ملین روپے کا تعاون کیا۔



اسکیم آف کپروماٹرز، اریجنٹ ایڈریکٹس کیشن

کمپنی کے بورڈ آف ڈائریکٹرز نے 27 فروری 2024 کو منعقدہ اپنی میٹنگ میں نائز انڈر ٹیکنگ اور ریٹیل انڈر ٹیکنگ کو علیحدہ کرنے کے لیے کمپنی ایکٹ 2017 کے سیکشن 279 سے 283 کے تحت اسکیم آف کپروماٹرز، اریجنٹ ایڈریکٹس کیشن کی ("اسکیم") کی منظوری دی۔ اس کے تحت سروس انڈسٹریز لمیٹڈ کی جانب سے نائز اور ٹیوبو سیکٹ بشمول تمام اثاثے، حقوق و واجبات، استحقاق اور ذمہ داریاں جو اس سے متعلق ہیں اسے سروس نائز (پرائیویٹ) لمیٹڈ میں اور ریٹیل سیکٹ ("ریٹیل انڈر ٹیکنگ") کو سروس ریٹیل (پرائیویٹ) لمیٹڈ میں منتقل کرنا ترتیب اور سروس انڈسٹریز لمیٹڈ سے سروس انڈسٹریز کیپیٹل (پرائیویٹ) لمیٹڈ میں سپیڈ (پرائیویٹ) لمیٹڈ کے 160,709 حصص کی منتقلی اور ان کی سرمایہ کاری کرنا ہے۔

اسکیم کے اہم پہلو درج ذیل ہیں:

(1) سروس انڈسٹریز لمیٹڈ سے سروس نائز (پرائیویٹ) لمیٹڈ، جو کہ سروس انڈسٹریز لمیٹڈ کی ایک مکمل ملکیتی ذیلی کمپنی ہے، کو تمام اثاثوں، حقوق و واجبات، استحقاق اور ذمہ داریوں (سروس لانگ مارچ نائز (پرائیویٹ) لمیٹڈ کے 128,150,000 حصص سمیت) پر مشتمل نائز انڈر ٹیکنگ کی منتقلی۔

(2) سروس انڈسٹریز لمیٹڈ سے سروس ریٹیل (پرائیویٹ) لمیٹڈ، جو کہ سروس انڈسٹریز لمیٹڈ کی ایک مکمل ملکیتی ذیلی کمپنی ہے، کو تمام اثاثوں، حقوق و واجبات، استحقاق اور ذمہ داریوں پر مشتمل ریٹیل انڈر ٹیکنگ کی منتقلی۔

ایڈجسٹمنٹ لازمی قرار نہیں دی گئی ہے۔ مجموعی مالیاتی بیانات کے نوٹ 40 نے SSL سے متعلق تمام حقائق کی تفصیل درج ہیں۔

ڈیویڈنڈ اور مالیاتی تخصیص

مالیاتی سال 2023 کا تصرف مختصر اماندرجہ ذیل ہے۔	روپے، بلین
کیم جنوری 2023 پر کل جمع شدہ ایکویٹی	7,271
مالیاتی سال 2023 کی آمدنی	1,282
2022 کے مالیاتی سال کا 5 روپے فی شیئر جتنی ڈیویڈنڈ	(235)
31 دسمبر 2023 پر کل جمع شدہ ایکویٹی	8,318

کمپنی کے بورڈ آف ڈائریکٹرز نے 27 فروری 2024 کو منعقدہ اپنی میٹنگ میں 10 روپے فی شیئر (2022: 5 روپے فی شیئر) کے حتمی نقد منافع تجویز کیا ہے۔

گزشتہ 6 سال کے آپریٹنگ اور مالیاتی اعداد و شمار

پچھلے 6 سال کے اہم آپریٹنگ اور مالیاتی اعداد و شمار اس رپورٹ میں درج کیے گئے ہیں۔

کمپنی کی کارکردگی کا جائزہ

بورڈ نے کمپنی کی کارکردگی پر مستقل نظر رکھنے کا ایک نظام ترتیب دیا ہے۔ بورڈ کاہر رکن بورڈ کی میٹنگ میں متعدد سی سے اپنی شمولیت کو یقینی بناتا ہے، اہم معاملات پر تفصیلی گفتگو ہوتی ہے اور انتظامیہ کو واضح ہدایات دی جاتی ہیں اور ان ہدایات کے عمل درآمد کروانے پر بورڈ اور کمیٹیاں مستقل نظر رکھتی ہیں۔

