

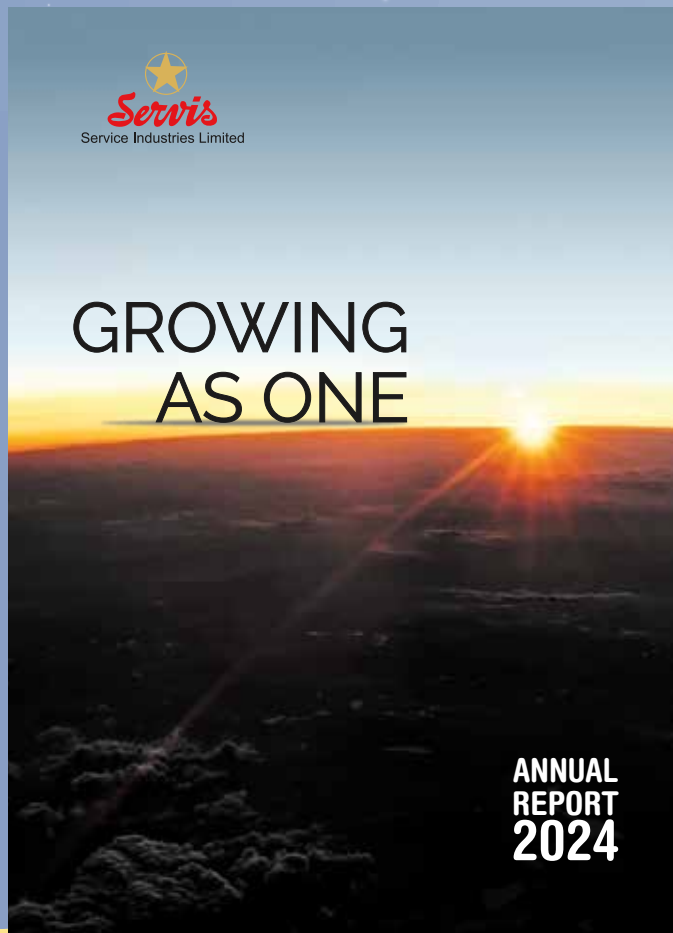


GROWING AS ONE

**ANNUAL
REPORT
2024**

Cover Story

When a business grows as one, every member plays a crucial role in its success. Open communication, mutual respect, and a commitment to shared goals create a foundation for continuous progress. By supporting each other's strengths and addressing

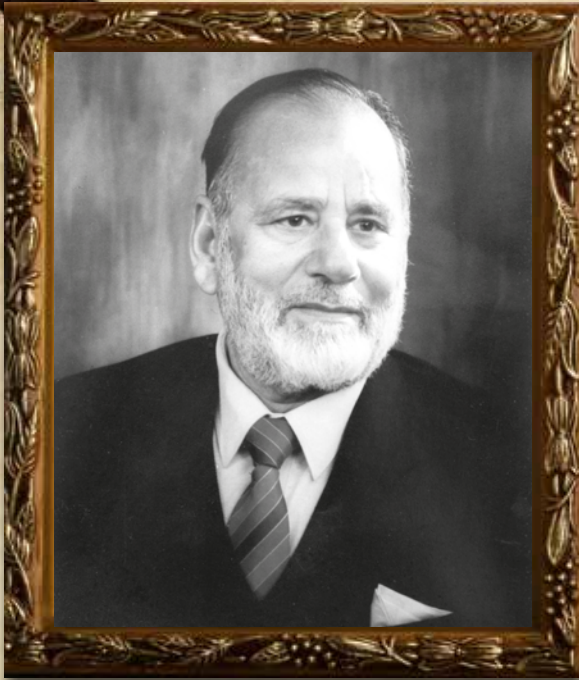


challenges collectively, businesses build resilience and adaptability. This unity not only drives efficiency but also fosters a sense of belonging, turning a workplace into a thriving community where everyone contributes to growth and success.

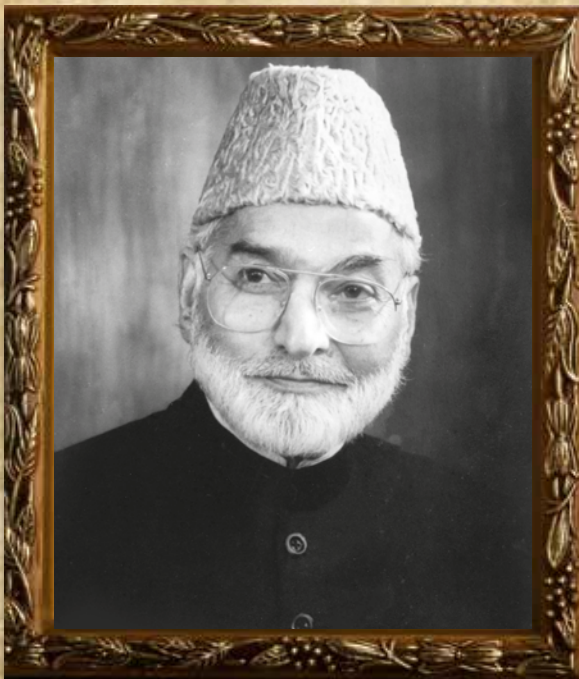
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Our History



Ch. Muhammad Hussain



Ch. Nazar Muhammad

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.

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.



Ch. Muhammad Saeed

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 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 5 main companies namely Service Industries Limited, Service Long March Tyres (Pvt) Limited, Service Global Footwear Limited, Service Tyres (Pvt) Limited and Service Retail (Pvt) Limited selling quality Footwear in local and export, all steel truck and bus radial tyres, Agri Tyres and tubes, 2 wheeler and 3 wheeler tyres and tubes, a retail network of footwear 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.

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.



There are no great
limits to growth
because there are
no limits of human
intelligence,
imagination, and
wonder.

-Ronald Reagan

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

Mr. 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

Mr. 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 Metropolitan Bank Limited
Industrial and Commercial Bank of China Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank Limited
Samba Bank Limited
Silk Bank Limited
Standard Chartered Bank (Pakistan) Limited
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 Limited
JS Bank Limited

Auditors

M/s. Riaz Ahmad & Company,
Chartered Accountants
10-B, Saint Mary Park, Main
Boulevard, Gulberg III, Lahore.

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.

Stock Symbol

SRVI

Manufacturing Facility

G.T. Road, Gujrat.

Web Presence

www.servisgroup.com



Geographical Presence

Our products are available in more than fifty countries.



Alone we can do so little; together we can do so much.
-Helen Keller



Corporate Social Responsibility

About Service Group

Service Group is a socially conscious business entity. Its tradition of charitable giving is as old as the company itself. Over the last several decades, Service Group has been involved in significant philanthropic undertakings in health and education. Service Group'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.

Service Group 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 Service Group. As Service Group's

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 2024 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.

philanthropic arm, SF aims to deliver Service Group's CSR goals through a programmatic and targeted mechanism.

SF inherits and upholds Service Group's values of giving back, community, trust, excellence, collaboration, partnership, and sustained progress. It seeks to foster Service Group'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. SF delivers on these goals by partnering with credible partners with the right expertise from the public, private and charity sectors. Service group supports the SF in its mission to serve the community.

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

The price of
greatness is
responsibility.
-Winston Churchill

1. Internal Company Initiatives & Responsible Operations

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

a) Industrial Relations

Service Group is Business Social Compliance Initiative (BSCI) certified, promoting workplace conditions in accordance with human rights, ILO conventions and national labor law. Additionally, Service Group 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 14,966 employees the best working conditions for increased productivity.

b) Employment of females and persons with disability

Service Group is proud to be an equal opportunity employer and encourages the participation of females and persons with special needs in the workforce. Service Group 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 213+, who are part of the Service Group'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. Service Group 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

Service Group is ISO 9001:2015 certified, ensuring a Quality Management System focused on consistently providing products that meet customers and applicable statutory and regulatory requirements. Service industries limited 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. 340 students continue to receive schooling through this partner. We spent PKR 17.4 million on this programme in 2024.

g) SF's Bright Future's Scholarship Program

SF's Bright Futures scholarship program for low-salaried employee's children covers educational expenses for select undergraduate degree programs. 18 new scholarships were awarded this year making a total of 30 Bright Futures Scholars. Service Group 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

Service Group has a multi-million Rupee annual contribution to the national exchequer on account of taxes, duties and levies. In 2024, Service Group contributed PKR 11,435 million.

Sustainability is no longer about doing less harm. It's about doing more good.

-Jochen Zeitz

SHIRIN JAVED FREE CLINIC
A PROJECT OF SERVICE CHARITABLE TRUST

Service
FOUNDATION

قدم بہ قدم، ہم قدم!

سروس ان افراد کو تاحققتاً جوتے فراہم کر رہا ہے
جو مشکلات کے باوجود بناڑ کے آگے بڑھ رہے ہیں



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 or the community, providing subsidized consultation by a General Physician, free medicines, subsidized basic lab tests and ultrasound and x-ray facility. 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 Muridke Manufacturing Unit and enrolls 343 students. There is no fee charged to students. SF supports all school management and running costs- in 2024 PKR 6.16 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.

3. Institutional contributions through Servis Foundation

Service Group contributed PKR 78 million to Servis Foundation during 2024 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 2024, Service Group sponsored the treatment of low-income patients to the tune of PKR 8.2 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 2024, SF contributed PKR 12 million to Kidney Center Gujrat.



c) Citizens Foundation (TCF)

SF adopted a fourth TCF school and now proudly supports the education of 801 children studying in these schools. These four branches are located in Mansehra, Sargodha, Lasbela and Lahore. All schools are primary with average female enrolment at 48% of student strength. The total annual commitment to TCF is PKR 26 million.

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

SF In December 2019, SF began its contributions to the Orthotics & Prosthetics Center at PSRD which provides subsidized services to low-income patients. SF also spearheaded 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 2024.

e) Servis Foundation Physical Rehabilitation 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 6.36 million and provided 1045 SACH feet to persons from lower-income households with lower-limb disabilities.

Additionally, 576 children with clubfeet receive Dennis Browne shoes to ensure steady progress towards full recovery. Additionally, SF donates Dennis Browne shoes to 576 children for steady progress towards full recovery.

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

- Set up three RO Water Filtration Plants in two villages of Muridke, serving 750+ households with clean drinking water;
- WISE Education Society: PKR 7.2 million to support education for students from low-income households;
- Professional Education Foundation: PKR 500,000 to support professional education of 5 students;
- Roshni Homes Trust: adoption and support education of 10 orphan children for PKR 3 million;
- Donation of PKR 1 Million to Lahore Businessmen Association for Rehabilitation of the Disabled (LABARD) for their mission to support differently disabled persons;
- Donation of PKR 640,000 to Care Foundation;
- Donation of PKR 2 million to Sardar Trust Eye Hospital for treatment of patients from low-income households;
- Donation of PKR 0.5 Million to Mayo Hospital, Lahore.

Creating a strong
business and building
a better world are not
conflicting goals - they
are both essential
ingredients for long-
term success

-Bill Pesd

Notice of Annual General Meeting

Notice is hereby given that the 68th Annual General Meeting ("AGM") of Service Industries Limited (the "Company") will be held on **Monday, the April 28, 2025 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, 2024, 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 annual report including 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://servisgroup.com/financial_reports/



2. To approve the final cash dividend of Rs. 15 per share i.e., 150% as recommended by the Board of Directors for the year ended December 31, 2024.
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 07, 2025

By Order of the Board

WAHEED ASHRAF
Company Secretary

NOTES:

1. The Share Transfer Books of the Company will remain closed from April 22, 2025 to April 28, 2025 (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 21, 2025 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 21, 2025.

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 |
|-------------------------|---------------------|------|--------------|--------------|-------------------------------|
|-------------------------|---------------------|------|--------------|--------------|-------------------------------|

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 2024, 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://servisgroup.com/financial_reports/



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 scrip-less form. This will facilitate them in many ways including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the 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. Pursuant to the order of Demerger, an investment amount of Rs. 151,454,550 has been transferred from the Company to Service Tyres (Private) Limited. |
| 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 | As per latest audited financial statements for the year ended June 30, 2024 the balance sheet size is Rs. 36.95 billion, Profit after tax is Rs. 5.36 billion and Earnings per share is Rs. 3.99. As per audited financial statements for the year ended June 30, 2023 the balance sheet size was Rs. 32.65 billion, Loss after tax was Rs. 547 million and Loss per share was Rs. 0.44. |

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 Naem Khan
Director



Mr. Shahid Hussain Jatoi
Director



Mr. Ahsan Bashir
Director



Mr. 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 fast track 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 was recently elected as President of the Pakistan Olympic Association.

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

He currently serves as the Chairman of Pakistan Revenue Automation (Private) Limited (PRAL) 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 Global Footwear Limited, The Hunar Foundation and Shalamar Hospital. Omar has served as the Chief Executive Officer of Service Industries Limited (SIL) from 2011 to 2018. Under his stewardship, SIL won the prestigious Pakistan Stock Exchange Top 25 Companies Award multiple times.

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

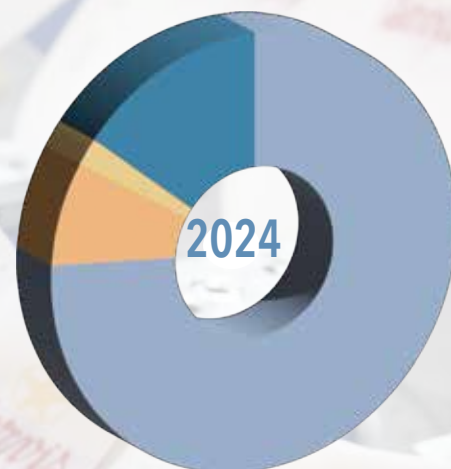
| | 2024* | | 2023 | |
|--|------------------|------------|-------------------|------------|
| | (Rs in 000) | % | (Rs in 000) | % |
| Wealth Generated | | | | |
| Sales | 16,636,187 | | 55,744,034 | |
| Other Income | 3,307,048 | | 686,325 | |
| Bought-in-material & Services | (15,399,719) | | (40,975,633) | |
| | 4,543,516 | 100 | 15,454,726 | 100 |
| Wealth Distributed | | | | |
| To Employee | | | | |
| Remuneration , Benefits,and Facilities | 1,496,485 | 33 | 6,242,576 | 40 |
| To Government | | | | |
| Taxation | 342,400 | 8 | 1,015,747 | 7 |
| Workers welfare fund | 13,610 | - | 36,352 | - |
| To Society | | | | |
| Donation | 33,333 | 1 | 87,975 | 1 |
| To Lenders | | | | |
| Dividend | 704,812 | 16 | 469,875 | 3 |
| Mark up & finance cost | 2,171,578 | 48 | 5,020,990 | 32 |
| Retained for Reinvestment & Future Growth | | | | |
| Depreciation | 159,803 | 4 | 1,707,084 | 11 |
| Amortization | 1,886 | - | 1,866 | - |
| Retained Profit | (380,391) | (8) | 872,261 | 6 |
| Unappropriated profit,depreciation & amortization | (218,702) | (5) | 2,581,211 | 17 |
| | 4,543,516 | 100 | 15,454,726 | 100 |

*The 2024 figures exclude tyre and retail undertakings following the demerger and are not comparable with prior year.

Wealth Generated and Distributed

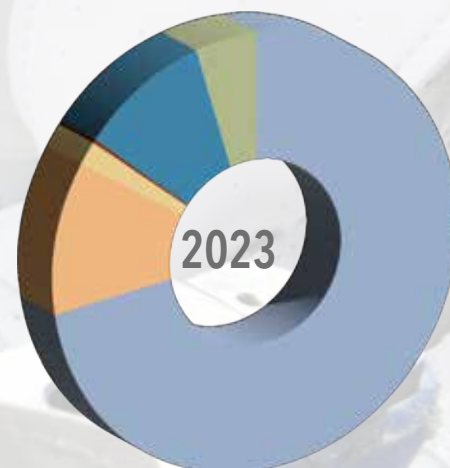
2024*

| | Amount '000' | % |
|--|-------------------|-------------|
| ● Bought-in-material & services | 15,399,719 | 77.22% |
| ● To Employees | 1,496,485 | 7.50% |
| ● To Government | 356,010 | 1.79% |
| ● To Society | 33,333 | 0.17% |
| ● To Lenders | 2,876,390 | 14.42% |
| ● Retained for Reinvestment & Future Growth | (218,702) | -1.10% |
| Total | 19,943,235 | 100% |



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% |

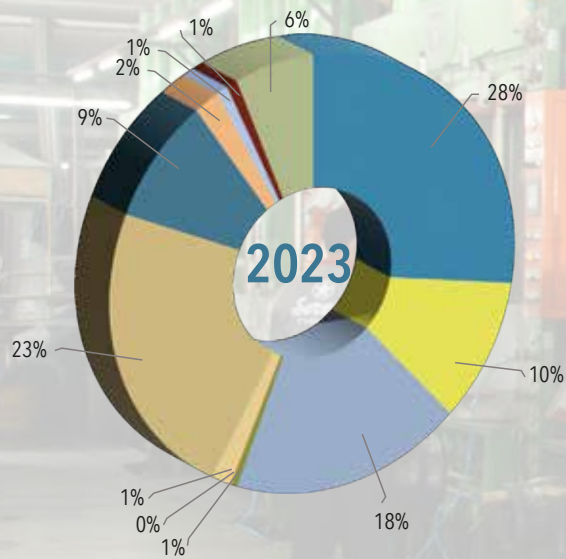
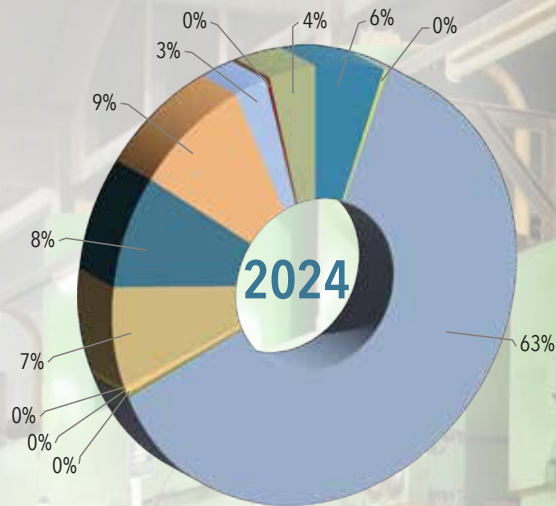


*The 2024 figures exclude tyre and retail undertakings following the demerger and are not comparable with prior year.

Balance Sheet Composition

Fixed and Current Assets

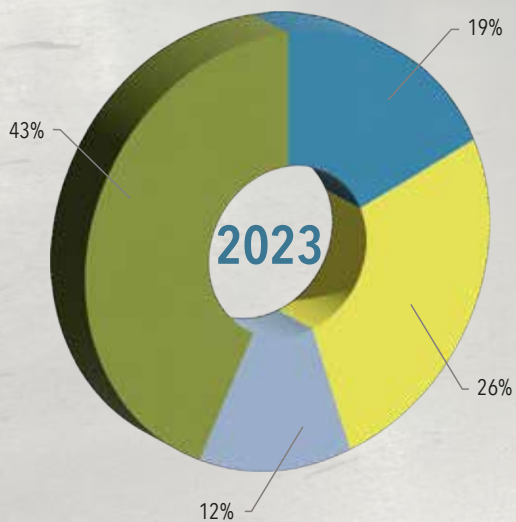
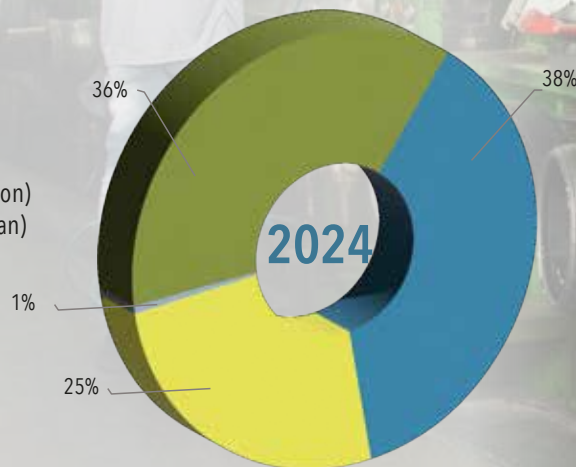
- Property, Plant and equipment
- Right-of-use assets
- Long term investments
- Long term loans and deposits
- Deferred tax asset
- Stores and spares
- Stock in trade
- Trade debts-net
- Advances and prepayments
- Other receivables
- Income tax-net
- Cash and bank balances & short term investment



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

Equities and Liabilities

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

*The 2024 results exclude tyre and retail undertakings following the demerger and are not comparable with prior year.

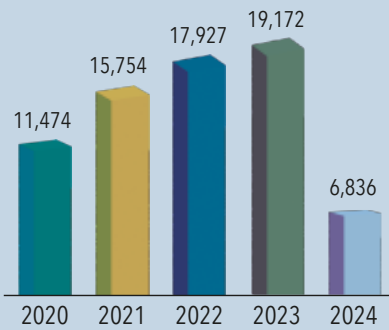


Strength and growth come only through continuous effort and struggle.

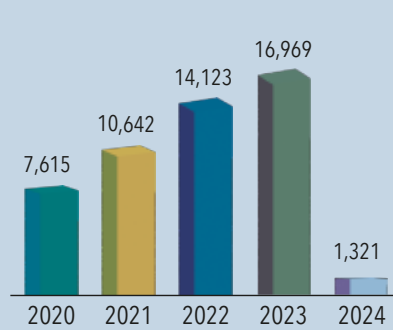
-Napoleon Hill

Analytical Review

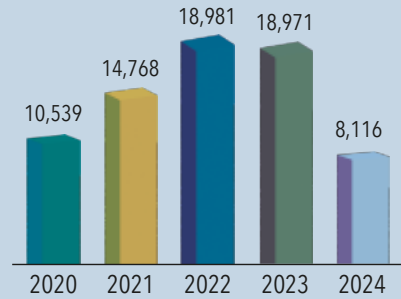
Current Assets



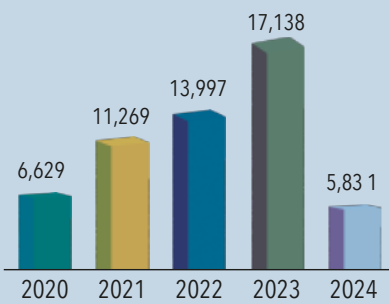
Fixed Assets and Right-of-use asset



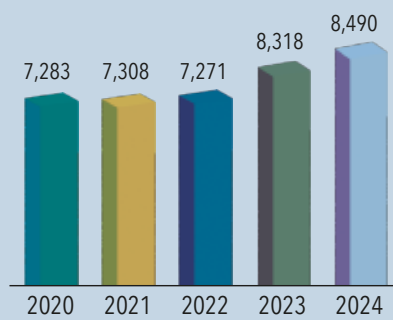
Current liabilities
(excluding current portion of loan)



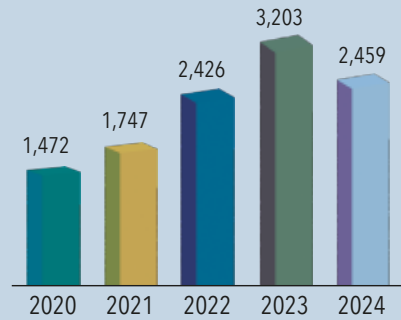
Long term liabilities
(Including current portion of loans)



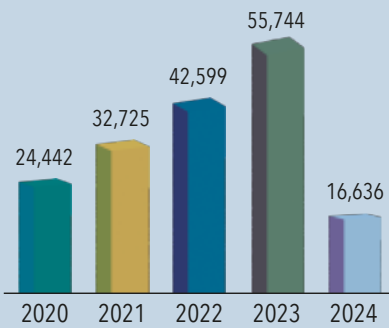
Equity



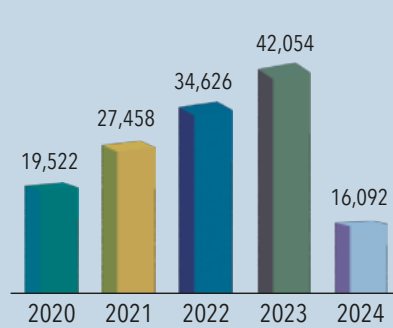
Contribution to Exchequer



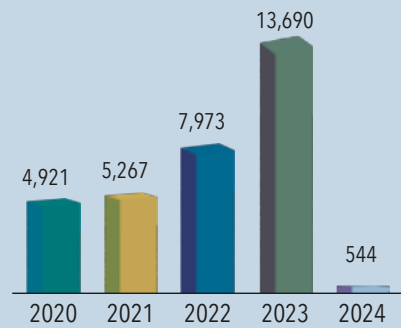
Net Sales



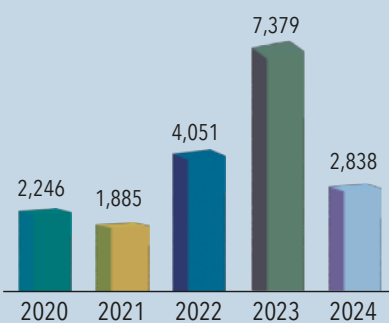
Cost of Sales



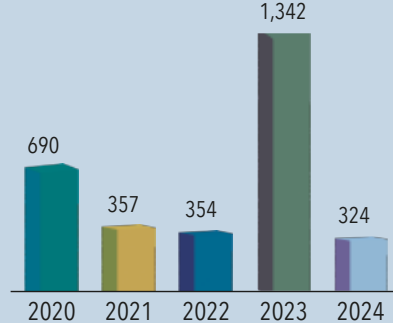
Gross Profit



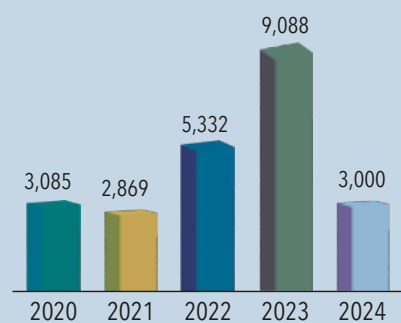
Operating Profit



Net Profit

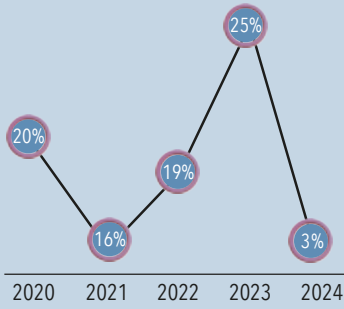


EBITDA

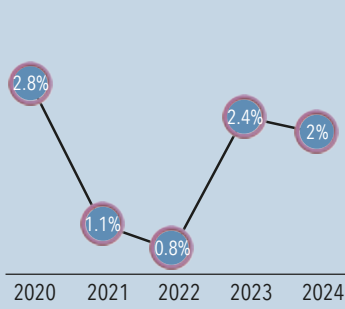


*The 2024 results exclude tyre and retail undertakings following the demerger and are not comparable with prior years.

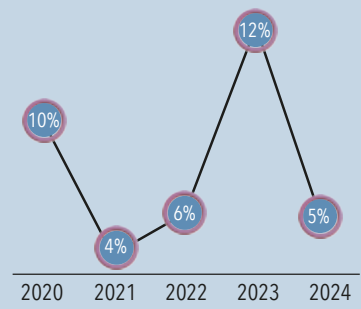
Gross Profit Margin



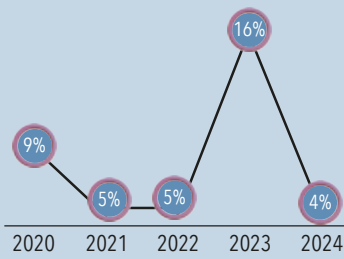
Net Profit Margin



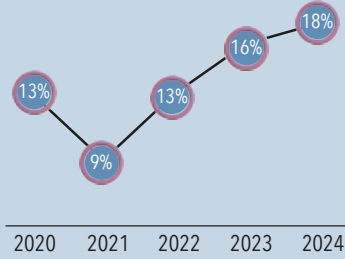
Return on Capital Employed



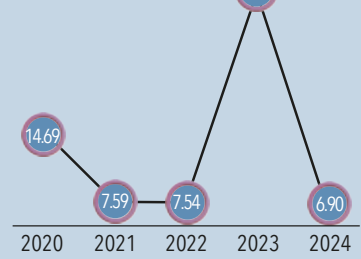
Return on Equity



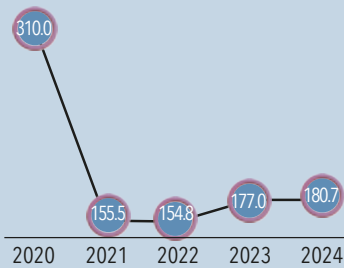
EBITDA Margins to Sales



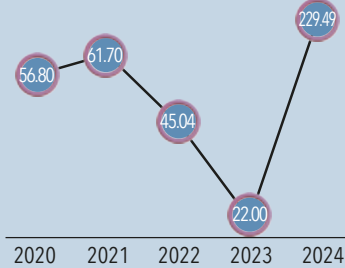
Earning per share



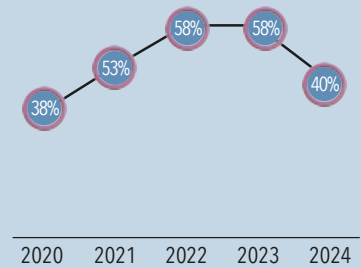
Breakup Value



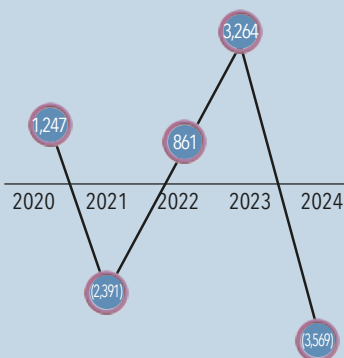
Price Earning Ratio



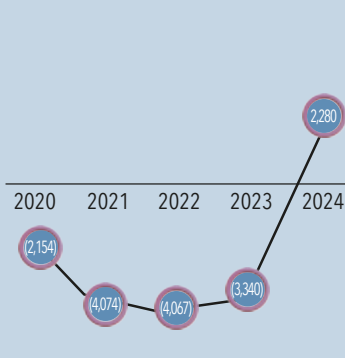
Debt to Equity Ratio



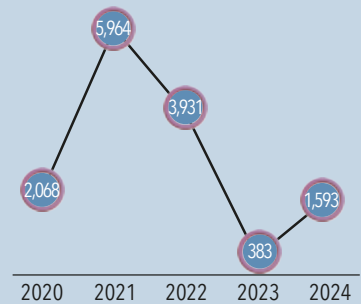
Cash Flows from Operating Activities



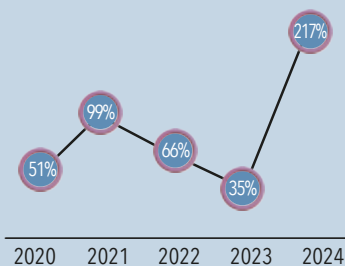
Cash Flows from Investing Activities



Cash Flows from Financing Activities



Dividend Payout



*The 2024 results exclude tyre and retail undertakings following the demerger and are not comparable with prior years.

Six Years at a Glance

| | 2024* | 2023 | 2022 | 2021 | 2020 | 2019 |
|-------------------------------|-------------------|---------|---------|--------|--------|--------|
| | Rupees in million | | | | | |
| Sales | 16,636 | 55,744 | 42,599 | 32,725 | 24,442 | 26,156 |
| Gross profit | 544 | 13,690 | 7,973 | 5,267 | 4,921 | 4,884 |
| Profit before tax | 667 | 2,358 | 976 | 571 | 1,161 | 1,073 |
| Profit after tax | 324 | 1,342 | 354 | 357 | 690 | 886 |
| Share capital | 470 | 470 | 470 | 470 | 235 | 188 |
| Share holder's equity | 8,490 | 8,318 | 7,271 | 7,308 | 7,283 | 5,741 |
| Property, plant & equipment | 1,254 | 12,447 | 10,736 | 7,999 | 5,996 | 6,117 |
| Total assets | 22,437 | 44,428 | 40,250 | 33,345 | 24,451 | 19,150 |
| Net current assets | (2,540) | (2,149) | (3,394) | (687) | (355) | (145) |
| Market Value Per Share (Rs.) | 1,585 | 628 | 340 | 469 | 834 | 777 |
| Dividend (%) | | | | | | |
| Cash - Interim | - | - | - | - | - | 125 |
| Cash - Final | 150 | 100 | 50 | 75 | 150 | 75 |
| Bonus Shares | - | - | - | - | 100 | 50 |
| Profitability (%) | | | | | | |
| Gross Profit | 3.27 | 24.56 | 18.72 | 16.09 | 20.13 | 18.67 |
| Profit Before Tax | 4.01 | 4.23 | 2.29 | 1.74 | 4.75 | 4.10 |
| Profit After Tax | 1.95 | 2.41 | 0.83 | 1.09 | 2.82 | 3.39 |
| Return to Shareholders | | | | | | |
| R.O.E-Before Tax (%) | 7.85 | 28.35 | 13.42 | 7.81 | 15.94 | 18.69 |
| R.O.E-After Tax (%) | 3.82 | 16.13 | 4.87 | 4.88 | 9.47 | 15.43 |
| E.P.S-After Tax (Rs.) | 6.90 | 28.56 | 7.54 | 7.59 | 14.69 | 18.86 |
| Price Earning Ratio | 229.49 | 21.98 | 45.04 | 61.70 | 56.80 | 41.18 |
| Activity (Times) | | | | | | |
| Sales To Total Assets | 0.74 | 1.25 | 1.25 | 1.06 | 0.98 | 1.00 |
| Sales To Fixed Assets | 13.27 | 4.48 | 4.48 | 3.97 | 4.09 | 4.08 |
| Inventory Turnover Ratio | 9.58 | 4.05 | 3.78 | 3.05 | 4.00 | 5.01 |
| Interest Coverage Ratio | 1.31 | 1.47 | 1.32 | 1.43 | 2.07 | 1.95 |
| Liquidity/Leverage | | | | | | |
| Current Ratio | 0.73 | 0.90 | 0.84 | 0.96 | 0.97 | 0.98 |
| Break-up Value per Share | 180.69 | 177.03 | 154.75 | 155.53 | 309.98 | 305.46 |
| Total Liabilities To Equity | 1.64 | 4.34 | 4.54 | 3.56 | 2.36 | 2.40 |
| Debt Equity Ratio | 40:60 | 58:42 | 58:42 | 52:48 | 40:60 | 38:62 |

*The 2024 results exclude tyre and retail undertakings following the demerger and are not comparable with prior years.



Growth means
change
and change
involves risks,
stepping from
the known
to the unknown.

-George Shinn

Horizontal Analysis

| | 2024* | | 2023 | | 2022 | | 2021 | | 2020 | |
|--|-------------------|---------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|
| | Rs '000 | % | Rs '000 | % | Rs '000 | % | Rs '000 | % | Rs '000 | % |
| Statement of Financial Position | | | | | | | | | | |
| Equity & Liabilities | | | | | | | | | | |
| Equity & reserve | 8,490,181 | 2.1% | 8,318,179 | 14.4% | 7,271,421 | -0.5% | 7,308,181 | 0.4% | 7,282,592 | 26.8% |
| Long term financing facilities | 5,673,861 | -51.5% | 11,698,971 | 16.4% | 10,046,917 | 23.3% | 8,146,121 | 85.4% | 4,394,843 | 58.6% |
| Non current liability (excluding non-current portion of loans) | 157,060 | -97.1% | 5,438,977 | 37.7% | 3,950,159 | 26.5% | 3,122,460 | 39.7% | 2,234,515 | 36.3% |
| Current liabilities (excluding current portion of loans) | 8,116,339 | -57.2% | 18,971,384 | -0.1% | 18,981,295 | 28.5% | 14,768,179 | 40.1% | 10,539,268 | 17.1% |
| Total Equity & Liabilities | 22,437,441 | -49.5% | 44,427,511 | 10.4% | 40,249,792 | 20.7% | 33,344,941 | 36.4% | 24,451,218 | 27.7% |
| Non - Current Assets | | | | | | | | | | |
| Property Plant and Equipment | 1,253,675 | -89.9% | 12,447,494 | 15.9% | 10,736,350 | 34.2% | 7,999,342 | 33.4% | 5,996,063 | -2.0% |
| Right-of-use assets | 67,389 | -98.5% | 4,521,384 | 33.5% | 3,386,718 | 28.2% | 2,642,560 | 63.2% | 1,618,879 | 15.4% |
| Intangibles | 3,762 | -49.9% | 7,510 | -19.9% | 9,376 | 135.6% | 3,979 | 213.1% | 1,271 | -52.7% |
| long term investment | 14,180,668 | 76.6% | 8,028,956 | 0.5% | 7,987,951 | 17.8% | 6,779,666 | 29.3% | 5,242,711 | 96.5% |
| Deferred income tax asset - net | 72,966 | 100.0% | - | 0.0% | - | 0.0% | - | 0.0% | - | 0.0% |
| long term loan & deposit | 23,185 | -90.7% | 250,113 | 23.7% | 202,232 | 22.3% | 165,372 | 39.6% | 118,500 | 12.8% |
| Current Assets | | | | | | | | | | |
| Stores and spares | 28,913 | -95.3% | 616,897 | 8.4% | 568,953 | 76.2% | 322,895 | 39.0% | 232,316 | -7.9% |
| Stock in-trade | 1,679,031 | -83.8% | 10,387,433 | 13.3% | 9,164,082 | 1.8% | 9,001,107 | 84.5% | 4,877,842 | 14.9% |
| Trade Debts | 1,820,704 | -52.9% | 3,867,331 | -21.3% | 4,914,679 | 29.0% | 3,808,763 | -3.3% | 3,938,337 | 30.4% |
| Loans & Advances | 1,819,753 | 149.3% | 729,894 | 5.0% | 695,309 | 21.5% | 572,187 | 31.9% | 433,755 | 11.0% |
| Trade Deposits and Prepayments | 129,252 | -31.0% | 187,382 | -20.9% | 236,834 | -26.2% | 320,840 | 36.6% | 234,864 | 59.5% |
| Other receivables | 566,016 | 49.3% | 379,147 | 84.9% | 205,067 | -22.8% | 265,476 | 56.4% | 169,767 | -51.8% |
| Income tax - net | - | -100.0% | 306,864 | -42.8% | 536,034 | -11.8% | 607,515 | 57.4% | 385,855 | -4.6% |
| Short term Investments | 375,177 | -57.5% | 883,430 | 0.0% | 181,615 | 0.0% | 155,943 | 0.0% | - | 0.0% |
| Cash and Balance | 416,950 | -77.0% | 1,813,676 | 27.3% | 1,424,592 | 103.7% | 699,296 | -41.8% | 1,201,058 | 3019.4% |
| Total Assets | 22,437,441 | -49.5% | 44,427,511 | 10.4% | 40,249,792 | 20.7% | 33,344,941 | 36.4% | 24,451,218 | 27.7% |

| | 2024* | | 2023 | | 2022 | | 2021 | | 2020 | |
|-------------------------------------|----------------|---------------|------------------|---------------|----------------|--------------|----------------|---------------|----------------|--------------|
| | Rs '000 | % | Rs '000 | % | Rs '000 | % | Rs '000 | % | Rs '000 | % |
| Statement of Profit or Loss | | | | | | | | | | |
| Net Sales | 16,636,187 | -70.2% | 55,744,034 | 30.9% | 42,599,481 | 30.2% | 32,724,924 | 33.9% | 24,442,492 | -6.6% |
| Cost of Sales | 16,092,411 | -61.7% | 42,053,764 | 21.5% | 34,626,020 | 26.1% | 27,458,310 | 40.7% | 19,521,551 | -8.2% |
| Gross Profit | 543,776 | -96.0% | 13,690,270 | 71.7% | 7,973,461 | 51.4% | 5,266,614 | 7.0% | 4,920,941 | 0.8% |
| Administration and selling expenses | 1,012,425 | -85.5% | 6,997,722 | 39.3% | 5,024,261 | 35.8% | 3,698,500 | 33.9% | 2,761,398 | -8.6% |
| Other income | 3,307,048 | 431.2% | 622,573 | -42.0% | 1,073,620 | 280.1% | 282,457 | 110.2% | 134,378 | -57.0% |
| Operating profit | 2,838,399 | -61.2% | 7,315,121 | 81.8% | 4,022,820 | 117.4% | 1,850,571 | -19.3% | 2,293,921 | 5.4% |
| Financial charges | 2,171,578 | -56.8% | 5,020,990 | 63.3% | 3,075,387 | 134.0% | 1,314,456 | 21.2% | 1,084,627 | -3.5% |
| Share of profit | - | -100.0% | 63,752 | 123.0% | 28,588 | -17.7% | 34,727 | -172.2% | (48,110) | -337.6% |
| Profit before taxation | 666,821 | -71.7% | 2,357,883 | 141.6% | 976,021 | 71.0% | 570,842 | -50.8% | 1,161,184 | 8.2% |
| Provision for taxation | 342,400 | -66.3% | 1,015,747 | 63.4% | 621,594 | 190.4% | 214,016 | -54.6% | 471,160 | 152.4% |
| Profit after taxation | 324,421 | -75.8% | 1,342,136 | 278.7% | 354,427 | -0.7% | 356,826 | -48.3% | 690,024 | 22.2% |

*The 2024 results exclude tyre and retail undertakings following the demerger and are not comparable with prior years.

Vertical analysis

| | 2024* | | 2023 | | 2022 | | 2021 | | 2020 | |
|--|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|
| | Rs '000 | % | Rs '000 | % | Rs '000 | % | Rs '000 | % | Rs '000 | % |
| Statement of Financial Position | | | | | | | | | | |
| Equity & Liabilities | | | | | | | | | | |
| Equity & reserve | 8,490,181 | 37.8% | 8,318,179 | 18.7% | 7,271,421 | 18.1% | 7,308,181 | 21.9% | 7,282,592 | 29.8% |
| Long term financing facilities | 5,673,861 | 25.3% | 11,698,971 | 26.3% | 10,046,917 | 25.0% | 8,146,121 | 24.4% | 4,394,843 | 18.0% |
| Non current liability (excluding non-current portion of loans) | 157,060 | 0.7% | 5,438,977 | 12.2% | 3,950,159 | 9.8% | 3,122,460 | 9.4% | 2,234,515 | 9.1% |
| Current liabilities (excluding current portion of loans) | 8,116,339 | 36.2% | 18,971,384 | 42.7% | 18,981,295 | 47.2% | 14,768,179 | 44.3% | 10,539,268 | 43.1% |
| Total Equity & Liabilities | 22,437,441 | 100.0% | 44,427,511 | 100.0% | 40,249,792 | 100.0% | 33,344,941 | 100.0% | 24,451,218 | 100.0% |

Non - Current Assets

| | | | | | | | | | | |
|---------------------------------|------------|-------|------------|-------|------------|-------|-----------|-------|-----------|-------|
| Property plant and equipment | 1,253,675 | 5.6% | 12,447,494 | 28.0% | 10,736,350 | 26.7% | 7,999,342 | 24.0% | 5,996,063 | 24.5% |
| Right-of-use assets | 67,389 | 0.3% | 4,521,384 | 10.2% | 3,386,718 | 8.4% | 2,642,560 | 7.9% | 1,618,879 | 6.6% |
| Intangibles | 3,762 | 0.0% | 7,510 | 0.0% | 9,376 | 0.0% | 3,979 | 0.0% | 1,271 | 0.0% |
| Long term investment | 14,180,668 | 63.2% | 8,028,956 | 18.1% | 7,987,951 | 19.8% | 6,779,666 | 20.3% | 5,242,711 | 21.4% |
| Deferred income tax asset - net | 72,966 | 0.3% | - | 0.0% | - | 0.0% | - | 0.0% | - | 0.0% |
| Long term loans & deposits | 23,185 | 0.1% | 250,113 | 0.6% | 202,232 | 0.5% | 165,372 | 0.5% | 118,500 | 0.5% |

Current Assets

| | | | | | | | | | | |
|--------------------------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|
| Stores and spares | 28,913 | 0.1% | 616,897 | 1.4% | 568,953 | 1.4% | 322,895 | 1.0% | 232,316 | 1.0% |
| Stock in-trade | 1,679,031 | 7.5% | 10,387,433 | 23.4% | 9,164,082 | 22.8% | 9,001,107 | 27.0% | 4,877,842 | 19.9% |
| Trade Debts | 1,820,704 | 8.1% | 3,867,331 | 8.7% | 4,914,679 | 12.2% | 3,808,763 | 11.4% | 3,938,337 | 16.1% |
| Loans & Advances | 1,819,753 | 8.1% | 729,894 | 1.6% | 695,309 | 1.7% | 572,187 | 1.7% | 433,755 | 1.8% |
| Trade Deposits and Prepayments | 129,252 | 0.6% | 187,382 | 0.4% | 236,834 | 0.6% | 320,840 | 1.0% | 234,864 | 1.0% |
| Other receivables | 566,016 | 2.5% | 379,147 | 0.9% | 205,067 | 0.5% | 265,476 | 0.8% | 169,767 | 0.7% |
| Income tax - net | - | 0.0% | 306,864 | 0.7% | 536,034 | 1.3% | 607,515 | 1.8% | 385,855 | 1.6% |
| Short term Investments | 375,177 | 1.7% | 883,430 | 2.0% | 181,615 | 0.5% | 155,943 | 0.5% | - | 0.0% |
| Cash and Balance | 416,950 | 1.9% | 1,813,676 | 4.1% | 1,424,592 | 3.5% | 699,296 | 2.1% | 1,201,058 | 4.9% |
| Total Assets | 22,437,441 | 100.0% | 44,427,511 | 100.0% | 40,249,792 | 100.0% | 33,344,941 | 100.0% | 24,451,218 | 100.0% |

| | 2024* | | 2023 | | 2022 | | 2021 | | 2020 | |
|--|---------|---|---------|---|---------|---|---------|---|---------|---|
| | Rs '000 | % | Rs '000 | % | Rs '000 | % | Rs '000 | % | Rs '000 | % |

Statement of Profit or Loss

| | | | | | | | | | | |
|-------------------------------------|----------------|-------------|------------------|-------------|----------------|-------------|----------------|-------------|----------------|-------------|
| Net Sales | 16,636,187 | 100.0% | 55,744,034 | 100.0% | 42,599,481 | 100.0% | 32,724,924 | 100.0% | 24,442,492 | 100.0% |
| Cost of Sales | 16,092,411 | 96.7% | 42,053,764 | 75.4% | 34,626,020 | 81.3% | 27,458,310 | 83.9% | 19,521,551 | 79.9% |
| Gross Profit | 543,776 | 3.3% | 13,690,270 | 24.6% | 7,973,461 | 18.7% | 5,266,614 | 16.1% | 4,920,941 | 20.1% |
| Administration and selling expenses | 1,012,425 | 6.1% | 6,997,722 | 12.6% | 5,024,261 | 11.8% | 3,698,500 | 11.3% | 2,761,398 | 11.3% |
| Other income | 3,307,048 | 19.9% | 622,573 | 1.1% | 1,073,620 | 2.5% | 282,457 | 0.9% | 134,378 | 0.5% |
| Operating profit | 2,838,399 | 17.1% | 7,315,121 | 13.1% | 4,022,820 | 9.4% | 1,850,571 | 5.7% | 2,293,921 | 9.4% |
| Financial charges | 2,171,578 | 13.1% | 5,020,990 | 9.0% | 3,075,387 | 7.2% | 1,314,456 | 4.0% | 1,084,627 | 4.4% |
| Share of profit | - | 0.0% | 63,752 | 0.1% | 28,588 | 0.1% | 34,727 | 0.1% | (48,110) | -0.2% |
| Profit before taxation | 666,821 | 4.0% | 2,357,883 | 4.2% | 976,021 | 2.3% | 570,842 | 1.7% | 1,161,184 | 4.8% |
| Provision for taxation | 342,400 | 2.1% | 1,015,747 | 1.8% | 621,594 | 1.5% | 214,016 | 0.7% | 471,160 | 1.9% |
| Profit after taxation | 324,421 | 2.0% | 1,342,136 | 2.4% | 354,427 | 0.8% | 356,826 | 1.1% | 690,024 | 2.8% |

*The 2024 results exclude tyre and retail undertakings following the demerger and are not comparable with prior years.



Unity is strength,
when there is
teamwork and
collaboration,
wonderful things
can be achieved.

-Mattie Stepanek

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, 2024.

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.

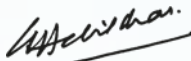
The Company has a nine (9) member Board of Directors ("the Board") which comprises of individuals with diverse background having core competencies, knowledge and experience relevant to the business of the Company. The Composition of the Board and its Committees is in accordance with the requirements 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 2024, 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. 15 per share.


Ms. Uzma Adil Khan
Chairperson

March 25, 2025
Lahore

Directors' Report to the Shareholders

The Directors of Service Industries Limited ("SIL" or the "Company") is pleased to present the Annual Report along with the audited financial statements for the year ended December 31, 2024 ("FY 2024").

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

Scheme of Arrangement

The Board of Directors and shareholders of the Company in their meetings held on February 27, 2024 and May 06, 2024 respectively, approved the Scheme of Arrangement (the "Scheme") under Sections 279 to 283 of the Companies Act, 2017 for the de-merger of Tyre Undertaking (inclusive of 128,150,000 shares of Service Long March Tyres (Private) Limited), Retail Undertaking and Speed (Private) Limited Shares (SPL Shares) from Service Industries Limited and transfer and vesting of Tyre Undertaking into Service Tyres (Private) Limited, transfer and vesting of Retail Undertaking into Service Retail (Private) Limited and transfer and vesting of SPL Shares into Service Industries Capital (Private) Limited. The Scheme was sanctioned by the Honorable Lahore High Court, Lahore vide its Order dated June 12, 2024, certified true copy of the Order was received on June 28, 2024 and filed with the Registrar of Companies, SECP on the same day. Effective Date of the Scheme was January 01, 2024. The audited financials for the year ended December 31, 2024 have been prepared after giving complete effect to the Scheme and hence do not include the financials of Tyre Undertaking and Retail Undertaking which have been clubbed in Service Tyres (Private) Limited and Service Retail (Private) Limited respectively. SPL Shares have vested into 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 Effective date of the Scheme is 00:00 hours on January 1, 2024.

Principal activities:

Post sanction of the Demerger Scheme by Honorable Lahore High Court, Lahore, the primary operations of the Company comprise of manufacture and sale of footwear and technical rubber products.

Review of Economy:

Pakistan's economy rebounded in FY2024, growing by approximately 2.5% after contracting by 0.2% in FY 2023, driven by agricultural growth and renewed international support, including the completion of a \$3 billion IMF Stand-By Agreement and a new \$7 billion IMF program. The current account deficit shrank by 79% to \$681 million, aided by a 6% reduction in the trade deficit and an 11% increase in remittances, which reached \$30.25 billion. Exports grew by 10.65% to \$30.67 billion, while imports declined slightly to \$54.79 billion. Foreign exchange reserves rose by \$3.48 billion to \$11.73 billion, contributing to appreciation of the Pakistani Rupee, which closed at 279.44 PKR/USD as at December 31, 2024. Inflation fell sharply from





Directors' Report to the Shareholders

29.7% in December 2023 to 4.1% in December 2024, prompting the State Bank of Pakistan to cut its policy rate by 900 basis points to 13% by year-end, further reducing it to 12% in January 2025. However, despite these improvements, the export sector faced challenges due to country's foreign exchange policies that limit its ability to offset rising production costs.

Key Performance Indicators (KPIs) for FY 2024 - Separate Financials of Service Industries Limited

Please find below key performance indicators of separate financials of Service Industries Limited for the year ended December 31, 2024.

| Particulars | FY 2024 Rs.'000' |
|----------------------------|---------------------|
| Net Sales | 16,636,187 |
| Gross Profit | 543,776 |
| Operating profit | 2,838,399 |
| Profit before levy and tax | 666,821 |
| Net profit after tax | 324,421 |
| EPS (Rs. / share) | 6.90 |

Since, Tyre Undertaking, Retail Undertaking and SPL Shares have been separated from the Company with effect from 01 January 2024. Hence, comparative figures are not comparable and not provided in the above table.

The Company earned gross profit of Rs. 543 million, whereas, profit after tax clocked in at Rs. 324 million, resulting in Earning Per Share of Rs. 6.90.

Footwear manufacturing has undergone major cultural, management and operational transformation in 2024 with an aim to increase production efficiency, improve product quality and customer service. This will result in better profit margins in the future.

Pursuant to demerger, dividend income has become the main source of income for the company. During the year, the company earned dividend of Rs. 2.8 billion, this figure is expected to further improve in future

Earnings per share (EPS)

The earnings per share of the Company on standalone basis stood at Rs. 6.90 during the year ended 31st December 2024. Whereas, on consolidated basis, the figure came to Rs. 88.04

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

Key Performance Indicators - Consolidated Financials of Service Industries Limited

Please find below key performance indicators of consolidated financials of Service Industries Limited and its subsidiaries ("the Group") for the year ended December 31, 2024.

| Particulars | FY 2024 Rs. "000" | FY 2023 Rs. "000" | Percentage Change |
|----------------------------|----------------------|----------------------|----------------------|
| Net Sales | 125,014,464 | 96,520,660 | 29.52% |
| Gross Profit | 30,880,386 | 21,850,240 | 41.32% |
| Operating profit | 18,463,826 | 13,183,876 | 40.05% |
| Profit before levy and tax | 11,243,139 | 5,741,926 | 95.80% |
| Net profit after tax | 7,836,481 | 4,312,384 | 81.70% |
| Earning per share -Rs. | 88.04 | 60.81 | 44.79% |

During the year, the Group has reported a consolidated revenue of Rs. 125 billion as compared to Rs. 96 billion in the corresponding period of last year, reflecting an increase of 29%. Gross profit margin has also increased significantly by 41%. Net profit after tax stood at Rs. 7.8 billion as compared to profit of Rs. 4.3 billion in the corresponding period of last year.

Service Tyres (Private) Limited

Service Tyres (Private) Limited ("STPL") 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 (STPL) 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 year under review remained a challenging one for local tyre industry. Sales were mainly dependent on revival of the OEM industry and purchasing power of masses for replacement market, though export potential have seen uptick in the recent years. Recently Government has imposed 20% RD on import of Tube valves and 2% ACD on import of Rubbers that further increased the cost of production. Further, ever increasing tax and electricity cost has seriously impacted the cost of doing business.

STPL has maintained its position as the major contributor towards the Group by posting Sales of Rs. 46 billion. Profit after tax stood at Rs. 3.5 billion. Despite of the substantial increase in the cost of doing business, STPL managed to solidify its position in the market as the industry leader and posted impressive results. Further, STPL being the second top exporter of tyres from Pakistan also managed to earn valuable foreign currency for the group. SIL earned dividend amounting to Rs. 1,500 million from STPL during the FY 24.

We believe FY 2025 will be a year when the country further reels out of the financial woes lifting the industry along with it, we see this year as a year of consolidation both for the country and STPL.

Service Retail (Private) Limited

Service Retail (Private) Limited ("SRPL") 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. With effect from January 01, 2024, Retail Undertaking has been transferred to SRPL.

Despite challenging economic conditions, SRPL posted topline of Rs. 12.8 billion, whereas, Profit after tax stood at Rs. 398 million.

Online sales witnessed a remarkable surge of 86% with sales reaching PKR 720 million, mainly driven by the expansion of omni stores, portfolio enhancement, and process optimization. The Cheetah brand, with its expanded product portfolio, is now available at 35 Servis Stores, achieving a milestone of PKR 100 million in its first year. Additionally, the launch of a stand-alone Cheetah store in Q4 marks the first step towards establishing it as an independent brand.

The brick-and-mortar presence has strengthened significantly with the opening of 43 new retail stores, bringing the total network to 275 locations. This expansion enhances market reach and provides greater accessibility for customers to engage with our brand.

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 79.37% (2023: 79.43%) equity stake in Service Global Footwear Limited.

The export-oriented subsidiary company experienced considerable revenue growth, with increase of 15% in topline clocking at Rs. 17 billion. Profit after tax amounted to Rs. 1,105 million. SIL earned dividend amounting to Rs. 818 million from this investment during the FY 24.

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. Shareholding structure of SLM is as follows:

| | |
|---------------------------------------|--------|
| 1. Service Industries Limited | 22.09% |
| 2. Service Global Footwear Limited | 18.91% |
| 3. Service Tyres (Private) Limited | 10.00% |
| 4. Chaoyang Long March Tyre Co., Ltd. | 44.00% |
| 5. Mr. Shabir Ahmad | 5.00% |

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 near to its optimum capacity. SIL earned dividend amounting to Rs. 443 million from this investment during the FY 24.

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 Wickrama 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.

Directors' Report to the Shareholders

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 SSL have been closed since January 15, 2023.

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 has 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 2024 and Dongguan Service Global Limited – Subsidiary Company for the year ended 31 December 2024 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 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 2024, therefore, keeping in view the immateriality, no adjustment to the consolidated financial statements of the Company for the year ended 31 December 2024 is mandated as per IFRS. Further, the note 42 of the consolidated financial statements sufficiently disclosed all facts relating to SSL.

Dividend and Appropriations

Following is the summary of appropriations made during FY 2024:

| | Rs. in million |
|--|----------------|
| Accumulated equity as at January 01, 2024 | 8,318 |
| Final Dividend @ Rs. 10 per ordinary share for FY 2023 | (470) |
| Reserve credited pursuant to the Demerger Scheme | 323 |
| Total comprehensive income for FY 2024 | 319 |
| Accumulated equity as at December 31, 2024 | 8,490 |

The Board of Directors of the Company has recommended final cash dividend of Rs. 15 per share (2023: final cash dividend Rs. 10 per share) in their meeting held on March 25, 2025.

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 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 companies. In order to meet funds requirements for undertaking capital projects, the Company sources finance from banks under conventional, Islamic and subsidized loans. There is proper monitoring of cash inflows and outflows and system-based alerts have been embedded to highlight the potential gaps. During



Directors' Report to the Shareholders

the current year, the Company made capital investment of Rs. 237 million mainly on account of capex incurred in building, plant & machinery etc.

Risks, Uncertainties and Mitigations

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. |

Disclosures regarding the assessment of sustainability related risks

The Company is committed to strengthening environmental, social, and governance (ESG) practices while proactively identifying and managing sustainability risks. The Board actively supports the Company's ESG initiatives, ensuring seamless integration into its strategy to drive long-term growth, mitigate risks, and

build stakeholder trust. The Company prioritizes environmental sustainability by reducing its carbon footprint, conserving resources, promoting green energy, and managing waste responsibly. Social commitments focus on diversity, employee welfare, and community engagement, while governance emphasizes ethical behavior, transparency, and prudent risk management. Under Corporate Social Responsibility, the Company strategically invests in education, healthcare, and community development. Governance risks are mitigated through transparent decision-making, ethical business conduct, and robust risk management frameworks. Every employee and director is responsible for implementing these measures to ensure long-term resilience and sustainable growth.

Environment, Social and Governance (ESG)

SIL has taken following initiatives to promote ESG and 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 is also SEDEX Global four pillars compliant company, ensuring our dedication to driving improvements in responsible and ethical business practices in the global supply chain and providing 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. The Company has also implemented an Anti-harassment policy to prevent, identify, report and guide in these matters. This is effectively monitored at different levels and various locations.

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 40% 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 2024, SIL contributed Rs. 2,459 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.

