

Report & Un-Audited Accounts
for the 1st Quarter Ended
March 31, 2021

*Transforming
vision into reality..*



Servis

Service Industries Limited

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Company Information

Board of Directors

Chaudhry Ahmed Javed
(Chairman)

Non-Executive Director

Mr. Arif Saeed
(Chief Executive Officer)

Executive Director

Mr. Omar Saeed
Executive Director

Mr. Hassan Javed
Executive Director

Mr. Riaz Ahmed
Non-Executive Director

Mr. Osman Saifullah Khan
Independent Director

Mr. Muhammad Naeem Khan
Independent Director

Mr. Shahid Hussain Jatoi
Independent Director

Mrs. Ayesha Naweed
Independent Director

Chief Financial Officer

Mr. Badar Ul Hassan

Company Secretary

Mr. Waheed Ashraf

Audit Committee

Mr. Osman Saifullah Khan

Chairman

Mr. Riaz Ahmed

Member

Mr. Muhammad Naeem Khan

Member

Human Resource and Remuneration Committee

Mrs. Ayesha Naweed

Chairperson

Mr. Arif Saeed

Member

Mr. Riaz Ahmed

Member

Bankers

Allied Bank Limited

Askari Bank limited

Bank Al Habib Limited

Bank Alfalah Limited

Faysal Bank limited

Habib Bank Limited

Habib Metro Bank

ICBC Pakistan

JS Bank Limited

MCB Bank Limited

MCB Islamic Bank

Meezan Bank Limited

National Bank Limited

Samba Bank Limited

Silk Bank Limited

Standard Chartered Bank

(Pakistan) Limited

Soneri Bank limited

The Bank of Punjab

United Bank Limited

Auditors

M/s. Riaz Ahmad & Company
Chartered Accountants

Legal Advisor

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

Registered Office

Servis House,
2-Main Gulberg,
Lahore-54662.
Tel:+92-42-35751990-96
Fax:+92-42-35710593,
35712109

Shares Registrar

M/s. Corplink (Pvt.)
Limited

Wings Arcade, 1-K
Commercial, Model
Town, Lahore

Tel: +92-42-35916714,
35916719,
35839182

Fax:+92-42-35869037

Pakistan Stock

Exchange Limited

Stock Exchange Symbol
SRVI

Factories

G.T. Road, Gujrat.

Web Presence

www.servisgroup.com

" All good things start with a dream. The dream becomes a vision. The vision becomes a plan. The plan becomes a reality ".



Directors' Report to the Shareholders

The Directors take pleasure in presenting their Report along with the condensed interim financial information of Service Industries Limited ("SIL") for the Quarter ended March 31, 2021.

The COVID-19 outbreak developed rapidly in start of 2020 and still continuing as the third wave is affecting almost the entire world. The pandemic has adversely impacted the global and domestic economy. The management of the company had to review its strategy to deal with the aftermath of COVID19 and looked towards consolidation and preserving cash flows. Measures were also taken to ensure health and safety of our employees.

Key Performance Indicators (KPIs)

Please find below key performance indicators of condensed interim financial statements of SIL for the Quarter ended March 31, 2021.

Particulars	Quarter Ended March 31		
	March 2021 "000"	March 2020 "000"	Percentage Change
Net Sales	6,946,092	4,625,480	50.17%
Gross profit	1,221,263	1,106,685	10.35%
Profit before tax	235,120	132,177	77.88%
Net profit after tax	157,621	13,754	1,046%
Earnings Per Share (PKR)	6.71	0.59	1,037%

SIL recorded sales of PKR 6.95 billion in its financial statements during the three months showing an increase of 50.17% from same period last year. Profit before tax amounting to PKR 235.12 Million showed a healthy increase against profit before tax of PKR 132.18 Million in the same period last year. Net profit after tax amounted to PKR 157.62 Million showing a total positive turnaround against profit after tax of PKR 13.75 Million in the same period last year. This increase in sales and profitability is mainly attributable to the excellent financial results of the tyre division of the company.

Tyre Division

Tyre Division, our biggest revenue contributor, has shown a top line growth of almost PKR 1.9 billion i.e 59.18 % in the quarter under review against the same period last year with better profitability. This achievement was the result of team work, consistent product quality, efficient supply chain management and innovation.

A spike in the raw material prices and logistic costs are a serious threat to our budgeted production targets. However despite these challenges, our management team is determined to manage its market position and capitalize on the brand image of Servis Tyres.

The agricultural tyre production facility went online in 2020, our products have been extremely well received in the market. The management team is working on nationwide marketing activities, awareness campaigns, regional dealer meetings and strengthening market leadership through further capacity enhancement and restructuring of marketing channels.

Footwear Division

Our footwear sales showed a healthy increase of 21.92% in the current quarter under review as compared to the same period last year. The profitability of domestic footwear business which is now the main contributor of footwear sales continues to face tough challenge as the retail market in the country remains under stress.

Despite of the challenges, year 2021 will be a year of expansion for our retail business where we plan to open more retail stores across the country. This aggressive expansion is based on the reforms that were made in the year 2020, which resulted in gross margin improvement through price point coverage and discount management, better inventory planning and a balanced product portfolio.

Technical Rubber Products

Our Corporate sales division under the umbrella of Technical Rubber Products (TRP) is not affected by Covid-19 as such because of its nature. In the quarter under review the net sales of TRP were recorded as PKR 112.94 million as compared to PKR 18.07 million in the same period last year. The division also achieved good profitability during the quarter under review.

Earning Per Share (EPS)

The earnings per share of the Company stood at PKR 6.71 for the quarter under review as compared to PKR 0.59 compared to same period last year.