کمپنی کی کارکردگی کا جائزہ لینے کے لیے انتظامیہ نے مختلف معیارات بنا رکھے ہیں جن میں صنعتی شرح نمو، اہم مرتبہ کمپنیوں کی صورت حال، گزشتہ سالوں کی کارکردگی اور کمپنی پر اثر انداز ہونے والے مجموعی اقتصادی اور کاروباری حالات شامل ہیں۔

بجٹ بنایا جاتا ہے اور اصل کارکردگی کا بجٹ سے تقابلی جائزہ سال کے دوران باقاعدگی سے لیا جاتا ہے تاکہ بلا تاخیر اصلاح کی جاسکے۔ یہ عمل کمپنی کے ہر شعبے کے لیے کیا جاتا ہے۔

بورڈ اس بات کو یقینی بناتا ہے کہ کاروبار کے بہترین طریقوں پر عمل درآمد ہو رہا ہے۔ بورڈ کاہر رکن کے تمام شعبوں کی کارکردگی کاہر ماہی کے اختتام پر جائزہ لیتا ہے۔ اس کا مقصد کم کارکردگی والے شعبوں کو بہتر کرنا اور منافع بخش شعبوں میں شرح نمو کے اضافے کے مواقع پر زور دینا ہے۔ مزید یہ کہ کمپنی نے سال کے دوران کسی بھی قرض کی ادائیگی میں نااہل نہ ہونے کا بندہ نہیں کیا ہے۔

کیش فلوز اور کیپیٹل ایکسپنڈیچر

کمپنی کے لئے ورکنگ کیپیٹل کا انتظام اندرونی طور پر کیش کے انتظام، بینکوں اور مالیاتی اداروں سے ورکنگ کیپیٹل قرض اور ماتحت اداروں سے قلیل مدتی قرض حاصل کر کے کیا جاتا ہے۔ کثیر سرمائے کے منصوبوں کو شروع کرنے کے لیے سرمایہ کے کمی کو پورا کرنے کے لیے، کمپنی مختلف اسکیموں کے تحت بینکوں سے مالی امانت حاصل کرتی ہے جس میں LTFF اور TERM قرضے شامل ہیں۔ کیش کی آمد اور استعمال کی مناسب نگرانی کی جاتی ہے اور ممکنہ کمی کو اجاگر کرنے کے لیے خردار کرنے کا نظام نافذ ہے جو موجودہ سال کے دوران، کمپنی نے، بنیادی طور پر ٹائزوں کے شعبے میں

ہے، جو کہ سروس انڈسٹریز لمیٹڈ کا مکمل ملکیتی ماتحت ادارہ ہے سروس شووز لاکا (پرائیویٹ) لمیٹڈ ایک پرائیویٹ لمیٹڈ لائسنسڈ کمپنی ہے جو 16 جولائی 2015 کو کمپنیز ایکٹ 2007 کی دفعات کے تحت سری لنکا میں تشکیل دی گئی۔ کمپنی کا رجسٹرڈ آفس نمبر 143/17 سری وکر ماوا تھا کو لمبو 15 پر واقع ہے اور اس کا کاروباری مرکز کاتونٹیکے میں واقع ہے۔ SSL کا بنیادی کاروبار برآمدی منڈی کے لیے جو تو کوئی پیداوار کے کاروبار کو جاری رکھتا ہے۔

سری لنکا میں بگڑتی ہوئی معاشی صورتحال اور سری لنکا میں موجودہ برآمدی صارفین کی عدم دلچسپی کے ساتھ ساتھ عالمی اور معاشی بدحالی کی وجہ سے SSL کو مسلسل نقصان ہوا تھا۔ SICPL کی انتظامیہ نے SSL کے موجودہ نقصانات کو کم کرنے اور اسے ایک منافع بخش کاروبار بنانے کے لیے زیادہ سے زیادہ کوششیں کی تھیں۔ تاہم، عالمی اور معاشی بدحالی اور سری لنکا میں ناموافق کاروباری حالات کی وجہ سے، SICPL کے بورڈ نے SSL کی کاروباری سرگرمیاں بند کرنے اور اسے فروخت کرنے کا فیصلہ کیا تھا۔ اسی مناسبت سے، SSL کے کاروباری آپریشن 15 جنوری 2023 سے بند ہیں اور انتظامیہ تمام قانونی تقاضوں کی تکمیل کے بعد اسے فروخت کرنے کے بہترین مواقع تلاش کر رہی ہے۔

SIL Gulf FZE

SIL Gulf FZE، سروس انڈسٹریز لمیٹڈ کا ایک مکمل ملکیتی ذیلی ادارہ، جو کہ متحدہ عرب امارات میں متعلقہ قابل اطلاق قانونی تقاضوں کے تحت تشکیل دیا گیا ہے۔ SIL Gulf FZE کا بنیادی مقصد ٹائز اور اس سے منسلک مصنوعات کی فروخت ہے۔