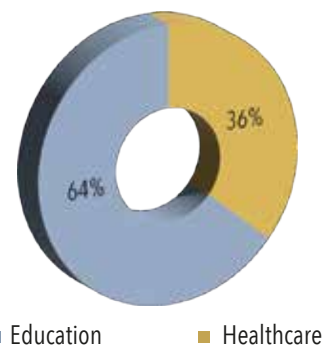
j) Diversity and Inclusion

The Company is committed to equality, diversity, and inclusion, ensuring a non-discriminatory hiring process that promotes gender equality and equal employment opportunities. The Company prioritizes hiring purely based on qualifications, without quotas for gender, nationality, or ethnicity.

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, Servis Group contributed Rs. 110 million on account of CSR activities in various sectors.

**Future Outlook**

Pakistan's macroeconomic landscape is showing signs of recovery, with gradual improvements in business sentiment and growth prospects. However, sustaining this momentum will require consistent policy measures, structural reforms, and a focus on long-term economic stability. Strengthening fiscal discipline, improving governance, and fostering an investment-friendly environment will be key to ensuring sustainable progress.

The growth and profitability of the Company and its subsidiaries will be influenced by external factors such as economic conditions, global commodity prices, political stability, and regulatory consistency. Predictable economic policies and resilient market conditions will be essential to driving industrial growth, enhancing export potential, and improving financial sustainability.

Furthermore, the Company aims to strengthen its revenue stream by investing in manufacturing technologies, enhancing product innovation, and expanding its footprint in global markets. Despite challenges such as fluctuating raw material costs, foreign exchange volatility, and ever changing regulatory requirements, the Company remains resilient by focusing on supply chain optimization, operational efficiency, and digital transformation. Expanding business channels and strengthening brand presence will be key drivers of growth. Additionally, strategic partnerships, skill development initiatives, and continuous improvements in quality standards will position the Company for long-term success in both domestic and international markets.

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.

Directors' Report to the 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 except for the change in accounting policy relating to Taxation as stated in Note 2.5 to the annexed financial statements and accounting estimates are based on reasonable and prudent judgment.
- 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.

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.
- 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, 2024, the following amounts were charged in the financial statements for remuneration including benefits to Chief Executive Officer and Executive Directors:

- a. Rs. 178.623 million (2023: Rs. 118.292 million) was paid to the Chief Executive Officer (Details given in Note 44 to the audited financial statements).
- b. No amount (2023: Rs. 116.486 million) was paid to Executive Director (Details given in Note 44 to the audited financial statements).

During the year ended December 31, 2024, meeting fee of Rs. 3.175 million (2023: Rs. 3.280 million) was paid to non-executive directors.

Directors

The Board of Directors ("Board") 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

Mr. Saif Javed, Non-Executive Director

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.

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 | 3/4 |
| Mr. Saif Javed - Member | 4/4 |

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 two (2) meetings during the year. Attendance by each member was as follows:

| Name of Member | Attendance |
|----------------------------------|------------|
| Ms. Uzma Adil Khan - Chairperson | 2/2 |
| Mr. Arif Saeed - Member | 2/2 |
| Mr. Ahsan Bashir - Member | 2/2 |

Meetings of the Board of Directors

During the year under review, five (5) meetings of the Board of Directors of the Company were held and the attendance position is as follows:

| Name of Director | Attendance |
|--------------------------|------------|
| Ms. Uzma Adil Khan | 4/5 |
| Mr. Arif Saeed | 5/5 |
| Mr. Omar Saeed | 5/5 |
| Mr. Hassan Javed | 5/5 |
| Mr. Muhammad Naeem Khan | 5/5 |
| Mr. Shahid Hussain Jatoi | 5/5 |
| Mr. Adil Matcheswala | 3/5 |
| Mr. Ahsan Bashir | 4/5 |
| Mr. Saif Javed | 4/5 |

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.

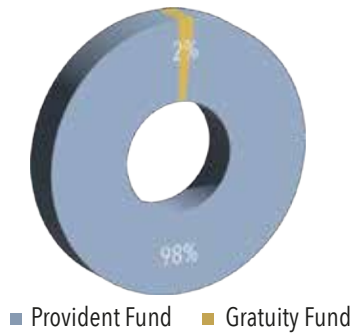
Investments in Retirement Benefits

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, 2024 | December 31, 2023 |
|----------------|----------------------|----------------------|
| | (Rupees in million) | |
| Provident Fund | 5,353 | 2,651 |
| Gratuity Fund | 131 | 109 |
| Total | 5,484 | 2,760 |

Value of Investments



Gender Pay Gap Statement

The information about gender pay gap statement as required under SECP's Circular 10 of 2024 dated April 17, 2024 is annexed.

Pattern of Shareholding

The information about pattern of holding of the shares as at December 31, 2024 in the prescribed Form 20 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 2024 and 25 March 2025 except for declaration of final cash dividend of Rupees 15 per share (i.e. 150%) which is subject to approval of members in the forthcoming Annual General Meeting.

Acknowledgement

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 Service 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

March 25, 2025
Lahore

Gender Pay Gap Statement

Under SECP'S Circular Of 10 Of 2024 Dated April 17, 2024

Following is the Gender Pay Gap calculated for the year ended December 31, 2024:

- (1) Mean Gender Pay Gap: (106.30)%
- (2) Median Gender Pay Gap: (69.57)%

* All female employees of the Company are working at management level.



Arif Saeed
Chief Executive Officer

Date: March 25, 2025

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

Name of Company: Service Industries Limited
Year ended: 31 December, 2024

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 Mr. 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 |
| Mr. Adil Matcheswala |

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. 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 31 December 2024.

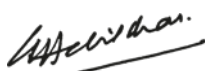
b) HR and Remuneration Committee:

Two meetings of HR and Remuneration Committee were held during the financial year ended 31 December 2024.

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. Three directors are exempt from Directors' Training Program. The Company has planned to arrange Directors' Training Program certification for remaining one director 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. | Role of the Board and its members to address Sustainability Risks and Opportunities The board is responsible for governance and oversight of sustainability risks and opportunities within the Company by setting the Company's sustainability strategies, priorities and targets to create long term corporate value | During the year, SECP introduced new regulation 10A in the Regulations on 12 June 2024. Currently, the management is assessing this amendment and compliance thereof, as applicable, will be performed in due course of time. | 10(A) |



Uzma Adil Khan
(Chairperson)

March 25, 2025
Lahore



Arif Saeed
(Chief Executive)

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 2024 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 31 December 2024.



RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: March 29, 2025

UDIN: CR202410168nUwxPVC0X



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 2024, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year 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 2024 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 16,636 million for the year ended 31 December 2024.</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 2.22 to the financial statements. - Revenue note 33 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 existence and valuation</p> <p>As at 31 December 2024, stock-in-trade is stated at Rupees 1,679 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 7.48% of total assets of the Company as at 31 December 2024, 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 2.19 to the financial statements. - Stock-in-trade note 24 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. |

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: March 29, 2025

UDIN: AR202410168ojyF0fNJZ

Statement of Financial Position

As at December 31, 2024

| | Note | 2024 Amount Rupees in thousand | 2023 Amount |
|---|------|--------------------------------------|----------------|
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorized share capital 100,000,000 (2023: 100,000,000) | | | |
| Ordinary shares of Rupees 10 each | | 1,000,000 | 1,000,000 |
| Issued, subscribed and paid-up share capital | 4 | 469,874 | 469,874 |
| Reserves | 5 | 8,020,307 | 7,848,305 |
| Total equity | | 8,490,181 | 8,318,179 |
| LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| Long term financing | 6 | 4,414,865 | 8,808,519 |
| Long term deposits | 7 | - | 85,024 |
| Lease liabilities | 8 | 59,144 | 5,037,023 |
| Employees' retirement benefit | 9 | 97,916 | 287,024 |
| Deferred liabilities | 10 | - | 570,883 |
| | | 4,571,925 | 14,788,473 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 11 | 1,761,242 | 6,788,737 |
| Accrued mark-up | 12 | 199,759 | 802,891 |
| Short term borrowings | 13 | 6,047,096 | 10,889,573 |
| Current portion of non-current liabilities | 14 | 1,280,813 | 2,795,875 |
| Taxation and levy - net | 28 | 38,916 | - |
| Unclaimed dividend | | 47,509 | 43,783 |
| | | 9,375,335 | 21,320,859 |
| Total liabilities | | 13,947,260 | 36,109,332 |
| Contingencies and commitments | 15 | | |
| TOTAL EQUITY AND LIABILITIES | | 22,437,441 | 44,427,511 |

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



Arif Saeed
(Chief Executive)

| | | 2024 | 2023 |
|---------------------------------|------|--------------------|------------|
| | Note | Amount | Amount |
| | | Rupees in thousand | |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Fixed assets | 16 | 1,253,493 | 12,447,494 |
| Investment property | 17 | 182 | - |
| Right-of-use assets | 18 | 67,389 | 4,521,384 |
| Intangible assets | 19 | 3,762 | 7,510 |
| Deferred income tax asset - net | 10 | 72,966 | - |
| Long term investments | 20 | 14,180,668 | 8,028,956 |
| Long term loans to employees | 21 | 12,061 | 17,812 |
| Long term security deposits | 22 | 11,124 | 232,301 |
| | | 15,601,645 | 25,255,457 |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | 23 | 28,913 | 616,897 |
| Stock-in-trade | 24 | 1,679,031 | 10,387,433 |
| Trade debts | 25 | 1,820,704 | 3,867,331 |
| Loans and advances | 26 | 1,819,753 | 729,894 |
| Accrued mark-up | 27 | - | - |
| Taxation and levy - net | 28 | - | 306,864 |
| Trade deposits and prepayments | 29 | 129,252 | 187,382 |
| Other receivables | 30 | 566,016 | 379,147 |
| Short term investments | 31 | 375,177 | 883,430 |
| Cash and bank balances | 32 | 416,950 | 1,813,676 |
| | | 6,835,796 | 19,172,054 |
| TOTAL ASSETS | | 22,437,441 | 44,427,511 |



Omar Saeed
(Director)



Badar Ul Hassan
(Chief Financial Officer)

Statement of Profit or Loss

For the year ended December 31, 2024

| | | 2024 | 2023 |
|--|------|---------------------|--------------|
| | | Amount | Amount |
| | Note | Rupees in thousand | |
| Revenue - net | 33 | 16,636,187 | 55,744,034 |
| Cost of sales | 34 | (16,092,411) | (42,053,764) |
| Gross profit | | 543,776 | 13,690,270 |
| Distribution cost | 35 | (416,437) | (4,643,023) |
| Administrative expenses | 36 | (545,692) | (2,091,125) |
| Other expenses | 37 | (50,296) | (263,574) |
| | | (1,012,425) | (6,997,722) |
| | | (468,649) | 6,692,548 |
| Other income | 38 | 3,307,048 | 622,573 |
| Profit from operations | | 2,838,399 | 7,315,121 |
| Finance cost | 39 | (2,171,578) | (5,020,990) |
| | | 666,821 | 2,294,131 |
| Share of net profit of associate accounted for using the equity method | | - | 63,752 |
| Profit before levy and taxation | | 666,821 | 2,357,883 |
| Levy | 40 | (23,033) | (220,045) |
| Profit before taxation | | 643,788 | 2,137,838 |
| Taxation | 41 | (319,367) | (795,702) |
| Profit after taxation | | 324,421 | 1,342,136 |
| Earnings per share - basic and diluted (Rupees) | 42 | 6.90 | 28.56 |

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, 2024

| | 2024 Amount | 2023 Amount |
|--|--------------------|----------------|
| | Rupees in thousand | |
| Profit after taxation | 324,421 | 1,342,136 |
| Other comprehensive loss | | |
| Items that will not be reclassified to profit or loss: | | |
| Fair value adjustment arising on remeasurement of investment at fair value through other comprehensive income - net of tax | (5,045) | (21,645) |
| Remeasurements of employees' retirement benefit obligation - net of tax | (491) | (38,796) |
| Items that may be reclassified subsequently to profit or loss | - | - |
| Other comprehensive loss for the year - net of tax | (5,536) | (60,441) |
| Total comprehensive income for the year | 318,885 | 1,281,695 |

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, 2024

| | | 2024 | 2023 |
|---|------|--------------------|--------------------|
| | | Amount | Amount |
| | | Rupees in thousand | |
| | Note | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash (used in) / generated from operations | 43 | (857,405) | 8,886,799 |
| Finance cost paid | | (2,356,199) | (4,691,104) |
| Income tax and levy paid | | (382,077) | (767,574) |
| Workers' welfare fund paid | 11.3 | - | (1,293) |
| Workers' profit participation fund | 11.2 | 14,136 | (125,354) |
| Employees' retirement benefit - net | | 14,919 | (22,198) |
| Long term deposit - net | | - | 83,109 |
| Net increase in long term loans to employees | | (4,555) | (8,075) |
| Net decrease / (increase) in security deposits | | 2,563 | (8,839) |
| Net cash (used in) / generated from operating activities | | (3,568,618) | 3,345,471 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Capital expenditure on operating fixed assets | | (237,458) | (2,859,207) |
| Return on bank deposits and term deposits receipts | | 37,894 | 30,440 |
| Proceeds from sale of operating fixed assets | | 28,215 | 25,389 |
| Long term investments made | | (844,568) | - |
| Dividend income received | | 2,788,316 | 163,550 |
| Short term investments made | | (977,419) | (879,914) |
| Short term investments disposed of | | 1,484,914 | 179,914 |
| Net cash from / (used in) investing activities | | 2,279,894 | (3,339,828) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from long term financing | | 112,498 | 4,309,888 |
| Repayment of long term financing | | (1,757,571) | (2,657,834) |
| Repayment of lease liabilities | | (9,601) | (225,870) |
| Short term borrowings - net | | 3,713,531 | (809,559) |
| Dividend paid | | (466,149) | (233,184) |
| Net cash from financing activities | | 1,592,708 | 383,441 |
| Net increase in cash and cash equivalents | | 303,984 | 389,084 |
| Cash and cash equivalents at the beginning of the year | | 1,813,676 | 1,424,592 |
| Cash and cash equivalents transferred to Subsidiary Company pursuant to the Scheme | 1.3 | (1,700,710) | - |
| Cash and cash equivalents at the end of the year | 32 | 416,950 | 1,813,676 |

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, 2024

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, after the approval of the Scheme of Arrangement as stated below in detail, are purchase, manufacture and sale of footwear 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 investments in subsidiaries and associate are stated in note 20 to these financial statements.

1.2 Geographical location

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

| Offices, Manufacturing unit, Warehouses 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 |
| Warehouses | |
| Rawat | Plot No. 1, Street 4, RCCI Industrial Estate, Rawat |
| Sheikhupura | Al Jannat Road, Beside Khanka Syed Ahmed Shaheed, Faiz Road, Sheikhupura |
| Retail outlets | |
| Gujrat | G.T. Road, Gujrat |
| Rawalpindi | Shop No. 9, 10 and 11, Ground Floor, Basit Market, Bostan Khan Road, Car Chowk, Rawalpindi |

1.3 Scheme of Arrangement

In accordance with the Scheme of Arrangement between Service Industries Limited and its members and Service Tyres (Private) Limited [wholly owned subsidiary of Service Industries Limited] and its members and Service Retail (Private) Limited [wholly owned subsidiary of Service Industries Limited] and its members and Service Industries Capital (Private) Limited [wholly owned subsidiary of Service Industries Limited] 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'] duly approved by the shareholders of Service Industries Limited, Service Tyres (Private) Limited, Service Retail (Private) Limited and Service Industries Capital (Private) Limited on 06 May 2024 and sanctioned by the Honorable Lahore High Court, Lahore vide its Order dated 12 June 2024 (Sanction Date) [certified true copy of the Order received on 28 June 2024 and filed with the Registrar of Companies on 28 June 2024], reconstruction of Service Industries Limited as stated below has taken effect from 01 January 2024 (Effective Date):

- 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 Service Industries Limited (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.

After the sanction of the Scheme by the Honorable Lahore High Court, Lahore, the vesting of Tyre Undertaking in Service Tyres (Private) Limited, Retail Undertaking in Service Retail (Private) Limited and transfer of SPL Shares into Service Industries Capital (Private) Limited is deemed to have taken effect from on 01 January 2024 (Effective Date).

As and from the Effective Date and until occurrence of the Sanction Date:

- Service Industries Limited is deemed to have carried on the business relating to the Tyre Undertaking and Retail Undertaking for and on behalf of Service Tyres (Private) Limited and Service Retail (Private) Limited respectively and held the Tyre Undertaking and Retail Undertaking in trust for Service Tyres (Private) Limited and Service Retail (Private) Limited respectively;
- any income, sales including exports or profits accrued or arose to Service Industries Limited or made by Service Industries Limited, and all costs, charges, expenses and losses or tax incurred by Service Industries Limited, in relation to each of the Tyre Undertaking and Retail Undertaking for all purposes are treated as the income, sales including exports, profit, costs, charges, expenses and losses or tax of Service Tyres (Private) Limited and Service Retail (Private) Limited, respectively. In Article 3(I)(iv) and Article 3(II)(iv) of the Scheme, it has been clarified that the sales pertaining to the Tyre Undertaking and Retail Undertaking shall be, during the period from the Effective Date till the Sanction Date, reported in monthly sales tax returns of Service Industries Limited for sales tax purposes. Such sales relating to / pertaining to Tyre Undertaking [vested in Service Tyres (Private) Limited] and Retail Undertaking [vested in Service Retail (Private) Limited] amounted to Rupees 20,330,581,612 (related sales tax of Rupees 4,316,854,568) and Rupees 6,379,962,589 (related sales tax of Rupees 1,016,374,688) respectively. Similarly, during the period from the Effective Date till the Sanction Date, certain financial transactions pertaining to the Tyre Undertaking [vested in Service Tyres (Private) Limited] and Retail Undertaking [vested in Service Retail (Private) Limited], such as purchases, expenses and related payments (including government dues such as withholding income tax, sales tax and provincial sales tax), were carried out by Service Industries Limited under its name and tax registrations and duly reported in the declarations filed by it for compliance with income tax, sales tax and provincial sales tax laws;
- any rights, titles, assets, privileges, powers, licenses, permissions, claims, interests, liabilities and obligations of Service Industries Limited which arose or accrued in relation to each of the Tyre Undertaking and Retail Undertaking are deemed to be the rights titles, assets, privileges, powers, licenses, permissions, claims interests, liabilities and obligations of Service Tyres (Private) Limited and Service Retail (Private) Limited, respectively;
- 128,150,000 shares of Service Long March Tyres (Private) Limited (SLM Shares) are deemed to have been owned and held for and on account and for the benefit of Service Tyres (Private) Limited and all profits, dividends, bonus shares, rights shares and entitlements accruing or arising to Service Industries Limited from or on account of the SLM Shares are treated as profits, dividends, bonus shares, rights shares and entitlements (as applicable) accruing or arising to Service Tyres (Private) Limited;
- SPL Shares are deemed to have been owned and held for and on account and for the benefit of Service Industries Capital (Private) Limited and all profits, dividends, bonus shares, rights shares and entitlements accruing or arising to Service Industries Limited from or on account of the SPL Shares are treated as profits, dividends, bonus shares, rights shares and entitlements (as applicable) accruing or arising to Service Industries Capital (Private) Limited; and
- any transactions, acts, deeds done in the normal course of business and/or sanctioned by the Board of Directors of Service Industries Limited in relation to each of the Tyre Undertaking, Retail Undertaking and SPL shares are deemed to have been carried out for the benefit of Service Tyres (Private) Limited, Service Retail (Private) Limited and Service Industries Capital (Private) Limited respectively.

Net assets transferred and consideration

The assets and liabilities comprised in 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] and the Retained Assets and Undertakings have been arrived at as follows based on the audited financial statements of Service Industries Limited for the year ended 31 December 2023:

Notes to the Financial Statements

For the year ended December 31, 2024

| | Transferred Assets and Undertakings | | | Retained Assets and Undertakings |
|--|-------------------------------------|--------------------|------------|----------------------------------|
| | Tyre Undertaking | Retail Undertaking | SPL Shares | |
| | (Rupees in thousand) | | | |
| ASSETS | | | | |
| NON-CURRENT ASSETS | | | | |
| Fixed assets | 9,900,796 | 1,366,021 | - | 1,180,677 |
| Right-of-use assets | 21,880 | 4,464,856 | - | 34,648 |
| Intangible assets | - | 1,860 | - | 5,650 |
| Long term investments | 1,281,500 | - | 407,916 | 6,339,540 |
| Long term loans to employees | 3,167 | 6,875 | - | 7,770 |
| Long term security deposits | 71,405 | 147,848 | - | 13,048 |
| | 11,278,748 | 5,987,460 | 407,916 | 7,581,333 |
| CURRENT ASSETS | | | | |
| Stores, spares and loose tools | 541,365 | - | - | 75,532 |
| Stock-in-trade | 5,029,883 | 2,984,961 | - | 2,372,589 |
| Trade debts | 2,818,707 | - | - | 1,048,624 |
| Loans and advances | 505,586 | 104,510 | - | 119,798 |
| Advance income tax - net of provision for taxation | 388,703 | (90,157) | - | 8,318 |
| Trade deposits and prepayments | 11,811 | 51,821 | - | 123,750 |
| Other receivables | 148,388 | 38,388 | - | 192,371 |
| Short term investments | - | - | - | 883,430 |
| Cash and bank balances | 1,700,710 | - | - | 112,966 |
| | 11,145,153 | 3,089,523 | - | 4,937,378 |
| TOTAL ASSETS | 22,423,901 | 9,076,983 | 407,916 | 12,518,711 |
| NON-CURRENT LIABILITIES | | | | |
| Long term financing | 2,497,156 | 600,000 | - | 5,711,363 |
| Long term deposits | 1,440 | 83,584 | - | - |
| Lease liabilities | 27,072 | 4,979,098 | - | 30,853 |
| Employees' retirement benefit | 205,524 | 18,611 | - | 62,889 |
| Deferred liabilities | 891,572 | (403,190) | 67,089 | 15,412 |
| | 3,622,764 | 5,278,103 | 67,089 | 5,820,517 |
| CURRENT LIABILITIES | | | | |
| Trade and other payables | 3,664,875 | 1,641,577 | - | 1,482,285 |
| Accrued mark-up | 275,572 | 142,939 | - | 384,380 |
| Short term borrowings | 6,827,704 | 1,728,304 | - | 2,333,565 |
| Current portion of non-current liabilities | 1,370,743 | 609,052 | - | 816,080 |
| Unclaimed dividend | - | - | - | 43,783 |
| | 12,138,894 | 4,121,872 | - | 5,060,093 |
| Total liabilities | 15,761,658 | 9,399,975 | 67,089 | 10,880,610 |
| NET ASSETS | 6,662,243 | (322,992) | 340,827 | 1,638,101 |

As per clause 2, clause 3 and clause 4, Article - 4 of the Scheme:

- In consideration of the transfer of Tyre Undertaking by Service Industries Limited to Service Tyres (Private) Limited, Service Tyres (Private) Limited has issued and allotted 666,224,300 fully paid-up ordinary shares of Rupees 10 each to Service Industries Limited on the basis of net assets of Service Tyres (Private) Limited;
- In consideration for the transfer of SPL shares by Service Industries Limited to Service Industries Capital (Private) Limited, Service Industries Capital (Private) Limited has issued and allotted 34,082,700 fully paid-up ordinary shares of Rupees 10 each to Service Industries Limited;

- In consideration for the transfer of Retail Undertaking by Service Industries Limited to Service Retail (Private) Limited, unappropriated profit of Service Industries Limited has been credited with Rupees 322,992,000 as of the Effective Date, as book value of assets being transferred to Service Retail (Private) Limited is less than the book value of liabilities being transferred to Service Retail (Private) Limited. Service Retail (Private) Limited, as of the Effective Date, has recognized a negative reserve of the same amount in its books of account.

Capital reserve of the Company namely 'Share of share premium reserve held by equity accounted investee' of Rupees 23.935 million has been transferred to unappropriated profit during the current year as SPL Shares have vested into Service Industries Capital (Private) Limited after the sanction of the Scheme (with effect from 01 January 2024). For the Company, Speed (Private) Limited was equity accounted investee previously.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information applied in the preparation of these financial statements are set out below. 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 property, plant and equipment and investment property 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.

Notes to the Financial Statements

For the year ended December 31, 2024

iii) Income tax and levy

In making the estimates for income tax and levy 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 investments in subsidiary companies

In making an estimate of recoverable amount of the Company's investments in subsidiary 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 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.

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 2024:

- Amendments to IAS 1 'Presentation of Financial Statements' – Clarification on classification of liabilities as current or non-current, focusing on compliance with covenants within 12 months after the reporting period;
- Amendments to IFRS 16 'Leases' – Clarify the measurement of lease liabilities for sale and leaseback transactions qualifying as a sale under IFRS 15;
- Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures' – Introduce disclosure requirements for supplier finance arrangements, requiring entities to provide qualitative and quantitative information, including 'signposts' to existing disclosures.

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 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.

f) Standards, amendments and improvements to published approved accounting standards that are not yet effective but relevant to the Company

Following standards, amendments and improvements to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 January 2025 or later periods:

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.

IFRS 18 'Presentation and Disclosure in Financial Statements' (effective for annual periods beginning on or after 01 January 2027) with a focus on updates to the statement of profit or loss. The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. The key new concepts introduced in IFRS 18 relate to: the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.

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.

IFRS S1 'General Requirements for Disclosure of Sustainability-related Financial Information'. IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

IFRS S2 'Climate-related Disclosures'. IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

The implementation of IFRS S1 and IFRS S2 will be phased as per the SECP's order dated 31 December 2024, with different effective dates based on annual turnover, number of employees, and total assets (Criteria). Phase I will apply to listed companies having specific Criteria for annual reporting periods beginning on or after 1 July 2025. Phase II will apply to other listed companies having specific Criteria for annual reporting periods beginning on or after 1 July 2026. Phase III will cover non-listed public interest companies and remaining listed companies for annual reporting periods beginning on or after 1 July 2027.

Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures' regarding the classification and measurement of financial instruments (effective for annual periods beginning on or after 01 January 2026). The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9.

The International Accounting Standards Board (IASB) has published 'Annual Improvements to IFRS Accounting Standards – Volume

Notes to the Financial Statements

For the year ended December 31, 2024

11'. The amendments are effective for annual reporting periods beginning on or after 01 January 2026. It contains amendments to following five standards as result of the IASB's annual improvements project.

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash flows.

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

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

There are other standards, amendments and improvements to published standards that are mandatory for accounting periods beginning on or after 01 January 2025 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.

2.5 **Taxation**

Current

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. Except for the tax (final tax) deducted by subsidiaries, associates or joint arrangements on distribution of dividend to the Company, final taxes levied under the Income Tax Ordinance, 2001 and any excess over the amount designated as provision for current tax are charged as levy in the statement of profit or loss. Tax (final tax) deducted by subsidiaries, associates or joint arrangements on distribution of dividend to the Company is charged as current tax in the statement of profit or loss. The charge for current tax and levy also includes adjustments, where considered necessary, to provision for tax and levy made in previous years arising from assessments framed during the year for such years. Previously, component representing levy was included in provision for current tax and was not separately charged in the statement of profit or loss. Now, the Company has changed its accounting policy of taxation and levy in accordance with "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes" issued by Institute of Chartered Accountants of Pakistan through Circular No. 7/2024. This change in accounting policy has been applied retrospectively in accordance with the provisions of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and resulted in following reclassification of corresponding figures:

| Reclassified from | Reclassified to | Audited |
|-------------------|-----------------|----------------------|
| | | 31 December 2023 |
| | | (Rupees in thousand) |

Statement of profit or loss:

| | | |
|----------|------|---------|
| Taxation | Levy | 220,045 |
|----------|------|---------|

| Reclassified from | Reclassified to | Audited |
|-------------------|-----------------|----------------------|
| | | 31 December 2023 |
| | | (Rupees in thousand) |

Statement of financial position:

| | | |
|------------------------|--------------|---------|
| Advance income tax | Prepaid levy | 463,389 |
| Provision for taxation | Levy payable | 228,813 |

Had there been no change in the above-referred accounting policy, amounts of levy Rupees 23.033 million, levy payable Rupees 36.021 million and prepaid levy Rupees Nil would have been presented as taxation expense, provision for taxation and advance income tax respectively in these financial statements for the year ended 31 December 2024. This change in accounting policy has no impact of earnings per share of the Company. Furthermore, the Company has not presented the third statement of financial position as at the beginning of the preceding period as the retrospective application does not have an effect on the information in the statement of financial position at the beginning of the preceding period.

Notes to the Financial Statements

For the year ended December 31, 2024

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.

Group taxation

The Securities and Exchange Commission of Pakistan (SECP) vide its certificate dated 19 February 2024 has registered the Company, Service Retail (Private) Limited, Service Tyres (Private) Limited and Service Industries Capital (Private) Limited (together the 'Group') as a Group for the purpose of group taxation under Section 59AA of the Income Tax Ordinance, 2001. Consequently, the Group will be taxed as one fiscal unit from the tax year 2025 and onwards.

Current tax is based on the consolidated results of the Group and allocated within the Group on the basis of separate return method. Deferred tax asset is recognised in the unconsolidated financial statements to the extent future economic benefit will flow to the Company. Realizability of tax credits and tax losses are assessed at Group level and taxable profits of all entities in the Group are taken into account in assessing whether a deferred tax asset should be recognised in consolidated financial statements. Any adjustments in the taxation of the Company on account of group taxation are credited or charged to the statement of profit or loss in the year in which they arise.

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 the 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 to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in note 16.1. 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 16.1. 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, 2024

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 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.

2.15 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 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, 2024

2.16 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.

2.17 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.

2.18 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.

2.19 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 |

Notes to the Financial Statements

For the year ended December 31, 2024

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.

2.20 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.

2.21 Trade debts 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.

2.22 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.

2.23 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.

2.24 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.

2.25 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 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.

2.27 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.

2.28 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.

2.29 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.

2.30 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.

2.31 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.

2.32 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.

2.33 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

Notes to the Financial Statements

For the year ended December 31, 2024

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.

2.34 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.

2.35 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's reportable business segments have been explained in note 51.

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

3. SUMMARY OF OTHER ACCOUNTING POLICIES

3.1 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.

3.2 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 Ijarah (lease) payments as an expense in the statement of profit or loss on straight line basis over the Ijarah term.

3.3 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.

3.4 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.

3.5 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.

3.6 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.

4. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

| | 2024 | 2023 | 2024 | 2023 |
|---|-------------------|------------|--------------------|---------|
| | 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 |

4.1 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.

| | 2024 | 2023 |
|--|------------------|-----------|
| | Number of shares | |
| 4.2 Ordinary shares of the Company held by associated undertakings: | | |
| Shahid Arif Investments (Private) Limited | 39,624 | 39,624 |
| Service Charitable Trust | 45,253 | 45,253 |
| Service Provident Fund Trust | 2,391,274 | 2,181,274 |

| | 2024 | 2023 |
|--|--------------------|--------|
| | Amount | Amount |
| | Rupees in thousand | |

5. 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 5.1) | 29,202 | 34,247 |
| Share premium | (Note 5.2) | 21,217 | 21,217 |
| Share of share premium reserve held by equity accounted investee | | - | 23,935 |
| Reserve pursuant to the Scheme of Compromises, Arrangement and Reconstruction between the Company and Service Global Footwear Limited | | 927,163 | 927,163 |
| | | 1,080,312 | 1,109,292 |

Revenue reserves

| | | | |
|------------------------|--|------------------|-----------|
| General reserve | | 1,558,208 | 1,558,208 |
| Un-appropriated profit | | 5,381,787 | 5,180,805 |
| | | 6,939,995 | 6,739,013 |
| | | 8,020,307 | 7,848,305 |

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For the year ended December 31, 2024

5.1 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:

| | 2024 | 2023 |
|---------------------------------------|--------------------|----------|
| | Amount | Amount |
| | Rupees in thousand | |
| Balance at 01 January | 44,190 | 66,937 |
| Fair value adjustment during the year | (6,510) | (22,747) |
| | 37,680 | 44,190 |
| Deferred income tax liability | (8,478) | (9,943) |
| Balance at 31 December | 29,202 | 34,247 |

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

| | 2024 | 2023 |
|--|--------------------|--------|
| | Amount | Amount |
| | Rupees in thousand | |

6. LONG TERM FINANCING

From banking companies - secured

| | | | |
|----------------------|------------|------------------|-----------|
| Long term loans | (Note 6.1) | 5,673,861 | 8,988,612 |
| Long term musharakah | (Note 6.2) | - | 776,026 |
| | | 5,673,861 | 9,764,638 |

From related party - unsecured

| | | | |
|--|------------|------------------|------------|
| Long term loan from subsidiary company | (Note 6.6) | - | 1,250,000 |
| | | 5,673,861 | 11,014,638 |

Current portion shown under current liabilities (Note 14)

| | | |
|--|--------------------|-------------|
| Long term loans | (1,258,996) | (1,636,494) |
| Long term musharakah | - | (69,625) |
| Long term loan from subsidiary company | - | (500,000) |
| | (1,258,996) | (2,206,119) |
| | 4,414,865 | 8,808,519 |

6.1 Long term loans

| Lender | 2024 | | Rate of mark-up per annum | Number of instalments | Interest Repricing | Interest Payable | Security |
|--|--------------------|--------------------|---|---|--------------------|------------------------|--|
| | 2024 | 2023 | | | | | |
| | Rupees in thousand | | | | | | |
| Allied Bank Limited (Note 6.3) | - | 200,000 | 6-months KIBOR + 0.15% | Seven unequal instalments commenced on 29 January 2020 and transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.3) | Half yearly | Half yearly | |
| Allied Bank Limited (Note 6.3) | - | 96,752 12,741 | SBP rate for LTFB + 0.25% 6-months KIBOR + 0.25% | Three hundred and twenty nine unequal instalments commenced on 21 May 2019 and transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.3) | - 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 | - | 109,493 320,901 | 3-months KIBOR + 0.25% | Twenty equal quarterly instalments commenced on 1 March 2023 and transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.3) | Quarterly | Quarterly | |
| Allied Bank Limited | - | 87,597 | 3-months KIBOR + 0.25% | Ten equal quarterly instalments commenced on 21 December 2023 and transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.3) | Quarterly | Quarterly | |
| MCB Bank Limited (Note 6.3) | - | 160,000 | 6-months KIBOR + 0.14% | Ten equal half yearly instalments commenced on 30 December 2018 and transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.3) | 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 6.3) | - | 100,000 | 6-months KIBOR + 0.10% | Ten equal half yearly instalments commenced on 27 June 2019 and transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.3) | Half yearly | Half yearly | |
| MCB Bank Limited | - | 400,000 | 6-months KIBOR + 0.25% | Ten equal half yearly instalments commenced on 11 June 2021 and transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.3) | Half yearly | Half yearly | |
| MCB Bank Limited | - | 460,000 | 6-months KIBOR + 0.10% | Ten equal half yearly instalments commenced on 29 May 2023 and transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.3) | Half yearly | Half yearly | |
| Habib Bank Limited (Note 6.3) | - | 6,650 | SBP rate for LTFB + 0.50% | One hundred and twenty four unequal instalments commenced on 12 December 2019 and transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.3) | - | Quarterly | 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 |
| Habib Bank Limited (Note 6.4) | - | 1,045,646 | SBP rate for TERF + 1% | Sixty four unequal instalments commenced on 20 April 2023 and transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.3) | - | Half yearly | |
| Habib Bank Limited (Note 6.3) | - | 29,391 | SBP rate for LTFB + 0.50% | Sixteen equal quarterly instalments commenced on 22 December 2019 and transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.3) | - | Quarterly | |
| Habib Bank Limited | 768,928 | 1,076,499 | 6-months KIBOR + 0.20% | Nine equal half yearly instalments commenced on 26 February 2023 and ending on 26 February 2027. | Half yearly | Half yearly | Ranking charge of Rupees 2,000 million on land and building of the Company with 25% margin. |
| Habib Bank Limited | 304,933 | 192,435 | 6-months KIBOR + 0.50% | Sixteen equal half yearly instalments commenced on 20 January 2026 and ending on 20 July 2033. | Half yearly | Half yearly | |
| Pakistan Kuwait Investment Company (Private) Limited | 600,000 | 800,000 | 6-months KIBOR + 1% | Ten equal half yearly instalments commenced on 15 March 2023 and ending on 15 September 2027. | Half yearly | Half yearly | |
| Pakistan Kuwait Investment Company (Private) Limited | 500,000 | 500,000 | 3-months KIBOR + 1% | One Hundred and sixty one unequal instalments commencing on 28 February 2025 and ending on 02 June 2033. | Quarterly | Quarterly | Joint pari passu charge of Rupees 2,000 million on land and building of the Company and ranking charge of Rupees 1,467 million on land and building of the Company with 25% margin. |
| Pakistan Kuwait Investment Company (Private) Limited | 1,500,000 | 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 | 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 all the present and future moveable fixed assets of the Company. |
| | 5,673,861 | 8,988,612 | | | | | |

Notes to the Financial Statements

For the year ended December 31, 2024

6.2 Long term musharaka

| Lender | 2024 | 2023 | Rate of mark-up per annum | Number of Instalments | Interest Repricing | Interest Payable | Security |
|--------------------------------|--------------------|---------|--|---|--------------------|------------------|--|
| | Rupees in thousand | | | | | | |
| Meezan Bank Limited (Note 6.3) | - | 90,000 | 6-months KIBOR + 0.12% | Ten equal half yearly instalments commenced on 18 December 2019 and transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.3) | 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 | SBP rate for Islamic financing facility for renewable energy +1% on 03 August 2021 and transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.3) | Seventy eight unequal instalments commenced on 03 August 2021 and transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.3) | - | Quarterly | |
| Faysal Bank Limited (Note 6.5) | - | 351,823 | SBP rate for ITERF + 0.75% | Thirty-two unequal instalments commenced on 10 June 2023 and transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.3) | - | 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 6.5) | - | 290,997 | SBP rate for ITERF + 0.60% | Ninety six unequal instalments commenced on 4 July 2023 and transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.3) | - | Half yearly | Exclusive charge of Rupees 667 million over plant and machinery of the Company with 25% margin. |
| | - | 776,026 | | | | | |

6.3 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.

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

6.5 These loans were obtained by the Company under SBP Islamic Temporary Economic Refinance Facility (ITERF). These were recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment was recognized at discount rates ranging from 8.45% to 23.11% per annum.

6.6 This represented unsecured loan from Service Global Footwear Limited - Subsidiary Company for working capital requirement. This carried 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 ranged from 20.39% to 21.74% (2023: 17.29% to 23.22%) per annum.

6.7 As per the Scheme, in so far as any of the assets of Service Industries Limited which formed part of the Tyre Undertaking [vested in Service Tyres (Private) Limited] and the Retail Undertaking [vested in Service Retail (Private) Limited] were subject to any Encumbrances immediately prior to the Sanction Date, such assets are deemed to have been transferred to Service Tyres (Private) Limited and Service Retail (Private) Limited respectively on the Effective Date subject to such Encumbrances. Service Tyres (Private) Limited and Service Retail (Private) Limited are deemed without any further act, deed, instrument, matter or thing, to have created all such Encumbrances on the Tyre Undertaking and Retail Undertaking respectively in the same amount and for the benefit of the same charge holders. Upon the transfer of Tyre Undertaking and Retail Undertaking from Service Industries Limited to Service Tyres (Private) Limited and Service Retail (Private) Limited respectively in terms of the Scheme, the charges recorded in the register of charges of Service Industries Limited in respect of Encumbrances on any of the assets comprising the Tyre Undertaking and Retail Undertaking are released and discharged simultaneously with the registration of the same charges by Service Tyres (Private) Limited and Service Retail (Private) Limited with the Securities and Exchange Commission of Pakistan in accordance with the Companies Act, 2017. With effect on and from the Effective Date, land situated at Mouza Chak No. 25/UCC, Tehsil Muridke, District Sheikhpura and superstructures are deemed transferred from Service Industries Limited to Service Tyres (Private) Limited along with any and all Encumbrances and liabilities existing thereupon prior to the Sanction Date. The Company and its aforesaid Subsidiary Companies are in the process of completing necessary legal formalities with regards to registration and vacation of charges (as stated above) in coordination with related lenders.

7. LONG TERM DEPOSITS

These represented 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. Deposits amounting to Rupees 1.44 million and Rupees 83.584 million were transferred to Service Tyres (Private) Limited - Subsidiary Company and Service Retail (Private) Limited - Subsidiary Company respectively pursuant to the Scheme (Note 1.3).

| | | 2024 | 2023 |
|---|------------|--------------------|-----------|
| | | Amount | Amount |
| | | Rupees in thousand | |
| 8. LEASE LIABILITIES | | | |
| Total lease liabilities | (Note 8.1) | 80,961 | 5,461,579 |
| Current portion shown under current liabilities | (Note 14) | (21,817) | (424,556) |
| | | 59,144 | 5,037,023 |

8.1 Reconciliation of lease liabilities

| | | | |
|---|------------|--------------------|-----------|
| Balance at 01 January | | 5,461,579 | 3,967,990 |
| Transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme | (Note 1.3) | (34,067) | - |
| Transferred to Service Retail (Private) Limited - Subsidiary Company pursuant to the Scheme | (Note 1.3) | (5,388,150) | - |
| Additions during the year | | 51,200 | 1,763,553 |
| Interest on lease liabilities | (Note 39) | 13,313 | 615,417 |
| Impact of lease termination | | - | (44,094) |
| Payments made during the year | | (22,914) | (841,287) |
| Balance at 31 December | | 80,961 | 5,461,579 |

Notes to the Financial Statements

For the year ended December 31, 2024

| | 2024 Amount | 2023 Amount |
|--|--------------------|----------------|
| | Rupees in thousand | |
| 8.2 Maturity analysis of lease liabilities is as follows: | | |
| Upto 6 months | 15,192 | 503,037 |
| 6-12 months | 15,291 | 544,751 |
| 1-2 year | 33,473 | 1,156,666 |
| More than 2 years | 43,224 | 8,176,706 |
| | 107,180 | 10,381,160 |
| Less: Future finance cost | (26,219) | (4,919,581) |
| Present value of lease liabilities | 80,961 | 5,461,579 |

8.3 Implicit rates against lease liabilities range from 13.22% to 23.71% (2023: 8.08% to 25.05%) per annum.

9. EMPLOYEES' RETIREMENT BENEFIT

The latest actuarial valuation of the Fund as at 31 December 2024 was carried out using the 'Projected Unit Credit Method'. Details of the Fund as per the actuarial valuation are as follows:

| | 2024 Amount | 2023 Amount |
|--|--------------------|----------------|
| | Rupees in thousand | |
| 9.1 Amount recognized in the statement of financial position is as follows: | | |
| Present value of defined benefit obligations | 125,865 | 365,143 |
| Fair value of plan assets | (27,949) | (78,119) |
| Net defined benefit obligation | 97,916 | 287,024 |
| 9.2 Movement in net defined benefit obligation: | | |
| Net liability at 01 January | 287,024 | 214,459 |
| Transferred to defined benefit obligation relating to Service Global Footwear Limited - Subsidiary Company | (1,861) | (1,976) |
| Net liability transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.3) | (149,072) | - |
| Net liability transferred to Service Retail (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.3) | (25,081) | - |
| Current service cost | 12,663 | 26,337 |
| Net interest on defined benefit obligation | 6,954 | 29,630 |
| Net remeasurements for the year | 491 | 38,796 |
| Contributions made during the year | (33,202) | (20,222) |
| Net liability at 31 December | 97,916 | 287,024 |

| | 2024 | 2023 |
|---|--------------------|----------|
| | Amount | Amount |
| | Rupees in thousand | |
| 9.3 Movement in the present value of defined benefit obligation: | | |
| Present value of defined benefit obligation at 01 January | 365,143 | 284,399 |
| Transferred to defined benefit obligation relating to Service Global Footwear Limited - Subsidiary Company | (1,861) | (1,976) |
| Transferred to defined benefit obligation relating to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.3) | (204,930) | - |
| Transferred to defined benefit obligation relating to Service Retail (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.3) | (32,347) | - |
| Current service cost | 12,663 | 26,337 |
| Interest cost | 17,026 | 39,771 |
| Benefits paid during the year | (33,202) | (20,222) |
| Remeasurements on obligation: | | |
| Actuarial (gain) / loss from changes in financial assumptions | (387) | 31,834 |
| Experience adjustments | 3,760 | 5,000 |
| Present value of defined benefit obligation at 31 December | 125,865 | 365,143 |

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For the year ended December 31, 2024

| | 2024 | 2023 |
|---|--------------------|----------|
| | Amount | Amount |
| | Rupees in thousand | |
| 9.4 Movement in the fair value of the plan assets: | | |
| Fair value of plan assets at 01 January | 78,119 | 69,940 |
| Assets transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.3) | 594 | - |
| Assets transferred to Service Retail (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.3) | (13,736) | - |
| Interest income on plan assets | 10,072 | 10,141 |
| Contributions made during the year | 33,202 | 20,222 |
| Benefits paid during the year | (33,202) | (20,222) |
| Remeasurements on fair value of plan assets | 2,882 | (1,962) |
| Assets transferred from Service Retail (Private) Limited - Subsidiary Company | 6,470 | - |
| Assets transferred to Service Tyres (Private) Limited - Subsidiary Company | (56,452) | - |
| Fair value of plan assets at 31 December | 27,949 | 78,119 |

9.4.1 As per the Scheme, employees gratuity fund of Service Industries Limited, namely Service Industries Limited Employees Gratuity Fund Trust is being continued for the benefits of the employees of the Company, Service Global Footwear Limited - Subsidiary Company, Service Tyres (Private) Limited - Subsidiary Company and Service Retail (Private) 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, Service Global Footwear Limited - Subsidiary Company, Service Tyres (Private) Limited - Subsidiary Company and Service Retail (Private) Limited - Subsidiary Company:

| | 2024 | 2023 |
|--|--------------------|----------|
| | Amount | Amount |
| | Rupees in thousand | |
| Mutual funds | 129,653 | 107,455 |
| Bank balances | 902 | 1,660 |
| Total plan assets | 130,555 | 109,115 |
| Allocated to the Company | (27,949) | (78,119) |
| Allocated to Service Global Footwear Limited - Subsidiary Company | (36,955) | (30,996) |
| Allocated to Service Tyres (Private) Limited - Subsidiary Company | (55,744) | - |
| Allocated to Service Retail (Private) Limited - Subsidiary Company | (9,907) | - |
| | - | - |

9.5 Amounts recognized in the statement of profit or loss:

| | | |
|--|-----------------|----------|
| Current service cost | 12,663 | 26,337 |
| Interest cost | 17,026 | 39,771 |
| Interest income on plan assets | (10,072) | (10,141) |
| Net expense charged in the statement of profit or loss | 19,617 | 55,967 |

| | | 2024 | 2023 |
|---|-----------|--------------------|--------|
| | | Amount | Amount |
| | | Rupees in thousand | |
| 9.5.1 Charge for the year has been allocated as follows: | | | |
| Cost of sales | (Note 34) | 16,553 | 19,455 |
| Distribution cost | (Note 35) | 313 | 16,270 |
| Administrative expenses | (Note 36) | 2,751 | 20,242 |
| | | 19,617 | 55,967 |

9.6 Remeasurements charged to statement of other comprehensive income:

| | | | |
|---|--|----------------|--------|
| Experience adjustments | | 3,760 | 5,000 |
| Return on plan assets excluding interest income | | (2,882) | 1,962 |
| Actuarial (gain) / loss from changes in financial assumptions | | (387) | 31,834 |
| Total remeasurements charged to statement of other comprehensive income | | 491 | 38,796 |

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

| | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|--------------------|----------|----------|----------|----------|
| | Rupees in thousand | | | | |
| Present value of defined benefit obligation | 125,865 | 365,143 | 284,399 | 252,845 | 225,093 |
| Fair value of the plan assets | (27,949) | (78,119) | (69,940) | (76,124) | (71,016) |
| Deficit in the plan | 97,916 | 287,024 | 214,459 | 176,721 | 154,077 |
| Remeasurement loss on obligation | (3,373) | (36,834) | (14,547) | (8,192) | (1,806) |
| Remeasurement gain / (loss) on plan assets | 2,882 | (1,962) | (15,128) | (1,816) | 106 |

9.8 Estimated charge to profit or loss for the year ending 31 December 2025 will be Rupees 14.812 million.

| | | 2024 | 2023 |
|--|-------------|--------------|-------|
| 9.9 Principal actuarial assumptions used: | | | |
| Discount rate used for interest cost | % per annum | 15.50 | 14.50 |
| Discount rate used for year end obligation | % per annum | 12.25 | 15.50 |
| Expected rate of salary increase | % per annum | 12.25 | 15.50 |

Notes to the Financial Statements

For the year ended December 31, 2024

9.10 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 | 130,040 | 109,629 |
| Future salary increase | 100 | 130,064 | 109,436 |

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.

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

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

9.13 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 | | | | | |
| 8,275 | 4,200 | 44,205 | 129,496 | 1,028,850 | 1,215,026 |
| | | | | 2024 | 2023 |
| | | | | Amount | Amount |
| | | | | Rupees in thousand | |

10. DEFERRED LIABILITIES

| | | | |
|--|-------------|-----------------|---------|
| Deferred income - Government grant | (Note 10.1) | - | 540,977 |
| Gas Infrastructure Development Cess (GIDC) payable | (Note 10.2) | - | - |
| Deferred income tax liability - net | (Note 10.3) | - | 29,906 |
| | | - | 570,883 |
| Deferred income tax asset - net | (Note 10.3) | (72,966) | - |

| | | 2024 | 2023 |
|--|------------|--------------------|-----------|
| | | Amount | Amount |
| | | Rupees in thousand | |
| 10.1 Deferred income - Government grant | | | |
| Balance at 01 January | | 684,333 | 730,506 |
| Transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme | (Note 1.3) | (684,333) | - |
| Recognized during the year | | - | 93,695 |
| Amortized during the year | (Note 38) | - | (139,868) |
| | | - | 684,333 |
| Current portion shown under current liabilities | (Note 14) | - | (143,356) |
| | | - | 540,977 |

10.1.1 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 was treated as a Government grant. The Company obtained these loans as disclosed in note 6 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 was measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. This benefit was accounted for and presented as deferred grant in accordance with IAS 20. The grant was being amortized in the statement of profit or loss, in line with the recognition of interest expense the grant is compensating. There were no unfulfilled conditions or contingencies attached to this grant.

| | | 2024 | 2023 |
|--|------------|--------------------|----------|
| | | Amount | Amount |
| | | Rupees in thousand | |
| 10.2 Gas Infrastructure Development Cess (GIDC) Payable | | | |
| Gas Infrastructure Development Cess payable at amortized cost | | 21,844 | 21,844 |
| Transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme | (Note 1.3) | (21,844) | - |
| Current portion shown under current liabilities | (Note 14) | - | (21,844) |
| | | - | - |

10.2.1 This represented 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 filed a review petition in Honourable Lahore High Court which is pending adjudication. GIDC payable was recognized at amortized cost in accordance with IFRS 9.

Notes to the Financial Statements

For the year ended December 31, 2024

| | 2024 | 2023 |
|---|--------------------|-------------|
| | Amount | Amount |
| | Rupees in thousand | |
| 10.3 Deferred income tax (asset) / liability - net | | |
| The deferred income tax (asset) / liability originated due to timing differences relating to: | | |
| Taxable temporary differences: | | |
| Accelerated tax depreciation | 146,999 | 1,100,577 |
| Investment in associate | - | 67,090 |
| Fair value reserve FVTOCI investment | 8,478 | 9,943 |
| Right-of-use assets | 26,282 | 1,763,340 |
| | 181,759 | 2,940,950 |
| Deductible temporary differences: | | |
| Allowance for expected credit losses | (52,681) | (108,450) |
| Provision for doubtful advances to suppliers | (1,817) | (3,046) |
| Provision for slow moving and obsolete stores | (296) | (12,515) |
| Provision for slow moving and obsolete stock-in-trade | (74,254) | (35,180) |
| Lease liabilities | (31,575) | (2,130,016) |
| Minimum tax carry forward | (94,102) | (621,837) |
| | (254,725) | (2,911,044) |
| Deferred income tax (asset) / liability - net | (72,966) | 29,906 |

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

| | 2024 | | | | | Closing balance |
|---|-----------------|---|--|--|---|-----------------|
| | Opening balance | Transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.3) | Transferred to Service Retail (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.3) | Transferred to Service Industries Capital (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.3) | Recognized in statement of profit or loss | |
| Accelerated tax depreciation | 1,100,577 | (902,196) | (76,985) | - | 25,603 | 146,999 |
| Investment in associate | 67,090 | - | - | (67,090) | - | - |
| Fair value reserve FVTOCI investment | 9,943 | - | - | - | - | 8,478 |
| Right-of-use assets | 1,763,340 | (8,533) | (1,741,295) | - | 12,770 | 26,282 |
| Allowance for expected credit losses | (108,450) | 62,396 | - | - | (6,627) | (52,681) |
| Provision for doubtful advances to suppliers | (3,046) | 2,445 | - | - | (1,216) | (1,817) |
| Provision for slow moving and obsolete stores | (12,515) | 12,457 | - | - | (238) | (296) |
| Provision for slow moving and obsolete stock-in-trade | (35,180) | 9,266 | 14,655 | - | (62,995) | (74,254) |
| Lease liabilities | (2,130,016) | 10,558 | 2,104,107 | - | (16,224) | (31,575) |
| Minimum tax carry forward: | | | | | | |
| Available | (1,032,040) | 742,831 | 143,673 | - | 14,234 | (131,302) |
| Movement in deferred income tax not recognized | 410,203 | (279,819) | (40,966) | - | (52,218) | 37,200 |
| Deferred income tax recognized | (621,837) | 463,012 | 102,707 | - | (37,984) | (94,102) |
| | 29,906 | (350,595) | 403,189 | (67,090) | (86,911) | (72,966) |

Rupees in thousand

Notes to the Financial Statements

For the year ended December 31, 2024

| | 2023 | | | |
|---|--------------------|---|---|-----------------|
| | Opening balance | Recognized in statement of profit or loss | Recognized in statement of comprehensive income | Closing balance |
| | 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 |

10.3.2 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 minimum tax carry forward relates | Amount | | Accounting year in which minimum tax carry forward will expire |
|---------------------------|--|----------------|-----------|--|
| | | 2024 | 2023 | |
| Rupees in thousand | | | | |
| Minimum tax carry forward | 2024 | 23,033 | - | 2027 |
| | 2023 | 25,837 | 98,657 | 2026 |
| | 2022 | 34,654 | 456,707 | 2025 |
| | 2021 | 47,778 | 288,414 | 2026 |
| | 2019 | - | 188,262 | 2024 |
| | | 131,302 | 1,032,040 | |

| | 2024 | 2023 |
|--------------------|--------|--------|
| | Amount | Amount |
| Rupees in thousand | | |

11. TRADE AND OTHER PAYABLES

| | | | |
|------------------------------------|-------------|------------------|-----------|
| Trade creditors | | 777,684 | 3,845,309 |
| Accrued liabilities | | 541,785 | 1,640,520 |
| Letters of credit | | 83,353 | 50,041 |
| Contract liabilities - unsecured | | 318,014 | 694,294 |
| Provident fund payable | | 14,635 | 40,433 |
| Provision for service warranties | | - | 4,571 |
| Workers' profit participation fund | (Note 11.2) | (11,557) | (25,693) |
| Workers' welfare fund | (Note 11.3) | 13,610 | 54,977 |
| Income tax deducted at source | | 8,724 | 36,067 |
| Sales tax payable | | - | 427,237 |
| Others | (Note 11.4) | 14,994 | 20,981 |
| | | 1,761,242 | 6,788,737 |

11.1 These include Rupees 2.016 million (2023: Rupees Nil) due to Dongguan Service Global Limited - Subsidiary Company. It is in ordinary course of business and interest free.

Notes to the Financial Statements

For the year ended December 31, 2024

| | 2024 | 2023 |
|--|--------------------|-----------|
| | Amount | Amount |
| | Rupees in thousand | |
| 11.2 Workers' profit participation fund | | |
| Balance at 01 January | (25,693) | (16,203) |
| Provision for the year | - | 115,864 |
| | (25,693) | 99,661 |
| Payments made during the year | - | (125,354) |
| Excess amount paid by the fund | 14,136 | - |
| Balance at 31 December | (11,557) | (25,693) |

| | | |
|---|----------------------------|---------|
| 11.3 Workers' welfare fund | | |
| Balance at 01 January | 54,977 | 19,918 |
| Transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme | (Note 1.3) (53,757) | - |
| Transferred to Service Retail (Private) Limited - Subsidiary Company pursuant to the Scheme | (Note 1.3) (1,220) | - |
| Provision for the year | (Note 37) 13,610 | 36,352 |
| | 13,610 | 56,270 |
| Payments made during the year | - | (1,293) |
| Balance at 31 December | 13,610 | 54,977 |

11.4 These include Rupees 8.363 million (2023: Rupees 11.471 million) due to Service Global Footwear Limited - Subsidiary Company. It is in ordinary course of business, unsecured and interest free.

| | 2024 | 2023 |
|----------------------------|--------------------|---------|
| | Amount | Amount |
| | Rupees in thousand | |
| 12. ACCRUED MARK-UP | | |
| Long term financing | 168,289 | 313,576 |
| Short term borrowings | 31,470 | 489,315 |
| | 199,759 | 802,891 |

| | | 2024 | 2023 |
|--|-----------------------|--------------------|------------|
| | | Amount | Amount |
| | | Rupees in thousand | |
| 13. SHORT TERM BORROWINGS | | | |
| From banking companies - secured | | | |
| Short term running finances | (Notes 13.1 and 13.2) | 106,067 | 4,861,869 |
| Export refinance | (Notes 13.1 and 13.3) | - | 3,577,891 |
| Other short term finance - money market loans | (Notes 13.1 and 13.4) | 2,000,000 | 2,449,813 |
| | | 2,106,067 | 10,889,573 |
| From related parties - unsecured | | | |
| Loan from Service Global Footwear Limited - Subsidiary Company | (Note 13.5) | 2,500,000 | - |
| Loan from Service Tyres (Private) Limited - Subsidiary Company | (Note 13.6) | 1,441,029 | - |
| | | 3,941,029 | - |
| | | 6,047,096 | 10,889,573 |

13.1 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 8,725 million (2023: Rupees 12,640 million).

13.2 The effective rates range from 15.11% to 23.37% (2023: 15.91% to 23.90%) per annum.

13.3 The effective rates range from 6.50% to 19% (2023: 2.00% to 19.00%) per annum.

13.4 The effective rates range from 11.99% to 22.62% (2023: 15.97% to 23.69%) per annum.

13.5 This represents unsecured loan from Service Global Footwear Limited - Subsidiary Company for working capital requirement. Total credit facility available is Rupees 4,500 million (2023: Rupees 4,500 million). This carries 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 14.98% to 22.16% (2023: 17.57% to 22.66%) per annum.