Future Outlook Amid Covid-19

We are hopeful that the Company's ability to deliver strong and profitable growth by driving a robust investment strategy, supported by conducive customer-oriented needs will help the Company to accelerate growth.

The management at SIL is truly committed to delivering strong shareholder value in tough economic environment in Pakistan. The strength of our Brands coupled with the unique mix of talent and capability that we add to the market makes the Group well positioned to continue as a leader in both Footwear and Tyre businesses.

Acknowledgment

We would like to convey our sincere appreciation to our colleagues on the Board for their valuable guidance and support and to all our employees for their tireless efforts, dedication and commitment and, our customers for their trust in our products. On behalf of the Board, we also wish to extend our gratitude to our shareholders for their support and trust placed in us.

For and on behalf of the Board



Arif Saeed
Chief Executive



Omar Saeed
Director

Dated: April 29, 2021
LAHORE.

فی شیئر آمدنی

اس سہ ماہی میں فی شیئر آمدنی 6.71 روپے رہی جو پچھلے سال کے اسی دورانیے میں 0.59 روپے تھی۔

کورونا وبا کے تناظر میں مستقبل پر ایک نظر

مضبوط سرمایہ کاری کی حکمت عملی اور سازگار مارکیٹ کی بدولت ہم کمپنی کی صحت مند اور منافع بخش نمو کو یقینی بنانے کے لئے پر امید ہیں۔ مشکل معاشی حالات کے باوجود کمپنی کی انتظامیہ اپنے حصص یافتگان کو ان کے حصص کی اچھی قدر فراہم کرنے کے لئے پر عزم ہے۔ ہمارے برانڈ کی مضبوطی اور ہماری صلاحیتوں کی بدولت ہم لگاتار جو توں اور ٹائر دونوں کا روبرو میں سب سے آگے ہیں۔

اعتراف

ان نتائج کو حاصل کرنے میں ڈائریکٹر اپنے اسٹاف اور کارکنوں کی کوششوں کو سراہتے ہیں اور ہم اپنے اسٹیک ہولڈرز کے لگاتار تعاون کے بھی ممنون ہیں۔

منجانب بورڈ



عارف سعید
چیف ایگزیکٹو



عمر سعید
ڈائریکٹر

مورخہ 29 اپریل 2021
لاہور

ٹائر ڈویژن

ٹائر ڈویژن سروس انڈسٹریز لمیٹڈ کی آمدنی کا سب سے بڑا ذریعہ ہے۔ اس کی فروخت میں پچھلے سال کی نسبت اس سے ماہی میں تقریباً 1.9 ارب روپے اور 59.18 فیصد کا زبردست اضافہ ہوا ہے۔ یہ کامیابی زبردست نظم و ضبط، مصنوعات کے معیار، رسد کا سلسلہ، مصنوعات کی لاگت پر موثر کنٹرول اور قیمتوں پر کڑی توجہ رکھنے کا نتیجہ ہے۔

خام مال کی قیمتوں میں تیزی سے اضافہ ہو رہا ہے، رسد کے اخراجات کئی گنا بڑھ رہے ہیں، ان مشکلات کے باوجود، ہماری ٹائر ڈویژن کی انتظامیہ اپنی ساکھ پر انحصار کرتے ہوئے اپنے کاروباری تناسب کو قائم رکھنے کے لئے پر عزم ہے۔

زرعی ٹائر کی پیداوار کا آغاز 2020 میں ہوا، ہماری مصنوعات کو مارکیٹ میں بہت پذیرائی ملی ہے۔ انتظامیہ ٹیم پورے ملک میں تشہیر کی سرگرمیاں، آگاہی مہم، علاقائی ڈیلر سے میسنگرز اور اپنی ساکھ کو استعمال کرتے ہوئے مارکیٹ میں اپنی پوزیشن کو مضبوط بنانے پر کام کر رہی ہے۔

فٹ وائر ڈویژن

جوتوں کی فروخت میں اس سے ماہی میں پچھلے سال کی اسی مدت کے دوران فروخت کے مقابلے میں 21.92 فیصد کا اضافہ ہوا۔ مقامی فروخت سے حاصل کردہ منافع اس وقت مقامی فروخت کا بنیادی حصہ ہے جو کہ مقامی مارکیٹ میں سست روی کی وجہ سے شدید دباؤ کا شکار ہے۔

مشکلات کے باوجود، سال 2021 ریٹیل کاروبار کے لئے ترقی کا سال ہو گا۔ اس میں ہم نے ملک بھر میں مزید اسٹورز کھولنے کا منصوبہ بنایا ہے۔ یہ اہم منصوبہ سال 2020 میں کی گئی اصلاحات پر مبنی ہے جو کی علاقے کے مناسبت سے مصنوعات فروخت کرنا، فروخت پر مناسب رعایت، جوتوں کا کم سے کم سٹاک رکھنا اور بہتر ملی جلی مصنوعات کے ذریعے مجموعی طور پر بہتر منافع کو یقینی بنائے گا۔

ربرٹ کی فنی مصنوعات

ہماری ربرٹ ڈویژن جو کہ اداروں کو فروخت کرتی ہے، اپنی منفرد نوعیت کی وجہ سے کرونا وبا سے متاثر نہیں ہوئی۔ اس سے ماہی میں اس ڈویژن کی فروخت 112.94 ملین روپے رہی جو پچھلے سال کی اسی مدت کے دوران 18.07 ملین روپے تھی۔ اس ڈویژن نے بھی اس سے ماہی میں بہترین منافع حاصل کیا ہے۔