ڈونگ گوان سروس گلوبل لمیٹڈ

ڈونگ گوان سروس گلوبل لمیٹڈ ایک لمیٹڈ لائسنسڈ کمپنی ہے (مکمل طور پر غیر ملکی قانونی شخص کی ملکیت ہے) جو کہ ڈونگ گوان انڈسٹریل پینٹ آف مارکیٹ ریگولیشنز، چین کے ساتھ رجسٹرڈ ہے۔ ڈونگ گوان سروس گلوبل لمیٹڈ کی تاریخ تشکیل 18 دسمبر 2022 ہے۔ ڈونگ گوان سروس گلوبل لمیٹڈ کا کاروباری دائرہ کار جو تو کوئی اور ٹویپوں کی بڑے پیمانے پر فروخت، چمڑے کی مصنوعات کی فروخت، سسلے ہوئے لمبو سات اور اس سے منسلک خام مال کی فروخت، ہارڈ ویئر مصنوعات کی بڑے پیمانے پر فروخت، بیگز کی فروخت، روزمرہ کی ضروریات، لمبوسات کا معائنہ اور ان کی فنٹنگ کی خدمات، تکنیکی خدمات اور دیگر متعلقہ امور پر محیط ہے۔ ڈونگ گوان سروس گلوبل لمیٹڈ 302، نمبر 18، ہوئی ناؤن، ڈونگ گوان سٹی، گوانگ ڈونگ صوبہ، چین میں واقع ہے۔

مجموعی مالیاتی بیانات پر آڈیٹرز کی رپورٹ میں ترمیم کے حوالے سے معلومات اور وضاحت

آڈیٹرز نے مجموعی مالیاتی گوشواروں پر اپنی رائے اس بنیاد پر قائم کی ہے کہ سروس شووز لاکا (پرائیویٹ) لمیٹڈ 31 دسمبر 2023 کے مالی سال کے لئے ذیلی کمپنی اور ڈونگ گوان سروس گلوبل جو 03 اپریل 2023 سے 31 دسمبر 2023 کی مدت کے لیے ذیلی ادارہ ہے سے متعلق غیر آڈٹ شدہ اعداد و شمار شامل ہیں۔ SSL کے مالی گوشوارے چھوٹے اور درمیانے درجے کے اداروں کے لیے سری لنکا کے اکاؤنٹنگ قوانین کے مطابق انتظامیہ کی طرف سے تیار کیے گئے ہیں۔ ڈونگ گوان سروس گلوبل لمیٹڈ کے مالی گوشوارے چھوٹے کاروباری اداروں کے لیے چینی اکاؤنٹنگ قوانین کے مطابق انتظامیہ کی طرف سے تیار کیے گئے ہیں۔ چونکہ SSL اور ڈونگ گوان سروس گلوبل لمیٹڈ کے مالی بیانات مکمل طور پر 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے کمپنی کے مجموعی مالیاتی گوشواروں کیلئے غیر اہم ہیں، اس کے پیش نظر، 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے کمپنی کے مجموعی مالی بیانات میں IFRS کے مطابق کوئی

گلوبل، لاہور واقع ہے سروس انڈسٹریز کیپٹل (پرائیویٹ) لمیٹڈ کا بنیادی مقصد پاکستان یا دنیا میں کہیں اور قابل اطلاق قانون کے تقاضوں کے تابع نئے کاروباروں، حصص اور سیکورٹیز میں سرمایہ کاری کرنا ہے۔

سروس گلوبل فٹ ویئر لمیٹڈ

سروس گلوبل فٹ ویئر لمیٹڈ کو 19 جولائی 2019 کو پاکستان میں ایک پبلک لمیٹڈ کمپنی کے طور پر کمپنیز ایکٹ 2017 کے تحت تشکیل دیا گیا تھا۔ کمپنی کی بنیادی سرگرمیاں جوتے، چمڑے اور متعلقہ مصنوعات کی تیاری، فروخت، مارکیٹنگ، درآمد اور برآمد ہے سروس گلوبل فٹ ویئر لمیٹڈ میں سروس انڈسٹریز لمیٹڈ کے 79.43% (2022: 79.75%) حصص ہیں۔ 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے سروس گلوبل فٹ ویئر لمیٹڈ کی کارکردگی پر ڈائریکٹر کے تبصرہ کی رپورٹ الگ سے پیش کی گئی ہے۔