13.6 This represents unsecured loan from Service Tyres (Private) Limited - Subsidiary Company for working capital requirement. Total credit facility available is Rupees 10,000 million (2023: Rupees Nil). This carries mark-up at the rate of 1 month KIBOR plus 0.5 percent per annum. Effective rate of mark-up charged on this short term loan ranges from 15.36% to 21.33% per annum (2023: Nil).

| | | 2024 | 2023 |
|---|-------------|--------------------|-----------|
| | | Amount | Amount |
| | | Rupees in thousand | |
| 14. CURRENT PORTION OF NON-CURRENT LIABILITIES | | | |
| Long term financing | (Notes 6) | 1,258,996 | 2,206,119 |
| Lease liabilities | (Note 8) | 21,817 | 424,556 |
| Deferred income - Government grant | (Note 10.1) | - | 143,356 |
| Gas Infrastructure Development Cess (GIDC) Payable | (Note 10.2) | - | 21,844 |
| | | 1,280,813 | 2,795,875 |

Notes to the Financial Statements

For the year ended December 31, 2024

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

As per the Scheme, all suits, appeals, arbitrations, governmental investigations and other legal proceedings instituted by or against the Company in respect of the Tyre Undertaking [vested in Service Tyres (Private) Limited], the Retail Undertaking [vested in Service Retail (Private) Limited] and SPL Shares [vested in Service Industries Capital (Private) Limited] and pending before any court, tribunal, regulatory body or any other authority are treated as suits, appeals and legal proceedings by or against Service Tyres (Private) Limited, Service Retail (Private) Limited and Service Industries Capital (Private) Limited respectively under the Scheme and may be continued, prosecuted and enforced by or against Service Tyres (Private) Limited, Service Retail (Private) Limited and Service Industries Capital (Private) Limited respectively accordingly. The following contingencies relate to the the Company, hence have been disclosed in the financial statements of the Company:

- 15.1.1** 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.
- 15.1.2** 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.
- 15.1.3** 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.
- 15.1.4** DCIR initiated sales tax audit for the year 2013-2014 on 28 December 2017, in which demand of Rupees 102.465 million was created. The Company filed appeal with CIR (Appeals) on 18 January 2018, who confirmed the demand of Rupees 7.328 million and remanded back certain charges to the tune of Rupees 95.137 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.
- 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 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.
- 15.1.6** 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.
- 15.1.7** 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.

- 15.1.8** 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.
- 15.1.9** 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).
- 15.1.10** 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 18.050 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. The Honourable Lahore High Court has granted a stay order on this matter.
- 15.1.11** 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.
- 15.1.12** 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 40.945 million along with penalty amounting to Rupees 2.047 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. During the remand back proceedings, the assessing officer through order dated 28 March 2024 decided the case against the Company. The Company being aggrieved filed an appeal before ATIR which is decided in totality in favour of the Company through order dated 01 July 2024.
- 15.1.13** 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.
- 15.1.14** 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. The Honourable Lahore High Court has granted a stay order on this matter.

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For the year ended December 31, 2024

- 15.1.15** On 07 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). CIR (Appeals), in connection with the appeal, decided the case in favour of the Company by deleting the demand in respect of deduction from income from business and annulling the matter with respect to tax credit and withholding of advance income tax for fresh consideration by the assessing officer.
- 15.1.16** 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 were 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.
- 15.1.17** On 11 December 2018, DCIR issued show cause notice against the purchases made from the suspended / blacklisted units, inadmissible input tax claimed, inadmissible input tax claimed on the packing material and non-payment of the further tax. After consideration of the Company's reply, DCIR imposed sales tax amounting to Rupees 516.202 million with default surcharge to be calculated at the time of payment of the tax. The Company being aggrieved with the decision filed an appeal before the ATIR. ATIR through its order dated 23 January 2023 remanded the case back to the DCIR. During the remand back proceedings, DCIR charged sales tax to the tune of Rupees 95.508 million primarily on the grounds of the inadmissible input tax on purchases. The Company, being aggrieved filed an appeal before ATIR. The Honourable Lahore High Court has granted a stay order on this matter.
- 15.1.18** DCIR concluded sales tax audit for the periods from January 2020 to December 2020 and charged sales tax to the tune of Rupees 16.824 million through the order dated 28 June 2024 on the grounds of inadmissible input tax on purchase, suppression of sales with the figures as per the financial statements and other issues. The Company has filed an appeal before the ATIR which is pending adjudication. The Honourable Lahore High Court has granted a stay order on this matter.
- 15.1.19** The management, based on advice of its advisors, is confident that the decisions regarding the above matters (Note 15.1.1 to Note 15.1.18) will be in favour of the Company, hence no provision has been made in these financial statements.
- 15.1.20** The Company is availing Export Facilitation Scheme (EFS) License issued by Collector of Custom, Sialkot Dry Port with a face value of Rupees 2,000 million (2023: 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 2,000 million (2023: Rupees 7,800 million) from the Company.
- 15.1.21** The Company has issued cross corporate guarantees of Rupees 9,000 million (2023: 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.
- 15.1.22** The Company's share in contingencies of associate accounted for under equity method is Rupees Nil (2023: Rupees 91.67 million).
- 15.1.23** Guarantees issued in ordinary course of business through banks are of Rupees 1,528.875 million (2023: Rupees 2,757.884 million). These include guarantee of Rupees 11.733 million, given by the bank of the Company in favour of Director Excise and Taxation, Karachi, under directions of Supreme Court of Pakistan, in respect of suit fled for levy of infrastructure cess.

15.2 Commitments

- 15.2.1** Contracts for capital expenditure are approximately of Rupees 134.309 million (2023: Rupees 144.646 million).
- 15.2.2** Letters of credit other than capital expenditure are of Rupees 3,633.754 million (2023: Rupees 2,996.048 million).
- 15.2.3** 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:

| | 2024 | 2023 |
|---|--------------------|--------|
| | Amount | Amount |
| | Rupees in thousand | |
| Not later than one year | 760 | 32,247 |
| Later than one year and not later than five years | - | 6,230 |
| | 760 | 38,477 |

15.2.4 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:

| | 2024 | 2023 |
|-----------------------|--------------------|--------|
| | Amount | Amount |
| | Rupees in thousand | |
| Not later than 1 year | - | 30,522 |

16. FIXED ASSETS

| | | | |
|--------------------------|-------------|------------------|------------|
| Operating fixed assets | (Note 16.1) | 1,198,417 | 11,149,760 |
| Capital work-in-progress | (Note 16.2) | 55,076 | 1,297,734 |
| | | 1,253,493 | 12,447,494 |

Notes to the Financial Statements

For the year ended December 31, 2024

16.1 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 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 |
| 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 |

| Description | Freehold land | Buildings on freehold land | Plant and machinery | Furniture, fixture and fittings | Vehicles | Service equipment | Leasehold Improvements | Total |
|---|----------------|----------------------------|---------------------|---------------------------------|----------------|-------------------|------------------------|------------------|
| | | | | | | | | |
| Year ended 31 December 2024 | | | | | | | | |
| Opening net book value | 390,262 | 1,698,868 | 6,542,866 | 142,139 | 446,996 | 1,156,784 | 771,845 | 11,149,760 |
| Additions | - | 48,234 | 7,836 | 3,876 | 109,389 | 64,611 | 7,439 | 241,385 |
| Transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.3): | | | | | | | | |
| Cost | (289,345) | (2,349,818) | (9,021,520) | (11,786) | (313,787) | (1,362,538) | - | (13,348,794) |
| Accumulated depreciation | - | 855,371 | 3,058,111 | 4,091 | 64,339 | 649,101 | - | 4,631,013 |
| | (289,345) | (1,494,447) | (5,963,409) | (7,695) | (249,448) | (713,437) | - | (8,717,781) |
| Transferred to Service Retail (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.3): | | | | | | | | |
| Cost | - | - | - | (136,479) | (96,281) | (535,378) | (1,082,743) | (1,850,881) |
| Accumulated depreciation | - | - | - | 23,836 | 15,349 | 190,493 | 310,898 | 540,576 |
| | - | - | - | (112,643) | (80,932) | (344,885) | (771,845) | (1,310,305) |
| Transferred to investment property: | | | | | | | | |
| Cost | (182) | - | - | - | - | - | - | (182) |
| Accumulated depreciation | - | - | - | - | - | - | - | - |
| | (182) | - | - | - | - | - | - | (182) |
| Disposals / written off: | | | | | | | | |
| Cost | - | - | (18,949) | - | (15,834) | (9,429) | - | (44,212) |
| Accumulated depreciation | - | - | 10,068 | - | 3,935 | 7,093 | - | 21,096 |
| | - | - | (8,881) | - | (11,899) | (2,336) | - | (23,116) |
| Depreciation | - | (19,582) | (57,704) | (2,444) | (36,816) | (23,699) | (1,099) | (141,344) |
| Closing net book value | 100,735 | 233,073 | 520,708 | 23,233 | 177,290 | 137,038 | 6,340 | 1,198,417 |
| At 31 December 2024 | | | | | | | | |
| Cost | 100,735 | 405,371 | 1,361,520 | 52,798 | 258,242 | 313,633 | 7,439 | 2,499,738 |
| Accumulated depreciation | - | (172,298) | (840,812) | (29,565) | (80,952) | (176,595) | (1,099) | (1,301,321) |
| Net book value | 100,735 | 233,073 | 520,708 | 23,233 | 177,290 | 137,038 | 6,340 | 1,198,417 |
| Annual rate of depreciation (%) | | 5-10 | 10 | 10 | 20 | 10-30 | 20 | |

Notes to the Financial Statements

For the year ended December 31, 2024

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 ----- | | | | | | | |
| Plant and Machinery | | | | | | | |
| Vacuum Vulcanizing Shapping M/C Model Yt-134A | 1,661 | 729 | 932 | 1,017 | 85 | Negotiation | Pasari International, Lahore. |
| Anze Cnc Punching Maching Model # A2-G2-R6 | 4,067 | 1,745 | 2,322 | 2,322 | - | Negotiation | Service Global Footwear Limited - Subsidiary Company, Lahore. |
| Stitching Machine Model Sm 7773 Hsing 750 Watt With Servo Motor | 1,527 | 575 | 952 | 952 | - | Negotiation | Service Global Footwear Limited - Subsidiary Company, Lahore. |
| Toe & Fore Part Lasting Machine Mod-710 Rc | 4,276 | 1,746 | 2,530 | 2,530 | - | Negotiation | Service Global Footwear Limited - Subsidiary Company, Lahore. |
| Toe Lasting Machine Re Conditioned Chen Feng | 1,800 | 763 | 1,037 | 1,800 | 763 | Negotiation | Service Global Footwear Limited - Subsidiary Company, Lahore. |
| Vehicles | | | | | | | |
| Changan Oshan X7-Comfort AMW-22-919 | 6,939 | 1,480 | 5,459 | 5,459 | - | Company's Policy | Mr. Murad Bukhari, Company's employee, Gujrat. |
| Hyundai Tucson APC-23-549 | 8,250 | 2,053 | 6,197 | 6,800 | 603 | Negotiation | Mr. Rehan Sarwar, Lahore. |
| Aggregate of other items of operating fixed assets with individual book values not exceeding Rupees 500,000 | 15,692 | 12,005 | 3,687 | 7,335 | 3,648 | | |
| | 44,212 | 21,096 | 23,116 | 28,215 | 5,099 | | |

| | | 2024 | 2023 |
|---|-----------|--------------------|-----------|
| | | Amount | Amount |
| | | Rupees in thousand | |
| 16.1.2 Depreciation charge for the year has been allocated as follows: | | | |
| Cost of sales | (Note 34) | 75,602 | 857,630 |
| Distribution cost | (Note 35) | 12,047 | 197,866 |
| Administrative expenses | (Note 36) | 53,695 | 58,177 |
| | | 141,344 | 1,113,673 |

16.1.3 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 | 741,936 |
| | | 776,953 |

Notes to the Financial Statements

For the year ended December 31, 2024

16.2 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 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 |
| Balance at 31 December 2023 | 91,122 | 298,231 | 3,405 | 13,804 | 497,435 | 28,825 | 364,912 | 1,297,734 |
| Additions during the year | 14,409 | 9,345 | - | 30,021 | 23,331 | - | - | 77,106 |
| Transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.3) | (88,924) | (252,874) | - | - | (476,305) | - | (364,912) | (1,183,015) |
| Transferred to operating fixed assets during the year | (14,409) | (7,836) | - | (35,457) | (23,331) | - | - | (81,033) |
| Balance at 31 December 2024 | - | 46,866 | - | 8,210 | - | - | - | 55,076 |

16.2.1 Particulars of royalty for 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 | |
|---------------------------------------|---|--|--------------------|
| | | 2024 | 2023 |
| Hangzhou SFR Technology Co. Ltd., | No. 106, Houmuqiao Road, Gangqian Street, Yuhang District, Hangzhou, China 311121 | Other | - |
| Renju Yate Motorcycle Parts Co. Ltd., | Shimeneqiao Town, Renju City, Hebei, China 062556 | Other | - |
| | | Related / Other | Rupees in thousand |

17. INVESTMENT PROPERTY

17.1 This represents freehold land stated at cost. Market value of freehold land is estimated at Rupees 3,586.55 million. Forced sale value of investment property as on the reporting date is Rupees 3,227.895 million. The valuation has been carried out by M/s K.G. Traders (Private) Limited, an independent valuer. No expenses directly related to investment property were incurred during the year. This freehold land has been given on operating lease to Service Tyres (Private) Limited - Subsidiary Company.

17.2 Particulars of investment property are as follows:

| Description | Address | Area of land | |
|--------------|-------------------|--------------------|--------|
| | | | Kanals |
| Factory land | G.T. Road, Gujrat | | 222.34 |
| | | 2024 | 2023 |
| | | Amount | Amount |
| | | Rupees in thousand | |

18. RIGHT-OF-USE ASSETS**Reconciliation of carrying amount of right-of-use assets**

| | | | |
|---|-------------|--------------------|-----------|
| Balance at 01 January | | 4,521,384 | 3,386,718 |
| Transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme | (Note 1.3) | (21,880) | - |
| Transferred to Service Retail (Private) Limited - Subsidiary Company pursuant to the Scheme | (Note 1.3) | (4,464,856) | - |
| Additions during the year | | 51,200 | 1,763,553 |
| Impact of lease termination | | - | (35,476) |
| Depreciation for the year | (Note 18.2) | (18,459) | (593,411) |
| Balance at 31 December | | 67,389 | 4,521,384 |

18.1 Lease of buildings

The Company obtained buildings on lease for godowns and shop. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease period is of five 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.

18.2 The depreciation charge amounting to Rupees 18.459 million (2023: Rupees 593.411 million) for the year has been allocated to distribution cost (Note 35).

Notes to the Financial Statements

For the year ended December 31, 2024

| | | 2024 | 2023 |
|------------------------------------|-------------------------|--------------------|--------|
| | | Amount | Amount |
| | | Rupees in thousand | |
| 19. INTANGIBLE ASSETS | | | |
| Intangible assets in use | (Notes 19.1 and 19.1.4) | 3,762 | 1,862 |
| Intangible asset under development | | - | 5,648 |
| | | 3,762 | 7,510 |

19.1 Intangible assets in use

| | | | |
|---|---------------|----------------|---------|
| Balance at 01 January | | 1,862 | 3,728 |
| Transferred to Service Retail (Private) Limited - Subsidiary Company pursuant to the Scheme | (Note 1.3) | (1,860) | - |
| Additions during the year | | 5,646 | - |
| Amortization during the year | (Note 19.1.2) | (1,886) | (1,866) |
| Balance at 31 December | | 3,762 | 1,862 |

| | | | |
|---|--|-----------------|----------|
| 19.1.1 Cost at 31 December | | 40,532 | 50,515 |
| Accumulated amortization at 31 December | | (36,770) | (48,653) |
| Net book value at 31 December | | 3,762 | 1,862 |

19.1.2 Amortization on intangible assets has been allocated as follows:

| | | | |
|-------------------------|-----------|--------------|-------|
| Distribution cost | (Note 35) | - | 557 |
| Administrative expenses | (Note 36) | 1,886 | 1,309 |
| | | 1,886 | 1,866 |

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

19.1.4 These include intangible assets having cost of Rupees 34.884 million (2023: Rupees 39.134 million) which are fully amortized.

| | | 2024 | 2023 |
|--|-------------|--------------------|-----------|
| | | Amount | Amount |
| | | Rupees in thousand | |
| 20. LONG TERM INVESTMENTS | | | |
| Investments in subsidiary companies - at cost | (Note 20.1) | 14,125,899 | 7,559,766 |
| Investment in associate (with significant influence) - under equity method | (Note 20.2) | - | 407,911 |
| Investment in joint ventures | (Note 20.3) | - | - |
| Other investment - at FVTOCI | (Note 20.4) | 54,769 | 61,279 |
| | | 14,180,668 | 8,028,956 |

| | 2024 | 2023 |
|---|---|-----------|
| | Amount | Amount |
| | Rupees in thousand | |
| 20.1 Investments in subsidiary companies - at cost | | |
| Service Industries Capital (Private) Limited - unquoted 74,082,700 (2023: 40,000,000) fully paid ordinary shares of Rupees 10 each. Equity held 100% (2023: 100%) | (Notes 1.3 and 20.1.1) 740,827 | 400,000 |
| Service Global Footwear Limited - quoted 163,550,000 (2023: 163,550,000) fully paid ordinary shares of Rupees 10 each. Equity held 79.37% (2023: 79.43%) | (Note 20.1.2) 3,026,184 | 3,026,184 |
| Service Long March Tyres (Private) Limited - unquoted 316,539,659 (2023: 411,233,350) fully paid ordinary shares of Rupees 10 each. Equity held 22.09% (2023: 32.09%) | (Notes 1.3 and 20.1.3) 3,179,430 | 4,126,367 |
| Service Tyres (Private) Limited - unquoted 666,724,300 (2023: Nil) fully paid ordinary shares of Rupees 10 each Equity held 100% (2023: Nil) | (Notes 1.3 and 20.1.4) 6,667,243 | - |
| Service Retail (Private) Limited - unquoted 50,500,000 (2023: Nil) fully paid ordinary shares of Rupees 10 each Equity held 100% (2023: Nil) | (Notes 1.3 and 20.1.5) 505,000 | - |
| SIL GULF (FZE) - unquoted 1 (2023: 1) fully paid share of UAE Dirhams 150,000 Equity held 100% (2023: 100%) | 7,215 | 7,215 |
| | 14,125,899 | 7,559,766 |

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

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

20.1.3 The Company, Service Global Footwear Limited - Subsidiary Company and Service Tyres (Private) 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.

20.1.4 Investment in Service Tyres (Private) Limited include 1 share held in the name of nominee director of the Company.

20.1.5 Investment in Service Retail (Private) Limited include 1 share held in the name of nominee director of the Company.

Notes to the Financial Statements

For the year ended December 31, 2024

| | 2024 Amount | 2023 Amount |
|--|------------------|----------------|
| Rupees in thousand | | |
| 20.2 Investment in associate (with significant influence) - under equity method | | |
| Speed (Private) Limited - unquoted | | |
| Nil (2023: 160,709) fully paid ordinary shares of Rupees 100 each | - | 190,949 |
| Share of post acquisition changes in investee's net assets: | | |
| At 01 January | 216,962 | 153,210 |
| Transferred to Service Industries Capital (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.3) | (216,962) | - |
| Share of post acquisition profit for the year - net of tax | - | 63,752 |
| | - | 216,962 |
| | - | 407,911 |

20.2.1 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.

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

| | 2024 Amount | 2023 Amount |
|-------------------------|----------------|----------------|
| Rupees in thousand | | |
| Current assets | - | 2,157,485 |
| Non-current assets | - | 829,235 |
| Total assets | - | 2,986,720 |
| Current liabilities | - | 673,880 |
| Non-current liabilities | - | 724,346 |
| Total liabilities | - | 1,398,226 |
| Net assets | - | 1,588,494 |

| | 2024 | 2023 |
|--|--------------------|-----------|
| | Amount | Amount |
| | Rupees in thousand | |
| 20.2.3 Reconciliation to carrying amounts: | | |
| Balance at 01 January | - | 1,297,391 |
| Profit after income tax | - | 291,103 |
| Balance at 31 December | - | 1,588,494 |
| Percentage of holding | - | 21.90% |
| Company's share | - | 347,881 |
| Goodwill | - | 60,030 |
| Carrying value of investment in associate | - | 407,911 |
| Summarized statement of comprehensive income: | | |
| Revenue - net for the year | - | 3,326,258 |
| Profit for the year | - | 291,103 |
| Total comprehensive income for the year | - | 291,103 |
| 20.3 Investment in joint ventures | | |
| S2 Power Limited | | |
| 24,000 (2023: 24,000) fully paid ordinary shares of Rupees 10 each | 240 | 240 |
| S2 Hydro Limited | | |
| 24,000 (2023: 24,000) fully paid ordinary shares of Rupees 10 each | 240 | 240 |
| | 480 | 480 |
| Impairment loss against investment | (480) | (480) |
| | - | - |
| 20.4 Other investment - at FVTOCI | | |
| TRG Pakistan Limited - quoted | | |
| 775,000 (2023: 775,000) fully paid ordinary shares of Rupees 10 each | 17,089 | 17,089 |
| Fair value adjustment | 37,680 | 44,190 |
| | 54,769 | 61,279 |

Notes to the Financial Statements

For the year ended December 31, 2024

| | | 2024 Amount | 2023 Amount |
|--|----------------------------------|----------------|----------------|
| Rupees in thousand | | | |
| 21. LONG TERM LOANS TO EMPLOYEES | | | |
| Considered good: | | | |
| Executives | (Notes 21.1, 21.2 and Note 21.3) | 17,335 | 27,641 |
| Other employees | (Note 21.3) | 487 | 1,530 |
| | | 17,822 | 29,171 |
| Current portion shown under current assets | (Note 26) | | |
| Executives | | (5,442) | (10,434) |
| Other employees | | (319) | (925) |
| | | (5,761) | (11,359) |
| | | 12,061 | 17,812 |

21.1 Reconciliation of carrying amount of loans to executives:

| | | | |
|---|------------|---------------|----------|
| Balance at 01 January | | 27,641 | 19,581 |
| Transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme | (Note 1.3) | (5,970) | - |
| Transferred to Service Retail (Private) Limited - Subsidiary Company pursuant to the Scheme | (Note 1.3) | (9,493) | - |
| Disbursements during the year | | 19,126 | 28,281 |
| Repayments during the year | | (13,969) | (20,221) |
| Balance at 31 December | | 17,335 | 27,641 |

21.2 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 22.800 million (2023: Rupees 35.060 million).

21.3 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 8 years and are secured by amount due to the employees against retirement benefit.

21.4 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.

| | | 2024 Amount | 2023 Amount |
|---|-----------|----------------|----------------|
| Rupees in thousand | | | |
| 22. LONG TERM SECURITY DEPOSITS | | | |
| Security deposits against Ijarah | | - | 6,558 |
| Security deposits against right-of-use assets | | - | 155,506 |
| Security deposits - others | | 13,682 | 76,852 |
| | | 13,682 | 238,916 |
| Current portion shown under current assets | (Note 29) | (2,558) | (6,615) |
| | | 11,124 | 232,301 |

| | | 2024 | 2023 |
|--|-------------|--------------------|----------|
| | | Amount | Amount |
| | | Rupees in thousand | |
| 23. STORES, SPARES AND LOOSE TOOLS | | | |
| Machinery spares | | 10,511 | 217,833 |
| Stores | (Note 23.1) | 19,160 | 435,818 |
| Loose tools | | - | 1,000 |
| | | 29,671 | 654,651 |
| Provision for slow moving and obsolete items | (Note 23.2) | (758) | (37,754) |
| | | 28,913 | 616,897 |

23.1 These include stores in transit of Rupees 13.993 million (2023: Rupees 64.254 million).

| | | 2024 | 2023 |
|--|------------|--------------------|--------|
| | | Amount | Amount |
| | | Rupees in thousand | |
| 23.2 Provision for slow moving and obsolete items | | | |
| Balance at 01 January | | 37,754 | 31,636 |
| Transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme | (Note 1.3) | (37,577) | - |
| Provision for the year | | 581 | 6,118 |
| Balance at 31 December | | 758 | 37,754 |

24. STOCK-IN-TRADE

| | | | |
|--|--------------------|------------------|------------|
| Raw materials | (Note 24.1) | 729,974 | 3,610,961 |
| Packing materials | | 27,502 | 124,582 |
| Work-in-process | | 269,280 | 400,386 |
| Finished goods | (Notes 24.2, 24.3) | | |
| - Own production | | 416,795 | 2,810,068 |
| - Purchased | | 425,874 | 3,547,559 |
| | | 842,669 | 6,357,627 |
| | | 1,869,425 | 10,493,556 |
| Provision for slow moving and obsolete items | (Note 24.5) | (190,394) | (106,123) |
| | | 1,679,031 | 10,387,433 |

24.1 These include stock in transit of Rupees 35.352 million (2023: Rupees 489.849 million).

24.2 These include stock in transit of Rupees Nil (2023: Rupees 79.781 million).

24.3 Finished goods of Rupees 205.099 million (2023: Rupees 349.435 million) are being carried at net realizable value.

Notes to the Financial Statements

For the year ended December 31, 2024

24.4 The aggregate amount of Rupees 57.753 million (2023: Rupees 25.239 million) has been charged to cost of sales, being the cost of inventory written down during the year.

| | 2024 | 2023 |
|--|--------------------|---------|
| | Amount | Amount |
| | Rupees in thousand | |
| 24.5 Provision for slow moving and obsolete items | | |
| Balance at 01 January | 106,123 | 53,050 |
| Transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.3) | (27,953) | - |
| Transferred to Service Retail (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.3) | (44,210) | - |
| Provision for the year | 156,434 | 59,707 |
| Stock-in-trade written off against provision | - | (6,634) |
| Balance at 31 December | 190,394 | 106,123 |

25. TRADE DEBTS

Considered good:

Secured:

- Against irrevocable letters of credit 7,799 -

Unsecured:

- Related parties (Notes 25.3) 4,696 8,199

- Others (Note 25.6) 1,943,289 4,186,280

1,947,985 4,194,479

1,955,784 4,194,479

Allowance for expected credit losses (Note 25.7) **(135,080)** (327,148)

1,820,704 3,867,331

25.1 Jurisdictions of trade debts:

| | | |
|---------------|------------------|-----------|
| Europe | 175,498 | 100,156 |
| South America | - | 294,593 |
| North America | - | 8,719 |
| Asia | 4,737 | 1,579 |
| Australia | 5,477 | - |
| Africa | 273,767 | 302,268 |
| Pakistan | 1,496,305 | 3,487,164 |
| | 1,955,784 | 4,194,479 |

| | 2024 | 2023 |
|--------------------------------------|--------------------|-----------|
| | Amount | Amount |
| | Rupees in thousand | |
| 25.2 Types of counterparties: | | |
| Export | | |
| Corporate | 459,480 | 668,318 |
| Other | - | 38,997 |
| | 459,480 | 707,315 |
| Local | | |
| Corporate | 1,032,631 | 1,389,588 |
| Other | 463,673 | 2,097,576 |
| | 1,496,304 | 3,487,164 |
| | 1,955,784 | 4,194,479 |

25.3 This represents amounts due from following related party:

| | | |
|---|--------------|-------|
| Service Global Footwear Limited - Subsidiary Company | - | 8,199 |
| Service Long March Tyres (Private) Limited - Subsidiary Company | 4,696 | - |

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

| | 2024 | 2023 |
|---|--------------------|---------|
| | Amount | Amount |
| | Rupees in thousand | |
| Service Global Footwear Limited - Subsidiary Company | 197,763 | 189,082 |
| Service Long March Tyres (Private) Limited - Subsidiary Company | 4,696 | 85,801 |

25.5 As at the reporting date, trade debt due from related party amounting to Rupees 4.696 million (2023: Rupees 8.199 million) was past due but not impaired. The ageing analysis of this trade debt is as follows:

| | 2024 | 2023 |
|--------------|--------------------|--------|
| | Amount | Amount |
| | Rupees in thousand | |
| Upto 1 month | 4,696 | 8,199 |

25.6 As at 31 December 2024, trade debts due from other than related parties of Rupees 864.280 million (2023: Rupees 704.727 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:

Notes to the Financial Statements

For the year ended December 31, 2024

| | 2024 Amount | 2023 Amount |
|--------------------|--------------------|----------------|
| | Rupees in thousand | |
| Upto 1 month | 54,919 | 222,372 |
| 1 to 6 months | 577,347 | 129,656 |
| More than 6 months | 232,014 | 352,699 |
| | 864,280 | 704,727 |

25.7 Allowance for expected credit losses

| | | |
|---|----------------|----------------|
| Balance at 01 January | 327,148 | 316,356 |
| Transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.3) | (188,222) | - |
| (Reversed) / recognized during the year | (3,846) | 10,792 |
| Balance at 31 December | 135,080 | 327,148 |

26. LOANS AND ADVANCES

Considered good:

| | | |
|--|------------------|----------------|
| Advances to staff | 6,256 | 17,360 |
| Current portion of long term loans to employees (Note 21) | 5,761 | 11,359 |
| Advances to suppliers | 71,832 | 221,534 |
| Letters of credit | 42,404 | 468,805 |
| Short term loan to Service Retail (Private) Limited - Subsidiary Company (Note 26.2) | 1,692,442 | - |
| Others (Note 26.3) | 1,058 | 10,836 |
| | 1,819,753 | 729,894 |

Considered doubtful:

| | | |
|--|------------------|----------------|
| Advances to suppliers | 4,660 | 9,188 |
| Provision against doubtful advances to suppliers (Note 26.1) | (4,660) | (9,188) |
| | - | - |
| | 1,819,753 | 729,894 |

26.1 Provision against doubtful advances to suppliers

| | | |
|---|--------------|--------------|
| Balance at 01 January | 9,188 | 5,598 |
| Transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.3) | (7,379) | - |
| Provision recognized during the year (Note 37) | 2,851 | 3,590 |
| Balance at 31 December | 4,660 | 9,188 |

26.2 This represents unsecured loan to Service Retail (Private) Limited - Subsidiary Company for working capital requirement. This carries mark-up at 1-month KIBOR plus 0.5 percent per annum or average borrowing cost of the Company, whichever is higher. The maximum aggregate amount receivable from the Subsidiary Company at the end of any month during the year was Rupees 1,692.442 million. It is neither past due nor impaired. Effective rate of mark-up charged on this short term loan ranges from 15.36% to 21.33% per annum.

| | 2024 | 2023 |
|--|--------------------|----------|
| | Amount | Amount |
| | Rupees in thousand | |
| 26.3 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 advances | (14,167) | (14,167) |
| | - | - |

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

| | 2024 | 2023 |
|----------------------------------|--------------------|--------|
| | Amount | Amount |
| | Rupees in thousand | |
| S2 Power Limited - joint venture | 2,691 | 2,691 |
| S2 Hydro Limited - joint venture | 11,476 | 11,476 |

27. ACCRUED MARK-UP

| | | | |
|---|-------------|---|---|
| On short term loan to Service Retail (Private) Limited - Subsidiary Company | (Note 27.1) | - | - |
|---|-------------|---|---|

27.1 The maximum aggregate outstanding amount at the end of any month during the year was Rupees 17.971 million (2023: Rupees Nil).

| | 2024 | 2023 |
|------------------------------------|--------------------|-------------|
| | Amount | Amount |
| | Rupees in thousand | |
| 28. TAXATION AND LEVY - NET | | |
| Taxation - net | (550,831) | (1,313,797) |
| Provision for taxation | 547,935 | 1,386,085 |
| Advance income tax | (2,896) | 72,288 |
| Levy - net | (36,020) | (228,813) |
| Levy payable | - | 463,389 |
| Prepaid levy | (36,020) | 234,576 |
| | (38,916) | 306,864 |

Notes to the Financial Statements

For the year ended December 31, 2024

| | 2024 | 2023 |
|--|--------------------|---------|
| | Amount | Amount |
| | Rupees in thousand | |
| 29. TRADE DEPOSITS AND PREPAYMENTS | | |
| Security deposits | 97,915 | 94,497 |
| Prepayments | 28,779 | 86,270 |
| Current portion of long term security deposits (Note 22) | 2,558 | 6,615 |
| | 129,252 | 187,382 |

| | | |
|------------------------------|----------------|---------|
| 30. OTHER RECEIVABLES | | |
| Considered good: | | |
| Duty drawback | 26,553 | 26,553 |
| Custom duty rebate | 65,426 | 249,950 |
| Sales tax refundable | 470,207 | - |
| Others (Note 30.1) | 3,830 | 102,644 |
| | 566,016 | 379,147 |

30.1 These include amount of Rupees 1.594 million (2023: Rupees 1.352 million) 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 1.594 million (2023: Rupees 1.352 million).

| | 2024 | 2023 |
|------------------------------------|--------------------|---------|
| | Amount | Amount |
| | Rupees in thousand | |
| 31. SHORT TERM INVESTMENT | | |
| At amortized cost | | |
| Term deposits receipts (Note 31.1) | 372,419 | 879,914 |
| Interest accrued thereon | 2,758 | 3,516 |
| | 375,177 | 883,430 |

31.1 These represent term deposits with banking company having maturity period of one month to one year and carry profit at the rates ranging from 5.59% to 21% per annum (2023: 9.80% to 21% per annum).

| | 2024 | 2023 |
|-----------------------------------|---------------------------|-----------|
| | Amount | Amount |
| | Rupees in thousand | |
| 32. CASH AND BANK BALANCES | | |
| With banks: | | |
| On current accounts | | |
| Local currency | 387,417 | 1,488,848 |
| Foreign currency | (Note 32.1) 25,261 | 118,315 |
| | 412,678 | 1,607,163 |
| On saving accounts | | |
| Local currency | (Note 32.2) 2,627 | 116,564 |
| | 415,305 | 1,723,727 |
| Cash in transit | - | 20,071 |
| Cash in hand | 1,645 | 69,878 |
| | 416,950 | 1,813,676 |

32.1 This represents USD 1,394 (2023: USD 1,394) and EURO 85,747 (2023: EURO 378,742).

32.2 Rate of profit on saving accounts ranges from 13.5% to 21.5% (2023: 9.80% to 20.50%) per annum.

| | 2024 | 2023 |
|--|--------------------|-------------|
| | Amount | Amount |
| | Rupees in thousand | |
| 33. REVENUE - NET | | |
| Revenue from contracts with customers: | | |
| Export: | | |
| - Sales | 3,050,424 | 8,192,452 |
| - Discounts, commissions etc. | (49,991) | (129,490) |
| | 3,000,433 | 8,062,962 |
| Local: | | |
| - Sales | 16,593,771 | 60,419,044 |
| - Sales tax | (2,466,054) | (9,498,062) |
| - Discounts, commissions etc. | (536,143) | (3,349,096) |
| | 13,591,574 | 47,571,886 |
| Processing income: | | |
| - Sales | 20,402 | 128,752 |
| - Sales tax | (3,112) | (19,566) |
| | 17,290 | 109,186 |
| Commission income | 26,890 | - |
| | 16,636,187 | 55,744,034 |

Notes to the Financial Statements

For the year ended December 31, 2024

| | 2024 | 2023 |
|--|--------------------|------------|
| | Amount | Amount |
| | Rupees in thousand | |
| 33.1 Sales of footwear - net | | |
| Export sales | 1,096,192 | 1,595,334 |
| Local sales | 4,406,538 | 14,086,257 |
| | 5,502,730 | 15,681,591 |
| Processing income | 17,290 | 109,186 |
| Sales of tyres and related raw material - net | | |
| Export sales | 1,904,241 | 6,467,628 |
| Local sales | 8,747,900 | 29,537,296 |
| | 10,652,141 | 36,004,924 |
| Commission income | 26,890 | - |
| Sales of spare parts for automobiles - net | | |
| Local sales | - | 3,247,357 |
| Sales of technical rubber products - net | | |
| Local sales | 437,136 | 700,976 |
| | 16,636,187 | 55,744,034 |

33.2 The amount of Rupees 144.808 million included in contract liabilities (Note 11) at 31 December 2023 has been recognised as revenue in 2024 (2023: Rupees 717.366 million).

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

| | | 2024 | 2023 |
|---|---------------|--------------------|-------------|
| | | Amount | Amount |
| | | Rupees in thousand | |
| 34. COST OF SALES | | | |
| Raw materials consumed | (Note 34.1) | 2,659,539 | 27,375,238 |
| Salaries, wages and other benefits | (Note 34.2) | 993,965 | 3,392,820 |
| Stores and spares consumed | | 149,353 | 462,666 |
| Packing materials consumed | | 197,947 | 911,929 |
| Fuel and power | | 153,737 | 2,326,526 |
| Insurance | | 20,503 | 62,839 |
| Travelling | | 12,371 | 61,141 |
| Repair and maintenance | | 57,916 | 340,575 |
| Entertainment | | 2,330 | 21,645 |
| Depreciation on operating fixed assets | (Note 16.1.2) | 75,602 | 857,630 |
| Provision for slow moving and obsolete inventory | | 157,015 | 65,825 |
| Vendor processing charges | | 2,314 | 6,624 |
| Other manufacturing charges | | 7,432 | 114,313 |
| | | 4,490,024 | 35,999,771 |
| Work-in-process | | | |
| Opening stock | | 400,386 | 760,874 |
| Transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme | (Note 1.3) | (76,835) | - |
| Closing stock | | (269,280) | (400,386) |
| | | 54,271 | 360,488 |
| Cost of goods manufactured | | 4,544,295 | 36,360,259 |
| Finished goods | | | |
| Opening stock | | 6,357,627 | 4,772,799 |
| Transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme | (Note 1.3) | (2,180,313) | - |
| Transferred to Service Retail (Private) Limited - Subsidiary Company pursuant to the Scheme | (Note 1.3) | (3,029,171) | - |
| Purchases during the year | | 11,242,642 | 7,278,333 |
| Closing stock | | (842,669) | (6,357,627) |
| | | 11,548,116 | 5,693,505 |
| | | 16,092,411 | 42,053,764 |
| 34.1 Raw material consumed | | | |
| Opening stock | | 3,610,961 | 3,571,065 |
| Transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme | (Note 1.3) | (2,701,109) | - |
| Purchases during the year | | 2,479,661 | 27,415,134 |
| Closing stock | | (729,974) | (3,610,961) |
| Raw materials consumed during the year | (Note 34.1.1) | 2,659,539 | 27,375,238 |

Notes to the Financial Statements

For the year ended December 31, 2024

34.1.1 Custom duty rebate for the year amounting to Rupees 42.609 million (2023: Rupees 192.822 million) has been adjusted against raw materials consumed.

34.2 Salaries, wages and other benefits include Rupees 32.103 million (2023: Rupees 101.447 million), Rupees 16.553 million (2023: Rupees 19.455 million) and Rupees 4.071 million (2023: Rupees 45.740 million) in respect of provident fund, gratuity fund and compensated absences respectively.

| | | 2024 | 2023 |
|--|-----------------------|--------------------|-----------|
| | | Amount | Amount |
| | | Rupees in thousand | |
| 35. DISTRIBUTION COST | | | |
| Salaries and other benefits | (Note 35.1) | 127,523 | 1,294,084 |
| Freight and insurance | | 103,287 | 942,695 |
| Advertisement and publicity | | 19,104 | 586,185 |
| Communication | | 2,388 | 12,118 |
| Entertainment | | 2,515 | 32,329 |
| Samples | | 80,800 | 114,137 |
| Depreciation on operating fixed assets | (Note 16.1.2) | 12,047 | 197,866 |
| Depreciation on right-of-use assets | (Note 18.2) | 18,459 | 593,411 |
| Amortization on intangible assets | (Note 19.1.2) | - | 557 |
| Rent, rates and taxes | (Notes 35.2 and 35.3) | 1,348 | 196,974 |
| Repairs and maintenance | | 1,570 | 68,074 |
| Legal and professional | | 3,788 | 18,054 |
| Postage and courier | | 4,832 | 22,585 |
| Fuel and power | | 4,969 | 307,485 |
| Travelling and conveyance | | 26,593 | 166,598 |
| Others | | 7,214 | 89,871 |
| | | 416,437 | 4,643,023 |

35.1 Salaries and other benefits include Rupees 4.541 million (2023: Rupees 27.259 million), Rupees 0.313 million (2023: Rupees 16.270 million) and Rupees 0.433 million (2023: Rupees 3.061 million) in respect of provident fund, gratuity fund and compensated absences respectively.

35.2 These include rent expense of Rupees Nil (2023: Rupees 184.382 million) relating to shops not classified as lease due to sales based rent.

35.3 These include rent expense of Rupees 0.172 million (2023: Rupees 8.628 million) and Rupees 0.700 million (2023: Rupees 1.601 million) relating to short term and low value leases respectively.

| | | 2024 | 2023 |
|--|---------------|--------------------|-----------|
| | | Amount | Amount |
| | | Rupees in thousand | |
| 36. ADMINISTRATIVE EXPENSES | | | |
| Salaries and other benefits | (Note 36.1) | 374,997 | 1,439,808 |
| Communication | | 9,669 | 32,955 |
| Printing and stationery | | 4,554 | 24,990 |
| Travelling and conveyance | | 6,593 | 89,497 |
| Entertainment | | 17,154 | 55,173 |
| Vehicles' running | | 8,743 | 103,136 |
| Insurance | | 1,907 | 11,735 |
| Rent, rates and taxes | (Note 36.2) | 7,740 | 34,592 |
| Fuel and power | | 20,459 | 40,299 |
| Repairs and maintenance | | 10,152 | 22,492 |
| Auditor's remuneration | (Note 36.3) | 4,756 | 5,901 |
| Legal and professional | | 5,368 | 38,629 |
| Fee and subscription | | 1,916 | 10,138 |
| Depreciation on operating fixed assets | (Note 16.1.2) | 53,695 | 58,177 |
| Amortization on intangible assets | (Note 19.1.2) | 1,886 | 1,309 |
| Ijarah rentals | | 1,088 | 41,505 |
| Computer running and maintenance | | 1,934 | 19,320 |
| Advertisement | | 372 | 981 |
| General | | 12,709 | 60,488 |
| | | 545,692 | 2,091,125 |

36.1 Salaries and other benefits include Rupees 7.407 million (2023: Rupees 36.503 million), Rupees 2.751 million (2023: Rupees 20.242 million) and Rupees 0.362 million (2023: Rupees 1.286 million) in respect of provident fund, gratuity fund and compensated absences respectively.

36.2 These include rent expense of Rupees 0.562 million (2023: Rupees 20.363 million) and Rupees 5.998 million (2023: Rupees 3.062 million) relating to short term leases and leases of low value assets respectively.

| | | 2024 | 2023 |
|--|--|--------------------|--------|
| | | Amount | Amount |
| | | Rupees in thousand | |
| 36.3 Auditor's remuneration: | | | |
| Statutory audit fee | | 2,884 | 3,565 |
| Statutory audit fee of consolidated financial statements | | 354 | 354 |
| Half yearly review | | 982 | 982 |
| Certification charges | | 115 | 550 |
| Reimbursable expenses | | 421 | 450 |
| | | 4,756 | 5,901 |

Notes to the Financial Statements

For the year ended December 31, 2024

| | | 2024 | 2023 |
|--|-------------|--------------------|---------|
| | | Amount | Amount |
| | | Rupees in thousand | |
| 37. OTHER EXPENSES | | | |
| Donations | (Note 37.1) | 33,333 | 87,975 |
| Workers' profit participation fund | (Note 11.2) | - | 115,864 |
| Workers' welfare fund | (Note 11.3) | 13,610 | 36,352 |
| Provision for doubtful advances to suppliers | (Note 26.1) | 2,851 | 3,590 |
| Allowance for expected credit losses | (Note 25.7) | - | 10,792 |
| Operating fixed assets written off - net | | 502 | 6,610 |
| Loss on disposal of operating fixed assets - net | | - | 2,391 |
| | | 50,296 | 263,574 |

37.1 The names of donees to whom donation amount exceeds Rupees 3.333 million (2023: Rupees 8.798 million) or donees in which directors have interest are as follows:

| | | 2024 | 2023 |
|--------------------------|---------------|--------------------|--------|
| | | Amount | Amount |
| | | Rupees in thousand | |
| Servis Foundation | (Note 37.1.1) | 25,947 | 61,035 |
| Shalamar Hospital | (Note 37.1.2) | 1,415 | 12,794 |
| Service Charitable Trust | (Note 37.1.3) | 5,971 | - |
| | | 33,333 | 73,829 |

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

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

37.1.3 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.

| | 2024 Amount | 2023 Amount |
|---|--------------------|------------------|
| | Rupees in thousand | |
| 38. OTHER INCOME | | |
| Income from financial assets | | |
| Return on bank deposits and term deposits receipts | 37,136 | 32,255 |
| Interest on loans to subsidiary companies | 136,919 | - |
| Dividend income | 2,788,316 | 163,550 |
| Exchange gain - net | 4,268 | 136,616 |
| Reversal of allowance for expected credit losses (Note 25.7) | 3,846 | - |
| Income from non-financial assets | | |
| Amortization of deferred income - Government grant (Note 10.1) | - | 139,868 |
| Gain on disposal of operating fixed assets - net | 5,601 | - |
| Gain on lease termination | - | 8,618 |
| Rental income | 243,942 | - |
| Scrap sales | 51,020 | 105,666 |
| Miscellaneous | 36,000 | 36,000 |
| | 3,307,048 | 622,573 |
| 39. FINANCE COST | | |
| Mark-up / interest on: | | |
| - long term financing | 1,238,480 | 1,469,645 |
| - short term borrowings | 742,484 | 2,317,319 |
| - loans from Service Global Footwear Limited - Subsidiary Company | 87,133 | 532,170 |
| - loan from Service Tyres (Private) Limited - Subsidiary Company | 75,127 | - |
| - lease liabilities (Note 8.1) | 13,313 | 615,417 |
| Bank charges and commission | 15,041 | 86,439 |
| | 2,171,578 | 5,020,990 |
| 40. LEVY | | |
| Final taxes | - | 110,270 |
| Minimum tax differential | 23,033 | 98,657 |
| Prior year | - | 11,118 |
| | 23,033 | 220,045 |

40.1 The Company has opted for group taxation under section 59AA of the Income Tax Ordinance, 2001 and the charge for levy has been made accordingly.

Notes to the Financial Statements

For the year ended December 31, 2024

| | | 2024 Amount | 2023 Amount |
|---------------------|-------------|-----------------|----------------|
| Rupees in thousand | | | |
| 41. TAXATION | | | |
| Current | (Note 41.1) | 406,278 | 729,277 |
| Prior year | | - | 47,422 |
| Deferred tax | | (86,911) | 19,003 |
| | | 319,367 | 795,702 |

41.1 The Company has opted for group taxation under section 59AA of the Income Tax Ordinance, 2001 and the provision for current taxation has been made accordingly.

| | | 2024 Amount | 2023 Amount |
|--|-----------|------------------|----------------|
| Rupees in thousand | | | |
| Reconciliation between tax expense and accounting profit: | | | |
| Accounting profit before taxation and levy | | 666,821 | 2,357,883 |
| Applicable tax rate | | 29% | 29% |
| Tax on accounting profit | | 193,378 | 683,786 |
| Effect of prior year | | - | 58,540 |
| Effect of deferred tax | | (86,911) | 19,003 |
| Effect of super tax | | 150,346 | 230,021 |
| Tax effect of tax on dividends from subsidiary companies | | 189,136 | (2,318,779) |
| Effect of minimum tax | | 89,829 | 149,747 |
| Effect of share of profit from equity accounted investee | | - | (18,488) |
| Effect of expenses and income that are not considered in determining taxable liability | | (193,378) | 2,211,917 |
| Current tax liability and levy as per applicable tax laws | | 342,400 | 1,015,747 |
| Levy | (Note 40) | (23,033) | (220,045) |
| Taxation | (Note 41) | (319,367) | (795,702) |
| | | - | - |

42. EARNINGS PER SHARE - BASIC AND DILUTED

42.1 There is no dilutive effect on basic earnings per share for the year ended 31 December 2024 and 31 December 2023 as the Company has no potential ordinary shares as on 31 December 2024 and 31 December 2023.

| | | 2024 Amount | 2023 Amount |
|--|--|-------------------|----------------|
| Rupees in thousand | | | |
| Profit after taxation attributable to ordinary shareholders (Rupees in thousand) | | 324,421 | 1,342,136 |
| Weighted average number of ordinary shares (Numbers) | | 46,987,454 | 46,987,454 |
| Earnings per share (Rupees) | | 6.90 | 28.56 |

| | 2024 | 2023 |
|--|--------------------|-----------|
| | Amount | Amount |
| | Rupees in thousand | |
| 43. CASH (USED IN) / GENERATED FROM OPERATIONS | | |
| Profit before levy and taxation | 666,821 | 2,357,883 |
| Adjustments for non-cash charges and other items: | | |
| Depreciation on operating fixed assets (Note 16.1.2) | 141,344 | 1,113,673 |
| Depreciation on right-of-use-assets (Note 18.2) | 18,459 | 593,411 |
| Amortization on intangible assets (Note 19.1.2) | 1,886 | 1,866 |
| Exchange gain - net (Note 38) | (4,268) | (136,616) |
| Provision for gratuity (Note 9.5) | 19,617 | 55,967 |
| Finance cost (Note 39) | 2,171,578 | 5,020,990 |
| Dividend income (Note 38) | (2,788,316) | (163,550) |
| Provision for workers' profit participation fund (Note 11.2) | - | 115,864 |
| Provision for workers' welfare fund (Note 11.3) | 13,610 | 36,352 |
| Provision for slow moving and obsolete inventory | 157,015 | 65,825 |
| (Reversal of allowance) / allowance for expected credit losses (Note 25.7) | (3,846) | 10,792 |
| Return on bank deposits and term deposits receipts (Note 38) | (37,136) | (32,255) |
| Amortization of deferred income - Government grant (Note 10.1) | - | (139,868) |
| Gain on termination of lease (Note 38) | - | (8,618) |
| Share of net profit of equity accounted investee (Note 20.2) | - | (63,752) |
| (Gain) / loss on disposal of operating fixed assets - net | (5,601) | 2,391 |
| Provision for doubtful advances to suppliers (Note 26.1) | 2,851 | 3,590 |
| Operating fixed assets written off - net (Note 37) | 502 | 6,610 |
| Working capital changes (Note 43.1) | (1,211,921) | 46,244 |
| | (857,405) | 8,886,799 |

43.1 Working capital changes

| | | |
|--|--------------------|-------------|
| (Increase) / decrease in current assets: | | |
| Stores, spares and loose tools | 46,038 | (54,062) |
| Stock-in-trade | 537,124 | (1,283,058) |
| Trade debts | (763,966) | 1,173,172 |
| Loans and advances | (902,542) | (34,490) |
| Prepayments | (6,141) | 14,800 |
| Other receivables | (373,645) | (174,080) |
| | (1,463,132) | (357,718) |
| Increase in trade and other payables | 251,211 | 403,962 |
| | (1,211,921) | 46,244 |

Notes to the Financial Statements

For the year ended December 31, 2024

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

| | 2024 | | | |
|--|---------------------------------------|-------------------|-----------------------|--------------------|
| | Liabilities from financing activities | | | |
| | Long term financing | Lease liabilities | Short term borrowings | Unclaimed dividend |
| | -----Rupees in thousand ----- | | | |
| Balance at 31 December 2023 | 11,014,638 | 5,461,579 | 10,889,573 | 43,783 |
| Transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.3) | (3,695,704) | (34,067) | (6,827,704) | - |
| Transferred to Service Retail (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.3) | (800,000) | (5,388,150) | (1,728,304) | - |
| Transferred from Service Retail (Private) Limited - Subsidiary Company | 800,000 | - | - | - |
| Financing / borrowings obtained | 112,498 | - | 43,627,770 | - |
| Repayment of financing / lease liabilities / borrowings | (1,757,571) | (9,601) | (39,914,239) | - |
| Dividend declared | - | - | - | 469,875 |
| Dividend paid | - | - | - | (466,149) |
| Other changes - non-cash movement: | | | | |
| Lease liabilities recognized during the year | - | 51,200 | - | - |
| Balance at 31 December 2024 | 5,673,861 | 80,961 | 6,047,096 | 47,509 |

| | 2023 | | | |
|---|---------------------------------------|-------------------|-----------------------|--------------------|
| | Liabilities from financing activities | | | |
| | Long term financing | Lease liabilities | Short term borrowings | Unclaimed dividend |
| | -----Rupees in thousand ----- | | | |
| Balance at 31 December 2022 | 9,316,411 | 3,967,990 | 11,699,132 | 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 | - | - | - | - |
| 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 | 43,783 |

| | 2024 | 2023 |
|--|--------------------|-----------|
| | Amount | Amount |
| | Rupees in thousand | |
| 43.3 Non-cash financing activities | | |
| Deferred income - Government grant - net | - | 46,173 |
| Lease liabilities recognized during the year | 51,200 | 1,763,553 |
| Impact of lease termination | - | (44,094) |

44. 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 | |
|-------------------------------|-------------------------------|---------|----------|---------|----------------|-----------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| | -----Rupees in thousand ----- | | | | | |
| Managerial remuneration | 55,876 | 47,653 | - | 46,431 | 63,459 | 534,147 |
| Bonus | 107,000 | 48,000 | - | 48,000 | 8,817 | 214,841 |
| Allowances: | | | | | | |
| House rent | 5,587 | 4,765 | - | 4,643 | 17,124 | 145,887 |
| Conveyance | - | - | - | - | 5,980 | 48,581 |
| Medical | - | - | - | - | 9,156 | 77,070 |
| Utilities | 5,587 | 4,765 | - | 4,643 | 10,990 | 96,548 |
| Retirement and other benefits | 4,573 | 13,109 | - | 12,769 | 4,759 | 39,015 |
| Total | 178,623 | 118,292 | - | 116,486 | 120,285 | 1,156,089 |
| Number of persons | 1 | 1 | - | 1 | 27 | 136 |

44.1 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.

44.2 Aggregate amount charged in these financial statements for meeting fee to directors was Rupees 3.175 million (2023: Rupees 3.280 million).

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

Notes to the Financial Statements

For the year ended December 31, 2024

45. 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 | 2024 | 2023 |
|--|--------------------------------|-----------|------------|
| Rupees in thousand | | | |
| Subsidiary Companies | | | |
| Service Tyres (Private) Limited | Sale of goods | 8,738,429 | - |
| | Expenses charged | 628,028 | - |
| | Sale of fixed assets | 108 | - |
| | Purchase of fixed assets | 97 | - |
| | Purchase of goods | 1,952,524 | - |
| | Rental income | 240,000 | - |
| | Interest expense | 75,127 | - |
| | Interest income | 84,453 | - |
| | Dividend received | 1,500,000 | - |
| | Short term borrowings - net | 1,441,029 | - |
| | Commission income | 26,605 | - |
| | Investment made | 6,667,243 | - |
| Service Retail (Private) Limited | Sale of goods | 685,754 | - |
| | Expenses charged | 171,809 | - |
| | Commission income | 285 | - |
| | Rental income | 3,942 | - |
| | Investment made | 505,000 | - |
| | Short term loan - net | 1,692,442 | - |
| | Interest income | 52,466 | - |
| Service Global Footwear Limited | Sale of goods | 495,280 | 390,094 |
| | Expenses charged | 234,049 | 280,647 |
| | Sale of fixed assets | 8,584 | - |
| | Purchase of fixed assets | 5,000 | - |
| | Purchase of goods | 272,813 | 305,772 |
| | Loans obtained | 6,025,000 | 11,589,162 |
| | Loans repaid | 4,775,000 | 12,596,780 |
| | Interest expense on borrowings | 87,133 | 532,170 |
| | Dividend received | 817,750 | 163,550 |
| | Services rendered | 17,290 | 109,186 |
| Service Industries Capital (Private) Limited | Dividend received | 27,411 | - |
| | Expense paid | 242 | 1,352 |

| Nature of relationship | Nature of transactions | 2024 | 2023 |
|--|-----------------------------|--------------------|---------|
| | | Rupees in thousand | |
| Dongguan Service Global Limited | Purchase of goods | 17,420 | - |
| SIL GULF (FZE) | Sale of goods | 123,460 | 414,278 |
| Service Long March Tyres (Private) Limited | Dividend received | 443,156 | - |
| | Service rendered | 36,000 | 36,000 |
| | Purchase of goods | - | 55,486 |
| | Sale of goods | 777 | 246,110 |
| | Reimbursement of expenses | - | 4,104 |
| | Expenses charged | 94,979 | - |
| | Investment made | 334,563 | - |
| Associated companies / undertakings | | | |
| Jomo Technologies (Private) Limited | Purchase of fixed assets | - | 12,596 |
| Shahid Arif Investment (Private) Limited | Cash dividend paid | 396 | 198 |
| Service Charitable Trust | Cash dividend paid | 453 | 226 |
| | Donation made | 5,971 | 7,441 |
| Servis Foundation | Donation made | 25,947 | 61,035 |
| Shalamar Hospital | Donation made | 1,415 | 12,794 |
| Post employment benefit plans | | | |
| Service Industries Limited Employees Gratuity Fund Trust | Company's contribution made | 19,617 | 55,967 |
| Service Provident Fund Trust | Company's contribution made | 44,051 | 165,209 |
| | Cash dividend paid | 21,812 | 10,906 |
| Directors | Cash dividend paid | 185,973 | 103,349 |

45.1 Detail of compensation to key management personnel comprising of chief executive officer, directors and executives is disclosed in Note 44.

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

Notes to the Financial Statements

For the year ended December 31, 2024

| Name of related party | Basis of Relationship | Transactions entered or agreements and / or arrangements in place during the financial year ended | | Percentage of Shareholding |
|--|---|---|------|----------------------------|
| | | 2024 | 2023 | |
| 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 | Associate of Service Industries Capital (Private) Limited (Subsidiary Company) | No | No | Nil |
| 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 | 79.37% |
| Dongguan Service Global Limited | Subsidiary of Service Global Footwear Limited (Subsidiary Company) | Yes | No | 79.37% |
| 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 | 22.09% |
| SIL GULF (FZE) | Wholly owned Subsidiary Company | Yes | Yes | 100.00% |
| Jomo Technologies (Private) Limited | Associate of Service Industries Capital (Private) Limited (Subsidiary Company) | No | 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 | Subsidiary Company | Yes | No | 100% |
| Service Retail (Private) Limited | Subsidiary Company | Yes | No | 100% |
| 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 |
|--------------------------|-----------------------|---|------|----------------------------|
| | | 2024 | 2023 | |
| Mr. Arif Saeed | Chief Executive | Yes | Yes | Nil |
| Mr. Hassan Javed | Director | Yes | Yes | Nil |
| Mr. Saif Javed | Director | Yes | Yes | Nil |
| Mr. Omar Saeed | Director | Yes | Yes | Nil |
| Mr. Adil Matcheswala | Director | Yes | Yes | Nil |
| Mr. Muhammad Naeem Khan | Director | Yes | Yes | Nil |
| Mr. Shahid Hussain Jatoi | Director | Yes | Yes | Nil |
| Mr. Ahsan Bashir | Director | Yes | No | Nil |
| Ms. Uzma Adil Khan | Director | Yes | Yes | Nil |

45.3 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) | 100% |

Notes to the Financial Statements

For the year ended December 31, 2024

45.3.1 As on 31 December 2024 and 31 December 2023, 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:

| 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 | Investment in shares | Investment in shares |
| 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 |

46. PLANT CAPACITY Footwear division

| Installed capacity | | Actual production | |
|--------------------|------|-------------------|------|
| 2024 | 2023 | 2024 | 2023 |

| | | | | |
|-----------------|------------------|-----------|------------------|-----------|
| Number of pairs | 4,266,600 | 4,200,000 | 2,244,351 | 3,230,190 |
|-----------------|------------------|-----------|------------------|-----------|

Technical rubber products

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

46.1 Reason for low production

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.