ڈائریکٹرز کی رپورٹ برائے حصص یافتگان

ڈائریکٹرز اپنی رپورٹ بمعہ کمپنی کی 31 مارچ 2021 تک کی سہ ماہی کی مختصر عبوری مالیاتی معلومات پیش کرتے ہوئے خوش محسوس کرتے ہیں۔

کرونا کی وبا 2020 میں تیزی سے نمودار ہوئی اور ابھی تک جاری ہے اور اس کی تیسری لہر تقریباً پوری دنیا کو متاثر کر رہی ہے اس وبا کے بڑے چیلانے پر پھیلنے سے مقامی اور عالمی معیشت پر انتہائی منفی اثرات مرتب ہوئے۔ کمپنی کی انتظامیہ نے اپنی حکمت عملی تبدیل کی ہے اور کیش فلو کو محفوظ رکھتے ہوئے استحکام کی طرف توجہ دے رہی ہے۔ ملازمین کی صحت اور حفاظت کو یقینی بنانے اور کرونا سے بچنے کے لئے بھی اقدامات کیے گئے ہیں۔

کمپنی کی کارکردگی

31 مارچ 2021 کو ختم ہونے والی سہ ماہی کے لئے سروس انڈسٹریز لمیٹڈ کی انفرادی عبوری مالیاتی کارکردگی درج ذیل ہے۔

سہ ماہی اختتام 31 مارچ 2021		
فیصد تبدیلی	مارچ 2020 SIL	مارچ 2021 SIL
روپے ہزار میں		
50.17%	4,625,480	6,946,092
10.35%	1,106,685	1,221,263
77.88%	132,177	235,120
1,046%	13,754	157,621
1,037%	0.59	6.71

خالص فروخت
گروس منافع
منافع قبل از ٹیکس
منافع بعد از ٹیکس
فی ٹیکس آمدنی (روپے)

سروس انڈسٹریز لمیٹڈ نے پہلی سہ ماہی میں اپنے مجموعی مالی گوشواروں کے مطابق 6.95 ارب روپے فروخت کی جو پچھلے سال کی اسی مدت کے مقابلے میں 50.17 اضافہ ظاہر کرتا ہے، منافع قبل از محصولات اس سہ ماہی کے دوران بڑھ کر 235.12 ملین روپے ہو گیا جو کہ پچھلے سال کی اسی مدت کے دوران 132.18 ملین روپے تھا جو کہ صحت مند نمو ظاہر کرتا ہے۔

بعد از ٹیکس منافع پچھلے سال کی اسی مدت میں 13.75 ملین روپے تھا جو کہ اس سال 157.62 ملین روپے ہو گیا جو کہ زبردست اضافہ ظاہر کرتا ہے۔ فروخت اور منافع میں اس اضافے کی بنیادی وجہ ٹائر ڈویژن کے شاندار مالی نتائج ہیں۔

Unconsolidated Condensed Interim Statement of Financial Position (Unaudited)

As at March 31, 2021

	(Unaudited) March 31, 2021	(Audited) December 31, 2020
Note	(Rupees in thousand)	
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorized share capital	1,000,000	1,000,000
100,000,000 (2020: 100,000,000) ordinary shares of Rupees 10 each		
Issued, subscribed and paid-up share capital	234,937	234,937
Reserves	7,264,076	7,047,655
Total equity	7,499,013	7,282,592
LIABILITIES		
Non-current liabilities		
Long term financing	3,424,737	3,084,863
Long term deposits	1,740	1,740
Lease liabilities	1,695,894	1,752,383
Employees' retirement benefit	164,356	154,077
Deferred liabilities	317,381	346,572
	5,604,108	5,339,635
Current liabilities		
Trade and other payables	3,609,334	3,853,305
Accrued mark-up	191,755	105,037
Short term borrowings	8,702,673	6,427,467
Current portion of non-current liabilities	1,407,122	1,405,285
Unclaimed dividend	37,813	37,897
	13,948,697	11,828,991
Total liabilities	19,552,805	17,168,626
Contingencies and commitments	4	
TOTAL EQUITY AND LIABILITIES	27,051,818	24,451,218

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



Arif Saeed
(Chief Executive)

		(Unaudited) March 31, 2021	(Audited) December 31, 2020
	Note	(Rupees in thousand)	
ASSETS			
Non-current assets			
Fixed assets	5	5,994,888	5,996,063
Right-of-use assets		1,591,355	1,618,879
Intangible assets		916	1,271
Long term investments	6	6,066,735	5,242,711
Long term loans to employees		10,658	8,857
Long term security deposits		116,131	109,643
		<u>13,780,683</u>	<u>12,977,424</u>
Current assets			
Stores, spares and loose tools		252,626	232,316
Stock-in-trade		6,369,744	4,877,842
Trade debts		4,467,860	3,938,337
Loans and advances		818,985	433,755
Trade deposits and prepayments		310,349	234,864
Other receivables		615,034	555,622
Cash and bank balances		436,537	1,201,058
		<u>13,271,135</u>	<u>11,473,794</u>
Total Assets		<u>27,051,818</u>	<u>24,451,218</u>



Omar Saeed
(Director)



Badar Ul Hassan
(Chief Financial Officer)

Unconsolidated Condensed Interim Statement of Profit or Loss (Unaudited)