سروس گلوبل فٹ ویئر لمیٹڈ، برآمدات پر مبنی ذیلی کمپنی نے بڑے پیمانے پر فروخت میں اضافہ حاصل کیا ہے، جس کی فروخت میں 37 فیصد اضافے سے 15 ارب ہو گئی ہے۔ منافع میں بھی بڑے پیمانے پر بہتری ہوئی ہے، منافع 245% سے زیادہ بڑھ کر 1.1 ارب روپے تک پہنچ گیا۔ سروس انڈسٹریز لمیٹڈ نے اس سال کے دوران اس سرمایہ کاری سے 164 ملین روپے کا ڈیویڈنڈ حاصل کیا۔

جنوری 2024 میں، کمپنی کو سروس گلوبل فٹ ویئر لمیٹڈ سے 491 ملین روپے کا مزید نقد ڈیویڈنڈ موصول ہوا، جو 2024 کے پہلے سہ ماہی کے مالیاتی بیانات میں ظاہر کیا جائے گا۔

سروس لانگ مارچ ٹائرز (پرائیویٹ) لمیٹڈ

سروس لانگ مارچ ٹائرز (پرائیویٹ) لمیٹڈ ایک پرائیویٹ لمیٹڈ کمپنی ہے جو پاکستان میں 07 جنوری 2020 کو کمپنیز ایکٹ، 2017 (2017 کا XIX) کے تحت تشکیل دی گئی تھی۔ کمپنی کار جسر ڈائریکٹس سروس ہاؤس، 2 مین گلوبل، لاہور میں واقع ہے۔ کمپنی کا بنیادی کاروبار سیٹل ریڈیل ٹرک اور بس ٹائروں کی تیاری، فروخت، مارکیٹنگ کی درآمد اور برآمد ہے سروس لانگ مارچ ٹائرز (پرائیویٹ) لمیٹڈ میں سروس انڈسٹریز لمیٹڈ کے 32.09% (2022: 32.09%) حصص ہیں اور سروس لانگ مارچ ٹائرز (پرائیویٹ) لمیٹڈ میں سروس گلوبل فٹ ویئر لمیٹڈ کی حصص 18.91% (2022: 18.91%) ہے۔

کمپنی اور سروس گلوبل فٹ ویئر لمیٹڈ - ذیلی کمپنی کے پاس مجموعی طور پر سروس لانگ مارچ ٹائرز (پرائیویٹ) لمیٹڈ کے حصص کا 51% حصہ ہے اور سروس لانگ مارچ ٹائرز (پرائیویٹ) لمیٹڈ کے بورڈ کی تشکیل کا مجاز ہے۔

چین کے چاویا ننگ لانگ مارچ ٹائرز کے ساتھ سروس گلوبل فٹ ویئر لمیٹڈ کے تحت کی گئی سرمایہ کاری نے اس سال کے دوران غیر معمولی کارکردگی کا مظاہرہ کیا ہے سروس لانگ مارچ ٹائرز (پرائیویٹ) لمیٹڈ اس وقت اپنی انتہائی پیداواری استعداد پر کام کر رہی ہے۔ پیداواری استعداد میں توسیع کا کام جاری ہے۔ مستقبل میں سروس لانگ مارچ ٹائرز (پرائیویٹ) لمیٹڈ سے مستحکم ڈیویڈنڈ کی توقع کی جاسکتی ہے

سروس شوز لنگا (پرائیویٹ) لمیٹڈ

سروس شوز لنگا (پرائیویٹ) لمیٹڈ، سروس انڈسٹریز کیپٹل (پرائیویٹ) لمیٹڈ کا ایک ذیلی ادارہ

گروپ کے کاروبار کا جائزہ

31 دسمبر 2023 کو ختم ہونے والے سال کے لیے سروس انڈسٹریز لمیٹڈ اور اس کے ذیلی اداروں ("گروپ") کی مجموعی مالیاتی کارکردگی درج ذیل ہے۔

تفصیلات	مالیاتی سال 2023 روپے، ہزار میں	مالیاتی سال 2022 روپے، ہزار میں	فیصد تبدیلی
خالص فروخت	96,520,660	61,668,669	57%
گراس منافع	21,850,240	10,262,044	113%
آپریٹنگ منافع	13,183,876	3,996,720	230%
منافع / خسارہ قبل از ٹیکس	5,741,926	(9,379)	-
منافع / خسارہ بعد از ٹیکس	4,312,384	(1,224,818)	-
فی شیئر آمدنی / خسارہ	60.48	(14)	-