47. FINANCIAL RISK MANAGEMENT

47.1 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:

| | 2024 | 2023 |
|---------------------------------|-----------|-----------|
| Cash at banks - USD | 1,394 | 1,394 |
| Cash at banks - EURO | 85,747 | 378,742 |
| Trade debts - USD | 1,546,347 | 2,501,646 |
| Trade debts - EURO | 72,562 | 156,944 |
| Trade debts - GBP | 22,006 | 24,828 |
| Trade and other payables - USD | (293,111) | (131,495) |
| Trade and other payables - EURO | (12,835) | (11,399) |
| Trade and other payables - GBP | - | (25,253) |
| Net exposure - USD | 1,254,630 | 2,371,545 |
| Net exposure - EURO | 145,474 | 524,287 |
| Net exposure - GBP | 22,006 | (425) |

The following significant exchange rates were applied during the year:

Rupees per US Dollar

| | | |
|---------------------|--------|--------|
| Average rate | 278.53 | 283.35 |
| Reporting date rate | 278.55 | 281.86 |

Rupees per EURO

| | | |
|---------------------|--------|--------|
| Average rate | 301.41 | 307.13 |
| Reporting date rate | 290.08 | 311.50 |

Rupees per GBP

| | | |
|---------------------|--------|--------|
| Average rate | 356.08 | 353.63 |
| Reporting date rate | 349.71 | 358.60 |

Notes to the Financial Statements

For the year ended December 31, 2024

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 before levy and taxation for the year would have been Rupees 18.571 million (2023: Rupees 39.501 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 income (Fair value reserve FVTOCI investment) | |
|-------------------|---|--------------------|
| | 2024 | 2023 |
| | Amount | Amount |
| | Rupees in thousand | Rupees in thousand |
| PSX (5% increase) | (2,122) | (2,375) |
| PSX (5% decrease) | 2,122 | 2,375 |

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:

| | 2024 | 2023 |
|----------------------------------|--------------------|-----------|
| | Amount | Amount |
| | Rupees in thousand | |
| Fixed rate instruments | | |
| Financial assets | | |
| Short term investment | - | 700,000 |
| Financial liabilities | | |
| Long term financing | - | 1,864,465 |
| Lease liabilities | 80,961 | 5,461,579 |
| Short term borrowings | - | 3,577,891 |
| Floating rate instruments | | |
| Financial assets | | |
| Bank balances - saving accounts | 2,627 | 116,564 |
| Loans and advances | 1,692,442 | - |
| Short term investments | 372,419 | 179,914 |
| Financial liabilities | | |
| Long term financing | 5,673,861 | 9,150,173 |
| Short term borrowings | 6,047,096 | 7,311,682 |

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 before levy and taxation for the year would have been Rupees 89.777 million lower / higher (2023: Rupees 150.338 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.

(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:

Notes to the Financial Statements

For the year ended December 31, 2024

| | 2024 Amount | 2023 Amount |
|--|--------------------|------------------|
| | Rupees in thousand | |
| Long term investment | 54,769 | 61,279 |
| Long term loans to employees | 17,822 | 29,171 |
| Security deposits (long term and short term) | 111,597 | 333,413 |
| Trade debts | 1,820,704 | 3,867,331 |
| Loans and advances | 1,699,756 | 28,196 |
| Other receivables | 3,830 | 102,644 |
| Short term investments | 375,177 | 883,430 |
| Bank balances | 415,305 | 1,723,727 |
| | 4,498,960 | 7,029,191 |

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 | | | 2024 | 2023 |
|------------|-----------|--------|--------|--------|
| Short term | Long term | Agency | Amount | Amount |

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

| Banks | | | | | |
|---|-----|-----|-------|---------|---------|
| Allied Bank Limited | A1+ | AAA | PACRA | 4,131 | 144,649 |
| Askari Bank Limited | A1+ | AA+ | PACRA | 2,339 | 22,077 |
| Bank Alfalah Limited | A1+ | AAA | PACRA | 4,066 | 66,127 |
| Bank AL Habib Limited | A1+ | AAA | PACRA | 20,004 | 150,584 |
| Faysal Bank Limited | A1+ | AA | PACRA | 2,592 | 202,219 |
| Habib Bank Limited | A1+ | AAA | VIS | 27,906 | 525,964 |
| MCB Bank Limited | A1+ | AAA | PACRA | 7,522 | 119,707 |
| MCB Islamic Bank Limited | A1 | A+ | PACRA | 135,048 | 134,056 |
| Meezan Bank Limited | A1+ | AAA | VIS | 68,639 | 24,986 |
| National Bank of Pakistan | A1+ | AAA | PACRA | 2,607 | 10,227 |
| Samba Bank Limited | A1 | AA | PACRA | 236 | 95 |
| Soneri Bank Limited | A1+ | AA- | PACRA | 68,611 | 42,909 |
| Standard Chartered Bank (Pakistan) Limited | A1+ | AAA | PACRA | 2,214 | 175 |
| Silk Bank Limited | A2 | A- | PACRA | 14 | 14 |
| United Bank Limited | A1+ | AAA | PACRA | 22,638 | 95,991 |
| BankIslami Pakistan Limited | A1 | AA- | PACRA | 903 | 27,645 |
| JS Bank Limited (associated company) | A1+ | AA | PACRA | 2 | 2 |
| Industrial and Commercial Bank of China Limited | P-1 | A2 | PACRA | 307 | 307 |
| The Bank of Khyber | A1 | A+ | PACRA | 867 | 8,343 |
| The Bank of Punjab | A1+ | AA+ | PACRA | 24,090 | 31,430 |
| Dubai Islamic Bank Pakistan Limited | A1+ | AA | PACRA | 2,024 | 33,322 |

| | Rating | | | 2024 | 2023 |
|-----------------------------------|------------|-----------|--------|----------------|-----------|
| | Short term | Long term | Agency | Amount | Amount |
| -----Rupees in thousand----- | | | | | |
| Al Baraka Bank (Pakistan) Limited | A1 | A+ | PACRA | - | 80,655 |
| Habib Metropolitan Bank Limited | A1+ | AA+ | PACRA | 18,545 | 2,243 |
| | | | | 415,305 | 1,723,727 |
| Investments | | | | | |
| TRG Pakistan Limited | | Unknown | | 54,769 | 61,279 |
| MCB Islamic Bank Limited | A1 | A+ | PACRA | 375,177 | 183,430 |
| BankIslami Pakistan Limited | A1 | AA- | PACRA | - | 700,000 |
| | | | | 845,251 | 2,668,436 |

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 25.

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.

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 2024 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 2024 and 31 December 2023 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 2024 | | | | | | |
| Not past due | 0.00% | 1,057,031 | - | 0.00% | 26,674 | - |
| Up to 30 days | 0.53% | 39,001 | 205 | 2.81% | 2,070 | 58 |
| 31 to 60 days | 12.52% | 40,462 | 5,064 | 21.85% | - | - |
| 61 to 90 days | 24.51% | 44,664 | 10,946 | 36.59% | 11,640 | 4,259 |
| 91 to 180 days | 56.78% | 12,127 | 6,886 | 70.63% | - | - |
| 181 to 360 days | 67.68% | 10,025 | 6,785 | 76.32% | - | - |
| Above 360 days | 100.00% | 100,877 | 100,877 | 100.00% | - | - |
| | | 1,304,187 | 130,763 | | 40,384 | 4,317 |
| Trade debts which are not subject to risk of default | | 192,117 | - | | 419,096 | - |
| Gross Trade debts | | 1,496,304 | 130,763 | | 459,480 | 4,317 |

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For the year ended December 31, 2024

| | 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% | 2,827,306 | - | 0.00% | 662,446 | - |
| Up to 30 days | From 2.12% to 27.91% | 179,685 | 32,765 | 3.05% | 32,415 | 162 |
| 31 to 60 days | From 7.73% to 93.73% | 45,298 | 35,181 | 0.99% | 14 | 1 |
| 61 to 90 days | From 16.08% to 100% | 12,210 | 8,788 | 3.61% | - | - |
| 91 to 180 days | From 31.53% to 100% | 51,731 | 50,224 | 12.03% | - | - |
| 181 to 360 days | From 45.88% to 100% | 53,412 | 50,068 | 25.09% | - | - |
| Above 360 days | 100% | 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 |

(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 2024, the Company had Rupees 14,879.043 million (2023: Rupees 6,250.427 million) available borrowing limits and Rupees 416.950 million (2023: Rupees 1,813.676 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 2024:

| | 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 | 5,673,861 | 7,305,307 | 689,178 | 1,158,474 | 2,161,412 | 3,296,243 |
| Lease liabilities | 80,961 | 107,180 | 15,192 | 15,291 | 33,473 | 43,224 |
| Trade and other payables | 1,417,816 | 1,417,816 | 1,417,816 | - | - | - |
| Accrued mark-up | 199,759 | 199,759 | 199,759 | - | - | - |
| Short term borrowings | 6,047,096 | 6,448,223 | 6,448,223 | - | - | - |
| Unclaimed dividend | 47,509 | 47,509 | 47,509 | - | - | - |
| | 13,467,002 | 15,525,794 | 8,817,677 | 1,173,765 | 2,194,885 | 3,339,467 |

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 |

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 6, 8 and note 13 to these financial statements.

47.2 Financial instruments by categories

Assets as per statement of financial position

| | 2024 | | 2023 | |
|--|--------|----------------|--------|----------------|
| | FVTOCI | Amortized cost | FVTOCI | Amortized cost |
| -----Rupees in thousand----- | | | | |
| Long term investments | 54,769 | - | 61,279 | - |
| Long term loans to employees | - | 17,822 | - | 29,171 |
| Security deposits (long term and short term) | - | 111,597 | - | 333,413 |
| Trade debts | - | 1,820,704 | - | 3,867,331 |
| Loans and advances | - | 1,699,756 | - | 28,196 |
| Other receivables | - | 3,830 | - | 102,644 |
| Short term investments | - | 375,177 | - | 883,430 |
| Cash and bank balances | - | 416,950 | - | 1,813,676 |
| | 54,769 | 4,445,836 | 61,279 | 7,057,861 |

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| 2024 | 2023 |
|------------------------------|------|
| At amortized cost | |
| -----Rupees in thousand----- | |

Liabilities as per statement of financial position

| | | |
|--------------------------|-------------------|------------|
| Long term financing | 5,673,861 | 11,014,638 |
| Long term deposits | - | 85,024 |
| Lease liabilities | 80,961 | 5,461,579 |
| Trade and other payables | 1,417,816 | 5,561,422 |
| Accrued mark-up | 199,759 | 802,891 |
| Short term borrowings | 6,047,096 | 10,889,573 |
| Unclaimed dividend | 47,509 | 43,783 |
| | 13,467,002 | 33,858,910 |

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

| 2024 | | |
|------------------|----------------------|---|
| Financial assets | Non-financial assets | Assets as per statement of financial position |

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

| | | | |
|--------------------------------|------------------|-------------------|-------------------|
| Long term investments | 54,769 | 14,125,899 | 14,180,668 |
| Long term loans to employees | 17,822 | - | 17,822 |
| Long term security deposits | 11,124 | - | 11,124 |
| Trade debts | 1,820,704 | - | 1,820,704 |
| Loans and advances | 1,699,756 | 114,236 | 1,813,992 |
| Trade deposits and prepayments | 100,473 | 28,779 | 129,252 |
| Other receivables | 3,830 | 562,186 | 566,016 |
| Short term investments | 375,177 | - | 375,177 |
| Cash and bank balances | 416,950 | - | 416,950 |
| | 4,500,605 | 14,831,100 | 19,331,705 |

| 2024 | | |
|-----------------------|---------------------------|--|
| Financial liabilities | Non-financial liabilities | Liabilities as per statement of financial position |

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

| | | | |
|--------------------------|-------------------|----------------|-------------------|
| Long term financing | 5,673,861 | - | 5,673,861 |
| Lease liabilities | 80,961 | - | 80,961 |
| Trade and other payables | 1,417,816 | 343,426 | 1,761,242 |
| Accrued mark-up | 199,759 | - | 199,759 |
| Short term borrowings | 6,047,096 | - | 6,047,096 |
| Unclaimed dividend | 47,509 | - | 47,509 |
| | 13,467,002 | 343,426 | 13,810,428 |

| 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 |

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For the year ended December 31, 2024

| 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 |

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 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 6 and note 13 respectively. Total capital employed includes 'total equity' as shown in the statement of financial position plus 'borrowings'.

| | | 2024 | 2023 |
|---------------|--------------------|-------------------|------------|
| Borrowings | Rupees in thousand | 11,720,957 | 21,904,211 |
| Total equity | Rupees in thousand | 8,490,181 | 8,318,179 |
| Total capital | Rupees in thousand | 20,211,138 | 30,222,390 |
| Gearing ratio | Percentage | 57.99% | 72.48% |

Decrease in gearing is due to decrease in borrowings of the Company.

48. UNUTILIZED CREDIT FACILITIES

| Non-funded | | Funded | |
|------------|------|--------|------|
| 2024 | 2023 | 2024 | 2023 |

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

| | | | | |
|-----------------------------------|--------------------|-------------|---------------------|--------------|
| Total facilities | 2,301,000 | 15,658,000 | 26,600,000 | 28,154,638 |
| Utilized at the end of the year | (1,401,000) | (6,542,618) | (11,720,957) | (21,904,211) |
| Unutilized at the end of the year | 900,000 | 9,115,382 | 14,879,043 | 6,250,427 |

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 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 2024 | Level 1 | Level 2 | Level 3 | Total |
|--|---------|---------|---------|-------|
|--|---------|---------|---------|-------|

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

Financial asset

| | | | | |
|--|---------------|---|---|---------------|
| Financial asset at fair value through other comprehensive income | 54,769 | - | - | 54,769 |
| Total financial assets | 54,769 | - | - | 54,769 |

| 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 |

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.

Notes to the Financial Statements

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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.

50 FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

Judgements and estimates are made for non-financial assets not measured at fair value in these financial statements but for which the fair value is described in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels.

| At 31 December 2024 | Level 1 | Level 2 | Level 3 | Total |
|---------------------|---------|---------|---------|-------|
|---------------------|---------|---------|---------|-------|

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

| | | | | |
|---------------------|---|-----------|---|-----------|
| Investment property | - | 3,586,550 | - | 3,586,550 |
|---------------------|---|-----------|---|-----------|

| At 31 December 2023 | Level 1 | Level 2 | Level 3 | Total |
|---------------------|---------|---------|---------|-------|
|---------------------|---------|---------|---------|-------|

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

| | | | | |
|---------------------|---|---|---|---|
| Investment property | - | - | - | - |
|---------------------|---|---|---|---|

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.

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.

(ii) Valuation techniques used to determine level 2 fair values

The Company obtains independent valuation for its investment property at least annually. At the end of each reporting period, the management updates the assessment of the fair value of property, taking into account the most recent independent valuation. The management determines property's value within a range of reasonable fair value estimates. The best evidence of fair value is current prices in an active market for similar properties.

Valuation processes

The Company engages external, independent and qualified valuer to determine the fair value of the Company's investment property at the end of every financial year. The fair value of the investment property has been determined by M/s K.G. Traders (Private) Limited (an approved valuer).

Changes in fair value are analysed at the end of each year during the valuation discussion between the Chief Financial Officer and the valuer. As part of this discussion, the team presents a report that explains the reason for the fair value movements.

51 SEGMENT INFORMATION

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

Footwear: Purchase, manufacturing and sale of different qualities of footwear. Previously, till the Effective Date of the Scheme i.e. till 31 December 2023, this segment included the Retail Undertaking [vested in Service Retail (Private) Limited wef 01 January 2024].

Tyres: During the course of implementation of the Scheme (Note 1.3), in order to facilitate tyre customers and as a practical expedient, the Company made some export and local sales under the tyre segment by procuring (not manufacturing) those goods during the year ended 31 December 2024. Previously, till the Effective Date of the Scheme i.e. till 31 December 2023, this segment represented the Tyre Undertaking [vested in Service Tyres (Private) Limited wef 01 January 2024].

Others: Manufacturing of different qualities of rubber products on specifications. Previously, till the Effective Date of the Scheme i.e. till 31 December 2023, this segment included Servis Genuine Parts [vested in Service Tyres (Private) Limited wef 01 January 2024].

| | Footwear | | Tyre | | Others | | Total - Company | |
|--|--------------------|------------------|---------------------|------------------|------------------|------------------|---------------------|------------------|
| | 31 December 2024 | 31 December 2023 | 31 December 2024 | 31 December 2023 | 31 December 2024 | 31 December 2023 | 31 December 2024 | 31 December 2023 |
| -----Rupees in thousand----- | | | | | | | | |
| Sales | | | | | | | | |
| External: | | | | | | | | |
| - Export | 1,096,192 | 1,595,334 | 1,904,241 | 6,467,628 | - | - | 3,000,433 | 8,062,962 |
| - Local | 4,406,538 | 14,086,257 | 8,747,900 | 29,537,296 | 437,136 | 3,948,333 | 13,591,574 | 47,571,886 |
| - Processing income | 17,290 | 109,186 | - | - | - | - | 17,290 | 109,186 |
| - Comission income | 285 | - | 26,605 | - | - | - | 26,890 | - |
| | 5,520,305 | 15,790,777 | 10,678,746 | 36,004,924 | 437,136 | 3,948,333 | 16,636,187 | 55,744,034 |
| Cost of sales | (4,893,900) | (10,688,226) | (10,652,511) | (28,427,881) | (546,000) | (2,937,657) | (16,092,411) | (42,053,764) |
| Gross profit / (loss) | 626,405 | 5,102,551 | 26,235 | 7,577,043 | (108,864) | 1,010,676 | 543,776 | 13,690,270 |
| Distribution cost | (403,437) | (3,186,141) | - | (1,339,679) | (13,000) | (117,203) | (416,437) | (4,643,023) |
| Administrative expenses | (537,692) | (1,743,112) | - | (311,097) | (8,000) | (36,916) | (545,692) | (2,091,125) |
| | (941,129) | (4,929,253) | - | (1,650,776) | (21,000) | (154,119) | (962,129) | (6,734,148) |
| (Loss) / profit before taxation and levy and unallocated income and expenses | (314,724) | 173,298 | 26,235 | 5,926,267 | (129,864) | 856,557 | (418,353) | 6,956,122 |
| Unallocated income and expenses : | | | | | | | | |
| Other expenses | | | | | | | (50,296) | (263,574) |
| Other income | | | | | | | 3,307,048 | 622,573 |
| Share of net profit of associate accounted for using the equity method | | | | | | | - | 63,752 |
| Finance cost | | | | | | | (2,171,578) | (5,020,990) |
| Levy | | | | | | | (23,033) | (220,045) |
| Taxation | | | | | | | (319,367) | (795,702) |
| Profit after taxation | | | | | | | 324,421 | 1,342,136 |

Notes to the Financial Statements

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51.1 Reconciliation of reportable segment assets and liabilities

| Footwear | | Tyre | | Others | | Total - Company | |
|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| 31 December 2024 | 31 December 2023 | 31 December 2024 | 31 December 2023 | 31 December 2024 | 31 December 2023 | 31 December 2024 | 31 December 2023 |

Rupees in thousand

| | | | | | | | | |
|---|------------------|------------|---|------------|------------------|-----------|-------------------|------------|
| Total assets for reportable segment | 6,764,822 | 13,763,606 | - | 16,261,857 | 696,062 | 3,361,612 | 7,460,884 | 33,387,075 |
| Unallocated assets: | | | | | | | | |
| Intangible assets | | | | | | | 3,762 | 7,510 |
| Long term investments | | | | | | | 14,180,668 | 8,028,956 |
| Taxation and levy - net | | | | | | | - | 306,864 |
| Short term investments | | | | | | | 375,177 | 883,430 |
| Cash and bank balances | | | | | | | 416,950 | 1,813,676 |
| Total assets as per statement of financial position | | | | | | | 22,437,441 | 44,427,511 |
| Total liabilities for reportable segment | 1,016,427 | 9,306,470 | - | 2,930,948 | 1,010,117 | 480,479 | 2,026,544 | 12,717,897 |
| Unallocated liabilities: | | | | | | | | |
| Long term financing - secured | | | | | | | 5,673,861 | 11,014,638 |
| Accrued mark-up | | | | | | | 199,759 | 802,891 |
| Short term borrowings | | | | | | | 6,047,096 | 10,889,573 |
| Deferred income - Government grant | | | | | | | - | 684,333 |
| Total liabilities as per statement of financial position | | | | | | | 13,947,260 | 36,109,332 |

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

51.3 Geographical information

| Footwear | | Tyre | | Others | | Total - Company | |
|----------|------|------|------|--------|------|-----------------|------|
| 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |

Rupees in thousand

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

| | | | | | | | | |
|---------------|------------------|-------------------|-------------------|-------------------|----------------|------------------|-------------------|-------------------|
| Europe | 988,132 | 869,082 | 143,926 | 752,194 | - | - | 1,132,058 | 1,621,276 |
| South America | - | - | 584,859 | 35,965 | - | - | 584,859 | 35,965 |
| North America | - | 70,231 | - | 2,292,728 | - | - | - | 2,362,959 |
| Asia | 98,245 | 634,060 | 396,340 | 1,720,701 | - | - | 494,585 | 2,354,761 |
| Australia | 9,815 | 21,961 | - | - | - | - | 9,815 | 21,961 |
| Africa | - | - | 779,116 | 1,666,040 | - | - | 779,116 | 1,666,040 |
| Pakistan | 4,423,828 | 14,195,443 | 8,774,790 | 29,537,296 | 437,136 | 3,948,333 | 13,635,754 | 47,681,072 |
| | 5,520,020 | 15,790,777 | 10,679,031 | 36,004,924 | 437,136 | 3,948,333 | 16,636,187 | 55,744,034 |

51.4 Revenue from major customers

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

52 DISCLOSURE REQUIREMENT FOR COMPANY NOT ENGAGED IN SHARIAH NON-PERMISSIBLE BUSINESS ACTIVITIES AS ITS CORE BUSINESS ACTIVITIES

| | 2024 | 2023 |
|---|--------------------|------------|
| | Amount | Amount |
| | Rupees in thousand | |
| Description | | |
| Financing (long-term, short-term, or lease financing) obtained as per Islamic mode | - | 2,026,026 |
| Interest or mark-up accrued on any conventional loan or advance | 189,235 | 527,165 |
| Long-term and short-term Shariah compliant Investments (Note 20) | 14,180,668 | 8,028,956 |
| Shariah-compliant bank deposits, bank balances, and TDRs | 607,570 | 1,390,098 |
| Revenue earned from a Shariah-compliant business segment (Note 33) | 16,636,187 | 55,744,034 |
| Break-up of late payments or liquidated damages | - | - |
| Gain or loss or dividend earned on Shariah compliant investments or share of profit from Shariah-compliant associates | | |
| Dividend income (Note 38) | 2,788,316 | 163,550 |
| Unrealized gain on re-measurement of investments at FVTOCI (Note 20) | 37,680 | 44,190 |
| Profit earned from Shariah-compliant bank deposits, bank balances, or TDRs | | |
| Profit on term deposits receipts | 34,912 | 24,545 |
| Exchange gain earned from actual currency | 4,268 | 136,616 |
| Exchange gains earned using conventional derivative financial instruments | - | - |
| Profit paid on Islamic mode of financing | 969,567 | 1,451,190 |
| Total Interest earned on any conventional loan or advance | 136,919 | - |
| Source and detailed breakup of other income, including breakup of other or miscellaneous portions of other income into Shariah-compliant and non compliant income | | |
| Shariah-compliant | | |
| Profit on term deposit receipts | 34,912 | 24,545 |
| Dividend income (Note 38) | 2,788,316 | 163,550 |
| Gain on lease termination (Note 38) | - | 8,618 |
| Exchange gain earned from actual currency (Note 38) | 4,268 | 136,616 |
| Reversal of allowance for expected credit losses (Note 38) | 3,846 | - |
| Interest on loans to Subsidiary Companies (Note 38) | 136,919 | - |
| Amortization of deferred income - Government grant | - | 55,755 |
| Gain on disposal of property, plant and equipment - net (Note 38) | 5,601 | - |
| Rental income (Note 38) | 243,942 | - |
| Scrap sales (Note 38) | 51,020 | 105,666 |
| Income on cross corporate guarantees issued on behalf of Service Long March Tyres (Private) Limited - Subsidiary Company | 36,000 | 36,000 |
| Non compliant | | |
| Profit on deposits with banks | 2,224 | 7,710 |
| Amortization of deferred income - Government grant | - | 84,113 |

Notes to the Financial Statements

For the year ended December 31, 2024

Relationship with Shariah-compliant financial institutions, including banks, takaful operators and their windows, etc

| Name | Relationship |
|-------------------------------------|---------------------------------------|
| Faysal Bank Limited | Short term borrowing and bank balance |
| MCB Islamic Bank Limited | Short term borrowing and bank balance |
| Meezan Bank Limited | Short term borrowing and bank balance |
| Dubai Islamic Bank Pakistan Limited | Short term borrowing and bank balance |
| The Bank of Punjab | Short term borrowing and bank balance |
| Al Baraka Bank (Pakistan) Limited | Bank balance |

53. 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, Service Global Footwear Limited - Subsidiary Company, Service Tyres (Private) Limited - Subsidiary Company and Service Retail (Private) 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.

54. NUMBER OF EMPLOYEES

| | 2024 | 2023 |
|---|-------|-------|
| Number of employees as at 31 December | 1,905 | 7,902 |
| Average number of employees during the year | 1,953 | 8,574 |

55. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Company has proposed final cash dividend for the year ended 31 December 2024 of Rupees 15 per share (i.e. 150%) at their meeting held on March 25, 2025. 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.

56. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on March 25, 2025 by the Board of Directors of the Company.

57. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, except for reclassifications as disclosed in note 2.5 to these financial statements, no other significant rearrangements / reclassifications have been made. Entire Tyre Undertaking, Retail Undertaking and SPL Shares have been separated from Service Industries Limited with effect from 01 January 2024 pursuant to the Scheme. Hence, comparative figures are not comparable.

58. 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 2024, 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 2024, 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 2024 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 315.217 million and total liabilities of Rupees 924.147 million as at 31 December 2024 and total turnover and net loss of Rupees Nil and Rupees Nil respectively for the year ended 31 December 2024 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 year ended 31 December 2024 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 420.070 million and total liabilities of Rupees 340.763 million as at 31 December 2024 and total turnover and net profit of Rupees 1,594.151 million and Rupees 8.014 million respectively for the year ended 31 December 2024 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 125,014.464 million from continuing operations for the year ended 31 December 2024.</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 2.21 to the consolidated financial statements. - Revenue – net note 33 to the consolidated financial statements. | <ul style="list-style-type: none"> • Our audit procedures to assess the recognition of revenue, amongst others, included the following: • 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. |

| | | |
|----------|--|--|
| <p>2</p> | <p>Stock-in-trade existence and valuation</p> <p>As at 31 December 2024, stock-in-trade (other than grouped under assets held for sale) amounted to Rupees 24,523.680 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 22.17% of total assets of the Group as at 31 December 2024, 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 2.18 to the consolidated financial statements. - Stock-in-trade note 24 to the consolidated financial statements. | <ul style="list-style-type: none"> • Our audit procedures to assess the existence and valuation of stock-in-trade, amongst others, included the following: • 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; • 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 inquires 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. |
|----------|--|--|

| | | |
|----------|--|--|
| <p>3</p> | <p>Leases</p> <p>The Group has right-of-use assets and lease liabilities with carrying values as at 31 December 2024 amounting to Rupees 4,874.794 million and Rupees 6,269.704 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 18 and note 8 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. |
|----------|--|--|

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: March 29, 2025

UDIN: AR202410168YUPTSIB8N

Consolidated Statement of Financial Position

As at December 31, 2024

| | Note | 2024 Amount Rupees in thousand | 2023 Amount |
|---|------|--------------------------------------|----------------|
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorized share capital | | | |
| 100,000,000 (2023: 100,000,000) ordinary shares of Rupees 10 each | | 1,000,000 | 1,000,000 |
| Issued, subscribed and paid-up share capital | 4 | 469,874 | 469,874 |
| Reserves | 5 | 14,294,885 | 10,669,107 |
| Equity attributable to equity holders of the Holding Company | | 14,764,759 | 11,138,981 |
| Non-controlling interest | | 11,252,743 | 7,830,617 |
| Total equity | | 26,017,502 | 18,969,598 |
| LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| Long term financing | 6 | 13,557,096 | 15,357,142 |
| Long term deposits | 7 | 172,530 | 85,024 |
| Lease liabilities | 8 | 5,685,580 | 5,037,023 |
| Employees' retirement benefit | 9 | 572,095 | 503,128 |
| Deferred liabilities | 10 | 3,353,139 | 2,147,134 |
| | | 23,340,440 | 23,129,451 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 11 | 13,526,978 | 10,974,549 |
| Accrued mark-up | 12 | 803,245 | 1,366,720 |
| Short term borrowings | 13 | 41,394,565 | 26,272,346 |
| Current portion of non-current liabilities | 14 | 4,558,606 | 4,098,449 |
| Dividend payable | 15 | - | 127,103 |
| Unclaimed dividend | | 53,087 | 48,727 |
| | | 60,336,481 | 42,887,894 |
| Liabilities directly associated with the assets held for sale | 42 | 924,147 | 845,629 |
| Total liabilities | | 84,601,068 | 66,862,974 |
| Contingencies and commitments | 16 | | |
| TOTAL EQUITY AND LIABILITIES | | 110,618,570 | 85,832,572 |

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



Arif Saeed
(Chief Executive)

| | | 2024 | 2023 |
|--------------------------------|------|--------------------|------------|
| | | Amount | Amount |
| | Note | Rupees in thousand | |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Fixed assets | 17 | 42,434,370 | 36,297,947 |
| Right-of-use assets | 18 | 4,874,794 | 4,521,384 |
| Intangible assets | 19 | 4,547 | 7,510 |
| Long term investments | 20 | 736,223 | 708,562 |
| Long term loans to employees | 21 | 46,902 | 28,589 |
| Long term security deposits | 22 | 260,191 | 251,106 |
| | | 48,357,027 | 41,815,098 |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | 23 | 1,212,154 | 997,685 |
| Stock-in-trade | 24 | 24,523,680 | 21,052,081 |
| Trade debts | 25 | 14,071,494 | 9,717,394 |
| Loans and advances | 26 | 2,092,751 | 1,925,257 |
| Trade deposits and prepayments | 27 | 403,707 | 271,663 |
| Other receivables | 28 | 3,176,562 | 2,710,660 |
| Taxation and levy - net | 29 | 359,749 | 514,325 |
| Accrued interest | 30 | 65,550 | 23,419 |
| Short term investments | 31 | 8,083,600 | 883,430 |
| Cash and bank balances | 32 | 7,957,080 | 5,633,128 |
| | | 61,946,327 | 43,729,042 |
| Assets held for sale | 42 | 315,216 | 288,432 |
| | | 62,261,543 | 44,017,474 |
| TOTAL ASSETS | | 110,618,570 | 85,832,572 |



Omar Saeed
(Director)



Badar Ul Hassan
(Chief Financial Officer)

Consolidated Statement of Profit or Loss

For the year ended December 31, 2024

| | Note | 2024 Amount Rupees in thousand | 2023 Amount |
|---|------|--------------------------------------|----------------|
| Continuing operations | | | |
| Revenue - net | 33 | 125,014,464 | 96,520,660 |
| Cost of sales | 34 | (94,134,078) | (74,670,420) |
| Gross profit | | 30,880,386 | 21,850,240 |
| Distribution cost | 35 | (8,911,031) | (6,091,823) |
| Administrative expenses | 36 | (3,896,323) | (3,215,775) |
| Other expenses | 37 | (954,326) | (670,189) |
| | | (13,761,680) | (9,977,787) |
| | | 17,118,706 | 11,872,453 |
| Other income | 38 | 1,345,120 | 1,311,423 |
| Profit from operations | | 18,463,826 | 13,183,876 |
| Finance cost | 39 | (7,290,829) | (7,546,647) |
| | | 11,172,997 | 5,637,229 |
| Share of net profit of associate accounted for using the equity method | 20.1 | 70,142 | 104,697 |
| Profit before levy and taxation | | 11,243,139 | 5,741,926 |
| Levy | 40 | (403,873) | (452,480) |
| Profit before taxation | | 10,839,266 | 5,289,446 |
| Taxation | 41 | (3,002,785) | (951,083) |
| Profit after taxation from continuing operations | | 7,836,481 | 4,338,363 |
| Discontinued operations | | | |
| Loss after taxation for the year from discontinued operations | 42 | - | (25,979) |
| Profit after taxation | | 7,836,481 | 4,312,384 |
| Share of profit attributable to: | | | |
| Equity holders of the holding company | | 4,136,642 | 2,841,802 |
| Non-controlling interest | | 3,699,839 | 1,470,582 |
| | | 7,836,481 | 4,312,384 |
| Earnings per share - basic and diluted (Rupees) | | | |
| | 43 | 88.04 | 60.48 |
| Earnings per share from continuing operations - basic and diluted (Rupees) | | | |
| | 43 | 88.04 | 60.81 |

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, 2024

| | 2024 | 2023 |
|---|--------------------|-----------|
| | Amount | Amount |
| | Rupees in thousand | |
| Profit after taxation | 7,836,481 | 4,312,384 |
| Other comprehensive loss | | |
| Items that will not be reclassified to profit or loss: | | |
| Fair value adjustment of investment at fair value through other comprehensive income - net of tax | (5,045) | (21,645) |
| Remeasurements of employees' retirement benefit obligation - net of tax | (34,944) | (70,438) |
| Items that may be reclassified subsequently to profit or loss: | | |
| Exchange differences on translation of foreign subsidiaries | (54,769) | (155,463) |
| Other comprehensive loss for the year | (94,758) | (247,546) |
| Total comprehensive income for the year | 7,741,723 | 4,064,838 |
| Share of total comprehensive income attributable to: | | |
| Equity holders of the holding company | 4,066,427 | 2,661,715 |
| Non-controlling interest | 3,675,296 | 1,403,123 |
| | 7,741,723 | 4,064,838 |

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 Changes in Equity

For the year ended December 31, 2024

| | Attributable to the Equity Holders of the Holding Company | | | | | | | | | | | Shareholders' equity | Non-controlling interest | Total equity | | | |
|---|---|---------------|--------------------------------------|---------------|--|------------------------------|--------------------------------|-----------------------|--|-----------|----------------|----------------------|--------------------------|--------------|-----------------|------------------------|-------------|
| | Capital Reserves | | | | | Revenue Reserves | | | | | Total Reserves | | | | | | |
| | Share Capital | Capital gains | Fair value reserve FVTOCI investment | Share premium | Share of share premium reserve held by equity accounted investee | Exchange translation reserve | Reserve pursuant to the Scheme | Share options reserve | Share of employees share reserve held by equity accounted investee | Sub Total | | | | | General Reserve | Un-appropriated profit | Sub total |
| | | | | | | | | | | | | | | | | | |
| Balance as at 31 December 2022 | 469,874 | 102,730 | 55,892 | 1,368,228 | 44,395 | 54,568 | 927,163 | 19,962 | 307 | 2,573,245 | 1,558,208 | 4,117,077 | 5,675,285 | 8,248,530 | 8,718,404 | 6,580,739 | 15,299,143 |
| Transactions with owners: | | | | | | | | | | | | | | | | | |
| Final dividend for the year ended 31 December 2022 @ Rupees 5 per share | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Final dividend relating to year 2022 to non-controlling interest @ Rupee 1 per share | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Adjustment due to Employees Stock Option Scheme | - | - | - | 19,539 | - | - | - | (19,539) | - | - | - | - | - | - | - | - | - |
| Interim dividend relating to year 2022 paid to non-controlling interest @ Rupees 3 per share | - | - | - | 423 | - | - | - | (423) | - | - | - | - | - | - | - | - | - |
| Employee share options lapsed | - | - | - | - | - | - | - | 711 | - | - | - | - | - | 711 | - | 184 | 895 |
| Recognition of share options reserve | - | - | - | 19,962 | - | - | - | (19,251) | - | 711 | - | (234,937) | (234,937) | (234,226) | (234,226) | (168,457) | (402,683) |
| Ordinary shares issued to non-controlling interest | - | - | - | (4,327) | - | - | - | - | - | (4,327) | - | (2,585) | (2,585) | (6,912) | (6,912) | 8,300 | 8,300 |
| Transfer to non-controlling interest | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Profit for the year | - | - | (21,645) | - | - | (94,459) | - | - | - | (116,104) | - | 2,841,802 | 2,841,802 | 2,841,802 | 2,841,802 | 1,470,582 | 4,312,384 |
| Other comprehensive loss for the year | - | - | (21,645) | - | - | (94,459) | - | - | - | (116,104) | - | (63,983) | (63,983) | (180,087) | (180,087) | (67,459) | (247,546) |
| Total comprehensive loss for the year | - | - | (21,645) | - | - | (94,459) | - | - | - | (116,104) | - | 2,777,819 | 2,777,819 | 2,661,715 | 2,661,715 | 1,403,123 | 4,064,838 |
| Balance as at 31 December 2023 | 469,874 | 102,730 | 34,247 | 1,383,863 | 44,395 | (39,891) | 927,163 | 711 | 307 | 2,463,525 | 1,558,208 | 6,657,374 | 8,215,582 | 10,669,107 | 11,138,981 | 7,830,617 | 18,969,598 |
| Transactions with owners: | | | | | | | | | | | | | | | | | |
| Final dividend for the year ended 31 December 2023 @ Rupees 10 per share | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Final dividend relating to year 2024 paid to non-controlling interest @ Rupees 2 per share | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Interim dividend relating to year 2024 paid to non-controlling interest @ Rupees 1.40 per share | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Adjustment due to Employees Stock Option Scheme | - | - | - | 2,527 | - | - | - | (322) | - | 2,205 | - | - | - | - | - | - | - |
| Employee share options lapsed | - | - | - | 87 | - | - | - | (87) | - | - | - | - | - | - | - | - | - |
| Recognition of share options reserve | - | - | - | 2,613 | - | - | - | 66,147 | - | 66,147 | - | (469,875) | (469,875) | (469,875) | (469,875) | (84,735) | (469,875) |
| Shares issuance cost | - | - | - | - | - | - | - | 65,738 | - | 68,352 | - | (37,682) | (37,682) | (37,682) | (37,682) | (997,535) | (1,399,058) |
| Transfer of share of share premium reserve held by equity accounted investee due to transfer of investment pursuant to the Scheme | - | - | - | - | (23,935) | - | - | - | - | (23,935) | - | 23,935 | 23,935 | - | - | - | - |
| Ordinary shares issued to non-controlling interest | - | - | - | (728) | - | - | - | - | - | (728) | - | (716) | (716) | (1,444) | (1,444) | 1,444 | 742,921 |
| Transfer to non-controlling interest | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Profit for the year | - | - | (5,045) | - | - | (34,076) | - | - | - | (39,121) | - | 4,136,642 | 4,136,642 | 4,136,642 | 4,136,642 | 3,699,839 | 7,836,481 |
| Other comprehensive loss for the year | - | - | (5,045) | - | - | (34,076) | - | - | - | (39,121) | - | (31,094) | (31,094) | (70,215) | (70,215) | (24,543) | (94,758) |
| Total comprehensive income for the year | - | - | (5,045) | - | - | (34,076) | - | - | - | (39,121) | - | 4,105,548 | 4,105,548 | 4,066,427 | 4,066,427 | 3,675,296 | 7,741,723 |
| Balance as at 31 December 2024 | 469,874 | 102,730 | 29,202 | 1,385,749 | 20,460 | (73,967) | 927,163 | 66,449 | 307 | 2,458,093 | 1,558,208 | 10,278,584 | 11,836,792 | 14,294,885 | 14,764,759 | 11,252,743 | 26,017,502 |

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, 2024

| | | 2024 | 2023 |
|---|--------|---------------------|--------------------|
| | | Amount | Amount |
| | Note | Rupees in thousand | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from operations | 44 | 15,591,995 | 13,428,649 |
| Finance cost paid | | (7,295,687) | (6,779,013) |
| Income tax and levy paid | | (1,590,335) | (1,040,552) |
| Workers' profit participation fund paid | 11.1 | (297,569) | (144,237) |
| Workers' welfare fund paid | 11.2 | (77,897) | (15,052) |
| Employees' retirement benefit paid | | (83,453) | (31,449) |
| Long term loans to employees - net | | (21,813) | 469 |
| Insurance claim received against loss of assets due to fire and business interruption | | - | 13,963 |
| Long term deposits - net | | 87,506 | 83,109 |
| Security deposits - net | | (90,062) | (20,961) |
| Net cash generated from operating activities | | 6,222,685 | 5,494,926 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Capital expenditure on operating fixed assets | | (9,041,465) | (5,955,682) |
| Intangible assets acquired | | (1,023) | - |
| Loan given to associate | | - | (4,500) |
| Return on bank deposits, term deposit receipts and loan to associate received | | 200,945 | 86,220 |
| Proceeds from sale of operating fixed assets | 17.1.1 | 47,358 | 40,874 |
| Dividend received | | 35,971 | - |
| Short term investments made | | (8,032,292) | (879,914) |
| Short term investments disposed of | | 1,008,369 | 179,914 |
| Net cash used in investing activities | | (15,782,137) | (6,533,088) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from long term financing | 44.2 | 501,842 | 4,217,235 |
| Shares issuance cost | | (37,682) | - |
| Repayment of long term financing | 44.2 | (2,455,576) | (1,663,145) |
| Repayment of lease liabilities | 44.2 | (278,383) | (225,870) |
| Short term borrowings - net | 44.2 | 15,122,219 | 2,720,884 |
| Share capital issued by Subsidiary Companies to non-controlling interest | | 745,699 | 8,300 |
| Dividend paid | | (1,660,360) | (274,628) |
| Net cash from financing activities | | 11,937,759 | 4,782,776 |
| Effects of exchange rate changes on cash and cash equivalents | | (54,066) | (154,272) |
| Net increase in cash and cash equivalents | | 2,324,241 | 3,590,342 |
| Cash and cash equivalents at the beginning of the year | 44.4 | 5,636,237 | 2,045,895 |
| Cash and cash equivalents at the end of the year | 44.4 | 7,960,478 | 5,636,237 |

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, 2024

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 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 Service Industries Limited are quoted on Pakistan Stock Exchange Limited. The principal activities of Service Industries Limited, after the approval of the Scheme of Arrangement as stated below in detail, are purchase, manufacture and sale of footwear and technical rubber products. Geographical location and addresses of all business units are as follows:

| Offices, Manufacturing unit, Warehouses 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 |
| Retail outlets | |
| Gujrat | G.T. Road, Gujrat |
| Rawalpindi | Shop No. 9,10 and 11, Ground Floor, Basit Market, Bostan Khan Road, Car Chowk, Rawalpindi |
| Warehouses | |
| Rawat | Plot No. 1, Street 4, RCCI Industrial Estate, Rawat |
| 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 20.63% (2023: 20.27%). Geographical location and addresses of all business units are as follows:

| Offices, Manufacturing unit, and Factory outlet | Addresses |
|---|--|
| Registered and Head office | Servis House, 2 – Main Gulberg, Lahore |
| Factory site | 10 - KM, Muridke – Sheikhpura Road, Lahore |
| Land for factory site | Hadbast Manga Otar, Raiwind, Lahore |
| Factory outlet | 10 - KM, Muridke – Sheikhpura 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.

(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% (2023: 52.89%).

(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% (2023: 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 outfit 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 registered 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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

(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. The principal line of business of Service Tyres (Private) Limited is 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, aircraft, buses, trucks, cars, tractors, trolleys, and other vehicles. The Company is a wholly-owned subsidiary of Service Industries Limited. Geographical location and addresses of all business units are as follows:

| Offices, Manufacturing unit, Factory Outlets and Warehouses | Addresses |
|--|---|
| Registered and head office | Servis House, 2 Main Gulberg, Lahore |
| Gujrat factory | G.T. Road, Gujrat |
| Muridke factory | 10 - KM, Muridke - Sheikhpura Road, District Sheikhpura |
| Retail outlets | |
| Servis-Star Gujrat | G.T. Road, Gujrat |
| Servis-Star Lahore | Shop No. 3-5, Ground Floor, Miraj Latif Tower, McLeod Road, Opposite Lahore Hotel, Lahore |
| Warehouses | |
| Multan | Plot No. 220, Multan Industrial Estate, Phase 2, Multan |
| Karachi | Plot No. F-22/A, Estate Avenue, S.I.T.E Manghopir Road, Karachi |
| Lahore | House No. 74-F, Gulberg II, Lahore |
| Gujrat | Nayyar Mall Private Limited, Near Goralla, G.T. Road, Gujrat |

(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 is 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 Retail (Private) Limited is a wholly owned subsidiary of Service Industries Limited. Geographical location and addresses of all business units are as follows:

| Office, Retail outlets and Warehouse | Addresses |
|---|---|
| Registered and head office | Servis House, 2 Main Gulberg, Lahore |
| Retail outlets | |
| Lahore 1 | Servis, Plot No. A-3, Block D, Valencia Town, Lahore. |
| Lahore 2 | Servis, 23-Karim Block Allama Iqbal Town, Lahore. |
| Lahore 3 | Servis, 99-K, B-Block, G.E.C.H.S. Main Link Road, Lahore. |
| Lahore 4 | Servis, Bagbanpura Bazar, Near Stylo Shoes, 17 Main G.T. Road, Lahore. |
| Lahore 5 | Servis, 54-Chopra Mansion, Near Panorama Opposite to Pizza Hut, Lahore. |
| Lahore 6 | Servis, M.M. Alam Road Opposite Cafe Zouk, Lahore. |
| Lahore 7 | Servis, Shop No. 133 DHAY Block, Lahore. |
| Lahore 8 | Servis, PIA Society Near ECS Shoes, Lahore. |
| Lahore 9 | Servis, Shop No. 1, Dinga Singh Building 46, Mall Road, Lahore. |
| Lahore 10 | Servis, G-1 Market, Johar Town, Lahore. |
| Lahore 11 | Servis, Airport Road Opposite Honda Point Shop, Lahore. |

| Office, Retail outlets and Warehouse | Addresses |
|---|--|
| Lahore 12 | Servis, Tufail Road Saddar Gol Chakkar, Lahore Cantt. |
| Lahore 13 | Servis, Phase-1 Market, DHA H-Block, Lahore. |
| Lahore 14 | Servis, 108-Shalimar Link Road, Mughalpura, Lahore. |
| Lahore 15 | Servis, Nawab Plaza, Opposite Bata Gate No. 3, G.T. Road, Batapur, Lahore. |
| Lahore 16 | Servis, Opposite Tajpura Scheme, Main Canal Road, Near Euro Store, Lahore. |
| Lahore 17 | Servis, 23-KM, Multan Road, Adjacent Bata Factory, Lahore. |
| Lahore 18 | Servis, Township Main Bazar Beside Bata Opposite ECS, Lahore. |
| Lahore 19 | Servis, Plot No. 23, Hunza Block, Allama Iqbal Town, Lahore. |
| Lahore 20 | Servis, Plot No. 136, Jahanzeb Block, Allama Iqbal Town, Lahore. |
| Lahore 21 | Servis, Main Road, Shadbagh, Adjacent to Stylo, Lahore. |
| Lahore 22 | Servis, Near Gajumata Metro Stop, Lahore. |
| Lahore 23 | Servis, Mall of Shahdara, Near Police Station, Shahdara. |
| Lahore 24 | Servis, Link Road, 2nd Adjacent Amanah Mall Link Road Model Town, Lahore. |
| Lahore 25 | Servis, Block A-158, Main Boulevard, Gulshan Ravi, Lahore. |
| Lahore 26 | Servis, Main Canal Road, Rajput Town, Lahore. |
| Lahore 27 | Servis, Property No. 13-D, Main Wahdat Road, Lahore. |
| Lahore 28 | Servis, Lake City Mall 1st Floor, Lahore. |
| Lahore 29 | Servis, Packages Mall, Lahore. |
| Lahore 30 | Servis, Plot 16-B Commercial Sector-C Talwar Chowk Bahria Town, Lahore. |
| Lahore 31 | Servis, Main Bazar Islam Pura, Lahore. |
| Lahore 32 | Servis, Plot No. COM184, Block-A, Central Park, Ferozepur Road, Lahore. |
| Lahore 33 | Servis, Shop No.3 C-Floor, Mall of Lahore. |
| Lahore 34 | Servis, Shop No. 251, 1st Floor Emporium Mall, Lahore. |
| Lahore 35 | Servis, Near Total Petrol Pump, Shalimar Link Road, Lahore. |
| Lahore 36 | Servis, Fortress Square Mall, 1st Floor, Shop No. 7/8/9, Lahore. |
| Lahore 37 | Servis, Ground Floor, Fortress Square Mall, Lahore Cantt. |
| Karachi 1 | Servis, B-61, Block H, North Nazimabad, Near Peshawari Ice Cream, Karachi. |
| Karachi 2 | Servis, Asia Pacific Trade Center, Opposite Millenium Mall, Rashid Minhas Road, Karachi. |
| Karachi 3 | Servis, Block-21, Shop No. LG-13, Lucky One Mall, Main Rashid Minhas Road, Opposite UBL Sports Complex, Karachi. |
| Karachi 4 | Servis, Khaliq-Uz-Zaman Road, Opposite Bacha Party, Block-8, Clifton, Karachi. |
| Karachi 5 | Servis, Beside Euro Shoes, Shop No. 2, Commercial Area Main Road Liaqatabad, Karachi. |
| Karachi 6 | Servis, Besides Stylo, Plot No. 282, Gulshan-e-Hadeed Phase 1, Bin Qasim Town, Karachi, Sindh. |
| Karachi 7 | Servis, Shop No. 55-C, Survey Sheet No. 35-P/I Block No. 2 Pech Society, Near Liberty Chowk Gul Ahmed, Main Tariq Road, Karachi. |
| Karachi 8 | Servis, Plot No. 10, Sector 33-A, Near Stylo Shoes, Korangi 2.5, Karachi. |
| Karachi 9 | Servis, The Safa Mall Malir Cantt, Karachi. |
| Karachi 10 | Servis, Plot No. Z-83/Z-84, Delhi Mercantile Society beside Dolman Mall, Main Tariq Road, Karachi. |
| Karachi 11 | Servis, Mega All Beside Chase Up Department Store, Near Johar Chowrangi, Gulistan-e-Johar, Karachi. |
| Karachi 12 | Servis, Plot No. B-32, Saad Icon Safoora Chowrangi, Near Hanif Rajput Pakwan Center, Karachi. |
| Karachi 13 | Servis, Shop No. 2-3, Plot No. 11, Zaib-Un-Nisa Street, Saddar Bazar, Karachi. |
| Karachi 14 | Servis, Plot No. 29-C, Badar Commercial Street-1, DHA Clifton Cantonment, Karachi. |
| Karak 1 | Servis, Main Indus Highway, Jail Chowk, Karak. |
| Multan 1 | Servis, Near M.M. Mart, Babe Hussain Chowk, Sameejabad, Multan. |
| Multan 2 | Servis, Gulgasht Colony, Multan. |
| Multan 3 | Servis, Aziz Bhatti Shaheed Road Multan Cantt, Near Mall Plaza, Multan. |

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

| Office, Retail outlets and Warehouse | Addresses |
|--------------------------------------|---|
| Multan 4 | Servis, Gulshan Market, Multan. |
| Multan 5 | Servis, Gardezi Market, Near Jalal Masjid Chowk, Gulgasht Colony, Multan. |
| Multan 6 | Servis, Vehari Road, Near Telephone Exchange Mumtazabad, Multan. |
| Multan 7 | Servis, Nishtar Chowk, Near Food Festival, Multan. |
| Multan 8 | Servis, Ghani Bukhari Road, Multan Cantt. |
| Multan 9 | Servis, Main Bazar, Mumtazabad, Multan. |
| Multan 10 | Servis, Mall of Multan, Bosan Road, Multan. |
| Multan 11 | Servis, City Plaza, Rashidabad Khanewal Road, Multan. |
| Multan 12 | Servis, Coca Cola Factory, Vehari Road Mumtazabad, Multan. |
| Multan 13 | Servis, Shershah Road, Garden Town, Multan. |
| Multan 14 | Servis, Bosan Road, Multan. |
| Multan 15 | Servis, Opposite Chase Up, Khanewal Road, Multan. |
| Islamabad 1 | Servis, Plot No. 11/C, Main Road, Block-C, Pak PWD Society, Islamabad. |
| Islamabad 2 | Servis, Awami Trade Center G-9, Islamabad. |
| Islamabad 3 | Servis, Plot No. 2 Near Barrier of PWD, Beside Shikarpuri Sweets, Main Road PWD, Islamabad. |
| Islamabad 4 | Servis, Unit No. 3, Block D, F-6, Islamabad. |
| Islamabad 5 | Servis, Pak China Mall, 3rd Floor, Shop No. 1,2,3, G/9-2, Islamabad. |
| Abbottabad 1 | Servis, Opposite CNG Adda, Mansehra Road, Abbottabad. |
| Abbottabad 2 | Servis, Mansehra Road Supply, Abbottabad. |
| Rawalpindi 1 | Servis, Shan Mall, Plot No. 1255, Opposite ECS, Commercial Market Satellite Town, Rawalpindi. |
| Rawalpindi 2 | Servis, Pindi Bank Road, Adjacent to Habib Metropolitan Bank, Rawalpindi. |
| Rawalpindi 3 | Servis, Airport Road, Gulzar-e-Quaid, Rawalpindi. |
| Rawalpindi 4 | Servis, Walayat Complex, Bahria Town, Phase-7, Rawalpindi. |
| Rawalpindi 5 | Servis, Shop No. 2 LG Floor WTC Giga Mall DHA 2, Islamabad. |
| Rawalpindi 6 | Servis, Aabpara Main Market G-6, Near UBL Bank, Islamabad. |
| Rawalpindi 7 | Servis, Plot No. 154, Street Service Avenue, Spring North Commercial Bahria Phase-7, Islamabad. |
| Rawalpindi 8 | Servis, Main Bazar, Near Irani Market Tench Bhata, Rawalpindi. |
| Rawalpindi 9 | Servis, Misrial Road Chur Chowk, Rawalpindi. |
| Rawalpindi 10 | Servis, Alpha Mall, Adyala Road, Rawalpindi. |
| Rawalpindi 11 | Servis, Bank Road 2, Near Rania Mall, Rawalpindi. |
| Rawalpindi 12 | Servis, Opposite City Centre, Bank Road Saddar, Rawalpindi. |
| Rawalpindi 13 | Servis, Taj Arcade, Jahaz Ground Band Khana Road, Rawalpindi. |
| Rawalpindi 14 | Servis, Membership No. 492, NPF O-9 Housing Scheme, Islamabad. |
| Rawalpindi 15 | Servis, Plot No. B-845, Commercial Market, 4th Road, Rawalpindi. |
| Arifwala 1 | Servis, Bahawalnagar Road, Near MCB Bank, Arifwala. |
| Arifwala 2 | Servis, Thana Bazar, Arifwala. |
| Attock 1 | Servis, Naseem Mart, Kamrah Road, Attock. |
| Bahawalnagar 1 | Servis, City Chowk, Bahawalnagar. |
| Bahawalnagar 2 | Servis, Jail Road Opposite City Mall, Bahawalnagar. |
| Bahawalpur 1 | Servis, Circular Road, Opposite Medical College, Bahawalpur. |
| Bahawalpur 2 | Servis, Nizami Square 18-C, Commercial Colony, Railway Road, Bahawalpur. |
| Bahawalpur 3 | Servis, Ahmed Pur Road, Dubai Chowk, Near Total Pump, Bahawalpur. |
| Bannu 1 | Servis, Railway Road, Opposite National Bank, Bannu. |
| Bhakkar 1 | Servis, Darya Khan Road, Bhakkar. |

| Office, Retail outlets and Warehouse | Addresses |
|---|---|
| Bhalwal 1 | Servis, Opposite Bank Alfalah, Liaqat Shaheed Road, Bhalwal. |
| Burewala 1 | Servis, Al-Rehman Center, Opposite Stylo Shoes, Multan Road, Burewala. |
| Burewala 2 | Servis, 505 C-Block City Gate, Burewala. |
| Burewala 3 | Servis, Multan Road, Near JS Bank, Burewala. |
| Battagram 1 | Servis, Opposite Al-Fakhar Hotel, Main Bazar, Battagram. |
| Chakwal 1 | Servis, Talagang Road, Al-Fateh Plaza, Near GPO, Chakwal. |
| Charsadda 1 | Servis, Bacha Khan Chowk, Nowshera Road, Charsada. |
| Chichawatni 1 | Servis, Sultan Plaza, Khatoni No. 1197, Naya Bazar, Chichawatni. |
| Chishtian 1 | Servis, Main Bazaar, Chishtian. |
| Chishtian 2 | Servis, College Road, Chishtian. |
| Chiniot 1 | Servis, Chah Bane Wala, Opposite Animal Hospital, Chiniot. |
| Dera Ghazi Khan 1 | Servis, Saddar Bazar, Dera Ghazi Khan. |
| Dera Ghazi Khan 2 | Servis, Jamur Road, Near Traffic Chowk, Dera Ghazi Khan. |
| Dera Ghazi Khan 3 | Servis, 3 Bank Road, Dera Ghazi Khan. |
| Dera Ismail Khan 1 | Servis, Opposite State Life Building, Circular Road, Dera Ismail Khan. |
| Dera Ismail Khan 2 | Servis, Rasool Khan Plaza, Circular Road, Dera Ismail Khan. |
| Daska 1 | Servis, College Road, Near Borjan, Daska. |
| Daska 2 | Servis, Near Al-Jawad Hospital, Opposite Irfan Plaza, College Road, Daska 2. |
| Deepalpur 1 | Servis, Pakpattan Chowk, Depalpur. |
| Faisalabad 1 | Servis, Millat Road Near Islamic Bank, Gulshan Colony, Faisalabad. |
| Faisalabad 2 | Servis, D-Ground Hariyan Wala Chowk, Near Galaxy Mall, Faisalabad. |
| Faisalabad 3 | Servis, Saleemi Chowk Chen One Road, Faisalabad. |
| Faisalabad 4 | Servis, Misaq ul Mall, Sheikhupura Road, Faisalabad. |
| Faisalabad 5 | Servis, Opposite Stylo, Main Samanabad Road, Bilal Chowk, Faisalabad. |
| Faisalabad 6 | Servis, SB Mart Shadab More, Jhang Road, Faisalabad. |
| Faisalabad 7 | Servis, Police Station Road, Opposite Nishat Linen, Gulberg, Faisalabad. |
| Faisalabad 8 | Servis, Opposite Al-Fatah, Near Stylo Shoes, Koh-e-Noor, Faisalabad. |
| Faisalabad 9 | Servis, Satyana Road, Gate Square, Faisalabad. |
| Faisalabad 10 | Servis, Susan Road, Near Ideal Bakery, Faisalabad. |
| Faisalabad 11 | Servis, Plot 403-B, Ghulam Muhammad Colony, Faisalabad. |
| Faisalabad 12 | Servis, Jhang Bazar, Rajba Road, Faisalabad. |
| Faisalabad 13 | Servis, Allied More, Opposite Allied Hospital, Faisalabad. |
| Faisalabad 14 | Servis, D-Ground, Near KFC, Faisalabad. |
| Faisalabad 15 | Servis, 445-D, People Colony-1, Faisalabad. |
| Muridke 1 | Servis, Fair Price Shop, 10-KM, Near Servis Factory, Sheikhupura Road, Muridke. |
| Gojra 1 | Servis, Quaid-e-Azam Road, Gojra. |
| Gujranwala 1 | Servis, 400-C, Satellite Town, Main Market, Gujranwala. |
| Gujranwala 2 | Servis, Gujranwala Kings Mall, Adjacent to Borjan Shoes, Gujranwala. |
| Gujranwala 3 | Servis, Main G.T. Road, Opposite KFC, Rahwali. |
| Gujranwala 4 | Servis, Property No. 419-C, Main Market, Satellite Town, Opposite China Bakery, Gujranwala. |
| Gujranwala 5 | Servis, 751-B, Rex Cinema Road, Tipu Chowk, Satellite Town, Gujranwala. |
| Gujrat 1 | Servis, Hassan Chowk Opposite Sarwar Gold Plaza, Katchery Road, Gujrat. |
| Gujrat 2 | Servis, Court Road, Near Katchery Chowk, Gujrat. |
| Gujrat 3 | Servis, Gulzar-e-Madina Chowk (Ram Talai), Gujrat. |