For the period ended March 31, 2021

		(Unaudited) March 31, 2021 (Rupees in thousand)	(Unaudited) March 31, 2020
	Note		
Sales - net	7	6,946,092	4,625,480
Cost of sales	8	(5,724,829)	(3,518,795)
Gross profit		1,221,263	1,106,685
Distribution cost		(476,320)	(369,572)
Administrative expenses		(300,387)	(234,555)
Other expenses		(37,096)	(39,909)
		(813,803)	(644,036)
		407,460	462,649
Other Income		30,169	15,557
Profit from Operations		437,629	478,206
Finance cost		(202,733)	(346,751)
		234,896	131,455
Share of profit in equity accounted investee - net of taxation		224	722
Profit before taxation		235,120	132,177
Taxation		(77,499)	(118,423)
Profit after taxation		157,621	13,754
EARNINGS PER SHARE - BASIC AND DILUTED (Rupees)		6.71	Restated 0.59

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



Arif Saeed
(Chief Executive)



Omar Saeed
(Director)



Badar Ul Hassan
(Chief Financial Officer)

Unconsolidated Condensed Interim Statement of Comprehensive Income (Unaudited)

For the period ended March 31, 2021

	(Unaudited) March 31, 2021	(Unaudited) March 31, 2020
	(Rupees in thousand)	
Profit after taxation	157,621	13,754
Other comprehensive income / (loss)		
Items that will not be reclassified to profit or loss:		
Surplus / (Deficit) arising on remeasurement of investment at fair value through other comprehensive income - net of tax	58,800	(10,640)
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income / (loss) for the period - net of tax	58,800	(10,640)
Total comprehensive income for the period	216,421	3,114

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



Arif Saeed
(Chief Executive)



Omar Saeed
(Director)



Badar Ul Hassan
(Chief Financial Officer)

Unconsolidated Condensed Interim Statement of Changes in Equity (Unaudited)

For the period ended March 31, 2021

	RESERVES										Total Equity	
	Capital Reserves					Revenue Reserves						
	Share Capital	Capital gains	Fair value reserve FVOCI investment	Share premium	Share of reserve held by equity accounted investee	Reserve pursuant to the Scheme	Sub total	General reserve	Un-appropriated profit	Sub total Reserves		Total
Rupees in thousand												
Balance as at 31 December 2019 - audited	187,950	102,730	2,500	21,217	23,935	-	150,382	1,558,208	3,844,668	5,402,876	5,553,258	5,741,208
Profit for the period	-	-	-	-	-	-	-	-	13,754	13,754	13,754	13,754
Other comprehensive (loss) / income for the period	-	-	(10,640)	-	-	-	(10,640)	-	-	-	(10,640)	(10,640)
Total comprehensive income for the period	-	-	(10,640)	-	-	-	(10,640)	-	13,754	13,754	3,114	3,114
Balance as at 31 March 2020 - unaudited	187,950	102,730	(8,140)	21,217	23,935	-	139,742	1,558,208	3,858,422	5,416,630	5,556,372	5,744,322
Transactions with owners:												
Final dividend for the year ended 31 December 2019 @ Rupees 7.50 per share	-	-	-	-	-	-	-	-	(140,963)	(140,963)	(140,963)	(140,963)
Issue of bonus shares for the year ended 31 December 2019 @ 25%	46,987	-	-	-	-	-	-	-	(46,987)	(46,987)	(46,987)	-
	46,987	-	-	-	-	-	-	-	(187,950)	(187,950)	(187,950)	(140,963)

Adjustment arising on transfer of net assets to Service Global Footwear Limited - subsidiary company pursuant to the Scheme of Compromises, Arrangement and Reconstruction (under section 279 to 283 and 285 of the Companies Act, 2017) between Service Industries Limited and its members and Service Global Footwear Limited and its member ("the Scheme")

927,163 927,163

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Unconsolidated Condensed Interim Statement of Changes in Equity (Unaudited)

For the period ended March 31, 2021

	RESERVES										Total Equity	
	Share Capital	Capital Reserves				Reserve pursuant to the Scheme	Sub Total	Revenue Reserves				Total
		Fair value reserve FVTOCI investment	Share premium	Share of reserve held by equity accounted investee	General reserve			Un- appropriated profit	Sub total Reserves			
										Capital gains		
Profit for the period	-	-	-	-	-	-	-	676,270	676,270	676,270	676,270	
Other comprehensive (loss) / income for the period	-	-	-	-	-	-	77,500	-	(1,700)	(1,700)	75,800	
Total comprehensive income for the period	-	-	-	-	-	-	77,500	-	674,570	674,570	752,070	
Balance as at 31 December 2020 - audited	234,937	102,730	69,360	21,217	23,935	927,163	1,144,405	1,558,208	4,345,042	5,903,250	7,047,655	
Profit for the period	-	-	-	-	-	-	-	-	157,621	157,621	157,621	
Other comprehensive income for the period	-	-	58,800	-	-	-	58,800	-	-	-	58,800	
Total comprehensive income for the period	-	-	58,800	-	-	-	58,800	-	157,621	157,621	216,421	
Balance as at 31 March 2021 - unaudited	234,937	102,730	128,160	21,217	23,935	927,163	1,203,205	1,558,208	4,502,663	6,060,871	7,264,076	

Rupees in thousand

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



Arif Saeed
(Chief Executive)



Omar Saeed
(Director)



Badar Ul Hassan
(Chief Financial Officer)

Unconsolidated Condensed Interim Statement of Cash Flows (Unaudited)