اس سال کے دوران، گروپ کی مجموعی فروخت گزشتہ سال کی اسی مدت میں 62 ارب روپے کے مقابلے میں 96 ارب روپے رہی جو کہ 57 فیصد کے اضافے کو ظاہر کرتا ہے۔ گراس مارجن میں بھی 113% کا نمایاں اضافہ ہوا ہے۔ ٹیکس کے بعد خالص منافع 4.3 ارب روپے رہا جو کہ گزشتہ سال کی اسی مدت میں 1.2 ارب روپے خسارہ تھا۔

سروس ٹائرز (پرائیویٹ) لمیٹڈ

سروس ٹائرز (پرائیویٹ) لمیٹڈ کو پاکستان میں 21 دسمبر 2023 کو کمپنیز ایکٹ، 2017 کے تحت ایک پرائیویٹ لمیٹڈ کمپنی کے طور پر تشکیل دیا گیا تھا سروس ٹائرز (پرائیویٹ) لمیٹڈ سروس انڈسٹریز لمیٹڈ کا کلی ملکی ماتحت ادارہ ہے۔ اس کار جسر ڈائریکٹس سروس ہاؤس، 2 - مین گلوبل، لاہور میں واقع ہے سروس ٹائرز (پرائیویٹ) لمیٹڈ کا کاروبار بنیادی طور پر سائیکلوں سے منسلک مصنوعات، موٹر سائیکلیں، سکوتر، رکشہ، آٹوموبائل، ہوائی جہاز، بسیں، ٹرک، کاریں، ٹریکٹر، ٹرالیوں اور دیگر گاڑیوں کے ٹائروں، ٹیوبوں، پرزہ جات کی پیداوار، خوردہ اور تھوک خرید و فروخت، مارکیٹنگ اور ہر قسم کی درآمد اور برآمد کے کاروبار کو جاری رکھتا ہوگی۔

سروس ریٹیل (پرائیویٹ) لمیٹڈ

سروس ریٹیل (پرائیویٹ) لمیٹڈ کو پاکستان میں 21 دسمبر 2023 کو کمپنیز ایکٹ، 2017 کے تحت ایک پرائیویٹ لمیٹڈ کمپنی کے طور پر تشکیل دیا گیا تھا سروس ریٹیل (پرائیویٹ) لمیٹڈ سروس انڈسٹریز لمیٹڈ کا کلی ملکی ماتحت ادارہ ہے۔ اس کار جسر ڈائریکٹس سروس ہاؤس، 2 - مین گلوبل، لاہور میں واقع ہے سروس ریٹیل (پرائیویٹ) لمیٹڈ کے کاروبار بنیادی طور پر جوتے، بیگ، ملبوسات، لوازمات اور دیگر اشیاء / مصنوعات کی پیداوار، خوردہ اور تھوک خرید و فروخت، مارکیٹنگ اور درآمد کو جاری رکھتا ہوگی۔

سروس انڈسٹریز کیپٹل (پرائیویٹ) لمیٹڈ

سروس انڈسٹریز کیپٹل (پرائیویٹ) لمیٹڈ، سروس انڈسٹریز لمیٹڈ کا مکمل ملکی ماتحت ادارہ ہے۔ سروس انڈسٹریز کیپٹل (پرائیویٹ) لمیٹڈ کو کمپنیز آرڈیننس 1984 (جو کہ اب کمپنیز ایکٹ 2017 ہے) کے تحت پاکستان میں 10 نومبر 2015 کو حصص کے لحاظ سے لمیٹڈ کمپنی کے طور پر رجسٹر کیا گیا سروس انڈسٹریز کیپٹل (پرائیویٹ) لمیٹڈ کار جسر ڈائریکٹس سروس ہاؤس، 2 مین

کے علاقے میں آن لائن اور منتخب اسٹورز پر ملبوسات بھی متعارف کرائے گئے موصول ہونے والی رائے کافی امید افزا ہے اور ملبوسات کی پیشکش کو 11 مزید شہروں تک بڑھادیا گیا ہے۔

مجموعی طور پر کاروبار اور معاشرے کے لیے توانائی کی پخت بھی انتہائی اہمیت کی حامل ہے۔ اس حقیقت کو تسلیم کرتے ہوئے ہر واں سال کے دوران 51 ریٹیل آؤٹ لیٹس کی توانائی کی ضرورت کو شمسی ذرائع سے پورا کیا گیا ہے۔