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

| Office, Retail outlets and Warehouse | Addresses |
|--------------------------------------|--|
| Gujrat 4 | Servis, Shah Doula Chowk, Circular Road, Gujrat. |
| Gujrat 5 | Servis, Main G.T. Road, Gujrat. |
| Gujrat 6 | Servis, Boken Plaza, Opposite Aleena Center, Bhimber Road, Gujrat. |
| Hafizabad 1 | Servis, Vanike Road, Near Jamia Masjid-Al-Qadeem, Hafizabad. |
| Haripur 1 | Servis, G.T. Road, Opposite Peshawar Adda, Haripur. |
| Haripur 2 | Servis, Sheranwala Gate, Main Bazar, Haripur. |
| Haroonabad 1 | Servis, Baldia Road, Opposite ECS Shoes, Haroonabad. |
| Hyderabad 1 | Servis, Autobhan Road, Near ECS, Main Giddu Chowk, Hyderabad. |
| Hyderabad 2 | Servis, Mehran Shopping Complex, Garrison Cantt Market, Beside Stylo and J. Chandni Market, Hyderabad. |
| Hyderabad 3 | Servis, Fortune Arcade, Beside Qasim Banquet, Qasim Chowk Hyderabad, Sindh. |
| Hyderabad 4 | Servis, Unit No. 7, Plot No. 4-B, Latifabad, Hyderabad. |
| Hyderabad 5 | Servis, Opposite Cozy Haleem, Main Tilak Incline, Hyderabad. |
| Hasilpur 1 | Servis, Rail Bazar, Fawara Chowk, Hasilpur. |
| Jauharabad 1 | Servis, Main Bazar, Jauharabad. |
| Jhelum 1 | Servis, Adnan Plaza Civil Line Road Opposite Tehsil Municipal Office, Jhelum. |
| Jhang 1 | Servis, Alpha Departmental Store, Fawara Chowk, Saddar, Jhang. |
| Jhang 2 | Servis, Opposite Church Yousaf Shah Road, Jhang. |
| Jhang 3 | Servis, Civil Lines Road, Jhang. |
| Jacobabad 1 | Servis, Main Quaid-e-Azam Road, City Survey No. 664/4, Opposite Jhoolay Lal Battery Shop, Near Askari Bank Jacobabad, Sindh. |
| Jaranwala 1 | Servis, Fawara Chowk, Naya Bazar, Near HBL Bank, Jaranwala. |
| Kasur 1 | Servis, Shahbaz Khan Road, Opposite The Bank of Punjab, Kasur. |
| Kasur 2 | Servis, Railway Road, Kasur. |
| Khairpur 1 | Servis, Oppo. Bata Shoes, Panjhatti Mall Road, Khairpur, Sindh. |
| Khairpur 2 | Servis, Old Karachi Road, Near Sindh Karbala, Khairpur Mirs, Sindh. |
| Kharian 1 | Servis, Main G.T. Road, Kharian. |
| Kabirwala 1 | Servis, Khanewal Road, Opposite HBL, Kabirwala. |
| Kamalia 1 | Servis, Qasr-e-Qadir, Chichawatni Road, Kamalia. |
| Kamra 1 | Servis, Safdar Plaza, Main Bazar, Kamra. |
| Khanpur 1 | Servis, Katchery Bazar Model Town, Khanpur. |
| Kohat 1 | Servis, Kohat Katchery Chowk, Near Behram Medical Center, Kohat. |
| Kohat 2 | Servis, Main Pindi Road, Kohat. |
| Kotli 1 | Servis, Aabshaar Chowk, Pindi Road, Near Dream Land Hotel, Kotli, Azad and Jammu Kashmir. |
| Kotla 1 | Servis, Bhimber Road, Near Mararian Chowk, Arab Ali Khan, Kotla. |
| Layyah 1 | Servis, Chubara Road, Near Old Baloch Adda, Layyah. |
| Layyah 2 | Servis, Circular Road, Layyah. |
| Larkana 1 | Servis, Station Road, Larkana. |
| Mandi Bahauddin 1 | Servis, B-2/373, Katchery Road, Mandi Bahauddin. |
| Mandi Bahauddin 2 | Servis, Opposite Al-Asar Mall, Jail Road, Mandi Bahauddin. |
| Mandi Bahauddin 3 | Servis, Katchery Road, Near HBL, Mandi Bahauddin. |
| Mardan 1 | Servis, Opposite Railway Station, Nowshera Road, Mardan. |
| Mardan 2 | Servis, Bank Road, Near Taj Mahal Bakery, Mardan. |
| Mian Channu 1 | Servis, Kalma Chowk, Nishtar Road, Mian Channu. |
| Mian Wali 1 | Servis, Govt. High School Road, Mianwali. |
| Mirpur 1 | Servis, Allama Iqbal Road, Opposite Crown Plaza, Mirpur, Azad and Jammu Kashmir. |

| Office, Retail outlets and Warehouse | Addresses |
|---|---|
| Mirpur 2 | Servis, Quaid-e-Azam Plaza, Opposite Quaid-e-Azam Stadium, Mirpur, Azad and Jammu Kashmir. |
| Mirpur Khas 1 | Servis, Plot No. 727, Ward-B, Nashtarabad, Mirpur Khas, Sindh. |
| Mirpur Khas 2 | Servis, Plot No. 16, Ali Town, Phase-1, Mirpur Khas, Sindh. |
| Muzaffargarh 1 | Servis, Multan Road, Near Hakeem Wala Petrol Pump, Muzaffargarh. |
| Muzaffarabad 1 | Servis, Al-Raheem Plaza, Opp. Lahore Hotel, Neelam Road, Lower Plate, Muzaffarabad, Azad and Jammu Kashmir. |
| Muzaffarabad 2 | Servis, Madina Market, Muzaffarabad, Azad and Jammu Kashmir. |
| Narowal 1 | Servis, Bypass Chowk, Circular Road, Narowal. |
| Okara 1 | Servis, M. Ali Jinnah Road, Okara. |
| Okara 2 | Servis, Katchery Bazar, Opposite Bata Shoes, Okara. |
| Okara 3 | Servis, Tehsil Road, Thandi Sarak, Near Company Bagh, Okara. |
| Pakpattan 1 | Servis, Sahiwal Road, Near Government Boys High School, Pakpattan. |
| Pakpattan 2 | Servis, Jahangir Heights, Mandi More, Katchery Road, Pakpattan. |
| Pattoki 1 | Servis, Brand Way, Mall Bypass, Opposite Punjab College, Pattoki. |
| Peshawar 1 | Servis, Opposite Grand Hotel, University Road, Peshawar. |
| Peshawar 2 | Servis, Main Saddar Road, Opposite Falak Sair Plaza, Peshawar. |
| Peshawar 3 | Servis, Saddar Road, Near Imam Bargha, Opposite J. Outlet, Peshawar. |
| Peshawar 4 | Servis, University Road, Peshawar. |
| Peshawar 5 | Servis, Main Saddar Road, Opposite to Imperial Store, Peshawar Cantt. |
| Peshawar 6 | Servis, Charsadda Road, Nasapa Bala, Near Khazana Sugar Mill, Peshawar. |
| Peshawar 7 | Servis, Pishtakhara Chowk, Opposite to Hyper Mall, Ring Road, Peshawar. |
| Peshawar 8 | Servis, Spinzar Plaza, University Road, Jahangirabad, Peshawar. |
| Phalia 1 | Servis, Al-Abbas Chowk, Opposite Sunshine Dry Clean, Haila Road, Phalia. |
| Quetta 1 | Servis, Jinnah Road, Quetta. |
| Quetta 2 | Servis, Opp. Askari Park, Main Airport Road, BA Mall, Quetta. |
| Quetta 3 | Servis, Main Airport Road, Near Mehfil Hotel, Quetta. |
| Rahim Yar Khan 1 | Servis, Shahi Road, Near Belgium Chowk, Adjacent Jalandar Sweets, Rahim Yar Khan. |
| Rahim Yar Khan 2 | Servis, 5-A, Al-Hamra Road, Model Town, Rahim Yar Khan. |
| Rahim Yar Khan 3 | Servis, Sadiq Bazar, Rahim Yar Khan. |
| Rawalakot 1 | Servis, Nala Bazar, Opposite CMH Hospital, Rawalakot. |
| Sadiqabad 1 | Servis, Amman Din Plaza, Club Road, Near Sadiq Club, Sadiqabad. |
| Sahiwal 1 | Servis, Girls College Road, Near Metro Shoes, Sahiwal. |
| Sahiwal 2 | Servis, Near Bata Shoes, Tanki Chowk High Street, Sahiwal. |
| Sahiwal 3 | Servis, Main Saddar Bazar, Near Pak China Dawakhana, Sahiwal. |
| Sahiwal 4 | Servis, Depalpur Bazar, Jogi Chowk, Sahiwal. |
| Sargodha 1 | Servis, Waris Plaza, Block No. 9, City Road, Sargodha. |
| Sargodha 2 | Servis, University Road, Opposite Mall of Sargodha. |
| Sargodha 3 | Servis, Katchery Bazar, Sargodha. |
| Sargodha 4 | Servis, Main Bazar, Noori Gate, Sargodha. |
| Sargodha 5 | Servis, University Road, Sargodha. |
| Sheikhupura 1 | Servis, Jinnah Park, Opposite Limelight, Near Stylo, Sheikupura. |
| Sialkot 1 | Servis, Railway Road, Drama Wala Chowk, Sialkot. |
| Sialkot 2 | Servis, Allama Iqbal Road, Near Toba Masjid, Sialkot Cantt. |
| Sialkot 3 | Servis, Muslim Bazar, Rung Pura Chowk, Sialkot. |

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

| Office, Retail outlets and Warehouse | Addresses |
|---|---|
| Sialkot 4 | Servis, Sony Square Mall, Sialkot. |
| Swabi 1 | Servis, Darra Lar, Main Jahangira Road, Near Nadra Office, Swabi. |
| Swat 1 | Servis, City Center Qambar, Swat. |
| Swat 2 | Servis, Main Bazar, Kanju Kalam Road, Swat. |
| Swat 3 | Servis, Khwazakhela Chowk Matta Road Baidara, Matta, Swat. |
| Shikarpur 1 | Servis, Hazari Gate, Main Circular Road, Shikarpur. |
| Sukkur 1 | Servis, Mission Road, Near Bata Store, Sukkur. |
| Tando Adam 1 | Servis, Beside Stylo Shoes, Tando Allahyar Road, Tando Adam. |
| Timergara 1 | Servis, Dir Road, Timergara. |
| Toba Tek Singh 1 | Servis, Saddar Bazar, Toba Tak Sing. |
| Toba Tek Singh 2 | Servis, Jhang Road, Chak No. 326, Chamra Mandi, Toba Tek Singh. |
| Taunsa Shareef 1 | Servis, Mangrotha Road, Opposite Faisal Mover Terminal, Taunsa Shareef. |
| Vehari 1 | Servis, Ludden Road, Vehari. |
| Vehari 2 | Servis, Club Road, Vehari. |
| Vehari 3 | Servis, Tehsil Road, Adjacent to Stylo, Vehari. |
| Wah Cantt 1 | Servis, Lala Rukh Basti, Opp. Al-Faisal Mall, 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 1 | Servis, Opposite Telephone Exchange, Wazirabad. |
| Wazirabad 2 | Servis, Opposite Old Court, Near Telephone Exchange, Sialkot Road, Wazirabad. |
| Ali Pur Chatha 1 | Servis, Madina Chowk, Qadirabad Road, Opposite Asia Marriage Hall, Ali Pur Chattha. |
| Batkhela 1 | Servis, Amandara, Near Popular CNG, Batkhela. |
| Bhera 1 | Servis, Opposite Side Main Bazar, Malakwal Road, Bhera. |
| Bhimber 1 | Servis, Shaheen Chowk, Bimbher, Azad and Jammu Kashmir. |
| Buner 1 | Servis, Sawari Bazar, Buner. |
| Dadu 1 | Servis, Opposite National Bank, Main Bazar, Dadu. |
| Daharki 1 | Servis, Shop No. 466, Town, Tehsil Daharki, District Ghotki. |
| Dinga 1 | Servis, Main Mandi Bahauddin Road, Dinga. |
| Dunyapur 1 | Servis, Railway Road, Opposite Noori Masjid, Dunyapur. |
| Gujar Khan 1 | Servis, Main Bazar, Gujar Khan. |
| Jalal Pur Jattan 1 | Servis, Tanda Road, Near Albasi Petrol Pump, Jalalpur Jattan. |
| Khanewal 1 | Servis, Plot No. 6 & 7, Block No. 12, Jamia Masjid Road, Khanewal. |
| Kot Addu 1 | Servis, Railway Road, Kot Addu. |
| Kot Radha Kishan 1 | Servis, Main Road Kot, Near Java Sweet, Opposite Stylo Shoes, Kot Radha Kishan. |
| Malakwal 1 | Servis, Jinnah Road, Main Bazar, Malikwal. |
| Mansehra 1 | Servis, Paracha Plaza, Near Punjab Chowk, Main Shahrah-e-Raisham, Mansehra. |
| Mansehra 2 | Servis, Bashir Plaza Township, Manshera. |
| Murree 1 | Servis, Mall Road Next to Bandu Khan, Murree. |
| Nawabshah 1 | Servis, Gol Chakra Bazar Road, Shaheed Benazirabad, Nawabshah. |
| Pasrur 1 | Servis, Sattrah Chowk, Sialkot Road, Pasrur. |
| Pind Dadan Khan 1 | Servis, Main Lari Adda Pind, Dadan Khan. |
| Samundari 1 | Servis, Near DSP Office, Gojra Road, Samundri. |
| Sharaqpur Shareef 1 | Servis, Main Circular Road, Opposite Girls High School, Gate No. 1, Sharaqpur. |
| Warehouse | Addresses |
| Raiwind | Near Rupali Foods, Manga Road (Former Oye Hoye Factory), Raiwind. |

1.2 Scheme of Arrangement

In accordance with the Scheme of Arrangement between Service Industries Limited and its members and Service Tyres (Private) Limited [wholly owned subsidiary of Service Industries Limited] and its members and Service Retail (Private) Limited [wholly owned subsidiary of Service Industries Limited] and its members and Service Industries Capital (Private) Limited [wholly owned subsidiary of Service Industries Limited] 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'] duly approved by the shareholders of Service Industries Limited, Service Tyres (Private) Limited, Service Retail (Private) Limited and Service Industries Capital (Private) Limited on 06 May 2024 and sanctioned by the Honorable Lahore High Court, Lahore vide its Order dated 12 June 2024 (Sanction Date) [certified true copy of the Order received on 28 June 2024 and filed with the Registrar of Companies on 28 June 2024], reconstruction of Service Industries Limited as stated below has taken effect from 01 January 2024 (Effective Date):

- 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 Service Industries Limited (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.

After the sanction of the Scheme by the Honorable Lahore High Court, Lahore, the vesting of Tyre Undertaking in Service Tyres (Private) Limited, Retail Undertaking in Service Retail (Private) Limited and transfer of SPL Shares into Service Industries Capital (Private) Limited is deemed to have taken effect from on 01 January 2024 (Effective Date).

As and from the Effective Date and until occurrence of the Sanction Date:

- Service Industries Limited is deemed to have carried on the business relating to the Tyre Undertaking and Retail Undertaking for and on behalf of Service Tyres (Private) Limited and Service Retail (Private) Limited respectively and held the Tyre Undertaking and Retail Undertaking in trust for Service Tyres (Private) Limited and Service Retail (Private) Limited respectively;
- any income, sales including exports or profits accrued or arose to Service Industries Limited or made by Service Industries Limited, and all costs, charges, expenses and losses or tax incurred by Service Industries Limited, in relation to each of the Tyre Undertaking and Retail Undertaking for all purposes are treated as the income, sales including exports, profit, costs, charges, expenses and losses or tax of Service Tyres (Private) Limited and Service Retail (Private) Limited, respectively;
- any rights, titles, assets, privileges, powers, licenses, permissions, claims, interests, liabilities and obligations of Service Industries Limited which arose or accrued in relation to each of the Tyre Undertaking and Retail Undertaking are deemed to be the rights titles, assets, privileges, powers, licenses, permissions, claims interests, liabilities and obligations of Service Tyres (Private) Limited and Service Retail (Private) Limited, respectively;
- 128,150,000 shares of Service Long March Tyres (Private) Limited (SLM Shares) are deemed to have been owned and held for and on account and for the benefit of Service Tyres (Private) Limited and all profits, dividends, bonus shares, rights shares and entitlements accruing or arising to Service Industries Limited from or on account of the SLM Shares are treated as profits, dividends, bonus shares, rights shares and entitlements (as applicable) accruing or arising to Service Tyres (Private) Limited;
- SPL Shares are deemed to have been owned and held for and on account and for the benefit of Service Industries Capital (Private) Limited and all profits, dividends, bonus shares, rights shares and entitlements accruing or arising to Service Industries Limited from or on account of the SPL Shares are treated as profits, dividends, bonus shares, rights shares and entitlements (as applicable) accruing or arising to Service Industries Capital (Private) Limited; and
- any transactions, acts, deeds done in the normal course of business and/or sanctioned by the Board of Directors of Service Industries Limited in relation to each of the Tyre Undertaking, Retail Undertaking and SPL shares are deemed to have been carried out for the benefit of Service Tyres (Private) Limited, Service Retail (Private) Limited and Service Industries Capital (Private) Limited respectively.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

Net assets transferred and consideration

The assets and liabilities comprised in 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] and the Retained Assets and Undertakings have been arrived at as follows based on the audited financial statements of Service Industries Limited for the year ended 31 December 2023:

| | Transferred Assets and Undertakings | | | Retained Assets and Undertakings |
|--|-------------------------------------|--------------------|----------------|----------------------------------|
| | Tyre Undertaking | Retail Undertaking | SPL Shares | |
| | (Rupees in thousand) | | | |
| ASSETS | | | | |
| NON-CURRENT ASSETS | | | | |
| Fixed assets | 9,900,796 | 1,366,021 | - | 1,180,677 |
| Right-of-use assets | 21,880 | 4,464,856 | - | 34,648 |
| Intangible assets | - | 1,860 | - | 5,650 |
| Long term investments | 1,281,500 | - | 407,916 | 6,339,540 |
| Long term loans to employees | 3,167 | 6,875 | - | 7,770 |
| Long term security deposits | 71,405 | 147,848 | - | 13,048 |
| | 11,278,748 | 5,987,460 | 407,916 | 7,581,333 |
| CURRENT ASSETS | | | | |
| Stores, spares and loose tools | 541,365 | - | - | 75,532 |
| Stock-in-trade | 5,029,883 | 2,984,961 | - | 2,372,589 |
| Trade debts | 2,818,707 | - | - | 1,048,624 |
| Loans and advances | 505,586 | 104,510 | - | 119,798 |
| Advance income tax - net of provision for taxation | 388,703 | (90,157) | - | 8,318 |
| Trade deposits and prepayments | 11,811 | 51,821 | - | 123,750 |
| Other receivables | 148,388 | 38,388 | - | 192,371 |
| Short term investments | - | - | - | 883,430 |
| Cash and bank balances | 1,700,710 | - | - | 112,966 |
| | 11,145,153 | 3,089,523 | - | 4,937,378 |
| TOTAL ASSETS | 22,423,901 | 9,076,983 | 407,916 | 12,518,711 |
| NON-CURRENT LIABILITIES | | | | |
| Long term financing | 2,497,156 | 600,000 | - | 5,711,363 |
| Long term deposits | 1,440 | 83,584 | - | - |
| Lease liabilities | 27,072 | 4,979,098 | - | 30,853 |
| Employees' retirement benefit | 205,524 | 18,611 | - | 62,889 |
| Deferred liabilities | 891,572 | (403,190) | 67,089 | 15,412 |
| | 3,622,764 | 5,278,103 | 67,089 | 5,820,517 |
| CURRENT LIABILITIES | | | | |
| Trade and other payables | 3,664,875 | 1,641,577 | - | 1,482,285 |
| Accrued mark-up | 275,572 | 142,939 | - | 384,380 |
| Short term borrowings | 6,827,704 | 1,728,304 | - | 2,333,565 |
| Current portion of non-current liabilities | 1,370,743 | 609,052 | - | 816,080 |
| Unclaimed dividend | - | - | - | 43,783 |
| | 12,138,894 | 4,121,872 | - | 5,060,093 |
| Total liabilities | 15,761,658 | 9,399,975 | 67,089 | 10,880,610 |
| NET ASSETS | 6,662,243 | (322,992) | 340,827 | 1,638,101 |

As per clause 2, clause 3 and clause 4, Article – 4 of the Scheme:

- In consideration of the transfer of Tyre Undertaking by Service Industries Limited to Service Tyres (Private) Limited, Service Tyres (Private) Limited has issued and allotted 666,224,300 fully paid-up ordinary shares of Rupees 10 each to Service Industries Limited on the basis of net assets of Service Tyres (Private) Limited;
- In consideration for the transfer of SPL shares by Service Industries Limited to Service Industries Capital (Private) Limited, Service Industries Capital (Private) Limited has issued and allotted 34,082,700 fully paid-up ordinary shares of Rupees 10 each to Service Industries Limited;
- In consideration for the transfer of Retail Undertaking by Service Industries Limited to Service Retail (Private) Limited, unappropriated profit of Service Industries Limited has been credited with Rupees 322,992,000 as of the Effective Date, as book value of assets being transferred to Service Retail (Private) Limited is less than the book value of liabilities being transferred to Service Retail (Private) Limited. Service Retail (Private) Limited, as of the Effective Date, has recognized a negative reserve of the same amount in its books of account.

Capital reserve of the Holding Company namely 'Share of share premium reserve held by equity accounted investee' of Rupees 23.935 million has been transferred to unappropriated profit during the current year as SPL Shares have vested into Service Industries Capital (Private) Limited - Subsidiary Company after the sanction of the Scheme (with effect from 01 January 2024). For the Holding Company, Speed (Private) Limited was equity accounted investee previously.

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 81.129 million (2023: Rupees 53.356 million).

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information applied in the preparation of these consolidated financial statements are set out below. 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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

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 and levy

In making the estimates for income tax and levy 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 associates

In making an estimate of recoverable amount of investments in equity method accounted for associates, 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.

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 2024:

- Amendments to IAS 1 'Presentation of Financial Statements' – Clarification on classification of liabilities as current or non-current, focusing on compliance with covenants within 12 months after the reporting period;
- Amendments to IFRS 16 'Leases' – Clarify the measurement of lease liabilities for sale and leaseback transactions qualifying as a sale under IFRS 15;
- Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures' – Introduce disclosure requirements for supplier finance arrangements, requiring entities to provide qualitative and quantitative information, including 'signposts' to existing disclosures.

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 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.

f) Standards, amendments and improvements to published approved accounting standards that are not yet effective but relevant to the Group

Following standards, amendments and improvements to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 01 January 2025 or later periods:

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.

IFRS 18 'Presentation and Disclosure in Financial Statements' (effective for annual periods beginning on or after 01 January 2027) with a focus on updates to the statement of profit or loss. The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. The key new concepts introduced in IFRS 18 relate to: the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.

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

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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.

IFRS S1 'General Requirements for Disclosure of Sustainability-related Financial Information'. IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

IFRS S2 'Climate-related Disclosures'. IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

The implementation of IFRS S1 and IFRS S2 will be phased as per the SECP's order dated 31 December 2024, with different effective dates based on annual turnover, number of employees, and total assets (Criteria). Phase I will apply to listed companies having specific Criteria for annual reporting periods beginning on or after 1 July 2025. Phase II will apply to other listed companies having specific Criteria for annual reporting periods beginning on or after 1 July 2026. Phase III will cover non-listed public interest companies and remaining listed companies for annual reporting periods beginning on or after 1 July 2027.

Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures' regarding the classification and measurement of financial instruments (effective for annual periods beginning on or after 01 January 2026). The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9.

The International Accounting Standards Board (IASB) has published 'Annual Improvements to IFRS Accounting Standards – Volume 11'. The amendments are effective for annual reporting periods beginning on or after 01 January 2026. It contains amendments to following five standards as result of the IASB's annual improvements project.

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash flows.

The above standards, 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 2025 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`.

c) Translations of the financial statements of foreign subsidiaries

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, Service Global Footwear Limited – Subsidiary Company, Service Tyres (Private) Limited – Subsidiary Company and Service Retail (Private) Limited – Subsidiary Company. Equal monthly contributions are made both by the employees and Service Industries Limited – Holding

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Company, Service Global Footwear Limited – Subsidiary Company, Service Tyres (Private) Limited – Subsidiary Company and Service Retail (Private) 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.

ii) Defined benefit plan

Service Industries Limited – Holding Company, Service Global Footwear Limited – Subsidiary Company, Service Tyres (Private) Limited – Subsidiary Company and Service Retail (Private) 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, Service Global Footwear Limited – Subsidiary Company, Service Tyres (Private) Limited – Subsidiary Company and Service Retail (Private) 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, Service Global Footwear Limited – Subsidiary Company, Service Tyres (Private) Limited – Subsidiary Company and Service Retail (Private) 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, Service Global Footwear Limited – Subsidiary Company, Service Tyres (Private) Limited – Subsidiary Company and Service Retail (Private) 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, Service Global Footwear Limited – Subsidiary Company, Service Tyres (Private) Limited – Subsidiary Company and Service Retail (Private) 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, Service Global Footwear Limited – Subsidiary Company, Service Tyres (Private) Limited – Subsidiary Company and Service Retail (Private) 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. Except for the tax (final tax) deducted by subsidiaries, associates or joint arrangements on distribution of dividend to the Holding Company, final taxes levied under the Income Tax Ordinance, 2001 and any excess over the amount designated as provision for current tax are charged as levy in the consolidated statement of profit or loss. Tax

(final tax) deducted by subsidiaries, associates or joint arrangements on distribution of dividend is charged as current tax in the consolidated statement of profit or loss. The charge for current tax and levy also includes adjustments, where considered necessary, to provision for tax and levy made in previous years arising from assessments framed during the year for such years. Previously, component representing levy was included in provision for current tax and was not separately charged in the consolidated statement of profit or loss. Now, accounting policy of taxation and levy has been charged in accordance with "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes" issued by Institute of Chartered Accountants of Pakistan through Circular No. 7/2024. This change in accounting policy has been applied retrospectively in accordance with the provisions of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and resulted in following reclassification of corresponding figures:

| Reclassified from | Reclassified to | Audited |
|--|-----------------|------------------|
| | | 31 December 2023 |
| (Rupees in thousand) | | |
| Statement of consolidated profit or loss: | | |
| Taxation | Levy | 452,480 |

| Reclassified from | Reclassified to | Audited |
|--|-----------------|------------------|
| | | 31 December 2023 |
| (Rupees in thousand) | | |
| Statement of consolidated financial position: | | |
| Advance income tax | Prepaid levy | 952,470 |
| Provision for taxation | Levy payable | 503,222 |

Had there been no change in the above-referred accounting policy, amounts of levy Rupees 403.873 million, levy payable Rupees 729.537 million and prepaid levy Rupees 926.654 million would have been presented as taxation expense, provision for taxation and advance income tax respectively in these consolidated financial statements for the year ended 31 December 2024. This change in accounting policy has no impact on earnings per share. Furthermore, third consolidated statement of financial position has not been presented as at the beginning of the preceding period as the retrospective application does not have an effect on the information in the consolidated statement of financial position at the beginning of the preceding period.

b) Service Shoes Lanka (Private) Limited, SIL GULF (FZE) and Dongguan Service Global Limited – Subsidiary Companies

Provision for current tax and levy 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.

Group taxation

The Securities and Exchange Commission of Pakistan (SECP) vide its certificate dated 19 February 2024 has registered the Company, Service Retail (Private) Limited, Service Industries Limited and Service Industries Capital (Private) Limited (together the 'Tax Group') as a Tax Group for the purpose of group taxation under Section 59AA of the Income Tax Ordinance, 2001. Consequently, the Tax Group will be taxed as one fiscal unit from the tax year 2025 and onwards.

Notes to the Consolidated Financial Statements

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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.

2.9 Property, plant, equipment and depreciation

Operating fixed asset

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 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 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.

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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.

2.14 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.

2.15 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.

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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.

2.16 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.

2.17 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.

2.18 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.

2.19 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.

2.20 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.

2.21 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.

2.22 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.

2.23 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.

2.24 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

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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.

2.25 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.

2.26 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.

2.27 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.

2.28 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.

2.29 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.

2.30 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.

2.31 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.

2.32 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.

2.33 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.

2.34 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.

2.35 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.

2.36 Employees' share options schemes

Service Global Footwear Limited – Subsidiary Company and Service Long March Tyres (Private) Limited – Subsidiary Company operate equity settled share based Employees Stock Option Schemes. The compensation committees of the Board of Directors of Service Global Footwear Limited – Subsidiary Company and Service Long March Tyres (Private) Limited – Subsidiary Company evaluate the performance and other criteria of employees and approve 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 and Service Long March Tyres (Private) Limited – Subsidiary Company 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 and Service Long March Tyres (Private) Limited – Subsidiary Company initially recognize 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.

When share options are exercised, the proceeds received, net of any transaction costs, are credited to share capital (nominal value) and share premium.

2.37 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.

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2.38 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. SUMMARY OF OTHER ACCOUNTING POLICIES

3.1 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.

3.2 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.

3.3 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.

3.4 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.

3.5 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.

4. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

| | 2024 | 2023 | 2024 | 2023 |
|---|-------------------|------------|--------------------|---------|
| | 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 |

4.1 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.

| | 2024 | 2023 |
|--|------------------|-----------|
| | Number of shares | |
| 4.2 Ordinary shares of the Holding Company held by associated undertakings: | | |
| Shahid Arif Investments (Private) Limited | 39,624 | 39,624 |
| Service Charitable Trust | 45,253 | 45,253 |
| Service Provident Fund Trust | 2,391,274 | 2,181,274 |

| | 2024 | 2023 |
|--|--------------------|--------|
| | Amount | Amount |
| | Rupees in thousand | |

5. 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 5.1) | 29,202 | 34,247 |
| Share premium | (Note 5.2) | 1,385,749 | 1,383,863 |
| Share of share premium reserve held by equity accounted investee | | 20,460 | 44,395 |
| Exchange translation reserve | [Note 2.2(c)] | (73,967) | (39,891) |
| 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 reserves | (Note 5.3) | 66,449 | 711 |
| Share of employees' share compensation reserve held by equity accounted investee | | 307 | 307 |
| | | 2,458,093 | 2,453,525 |

Revenue reserves

| | | | |
|-----------------------|--|-------------------|------------|
| General reserve | | 1,558,208 | 1,558,208 |
| Unappropriated profit | | 10,278,584 | 6,657,374 |
| | | 11,836,792 | 8,215,582 |
| | | 14,294,885 | 10,669,107 |

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5.1 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:

| | 2024 Amount | 2023 Amount |
|---------------------------------------|--------------------|----------------|
| | Rupees in thousand | |
| Balance at 01 January | 44,190 | 66,937 |
| Fair value adjustment during the year | (6,510) | (22,747) |
| | 37,680 | 44,190 |
| Deferred income tax liability | (8,478) | (9,943) |
| Balance at 31 December | 29,202 | 34,247 |

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

| | 2024 Amount | 2023 Amount |
|--|--------------------|----------------|
| | Rupees in thousand | |
| | | |

5.3 Share options reserve

Attributable to equity holders of the Holding Company:

| | | | |
|---|--------------|---------------|------------|
| Service Global Footwear Limited - Subsidiary Company | (Note 5.4.3) | 5,701 | 711 |
| Service Long March Tyres (Private) Limited - Subsidiary Company | (Note 5.5.3) | 60,748 | - |
| | | 66,449 | 711 |

5.4 Service Global Footwear Limited - Subsidiary Company

5.4.1 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 the 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, the 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 1,227,325 options having vesting period started from 01 January 2024 and ending on 31 December 2027 with exercise price of Rupees 36 per share. Remaining 919,675 options will be granted in subsequent year in accordance with the scheme.

| | 2024 | 2023 |
|--|--------------------|----------|
| | Amount | Amount |
| | Rupees in thousand | |
| 5.4.2 Movement in employee's share option reserve: | | |
| Balance at 01 January | 895 | 25,031 |
| Recognized during the year at the fair value | 6,803 | 895 |
| Transferred to share premium | (515) | (25,031) |
| Balance at 31 December | 7,183 | 895 |
| 5.4.3 Share of employees' share option reserve attributable to: | | |
| Equity holders of the Holding Company | 5,701 | 711 |
| Non-controlling interest | 1,482 | 184 |
| | 7,183 | 895 |

5.4.4 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:

| | 2024 | | 2023 | |
|--|-------------------|---------------|-------------------|---------------|
| | Number of options | WAEP (Rupees) | Number of options | WAEP (Rupees) |
| Outstanding at the beginning of the year | 705,000 | 30 | 848,000 | 10 |
| Options granted during the year | 1,227,325 | 36 | 705,000 | 30 |
| Options exercised during the year | (138,900) | 30 | (830,000) | 10 |
| Options lapsed during the year | (37,350) | 30 | (18,000) | 10 |
| Outstanding at 31 December | 1,756,075 | 34.19 | 705,000 | 30 |
| Exercisable at the end of the year | 483,081 | 33.81 | 176,250 | 30 |

5.4.5 The weighted average share price at the date of exercise of options exercised during the year was Rupees 75.69 (2023: Rupees 34.91).

5.4.6 The weighted average remaining contractual life for the share options outstanding as at 31 December 2024 is 1.3 years (2023: 1.5 years).

5.4.7 The weighted average fair value of options granted during the year was Rupees 8.30 (2023: Rupees 2.14).

5.4.8 Exercise price for options outstanding at the end of the year is Rupees 30 and Rupees 36 (2023: Rupees 30).

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5.4.9 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:

| | | 2024 | 2023 |
|---------------------------|--------|----------------------|--------------|
| Fair value at grant date | Rupees | 4.58 to 13.10 | 1.41 to 2.92 |
| Share price at grant date | Rupees | 59.11 | 33.00 |
| Exercise price | Rupees | 36.00 | 30.00 |
| Expected volatility | % | 40.38% | 31.77% |
| Expected life | Years | 1.25 - 4.25 | 1 - 4 |
| Expected dividend | % | 30% | 27% |
| Risk-free interest rate | % | 15.08% | 15.03% |

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.

5.5 Service Long March Tyres (Private) Limited - Subsidiary Company

5.5.1 Description of scheme

Employees Stock Option Scheme, 2024, comprises of an entitlement pool of 91.500 million shares. Under the scheme, share options of the Service Long March Tyres (Private) Limited - Subsidiary Company are granted to Chief Executive Officer, Directors and employees of level MG 2 and above. The exercise period for options granted under the scheme shall be three years after the completion of respective vesting period. Compensation committee granted 48,050,000 options having vesting period started from 31 July 2024 and ending on 31 July 2025 and 9,000,000 options having vesting period started from 31 July 2024 and ending on 31 July 2027, with exercise price of Rupees 10 per share.

| | 2024 | 2023 |
|--|--------------------|--------|
| | Amount | Amount |
| | Rupees in thousand | |
| 5.5.2 Movement in share options reserve: | | |
| Balance at the beginning of the year | - | - |
| Add: Recognized during the year at the fair value | 128,978 | - |
| Less: Transferred to share premium | - | - |
| Balance at the end of the year | 128,978 | - |
| 5.5.3 Share of employees' share option reserve attributable to: | | |
| Equity holders of the Holding Company | 60,748 | - |
| Non-controlling interest | 68,230 | - |
| | 128,978 | - |

5.5.4 Movement in share options outstanding at end of the year is as follows:

The following table illustrates the number and weighted average exercise price (WAEP) of, and movements in, share options during the year:

| | 2024 | | 2023 | |
|--|-------------------|---------------|-------------------|---------------|
| | Number of options | WAEP (Rupees) | Number of options | WAEP (Rupees) |
| Outstanding at the beginning of the year | - | - | - | - |
| Add: Options granted during the year | 57,050,000 | 10 | - | - |
| Outstanding at the end of the year | 57,050,000 | 10 | - | - |
| Exercisable at the end of the year | - | - | - | - |

5.5.5 The weighted average remaining contractual life for the share options outstanding as at 31 December 2024 is 2.4 years.

5.5.6 The weighted average fair value of options granted during the year was Rupees 5.97.

5.5.7 Exercise price for options outstanding at the end of the year is Rupees 10.

5.5.8 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:

| | | 2024 | 2023 |
|---------------------------|--------|--------------------|------|
| Fair value at grant date | Rupees | 5.15 - 6.12 | - |
| Share price at grant date | Rupees | 7.46 | - |
| Exercise price | Rupees | 10.00 | - |
| Expected volatility | % | 46.66% | - |
| Expected life | Years | 2.5 to 4.5 | - |
| Expected dividend | % | 14% | - |
| Risk-free interest rate | % | 14.07% | - |

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.

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| | | 2024 | 2023 |
|--|------------|--------------------|-------------|
| | | Amount | Amount |
| | | Rupees in thousand | |
| 6. LONG TERM FINANCING | | | |
| From banking companies - secured | | | |
| Long term loans | (Note 6.1) | 14,988,187 | 16,240,119 |
| Long term musharaka | (Note 6.2) | 2,004,159 | 2,228,881 |
| | | 16,992,346 | 18,469,000 |
| Current portion shown under current liabilities: | (Note 14) | | |
| Long term loans | | (3,037,675) | (3,042,233) |
| Long term musharaka | | (397,575) | (69,625) |
| | | (3,435,250) | (3,111,858) |
| | | 13,557,096 | 15,357,142 |

6.1 Long term loans

| Lender | 2024 | | 2023 | Rate of mark-up Per annum | Number of instalments | Interest Repricing | Interest Payable | Security |
|---|--------------------|---------|---------|------------------------------|--|-----------------------|---------------------|--|
| | Rupees in thousand | | | | | | | |
| Service Industries Limited - Holding Company | | | | | | | | |
| Allied Bank Limited (Note 6.3) | - | 200,000 | 200,000 | 6-months KIBOR + 0.15% | Seven unequal instalments commenced on 29 January 2020 and transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.2) | Half yearly | Half yearly | Joint pari passu charge of Rupees 1,285.334 million over plant and machinery of the Holding Company with 25% margin. |
| Allied Bank Limited (Note 6.3) | - | 96,752 | 96,752 | SBP rate for LTF + 0.25% | Three hundred and twenty nine unequal instalments commenced on 21 May 2019 and transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.2) | - | Quarterly | |
| Allied Bank Limited (Note 6.3) | - | 12,741 | 12,741 | 6-months KIBOR + 0.25% | | Half yearly | Quarterly | |
| Allied Bank Limited (Note 6.3) | - | 109,493 | 109,493 | | | | | |
| Allied Bank Limited | - | 320,901 | 320,901 | 3-months KIBOR + 0.25% | Twenty equal quarterly instalments commenced on 01 March 2023 and transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.2) | Quarterly | Quarterly | |
| Allied Bank Limited | - | 87,597 | 87,597 | 3-months KIBOR + 0.25% | Ten equal quarterly instalments commenced on 21 December 2023 and transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.2) | Quarterly | Quarterly | |
| MCB Bank Limited (Note 6.3) | - | 160,000 | 160,000 | 6-months KIBOR + 0.14% | Ten equal half yearly instalments commenced on 30 December 2018 and transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.2) | Half yearly | Half yearly | |
| MCB Bank Limited (Note 6.3) | - | 100,000 | 100,000 | 6-months KIBOR + 0.10% | Ten equal half yearly instalments commenced on 27 June 2019 and transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.2) | Half yearly | Half yearly | |
| MCB Bank Limited | - | 400,000 | 400,000 | 6-months KIBOR + 0.25% | Ten equal half yearly instalments commenced on 11 June 2021 and transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.2) | Half yearly | Half yearly | |
| MCB Bank Limited | - | 460,000 | 460,000 | 6-months KIBOR + 0.10% | Ten equal half yearly instalments commenced on 29 May 2023 and transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.2) | Half yearly | Half yearly | |

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| Lender | 2024 | | 2023 | | Rate of mark-up Per annum | Number of instalments | Interest Repricing | Interest Payable | Security |
|-------------------------------|--------------------|-----------|--------------------|-----------|------------------------------|---|-----------------------|---------------------|---|
| | Rupees in thousand | | Rupees in thousand | | | | | | |
| Habib Bank Limited (Note 6.3) | - | 6,650 | - | 6,650 | SBP rate for ITFF + 0.50% | One hundred and twenty four unequal instalments commenced on 12 December 2019 and transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.2) | - | 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. |
| Habib Bank Limited (Note 6.3) | - | 1,045,646 | - | 1,045,646 | SBP rate for TERF + 1% | Sixty four unequal instalments commenced on 20 April 2023 and transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.2) | - | Half yearly | |
| Habib Bank Limited (Note 6.3) | - | 29,391 | - | 29,391 | SBP rate for ITFF + 0.50% | Sixteen equal quarterly instalments commenced on 22 December 2019 and transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.2) | - | Quarterly | |
| Habib Bank Limited | 768,928 | 1,076,499 | 768,928 | 1,076,499 | 6-months KIBOR + 0.20% | Nine equal half yearly instalments commenced on 26 February 2023 and ending on 26 February 2027. | Half yearly | Half yearly | Ranking charge of Rupees 2,000 million on land and building of the Holding Company with 25% margin. |
| Habib Bank Limited | 304,933 | 192,435 | 304,933 | 192,435 | 6-months KIBOR + 0.50% | Sixteen equal half yearly instalments commencing on 20 January 2026 and ending on 20 July 2033. | Half yearly | Half yearly | |

| Lender | 2024 | | 2023 | | Rate of mark-up Per annum | Number of instalments | Interest Repricing | Interest Payable | Security |
|---|--------------------|-----------|---------------------------|--|------------------------------|-----------------------|-----------------------|---|----------|
| | Rupees in thousand | | Rupees in thousand | | | | | | |
| Pakistan Kuwait Investment Company (Private) Limited | 600,000 | 800,000 | 6-months KIBOR + 1% | Ten equal half yearly instalments commenced on 15 March 2023 and ending on 15 September 2027. | Half yearly | Half yearly | Half yearly | Joint pari passu charge of Rupees 2,000 million on land and building of the Holding Company and ranking charge of Rupees 1,467 million on land and building of the Holding Company with 25% margin. | |
| Pakistan Kuwait Investment Company (Private) Limited | 500,000 | 500,000 | 3-months KIBOR + 1% | One hundred and sixty one unequal instalments commencing on 28 February 2025 and ending on 02 June 2033. | Quarterly | Quarterly | Quarterly | | |
| Pakistan Kuwait Investment Company (Private) Limited | 1,500,000 | 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 | Quarterly | | |
| Askari Bank Limited | 2,000,000 | 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 | Monthly | Joint pari passu charge of Rupees 2,667 million on all the present and future movable fixed assets of the Holding Company. | |
| Service Global Footwear Limited - Subsidiary Company | | | | | | | | | |
| Habib Bank Limited | 50,737 | 65,587 | SBP rate for LTFF + 0.50% | Three hundred and eight unequal instalments commenced on 22 June 2019 and ending on 08 August 2028. | - | - | Quarterly | First joint pari passu hypothecation charge of Rupees 788 million on plant and machinery of the Service Global Footwear Limited - Subsidiary Company with 25% margin. | |
| | 139,358 | 149,306 | 6-months KIBOR + 0.50% | Thirty three unequal instalments commenced on 16 April 2024 and ending on 16 April 2032. | Semi annually | Semi annually | Semi annually | | |
| | 190,095 | 214,893 | | | | | | | |
| Habib Bank Limited | 23,609 | 32,193 | SBP rate for LTFF + 0.50% | Thirty nine equal quarterly instalments commenced on 06 January 2018 and ending on 06 July 2027. | - | - | Quarterly | | |

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| Lender | 2024 | | 2023 | | Rate of mark-up Per annum | Number of instalments | Interest Repricing | Interest Payable | Security |
|---|--------------------|--------|--------------------|--------|---|--|-----------------------|------------------------|---|
| | Rupees in thousand | | Rupees in thousand | | | | | | |
| Allied Bank Limited | 33,978 | 38,666 | 10,980 | 38,666 | SBP rate for LTFF + 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 Quarterly | First joint pari passu hypothecation charge of Rupees 196.5 million on plant and machinery of the Service Global Footwear Limited- Subsidiary Company and exclusive charge of Rupees 466.667 million on land and building of the Service Global Footwear Limited- Subsidiary Company with 25% margin. |
| | 43,419 | 49,646 | 65,632 | 65,632 | SBP rate for LTFF + 0.25% | One hundred and seventy nine unequal instalments commenced on 21 April 2021 and ending on 29 October 2030. | - Quarterly | Quarterly | |
| Allied Bank Limited | 55,846 | 65,632 | 65,632 | 65,632 | SBP rate for LTFF + 0.25% | One hundred and seventy nine unequal instalments commenced on 21 April 2021 and ending on 29 October 2030. | - Quarterly | Quarterly | |
| Service Tyres (Private) Limited - Subsidiary Company | | | | | | | | | |
| Allied Bank Limited (Note 6.3) | 100,000 | - | - | - | 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 6.3) | 80,185 | - | - | - | SBP rate for LTFF + 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 | Ranking charge of Rupees 700 million over plant and machinery of the Service Tyres (Private) Limited - Subsidiary Company with 25% margin. |
| | 13,159 | - | - | - | | | | | |
| | 93,344 | - | - | - | | | | | |
| Allied Bank Limited | 240,677 | - | - | - | 3-months KIBOR + 0.25% | Twenty equal quarterly instalments commenced on 01 March 2023 and ending on 01 December 2027. | Quarterly | Quarterly | |
| Allied Bank Limited | 48,664 | - | - | - | 3-months KIBOR + 0.25% | Ten equal quarterly instalments commenced on 21 December 2023 and ending on 21 March 2026. | Quarterly | Quarterly | |

| Lender | 2024 | | 2023 | Rate of mark-up Per annum | Number of instalments | Interest | | Security |
|-------------------------------|--------------------|---|--------------------------|--|-----------------------|-------------|---|----------|
| | Rupees in thousand | | | | | Repricing | Payable | |
| MCB Bank Limited | 200,000 | - | 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 | Ranking charge of Rupees 1,004 million over plant and machinery of the Service Tyres (Private) Limited - Subsidiary Company with 25% margin. | |
| MCB Bank Limited | 345,000 | - | 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 6.4) | 939,150 | - | SBP rate for TERF + 1% | Sixty four unequal instalments commenced on 20 April 2023 and ending on 20 April 2031. | - | Half yearly | Ranking charge of Rupees 1,631.13 million over plant and machinery of the Service Tyres (Private) Limited - Subsidiary Company with 25% margin. | |
| Habib Bank Limited (Note 6.3) | 5,136 | - | SBP rate for LTF + 0.50% | One hundred and twenty four unequal instalments commenced on 12 December 2019 and ending on 30 April 2028. | - | Quarterly | | |
| Soneri Bank Limited | 389,344 | - | 3-months KIBOR + 0.50% | Twenty equal quarterly instalments commencing on 01 January 2026 and ending on 01 October 2030. | Quarterly | Quarterly | Ranking charge of Rupees 734 million over plant and machinery of the Service Tyres (Private) Limited - Subsidiary Company with 25% margin. | |

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| Lender | 2024 | | 2023 | | Rate of mark-up Per annum | Number of instalments | Interest | | Security |
|--|--------------------|------------|--------------------|------------|--|--|-------------|-------------|--|
| | Rupees in thousand | | Rupees in thousand | | | | Repricing | Payable | |
| Service Long March Tyres (Private) Limited - Subsidiary Company | | | | | | | | | |
| Allied Bank Limited (Note 6.4) | 1,268,815 | 1,431,199 | 1,431,199 | 1,431,199 | SBP rate for TERF + 0.50% | Thirty two unequal instalments commenced on 25 February 2023 and ending on 26 May 2033. | - | Quarterly | These loans alongwith musharaka of Service Long March Tyres (Private) Limited - Subsidiary Company disclosed in Note 6.2 are secured against joint pari passu charge over present and future fixed assets of the Service Long March Tyres (Private) Limited - Subsidiary Company (such as land, building, plant and machinery etc.) with aggregate carrying amount of Rupees 19,313 million and corporate guarantees of Service Industries Limited - Holding Company with aggregate carrying amount of Rupees 9,000 million. |
| Allied Bank Limited | - | 6,695 | 6,695 | 6,695 | 3-months KIBOR + 0.5% | Thirty two equal quarterly instalments commenced on 02 July 2021 and ended on 26 May 2024. | Quarterly | Quarterly | |
| Bank Alfalah Limited (Note 6.4) | 634,969 | 723,447 | 723,447 | 723,447 | SBP rate for TERF + 0.75% | Thirty two equal quarterly instalments commenced on 15 May 2023 and ending on 15 April 2032. | - | Quarterly | |
| Bank Alfalah Limited | 96,552 | - | - | - | 3-months KIBOR + 0.5% | Twenty equal quarterly instalments commencing on 06 November 2025 and ending on 06 August 2030. | Quarterly | Quarterly | |
| MCB Bank Limited (Note 6.4) | 674,933 | 748,788 | 748,788 | 748,788 | SBP rate for TERF + 0.50% | Sixteen half yearly instalments commenced on 02 October 2023 and ending on 19 November 2031. | - | Quarterly | |
| Habib Bank Limited (Note 6.4) | 1,918,299 | 2,207,234 | 2,207,234 | 2,207,234 | SBP rate for TERF + 0.50% | Thirty two unequal instalments commenced on 15 May 2023 and ending on 15 February 2031. | - | Quarterly | |
| Habib Bank Limited | 100,000 | 21,945 | 21,945 | 21,945 | SBP rate for financing power plants using renewable energy + 0.50% | Sixteen equal semi-annual instalments commencing on 24 August 2026 and ending on 24 August 2033. | - | Quarterly | |
| Habib Bank Limited | 199,835 | 249,835 | 249,835 | 249,835 | 6-months KIBOR + 0.50% | Sixteen equal semi-annual instalments commencing on 30 April 2025 and ending on 24 August 2033. | Half yearly | Half yearly | |
| MCB Bank Limited | - | 1,500,000 | 1,500,000 | 1,500,000 | 3-months KIBOR | Six equal semi-annual instalments commenced on 29 September 2023 and ended on 20 March 2024. | Quarterly | Quarterly | |
| National Bank of Pakistan | 1,746,639 | - | - | - | 3-months KIBOR + 0.50% | Twenty equal quarterly instalments commencing on 30 July 2025 and ending on 30 October 2030. | Quarterly | Quarterly | |
| | 14,988,187 | 16,240,119 | 16,240,119 | 16,240,119 | | | | | |

6.2 Long term musharakata

| Lender | 2024 | | 2023 | Rate of mark-up | | Number of instalments | Interest | | Security |
|---|--------------------|---------|---------|---|--|---|-------------|-------------|--|
| | Rupees in thousand | | | Per annum | | | Repricing | Payable | |
| Service Industries Limited - Holding Company | | | | | | | | | |
| Meezan Bank Limited (Note 6.5) | - | 90,000 | 90,000 | 6-months KIBOR + 0.12% | | Ten equal half-yearly instalments commenced on 18 December 2019 and transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.2) | 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 | 43,206 | SBP rate for Islamic financing facility for renewable energy + 1% | | Seventy eight unequal instalments commenced on 03 August 2021 and transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.2) | - | Quarterly | |
| Faysal Bank Limited (Note 6.5) | - | 351,823 | 351,823 | SBP rate for ITERF + 0.75% | | Thirty-two unequal instalments commenced on 10 June 2023 and transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.2) | - | Quarterly | Joint pari passu charge of Rupees 667 million over all present and future plant and machinery of the Holding Company with 25% margin. |
| The Bank of Punjab (Note 6.5) | - | 290,997 | 290,997 | SBP rate for ITERF + 0.60% | | Ninety six unequal instalments commenced on 04 July 2023 and transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.2) | - | Half yearly | Exclusive charge of Rupees 667 million over plant and machinery of the Holding Company with 25% margin. |

| Lender | 2024 | 2023 | Rate of mark-up Per annum | Number of instalments | Interest Repricing | Interest Payable | Security |
|---|---------|------|---|---|-----------------------|---------------------|---|
| | | | | | | | |
| Service Tyres (Private) Limited - Subsidiary Company | | | | | | | |
| Meezan Bank Limited (Note 6.5) | 30,000 | | - 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 70.589 million on specific machinery of Service Tyres (Private) Limited - Subsidiary Company and first charge of Rupees 45.170 million on plant and machinery of Service Tyres (Private) Limited - Subsidiary Company with 25% margin. |
| Meezan Bank Limited | 33,581 | | - SBP rate for Islamic financing facility for renewable energy + 1% | Eighty two unequal instalments commenced on 09 September 2021 and ending on 03 August 2028. | - | Quarterly | |
| Faysal Bank Limited (Note 6.5) | 345,576 | | - SBP rate for ITERF + 0.75% | Thirty-two unequal instalments commenced on 10 June 2023 and ending on 10 June 2031. | - | Quarterly | Ranking charge of Rupees 667 million over plant and machinery of Service Tyres (Private) Limited - Subsidiary Company with 25% margin. |
| The Bank of Punjab (Note 6.5) | 296,236 | | - SBP rate for ITERF + 0.60% | Ninety six unequal instalments commenced on 04 July 2023 and ending on 20 September 2032. | - | Half yearly | Ranking charge of Rupees 667 million over plant and machinery of the Service Tyres (Private) Limited - Subsidiary Company with 25% margin. |

Service Long March Tyres (Private) Limited - Subsidiary Company

| Lender | Rupees in thousand | | Rate of mark-up Per annum | Number of instalments | Interest | | Security |
|--|--------------------|-----------|------------------------------|--|-------------|------------------|--|
| | 2024 | 2023 | | | Repricing | Interest Payable | |
| Faysal Bank Limited (Note 6.5) | 1,262,958 | 1,452,855 | SBP rate for ITERF + 0.50% | Thirty two unequal instalments commenced on 08 February 2023 and ending on 10 August 2031. | - | Quarterly | These musharaka alongwith loans of Service Long March Tyres (Private) Limited - Subsidiary Company disclosed in Note 6.1 are secured against joint pari passu charge over present and future fixed assets of the Service Long March Tyres (Private) Limited - Subsidiary Company (such as land, building, plant and machinery etc.) with aggregate carrying amount of Rupees 19,313 million and corporate guarantees of Service Industries Limited - Holding Company with aggregate carrying amount of Rupees 9,000 million. |
| BankIslami Pakistan Limited (Note 6.6) | 35,808 | - | 6-months KIBOR + 0.40% | Fourty eight equal monthly instalments commenced on 05 February 2024 and ending on 05 February 2028. | Half yearly | Half yearly | |
| | 2,004,159 | 2,228,881 | | | | | |

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- 6.3** Repayment period of these loans and musharka includes deferment of repayment of principal loan / musharaka amount by one year in accordance with State Bank of Pakistan BPRD Circular Letter No. 13 of 2020 dated 26 March 2020.
- 6.4** These loans are obtained by the Service Tyres (Private) Limited - Subsidiary 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% (2023: 7.98% to 23.66%) per annum.
- 6.5** These loans are obtained by Service Tyres (Private) Limited - Subsidiary 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% (2023: 8.01% to 23.11%) per annum.
- 6.6** During the year, the Service Long March Tyres (Private) Limited - Subsidiary Company entered into a Diminishing Musharakah arrangement for the purchase of a motor vehicle over a four-year term.