For the period ended March 31, 2021

	(Unaudited) March 31, 2021	(Unaudited) March 31, 2020
	(Rupees in thousand)	
Cash flow from operating activities		
Profit before taxation	235,120	132,177
Adjustments for non-cash charges and other items:		
Depreciation and amortisation	180,854	209,329
Provision for gratuity	10,683	10,637
Finance cost	202,733	346,751
Provision for workers' profit participation fund	11,869	6,020
Provision for workers' welfare fund	5,041	2,523
Provision for slow moving and obsolete inventory	1,149	(1,554)
Allowance for expected credit losses	4,668	23,135
Share of profit in equity accounted investee	(224)	(722)
Operating profit before working capital changes	651,893	728,296
Working capital changes		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(20,310)	45,946
Stock in trade	(1,493,051)	(1,219,771)
Trade debts	(534,191)	(850,900)
Loans, advances, trade deposits, prepayments and other receivables	(342,242)	(364,623)
	(2,389,794)	(2,389,348)
Increase in trade and other payables	(260,881)	145,683
	(2,650,675)	(2,243,665)
Cash used in operations	(1,998,782)	(1,515,369)
Finance cost paid	(116,015)	(158,973)
Income tax paid	(281,849)	(48,102)
Employees' retirement benefits paid	(404)	(2,027)
Long term loans - net	(4,527)	(4,367)
Long term deposits - net	(6,488)	103,379
Net cash used in operating activities	(2,408,065)	(1,625,459)
Cash flow from investing activities		
Capital expenditure on operating fixed assets	(151,800)	(155,646)
Long term investments - net	(765,000)	(850,000)
Net cash used in investing activities	(916,800)	(1,005,646)
Cash flow from financing activities		
Long term financing - net	354,958	(61,480)
Short term borrowings - net	2,275,206	2,753,940
Repayment of lease liabilities	(69,736)	(72,869)
Dividend paid	(84)	(489)
Long term deposits - net	-	(466)
Net cash generated from financing activities	2,560,344	2,618,636
Net (decrease) in cash and cash equivalents	(764,521)	(12,469)
Cash and cash equivalents at the beginning of the period	1,201,058	38,503
Cash and cash equivalents at the end of the period	436,537	26,034

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



Arif Saeed
(Chief Executive)



Omar Saeed
(Director)



Badar Ul Hassan
(Chief Financial Officer)

Notes to the Unconsolidated Condensed Interim Financial Information (Unaudited)

For the period ended March 31, 2021

1. The Company and its Operations

Service Industries Limited (the Company) was incorporated as a private limited Company on 20 March 1957 in Pakistan under the Companies Act, 1913 (now Companies Act, 2017), was 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. The registered office of the Company is located at 2-Main Gulberg, Lahore. The principal activities of the Company are purchase, manufacture and sale of footwear, tyres and tubes and technical rubber products. These unconsolidated condensed interim financial statements pertain to Service Industries Limited as an individual entity.

2. Basis of Preparation

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, 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 the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These unconsolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 31 December 2020.

3. Accounting Policies

The accounting policies and methods of computations adopted for the preparation of these unconsolidated condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 31 December 2020.

3.1 Critical Accounting Estimates and Judgments

The preparation of these unconsolidated condensed interim 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.

Notes to the Unconsolidated Condensed Interim Financial Information (Unaudited)

For the period ended March 31, 2021

During preparation of these unconsolidated condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 31 December 2020.

4. Contingencies and Commitments

4.1 Contingencies

There is no significant change in the status of contingencies as disclosed in the preceding audited annual published financial statements of the Company for the year ended 31 December 2020.

4.2 Commitments

4.2.1 Guarantees issued in ordinary course of business through banks are of Rupees 964.845 million (31 December 2020: Rupees 958.318 million).

4.2.2 Contracts for capital expenditure are approximately of Rupees 1,735.875 million (31 December 2020: Rupees 1,298.090 million).

4.2.3 Letters of credit other than capital expenditure are of Rupees 2,090.181 million (31 December 2020: Rupees 2,589.699 million).

4.2.4 The Company has obtained vehicles under ijarah arrangements from Meezan Bank Limited, Allied Bank Limited and Bank Al Habib Limited for a period of five years. Future Ujarah payments under Ijarah are as follows:

		(Unaudited) March 31, 2021	(Audited) December 31, 2020
	Note	(Rupees in thousand)	
Not later than one year		51,988	57,495
Later than one year and not later than five years		85,673	100,411
		137,661	157,906
5	Fixed Assets		
Operating fixed assets	(Note 5.1)	5,697,655	5,842,520
Capital work-in-progress		297,233	153,543
		5,994,888	5,996,063
5.1	Operating fixed assets		
Opening net book value		5,842,520	5,969,030
Add: Additions during the period	(Note 5.2)	8,352	547,739
		5,850,872	6,516,769
Less: Disposals during the period (at book value)	(Note 5.2)	(242)	(21,740)
		5,850,630	6,495,029
Less: Depreciation charged during the period		(152,975)	(652,509)
		5,697,655	5,842,520