IFRS - 16 "لیزز" - ایڈجسٹمنٹ

کرائے کے ریٹیل آؤٹ لیٹس اور گوداموں کی صورت میں، IFRS 16 "لیزز" کی شق کے مطابق، اثاثوں کے استعمال کے حق اور اس سے متعلقہ لیز کی ادائیگیوں کو مالی پوزیشن کے بیان میں ظاہر کیا جاتا ہے۔ آپریٹنگ لیز کے اخراجات کو اثاثوں کے استعمال کے حق کے ڈیپریسی ایشن اخراجات (آپریٹنگ اخراجات میں شامل) اور تسلیم شدہ لیز کی واجبات پر سود کے اخراجات (مالیاتی اخراجات میں شامل) سے تبدیل کر دیا جاتا ہے۔

لیز کے پہلے ادوار میں IFRS 16 کے تحت لیز سے متعلقہ اخراجات ہمیشہ زیادہ ہوتے ہیں کیوں کہ آپریٹنگ اخراجات کو منافع یا نقصان کے بیان میں سود کے اخراجات اور ڈیپریسی ایشن سے بدل دیا جاتا ہے۔

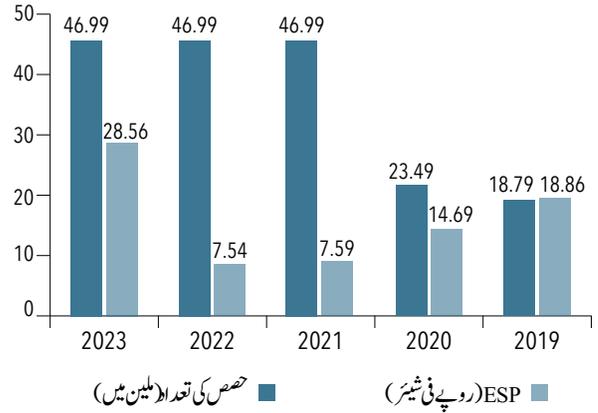
کمپنی کے کرائے کے ریٹیل اسٹورز میں جاری نمو کے پیش نظر، کمپنی کو، زیر جائزہ مدت کے دوران 364 ملین روپے کے IFRS 16 کے تحت لیز سے متعلقہ اتنے زیادہ اخراجات کو تسلیم کر لیا ہے۔ نئے ریٹیل اسٹور کے کھلنے کے معمول پر آنے کے بعد اس طرح کے زیادہ اخراجات میں کمی آئے گی۔

گروپ کی ذیلی کمپنیاں

گروپ سروس انڈسٹریز لمیٹڈ اور درج ذیل کمپنیوں پر مشتمل ہے:

- (1) سروس ٹائز (پرائیویٹ) لمیٹڈ، کلی ملکیٹی ذیلی ادارہ
- (2) سروس ریٹیل (پرائیویٹ) لمیٹڈ، کلی ملکیٹی ذیلی ادارہ
- (3) سروس انڈسٹریز کمپنیل (پرائیویٹ) لمیٹڈ، کلی ملکیٹی ذیلی ادارہ
- (4) سروس گلوبل فٹ ویئر لمیٹڈ، جزوی ملکیٹی ذیلی ادارہ
- (5) سروس لانگ مارچ ٹائز (پرائیویٹ) لمیٹڈ، جزوی ملکیٹی ذیلی ادارہ
- (6) سروس شووز لنکا (پرائیویٹ) لمیٹڈ، سری لنکا، جزوی ملکیٹی ذیلی ادارہ
- (7) SIL Gulf FZE، متحدہ عرب امارات، کلی ملکیٹی ذیلی ادارہ
- (8) ڈونگ گوان سروس گلوبل لمیٹڈ، چین، کلی ملکیٹی ذیلی ادارہ

پانچ سالہ EPS اور حصص کی تعداد



* مالی سال 2021 میں بونس شیئرز جاری کرنے سے فی شیئر آمدنی پر سابقہ اثرات ہیں۔

ٹائر ڈویژن

ٹائر ڈویژن نے گزشتہ سال کے مقابلے میں فروخت میں 25 فیصد کی بڑا اضافہ کر کے کمپنی کی ترقی میں اہم حصہ دار کے طور پر اپنی پوزیشن مزید مستحکم کر لی ہے۔ فروخت 31 ارب روپے سے بڑھ کر 39 ارب ہو گئی ہے صرف ٹائر ڈویژن میں برآمدی فروخت میں 87 فیصد اضافہ ہوا ہے، جس کی وجہ حجم میں اضافہ اور روپے کی قدر میں کمی کے ہے۔