7. LONG TERM DEPOSITS

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

| | | 2024 | 2023 |
|--|------------|--------------------|-------------|
| | | Amount | Amount |
| | | Rupees in thousand | |
| 8. LEASE LIABILITIES | | | |
| Total lease liabilities | (Note 8.1) | 6,269,704 | 5,461,579 |
| Current portion shown under current liabilities | (Note 14) | (584,124) | (424,556) |
| | | 5,685,580 | 5,037,023 |
| 8.1 Reconciliation of lease liabilities | | | |
| Balance at 01 January | | 5,461,579 | 3,967,990 |
| Additions during the year | | 1,205,163 | 1,763,553 |
| Interest on lease liabilities | (Note 39) | 893,549 | 615,417 |
| Impact of lease modification | | (21,421) | - |
| Impact of lease termination | | (97,234) | (44,094) |
| Payments made during the year | | (1,171,932) | (841,287) |
| Balance at 31 December | | 6,269,704 | 5,461,579 |
| 8.2 Maturity analysis of lease liabilities is as follows: | | | |
| Upto 6 months | | 685,195 | 503,037 |
| 6-12 months | | 701,943 | 544,751 |
| 1-2 year | | 1,379,290 | 1,156,666 |
| More than 2 years | | 9,073,992 | 8,176,706 |
| | | 11,840,420 | 10,381,160 |
| Less: Future finance cost | | (5,570,716) | (4,919,581) |
| Present value of lease liabilities | | 6,269,704 | 5,461,579 |

8.3 Implicit rates against lease liabilities range from 8.08% to 25.05% (2023: 8.08% to 25.05%) per annum.

9. EMPLOYEES' RETIREMENT BENEFIT

Service Industries Limited - Holding Company, Service Tyres (Private) Limited - Subsidiary Company, Service Retail (Private) Limited - Subsidiary Company and Service Global Footwear Limited - Subsidiary Company

The latest actuarial valuation of the Fund as at 31 December 2024 was carried out using the 'Projected Unit Credit Method'. Details of the Fund as per the actuarial valuation are as follows:

| | 2024 | 2023 |
|---|--------------------|-----------|
| | Amount | Amount |
| | Rupees in thousand | |
| 9.1 The amounts recognized in the consolidated statement of financial position are as follows: | | |
| Present value of defined benefit obligations | 702,649 | 612,243 |
| Fair value of plan assets | (130,554) | (109,115) |
| Net defined benefit obligation | 572,095 | 503,128 |
| 9.2 Movement in net defined benefit obligation: | | |
| Net liability at 01 January | 503,128 | 371,850 |
| Current service cost | 46,792 | 37,002 |
| Net interest on defined benefit obligation | 70,684 | 51,884 |
| Net remeasurements for the year | 34,944 | 70,438 |
| Contributions made during the year | (83,453) | (28,046) |
| Net liability at 31 December | 572,095 | 503,128 |
| 9.3 Movement in the present value of defined benefit obligation: | | |
| Present value of defined benefit obligation at 01 January | 612,243 | 469,540 |
| Current service cost | 46,792 | 37,002 |
| Interest cost | 87,597 | 66,049 |
| Benefits paid during the year | (83,453) | (28,046) |
| Remeasurements on obligation: | | |
| Actuarial (gains) / losses from changes in financial assumptions | (1,968) | 46,595 |
| Experience adjustments | 41,438 | 21,103 |
| Present value of defined benefit obligation at 31 December | 702,649 | 612,243 |

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| | 2024 | 2023 |
|--|--------------------|----------|
| | Amount | Amount |
| | Rupees in thousand | |
| 9.4 Movement in the fair value of the plan assets: | | |
| Fair value of plan assets at 01 January | 109,115 | 97,690 |
| Interest income on plan assets | 16,913 | 14,165 |
| Contributions made during the year | 83,453 | 28,046 |
| Benefits paid during the year | (83,453) | (28,046) |
| Remeasurements on fair value of plan assets | 4,526 | (2,740) |
| Fair value of plan assets at 31 December | 130,554 | 109,115 |
| 9.4.1 The major categories of total plan assets of the Fund are as follows: | | |
| Mutual funds | 129,653 | 107,455 |
| Bank balances | 901 | 1,660 |
| Total plan assets | 130,554 | 109,115 |
| 9.5 Amounts recognized in the statement of profit or loss: | | |
| Current service cost | 46,792 | 37,002 |
| Interest cost | 87,597 | 66,049 |
| Interest income on plan assets | (16,913) | (14,165) |
| Net expense charged in the consolidated statement of profit or loss | 117,476 | 88,886 |
| 9.6 Charge for the year has been allocated as follows: | | |
| Cost of sales | (Note 34) 72,402 | 48,440 |
| Distribution cost | (Note 35) 16,363 | 16,455 |
| Administrative expenses | (Note 36) 28,711 | 23,991 |
| | 117,476 | 88,886 |
| 9.7 Remeasurements charged to consolidated statement of comprehensive income: | | |
| Experience adjustments | 41,438 | 21,103 |
| Return on plan assets excluding interest income | (4,012) | 2,740 |
| Actuarial (gains) / losses from changes in financial assumptions | (2,482) | 46,595 |
| Total remeasurements charged to consolidated statement of comprehensive income | 34,944 | 70,438 |

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

| | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|--------------------|-----------|----------|-------------|----------|
| | Rupees in thousand | | | | |
| Present value of defined benefit obligation | 702,649 | 612,243 | 469,540 | 396,912 | 351,912 |
| Fair value of the plan assets | (130,554) | (109,115) | (97,690) | (106,327) | (99,193) |
| Deficit in the plan | 572,095 | 503,128 | 371,850 | 290,585 | 252,719 |
| Remeasurement loss on obligation | 39,470 | 67,698 | 25,405 | 8,778 | 4,160 |
| Remeasurement (loss) / gain on plan assets | 4,526 | (2,740) | (21,130) | (2,722) | 148 |
| | | | | 2024 | 2023 |

9.9 Principal actuarial assumptions used:

| | | | |
|--|-------------|-------|-------|
| Discount rate used for interest cost | % per annum | 15.50 | 14.50 |
| Discount rate used for year end obligation | % per annum | 12.25 | 15.50 |
| Expected rate of salary increase | % per annum | 12.25 | 15.50 |

9.10 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 | 656,637 | 726,523 |
| Future salary increase | 100 | 746,996 | 635,211 |

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.

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

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

Notes to the Consolidated Financial Statements

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9.13 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 | | | | | |
| 25,054 | 71,821 | 236,353 | 674,101 | 4,492,160 | 5,499,489 |

9.14 Estimated charge to consolidated statement of profit or loss for the year ending on 31 December 2025 will be Rupees 58.104 million.

| | 2024 Amount | 2023 Amount |
|--------------------|----------------|----------------|
| Rupees in thousand | | |

10. DEFERRED LIABILITIES

| | | | |
|--|-------------|------------------|-----------|
| Deferred income - Government grant | (Note 10.1) | 1,394,690 | 1,848,967 |
| Provision for Gas Infrastructure Development Cess (GIDC) | (Note 10.2) | - | - |
| Deferred income tax liability - net | (Note 10.3) | 1,958,449 | 298,167 |
| | | 3,353,139 | 2,147,134 |

10.1 Deferred income - Government grant

| | | | |
|---|-----------|------------------|-----------|
| Balance at 01 January | | 2,389,158 | 2,642,791 |
| Recognized during the year | | 2,445 | 291,011 |
| Amortized during the year | (Note 38) | (556,237) | (544,644) |
| Reassessment | | 76,712 | - |
| | | 1,912,078 | 2,389,158 |
| Current portion shown under current liabilities | (Note 14) | (517,388) | (540,191) |
| | | 1,394,690 | 1,848,967 |

10.1.1 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 6 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.

| | 2024 | 2023 |
|--|--------------------|----------|
| | Amount | Amount |
| | Rupees in thousand | |
| 10.2 Provision for Gas Infrastructure Development Cess (GIDC) | | |
| Provision for GIDC at 31 December | 21,844 | 21,649 |
| Current portion shown under current liabilities (Note 14) | (21,844) | (21,844) |
| | - | - |

10.2.1 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.

| | 2024 | 2023 |
|---|--------------------|-------------|
| | Amount | Amount |
| | Rupees in thousand | |
| 10.3 Deferred income tax liability - net | | |
| The deferred income tax liability - net originated due to timing differences relating to: | | |
| Taxable temporary differences: | | |
| Accelerated tax depreciation | 3,331,547 | 1,342,985 |
| Investment in associate | 118,733 | 92,943 |
| Fair value reserve FVTOCI investment | 8,478 | 9,943 |
| Mutual funds | 498 | - |
| Fair value of forward exchange contracts | 61,869 | - |
| Right-of-use assets | 2,375,706 | 1,763,340 |
| | 5,896,831 | 3,209,211 |
| Deductible temporary differences: | | |
| Allowance for expected credit losses | (106,641) | (108,450) |
| Provision for doubtful advances to suppliers | (11,382) | (3,046) |
| Provision for slow moving and obsolete stores | (19,007) | (12,515) |
| Provision for slow moving and obsolete stock-in-trade | (103,022) | (35,180) |
| Lease liabilities | (2,947,968) | (2,130,016) |
| Minimum tax carry forward | (750,362) | (621,837) |
| | (3,938,382) | (2,911,044) |
| Deferred income tax liability - net | 1,958,449 | 298,167 |

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

| | 2024 | | | 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 | 1,342,985 | 1,988,562 | - | 3,331,547 |
| Investment in associate | 92,943 | 25,790 | - | 118,733 |
| Fair value reserve FVTOCI investment | 9,943 | - | (1,465) | 8,478 |
| Right-of-use assets | 1,763,340 | 612,366 | - | 2,375,706 |
| Mutual funds | - | 498 | - | 498 |
| Fair value of forward exchange contracts | - | 61,869 | - | 61,869 |
| Allowance for expected credit losses | (108,450) | 1,809 | - | (106,641) |
| Provision for doubtful advances to suppliers | (3,046) | (8,336) | - | (11,382) |
| Provision for slow moving and obsolete stores | (12,515) | (6,492) | - | (19,007) |
| Provision for slow moving and obsolete stock-in-trade | (35,180) | (67,842) | - | (103,022) |
| Lease liabilities | (2,130,016) | (817,952) | - | (2,947,968) |
| Minimum tax carry forward: | | | | |
| Available | (1,032,040) | (216,330) | - | (1,248,370) |
| Movement in deferred income tax not recognized | 410,203 | 87,805 | - | 498,008 |
| Deferred income tax recognized | (621,837) | (128,525) | - | (750,362) |
| | 298,167 | 1,661,747 | (1,465) | 1,958,449 |

| | 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 |

10.3.2 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 minimum tax carry forward relates | Amount | | Accounting year in which minimum tax carry forward will expire |
|---------------------------|--|------------------|-----------|--|
| | | 2024 | 2023 | |
| Rupees in thousand | | | | |
| Minimum tax carry forward | 2024 | 404,592 | | |
| | 2023 | 98,657 | 98,657 | 2026 |
| | 2022 | 456,707 | 456,707 | 2025 |
| | 2021 | 288,414 | 288,414 | 2026 |
| | 2019 | - | 188,262 | 2024 |
| | | 1,248,370 | 1,032,040 | |

| | 2024 | 2023 |
|--------------------|--------|--------|
| | Amount | Amount |
| Rupees in thousand | | |

11. TRADE AND OTHER PAYABLES

| | | | |
|--|-------------|-------------------|------------|
| Trade creditors | | 8,473,105 | 6,697,945 |
| Accrued liabilities | | 3,110,816 | 2,636,957 |
| Letters of credit | | 121,960 | 50,041 |
| Contract liabilities - unsecured | | 735,926 | 1,090,897 |
| Provident fund payable | | 228,652 | 143,226 |
| Provision for service warranties | | 11,079 | 4,571 |
| Workers' profit participation fund | (Note 11.1) | 484,082 | 116,619 |
| Workers' welfare fund | (Note 11.2) | 219,174 | 150,069 |
| Income tax deducted at source | | 90,184 | 62,800 |
| Fair value of forward exchange contracts | | - | 443 |
| Others | | 52,000 | 20,981 |
| | | 13,526,978 | 10,974,549 |

11.1 Workers' profit participation fund

| | | | |
|-------------------------------|-----------|------------------|-----------|
| Balance at 01 January | | 116,619 | 1,171 |
| Interest for the year | (Note 39) | 2,380 | 1,270 |
| Provision for the year | (Note 37) | 662,652 | 258,415 |
| | | 781,651 | 260,856 |
| Payments made during the year | | (297,569) | (144,237) |
| Balance at 31 December | | 484,082 | 116,619 |

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| | | 2024 | 2023 |
|--|-----------------------|--------------------|------------|
| | | Amount | Amount |
| | | Rupees in thousand | |
| 11.2 Workers' welfare fund | | | |
| Balance at 01 January | | 150,069 | 46,647 |
| Provision for the year | (Note 37) | 147,002 | 118,474 |
| | | 297,071 | 165,121 |
| Payments made during the year | | (77,897) | (15,052) |
| Balance at 31 December | | 219,174 | 150,069 |
| 12. ACCRUED MARK-UP | | | |
| Long term financing | | 335,168 | 446,354 |
| Short term borrowings | | 468,077 | 920,366 |
| | | 803,245 | 1,366,720 |
| 13. SHORT TERM BORROWINGS | | | |
| From banking companies - secured | | | |
| Short term running finances | (Notes 13.1 and 13.2) | 4,255,684 | 6,659,936 |
| Export refinance | (Notes 13.1 and 13.3) | 5,338,650 | 9,201,617 |
| Other short term finance - money market loan | (Notes 13.1 and 13.4) | 20,700,000 | 3,749,813 |
| Export finance scheme | (Notes 13.1 and 13.5) | 5,882,870 | 5,215,306 |
| FE-25 loan against export | (Notes 13.1 and 13.6) | 5,217,361 | 832,781 |
| Islamic financing | (Notes 13.1 and 13.7) | - | 612,893 |
| | | 41,394,565 | 26,272,346 |

13.1 These short term borrowings are obtained from banking companies under mark-up arrangements and are secured by hypothecation of present and future current assets of the Group Companies. These form part of total credit facilities of Rupees 60,294 million (2023: Rupees 31,840 million).

13.2 The rates of mark-up range from 10.70% to 23.37% (2023: 15.91% to 23.91%) per annum.

13.3 The rates of mark-up range from 9.30% to 19.00% (2023: 2.00% to 19.00%) per annum.

13.4 The rates of mark-up range from 8.19% to 23.72% (2023: 12.25% to 23.69%) per annum.

13.5 The rates of mark-up range from 2.00% to 3.00% (2023: 2.00% to 3.00%) per annum.

13.6 The rates of mark-up range from 4.00% to 8.00% (2023: 6.02% to 6.75%) per annum.

13.7 The rates of mark-up range from 19.03 to 23.66% (2023: 16.08% to 23.66%) per annum.

| | | 2024 | 2023 |
|---|-------------|--------------------|-----------|
| | | Amount | Amount |
| | | Rupees in thousand | |
| 14. CURRENT PORTION OF NON-CURRENT LIABILITIES | | | |
| Long term financing | (Notes 6) | 3,435,250 | 3,111,858 |
| Lease liabilities | (Note 8) | 584,124 | 424,556 |
| Deferred income - Government grant | (Note 10.1) | 517,388 | 540,191 |
| Provision for GIDC | (Note 10.2) | 21,844 | 21,844 |
| | | 4,558,606 | 4,098,449 |

15. DIVIDEND PAYABLE

This represented interim cash dividend payable to non-controlling interest for the year ended 31 December 2023.

16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

As per the Scheme, all suits, appeals, arbitrations, governmental investigations and other legal proceedings instituted by or against the Holding Company in respect of the Tyre Undertaking [vested in Service Tyres (Private) Limited - Subsidiary Company], the Retail Undertaking [vested in Service Retail (Private) Limited - Subsidiary Company] and SPL Shares [vested in Service Industries Capital (Private) Limited - Subsidiary Company] and pending before any court, tribunal, regulatory body or any other authority are treated as suits, appeals and legal proceedings by or against Service Tyres (Private) Limited - Subsidiary Company, Service Retail (Private) Limited - Subsidiary Company and Service Industries Capital (Private) Limited - Subsidiary Company respectively under the Scheme and may be continued, prosecuted and enforced by or against Service Tyres (Private) Limited - Subsidiary Company, Service Retail (Private) Limited - Subsidiary Company and Service Industries Capital (Private) Limited - Subsidiary Company respectively accordingly.

16.1.1 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.

16.1.2 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.

16.1.3 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.

16.1.4 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 and Service Tyres (Private) Limited - Subsidiary 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 and Service Tyres (Private) Limited - Subsidiary Company filed an appeal with ATIR on 14 March 2018, against

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the decision of CIR (Appeals) which is pending for hearing. Furthermore, the Holding Company and Service Tyres (Private) Limited - Subsidiary Company filed an application on 07 September 2018, for stay of recovery and Honourable Lahore High Court, Lahore, has granted stay in said case.

- 16.15** 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.
- 16.16** Service Tyres (Private) Limited - Subsidiary 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, Service Tyres (Private) Limited - Subsidiary 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.
- 16.17** 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.
- 16.18** 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.
- 16.19** The Holding Company and Service Global Footwear Limited - 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 (2023: Rupees 59.211 million) in their monthly sales tax returns.
- 16.1.10** The Service Retail (Private) Limited - Subsidiary Company, Service Tyres (Private) Limited - Subsidiary 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 Service Retail (Private) Limited - Subsidiary Company, Service Tyres (Private) Limited - Subsidiary 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 Service Retail (Private) Limited - Subsidiary Company, Service Tyres (Private) Limited - Subsidiary Company and Service Global Footwear Limited - Subsidiary Company have claimed input sales tax of Rupees 180.613 million (2023: Rupees 50.213 million) on such goods in its respective monthly sales tax returns.
- 16.1.11** 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).

- 16.1.12** 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.
- 16.1.13** 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 and Service Tyres (Private) Limited - Subsidiary 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 and Service Tyres (Private) Limited - Subsidiary 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.
- 16.1.14** 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, Service Tyres (Private) Limited - Subsidiary Company and Service Retail (Private) Limited - Subsidiary Company filed appeal on 29 December 2022, against foregoing assessment proceedings before CIR (Appeals), who has confirmed the order of DCIR. The Holding Company, Service Tyres (Private) Limited - Subsidiary Company and Service Retail (Private) Limited - Subsidiary 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.
- 16.1.15** 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 proviso 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.
- 16.1.16** 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.
- 16.1.17** 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 were 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.
- 16.1.18** On 07 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.
- 16.1.19** 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

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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.

16.120 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.

16.121 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 (2023: 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.

16.122 On 11 December 2018, Deputy Commissioner Inland Revenue (DCIR) issued show cause notice against the purchases made from the suspended / blacklisted units, inadmissible input tax claimed on the packing material and non payment of the further tax. DCIR imposed sales tax amounting to Rupees 516.202 million with default surcharge to be calculated at the time of payment of the tax. The Holding Company and Service Tyres (Private) Limited - Subsidiary Company being aggrieved with the decision filed an appeal before the Appellate Tribunal Inland Revenue (ATIR). ATIR through its order dated 23 January 2023 remanded the case back to the DCIR. During the remand back proceedings, DCIR charged sales tax to the tune of Rupees 132.061 million primarily on the grounds of the inadmissible input tax on purchases. The Holding Company and Service Tyres (Private) Limited - Subsidiary Company being aggrieved filed an appeal before ATIR on 26 July 2024. Furthermore, the Honourable Lahore High Court issued a stay order in this case on 15 August 2024.

16.123 DCIR concluded sales tax audit for the period from January 2020 to December 2020 and charged sales tax to the tune of Rupees 240.940 million through the order dated 28 June 2024 on the grounds of inadmissible input tax on purchase, suppression of sales with the figures as per the financial statements and other issues. The Holding Company, Service Tyres (Private) Limited - Subsidiary Company and Service Retail (Private) Limited - Subsidiary Company filed an appeal before the ATIR on 24 July 2024 which is pending adjudication. Furthermore, the honourable Lahore High Court issued a stay order in this case on 15 August 2024.

16.124 DCIR initiated the proceedings under section 4C of the Income Tax Ordinance, 2001 through a show cause notice dated 28 February 2024. The Holding Company's stance was adequately explained to the tax authorities through online reply dated 13 May 2024, filed on Federal Board of Revenue's 'IRIS' portal. Following the submissions of the Holding Company's reply, the DCIR passed an order dated 24 June 2024 raising an income tax demand of Rupees 113.195 million on account of super tax. The Holding Company has contested this order before ATIR. The DCIR passed a rectification order under section 221 of the Income Tax Ordinance, 2001 dated 30 October 2024, whereby the income tax demand was reduced to Rupees 99.185 million. The Holding company has also challenged this rectification order before the ATIR. The Holding Company has already made the provision of Rupees 98.692 million.

- 16.1.25** The Deputy Commissioner Inland Revenue (DCIR) passed an order dated 30 August 2024, under section 161 of the Income Tax Ordinance, 2001 for tax year 2021, whereby a demand of Rupees 168.699 million was raised, against which the Holding Company filed a rectification application to the tax department under section 221 of the Income Tax Ordinance, 2001 which is currently in progress.
- 16.1.26** The Deputy Commissioner Inland Revenue (DCIR) passed an order dated 24 July 2024 under section 11 of the Sales Tax Act, 1990 whereby a demand of Rupees 7.766 million has been raised. Being aggrieved, the Holding Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication.
- 16.1.27** A show cause notice was issued against Service Long March Tyres (Private) Limited - Subsidiary Company on account of inadmissible adjustment of input tax on purchase of building material and services for construction of tyre manufacturing facility, amounting to Rupees 363.26 million. The remand-back proceedings under Section 11 of the Sales Tax Act, 1990 were concluded by the DCIR, vide order dated 29 February 2024, whereby sales tax demand of Rupees 42.36 million (including penalty u/s 33(8) of the Sales Tax Act, 1990) was raised. During the year, Service Long March Tyres (Private) Limited - Subsidiary Company has paid the said amount under protest. However, Service Long March Tyres (Private) Limited - Subsidiary Company filed an appeal before the Commissioner Inland Revenue (CIRA) which was subsequently transferred to the Appellate Tribunal Inland Revenue. The ATIR, through its order dated 2 January 2025, has decided the appeal against Service Long March Tyres (Private) Limited - Subsidiary Company and upheld the demand raised by the department. Service Long March Tyres (Private) Limited - Subsidiary Company is currently in the process of challenging the aforementioned appellate order before the honourable Lahore High Court.
- 16.1.28** A Constitutional Petition C.P. No. 4294/2021 was filed by Service Long March Tyres (Private) Limited - Subsidiary Company on 26 July 2021 to challenge the levy of Sindh Infrastructure Development Cess. On 31 August 2021, the Supreme Court of Pakistan has suspended the judgement passed by the Sindh High Court and stayed the encashment of bank guarantees. Amount involved in the matter is Rupees 112 million against which bank guarantee had been submitted as security with the Collectorate.
- 16.1.29** The management, based on advice of its advisors, is confident that the decisions regarding the above matters will be in favour of the Group, hence no provision has been made in these consolidated financial statements.
- 16.1.30** Post dated cheques have been issued by Service Global Footwear Limited - Subsidiary Company to custom authorities in respect of duties amounting to Rupees 546.689 million (2023: Rupees 1,180.514 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 2,750 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 2,750 million from Service Global Footwear Limited - Subsidiary Company.
- 16.1.31** 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.
- 16.1.32** Guarantees issued in ordinary course of business of the Holding Company through banks are of Rupees 1,517.142 million (2023: Rupees 2,757.884 million).
- 16.1.33** Guarantees of Rupees 222.96 million (2023: 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.
- 16.1.34** Guarantees of Rupees 85.592 million (2023: Rupees Nil) are given by the banks of Service Tyres (Private) Limited - Subsidiary Company to the Sui Northern Gas Pipelines Limited against gas connection.
- 16.1.35** Guarantee of Rupees 1,289.001 million (2023: Rupees 404 million) is given by the bank of the Holding Company, Service Global Footwear Limited - Subsidiary Company, Service Long March Tyres (Private) Limited - Subsidiary Company, Service Retail (Private) Limited - Subsidiary Company and Service Tyres (Private) Limited - Subsidiary Company in favour of Director Excise and Taxation, Karachi, under directions of Supreme Court of Pakistan, in respect of suit fled for levy of infrastructure cess.

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16.1.36 Guarantees of Rupees 8 million (2023: Rupees 8 million) is given by the bank of the Service Global Footwear Limited - Subsidiary Company to Pakistan State Oil Company Limited against fuel cards obtained by the Service Global Footwear Limited - Subsidiary Company for its employees.

16.1.37 Group's share in contingencies of associate accounted for under equity method is Rupees 142.341 million (2023: Rupees 150.547 million).

16.1.38 Service Industries Limited - Holding Company has issued cross corporate guarantees of Rupees 9,000 million (2023: 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.

16.1.39 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 89.370 million, Rupees 51.370 million and Rupees 7 million (2023: Rupees 22.548 million, Rupees 5.625 million and Rupees 7 million) respectively.

16.2 Commitments

16.2.1 Contracts for capital expenditure are approximately of Rupees 2,383.094 million (2023: Rupees 281.497 million).

16.2.2 Letters of credit other than capital expenditure are of Rupees 5,906.252 million (2023: Rupees 6,417.016 million).

16.2.3 Outstanding foreign currency forward contracts are of Rupees 2,422.185 million (2023: Rupees 3,194.370 million).

16.2.4 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:

| | 2024 | 2023 |
|---|--------------------|--------|
| | Amount | Amount |
| | Rupees in thousand | |
| Not later than one year | 8,142 | 43,173 |
| Later than one year and not later than five years | - | 12,207 |
| | 8,142 | 55,380 |

16.2.5 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:

| | 2024 | 2023 |
|-----------------------|--------------------|--------|
| | Amount | Amount |
| | Rupees in thousand | |
| Not later than 1 year | 12,442 | 32,542 |

17. FIXED ASSETS

| | | | |
|--------------------------|-------------|-------------------|------------|
| Operating fixed assets | (Note 17.1) | 40,160,220 | 34,585,560 |
| Capital work-in-progress | (Note 17.2) | 2,274,150 | 1,712,387 |
| | | 42,434,370 | 36,297,947 |

17.1 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 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) |
| | 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 |
| Accumulated depreciation | (24,408) | (285,875) | - | (1,105,026) | (4,405,731) | (68,919) | (84,718) | (1,087,796) | (242,461) | (7,304,934) |
| Currency retranslation | 318 | 6,118 | - | - | 11,244 | 753 | 1,715 | 4,792 | - | 24,940 |
| | (24,090) | (279,757) | - | (1,105,026) | (4,394,487) | (68,166) | (83,003) | (1,083,004) | (242,461) | (7,279,994) |
| Assets held for sale | (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) |
| | 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 |
| Accumulated depreciation | (32,843) | (609,214) | - | (1,335,306) | (5,727,168) | (105,249) | (181,681) | (1,316,033) | (310,959) | (9,618,453) |
| Currency retranslation | - | - | - | - | 1 | - | 7 | 1 | - | 9 |
| | (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 |

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| 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----- | | | | | | | | | | |
| Year ended 31 December 2024 | | | | | | | | | | |
| Opening 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 |
| Additions | - | 247,820 | - | 228,432 | 5,593,144 | 97,890 | 513,866 | 1,559,453 | 225,748 | 8,466,353 |
| Disposals / written off: | | | | | | | | | | |
| Cost | - | - | - | - | (7,964) | (20) | (51,164) | (26,044) | - | (85,192) |
| Accumulated depreciation | - | - | - | - | 5,863 | 15 | 18,570 | 18,143 | - | 42,591 |
| Depreciation | (9,723) | (347,852) | - | (251,033) | (1,462,588) | (41,866) | (208,699) | (401,237) | (125,579) | (2,848,577) |
| Currency retranslation | - | - | - | - | (64) | (3) | (346) | (67) | (35) | (515) |
| Closing net book value | 747,498 | 6,651,124 | 773,293 | 2,644,330 | 24,076,584 | 313,716 | 989,287 | 3,091,431 | 872,957 | 40,160,220 |
| At 31 December 2024 | | | | | | | | | | |
| Cost | 790,064 | 7,608,190 | 773,293 | 4,230,669 | 31,260,540 | 460,819 | 1,361,436 | 4,790,624 | 1,309,530 | 52,585,165 |
| Currency retranslation | - | - | - | - | (71) | (3) | (425) | (78) | (40) | (617) |
| Accumulated depreciation | 790,064 | 7,608,190 | 773,293 | 4,230,669 | 31,260,469 | 460,816 | 1,361,011 | 4,790,546 | 1,309,490 | 52,584,548 |
| Currency retranslation | (42,566) | (957,066) | - | (1,586,339) | (7,183,892) | (147,100) | (371,803) | (1,699,126) | (436,538) | (12,424,430) |
| Net book value | (42,566) | (957,066) | - | (1,586,339) | (7,183,885) | (147,100) | (371,724) | (1,699,115) | (436,533) | (12,424,328) |
| | 747,498 | 6,651,124 | 773,293 | 2,644,330 | 24,076,584 | 313,716 | 989,287 | 3,091,431 | 872,957 | 40,160,220 |
| Annual rate of depreciation (%) | 1.22 | 5 | - | 5-10 | 5-10 | 5-20 | 5-20 | 5-30 | 10-20 | |

17.1.1 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 | | | | | | | |
| Plant and Machinery | | | | | | | |
| Vacum Vulcanizing Shapping | | | | | | | |
| M/C Model Yt-134A | 1,661 | 729 | 932 | 1,017 | 85 | Negotiation | Pasari International, Lahore. |
| Service Equipment | | | | | | | |
| Generator Perkins 60 KVA | 1,382 | 781 | 601 | 920 | 319 | Negotiation | Standard Corporation, Lahore. |
| Vehicles | | | | | | | |
| KIA Sportage | 6,040 | 2,199 | 3,841 | 3,913 | 72 | Company's Policy | Mr. Qadeer Ahmed Vaseer, Director of Service Global Footwear Limited - Subsidiary Company, Lahore. |
| Toyota Corolla | 3,283 | 1,320 | 1,963 | 1,997 | 34 | Company's Policy | Mr. Qadeer Ahmed Vaseer, Director of Service Global Footwear Limited - Subsidiary Company, Lahore. |
| MG HSAEU-088 | 6,135 | 3,076 | 3,059 | 3,000 | (59) | Company's Policy | Mr. Saif Javed, employee of Service Global Footwear Limited - Subsidiary Company, Lahore. |
| Changan Oshan | 6,939 | 1,480 | 5,459 | 5,459 | - | Company's Policy | Mr. Murad Bukhari, employee of the Holding Company, Gujrat. |
| Suzuki Swift GL-CVT | 3,446 | 1,176 | 2,270 | 2,270 | - | Company's Policy | Mr. Shahzada Mansoor, employee of Service Retail (Private) Limited - Subsidiary Company, Lahore. |
| Isuzu Truck NKR | 3,892 | 1,929 | 1,963 | 1,932 | (31) | Negotiation | Mr. Zubair Hussain, Lahore. |
| Honda City | 3,030 | 1,103 | 1,927 | 1,927 | - | Company's Policy | Mr. Aijaz Ahmad, employee of Service Long March Tyres (Private) Limited - Subsidiary Company, Lahore. |
| Suzuki Swift | 3,445 | 960 | 2,485 | 2,485 | - | Company's Policy | Mr. Khurram Anwar, employee of Service Long March Tyres (Private) Limited - Subsidiary Company, Lahore. |
| Suzuki Swift | 2,198 | 977 | 1,221 | 921 | (300) | Company's Policy | Mr. Farhan Saif Qureshi, employee of Service Long March Tyres (Private) Limited - Subsidiary Company, Lahore. |
| Suzuki Swift | 2,198 | 928 | 1,270 | 970 | (300) | Company's Policy | Mr. Waqas Imitiaz Ahmed Khan, employee of Service Long March Tyres (Private) Limited - Subsidiary Company, Lahore. |
| Hyundai Tucson | 8,250 | 2,053 | 6,197 | 6,800 | 603 | Negotiation | Mr. Rehan Sarwar, Lahore. |
| Aggregate of other items of operating fixed assets with individual book values not exceeding Rupees 500,000 | 33,293 | 23,880 | 9,413 | 13,747 | 4,334 | | |
| | 85,192 | 42,591 | 42,601 | 47,358 | 4,757 | | |

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For the year ended December 31, 2024

| | | 2024 | 2023 |
|---|-----------|--------------------|-----------|
| | | Amount | Amount |
| | | Rupees in thousand | |
| 17.1.2 The depreciation charge for the year has been allocated as follows: | | | |
| Cost of sales | (Note 34) | 2,263,855 | 2,027,405 |
| Distribution cost | (Note 35) | 297,518 | 198,029 |
| Administrative expenses | (Note 36) | 287,204 | 237,935 |
| Depreciation relating to fixed assets held for sale | | - | 9,595 |
| | | 2,848,577 | 2,472,964 |

17.1.3 Particulars of immovable properties are as follows:

| Head office and manufacturing units | Area of land |
|---|---------------------|
| | Sq. Feet |
| Head office | 35,017 |
| Manufacturing Unit: | |
| 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 |

17.2 Movement in capital work in progress

| | Buildings on freehold land | Plant and machinery | Civil works | Furniture, fixture and fittings | Advances against purchase of vehicles | Service equipment | Leasehold improvements | Advances against capital expenditure | Total |
|---|----------------------------|---------------------|-------------|---------------------------------|---------------------------------------|-------------------|------------------------|--------------------------------------|------------------|
| Rupees in thousand | | | | | | | | | |
| 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 |
| Balance at 31 December 2023 | 126,754 | 339,556 | - | 3,578 | 20,463 | 513,931 | 28,825 | 679,280 | 1,712,387 |
| Additions during the year | 490,542 | 6,174,332 | - | 89,927 | 265,577 | 1,314,151 | 223,671 | 135,925 | 8,694,125 |
| Transferred to operating fixed assets during the year | (161,267) | (5,591,408) | - | (90,270) | (268,171) | (1,475,501) | (218,309) | (314,369) | (8,119,295) |
| Adjusted during the year | - | 364,912 | - | - | (6,659) | - | - | (364,912) | (6,659) |
| Charged to profit or loss during the year | (5,071) | - | - | - | - | (1,337) | - | - | (6,408) |
| Balance at 31 December 2024 | 450,958 | 1,287,392 | - | 3,235 | 11,210 | 351,244 | 34,187 | 135,924 | 2,274,150 |

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

| | 2024 | 2023 |
|---|--------------------|-----------|
| | Amount | Amount |
| | Rupees in thousand | |
| 18. RIGHT-OF-USE ASSETS | | |
| Reconciliation of carrying amount of right-of-use assets | | |
| Balance at 01 January | 4,521,384 | 3,386,718 |
| Additions during the year | 1,205,164 | 1,763,553 |
| Impact of lease modification | (21,421) | - |
| Impact of lease termination | (71,928) | (35,476) |
| Depreciation for the year (Note 18.2) | (758,405) | (593,411) |
| Balance at 31 December | 4,874,794 | 4,521,384 |

18.1 Lease of buildings

The Group 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 thirteen 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.

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

| | | 2024 | 2023 |
|-------------------|-----------|--------------------|---------|
| | | Amount | Amount |
| | | Rupees in thousand | |
| Distribution cost | (Note 35) | 758,405 | 593,411 |

19. INTANGIBLE ASSETS

| | | | |
|------------------------------------|-------------------------|--------------|-------|
| Computer softwares | (Notes 19.1 and 19.1.3) | 4,547 | 1,862 |
| Intangible asset under development | | - | 5,648 |
| Goodwill | (Note 19.2) | - | - |
| | | 4,547 | 7,510 |

| | 2024 | 2023 |
|--------------------------------------|--------------------|----------|
| | Amount | Amount |
| | Rupees in thousand | |
| 19.1 Computer software | | |
| Cost | | |
| Balance at 01 January | 50,515 | 50,515 |
| Additions during the year | 6,671 | - |
| Balance at 31 December | 57,186 | 50,515 |
| Amortization | | |
| Balance at 01 January | (48,653) | (46,787) |
| Charge for the year | (3,986) | (1,866) |
| Balance at 31 December | (52,639) | (48,653) |
| Net book value at 31 December | 4,547 | 1,862 |

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

19.1.2 Amortization on intangible assets - computer software has been allocated as follows:

| | | 2024 | 2023 |
|-------------------------|-----------|--------------------|--------|
| | | Amount | Amount |
| | | Rupees in thousand | |
| Distribution cost | (Note 35) | - | 557 |
| Administrative expenses | (Note 36) | 3,986 | 1,309 |
| | | 3,986 | 1,866 |

19.1.3 These include intangible assets having cost of Rupees 43.061 million (2023: Rupees 39.134 million) which are fully amortized.

| | 2024 | 2023 |
|----------------------|--------------------|----------|
| | Amount | Amount |
| | Rupees in thousand | |
| 19.2 Goodwill | | |
| Goodwill | 39,623 | 39,623 |
| Impairment loss | (39,623) | (39,623) |
| | - | - |

19.2.1 This represents goodwill arised on acquisition of Service Shoes Lanka (Private) Limited - Subsidiary Company.

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| | | 2024 Amount | 2023 Amount |
|---|-------------|----------------|----------------|
| Rupees in thousand | | | |
| 20. LONG TERM INVESTMENTS | | | |
| Investment in associates (with significant influence) - under equity method | (Note 20.1) | 681,454 | 647,283 |
| Investment in joint ventures - at cost | (Note 20.2) | - | - |
| Other investment - at FVTOCI | (Note 20.3) | 54,769 | 61,279 |
| | | 736,223 | 708,562 |

| Speed (Private) Limited | | Jomo Technologies (Private) Limited | | Total | |
|--------------------------------|------|-------------------------------------|------|-------|------|
| 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| ----- Rupees in thousand ----- | | | | | |

| | | | | | | |
|--|----------------|---------|---------------|--------|----------------|---------|
| 20.1 Cost of investment | 342,526 | 342,526 | 80,000 | 80,000 | 422,526 | 422,526 |
| Share of post acquisition reserve | | | | | | |

| | | | | | | |
|--|-----------------|---------|-----------------|----------|-----------------|---------|
| Balance at 01 January | 304,757 | 200,060 | (80,000) | (80,000) | 224,757 | 120,060 |
| Share of post acquisition profit - net of levy and tax | 70,142 | 104,697 | - | - | 70,142 | 104,697 |
| Dividend received | (35,971) | - | - | - | (35,971) | - |
| Share of other comprehensive income - net of tax | - | - | - | - | - | - |
| | 338,928 | 304,757 | (80,000) | (80,000) | 258,928 | 224,757 |
| | 681,454 | 647,283 | - | - | 681,454 | 647,283 |

20.1.1 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 80.501 million (2023: Rupees 78.097 million) has not been recognized.

| Speed (Private) Limited | | Jomo Technologies (Private) Limited | |
|-------------------------|------|-------------------------------------|------|
| 2024 | 2023 | 2024 | 2023 |

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

20.1.2 Summary of financial information of associates as per un-audited financial statements for the year:

| | | | | |
|-------------------------|------------------|-----------|------------------|-----------|
| Current assets | 2,027,298 | 2,157,485 | 42,393 | 80,000 |
| Non-current assets | 999,234 | 829,235 | - | 42 |
| Total assets | 3,026,532 | 2,986,720 | 42,393 | 80,042 |
| Current liabilities | 407,191 | 673,880 | 530,693 | 553,758 |
| Non-current liabilities | 935,844 | 724,346 | - | - |
| Total liabilities | 1,343,035 | 1,398,226 | 530,693 | 553,758 |
| Net assets | 1,683,497 | 1,588,494 | (488,300) | (473,716) |

Reconciliation to carrying amounts:

| | | | | |
|---|------------------|-----------|------------------|-----------|
| Balance at 01 January | 1,588,494 | 1,297,391 | (473,716) | (183,399) |
| Dividend paid during the year | (100,005) | - | - | - |
| Profit / (loss) after income tax | 195,006 | 291,103 | (14,583) | (290,317) |
| Other comprehensive income - net of tax | - | - | - | - |
| Balance at 31 December | 1,683,495 | 1,588,494 | (488,299) | (473,716) |

| | | | | |
|---|----------------|---------|-----------------|----------|
| Percentage of holding | 35.97% | 35.97% | 16.49% | 16.49% |
| Group's Share | 605,487 | 571,311 | (80,501) | (78,097) |
| Goodwill | 75,967 | 75,972 | - | - |
| Losses in excess of the interest of Service Industries Capital (Private) Limited - Subsidiary Company in the equity of investee company | - | - | 80,501 | 78,097 |
| Carrying amount | 681,454 | 647,283 | - | - |

Summarized statement of comprehensive income:

| | | | | |
|--|------------------|-----------|-----------------|-----------|
| Revenue | 3,750,414 | 3,326,258 | - | 80,459 |
| Profit / (loss) for the year | 195,006 | 291,103 | (14,583) | (290,317) |
| Other comprehensive income for the year | - | - | - | - |
| Total comprehensive income / (loss) for the year | 195,006 | 291,103 | (14,583) | (290,317) |

20.1.3 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 Service Industries Capital (Private) Limited - Subsidiary Company are 263,909 fully paid ordinary shares of Rupees 100 each.

Notes to the Consolidated Financial Statements

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20.1.4 The registered office of Jomo Technologies (Private) Limited is situated at Servis House, 2-Main Gulberg, Lahore. Jomo Technologies (Private) Limited was 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 fully paid ordinary shares of Rupee 1 each.

| | 2024 Amount | 2023 Amount |
|--|--------------------|----------------|
| | Rupees in thousand | |
| 20.2 Investment in joint ventures - at cost | | |
| S2 Power Limited | | |
| 24,000 (2023: 24,000) fully paid ordinary shares of Rupees 10 each | 240 | 240 |
| S2 Hydro Limited | | |
| 24,000 (2023: 24,000) fully paid ordinary shares of Rupees 10 each | 240 | 240 |
| | 480 | 480 |
| Impairment loss recognized against investment in joint ventures | (480) | (480) |
| | - | - |

20.3 Other investment - at FVTOCI

| | | |
|--|---------------|--------|
| TRG Pakistan Limited | | |
| 775,000 (2023: 775,000) fully paid ordinary shares of Rupees 10 each | 17,089 | 17,089 |
| Fair value adjustment | 37,680 | 44,190 |
| | 54,769 | 61,279 |

21. LONG TERM LOANS TO EMPLOYEES

Considered good:

| | | | |
|---|-----------------------------|-----------------|----------|
| Executives | (Notes 21.1, 21.2 and 21.3) | 70,574 | 46,471 |
| Other employees | (Note 21.3) | 1,718 | 4,008 |
| | | 72,292 | 50,479 |
| Current portion shown under current assets: | (Note 26) | | |
| Executives | | (24,458) | (19,938) |
| Other employees | | (932) | (1,952) |
| | | (25,390) | (21,890) |
| | | 46,902 | 28,589 |

| | 2024 | 2023 |
|---|--------------------|----------|
| | Amount | Amount |
| | Rupees in thousand | |
| 21.1 Reconciliation of carrying amount of loans to executives: | | |
| Balance at 01 January | 46,471 | 48,373 |
| Disbursements during the year | 75,499 | 30,606 |
| Repayments during the year | (51,396) | (32,508) |
| Balance at 31 December | 70,574 | 46,471 |

21.2 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 73.756 million (2023: Rupees 61.347 million).

21.3 These represent interest free loans to executives and employees for general purposes and house building, which are recoverable in monthly installments over a period of 1 to 8 years and are secured by amount due to the employees against retirement benefits.

21.4 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.

| | 2024 | 2023 |
|--|--------------------|---------|
| | Amount | Amount |
| | Rupees in thousand | |
| 22. LONG TERM SECURITY DEPOSITS | | |
| Security deposits against Ijarah | 6,929 | 13,314 |
| Security deposits against right of use assets | 177,903 | 155,506 |
| Security deposits - others | 90,541 | 88,901 |
| | 275,373 | 257,721 |
| Current portion shown under current assets (Note 27) | (15,182) | (6,615) |
| | 260,191 | 251,106 |

23. STORES, SPARES AND LOOSE TOOLS

| | | |
|--|------------------|-----------|
| Machinery spares | 233,530 | 295,447 |
| Stores | 1,017,694 | 738,591 |
| Loose tools | 16,798 | 9,857 |
| | 1,268,022 | 1,043,895 |
| Provision for slow moving and obsolete items (Note 23.2) | (55,868) | (46,210) |
| | 1,212,154 | 997,685 |

23.1 These include stores in transit of Rupees 127.92 million (2023: Rupees 64.254 million).

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

| | 2024 Amount | 2023 Amount |
|--|--------------------|----------------|
| | Rupees in thousand | |
| 23.2 Provision for slow moving and obsolete items | | |
| Balance at 01 January | 46,210 | 38,879 |
| Provision made during the year | 9,658 | 7,331 |
| Balance at 31 December | 55,868 | 46,210 |
| 24. STOCK-IN-TRADE | | |
| Raw materials (Notes 24.1) | 11,891,195 | 9,418,115 |
| Packing materials | 220,766 | 204,903 |
| Work-in-process (Notes 24.2) | 1,696,605 | 1,795,905 |
| Finished goods (Notes 24.3 and 24.4) | | |
| - Own production | 6,469,592 | 6,216,187 |
| - Purchased | 4,521,227 | 3,547,559 |
| | 10,990,819 | 9,763,746 |
| | 24,799,385 | 21,182,669 |
| Provision for slow moving and obsolete items (Note 24.6) | (275,705) | (130,588) |
| | 24,523,680 | 21,052,081 |

24.1 These include stock in transit of Rupees 3,674.720 million (2023: Rupees 968.080 million).

24.2 This includes stock of Rupees 176.307 million (2023: Rupees 166.903 million) sent to outside parties for processing.

24.3 These include stock in transit of Rupees 142.818 million (2023: Rupees 484.279 million).

24.4 Finished goods of Rupees 299.10 million (2023: Rupees 366.890 million) are being carried at net realizable value.

24.5 The aggregate amount of Rupees 73.343 million (2023: Rupees 35.336 million) has been charged to cost of sales, being the cost of inventory written down during the year.

| | 2024 Amount | 2023 Amount |
|--|--------------------|----------------|
| | Rupees in thousand | |
| 24.6 Provision for slow moving and obsolete items | | |
| Balance at 01 January | 130,588 | 102,320 |
| Provision made during the year | 145,117 | 34,902 |
| Stock written off against provision | - | (6,634) |
| Balance at 31 December | 275,705 | 130,588 |

| | | 2024 | 2023 |
|---|--------------|--------------------|------------|
| | | Amount | Amount |
| | | Rupees in thousand | |
| 25. TRADE DEBTS | | | |
| Considered good: | | | |
| Secured: | | | |
| - Against irrevocable letters of credit | | 3,920,435 | 916,305 |
| Unsecured: | | | |
| - Related party - Myco Corporation | (Notes 25.3) | 68,342 | - |
| - Others | (Note 25.4) | 10,423,166 | 9,134,537 |
| | | 14,491,508 | 9,134,537 |
| | | 14,411,943 | 10,050,842 |
| Allowance for expected credit losses | (Note 25.5) | (340,449) | (333,448) |
| | | 14,071,494 | 9,717,394 |

25.1 Jurisdictions of trade debts:

| | | | |
|---------------|--|-------------------|------------|
| Europe | | 1,724,289 | 3,722,649 |
| South America | | 3,450,296 | 688,649 |
| North America | | - | 8,719 |
| Asia | | 104,816 | 212,663 |
| Australia | | 5,477 | - |
| Africa | | 805,321 | 302,268 |
| Brazil | | 390,807 | - |
| Pakistan | | 7,930,937 | 5,115,894 |
| | | 14,411,943 | 10,050,842 |

25.2 Types of counterparties:

| | | | |
|---------------|--|-------------------|------------|
| Export | | | |
| Corporate | | 6,481,006 | 4,902,863 |
| Other | | - | 38,997 |
| | | 6,481,006 | 4,941,860 |
| Local | | | |
| Corporate | | 5,245,815 | 3,007,833 |
| Other | | 2,685,122 | 2,101,149 |
| | | 7,930,937 | 5,108,982 |
| | | 14,411,943 | 10,050,842 |

25.3 The maximum aggregate amount receivable from related party at the end of any month during the year was as follows:

| | 2024 | 2023 |
|------------------|--------------------|--------|
| | Amount | Amount |
| | Rupees in thousand | |
| Myco Corporation | 286,960 | - |

25.4 As at 31 December 2024, trade debts due from other than related parties of Rupees 3,296.664 million (2023: Rupees 2,755.120 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:

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

| | 2024 Amount | 2023 Amount |
|--------------------|--------------------|------------------|
| | Rupees in thousand | |
| Upto 1 month | 1,649,060 | 2,179,347 |
| 1 to 6 months | 1,016,751 | 206,870 |
| More than 6 months | 630,853 | 368,903 |
| | 3,296,664 | 2,755,120 |

25.5 Allowance for expected credit losses

| | | | |
|---|-----------|----------------|----------------|
| Balance at 01 January | | 333,448 | 324,966 |
| Recognition of expected credit losses during the year | (Note 37) | 7,001 | 8,482 |
| Balance at 31 December | | 340,449 | 333,448 |

26. LOANS AND ADVANCES

Considered good:

| | | | |
|---|-------------|------------------|------------------|
| Advances to staff | | 90,450 | 81,148 |
| Current portion of long term loans to employees | (Note 21) | 25,390 | 21,890 |
| Advances to suppliers | (Note 26.1) | 693,271 | 443,432 |
| Letters of credit | | 1,277,569 | 1,316,369 |
| Margin against bank guarantee | | - | 51,582 |
| Loan to Jomo Technologies (Private) Limited - associate | (Note 26.2) | - | - |
| Others | (Note 26.3) | 6,071 | 10,836 |
| | | 2,092,751 | 1,925,257 |

26.1 Advances to suppliers

| | | | |
|--|---------------|----------------|----------------|
| Advances to suppliers | | 722,456 | 452,620 |
| Provision against doubtful advances to suppliers | (Note 26.1.1) | (29,185) | (9,188) |
| | | 693,271 | 443,432 |

26.1.1 Provision against doubtful advances to suppliers

| | | | |
|--|---------------------|---------------|--------------|
| Balance at 01 January | | 9,188 | 11,481 |
| Provision / (Reversal of provision) for the year | (Note 37 / Note 38) | 19,997 | (2,293) |
| Balance at 31 December | | 29,185 | 9,188 |

26.2 Loan to Jomo Technologies (Private) Limited - associate

| | | | |
|----------------------|---------------|-----------|-----------|
| Loan at 31 December | | 134,500 | 134,500 |
| Expected credit loss | (Note 26.2.1) | (134,500) | (134,500) |
| | | - | - |

26.2.1 This represents loan given to Jomo Technologies (Private) Limited which was repayable till 23 June 2024. It carries interest at the rate of 3 months KIBOR + 0.50% (2023: 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 (2023: Rupees 134.500 million).

26.2.2 Expected credit loss

Considering the deteriorating cashflow position of Jomo Technologies (Private) Limited - associate (JOMO), the management of Service Industries Capital (Private) Limited - Subsidiary Company 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 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 therefore faced 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 was recognized in the consolidated financial statements for the year ended 31 December 2023. This amount was recognized as an expense in the consolidated statement of profit or loss for the year ended 31 December 2023.

| | 2024 | 2023 |
|--|--------------------|----------|
| | Amount | Amount |
| | Rupees in thousand | |
| 26.3 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) |
| | - | - |

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

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

| | 2024 | 2023 |
|----------------------------------|--------------------|--------|
| | Amount | Amount |
| | Rupees in thousand | |
| S2 Power Limited - joint venture | 2,691 | 2,691 |
| S2 Hydro Limited - joint venture | 11,476 | 11,476 |

27. TRADE DEPOSITS AND PREPAYMENTS

| | | |
|--|-------------------------|---------|
| Security deposits | 179,235 | 106,825 |
| Prepayments | 209,290 | 158,223 |
| Current portion of long term security deposits | (Note 22) 15,182 | 6,615 |
| | 403,707 | 271,663 |

28. OTHER RECEIVABLES

Considered good:

| | | |
|--|---------------------------|-----------|
| Duty draw back | 28,147 | 37,293 |
| Custom duty rebate | 1,129,207 | 870,018 |
| Sales tax refundable | 1,782,789 | 1,680,499 |
| Fair value of forward exchange contracts | 167,213 | - |
| Lab testing charges | (Note 28.1) 6,521 | 14,065 |
| Claims receivable | (Note 28.2) 42,677 | - |
| Miscellaneous | (Note 28.3) 20,008 | 108,785 |
| | 3,176,562 | 2,710,660 |

28.1 Lab testing charges

| | | |
|--------------------------------------|-----------------|--------|
| Lab testing charges | 6,521 | 14,065 |
| Allowance for expected credit losses | (Note 28.1.1) - | - |
| | 6,521 | 14,065 |

28.1.1 Allowance for expected credit losses

| | | |
|--|-------------|---------|
| Balance at 01 January | - | 1,055 |
| Reversal of allowance recognized during the year | (Note 38) - | (1,055) |
| Balance at 31 December | - | - |

28.2 Claims receivable

| | | |
|--------------------------------------|-----------------|----------|
| Claims receivable | 42,677 | 13,621 |
| Allowance for expected credit losses | (Note 28.2.1) - | (13,621) |
| | 42,677 | - |

| | 2024 Amount | 2023 Amount |
|--|----------------|----------------|
| Rupees in thousand | | |
| 28.2.1 Allowance for expected credit losses | | |
| Balance at 01 January | 13,621 | - |
| Allowance recognized during the year | (Note 37) - | 13,621 |
| Written off against expected credit losses | (13,621) | - |
| Balance at 31 December | - | 13,621 |

28.3 Miscellaneous

| | | |
|--------------------------------------|-----------------|----------------|
| Miscellaneous other receivables | 20,008 | 116,434 |
| Allowance for expected credit losses | (Note 28.3.1) - | (7,649) |
| | 20,008 | 108,785 |

28.3.1 Allowance for expected credit losses

| | | |
|--|-------------|-------|
| Balance at 01 January | 7,649 | - |
| Allowance recognized during the year | (Note 37) - | 7,649 |
| Written off against expected credit losses | (7,649) | - |
| Balance at 31 December | - | 7,649 |

29. TAXATION AND LEVY - NET**Taxation - net**

| | | |
|------------------------|----------------|---------------|
| Advance income tax | 2,450,697 | 1,702,146 |
| Provision for taxation | (2,288,064) | (1,637,069) |
| | 162,632 | 65,077 |

Levy - net

| | | |
|--------------|----------------|----------------|
| Prepaid levy | 926,654 | 952,470 |
| Levy payable | (729,537) | (503,222) |
| | 197,117 | 449,248 |
| | 359,749 | 514,325 |

30. ACCRUED INTEREST

| | | | |
|--|---------------|---------------|---------------|
| On saving account and term deposit receipts | | 65,550 | 23,419 |
| On loan to Jomo Technologies (Private) Limited - associate | (Note 30.1) | 34,463 | 34,463 |
| Allowance for expected credit loss | (Note 26.2.2) | (34,463) | (34,463) |
| | | - | - |
| | | 65,550 | 23,419 |

30.1 This represents interest accrued on loan given to Jomo Technologies (Private) Limited - associate. The maximum aggregate amount receivable at the end of any month during the year was Rupees 34.463 million (2023: Rupees 34.463 million).

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

| | | 2024 Amount | 2023 Amount |
|--|-------------|------------------|----------------|
| Rupees in thousand | | | |
| 31. SHORT TERM INVESTMENTS | | | |
| At amortized cost | | | |
| Term deposit receipts | (Note 31.1) | 372,419 | 879,914 |
| Interest accrued thereon | | 2,758 | 3,516 |
| | | 375,177 | 883,430 |
| At fair value through profit or loss | | | |
| Mutual funds | | 7,707,000 | - |
| Unrealized gain on remeasurement of investments at fair value through profit or loss | | 1,423 | - |
| | | 7,708,423 | - |
| | | 8,083,600 | 883,430 |

31.1 These represent term deposits with banking company having maturity period of one month to one year and carry profit at the rates ranging from 5.59% to 21% per annum (2023: 9.8% to 21% per annum).

| | | 2024 Amount | 2023 Amount |
|-----------------------------------|-------------|------------------|------------------|
| Rupees in thousand | | | |
| 32. CASH AND BANK BALANCES | | | |
| With banks: | | | |
| On current accounts : | | | |
| Local currency | (Note 32.1) | 2,973,242 | 2,053,254 |
| Foreign currency | (Note 32.2) | 182,457 | 417,912 |
| | | 3,155,698 | 2,471,166 |
| On saving accounts: | | | |
| Local currency | (Note 32.3) | 3,477,323 | 2,531,898 |
| Foreign currency | (Note 32.4) | 393 | 396 |
| | | 3,477,716 | 2,532,294 |
| | | 6,633,414 | 5,003,460 |
| Term deposit receipts | (Note 32.5) | 1,258,600 | 526,500 |
| | | 7,892,014 | 5,529,960 |
| Cash in hand | (Note 32.6) | 65,066 | 103,168 |
| | | 7,957,080 | 5,633,128 |

32.1 These include AED Nil (2023: AED 2,439) and CNY 1,191,154 (2023: CNY 67,783).

32.2 These include USD 88,086 (2023: USD 157,915), AED 345,879 (2023: AED Nil) and EURO 432,569 (2023: EURO 1,219,990).

32.3 These include CNY 3,534 (2023: CNY 165,935) and rates of profit on saving accounts range from 2.82% to 21.5% (2023: 0.80% to 20.50%) per annum.

32.4 This represents USD 1,412 (2023: USD 1,404) and rate of profit on foreign currency account ranges from 0.48% to 0.56% (2023: 0.46% to 0.58%) per annum.

32.5 Effective interest rates on term deposit receipts range from 7% to 20.1% (2023: 9.7% to 20.2%) per annum. Maturity period of these term deposit receipts is one month (2023: less than 3 months).

32.6 This includes cash in transit of Rupees 10.592 million (2023: Rupees 20.071 million)

| | 2024 Amount | 2023 Amount |
|---|--------------------|----------------|
| | Rupees in thousand | |
| 33. REVENUE - NET | | |
| Revenue from contracts with customers: | | |
| Export: | | |
| - Sales | 38,797,880 | 32,988,310 |
| - Discounts, commissions etc. | (430,688) | (282,561) |
| | 38,367,192 | 32,705,749 |
| Local: | | |
| - Sales | 110,665,402 | 80,602,297 |
| - Sales tax | (19,260,810) | (12,824,568) |
| - Discounts, commissions etc. | (4,757,320) | (3,976,758) |
| | 86,647,272 | 63,800,971 |
| Revenue from services | - | 13,940 |
| | 125,014,464 | 96,520,660 |
| 33.1 Sales of footwear - net | | |
| Export sales | 17,619,380 | 16,384,709 |
| Local sales | 7,348,979 | 12,873,470 |
| | 24,968,359 | 29,258,179 |
| Sales of tyres - net | | |
| Export sales | 20,738,473 | 16,321,040 |
| Local sales | 75,187,904 | 46,979,168 |
| Revenue from services | - | 13,940 |
| | 95,926,377 | 63,314,148 |
| Sales of spare parts for automobiles - net | | |
| Export sales | 9,339 | - |
| Local sales | 3,244,548 | 3,247,357 |
| | 3,253,887 | 3,247,357 |
| Sales of raw materials - net | 165,098 | - |
| Sales of technical rubber products - net | | |
| Local sales | 437,136 | 700,976 |
| Waste sales - net | 263,607 | - |
| | 125,014,464 | 96,520,660 |

33.2 The amount of Rupees 857.884 million included in contract liabilities (Note 11) at 31 December 2023 has been recognised as revenue in 2024 (2023: Rupees 805.380 million).

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

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

| | | 2024 | 2023 |
|--|-----------------------|---------------------|-------------|
| | | Amount | Amount |
| | | Rupees in thousand | |
| 34. COST OF SALES | | | |
| Raw materials consumed | (Note 34.1) | 54,885,949 | 51,815,508 |
| Processing charges | | 49,470 | 14,940 |
| Salaries, wages and other benefits | (Notes 34.2 and 34.3) | 8,601,807 | 7,168,139 |
| Stores and spares consumed | | 1,057,963 | 967,538 |
| Packing materials consumed | | 2,078,200 | 1,790,555 |
| Fuel and power | | 4,841,824 | 4,058,654 |
| Insurance | | 282,363 | 144,433 |
| Travelling | | 376,767 | 200,768 |
| Communication | | 5,585 | - |
| Vehicles running expenses | | 51,080 | - |
| Ijarah rentals | | 1,320 | - |
| Repair and maintenance | | 821,496 | 599,668 |
| Entertainment | | 24,523 | 28,360 |
| Rent, rates and taxes | (Note 34.4) | 3,693 | 6,347 |
| Royalty | (Note 34.5) | 24,611 | - |
| Depreciation on operating fixed assets | (Note 17.1.2) | 2,263,855 | 2,027,405 |
| Safety and security expense | | 31,040 | - |
| Provision for slow moving and obsolete inventory | | 154,775 | 42,233 |
| Other manufacturing charges | | 503,629 | 529,287 |
| | | 76,059,950 | 69,393,835 |
| Work-in-process: | | | |
| Opening stock | | 1,795,905 | 1,819,427 |
| Closing stock | | (1,696,605) | (1,795,905) |
| | | 99,300 | 23,522 |
| Cost of goods manufactured | | 76,159,250 | 69,417,357 |
| Finished goods: | | | |
| Opening stock | | 9,763,746 | 8,262,653 |
| Purchases during the year | | 19,201,901 | 6,754,156 |
| Closing stock | | (10,990,819) | (9,763,746) |
| | | 17,974,828 | 5,253,063 |
| | | 94,134,078 | 74,670,420 |

| | 2024 | 2023 |
|--|---------------------|-------------|
| | Amount | Amount |
| | Rupees in thousand | |
| 34.1 Raw materials consumed | | |
| Opening stock | 9,418,115 | 9,317,005 |
| Purchases during the year | 57,359,029 | 51,916,618 |
| Closing stock | (11,891,195) | (9,418,115) |
| Raw materials consumed during the year | 54,885,949 | 51,815,508 |

34.1.1 Custom duty rebate for the year amounting to Rupees 1,033.08 million (2023: Rupees 700.592 million) has been adjusted against raw materials consumed.