5.2 Following is the detail of additions and disposals during the period.

	Additions		Disposals - NBV	
	Unaudited March 31, 2021	Audited December 31, 2020	Unaudited March 31, 2021	Audited December 31, 2020
	(Rupees in thousand)			
Building on freehold land	-	36,605	-	-
Plant and machinery	4,143	334,079	-	1,606
Furniture, fixture and fittings	78	3,182	-	472
Vehicles	130	41,090	181	3,447
Service equipments	4,001	70,886	61	875
Leasehold improvements	-	61,897	-	15,340
	8,352	547,739	242	21,740
			(Unaudited) March 31, 2021	(Audited) December 31, 2020
		Note	(Rupees in thousand)	
6 Long term investments				
Investment in subsidiary companies - at cost	(Note 6.1)	5,635,217	4,870,217	
Investment in associate (with significant influence) - under equity method	(Note 6.2)	281,068	280,844	
Investment in joint ventures - at cost	(Note 6.3)	240	240	
Other investment - at FVTOCI	(Note 6.4)	150,210	91,410	
		6,066,735	5,242,711	
6.1 Investment in subsidiary companies - at cost				
Service Industries Capital (Private) Limited				
29,999,997 (2020: 29,999,997) fully paid ordinary shares of Rupees 10 each		300,000	300,000	
Equity held 100% (31 December 2020:100%)				
Service Global Footwear Limited				
163,550,000 (2020: 163,550,000) fully paid ordinary shares of Rupees 10 each		3,026,184	3,026,184	
Equity held 100% (31 December 2020:100%)				
Service Long March Tyres (Private) Limited				
229,500,000 (31 December 2020: 153,000,000) fully paid ordinary shares of Rupees 10 each		2,309,033	1,544,033	
Equity held 51% (31 December 2020: 51%)		5,635,217	4,870,217	

Notes to the Unconsolidated Condensed Interim Financial Information (Unaudited)

For the period ended March 31, 2021

	(Unaudited) March 31, 2021	(Audited) December 31, 2020
Note	(Rupees in thousand)	
6.2 Investment in associate (with significant influence) - under equity method		
Speed (Private) Limited		
160,709 (2020: 160,709) fully paid ordinary shares of Rupees 100 each	190,949	190,949
Share of post acquisition reserve		
As at the beginning of the year	89,895	138,005
Adjustment due to adoption of IFRS 16	-	(35,641)
Share of post acquisition profit for the period	224	(12,469)
	90,119	89,895
	281,068	280,844
6.3 Investment in joint ventures - at cost		
S2 Power Limited		
24,000 (2020: 24,000) fully paid ordinary shares of Rupees 10 each	-	240
S2 Hydro Limited		
24,000 (2020: 24,000) fully paid ordinary shares of Rupees 10 each	240	240
Impairment loss recognized against investment in S2 Power Limited	-	(240)
	240	240
6.4 Other investment - at FVTOCI		
TRG Pakistan Limited		
1,000,000 (2020: 1,000,000) fully paid ordinary shares of Rupees 10 each	91,410	22,050
Fair value adjustment	58,800	69,360
	150,210	91,410

	Note	(Unaudited) March 31, 2021 (Rupees in thousand)	(Unaudited) March 31, 2020
7 Sales			
Sales of footwear - net			
Export sales		150,802	305,169
Local sales		1,487,250	1,036,675
Duty draw back		2,186	3,443
		1,640,238	1,345,287
Sale of tyres - net			
Export sales		502,188	197,613
Local sales		4,690,726	3,063,801
Duty draw back		-	707
		5,192,914	3,262,121
Sale of technical rubber products - net			
Local sales		112,940	18,072
		6,946,092	4,625,480
8 Cost of sales			
Raw materials consumed	(Note 8.1)	4,191,492	2,599,943
Salaries, wages and other benefits		616,274	558,502
Stores and spares consumed		64,822	63,283
Packing materials consumed		143,955	115,328
Fuel and power		299,230	229,454
Insurance		5,807	4,511
Travelling		3,335	3,068
Repair and maintenance		49,238	46,817
Entertainment		494	312
Depreciation		123,870	141,045
Provision / (reversal of provision) for slow moving and obsolete inventory		8,674	(1,554)
Other manufacturing charges		32,744	17,798
		5,539,935	3,778,507
Work in process:			
Opening Stock		426,949	225,852
Less: Closing stock		(1,065,667)	(440,582)
		(638,718)	(214,730)
Cost of goods manufactured		4,901,217	3,563,777
Finished goods			
Opening stock		2,453,109	2,413,252
Add: Purchases during the period		996,371	1,054,173
Less: Closing stock		(2,625,868)	(3,512,407)
		823,612	(44,982)
		5,724,829	3,518,795

(Unaudited) (Unaudited)
 March March
 31, 2021 31, 2020
 (Rupees in thousand)

8.1 Raw materials consumed

Opening Stock	1,994,118	1,657,095
Add: Purchases during the period	4,838,990	2,142,416
Less: Closing stock	(2,641,616)	(1,199,568)
	4,191,492	2,599,943

Notes to the Unconsolidated Condensed Interim Financial Information (Unaudited)

For the period ended March 31, 2021

9. Segment Information

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

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

Tyre: Manufacturing of different qualities of tyres.

Technical Rubber Products: Manufacturing of different qualities of rubber products on specifications.

(Rupees in thousand)

	Footwear		Tyre		Technical Rubber Products		Total - Company	
	Period ended		Period ended		Period ended		Period ended	
	Unaudited		Unaudited		Unaudited		Unaudited	
Mar. 31, 2021	Mar. 31, 2020	Mar. 31, 2021	Mar. 31, 2020	Mar. 31, 2021	Mar. 31, 2020	Mar. 31, 2021	Mar. 31, 2020	Mar. 31, 2020
Sales	1,640,238	1,345,287	5,192,914	3,262,121	112,940	18,072	6,946,092	4,625,480
Profit/(loss) before taxation and unallocated income and expenses	(14,680)	95,903	601,941	472,196	36,571	1,468	623,832	569,567
Unallocated income and expenses:							(388,712)	(437,390)
Taxation							(77,499)	(118,423)
Profit after taxation							157,621	13,754

Notes to the Unconsolidated Condensed Interim Financial Information (Unaudited)

For the period ended March 31, 2021

9.1 Reconciliation of reportable segment assets and liabilities

	Footwear		Tyre		Technical Rubber Products		Total - Company	
	Period ended		Period ended		Period ended		Period ended	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2021	Dec. 31, 2020
Total assets for reportable segment	8,180,878	6,994,264	11,235,966	10,080,999	302,514	281,408	19,719,358	17,356,671
Unallocated assets							7,332,460	7,094,547
Total assets as per statement of financial position							27,051,818	24,451,218
Unallocated liabilities							19,552,805	17,168,626
Total liabilities as per statement of financial position							19,552,805	17,168,626

Notes to the Unconsolidated Condensed Interim Financial Information (Unaudited)

For the period ended March 31, 2021

- 10 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 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.