مسلسل مہنگائی کے دباؤ نے مقامی مارکیٹ کی طلب کو متاثر کیا ہے، کمپنی اب بھی موثر مارکیٹنگ اور قیمتوں کے تعین کی حکمت عملیوں کے ذریعے کسٹمر میں کو برقرار رکھنے میں کامیاب رہی ہے۔ مزید یہ کہ، ملک کے سب سے بڑے ٹائر کے برآمد کنندہ ہونے کی وجہ سے کمپنی نے زرمبادلہ کی کمی کو پورا کیا۔

کمپنی کی طویل المدی حکمت عملی کے تحت مزید منصوبوں پر سوچ بچار جاری ہے۔ ان میں ہمارے برانڈ کی بڑھتی ہوئی مانگ کو پورا کرنے کے لیے زرعی ٹائرڈ میں مزید سرمایہ کاری شامل ہے۔

توانائی کی ضروریات کو پورا کرنے کے لیے گرڈ اسٹیشن کی تنصیب کا کام جاری ہے۔ مزید یہ کہ ہنر مند افرادی قوت پر انحصار کو مزید کم کرنے اور کارکردگی بڑھانے کے لیے مختلف پیداوار کے خود کار منصوبوں پر کام جاری ہے۔

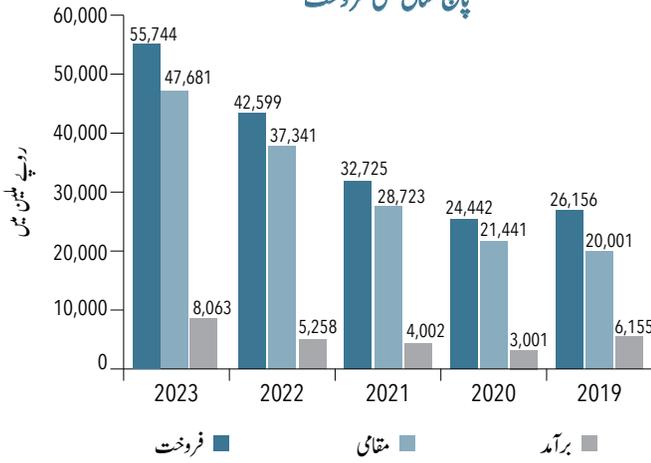
فٹ ویئر ڈویژن

جو توں کے شعبے کی فروخت میں 45% کا اضافہ ہوا ہے، جس کی مجموعی فروخت 11 ارب روپے سے بڑھ کر 16 ارب روپے ہو گئی ہے۔ یہ بہت بڑا اضافہ بنیادی طور پر ریٹیل میں حجمی نمو کی وجہ سے ہوا ہے۔

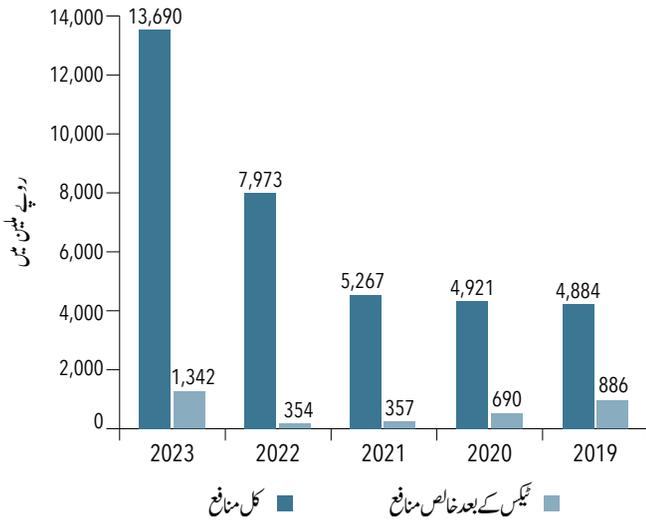
ریٹیل کاروبار نے زیر جائزہ سال کے دوران انتہائی اچھی کارکردگی کا مظاہرہ کیا ہے۔ اس کی غیر معمولی کامیابی اس حقیقت سے عیاں ہے کہ زیر جائزہ سال میں 83 نئے ریٹیل آؤٹ لیٹس کھولے گئے۔ 31 دسمبر 2023 تک اسٹورز کی تعداد 232 اسٹورز ہے۔ آن لائن فروخت میں بھی زبردست اضافہ دیکھا گیا جس میں مجموعی آمدنی میں 300% سے زیادہ اضافہ ہوا۔

مصنوعات کی پیشکش میں تنوع لانے کے لیے، صارفین کے ردعمل کا اندازہ لگانے کے لیے لاہور