34.2 Salaries, wages and other benefits include Rupees 263.878 million (2023: Rupees 222.594 million), Rupees 72.402 million (2023: Rupees 48.440 million) and Rupees 47.959 million (2023: Rupees 71.916 million) in respect of provident fund contribution, gratuity fund and compensated absences respectively.

34.3 Salaries, wages and other benefits include share options expense of Rupees 3.598 million (2023: Rupees 0.552 million).

34.4 These include rent expense of Rupees 0.180 million (2023: Rupees 0.428 million) related to short term leases.

34.5 Particulars of royalty 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 | 2024 | 2023 |
|---------------------------------------|---|--|--------------------|-------|
| | | | Rupees in thousand | |
| Hangzhou SFR Technology Co. Ltd | No. 106, Houmuqiao Road, Cangqian Street, Yuhang District, Hangzhou, China 311121 | Other | 16,800 | 6,100 |
| Renqiu Yate Motorcycle Parts Co. Ltd. | Shimenenqiao Town, Renqiu City, Hebei, China 062556 | Other | 7,811 | 7,331 |

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

| | | 2024 | 2023 |
|--|-----------------------|--------------------|-----------|
| | | Amount | Amount |
| | | Rupees in thousand | |
| 35. DISTRIBUTION COST | | | |
| Salaries and other benefits | (Notes 35.1 and 35.2) | 2,054,595 | 1,521,512 |
| Freight and insurance | | 2,066,919 | 1,319,978 |
| Carriage outwards of local sales | | 324,215 | - |
| Advertisement and publicity | | 1,129,376 | 639,798 |
| Printing and stationery | | 8,358 | - |
| Communication | | 17,367 | 12,419 |
| Entertainment | | 55,418 | 45,475 |
| Samples claims and product development | | 716,821 | 640,075 |
| Fee and subscription | | 33,024 | - |
| Depreciation on operating fixed assets | (Note 17.1.2) | 297,518 | 198,029 |
| Depreciation on right-of-use assets | (Note 18.2) | 758,405 | 593,411 |
| Amortization on intangible assets | (Note 19.1.2) | - | 557 |
| Rent, rates and taxes | (Notes 35.3 and 35.4) | 364,055 | 202,805 |
| Safety and security expense | | 7,915 | - |
| Postage and courier | | 149,024 | 139,721 |
| Fuel and power | | 469,926 | 319,862 |
| Travelling and conveyance | | 272,543 | 279,576 |
| Legal and professional | | 13,966 | 18,054 |
| Repairs and maintenance | | 82,867 | 68,074 |
| Debit and credit cards service charges | | 56,563 | - |
| Others | | 32,156 | 92,477 |
| | | 8,911,031 | 6,091,823 |

35.1 Salaries and other benefits include Rupees 54.714 million (2023: Rupees 30.993 million), Rupees 16.363 million (2023: Rupees 16.455 million) and Rupees 6.095 million (2023: Rupees 3.061 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 1.108 million (2023: Rupees 0.127 million).

35.3 These include rent expense of Rupees 319.002 million (2023: Rupees 184.382 million) relating to shops not classified as lease due to sales based rent.

35.4 These include rent expense of Rupees 1.221 million (2023: Rupees 12.782 million) and Rupees 0.700 million (2023: Rupees 1.601 million) relating to short term and low value leases respectively.

| | | 2024 | 2023 |
|--|-----------------------|--------------------|-----------|
| | | Amount | Amount |
| | | Rupees in thousand | |
| 36. ADMINISTRATIVE EXPENSES | | | |
| Salaries and other benefits | (Notes 36.1 and 36.2) | 2,424,333 | 2,121,572 |
| Communication | | 67,734 | 46,236 |
| Printing and stationery | | 36,445 | 37,956 |
| Travelling and conveyance | | 144,009 | 109,288 |
| Entertainment | | 110,136 | 74,383 |
| Vehicles' running | | 137,193 | 136,125 |
| Insurance | | 37,483 | 22,649 |
| Rent, rates and taxes | (Note 36.3) | 49,769 | 47,560 |
| Fuel and power | | 88,085 | 61,029 |
| Repairs and maintenance | | 32,095 | 35,340 |
| Auditor's remuneration | (Note 36.4) | 31,142 | 12,143 |
| Legal and professional | | 120,764 | 94,200 |
| Fee and subscription | | 11,075 | 10,344 |
| Depreciation on operating fixed assets | (Note 17.1.2) | 287,204 | 237,935 |
| Amortization on intangible assets | (Note 19.1.2) | 3,986 | 1,309 |
| Ijarah rentals | | 21,958 | 53,381 |
| Trade licence expenses | | - | 1,625 |
| Safety and security expenses | | 1,221 | - |
| Computer running expenses | | 35,991 | 30,900 |
| Advertisement | | 802 | 1,142 |
| General | | 254,898 | 80,658 |
| | | 3,896,323 | 3,215,775 |

36.1 Salaries and other benefits include Rupees 62.778 million (2023: Rupees 55.377 million), Rupees 28.711 million (2023: Rupees 23.991 million) and Rupees 4.781 million (2023: Rupees 3.701 million) in respect of provident fund contribution, gratuity fund and compensated absences respectively.

36.2 Salaries and other benefits include share options expense of Rupees 131.075 million (2023: Rupees 0.216 million).

36.3 This includes rent expense of Rupees 8.843 million (2023: Rupees 20.363 million) and Rupees 5.998 million (2023: Rupees 3.062 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, 2024

| | 2024 | 2023 |
|--|----------------------|----------------|
| | Amount | Amount |
| | Rupees in thousand | |
| 36.4 Auditor's remuneration | | |
| Riaz Ahmad and Company | | |
| Statutory audit fee | 7,345 | 6,188 |
| Statutory audit fee of consolidated financial statements | 744 | 708 |
| Special audit fee | - | 1,380 |
| Half yearly review | 2,498 | 1,587 |
| Other certification services | 644 | 1,100 |
| Reimbursable expenses | 1,161 | 1,180 |
| | 12,392 | 12,143 |
| A.F. Ferguson and Company | | |
| Statutory audit fee | 4,500 | - |
| Special audit fee | 2,300 | - |
| Tax services | 9,600 | - |
| Out of pocket expenses | 2,350 | - |
| | 18,750 | - |
| | 31,142 | 12,143 |
| 37. OTHER EXPENSES | | |
| Donations | (Note 37.1) 109,749 | 87,975 |
| Workers' profit participation fund | (Note 11.1) 662,652 | 258,415 |
| Workers' welfare fund | (Note 11.2) 147,002 | 118,474 |
| Provision against doubtful advances to suppliers | (Note 26.1.1) 19,997 | - |
| Allowance for expected credit losses - trade debts | (Note 25.5) 7,001 | 8,482 |
| Allowance for expected credit losses - miscellaneous other receivables | (Note 28.3.1) - | 7,649 |
| Allowance for expected credit losses - claims receivable | (Note 28.2.1) - | 13,621 |
| Capital work in progress written off | 5,071 | - |
| Assets written off - net | 502 | 6,610 |
| Expected credit loss - loan and accrued interest of associate | (Note 26.2.2) - | 168,963 |
| Prepayment written off | 2,352 | - |
| | 954,326 | 670,189 |

37.1 The names of donees to whom donation amount exceeds Rupees 10.975 million (2023: Rupees 8.798 million) or donees in which directors have interest are as follows:

| | | 2024 | 2023 |
|--------------------------|---------------|--------------------|--------|
| | | Amount | Amount |
| | | Rupees in thousand | |
| Servis Foundation | (Note 37.1.1) | 77,687 | 61,035 |
| Shalamar Hospital | (Note 37.1.2) | 8,290 | 12,794 |
| Service Charitable Trust | (Note 37.1.3) | 10,832 | - |
| | | 96,809 | 73,829 |

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

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

37.1.3 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.

| | | 2024 | 2023 |
|---|---------------|--------------------|-----------|
| | | Amount | Amount |
| | | Rupees in thousand | |
| 38. OTHER INCOME | | | |
| Income from financial assets | | | |
| Return on bank deposits | | 242,318 | 99,184 |
| Interest on loan to associate | | - | 29,123 |
| Gain on disposal of investments at fair value through profit or loss | | 8,369 | - |
| Unrealised gain on re-measurement of investments at fair value through profit or loss | | 168,636 | - |
| Exchange gain - net | | 128,885 | 468,666 |
| Income from non-financial assets | | | |
| Gain on sale of operating fixed assets | | 5,259 | 999 |
| Amortization of deferred income - Government grant | (Note 10.1) | 556,237 | 544,644 |
| Gain on lease termination | | 25,306 | 8,618 |
| Scrap sales and others | | 207,380 | 156,841 |
| Reversal of provision for doubtful advances to suppliers | (Note 26.1.1) | - | 2,293 |
| Reversal of allowance for expected credit losses - Lab testing charges | (Note 28.1.1) | - | 1,055 |
| Miscellaneous | | 2,730 | - |
| | | 1,345,120 | 1,311,423 |

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

| | 2024 | 2023 |
|--|--------------------|------------------|
| | Amount | Amount |
| | Rupees in thousand | |
| 39. FINANCE COST | | |
| Mark-up / interest on: | | |
| - long term financing | 2,530,506 | 2,397,054 |
| - short term borrowings | 3,781,890 | 4,305,048 |
| - lease liabilities (Note 8.1) | 893,549 | 615,417 |
| Interest on workers' profit participation fund (Note 11.1) | 2,380 | 1,270 |
| Bank charges and commission | 82,504 | 227,858 |
| | 7,290,829 | 7,546,647 |

| | | |
|--------------------------|----------------|----------------|
| 40. LEVY | | |
| Minimum tax differential | 404,592 | 98,657 |
| Final taxes | - | 264,551 |
| Super tax | - | 53,200 |
| Prior year | (719) | 36,072 |
| | 403,873 | 452,480 |

40.1 Except for Service Shoes Lanka (Private) Limited – Subsidiary Company, SIL GULF (FZE) - Subsidiary Company and Dongguan Service Global Limited - Subsidiary Company, charge of levy is made in accordance with the relevant provisions of the Income Tax Ordinance, 2001. Charge of levy 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.

| | | |
|---------------------|------------------|----------------|
| 41. TAXATION | | |
| Current (Note 41.1) | 1,341,038 | 816,069 |
| Prior year | - | 81,207 |
| Deferred tax | 1,661,747 | 53,807 |
| | 3,002,785 | 951,083 |

41.1 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.

42. DISCONTINUED OPERATIONS

42.1 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 is expected to be completed within a year from the reporting date. Service Shoes Lanka (Private) Limited - Subsidiary Company has 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.

42.2 The results of Service Shoes Lanka (Private) Limited - Subsidiary Company for the year are presented below:

| | 2024 | 2023 |
|--|--------------------|----------|
| | Amount | Amount |
| | Rupees in thousand | |
| Revenue | | |
| Gross loss from manufacturing activities | - | (26,524) |
| Other income - scrap sales and others | - | 18,046 |
| | - | (8,478) |
| Expenses | | |
| Operating and administrative expenses | - | (8,664) |
| Other expenses | - | (3,026) |
| | - | (11,690) |
| Loss from operations | - | (20,168) |
| Finance cost | - | (5,811) |
| Loss before tax | - | (25,979) |
| Taxation | - | - |
| Loss after taxation | - | (25,979) |

42.3 Assets and liabilities of Service Shoes Lanka (Private) Limited are as follows:**Assets:**

| | | |
|--------------------------------|----------------|---------|
| Fixed assets | 103,491 | 94,698 |
| Stores, spares and loose tools | 1,450 | 1,327 |
| Stock-in-trade | 27,054 | 24,755 |
| Trade debts | 168,000 | 153,726 |
| Loans and advances | 4,564 | 4,176 |
| Trade deposits and prepayments | 2,521 | 2,307 |
| Other receivables | 4,738 | 4,334 |
| Cash and bank balances | 3,398 | 3,109 |
| Assets held for sale | 315,216 | 288,432 |

Liabilities:

| | | |
|---|------------------|-----------|
| Deferred income tax liability - net | 8,273 | 7,570 |
| Trade and other payables | 915,874 | 838,059 |
| Liabilities directly associated with the assets held for sale | 924,147 | 845,629 |
| Net assets directly associated with disposal group | (608,931) | (557,197) |

The net cash flows incurred by Service Shoes Lanka (Private) Limited are as follows:

| | | |
|--|---|-----------|
| Operating | - | 307,165 |
| Investing | - | (40,840) |
| Financing | - | (265,513) |
| Net cash flows | - | 812 |
| Loss per share from discontinued operations - basic and diluted (Rupees) | - | (0.33) |

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

43. EARNINGS PER SHARE - BASIC AND DILUTED

43.1 There is no dilutive effect on basic earnings per share for the year ended 31 December 2024 and 31 December 2023 as the Group has no potential ordinary shares as on 31 December 2024 and 31 December 2023.

| | | 2024 | 2023 |
|--|----------------------|-------------------|------------|
| Profit after taxation attributable to ordinary shareholders of the Holding Company | (Rupees in thousand) | 4,136,642 | 2,841,802 |
| Weighted average number of ordinary shares of the Holding Company | (Numbers) | 46,987,454 | 46,987,454 |
| Earnings per share - basic and diluted | (Rupees) | 88.04 | 60.48 |
| Profit attributable to ordinary shareholders of the Holding Company from continuing operations | (Rupees in thousand) | 4,136,642 | 2,857,389 |
| Weighted average number of ordinary shares of the Holding Company | (Numbers) | 46,987,454 | 46,987,454 |
| Earnings per share from continuing operations - basic and diluted | (Rupees) | 88.04 | 60.81 |

| | 2024 | 2023 |
|---|--------------------|-------------|
| | Amount | Amount |
| | Rupees in thousand | |
| 44. CASH GENERATED FROM OPERATIONS | | |
| Profit before levy and taxation from continued operations | 11,243,139 | 5,741,926 |
| Loss before taxation from discontinued operations | - | (25,979) |
| Adjustments for non-cash charges and other items: | | |
| Depreciation on operating fixed assets (Note 17.1.2) | 2,848,577 | 2,472,964 |
| Depreciation on right-of-use-assets (Note 18.2) | 758,405 | 593,411 |
| Amortization on intangible assets (Note 19.1.2) | 3,986 | 1,866 |
| Exchange gain - net (Note 38) | (128,885) | (468,666) |
| Provision for gratuity (Note 9.6) | 117,476 | 88,886 |
| Finance cost (Note 39) | 7,290,829 | 7,552,458 |
| Provision for workers' profit participation fund (Note 11.1) | 662,652 | 258,415 |
| Provision for workers' welfare fund (Note 11.2) | 147,002 | 118,474 |
| Provision for slow moving and obsolete inventory (Note 34) | 154,775 | 42,233 |
| Allowance for expected credit losses - trade debts (Note 25.5) | 7,001 | 8,482 |
| Return on bank deposits, term deposit receipts and loan to associate | (242,318) | (128,307) |
| Gain on lease termination (Note 38) | (25,306) | (8,618) |
| Amortization of deferred income - Government grant (Note 10.1) | (556,237) | (544,644) |
| Share of net profit of associate accounted for using the equity method (Note 20.1) | (70,142) | (104,697) |
| Gain on disposal of operating fixed assets - net (Note 38) | (5,259) | (999) |
| Capital work in progress written off (Note 37) | 5,071 | - |
| Provision / (reversal of provision) against doubtful advances to suppliers (Note 26.1.1) | 19,997 | (2,293) |
| Unrealised gain on re-measurement of investments at fair value through profit or loss (Note 38) | (168,636) | - |
| Gain on disposal of investments at fair value through profit or loss (Note 38) | (8,369) | - |
| Assets written off - net (Note 37) | 502 | 6,610 |
| Prepayment written off (Note 37) | 2,352 | - |
| Allowance for expected credit losses - miscellaneous other receivables (Note 28.3.1) | - | 7,649 |
| Employees' share option reserve | 135,781 | 895 |
| Reversal of allowance for expected credit losses - lab testing charges (Note 28.1.1) | - | (1,055) |
| Allowance for expected credit loss - JOMO (Note 26.2.2) | - | 168,963 |
| Allowance for expected credit losses against claim receivable (Note 28.2.1) | - | 13,621 |
| Working capital changes (Note 44.1) | (6,600,398) | (2,362,945) |
| | 15,591,995 | 13,428,649 |

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

| | 2024 Amount | 2023 Amount |
|--------------------------------------|--------------------|--------------------|
| | Rupees in thousand | |
| 44.1 Working capital changes | | |
| Increase in current assets: | | |
| Stores, spares and loose tools | (224,250) | (323,343) |
| Stock-in-trade | (3,619,015) | (1,608,069) |
| Trade debts | (4,246,490) | (682,592) |
| Loans and advances | (184,379) | (317,578) |
| Trade deposits and prepayments | (53,633) | (28,922) |
| Other receivables | (466,306) | (598,002) |
| | (8,794,073) | (3,558,506) |
| Increase in trade and other payables | 2,193,675 | 1,195,561 |
| | (6,600,398) | (2,362,945) |

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

| | 2024 | | | | |
|--|---------------------------------------|----------------------|--------------------------|---------------------|-----------------------|
| | Liabilities from financing activities | | | | |
| | Long term financing | Lease liabilities | Short term borrowings | Dividend payable | Unclaimed dividend |
| | -----Rupees in thousand----- | | | | |
| Balance at 31 December 2023 | 18,469,000 | 5,461,579 | 26,272,346 | 127,103 | 48,727 |
| Financing / borrowings obtained | 501,842 | - | 140,887,754 | - | - |
| Repayment of financing / lease liabilities / short term borrowings | (2,455,576) | (278,383) | (125,765,535) | - | - |
| Dividend declared | - | - | - | - | 1,537,617 |
| Dividend paid | - | - | - | (127,103) | (1,533,257) |
| Other changes - non-cash movement: | | | | | |
| Lease liabilities recognised during the year | - | 1,205,163 | - | - | - |
| Impact of lease termination / modification | - | (118,655) | - | - | - |
| Deferred income - Government grant - net | 477,080 | - | - | - | - |
| Balance at 31 December 2024 | 16,992,346 | 6,269,704 | 41,394,565 | - | 53,087 |

| 2023 | | | | | |
|--|-------------------|-----------------------|-------------------|--------------------|---------------|
| Liabilities from financing activities | | | | | |
| Long term financing | Lease liabilities | Short term borrowings | Dividend payable | Unclaimed dividend | |
| -----Rupees in thousand ----- | | | | | |
| Balance at 31 December 2022 | 15,661,277 | 3,967,990 | 23,551,462 | - | 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) | - | - |
| 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 | 127,103 | 48,727 |

| | 2024 | 2023 |
|--|--------------------|--------|
| | Amount | Amount |
| | Rupees in thousand | |

44.3 Non-cash financing activities

| | | |
|--|------------------|-----------|
| Deferred income - Government grant - net | 477,080 | 253,633 |
| Lease liabilities recognized during the year | 1,205,163 | 1,763,553 |
| Impact of lease termination / modification | (118,655) | (44,094) |

44.4 Cash and cash equivalents at the end of the year

| | | |
|---|------------------|-----------|
| Cash and cash equivalents at the end of the year from continuing operations | 7,957,080 | 5,633,128 |
| Cash and cash equivalents at the end of the year from discontinued operations | 3,398 | 3,109 |
| | 7,960,478 | 5,636,237 |

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

45. 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 | | Directors | | Executives | |
|-------------------------|------|-----------|------|------------|------|
| 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |

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

| | | | | | | |
|-------------------------------|----------------|----------|---|----------|----------------|------------|
| Managerial remuneration | 55,876 | 47,653 | - | 46,431 | 63,459 | 534,147 |
| Bonus | 107,000 | 48,000 | - | 48,000 | 8,817 | 214,841 |
| Allowances: | | | | | | |
| House rent | 5,587 | 4,765 | - | 4,643 | 17,124 | 145,887 |
| Conveyance | - | - | - | - | 5,980 | 48,581 |
| Medical | - | - | - | - | 9,156 | 77,070 |
| Utilities | 5,587 | 4,765 | - | 4,643 | 10,990 | 96,548 |
| Retirement and other benefits | 4,573 | 13,109 | - | 12,769 | 4,759 | 39,015 |
| Total | 178,623 | 118,292 | - | 116,486 | 120,285 | 1,156,089 |
| Number of persons | 1 | 1 | - | 1 | 27 | 136 |

45.1 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.

45.2 Aggregate amount charged in these consolidated financial statements for meeting fee to directors of the Holding Company was Rupees 3.175 million (2023: Rupees 3.280 million).

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

46. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associates, 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 | 2024 | 2023 |
|--|---|------------------------------|---------------|
| Rupees in thousand | | | |
| Associate | | | |
| Jomo Technologies (Private) Limited | Loan given | - | 4,500 |
| | Interest charged | - | 34,463 |
| | Purchase of fixed assets | - | 12,596 |
| Associated undertakings | | | |
| Chaoyang Long March Tyre Co. Ltd | Share deposit money received | 665,805 | - |
| | Share capital of Service Long March Tyres (Private) Limited - Subsidiary Company issued | 666,400 | - |
| | Purchase of goods | 434,826 | 306,525 |
| | Mr. Shabir Ahmad of Myco Corporation | Share deposit money received | 75,727 |
| Mr. Shabir Ahmad of Myco Corporation | Share capital of Service Long March Tyres (Private) Limited - Subsidiary Company issued | 75,727 | - |
| | Sale of goods | 4,090,162 | 692,215 |
| | Trade discounts | 19,568 | - |
| | Dividend paid | 100,307 | - |
| | Shahid Arif Investment (Private) Limited | Cash dividend paid | 396 |
| Service Charitable Trust | Cash dividend paid | 453 | 226 |
| | Donation made | 10,832 | 7,441 |
| Servis Foundation | Donation made | 77,687 | 61,035 |
| Shalamar Hospital | Donation made | 8,290 | 12,794 |
| Post employment benefit plans | | | |
| Service Industries Limited Employees Gratuity Fund Trust | Charge for the year | 117,476 | 88,886 |
| | Contribution made | 338,470 | 308,964 |
| | Cash dividend paid | 21,812 | 10,906 |
| Servis Long March Tyres (Private) Limited Staff Provident Fund Trust | Contribution made | 42,900 | - |
| | | | |
| Directors of the Holding Company | | | |
| | Cash dividend paid | 185,973 | 103,349 |

46.1 Detail of compensation to key management personnel comprising of chief executive officer, directors and executives of the Holding Company is disclosed in Note 45.

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

| Name of the related party | Basis of relationship | Transactions entered or agreements and / or arrangements in place during the financial year ended | | Percentage of shareholding |
|--|---|---|------|----------------------------|
| | | 2024 | 2023 | % |
| S2 Power Limited | Common directorship of directors of the Holding Company | No | No | 48.00% |
| Chaoyang Long March Tyre Co. Limited | Common directorship of directors of Service Long March Tyres (Private) Limited - Subsidiary Company | Yes | Yes | Nil |
| Mr. Shabir Ahmad of Myco Corporation | Joint venturer | Yes | Yes | Nil |
| S2 Hydro Limited | Common directorship of directors of the Holding Company | No | No | 48.00% |
| Speed (Private) Limited | Associate of Service Industries Capital (Private) Limited (Subsidiary Company) of the Holding Company | Yes | No | 35.97% |
| SBL Trading (Private) Limited | Common directorship of directors of the Holding Company | No | No | Nil |
| Jomo Technologies (Private) Limited | Associate of Service Industries Capital (Private) Limited (Subsidiary Company) of the Holding Company | No | Yes | 16.49% |
| Shahid Arif Investment (Private) Limited | Common directorship | Yes | Yes | Nil |
| Service Provident Fund Trust | Post employment benefit plan | Yes | Yes | Nil |
| Servis Long March Tyres (Private) Limited | Post employment benefit plan | Yes | No | Nil |
| Staff 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 of directors of the Holding Company | Yes | Yes | Nil |
| Service Charitable Trust | Directors of the Holding Company are Trustees | Yes | Yes | Nil |
| Shalamar Hospital | Directors of the Holding Company are Trustees | Yes | Yes | Nil |
| Suraj Cotton Mills Limited | Common directorship of director of the Holding Company | No | No | Nil |
| Premier Insurance Limited | Common directorship of director of the Holding Company | No | No | Nil |
| Crescent Powertec Limited | Common directorship of director of the Holding Company | No | No | Nil |
| JS Bank Limited | Common directorship of director of the Holding Company | No | 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 |
| Mr. 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 |
| 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 | Yes | No | Nil |
| Ms. Uzma Adil Khan | Director of Holding Company | Yes | No | Nil |

46.2.1 As on 31 December 2024 and 31 December 2023, 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 | Investment in shares | Investment in shares |
| 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 |

47. PLANT CAPACITY

Footwear

| | Installed capacity | | Actual production | |
|----------------------|--------------------|-----------|-------------------|-----------|
| | 2024 | 2023 | 2024 | 2023 |
| Strobel construction | 4,648,620 | 4,602,000 | 3,141,810 | 3,728,133 |
| Lasted construction | 3,617,980 | 3,598,000 | 3,070,541 | 3,031,057 |

Tyre

| | Installed capacity | | Actual production | |
|-----------------|--------------------|------------|-------------------|------------|
| | 2024 | 2023 | 2024 | 2023 |
| Number of tyres | 24,251,164 | 23,078,469 | 16,290,144 | 13,226,860 |
| Number of tubes | 57,452,100 | 56,826,000 | 43,468,607 | 38,692,616 |

Others

Service genuine parts

| | Installed capacity | | Actual production | |
|---------------------|--------------------|-----------|-------------------|-----------|
| | 2024 | 2023 | 2024 | 2023 |
| Number of chains | 2,496,000 | 2,496,000 | 2,230,304 | 1,273,646 |
| Number of sprockets | 1,872,000 | 1,872,000 | 1,856,454 | 1,195,345 |

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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.

48. 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 | |
|--|------|---|------|------------------------------------|------|-------|------|
| 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |

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

Summarized statement of financial position

| | | | | | | | | |
|--------------------------------------|-----------|-----------|-------------|--------------|--------------|--------------|--------------|--------------|
| Non-current assets | 103,491 | 94,698 | 26,030,800 | 20,821,253 | 6,991,436 | 6,618,262 | 33,125,727 | 27,534,213 |
| Current assets | 211,725 | 193,735 | 19,676,462 | 15,484,919 | 12,213,561 | 12,336,999 | 32,101,748 | 28,015,653 |
| Non-current liabilities | (8,273) | (7,570) | (9,359,306) | (8,538,456) | (770,883) | (593,762) | (10,138,462) | (9,139,788) |
| Current liabilities | (915,874) | (838,059) | 15,461,185) | (13,514,813) | (11,223,199) | (11,860,656) | (27,600,258) | (26,213,528) |
| Net assets | (608,931) | (557,196) | 20,886,771 | 14,252,903 | 7,210,915 | 6,500,843 | 27,488,755 | 20,196,550 |
| Accumulated non-controlling interest | (238,162) | (217,469) | 10,531,486 | 7,070,399 | 959,419 | 977,687 | 11,252,743 | 7,830,617 |

Summarized statement of comprehensive income

| | | | | | | | | |
|---|----------|----------|------------|------------|------------|------------|------------|------------|
| Revenue | - | 39,164 | 44,882,004 | 26,768,188 | 17,391,854 | 15,061,817 | 62,273,858 | 41,869,169 |
| (Loss) / profit for the year | - | (25,979) | 6,997,076 | 2,506,814 | 1,105,237 | 1,181,607 | 8,102,313 | 3,662,442 |
| Other comprehensive loss | - | - | - | - | (18,689) | (31,642) | (18,689) | (31,642) |
| Total comprehensive (loss) / income | - | (25,979) | 6,997,076 | 2,506,814 | 1,086,548 | 1,149,965 | 8,083,624 | 3,630,800 |
| (Loss) / profit allocated to non-controlling interest | - | (10,392) | 3,701,118 | 1,325,041 | (1,279) | 155,933 | 3,699,839 | 1,470,582 |
| Other comprehensive (loss) / income to non-controlling interest | (20,693) | (60,064) | - | - | (3,850) | (7,395) | (24,543) | (67,459) |
| Total comprehensive (loss) / income to non-controlling interest | (20,693) | (70,456) | 3,701,118 | 1,325,041 | (5,129) | 148,538 | 3,675,296 | 1,403,123 |
| Dividend paid to non-controlling interest | - | - | 983,007 | - | 211,838 | 41,538 | 1,194,845 | 41,538 |

Summarized statement of cash flows

| | | | | | | | | |
|--|---|-----------|-------------|-------------|-------------|-----------|-------------|-------------|
| Cash generated from / (used in) operating activities | - | 307,165 | 5,774,058 | 1,980,102 | (624,499) | (561,950) | 5,149,559 | 1,725,317 |
| Cash flows (used in) / generated from investing activities | - | (40,840) | (6,984,222) | (2,829,646) | (1,209,492) | 745,491 | (8,193,714) | (2,124,995) |
| Cash flows (used in) / generated from financing activities | - | (265,513) | 737,606 | 3,745,634 | (324,089) | 2,557,889 | 413,517 | 6,038,010 |
| Net increase / (decrease) in cash and cash equivalents | - | 812 | (472,558) | 2,896,090 | (2,158,080) | 2,741,430 | (2,630,638) | 5,638,332 |

49. FINANCIAL RISK MANAGEMENT

49.1 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 evaluates 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:

| | 2024 | 2023 |
|---------------------------------|-------------|-------------|
| Cash at banks - USD | 88,088 | 159,319 |
| Cash at banks - EURO | 432,569 | 1,219,990 |
| Cash at banks - CNY | 14 | 233,718 |
| Cash at banks - AED | - | 2,439 |
| Trade debts - USD | 8,059,193 | 4,762,823 |
| Trade debts - EURO | 4,934,611 | 3,349,292 |
| Trade debts - GBP | 81,671 | 149,685 |
| Trade debts - AED | 596,199 | 144,099 |
| Other receivables - USD | 166,458 | 33,566 |
| Other receivables - EURO | 35,000 | - |
| Trade and other payables - USD | (982,602) | (1,533,576) |
| Trade and other payables - GBP | (4,844) | (26,779) |
| Trade and other payables - EURO | (356,740) | (293,074) |
| Trade and other payables - CNY | (1,737) | (1,236) |
| Trade and other payables - AED | (184,822) | (75,563) |
| Short term borrowings - USD | (5,076,200) | (1,925,000) |
| Net exposure - USD | 2,254,936 | 1,497,132 |
| Net exposure - EURO | 5,045,440 | 4,276,208 |
| Net exposure - GBP | 76,827 | 122,906 |
| Net exposure - CNY | (1,723) | 232,482 |
| Net exposure - AED | 411,377 | 70,975 |

The following significant exchange rates were applied during the year:

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| | 2024 | 2023 |
|-----------------------------|---------------|--------|
| Rupees per US Dollar | | |
| Average rate | 278.53 | 283.35 |
| Reporting date rate | 278.55 | 281.86 |
| Rupees per EURO | | |
| Average rate | 301.41 | 307.13 |
| Reporting date rate | 290.08 | 311.50 |
| Rupees per GBP | | |
| Average rate | 356.08 | 353.63 |
| Reporting date rate | 349.71 | 358.60 |
| Rupees per CNY | | |
| Average rate | 38.71 | 39.99 |
| Reporting date rate | 38.16 | 39.63 |
| Rupees per AED | | |
| Average rate | 75.83 | 77.07 |
| Reporting date rate | 75.84 | 76.74 |

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 before levy and taxation for the year would have been Rupees 104.560 million higher / lower (2023: Rupees 71.390 million), 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 other comprehensive income (Fair value reserve FVTOCI investment) | |
|-------------------|--|----------------|
| | 2024 Amount | 2023 Amount |
| | Rupees in thousand | |
| PSX (5% increase) | (2,122) | (2,375) |
| PSX (5% decrease) | 2,122 | 2,375 |

(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, 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.

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

| | 2024 Amount | 2023 Amount |
|----------------------------------|--------------------|----------------|
| | Rupees in thousand | |
| Fixed rate instruments | | |
| Financial asset | | |
| Term deposit receipts | 1,258,600 | 526,500 |
| Short term investment | - | 700,000 |
| Financial liabilities | | |
| Long term financing | 7,724,008 | 8,652,011 |
| Short term borrowings | 16,438,881 | 16,001,513 |
| Floating rate instruments | | |
| Financial assets | | |
| Bank balances - saving accounts | 3,477,716 | 2,532,294 |
| Short term investments | 372,419 | 179,914 |
| Financial liabilities | | |
| Long term financing | 9,268,338 | 9,816,989 |
| Short term borrowings | 24,955,684 | 10,270,833 |

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.

Notes to the Consolidated Financial Statements

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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 before levy and taxation for the year would have been Rupees 360.458 million (2023: Rupees 173.756 million) lower / higher, 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:

| | 2024 | 2023 |
|--|--------------------|------------|
| | Amount | Amount |
| | Rupees in thousand | |
| Long term investment | 54,769 | 61,279 |
| Long term loans to employees | 72,292 | 50,479 |
| Security deposits (long term and short term) | 454,608 | 364,546 |
| Trade debts | 14,071,494 | 9,717,394 |
| Loans and advances | 96,521 | 143,566 |
| Other receivables | 236,419 | 122,850 |
| Accrued interest | 65,550 | 23,419 |
| Short term investments | 8,083,600 | 883,430 |
| Bank balances | 7,892,014 | 5,529,960 |
| | 31,027,267 | 16,896,923 |

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 | | | 2024 | 2023 |
|------------|-----------|--------|--------|--------|
| Short term | Long term | Agency | Amount | Amount |

Rupees in thousand

Banks

| | | | | | |
|---|------|----------|---------|------------------|------------------|
| Allied Bank Limited | A1+ | AAA | PACRA | 21,013 | 145,566 |
| Askari Bank Limited | A1+ | AA+ | PACRA | 10,008 | 44,117 |
| Bank Alfalah Limited | A1+ | AA+ | PACRA | 228,065 | 69,439 |
| Bank AL Habib Limited | A1+ | AAA | PACRA | 365,719 | 173,862 |
| Faysal Bank Limited | A1+ | AA | PACRA | 163,753 | 210,603 |
| Habib Bank Limited | A-1+ | AAA | VIS | 1,677,361 | 552,132 |
| MCB Bank Limited | A-1+ | AAA | VIS | 409,849 | 683,869 |
| MCB Islamic Bank Limited | A1 | A | PACRA | 316,965 | 205,024 |
| Meezan Bank Limited | A-1+ | AAA | VIS | 683,380 | 52,114 |
| National Bank of Pakistan | A1+ | AAA | PACRA | 9,267 | 14,209 |
| Samba Bank Limited | A1 | AA | PACRA | 585 | 95 |
| Soneri Bank Limited | A1+ | AA- | PACRA | 3,411,625 | 2,824,693 |
| Standard Chartered Bank (Pakistan) Limited | A1+ | AAA | PACRA | 113,768 | 888 |
| Silk Bank Limited | A-2 | A- | VIS | 14 | 14 |
| United Bank Limited | A-1+ | AAA | VIS | 206,788 | 97,684 |
| Dubai Islamic Bank Pakistan Limited | A-1+ | AA | VIS | 2,489 | 106,569 |
| Habib Metropolitan Bank Limited | A1+ | AA+ | PACRA | 49,903 | 20,067 |
| MCB Bank Limited - Sri Lanka | | AA-(Ika) | FITCH | 393 | 396 |
| JS Bank Limited (associated company) | A1+ | AA- | PACRA | 2 | 2 |
| Industrial and Commercial Bank of China Limited | P-1 | A1 | Moody's | 465 | 6,917 |
| The Bank of Khyber | A1 | A+ | PACRA | 893 | 8,343 |
| The Bank of Punjab | A1+ | AA+ | PACRA | 100,032 | 70,233 |
| BankIslami Pakistan Limited | A1 | AA- | PACRA | 46,947 | 119,205 |
| China Merchants Bank Limited | P1 | A2 | Moody's | 45,456 | 41,336 |
| Al Baraka Bank (Pakistan) Limited | A-1 | A+ | VIS | 1,043 | 80,655 |
| Habib Bank AG Zurich | | Unknown | | 26,231 | 1,928 |
| | | | | 7,892,014 | 5,529,960 |

Investments

| | | | | | |
|---|----|---------|-------|-------------------|------------------|
| TRG Pakistan Limited | | Unknown | | 54,769 | 61,279 |
| MCB Islamic Bank Limited | A1 | A | PACRA | 375,177 | 183,430 |
| BankIslami Pakistan Limited | A1 | AA- | PACRA | - | 700,000 |
| Al Meezan Investment Management Limited | | AM-1 | PACRA | 1,000,000 | - |
| UBL Money Market Fund | | AA+(f) | VIS | 1,707,000 | - |
| AL Habib Asset Management Limited | | AM-1 | PACRA | 500,000 | - |
| HBL Cash Fund | | AA+(f) | VIS | 1,000,000 | - |
| NBP Financial Sector Income Fund | | A+(f) | PACRA | 2,501,163 | - |
| ABL Cash Fund | | AA+(f) | PACRA | 1,000,260 | - |
| | | | | 8,138,369 | 944,709 |
| | | | | 16,030,383 | 6,474,669 |

Notes to the Consolidated Financial Statements

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The Group's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 25.

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 2024 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 2024 and 31 December 2023 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 2024 | | | | | | | | |
| Not past due | 0.00% | 0.00% | 7,187,169 | - | 0.00% | 0.00% | 4,684,334 | - |
| Up to 30 days | 0.00% | 0.53% | 152,285 | 205 | 0.12% | 2.81% | 45,628 | 90 |
| 31 to 60 days | 0.25% | 14.90% | 93,120 | 10,432 | 0.38% | 21.85% | 8,215 | 75 |
| 61 to 90 days | 1.57% | 27.84% | 60,196 | 12,853 | 1.08% | 36.59% | 11,700 | 4,262 |
| 91 to 180 days | 6.66% | 58.80% | 49,461 | 20,246 | 4.78% | 70.63% | 82 | 4 |
| 181 to 360 days | 14.02% | 67.90% | 30,553 | 16,237 | 15.93% | 76.32% | - | - |
| Above 360 days | 100.00% | 100.00% | 166,036 | 166,036 | 100.00% | 100.00% | 110,009 | 110,009 |
| | | | 7,738,820 | 226,009 | | | 4,859,968 | 114,440 |
| Trade debts which are not subject to risk of default | | | 192,117 | - | | | 1,621,038 | - |
| Gross trade debts | | | 7,930,937 | 226,009 | | | 6,481,006 | 114,440 |

| | 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 |

(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 2024, the Group had Rupees 36,433.513 million (2023: Rupees 10,173.695 million) available borrowing limits from financial institutions and Rupees 7,957.080 million (2023: Rupees 5,633.128 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 2024:

| | 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 | 16,992,346 | 21,180,758 | 1,962,695 | 2,330,497 | 4,899,707 | 11,987,859 |
| Long term deposits | 172,530 | 172,530 | - | - | - | 172,530 |
| Lease liabilities | 6,269,704 | 11,840,420 | 685,195 | 701,943 | 1,379,290 | 9,073,992 |
| Trade and other payables | 11,768,960 | 11,768,960 | 11,768,960 | - | - | - |
| Accrued mark-up | 803,245 | 803,245 | 803,245 | - | - | - |
| Short term borrowings | 41,394,565 | 41,590,137 | 39,120,965 | 2,469,172 | - | - |
| Unclaimed dividend | 53,087 | 53,087 | 53,087 | - | - | - |
| | 77,454,437 | 87,409,137 | 54,394,147 | 5,501,612 | 6,278,997 | 21,234,381 |

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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 |

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 6, note 8 and note 13 to these consolidated financial statements.

49.2 Financial instruments by categories Assets as per consolidated statement of financial position

| | 2024 | | | 2023 | |
|--|--------|-----------|----------------|--------|----------------|
| | FVTOCI | FVTPL | Amortized cost | FVTOCI | Amortized cost |
| -----Rupees in thousand----- | | | | | |
| Long term investment | 54,769 | - | - | 61,279 | - |
| Long term loans to employees | - | - | 72,292 | - | 50,479 |
| Security deposits (long term and short term) | - | - | 454,608 | - | 364,546 |
| Trade debts | - | - | 14,071,494 | - | 9,717,394 |
| Loans and advances | - | - | 96,521 | - | 143,566 |
| Other receivables | - | 167,213 | 69,206 | - | 122,850 |
| Accrued interest | - | - | 65,550 | - | 23,419 |
| Short term investments | - | 7,708,423 | 375,177 | - | 883,430 |
| Cash and bank balances | - | - | 7,957,080 | - | 5,633,128 |
| | 54,769 | 7,875,636 | 23,161,928 | 61,279 | 16,938,812 |

| 2024 | | 2023 | |
|-------|-------------------|-------|-------------------|
| FVTPL | At amortized cost | FVTPL | At amortized cost |

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

Liabilities as per consolidated statement of financial position

| | | | |
|--------------------------|--------------|-----|------------|
| Long term financing | - 16,992,346 | - | 18,469,000 |
| Long term deposits | - 172,530 | - | 85,024 |
| Lease liabilities | - 6,269,704 | - | 5,461,579 |
| Trade and other payables | - 11,768,960 | 443 | 9,410,495 |
| Accrued mark-up | - 803,245 | - | 1,366,720 |
| Short term borrowings | - 41,394,565 | - | 26,272,346 |
| Dividend payable | - - | - | 127,103 |
| Unclaimed dividend | - 53,087 | - | 48,727 |
| | - 77,454,437 | 443 | 61,240,994 |

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

| 2024 | | |
|------------------|----------------------|--|
| Financial assets | Non-financial assets | Assets as per consolidated statement of financial position |

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

| | | | |
|--------------------------------|------------|-----------|------------|
| Long term investments | 54,769 | 681,454 | 736,223 |
| Long term loans to employees | 72,292 | - | 72,292 |
| Long term security deposits | 275,373 | - | 275,373 |
| Trade deposits and prepayments | 179,235 | 209,290 | 388,525 |
| Trade debts | 14,071,494 | - | 14,071,494 |
| Loans and advances | 96,521 | 1,970,840 | 2,067,361 |
| Other receivables | 236,419 | 2,940,143 | 3,176,562 |
| Accrued interest | 65,550 | - | 65,550 |
| Short term investments | 8,083,600 | - | 8,083,600 |
| Cash and bank balances | 7,957,080 | - | 7,957,080 |
| | 31,092,333 | 5,801,727 | 36,894,060 |

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

| | 2024 | | |
|--------------------------|------------------------------|---------------------------|---|
| | Financial liabilities | Non-financial liabilities | Liabilities as per consolidated statement of financial position |
| | -----Rupees in thousand----- | | |
| Long term financing | 16,992,346 | - | 16,992,346 |
| Long term deposits | 172,530 | - | 172,530 |
| Lease liabilities | 6,269,704 | - | 6,269,704 |
| Trade and other payables | 11,768,960 | 1,758,018 | 13,526,978 |
| Accrued mark-up | 803,245 | - | 803,245 |
| Short term borrowings | 41,394,565 | - | 41,394,565 |
| Unclaimed dividend | 53,087 | - | 53,087 |
| | 77,454,437 | 1,758,018 | 79,212,455 |

| | 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 |
| Long term security deposits | 257,721 | - | 257,721 |
| Trade deposits and prepayments | 106,825 | 158,223 | 265,048 |
| 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 |

49.4 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.

49.5 Capital risk management

| | 2024 Amount | 2023 Amount |
|---------------------------|--------------------|----------------|
| | Rupees in thousand | |
| Borrowings | 58,386,911 | 44,741,346 |
| Total equity of the Group | 26,017,502 | 18,969,598 |
| Total capital employed | 84,404,413 | 63,710,944 |
| Gearing ratio | (Percentage) | 69.18% |
| | | 70.23% |

Decrease in gearing is due to increase in equity.

50. UNUTILIZED CREDIT FACILITIES

| | Non-funded | | Funded | |
|-----------------------------------|------------------------------|--------------|--------------|--------------|
| | 2024 | 2023 | 2024 | 2023 |
| | -----Rupees in thousand----- | | | |
| Total facilities | 33,651,000 | 34,791,000 | 95,170,424 | 36,426,615 |
| Utilized at the end of the year | (7,450,914) | (15,188,308) | (58,386,911) | (26,252,920) |
| Unutilized at the end of the year | 26,200,086 | 19,602,692 | 36,783,513 | 10,173,695 |

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

51. 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 2024 | Level 1 | Level 2 | Level 3 | Total |
|--|------------------|----------------|----------|------------------|
| -----Rupees in thousand ----- | | | | |
| Financial assets | | | | |
| Financial asset at fair value through other comprehensive income | 54,769 | - | - | 54,769 |
| Financial assets at fair value through profit or loss | 7,708,423 | - | - | 7,708,423 |
| Derivative financial assets | - | 167,213 | - | 167,213 |
| Total financial assets | 7,763,192 | 167,213 | - | 7,930,405 |

| 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 |
| Financial liabilities | | | | |
| Derivative financial liabilities | - | 443 | - | - |

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 technique used to value financial instruments is the use of quoted market prices or dealer quotes for similar instruments and for mutual funds, Net Asset Value (NAV) published by the respective Asset Management Company.

52. 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.

| | Footwear | | Tyre | | Others | | Total | |
|--|--------------|--------------|--------------|--------------|-------------|-------------|--------------|--------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| -----Rupees in thousand ----- | | | | | | | | |
| Sales | | | | | | | | |
| - Export | 17,619,380 | 16,384,709 | 20,738,473 | 16,321,040 | 9,339 | - | 38,367,192 | 32,705,749 |
| - Local | 7,498,113 | 12,873,470 | 75,203,868 | 46,993,108 | 3,945,291 | 3,948,333 | 86,647,272 | 63,814,911 |
| | 25,117,493 | 29,258,179 | 95,942,341 | 63,314,148 | 3,954,630 | 3,948,333 | 125,014,464 | 96,520,660 |
| Cost of sales | (13,921,820) | (20,809,154) | (76,146,157) | (50,923,609) | (4,066,101) | (2,937,657) | (94,134,078) | (74,670,420) |
| Gross profit | 11,195,673 | 8,449,025 | 19,796,184 | 12,390,538 | (111,471) | 1,010,676 | 30,880,386 | 21,850,240 |
| Distribution cost | (5,757,559) | (4,416,804) | (3,009,300) | (1,557,816) | (144,172) | (117,203) | (8,911,031) | (6,091,823) |
| Administrative expenses | (2,137,127) | (2,386,963) | (1,647,705) | (791,602) | (111,491) | (37,210) | (3,896,323) | (3,215,775) |
| | (7,894,686) | (6,803,767) | (4,657,005) | (2,349,418) | (255,663) | (154,413) | (12,807,354) | (9,307,598) |
| Profit before levy and taxation and unallocated income and expenses | 3,300,987 | 1,645,258 | 15,139,179 | 10,041,120 | (367,134) | 856,263 | 18,073,032 | 12,542,642 |
| Unallocated income and expenses: | | | | | | | | |
| Other expenses | | | | | | | (954,326) | (670,189) |
| Other income | | | | | | | 1,345,120 | 1,311,423 |
| Share of net profit of associate accounted for using the equity method | | | | | | | 70,142 | 104,697 |
| Finance cost | | | | | | | (7,290,829) | (7,546,647) |
| Levy | | | | | | | (403,873) | (452,480) |
| Taxation | | | | | | | (3,002,785) | (951,083) |
| Loss after taxation for the year from discontinued operations | | | | | | | - | (25,979) |
| Profit after taxation | | | | | | | 7,836,481 | 4,312,384 |

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

52.1 Reconciliation of reportable segment assets and liabilities

| | Footwear | | Tyre | | Others | | Total | |
|--|-------------------|------------|-------------------|------------|------------------|-----------|--------------------|------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| -----Rupees in thousand ----- | | | | | | | | |
| Total assets for reportable segment | 24,422,576 | 25,497,684 | 58,012,666 | 41,705,844 | 2,990,773 | 3,650,045 | 85,426,015 | 70,853,573 |
| Unallocated assets: | | | | | | | | |
| Long term investments | | | | | | | 736,223 | 708,562 |
| Intangible assets | | | | | | | 4,547 | 7,510 |
| Right-of-use assets | | | | | | | 4,874,794 | 4,521,384 |
| Taxation and levy - net | | | | | | | 359,749 | 514,325 |
| Other receivables | | | | | | | 3,176,562 | 2,710,660 |
| Short term investments | | | | | | | 8,083,600 | 883,430 |
| Cash and bank balances | | | | | | | 7,957,080 | 5,633,128 |
| Total assets as per consolidated statement of financial position | | | | | | | 110,618,570 | 85,832,572 |
| Total liabilities for reportable segment | 12,950,293 | 11,580,246 | 6,218,865 | 5,159,331 | 2,371,227 | 1,328,006 | 21,540,385 | 18,067,583 |
| Unallocated liabilities: | | | | | | | | |
| Long term financing | | | | | | | 16,992,346 | 18,469,000 |
| Deferred liabilities | | | | | | | 3,870,527 | 2,687,325 |
| Accrued mark-up | | | | | | | 803,245 | 1,366,720 |
| Short term borrowings | | | | | | | 41,394,565 | 26,272,346 |
| Total liabilities as per consolidated statement of financial position | | | | | | | 84,601,068 | 66,862,974 |

52.2 Geographical information

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

| | | | | | | | | |
|-------------------------|-------------------|------------|-------------------|------------|------------------|-----------|--------------------|------------|
| Europe | 12,997,203 | 12,652,440 | 1,055,166 | 752,194 | - | - | 14,052,369 | 13,404,634 |
| South America | 3,508,806 | - | 4,870,673 | 1,985,046 | - | - | 8,379,479 | 1,985,046 |
| North America | - | 2,240,542 | 10,669,633 | 9,669,963 | - | - | 10,669,633 | 11,910,505 |
| Asia, Africa, Australia | 1,152,984 | 1,491,727 | 4,143,001 | 3,913,837 | 9,339 | - | 5,305,324 | 5,405,564 |
| Pakistan | 7,458,500 | 12,873,470 | 75,203,868 | 46,993,108 | 3,945,291 | 3,948,333 | 86,607,659 | 63,814,911 |
| | 25,117,493 | 29,258,179 | 95,942,341 | 63,314,148 | 3,954,630 | 3,948,333 | 125,014,464 | 96,520,660 |

52.3 Revenue from major customers

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

53. DISCLOSURE REQUIREMENT FOR GROUP NOT ENGAGED IN SHARIAH NON-PERMISSIBLE BUSINESS ACTIVITIES AS ITS CORE BUSINESS ACTIVITIES

| | 2024 | 2023 |
|--|--------------------|------------|
| | Amount | Amount |
| | Rupees in thousand | |
| Description | | |
| Financing (long-term, short-term, or lease financing) obtained as per Islamic mode | 21,390,899 | 7,133,014 |
| Interest or mark-up accrued on any conventional loan or advance | 325,618 | 680,636 |
| Long-term and short-term Shariah compliant Investments (Note 20) | 736,223 | 708,562 |
| Shariah-compliant bank deposits, bank balances, and TDRs | 1,324,555 | 1,659,907 |
| Revenue earned from a Shariah-compliant business segment (Note 33) | 125,014,464 | 96,520,660 |
| Break-up of late payments or liquidated damages | - | - |
| Gain or loss or dividend earned on Shariah compliant investments or share of profit from Shariah-compliant associates | | |
| Unrealized gain on re-measurement of investment at FVTOCI | 37,680 | 44,190 |
| Share of profit from associate (Note 20.1) | 70,142 | 104,697 |
| Profit earned from Shariah-compliant bank deposits, bank balances, or TDRs | | |
| Profit on term deposits receipts | 47,604 | 24,545 |
| Exchange gain earned from actual currency | 127,615 | 363,373 |
| Exchange gains earned using conventional derivative financial instruments | 167,213 | - |
| Profit paid on Islamic mode of financing | 1,762,192 | 2,116,584 |
| Total Interest earned on any conventional loan or advance | 113,620 | 548,568 |
| Source and detailed breakup of other income, including breakup of other or miscellaneous portions of other income into Shariah-compliant and non compliant income | | |
| Shariah-compliant | | |
| Return on bank deposits | 47,604 | 24,545 |
| Gain on lease termination (Note 38) | 25,306 | 8,618 |
| Exchange gain - net (Note 38) | 128,885 | 468,666 |
| Reversal of provision for doubtful advances to suppliers (Note 38) | - | 2,293 |
| Reversal of allowance for expected credit losses - Lab testing charges (Note 38) | - | 1,055 |
| Unrealised gain on re-measurement of investments at fair value through profit or loss | 167,213 | - |
| Amortization of deferred income - Government grant | 155,936 | 151,548 |
| Gain on sale of operating fixed assets (Note 38) | 5,259 | 999 |
| Scrap sales and others (Note 38) | 207,380 | 156,841 |
| Non compliant | | |
| Return on bank deposits | 194,714 | 74,639 |
| Amortization of deferred income - Government grant | 400,301 | 393,096 |
| Interest on loan to associate (Note 38) | - | 29,123 |
| Gain on disposal of investments at fair value through profit or loss (Note 38) | 8,369 | - |
| Unrealised gain on re-measurement of investments at fair value through profit or loss | 1,423 | - |
| Miscellaneous (Note 38) | 2,730 | - |

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

Relationship with Shariah-compliant financial institutions, including banks, takaful operators and their windows, etc

| Name | Relationship |
|-------------------------------------|--|
| Faysal Bank Limited | Short term borrowing and bank balance |
| MCB Islamic Bank Limited | Short term borrowing and bank balance |
| Meezan Bank Limited | Long term financing, short term borrowing and bank balance |
| Dubai Islamic Bank Pakistan Limited | Short term borrowing and bank balance |
| The Bank of Punjab | Short term borrowing and bank balance |
| Al Baraka Bank (Pakistan) Limited | Short term borrowing and bank balance |
| Bank AL Habib Limited | Ijarah |

54. ROVIDENT 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.

The investments out of the Funds have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

| | 2024 | 2023 |
|---|---------------|--------|
| 55. NUMBER OF EMPLOYEES | | |
| Number of employees at 31 December | 14,966 | 14,265 |
| Average number of employees during the year | 15,314 | 14,904 |

56. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Holding Company has proposed final cash dividend for the year ended 31 December 2024 of Rupees 15 per share (i.e. 150). 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.

57. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on March 25, 2025 by the Board of Directors.

58. CORRESPONDING FIGURES

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

59. 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, 2024

| Number of Shareholders | Shareholding | | Total Shares held |
|------------------------|--------------|-----------|-------------------|
| | From | To | |
| 622 | 1 | 100 | 16,905 |
| 361 | 101 | 500 | 101,315 |
| 157 | 501 | 1,000 | 121,816 |
| 390 | 1,001 | 5,000 | 936,000 |
| 61 | 5,001 | 10,000 | 448,304 |
| 29 | 10,001 | 15,000 | 367,707 |
| 14 | 15,001 | 20,000 | 261,880 |
| 7 | 20,001 | 25,000 | 155,371 |
| 5 | 25,001 | 30,000 | 138,694 |
| 9 | 30,001 | 35,000 | 289,376 |
| 5 | 35,001 | 40,000 | 193,191 |
| 2 | 40,001 | 45,000 | 87,174 |
| 7 | 45,001 | 50,000 | 337,990 |
| 2 | 55,001 | 60,000 | 119,538 |
| 2 | 60,001 | 65,000 | 128,361 |
| 3 | 70,001 | 75,000 | 221,267 |
| 3 | 75,001 | 80,000 | 234,327 |
| 1 | 80,001 | 85,000 | 85,000 |
| 1 | 85,001 | 90,000 | 86,000 |
| 1 | 90,001 | 95,000 | 91,049 |
| 1 | 135,001 | 140,000 | 137,030 |
| 1 | 200,001 | 205,000 | 201,500 |
| 1 | 235,001 | 240,000 | 236,716 |
| 2 | 285,001 | 290,000 | 571,000 |
| 2 | 305,001 | 310,000 | 611,940 |
| 1 | 320,001 | 325,000 | 322,192 |
| 2 | 370,001 | 375,000 | 745,094 |
| 1 | 405,001 | 410,000 | 406,436 |
| 1 | 460,001 | 465,000 | 460,492 |
| 1 | 485,001 | 490,000 | 488,395 |
| 3 | 530,001 | 535,000 | 1,595,760 |
| 1 | 560,001 | 565,000 | 564,470 |
| 1 | 600,001 | 605,000 | 600,674 |
| 1 | 800,001 | 805,000 | 802,650 |
| 1 | 1,995,001 | 2,000,000 | 2,000,000 |
| 1 | 2,055,001 | 2,060,000 | 2,055,814 |
| 1 | 2,060,001 | 2,065,000 | 2,062,264 |
| 1 | 2,390,001 | 2,395,000 | 2,391,274 |
| 1 | 2,570,001 | 2,575,000 | 2,574,900 |
| 2 | 4,765,001 | 4,770,000 | 9,531,646 |
| 1 | 5,140,001 | 5,145,000 | 5,141,418 |
| 1 | 9,060,001 | 9,065,000 | 9,064,524 |
| 1,710 | | | 46,987,454 |

Pattern of Shareholding

As at December 31, 2024

| 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 | 4,538,415 | 9.6588 |
| NIT and ICP | 5 | 5,652,665 | 12.0302 |
| Banks, Development Financial Institutions, Non Banking Financial Institutions | 2 | 17,586 | 0.0374 |
| Insurance Companies | 3 | 111,926 | 0.2382 |
| Modarabas and Mutual Funds | 15 | 1,287,040 | 2.7391 |
| General Public | | | |
| a. Local | 1,615 | 14,830,222 | 31.5621 |
| b. Foreign | 5 | 381,184 | 0.8112 |
| Others (to be specified) | | | |
| 1- Joint Stock Companies | 30 | 504,437 | 1.0736 |
| 2- Pension Funds | 5 | 610,899 | 1.3001 |
| 3- Others | 17 | 84,954 | 0.1808 |
| | 1,710 | 46,987,454 | 100.0000 |
| Shareholders holding 10% or more | 4 | 23,737,588 | 50.5190 |

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) | 2,391,274 | 5.0892 |
| 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) | 34,818 | 0.0741 |
| CDC - TRUSTEE AKD INDEX TRACKER FUND (CDC) | 6,955 | 0.0148 |
| CDC - TRUSTEE ALFALAH GHP ALPHA FUND (CDC) | 10,403 | 0.0221 |
| CDC - TRUSTEE ALFALAH GHP STOCK FUND (CDC) | 42,620 | 0.0907 |
| CDC - TRUSTEE APF-EQUITY SUB FUND (CDC) | 30,667 | 0.0653 |
| CDC - TRUSTEE ATLAS STOCK MARKET FUND (CDC) | 488,395 | 1.0394 |
| CDC - TRUSTEE AWT STOCK FUND (CDC) | 1,500 | 0.0032 |
| CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND (CDC) | 230 | 0.0005 |
| CDC - TRUSTEE FAYSAL STOCK FUND (CDC) | 255 | 0.0005 |
| CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT (CDC) | 4,200 | 0.0089 |
| CDC - TRUSTEE NBP STOCK FUND (CDC) | 2,500 | 0.0053 |
| CDC - TRUSTEE UBL ASSET ALLOCATION FUND (CDC) | 12,324 | 0.0262 |
| CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND (CDC) | 77,703 | 0.1654 |
| CDC - TRUSTEE UBL STOCK ADVANTAGE FUND (CDC) | 564,470 | 1.2013 |
| CDC - TRUSTEE UNIT TRUST OF PAKISTAN (CDC) | 10,000 | 0.0213 |
| 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 |
| MR. 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 | 740,411 | 1.5758 |

Shareholders holding five percent or more voting rights

| | | |
|--|-----------|---------|
| MR. HASSAN JAVED (CDC) | 9,064,524 | 19.2914 |
| CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC) | 5,141,418 | 10.9421 |
| MR. OMAR SAEED (CDC) | 4,765,824 | 10.1428 |
| MR. ARIF SAEED (CDC) | 4,765,822 | 10.1428 |
| MR. SHAHID MALIK | 2,574,900 | 5.4800 |
| TRUSTEE SERVICE PROVIDENT FUND (CDC) | 2,391,274 | 5.0892 |

No trade in shares of the Company undertaken by Directors, Executives and their spouses and minor children during the year.