	----- Rupees in thousand -----			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements At 31 March 2021 (Unaudited)				
Financial assets				
Financial assets at fair value through other comprehensive income	150,210	-	-	150,210
Total financial assets	150,210	-	-	150,210
Recurring fair value measurements At 31 December 2020 (Audited)				
Financial assets				
Financial assets at fair value through other comprehensive income	91,410	-	-	91,410
Total financial assets	91,410	-	-	91,410

Notes to the Unconsolidated Condensed Interim Financial Information (Unaudited)

For the period ended March 31, 2021

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 recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The Company'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 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.

11 Transactions with Related Parties

(i) Transactions:

The related parties comprise subsidiary companies, associated 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:

		(Unaudited) March 31, 2021	(Unaudited) March 31, 2020
		(Rupees in thousand)	
Nature of relationship	Nature of transactions		
Subsidiary Company			
Service Global Footwear Limited	Investment made	-	850,000
	Sale of goods	51,384	-
	Expenses charged	35,972	-
	Purchase of goods	3,435	5,081
	Loan obtained	1,155,000	-
	Interest expense	76,345	-
Service Long March Tyres (Private) Limited	Investment made	765,000	-
	Sales of goods	115	-
Associated companies			
Servis Foundation	Donation	11,386	5,242
Jomo Technologies (Private) Limited	Sale of goods	12,067	-
Service Charitable Trust	Donation	1,106	-
Key management personnel			
	Remuneration	42,715	26,094
Employees' retirement benefits			
	Service Provident Fund Trust	36,580	26,258
	Service Industries Limited Employees Gratuity Fund Trust	14,512	11,589

(ii) Period end balances

As at 31 March 2021 (Un-audited)		
Subsidiary companies	Other related parties	Total

(Rupees in thousand)

Employees benefit plans	-	187,435	187,435
Loans and advances	-	11,476	11,476
Accrued mark up	75,734	-	75,734
Short term loan payable	4,069,291	-	4,069,291

As at 31 December 2020 (Audited)		
Subsidiary companies	Other related parties	Total

(Rupees in thousand)

Employees benefit plans	-	176,114	176,114
Loans and advances	-	11,476	11,476
Accrued mark up	65,229	-	65,229
Short term loan payable	2,914,291	-	2,914,291

12 The Financial Risk Management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The unconsolidated condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the company's annual financial statements as at December 31, 2020.

13 Date of authorization for issue

These financial statements were authorized for issue on 29 April 2021 by the Board of Directors of the Company.

14 Corresponding figures

In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", the unconsolidated condensed interim statement of financial position and unconsolidated condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income and unconsolidated condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison.

15 **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)

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Consolidated Financial Statements

Group Directors' Report to the Shareholders

The Directors take pleasure in presenting their Report along with the Consolidated Condensed Interim Financial information of the Service Industries Limited and its subsidiaries for three months ended March 31, 2021.

The Group comprises of Service Industries Limited, Service Industries Capital (Private) Limited, a wholly owned subsidiary of Service Industries Limited, Service Global Footwear Limited, a wholly owned subsidiary of Service Industries Limited, Service Long March Tyres (Private) Limited, partially owned subsidiary of Service Industries Limited and Service Shoes Lanka (Private) Limited, a partially owned subsidiary company of Service Industries Capital (Private) Limited.

Service Industries Limited

The Director Report providing a commentary on the performance of Service Industries Limited for three months ended March 31, 2021 has been presented separately. Service Industries Limited has annexed its Condensed Consolidated Interim Financial Information along with its Separate Condensed Interim Financial information, in accordance with the requirements of International Financial Reporting Standards and Companies Act 2017.

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 Service 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

Service Global Footwear Limited was incorporated as a public limited company on July 19, 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. It is wholly owned subsidiary of Service Industries Limited.

Service Long March Tyres (Private) Limited

Service Long March Tyres (Private) Limited is a Private Limited Company incorporated in Pakistan on January 07, 2020 under Companies Act, 2017 (XIX of 2017). The registered office of the Company is situated at Servis House, 2-Main Gulberg, Lahore. The principal line of business of the Company is to carry on the business of manufacturing, sale, marketing, import and export of all steel radial truck and bus tyres. The shareholding of Service Industries Limited in Service Long March Tyres (Private) Limited is 51%.

Service Shoes Lanka (Private) Limited

Service Shoes Lanka (Private) Limited is a subsidiary company of Service Industries Capital (Private) Limited, which is wholly owned subsidiary of Service Industries Limited. Service Shoes Lanka (Private) Limited is a Private Limited Liability Company incorporated on July 16, 2015 and domiciled in Sri Lanka under the provisions of the Companies Act No. 07 of 2007. The registered office of the Company is located at No 143/17, Sri Wickrema Mawatha, Colombo 15 and the principal place of business is located at Katunayake.

For and on Behalf of the Board



Arif Saeed
Chief Executive

Dated: April 29, 2021
LAHORE.