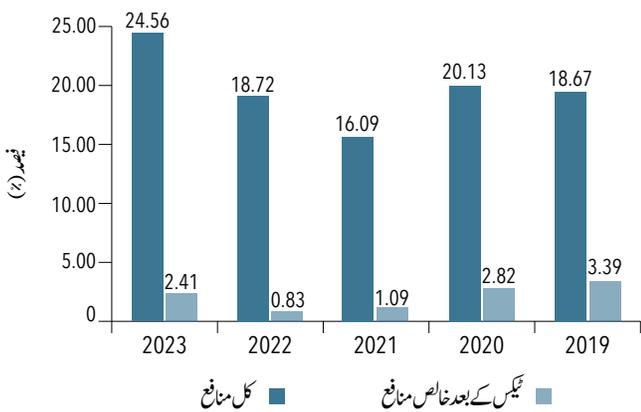
پانچ سال کی فروخت



پانچ سال کا مجموعی منافع اور ٹیکس کے بعد خالص منافع



پانچ سال کا مجموعی منافع اور ٹیکس کے بعد خالص منافع - %



فی شیئر آمدنی

31 دسمبر 2023 کو ختم ہونے والے مالی سال کی فی شیئر آمدنی 28.56 روپے رہی جو پچھلے سال 7.54 روپے تھی۔ فی شیئر آمدنی کے پچھلے پانچ سالہ اعداد و شمار ذیل میں پیش کیا گیا ہے۔

ڈائریکٹرز رپورٹ برائے حصص یافتگان

سروس انڈسٹریز لمیٹڈ کے ڈائریکٹرز 31 دسمبر 2023 کو ختم ہونے والے مالی سال کے آڈٹ شدہ حسابات پر مبنی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

ڈائریکٹرز رپورٹ کمپنیز ایکٹ 2017 کے سیکشن 226 اور ان کے علاوہ متعلقہ ضوابط کے تحت تیار کی گئی ہے۔

کمپنی کی بنیادی سرگرمیاں

کمپنی کی بنیادی سرگرمیاں جو تے، ٹائر اور ٹیوب، آٹوموبائل کے پرزہ جات اور ربڑ کی ٹیکنیکی مصنوعات کی خرید، تیاری اور فروخت ہیں۔

کاروبار کا جائزہ

یہ سال سیاسی عدم استحکام اور معاشی اتار چڑھاؤ سے دوچار تھا جس سے غیر یقینی صورتحال بدستور جاری ہے اور اس نے تمام کاروباروں کو متاثر کیا ہے۔ مجموعی طور پر افراط زر کے دباؤ نے صارفین کی قوت خرید کو متاثر کیا ہے۔ خام مال کی لاگت میں اضافہ، 22% کے بلند شرح سود سے کاروباروں پر بوجھ پڑا ہے اور ان کی کارکردگی کو متاثر کیا ہے۔ ان مشکلات کے باوجود، سروس انڈسٹریز لمیٹڈ نے فروخت اور منافع دونوں میں متاثر کن نمو حاصل کی ہے جس کی تفصیل درج ہے۔

مالی سال 2022 اور 2023 کی کارکردگی کا موازنہ

31 دسمبر 2023 کو ختم ہونے والے مالی سال کے سروس انڈسٹریز لمیٹڈ کے انفرادی مالی نتائج درج ذیل ہے۔

تفصیلات	مالیاتی سال 2023 روپے ہزار میں	مالیاتی سال 2022 روپے ہزار میں	فیصد تبدیلی
خالص فروخت	55,744,034	42,599,481	31%
گراس منافع	13,690,270	7,973,461	72%
آپریٹنگ منافع	7,315,121	4,022,820	82%
منافع قبل از ٹیکس	2,357,883	976,021	142%
منافع بعد از ٹیکس	1,342,136	354,427	279%
فی شیئر آمدنی	28.56	7.54	279%

سروس انڈسٹریز لمیٹڈ نے سال 2023 میں اپنے مالیاتی گوشواروں کے مطابق 56 ارب روپے کی آمدن فروخت حاصل کی ہے جو کہ گزشتہ سال کے مقابلے میں 31% زیادہ ہے۔ یہ اضافہ تمام شعبوں میں دیکھا گیا، لیکن بنیادی طور پر یہ ٹائرز کے شعبے اور اس کے بعد ریشمیل کے شعبے کے ذریعے ہوا۔ گراس منافع کا کارجن بھی 2022 کے 19% سے بڑھ کر 2023 میں 25% ہو گیا ہے۔ مجموعی طور پر، بعد از ٹیکس منافع میں 279% کا اضافہ ہوا ہے جو کہ 2022 کے 354 ملین کے مقابلے میں 2023 میں 1,342 ملین روپے رہا۔

پانچ سال کی فروخت اور منافع کے اعداد و شمار درج ذیل ہیں:

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