Form of Proxy

68th 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 68th Annual General Meeting to be held on April 28, 2025 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 _____ 2025
 in the presence of _____

Signed this _____ day of _____ 2025

| Folio No. | CDC Account No. | |
|-----------|------------------|-------------|
| | Participant I.D. | Account No. |
| | | |

Signature on Fifty - Rupees
Revenue Stamp

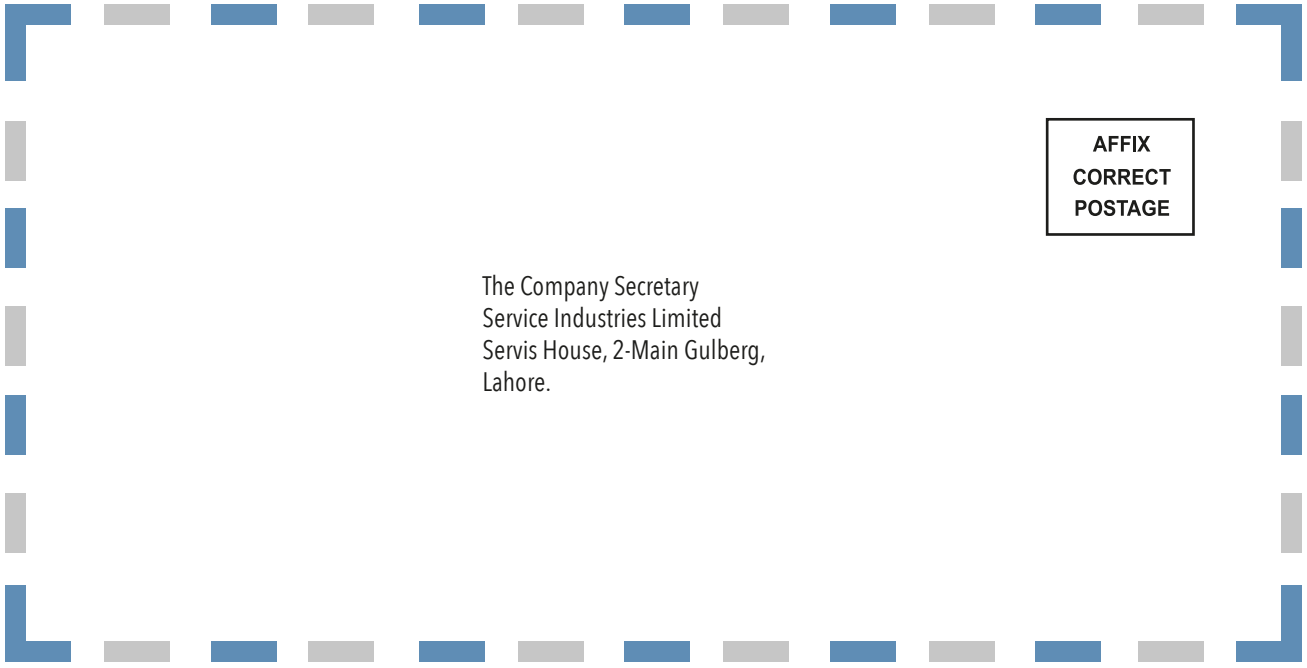
The Signature should agree with
the specimen registered with the
Company.

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

اٹسٹھوں سالانہ اجلاس عام

میں / ہم _____ سروس انڈسٹریز لمیٹڈ کے ممبر کی حیثیت سے اور حامل _____
 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 68 ویں سالانہ اجلاس عام جو کہ مورخہ 28 اپریل 2025
 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 _____

| فولیو نمبر | سی ڈی سی اکاؤنٹ نمبر | |
|------------|----------------------|------------------|
| | اکاؤنٹ نمبر | پارٹنر شپ آئی ڈی |
| | | |

پچاس روپے مالیت کی
ریونیٹنگ پر دستخط کریں۔

(دستخط کمپنی میں درج نمونہ دستخط
کے مطابق ہونے چاہئیں)

اہم ہدایات:

1. پراکسیز کے موثر ہونے کیلئے لازم ہے کہ وہ اجلاس سے 48 گھنٹہ قبل کمپنی کو موصول ہوں۔ پراکسی کمپنی کے ممبرز میں سے ہی ہونا چاہیے۔
2. ایک سے زیادہ پراکسی مقرر کرنا 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 اڈومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی پراکسی فارم کے ساتھ کمپنی میں جمع کرائیں۔
- حصص یافتگان کے نمائندوں سے التماس ہے کہ وہ اپنے کمپیوٹر اڈومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی اپنے ہمراہ لے کر آئیں۔
- کارپوریٹ ادارے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد یا پاور آف اٹارنی بمعہ دستخط کا نمونہ پراکسی فارم کے ساتھ جمع کروانا ضروری ہوگا۔



The Company Secretary
Service Industries Limited
Servis House, 2-Main Gulberg,
Lahore.

AFFIX
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POSTAGE

سالانہ گوشواروں کی تیاری کے بعد تبدیلیاں

31 دسمبر 2024 سے لے کر 25 مارچ 2025 تک اس سالانہ رپورٹ میں کوئی تبدیلی ایسی نہیں ہوئی جو کہ اس مالی گوشوارے پر اثر انداز ہو سوائے: اعلان برائے حتمی ڈیویڈنڈ 15 روپے فی شیئر (یعنی 150 فیصد) جس کی ادائیگی حصص یافتگان کے سالانہ اجلاس عام میں منظور کرنے سے مشروط 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۔

ہم آنے والے سالوں میں بہتر نتائج حاصل کرنے کیلئے پرعزم ہیں۔

منجانب بورڈ

عمر سعید

ڈائریکٹر

عارف سعید

چیف ایگزیکٹو

مورخہ 25 مارچ 2025

لاہور

سرمایہ کاری کی مالیت



گریجویٹ فنڈ ■ پروڈنٹ فنڈ ■

صنعتی اجرت کے فرق

ایس ای سی پی کے سرکلر 10 آف 2024، مورخہ 17 اپریل 2024، کے تحت درکار صنعتی اجرت کے فرق کے بیان سے متعلق معلومات منسلک ہیں۔

حصص یافتگان کی تفصیل

مقررہ فارم 20 میں 31 دسمبر 2024 کو حصص یافتگان کی تفصیل کے بارے میں معلومات سالانہ رپورٹ میں شامل ہے۔ ڈائریکٹرز، ایگزیکٹوز اور ان کی شریک حیات اور نابالغ 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 انٹرئل 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۔

بورڈ آف ڈائریکٹرز کے اجلاس

اس سال 5 بورڈ میٹنگز ہوئیں۔ ممبران کی حاضری مندرجہ ذیل ہے۔

| | |
|-------|-----------------------|
| حاضری | ڈائریکٹرز |
| 4/5 | محترمہ عظمیٰ عادل خان |
| 5/5 | جناب عارف سعید |
| 5/5 | جناب عمر سعید |
| 5/5 | جناب حسن جاوید |
| 5/5 | جناب محمد نعیم خان |
| 5/5 | جناب شاہد حسین جتوئی |
| 3/5 | جناب عادل ماجس والا |
| 4/5 | جناب احسن بشیر |
| 4/5 | چوہدری سیف جاوید |

بورڈ اور کمیٹی 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 کمیٹی کے آڈیٹر 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 | 2024 | |
| روپے ملین میں | روپے ملین میں | |
| 2,651 | 5,353 | پروویڈنٹ فنڈ |
| 109 | 131 | گریجویٹ فنڈ |
| 2,760 | 5,484 | کل |

بورڈ اور کمیٹیوں کی ساخت

لسٹڈ کمپنیوں کے چلانے کے قواعد و ضوابط کی شق نمبر 34(2) (i,ii,iii) کارپوریٹ گورننس کے ضابطہ اخلاق ریگولیشن 2019 کے تحت بورڈ اور کمیٹیوں کی ساخت کمپلائنس کے بیان میں سیریل نمبر 1، 2 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 ایک انڈیپنڈنٹ ڈائریکٹر ہے اور دو نان ایگزیکٹو ڈائریکٹرز ہیں۔ کمیٹی کا چیئرمین 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 تعمیل کرنے کا حکم دیا گیا ہے۔

کمیٹی کی اس سال 4 میٹنگز ہوئیں۔ ہر ممبر کی حاضری درج ذیل ہے:

| | |
|----------------------------|-------|
| ممبران | حاضری |
| جناب محمد نعیم خان چیئرمین | 4/4 |
| جناب عادل ماجس والا | 3/4 |
| چوہدری سیف جاوید | 4/4 |

ہیومن ریسورس اور ریسیوریشن 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 چیئرمین انڈیپنڈنٹ ڈائریکٹر ہے۔ کمیٹی ایگزیکٹوز کے معاضے، انکی کارکردگی کے جائزے اور جانشینی کی منصوبہ بندی وغیرہ کے بارے میں اپنی سفارشات بورڈ کو پیش کرتے ہیں۔

کمیٹی کی اس سال 2 میٹنگز ہوئیں۔ ہر ممبر کی حاضری درج ذیل ہے:

| | |
|---------------------------------|-------|
| ممبران | حاضری |
| محترمہ عظمیٰ عادل خان - چیئرمین | 2/2 |
| جناب عارف سعید - ممبر | 2/2 |
| جناب احسن بشیر - ممبر | 2/2 |

ڈائریکٹرز کا معاوضہ

کمپنی ڈائریکٹرز کی معاوضے کے لیے ایک باضابطہ پالیسی اور شفاف طریقہ کار رکھتی ہے، جو کمپنیز ایکٹ 2017، لسٹڈ کمپنیز (کارپوریٹ گورننس کوڈ) ریگولیشنز 2019، اور کمپنی کے آرٹیکلز آف ایسوسی ایشن کے مطابق ہے۔ بورڈ سے منظور شدہ اس پالیسی کی بنیادی نکات درج ذیل ہیں:

1. کمپنی اپنے نان ایگزیکٹو ڈائریکٹرز بشمول انڈیپنڈنٹ ڈائریکٹرز کو کوئی معاوضہ نہیں ادا کرے گی، ماسوائے اس کے کہ وہ کسی بورڈ یا کمیٹی اجلاس میں شامل ہوں۔
 2. کمپنی بورڈ یا کمیٹی اجلاس میں شامل ہونے سے متعلقہ سفری اور رہائشی اخراجات ادا کرے گی۔
 3. ڈائریکٹرز کے معاوضہ کی پالیسی پر وقتاً فوقتاً نظر ثانی کی جائے گی اور اس کی منظوری دی جائے گی۔
- 31 دسمبر 2024 کو ختم ہونے والے سال کے دوران، معاوضے کے لیے مالیاتی گوشواروں میں درج ذیل رقوم وصول کی گئیں جن میں چیف ایگزیکٹو آفیسر اور ایگزیکٹو ڈائریکٹرز کی دیگر مراعات شامل ہیں:

1. 178.623 ملین روپے (2023: 118.292 ملین روپے) چیف ایگزیکٹو آفیسر کے لیے۔ (تفصیلات نوٹ 44 میں آڈٹ شدہ مالیاتی بیانات میں دی گئی ہیں)۔
2. ایگزیکٹو ڈائریکٹرز کو کوئی رقم ادا نہیں کی گئی۔ (2023: 116.486 ملین)۔ (تفصیلات نوٹ 44 میں آڈٹ شدہ مالیاتی بیانات میں دی گئی ہیں)۔

مالی سال دسمبر 31، 2024 کے دوران نان ایگزیکٹو ڈائریکٹرز کو 3.175 ملین روپے (3.28 ملین: 2023) میٹنگ کا معاوضہ ادا کیا گیا۔

ڈائریکٹرز

بورڈ آف ڈائریکٹرز نو (9) افراد پر مشتمل ہے، جس میں ایک خاتون آزاد ڈائریکٹر، جو بورڈ کی چیئر پرسن ہیں، دو آزاد ڈائریکٹرز، چار نان ایگزیکٹو ڈائریکٹرز اور ای او سی ڈی ایگزیکٹو ڈائریکٹرز۔

ان افراد کے نام درج ذیل ہیں، جو اس مالی سال کے دوران کسی بھی وقت کمپنی کے ڈائریکٹرز 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 حسن بشیر، نان ایگزیکٹو ڈائریکٹر
مسٹر عادل ماچس والا، نان ایگزیکٹو ڈائریکٹر
چوہدری سیف جاوید، نان ایگزیکٹو ڈائریکٹر

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۔ اور اکاؤنٹنگ تخمینے معقول اور محتاط اندازے کی بنیاد پر کیے جاتے ہیں۔

4- مالی گوشواروں کی تیاری بین الاقوامی مالی رپورٹنگ معیارات کے مطابق کی گئی ہے۔

5- کمپنی نے ٹھوس اندرونی کنٹرول لگا 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۔ یہ بورڈ کی آڈٹ کمیٹی کے ذریعے باضابطہ بنایا گیا ہے اور اس نظام کو حسب ضرورت بہتر کیا جاتا ہے۔

6- کمپنی کے گاہک 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۔

اندرونی مالی کنٹرولز کے مستند ہونے کی ذمہ داری اور اس پر تبصرہ

ڈائریکٹرز اندرونی 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 مناسبہ قفہ 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۔

مستقبل پر ایک نظر

پاکستان کا میکرو آکٹا مک منظر نامہ بحالی کے آثار دکھا رہا ہے، جہاں کاروباری اعتماد اور ترقی کے امکانات میں تندر توج بہتری آرہی ہے۔ تاہم، اس رفتار کو برقرار رکھنے کے لیے مستقل پالیسی اقدامات، بنیادی اصلاحات، اور طویل مدتی اقتصادی استحکام پر توجہ دینا ضروری ہوگا۔ مالیاتی نظم و ضبط کو مضبوط بنانا، گورننس کو بہتر کرنا، اور سرمایہ کاری کے لیے سازگار ماحول پیدا کرنا بنیادی ترقی کو یقینی بنانے کے لیے کلیدی عوامل ہوں گے۔

کمپنی اور اس کی ذیلی کمپنیوں کی ترقی اور منافع بخش ہونے پر پرہیز دینی عوامل جیسے کہ معاشی حالات، عالمی اجناس کی قیمتیں، سیاسی استحکام، اور قوانین کا تسلسل، اثر انداز ہوں گے۔ متوقع اقتصادی پالیسیاں اور منظم مارکیٹ کے حالات صنعتی ترقی کو فروغ دینے، برآمدی صلاحیت میں اضافے، اور مالیاتی استحکام کو بہتر بنانے کے لیے ضروری ہوں گے۔

مزید برآں، کمپنی اپنی آمدنی کے ذرائع کو مضبوط بنانے کے لیے مینوفیکچرنگ ٹیکنالوجی میں سرمایہ کاری، مصنوعات میں جدت لانے، اور عالمی منڈیوں میں اپنے قدم جمانے پر توجہ دے رہی ہے۔ خام مال کی قیمتوں میں اتار چڑھاؤ، زرمبادلہ کی غیر یقینی صورتحال اور بدلتے ہوئے قانونی تقاضا جیسی مشکلات کے باوجود، کمپنی نے خام مال کی ترسیل کی بہتری، آپریشنل کلارڈگی، اور اپنے نظام کو ڈیجیٹل طریقوں پر ڈھالنے پر توجہ مرکوز رکھ کر مثبت قدمی کام ظاہر کر رہی ہے۔ کاروباری چیلنجز کی توسیع اور برائڈگی موجودگی کو مضبوط بنانا ترقی کے اہم عوامل ہوں گے۔ اس کے علاوہ اسٹریٹیجک شراکت داری، مہارت میں لگاتار بہتری کے اقدامات، اور مصنوعات کے معیار میں مسلسل بہتری کمپنی کو مقامی اور بین الاقوامی منڈیوں میں طویل مدتی کامیابی کے لیے تیار کرے گی۔

کارپوریٹ گورننس کے بہترین طریقوں پر عمل

کمپنی تمام اخلاقی اور قانونی ضوابط پر پورا اترنے بلکہ اس سے بھی آگے بڑھنے اور تمام کاروباری سرگرمیوں کو اعلیٰ ترین پیشہ ورانہ اور اخلاقی معیارات اور اصولوں کے مطابق انجام دینے کیلئے پر عزم 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 موقع 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 حصص یافتگان 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:

ہم کاروبار کو پوری دیانتداری اور متعلقہ قوانین کی پاسداری کے ساتھ کرنے کے لیے پر عزم ہیں۔ ہمارا اخلاقیات اور کاروبار کرنے کے طریقوں کا بیانیہ کہتا ہے کہ، ”یہ کمپنی کی پالیسی ہے کہ وہ اپنے آپریٹرز کو اعلیٰ ترین اخلاقی اقدار کے مطابق چلائیں تمام قانونی ضابطوں کی تعمیل کریں اور اداروں کے لیے بنائے گئے بہترین معیارات کے مطابق ہوں۔“

(8) قومی محصولات میں ہمارا حصہ

سروس انڈسٹریز لمیٹڈ مختلف محصولات کی مدد میں سالانہ کثیر رقم حکومت کو ادا کرتا ہے۔ 2024 میں سروس انڈسٹریز لمیٹڈ نے 2,459 ملین روپے اس مد میں ادا کئے۔

(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۔ مزید برآں، کمپنی ہمیشہ کسی بھی قومی مقصد میں اپنا حصہ ڈالنے کے لیے پر عزم ہے۔

تنوع اور معاشرے کے ہر طبقہ کی شمولیت

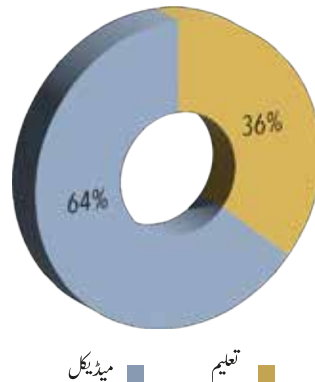
کمپنی برابری، تنوع، اور معاشرے کے ہر طبقہ کی شمولیت کے عزم پر کاربند ہے، یہ یقینی بنانے ہوئے کہ غیر امتیازی بھرتی کے عمل کے ذریعے صنفی مساوات اور مساوی روزگار کے مواقع کو فروغ دیا جائے۔ کمپنی، بغیر کسی صنف، قومیت یا نسل کے کوٹے کے، صرف قابلیت کی بنیاد پر بھرتیوں کو ترجیح دیتی ہے۔

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 2024 کے دوران، کمپنی نے مختلف اداروں سے سماجی ذمہ داری سرگرمیوں کی مد میں 110 ملین روپے کا تعاون کیا۔

عطیات



ہے، جو عالمی سطح پر خام مال کی ترسیل میں ذمہ دار اور اخلاقیات پر مبنی کاروباری طریقوں کو بہتر بنانے کے ہمارے عزم کو یقینی بناتی ہے اور ملازمین کو بہتر پیداواری صلاحیت کے حصول کے لیے بہترین کام کرنے کے حالات فراہم کرتی ہے۔

۲) خواتین اور معذور افراد کو ملازمت فراہم کرنا

سروس انڈسٹریز لمیٹڈ اس بات میں فخر محسوس کرتا ہے کہ وہ معاشرے کے ہر فرد کے لیے بلا امتیاز ملازمت فراہم کرتا ہے۔ ہم خواتین اور معذور افراد کو بھی اپنے ہاں ملازم رکھنے کی حوصلہ افزائی کرتے ہیں۔ کمپنی نے ہر سال کرنے کے خلاف ایک پالیسی بھی نافذ کی ہے تاکہ اس طرح کے معاملات کو روکنے، شناخت کرنے، رپورٹ کرنے اور رہنمائی فراہم کرنے میں مدد ملے۔ اس پالیسی کی موثر نگرانی مختلف سطحوں اور متعدد مقامات پر کی جاتی ہے۔

۳) پیشہ ورانہ حفاظت اور صحت

ہمارے کام کرنے کے طریقے اور ہمارے ملازمین کو محفوظ، صاف ستھرے، چوٹ اور بیماری سے مبرا احوال فراہم کرتے ہیں سروس انڈسٹریز لمیٹڈ ISO 45001:2018 پیشہ ورانہ حفاظت اور صحت کے نظام سے تصدیق شدہ ہے۔ یہ ایک بین الاقوامی معیار ہے جو کہ صنعتی ماحول میں کام سے متعلقہ صحت اور حفاظت کے خطرات کی شناخت کرنے، ان پر قابو پانے اور ان کو کم کرنے کے لئے رہنمائی فراہم کرتا ہے۔

۴) ماحولیات کے تحفظ کے اقدامات

ماحولیاتی تحفظ کو یقینی بنانا کمپنی کے لیے انتہائی اہم ہے۔ کمپنی نے ماحول سے متعلق متعدد اقدامات نافذ کیے ہیں جن میں پیداواری مراحل میں بہتری کے ذریعے پانی کی کھپت کو کم کرنا، خام مال کو ری سائیکل کرنا اور دوبارہ استعمال پر زور دینا، ٹھوس اور پیداواری فضلہ کو ماحول دوست خطوط پر ٹھکانے لگانا، PEQS کے مطابق ہوا اور پانی کی آلودگی کو کم کرنا اور توانائی کے متبادل ذریعوں کے طور پر شمسی توانائی کا استعمال شامل ہیں۔

۵) بجلی کی بچت

ماحول کو سبز اور صاف رکھنے کے لیے کمپنی نے گجرات فیکٹری میں 2.35 میگا واٹ کا شمسی توانائی کا پلانٹ نصب کیا ہوا ہے۔ فی الحال، گجرات کا جو توں کا شعبہ شمسی توانائی سے اپنی بجلی کی ضروریات کا 40% پوری کر رہا ہے۔

6) صارفین کے تحفظ کے اقدامات

سروس انڈسٹریز لمیٹڈ ISO 9001:2015 سے تصدیق شدہ ہے۔ یہ اس بات کو یقینی بناتا ہے کہ بہترین کوالٹی کی مصنوعات صارفین کو لگاتار ملتی رہیں جو کہ تمام قانونی تقاضے بھی پوری کرتی ہوں۔ سروس انڈسٹریز لمیٹڈ سیٹرائیکٹنا لوجسٹکس کا بھی 2010 سے رکن ہے یہ ادارہ جو توں اور چمڑے کی مصنوعات کو ٹیسٹ کرتا ہے اور تحقیق کرتا ہے کہ وہ آرام دہ، محفوظ اور پائیدار ہیں۔

7) کاروباری اخلاقیات اور انسداد بدعنوانی کے اقدامات

سنیئر انتظامیہ کی ٹیم ایک انتہائی تفصیلی، جھنجنگ اور منصوبہ بندی کرتی ہے جس میں SWOT Analysis شامل ہے۔ اس کی بنیاد پر اہم مسائل کے حل پر توجہ دی جاتی ہے، مواقع ڈھونڈنے جاتے ہیں ایکشن پلان بنائے جاتے ہیں ان پر عمل درآمد کیا جاتا ہے تاکہ طویل المعیار اہداف حاصل کئے جاسکیں۔

اہم رسک اور غیر ممکنات اور ان سے بچنے کی حکمت عملیاں درج ذیل ہیں

| رسک | رسک کی تم | رسک سے نمٹنے کی حکمت عملی |
|-------------|--|---|
| مالیاتی رسک | مالیاتی رسک میں اقتصادی رسک، کریڈٹ رسک اور لیویٹیٹی رسک شامل ہیں۔ | ان خطرات سے نمٹنے کے لیے کمپنی نے احتیاط سے حکمت عملیاں تیار کر رکھی ہیں۔ ان میں بجٹ بنانا، آئیندہ حالات کے تخمینے لگانا، منصوبہ بندی، بروقت فیصلہ کرنا، جھنجنگ، برآمدات میں اضافہ، ورکنگ کپیکٹیٹی کو مناسب سطح پر رکھنا، بینکوں سے قرضوں کا مناسب انتظام اور کوئی پالیسی پر کڑی نظر رکھنا شامل ہیں۔ |
| دیگر رسک | دیگر خطرات میں سیاسی، جیکٹنا لوجی سے متعلقہ، مسابقتی، قوانین اور ماحولیاتی ضوابط شامل ہیں۔ | کمپنی نے مذکورہ خطرات سے نمٹنے کے لیے مختلف سطحوں پر حکمت عملیاں تیار کر رکھی ہیں۔ اس میں BMR مسائل کا موثر استعمال اور انتظام، مصنوعات کی ترسیل کو مضبوط اور صحیح ہوائیٹ ورک، خام مال مہیا کرنے کا مضبوط نظام، برآمد ڈولپمنٹ بڑے پیمانے پر پیداواری استعداد، جیکٹنا لوجی سے فائدہ اٹھانا، اور اعلیٰ صلاحیت کی مالک افرادی قوت کا استعمال شامل ہیں۔ |

کمپنی کی پائیدار ترقی سے متعلقہ خطرات کے تخمینے کا بیان

کمپنی اپنی پائیدار ترقی سے متعلقہ خطرات کی شناخت اور ان کے موثر انتظام کے ساتھ ساتھ ماحولیاتی، سماجی اور گورننس (ESG) اصولوں کو مضبوط بنانے کے لیے پرعزم ہے۔ بورڈ کمپنی کی ESG اقدامات کی مکمل حمایت کرتا ہے تاکہ ان کو اپنی حکمت عملی سے مربوط کر کے طویل مدتی ترقی، خطرات میں کمی، اور اسٹیک ہولڈرز کے اعتماد کو یقینی بنایا جاسکے۔ کمپنی ماحولیاتی استحکام کو ترجیح دیتی ہے، جس میں ماحولیاتی آلودگی میں کمی، وسائل کا تحفظ، ماحول دوست توانائی کے فروغ، اور فضلہ کے ذمہ دارانہ انتظام شامل ہیں۔ سماجی عزم میں تنوع، ملازمین کی فلاح و بہبود، اور کمیونٹی کے ساتھ شمولیت شامل ہے، جبکہ گورننس کے اصول اخلاقی طرز عمل، شفافیت، اور محتاط خطرے کے انتظام پر مرکوز ہیں۔ کمپنی اپنی سماجی ذمہ داری کے تحت، تعلیم، صحت اور کمیونٹی کی ترقی میں سرمایہ کاری کرتی ہے۔ گورننس کے خطرات کو شفاف فیصلہ سازی، اخلاقی کاروباری طرز عمل، اور مضبوط رسک مینجمنٹ فریم ورک کے ذریعے کم کیا جاتا ہے۔ ہر ملازم اور ڈائریکٹر پر یہ ذمہ داری عائد ہوتی ہے کہ وہ ان اقدامات کو عملی جامہ پہنائیں تاکہ طویل مدتی مضبوطی اور پائیدار ترقی کو یقینی بنایا جاسکے۔

ماحولیات، سماجی اور گورننس (ESG)

سروس انڈسٹریز لمیٹڈ نے ESG کو فروغ دینے اور کمپنی سے وابستہ تمام داخلی اسٹیک ہولڈرز جیسے ملازمین، صارفین اور شیئر ہولڈرز کے لیے ایک محفوظ، صحت مند اور اخلاقیات پر مبنی ماحول فراہم کرنے کے لیے درج ذیل اقدامات کیے ہیں۔

۱) صنعتی قواعد کی پاسداری

سروس انڈسٹریز لمیٹڈ بزنس سوشل کمپلائنس اینڈ سٹیٹسٹس سے تصدیق شدہ ہے جو کہ انسانی حقوق کے قوانین، ILO کنونشن اور پاکستان کے لبر قوانین کے مطابق ماحول کو درست رکھنے کی تاکید کرتا ہے۔ مزید برآں، سروس انڈسٹریز لمیٹڈ ایک SEDEX گلوبل فور پبلیزر کمپلائنس کمپنی

کمپنی کے بورڈ آف ڈائریکٹرز نے 25 مارچ 2025 کو منعقدہ اپنی میٹنگ میں 15 روپے فی شیئر (2023: 10 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 کا ہر رکن بورڈ کی میٹنگ میں مستعدی 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 کو رٹورن 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، ہم 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 کا ہر رکن کے تمام شعبوں کی کارکردگی کا ہر 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 تاخیر نہیں کیا ہے۔

نقدی بہاؤ اور سرمایہ جاتی اخراجات

کمپنی کے لئے ورکنگ کیپٹل کا انتظام اندرونی طور پر کیش کے انتظام، بینکوں اور مالیاتی اداروں سے ورکنگ کیپٹل 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 بینکوں سے روایتی، اسلامی اور سبسڈائزڈ قرضوں کے تحت مالی اعانت حاصل کرتی ہے۔ کیش کی آمد اور استعمال کی مناسب نگرانی کی جاتی ہے اور ممکنہ کمی کو اجاگر کرنے کے لیے خبردار کرنے کا نظام نافذ ہے جو موجودہ سال کے دوران، کمپنی نے 237 ملین روپے کی سرمایہ کاری کی، جو بنیادی طور پر عمارت، پلانٹ اور مشینری وغیرہ پر ہونے والے اخراجات پر مشتمل ہے۔

رسک، غیر ممکنات اور ان سے بچاؤ

کمپنی کا رسک منجمنٹ پروگرام کمپنی کی کارکردگی پر ممکنہ مضرت اثرات کو کم کرنے پر مرکوز رہتا ہے۔ کمپنی کی سینئر انتظامیہ رسک منجمنٹ کا کام سرانجام دیتی ہے اور اپنے نتائج بورڈ آف ڈائریکٹرز کے سامنے رکھتی ہے۔ اس کارروائی میں حکمت عملی سے متعلقہ مالی، کمرشل اور آپریشنل رسک کی شناخت، جائزہ اور اسکے حل شامل ہیں۔

سروس انڈسٹریز لمیٹڈ Gulf FZE

سروس انڈسٹریز لمیٹڈ Gulf FZE، سروس انڈسٹریز لمیٹڈ کا ایک مکمل ملکیتی ذیلی ادارہ، جو متحدہ عرب امارات میں متعلقہ قابل اطلاق قانونی تقاضوں کے تحت تشکیل دیا گیا ہے۔ سروس انڈسٹریز لمیٹڈ Gulf FZE کا بنیادی مقصد نائز اور اس سے منسلک مصنوعات کی فروخت ہے۔

ڈونگ گوان سروس گلوبل لمیٹڈ

ڈونگ گوان سروس گلوبل لمیٹڈ ایک لمیٹڈ لائیسنس کمپنی ہے (مکمل طور پر غیر ملکی قانونی شخص کی ملکیت ہے) جو کہ ڈونگ گوان ایڈمنسٹریشن آف مارکیٹ ریگولیشن، 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 اور ٹو پیو کی بڑے پیمانے پر فروخت، چمڑے کی مصنوعات کی فروخت، سسلے ہوئے ملبوسات اور اس سے منسلک خام مال کی فروخت، ہارڈ ویئر مصنوعات کی بڑے پیمانے پر فروخت، بیگز کی فروخت، روزمرہ کی ضروریات، ملبوسات کا معائنہ اور ان کی فنکشنل خدمات، تکنیکی خدمات اور دیگر متعلقہ امور پر محیط ہے۔ ڈونگ گوان سروس گلوبل لمیٹڈ کمرہ 302، نمبر 18، ہو چی ٹاؤن، 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 شوز لنکا (پرائیویٹ) لمیٹڈ 31 دسمبر 2023 کے مالی سال کے لئے ذیلی کمپنی اور ڈونگ گوان سروس گلوبل جو 03 اپریل 2024 سے 31 دسمبر 2024 کی مدت کے لیے ذیلی ادارہ ہے سے متعلق غیر آڈٹ شدہ اعداد و شمار شامل ہیں۔ سروس شوز لنکا (پرائیویٹ) لمیٹڈ 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، سروس شوز لنکا (پرائیویٹ) لمیٹڈ اور ڈونگ گوان سروس گلوبل لمیٹڈ کے مالی بیانات مکمل طور پر 31 دسمبر 2024 کو ختم ہونے والے سال کے لیے کمپنی کے مجموعی مالیاتی گوشواروں کیلئے غیر اہم ہیں، اس کے پیش نظر، 31 دسمبر 2024 کو ختم ہونے والے سال کے لیے کمپنی کے مجموعی مالیاتی بیانات میں IFRS کے مطابق کوئی ایڈجسٹمنٹ لازمی قرار نہیں دی گئی ہے۔ مجموعی مالیاتی بیانات کے نوٹ 42 نے سروس شوز لنکا (پرائیویٹ) لمیٹڈ سے متعلق تمام حقائق کی تفصیل درج ہیں۔

ڈیویڈنڈ اور مالیاتی تخصیص

| | |
|---|-----------|
| مالیاتی سال 2024 کا نصف اہم درجہ ذیل ہے۔ | روپے بلین |
| یکم جنوری 2024 پر کل جمع شدہ ایکویٹی | 8,318 |
| 2023 کے مالیاتی سال کا 10 روپے فی شیئر حتمی ڈیویڈنڈ | (470) |
| ڈیویڈنڈ کی تخصیص کردہ رقم | 323 |
| مالیاتی سال 2024 کی آمدنی | 319 |
| 31 دسمبر 2024 پر کل جمع شدہ ایکویٹی | 8,490 |

سروس گلوبل فٹ ویئر لمیٹڈ، برآمدات پر مبنی ذیلی کمپنی نے بڑے پیمانے پر فروخت میں اضافہ حاصل کیا ہے، جس کی فروخت میں 15 فیصد اضافے سے 17 ارب ہو گئی ہے۔ ٹیکس کے بعد منافع 1,105 ملین روپے رہا۔ سروس انڈسٹریز لمیٹڈ نے اس سال کے دوران اس سرمایہ کاری سے 818 ملین روپے کا ڈیویڈنڈ حاصل کیا

سروس لانگ مارچ ٹائرز (پرائیویٹ) لمیٹڈ

سروس لانگ مارچ ٹائرز (پرائیویٹ) لمیٹڈ ایک پرائیویٹ لمیٹڈ کمپنی ہے جو پاکستان میں 7 جنوری 2020 کو کمپنیز ایکٹ، 2017 کے تحت تشکیل دی گئی تھی۔ کمپنی کلر جسٹریٹس سروس ہاؤس، 2 مین گلبرگ، لاہور میں واقع ہے۔ کمپنی کا بنیادی کاروبار سٹیل ریڈیل ٹرک اور بس ٹائزوں کی تیاری، فروخت، مارکیٹنگ کی درآمد اور برآمد ہے۔

سروس لانگ مارچ ٹائرز (پرائیویٹ) لمیٹڈ کی شیئر ہولڈنگ کی تفصیل درج ذیل ہے:

| | | |
|----|---------------------------------------|--------|
| 4. | سروس انڈسٹریز لمیٹڈ | 22.09% |
| 5. | سروس گلوبل فٹ ویئر لمیٹڈ | 18.91% |
| 6. | سروس ٹائرز (پرائیویٹ) لمیٹڈ | 10.00% |
| 7. | چاؤ یا نگ لانگ مارچ ٹائز کمپنی، لمیٹڈ | 44.00% |
| 8. | جناب شہیر احمد | 5.00% |

سروس گروپ کی چاؤ یا نگ لانگ مارچ ٹائرز، چین کے ساتھ کی گئی اہم سرمایہ کاری نے سال بھر شاندار کارکردگی کا مظاہرہ کیا ہے۔ سروس لانگ مارچ ٹائرز (پرائیویٹ) لمیٹڈ اس وقت اپنی زیادہ سے زیادہ پیداواری صلاحیت کے قریب کام کر رہا ہے۔ مالی سال 2024 کے دوران، سروس انڈسٹریز لمیٹڈ نے اس سرمایہ کاری سے 443 ملین روپے کا ڈیویڈنڈ حاصل کیا۔

سروس شوز لنگا (پرائیویٹ) لمیٹڈ

سروس شوز لنگا (پرائیویٹ) لمیٹڈ، سروس انڈسٹریز کمپنیل (پرائیویٹ) لمیٹڈ کا ایک ذیلی ادارہ ہے، جو کہ سروس انڈسٹریز لمیٹڈ کا مکمل ملکی ماتحت ادارہ ہے۔ سروس شوز لنگا (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 کلر جسٹریٹس ہاؤس نمبر 143/17 سری کو مارا تھا کولمبو 15 پر واقع ہے اور اس کا کاروباری مرکز کولمبو کے واقع ہے۔ سروس شوز لنگا (پرائیویٹ) لمیٹڈ کا بنیادی کاروبار برآمدی منڈی کے لیے جو توں کی پیداوار کے کاروبار کو جاری رکھنا ہے۔

سری لنکا میں بگڑتی ہوئی معاشی صورتحال اور سری لنکا میں موجودہ برآمدی صارفین کی عدم دلچسپی کے ساتھ ساتھ عالمی اور معاشی بد حالی کی وجہ سے سروس شوز لنگا (پرائیویٹ) لمیٹڈ کو مسلسل نقصان ہوا تھا۔ سروس انڈسٹریز کمپنیل (پرائیویٹ) لمیٹڈ کی انتظامیہ نے سروس شوز لنگا (پرائیویٹ) لمیٹڈ 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 بد حالی اور سری لنکا میں ناموافق کاروباری حالات کی وجہ سے، سروس انڈسٹریز کمپنیل (پرائیویٹ) لمیٹڈ کے بورڈ نے سروس شوز لنگا (پرائیویٹ) لمیٹڈ کی کاروباری سرگرمیاں بند کرنے اور اسے فروخت کرنے کا فیصلہ کیا تھا۔ اسی مناسبت سے، سروس شوز لنگا (پرائیویٹ) لمیٹڈ 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۔

سروس ریٹیل (پرائیویٹ) لمیٹڈ

سروس ریٹیل (پرائیویٹ) لمیٹڈ کو 21 دسمبر 2023 کو پاکستان میں کمپنیز ایکٹ 2017 کے تحت ایک پرائیویٹ لمیٹڈ کمپنی کے طور پر تشکیل دیا گیا۔ سروس ریٹیل (پرائیویٹ) لمیٹڈ، سروس انڈسٹریز لمیٹڈ کی مکمل ملکی ذیلی کمپنی ہے۔ اس کا رجسٹرڈ دفتر سروس ہاؤس، 2 - مین گلبرگ، لاہور میں واقع ہے۔ سروس ریٹیل (پرائیویٹ) لمیٹڈ کا بنیادی کاروباری شعبہ جوتے، بیگ، ملبوسات، لوازمات اور دیگر اشیاء / مصنوعات کی تیاری، فروخت، تجارت، ریٹیل، ہول سیل، مارکیٹنگ، درآمد اور برآمد کاروبار ہو گا۔ یکم جنوری 2024 سے، ریٹیل انڈر ٹیکنگ کو سروس ریٹیل (پرائیویٹ) لمیٹڈ کو منتقل کر دیا گیا ہے۔

مشکل معاشی حالات کے باوجود، سروس ریٹیل (پرائیویٹ) لمیٹڈ نے 12.8 ارب روپے کی آمدنی حاصل کی، جبکہ بعد از ٹیکس منافع 398 ملین روپے رہا۔

آن لائن بیلز میں 86% کا غیر معمولی اضافہ دیکھنے میں آیا، جس کی مجموعی فروخت 720 ملین روپے تک پہنچ گئی۔ اس نمایاں ترقی کی بنیادی وجوہات اوٹنی اسٹورز کے دائرہ کار میں توسیع، پروڈکٹ مصنوعات کے مجموعے میں اضافہ، اور کام کے طریقوں میں بہتری کی بدولت ممکن ہوا۔ چٹا ہا ہارنڈ، جس کا مصنوعات کا مجموعہ مزید وسعت اختیار کر چکا ہے، اب 35 سروس اسٹورز پر دستیاب ہے اور اپنے پہلے سال میں 100 ملین روپے کی نمایاں کامیابی حاصل کر چکا ہے۔ زید برآں، چوتھی سہ ماہی میں ایک علیحدہ چینی اسٹور کا آغاز کیا گیا، جو اسے ایک منفرد برانڈ کے طور پر مستحکم کرنے کی سمت میں پہلا قدم ہے۔

روایتی (Brick-and-Mortar) اسٹورز کی موجودگی میں نمایاں بہتری آئی ہے، کیونکہ 43 نئے ریٹیل اسٹورز کھولے گئے، جس سے مجموعی نیٹ ورک 275 مقامات تک پہنچ گیا۔ یہ توسیع مارکیٹ رسائی کو بڑھانے اور گاہکوں کے لیے ہمارے برانڈ تک آسان رسائی فراہم کرنے میں معاون ثابت ہو گی۔

سروس انڈسٹریز کمپنیل (پرائیویٹ) لمیٹڈ

سروس انڈسٹریز کمپنیل (پرائیویٹ) لمیٹڈ، سروس انڈسٹریز لمیٹڈ کا مکمل ملکی ماتحت ادارہ ہے۔ سروس انڈسٹریز کمپنیل (پرائیویٹ) لمیٹڈ کو کمپنیز آرڈیننس 1984 (جو کہ اب کمپنیز ایکٹ 2017 ہے) کے تحت پاکستان میں 10 نومبر 2015 کو لمیٹڈ کمپنی کے طور پر رجسٹر کیا گیا۔ سروس انڈسٹریز کمپنیل (پرائیویٹ) لمیٹڈ کلر جسٹریٹس ہاؤس، 2 - مین گلبرگ، لاہور واقع ہے۔ سروس انڈسٹریز کمپنیل (پرائیویٹ) لمیٹڈ کا بنیادی مقصد پاکستان یادنیاس میں کہیں اور قابل اطلاق قانون کے تقاضوں کے تابع نئے کاروباروں، حصص اور سیکیورٹیز 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، چھڑے اور متعلقہ مصنوعات کی تیاری، فروخت، مارکیٹنگ، درآمد اور برآمد ہے۔ سروس گلوبل فٹ ویئر لمیٹڈ میں سروس انڈسٹریز لمیٹڈ کے 79.37% (79.43% 2022) حصص ہیں۔

| تفصیلات | مالیاتی سال 2024 روپے، ہزار میں | مالیاتی سال 2023 روپے، ہزار میں | فیصد تبدیلی |
|---------------------------|------------------------------------|------------------------------------|-------------|
| خالص آمدنی | 125,014,464 | 96,520,660 | 29.52% |
| مجموعی منافع | 30,880,386 | 21,850,240 | 41.32% |
| آپریٹنگ منافع | 18,463,826 | 13,183,876 | 40.05% |
| منافع / خسارہ قبل از ٹیکس | 11,243,139 | 5,741,926 | 95.80% |
| منافع / خسارہ بعد از ٹیکس | 7,836,481 | 4,312,384 | 81.70% |
| فی شیئر آمدنی / خسارہ | 88.04 | 60.81 | 44.79% |

سال کے دوران، گروپ نے 125 ارب روپے کی مجموعی آمدنی حاصل کی، جو پچھلے سال کی اسی مدت کے 96 ارب روپے کے مقابلے میں 29% اضافہ ظاہر کرتی ہے۔ مجموعی منافع کلارجن بھی نمایاں طور پر 41% بڑھا۔ ٹیکس کے بعد خالص منافع 7.8 ارب روپے رہا، جبکہ پچھلے سال کی اسی مدت میں 4.3 ارب روپے کا منافع ہوا تھا۔

سروس ٹائزز (پرائیویٹ) لمیٹڈ

سروس ٹائزز (پرائیویٹ) لمیٹڈ کو 21 دسمبر 2023 کو پاکستان میں کمپنیز ایکٹ 2017 کے تحت ایک پرائیویٹ لمیٹڈ کمپنی کے طور پر تشکیل دیا گیا۔ سروس ٹائزز (پرائیویٹ) لمیٹڈ، سروس انڈسٹریز لمیٹڈ کی مکمل ملکیتی ذیلی کمپنی ہے۔ اس کا رجسٹرڈ دفتر سروس ہاؤس، 2-مین گلبرگ، ملاحور میں واقع ہے۔ سروس ٹائزز (پرائیویٹ) لمیٹڈ کا بنیادی کاروبار ٹائزز، ٹیوبوں، اسپینر پارٹس، اور متعلقہ مصنوعات کی تیاری، تجارت، فروخت، مارکیٹنگ، ریٹیل، ہول سیل، درآمد اور برآمد پر مشتمل ہو گا۔

زیر جائزہ سال مقامی ٹائزز انڈسٹری کے لیے ایک مشکل سال رہا۔ فروخت کا زیادہ تر انحصار اواری ایم انڈسٹری کی بحالی اور عوام کی قوت خرید پر رہا، اگرچہ حالیہ سالوں میں برآمدات کے امکانات میں بہتری دیکھی گئی ہے۔ حکومت نے حال ہی میں ٹیوب والوز کی درآمد پر 20% ریگولیٹری ڈیوٹی اور بڑی درآمد پر 2% ایڈیشنل کسٹمز ڈیوٹی عائد کی ہے، جس سے پیداواری لاگت میں مزید اضافہ ہوا ہے۔ اس کے علاوہ، مسلسل بڑھتے ہوئے ٹیکسز اور بجلی کے اخراجات نے کاروباری لاگت پر سنگین اثرات مرتب کیے ہیں۔

سروس ٹائزز (پرائیویٹ) لمیٹڈ نے گروپ کے اہم ترین حصہ دار کے طور پر اپنی پوزیشن برقرار رکھی، 46 ارب روپے کی فروخت کے ساتھ 3.5 ارب روپے کا بعد از ٹیکس منافع حاصل کیا۔ کاروباری لاگت میں نمایاں اضافے کے باوجود، سروس ٹائزز (پرائیویٹ) لمیٹڈ نے مارکیٹ میں اپنی پوزیشن مضبوط رکھی اور شاندار نتائج حاصل کیے۔ سروس ٹائزز (پرائیویٹ) لمیٹڈ پاکستان سے ٹائزز کا دوسرا سب سے بڑا برآمد کنندہ بھی ہے، جس نے گروپ کے لیے قیمتی زرمبادلہ کمایا۔ سروس انڈسٹریز لمیٹڈ (سروس انڈسٹریز لمیٹڈ) نے مالی سال 2024 کے دوران سروس ٹائزز (پرائیویٹ) لمیٹڈ سے 1,500 ملین روپے کا ڈیویڈنڈ حاصل کیا۔

ہمیں یقین ہے کہ مالی سال 2025 وہ سال ہو گا جب ملک مزید مالی مشکلات سے نکلے گا اور اس کے ساتھ ہی انڈسٹری میں بھی بہتری آئے گی۔ ہم اس سال کو ملک اور سروس ٹائزز (پرائیویٹ) لمیٹڈ دونوں کے لیے استحکام کا سال سمجھتے ہیں۔

چونکہ ٹائزز انڈسٹری ٹیکنالوجی، ریٹیل انڈسٹری ٹیکنالوجی، اور ایس پی ایل شیئرز کو یکم جنوری 2024 سے کمپنی سے الگ کر دیا گیا ہے، لہذا تقابلی اعداد و شمار قابل موازنہ نہیں ہیں اور انہیں مذکورہ جدول میں شامل نہیں کیا گیا۔

کمپنی نے 543 ملین روپے کا مجموعی منافع حاصل کیا، جبکہ ٹیکس کے بعد منافع 324 ملین روپے رہا، جس کے نتیجے میں فی شیئر آمدنی 6.90 روپے رہی۔

جو توں کی تیاری کے شعبے میں 2024 میں ایک بڑی روایتی، انتظامی اور عملی تبدیلی کی گئی ہے، جس کا مقصد پیداواری کارکردگی میں اضافہ، مصنوعات کے معیار میں بہتری، اور کسٹمر سروس کو بہتر بنانا ہے۔ اس کے نتیجے میں مستقبل میں بہتر نتائج کے امکانات پیدا ہوں گے۔

ڈیویڈنڈ کے بعد، ڈیویڈنڈ آمدنی کمپنی کا بنیادی ذریعہ آمدن بن گئی ہے۔ سال کے دوران، کمپنی نے 2.8 ارب روپے کا ڈیویڈنڈ حاصل کیا، اور اس رقم میں مستقبل میں مزید بہتری کی توقع ہے۔

فی شیئر آمدنی

31 دسمبر 2024 کے اختتام پر کمپنی کی فی شیئر آمدنی انفرادی مالیاتی گوشواروں کے مطابق پر 6.90 روپے رہی، جبکہ مجموعی مالیاتی گوشواروں کے مطابق پر یہ 88.04 روپے رہی۔

گروپ رپورٹ - ذیلی کمپنیاں

گروپ سروس انڈسٹریز لمیٹڈ اور درج ذیل کمپنیوں پر مشتمل ہے:

- (1) سروس ٹائزز (پرائیویٹ) لمیٹڈ، کل ملکیتی ذیلی ادارہ
- (2) سروس ریٹیل (پرائیویٹ) لمیٹڈ، کل ملکیتی ذیلی ادارہ
- (3) سروس انڈسٹریز کیپٹل (پرائیویٹ) لمیٹڈ، کل ملکیتی ذیلی ادارہ
- (4) سروس گلوبل فٹ ویئر لمیٹڈ، جزوی ملکیتی ذیلی ادارہ
- (5) سروس لائٹ مارچ ٹائزز (پرائیویٹ) لمیٹڈ، جزوی ملکیتی ذیلی ادارہ
- (6) سروس شووز لٹکا (پرائیویٹ) لمیٹڈ، سری لنکا، جزوی ملکیتی ذیلی ادارہ
- (7) سروس انڈسٹریز لمیٹڈ Gulf FZE، متحدہ عرب امارات، کل ملکیتی ذیلی ادارہ
- (8) ڈونگ گوان سروس گلوبل لمیٹڈ، چین، کل ملکیتی ذیلی ادارہ

سروس انڈسٹریز لمیٹڈ کے مجموعی مالیاتی نتائج کے مطابق مالی کارکردگی

31 دسمبر 2024 کو اختتام پذیر سال کے لئے سروس انڈسٹریز لمیٹڈ کے مجموعی مالیاتی نتائج پر مشتمل کلیدی کارکردگی درج ذیل ہے۔

3 اسپید (پرائیویٹ) لمیٹڈ کے 160,709 حصص کی منتقلی اور ملکیت کی منتقلی سروس انڈسٹریز لمیٹڈ سے سروس انڈسٹریز کیپیٹل (پرائیویٹ) لمیٹڈ کو کر دی گئی ہے، جو سروس انڈسٹریز لمیٹڈ کی مکمل ملکیت ذیلی کمپنی ہے۔

اس اسکیم کے نافذ العمل ہونے کی تاریخ یکم جنوری 2024 ہے۔

کمپنی کی بنیادی سرگرمیاں

معزز لاہور ہائی کورٹ، لاہور کی جانب سے 28 جون 2024 کو ڈیکلریشن کی منظوری کے بعد، کمپنی کی بنیادی سرگرمیاں جوتے اور ربرٹ کی تکنیکی مصنوعات کی تیاری اور فروخت پر مشتمل ہے۔

پاکستان کی معیشت کا جائزہ:

مالی سال 2024 میں پاکستان کی معیشت کی بحالی ہوئی اور شرح نمو تقریباً 2.5% رہی، جو مالی سال 2023 میں 0.2% سے کمی آئی تھی۔ یہ بہتری زرعی ترقی اور بین الاقوامی معاونت، بشمول 3 بلین ڈالر کے آئی ایم ایف اسپینڈ بائی معاہدے کی تکمیل اور 7 بلین ڈالر کے نئے آئی ایم ایف پروگرام کے باعث ممکن ہوئی۔ کرنٹ اکاؤنٹ خسارہ 79% کم ہو کر 681 بلین ڈالر رہ گیا، جس میں تجارتی خسارے میں 6% کمی اور ترسیلات زر میں 11% اضافے سے 30.25 بلین ڈالر تک پہنچ گئیں۔ برآمدات 10.65% بڑھ کر 30.67 بلین ڈالر ہو گئیں، جبکہ درآمدات معمولی کمی کے ساتھ 54.79 بلین ڈالر تک محدود رہیں۔ زرمبادلہ کے ذخائر 3.48 بلین ڈالر بڑھ کر 11.73 بلین ڈالر تک پہنچ گئے، جس کی وجہ سے پاکستانی روپے کی قدر میں بہتری آئی، اور 31 دسمبر 2024 کو امریکی ڈالر کے مقابلے میں 279.44 روپے پر تھا۔ افراط زر 29.7% (دسمبر 2023) سے کم ہو کر 4.1% (دسمبر 2024) تک آگئی، جس کے نتیجے میں اسٹیٹ بینک پاکستان نے شرح سود میں 900 بیسیس پوائنٹس کمی کر کے سال کے آخر تک 13% کر دی، جو مزید کم ہو کر جنوری 2025 میں 12% تک آگئی۔ تاہم، اس بہتری کے باوجود، برآمدی شعبے کو اب بھی مشکلات کا سامنا رہا، کیونکہ ملک کے زرمبادلہ کی پالیسیوں نے بڑھتے ہوئے پیداواری اخراجات کو پورا کرنے کی صلاحیت محدود کر دی ہے۔

کلیدی کارکردگی کے اشارے - مالی سال ۲۰۲۴ (سروس انڈسٹریز لمیٹڈ کے انفرادی مالیاتی نتائج)

31 دسمبر 2024 کو اختتام پذیر سال کے لئے سروس انڈسٹریز لمیٹڈ کے انفرادی مالیاتی نتائج پر مشتمل کلیدی کارکردگی درج ذیل ہے

| تفصیلات | مالیاتی سال 2024 روپے، ہزار میں |
|-------------------|---------------------------------|
| خالص آمدنی | 16,636,187 |
| مجموعی منافع | 543,776 |
| آپریٹنگ منافع | 2,838,399 |
| منافع قبل از ٹیکس | 666,821 |
| منافع بعد از ٹیکس | 324,421 |
| فی شیئر آمدنی | 6.90 |

ڈائریکٹرز رپورٹ برائے حصص یافتگان

سروس انڈسٹریز لمیٹڈ کے ڈائریکٹرز 31 دسمبر 2024 کو ختم ہونے والے مالی سال کی سالانہ رپورٹ مع آڈٹ شدہ مجموعی و علیحدہ مالیاتی حسابات پر مبنی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

ڈائریکٹرز رپورٹ کمپنیز ایکٹ 2017 کے سیکشن 226-227 اور ان کے علاوہ متعلقہ ضوابط کے تحت تیار کی گئی ہے۔

اسکیم آف اریجنٹس

کمپنی کے بورڈ آف ڈائریکٹرز نے 27 فروری 2024 کو منعقدہ اپنی میٹنگ میں ٹائز انڈر ٹیکنگ، ریٹیل انڈر ٹیکنگ اور اسپید (پرائیویٹ) لمیٹڈ کے حصص علیحدہ کرنے کے لیے کمپنیز ایکٹ 2017 کے سیکشن 279 سے 283 کے تحت اسکیم آف اریجنٹس ("اسکیم") کی منظوری دی۔ اس کے تحت سروس انڈسٹریز لمیٹڈ کی جانب سے ٹائز انڈر ٹیکنگ (سروس لاگ مارچ ٹائز (پرائیویٹ) لمیٹڈ کے 128,150,000 شیئرز پر مشتمل) کو سروس ٹائز (پرائیویٹ) لمیٹڈ میں اور ریٹیل انڈر ٹیکنگ کو سروس ریٹیل (پرائیویٹ) لمیٹڈ میں بالترتیب منتقل کرنا اور سروس انڈسٹریز لمیٹڈ سے سروس انڈسٹریز کیپیٹل (پرائیویٹ) لمیٹڈ میں سپید (پرائیویٹ) لمیٹڈ کے حصص کی منتقلی کرنا ہے۔ اسکیم کو منظوری کے لیے معزز لاہور ہائی کورٹ، لاہور میں دائر کر دیا گیا ہے۔ اسکیم کو معزز لاہور ہائی کورٹ، لاہور نے اپنے 12 جون 2024 کے حکم نامے کے ذریعے منظور کیا ہے، آرڈر کی تصدیق شدہ حقیقی کاپی 28 جون 2024 کو موصول ہوئی تھی اور اس دن رجسٹر آف کمپنیز، ایس ای سی پی کے پاس جمع کرائی گئی تھی۔ اسکیم 01 جنوری 2024 سے لاگو ہوئی تھی۔ 31 دسمبر 2024 کو ختم ہونے والے مالی سال کے آڈٹ شدہ مالیاتی گوشوارے، اسکیم کئی طور پر لاگو ہونے کے بعد تیار کیے گئے ہیں اور اس لیے اس میں ٹائز انڈر ٹیکنگ اور ریٹیل انڈر ٹیکنگ کے مالیاتی گوشوارے شامل نہیں ہیں جنہیں سروس ٹائز (پرائیویٹ) لمیٹڈ اور سروس ریٹیل (پرائیویٹ) لمیٹڈ میں بالترتیب میں شامل کیا گیا ہے۔ اسپید (پرائیویٹ) لمیٹڈ (SPL) کے شیئرز سروس انڈسٹریز کیپیٹل (پرائیویٹ) لمیٹڈ کو منتقل کر دیے گئے۔

اس اسکیم کے کلیدی نکات درج ذیل ہیں:

- سٹاز انڈر ٹیکنگ کی منتقلی اور ملکیت کی منتقلی، بشمول تمام اثاثے، حقوق، ذمہ داریاں، استحقاق اور واجبات (جس میں سروس لاگ مارچ ٹائز (پرائیویٹ) لمیٹڈ کے 128,150,000 حصص شامل ہیں)، سروس انڈسٹریز لمیٹڈ سے سروس ٹائز (پرائیویٹ) لمیٹڈ کو منتقل کر دی گئی ہے، جو سروس انڈسٹریز لمیٹڈ کی مکمل ملکیت ذیلی کمپنی ہے۔
- ریٹیل انڈر ٹیکنگ کی منتقلی اور ملکیت کی منتقلی، بشمول تمام اثاثے، حقوق، ذمہ داریاں، استحقاق اور واجبات، سروس انڈسٹریز لمیٹڈ سے سروس ریٹیل (پرائیویٹ) لمیٹڈ کو منتقل کر دی گئی ہے، جو سروس انڈسٹریز لمیٹڈ کی مکمل ملکیت ذیلی کمپنی ہے۔

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