For and on Behalf of the Board



Omar Saeed
Director

سروس شوز لنکا (پرائیویٹ) لمیٹڈ

سروس شوز لنکا (پرائیویٹ) لمیٹڈ SICPL کا ایک ماتحت ادارہ ہے جو کہ SIL کا ایک ملکیتی ماتحت ادارہ ہے۔ سروس شوز لنکا (پرائیویٹ) لمیٹڈ ایک (پرائیویٹ) لمیٹڈ لائسنسڈ کمپنی ہے جو کہ 16 جولائی 2015 کو سری لنکا میں کمپنیوں کے ایکٹ 2007 کے نمبر 7 کے تحت رجسٹر ہوئی۔ کمپنی کا رجسٹرڈ دفتر نمبر 17/143 سری وکرما ماداتھا، کولمبو 15 پر واقع ہے اور کاروبار کی مرکزی جگہ کاتونائیکے میں واقع ہے۔

منجانب بورڈ



عارف سعید
چیف ایگزیکٹو

مورخہ 29 اپریل 2021

لاہور



عمر سعید
ڈائریکٹر

گروپ کی ڈائریکٹرز رپورٹ برائے حصص یافتگان

ڈائریکٹرز کمپنی کی رپورٹ پیش کرتے ہوئے خوش محسوس کر رہے ہیں۔ اس رپورٹ میں سروس انڈسٹریز لمیٹڈ (SIL) کی 31 مارچ 2021 تک گروپ کی مجموعی سہ ماہی مختصر عبوری مالیاتی معلومات پیش کی جا رہی ہیں۔ گروپ میں SIL، سروس انڈسٹریز کمپیٹیل (پرائیویٹ) لمیٹڈ (SICPL) جو کہ SIL گروپ کا مکمل ملکیتی ماتحت ادارہ ہے، سروس گلوبل فنٹ ویئر لمیٹڈ (SGFL)، جو کہ SIL گروپ کا مکمل ملکیتی ماتحت ادارہ ہے، سروس لانگ مارچ ٹائرز (پرائیویٹ) لمیٹڈ (SLMTL) جو کہ SIL گروپ کی جزوی ملکیتی ادارہ ہے، اور سروس شووز لنکا (پرائیویٹ) لمیٹڈ جو کہ (SICPL) کا ماتحت ادارہ ہے، پر مشتمل ہے۔

سروس انڈسٹریز لمیٹڈ

31 مارچ 2021 کو ختم ہونے والے دورانیے کے لیے سروس انڈسٹریز لمیٹڈ کی کارکردگی پر ڈائریکٹرز رپورٹ، علیحدہ سے پیش کی گئی ہے۔ سروس انڈسٹریز لمیٹڈ نے انٹرنیشنل فائیننس رپورٹنگ سٹینڈرڈز اور کمپنیز ایکٹ 2017 کے مطابق 31 مارچ 2021 تک کی گروپ اور انفرادی سہ ماہی معلومات اس رپورٹ میں منسلک کر دی ہیں۔

سروس انڈسٹریز کمپیٹیل پرائیویٹ لمیٹڈ

SIL، SICPL، SIL کا ایک مکمل ملکیتی ماتحت ادارہ ہے۔ SICPL کمپنی آرڈیننس 1984 (جو کہ اب کمپنی ایکٹ 2017 ہے) کے تحت 10 نومبر 2015 کو پاکستان میں ایک لمیٹڈ کمپنی کے طور پر رجسٹر ہوئی۔ SICPL کا رجسٹرڈ دفتر سروس ہاؤس، 2- مین گلبرگ، لاہور پر واقع ہے۔ اس ماتحت ادارے کا بنیادی مقصد پاکستان میں یا دنیا میں کہیں بھی، نئے کاروبار اور حصص میں متعلقہ قوانین کے مطابق سرمایہ کاری کرنا ہے۔

سروس گلوبل فنٹ ویئر لمیٹڈ

سروس گلوبل فنٹ ویئر لمیٹڈ کو 19 جولائی 2019 کو پاکستان میں کمپنیز ایکٹ، 2017 کے تحت پبلک لمیٹڈ کمپنی کے طور پر تشکیل کیا گیا ہے۔ کمپنی کی بنیادی سرگرمیوں میں جوتے، چمڑے اور اس سے منسلک مصنوعات کی تیاری، فروخت، مارکیٹنگ، درآمد اور برآمد شامل ہیں۔ یہ سروس انڈسٹریز لمیٹڈ کی مکمل ملکیتی ماتحت ادارہ ہے۔

سروس لانگ مارچ ٹائرز (پرائیویٹ) لمیٹڈ

سروس لانگ مارچ ٹائرز (پرائیویٹ) لمیٹڈ کو 7 جنوری 2020 کو پاکستان میں کمپنیز ایکٹ، 2017 کے تحت (پرائیویٹ) لمیٹڈ کمپنی کے طور پر تشکیل کیا گیا ہے۔ کمپنی کا رجسٹرڈ آفس سروس ہاؤس، 2- مین گلبرگ، لاہور میں واقع ہے۔ کمپنی کا بنیادی کاروبار تمام اسٹیل ریڈیل ٹرک اور بس ٹائزوں کی تیاری، فروخت، مارکیٹنگ، درآمد اور برآمد کرنا ہے۔ سروس لانگ مارچ ٹائرز (پرائیویٹ) لمیٹڈ میں سروس انڈسٹریز لمیٹڈ کے 51 فیصد شیئر ہیں۔

Condensed Consolidated Interim Statement of Financial Position (Unaudited)

As at March 31, 2021

	(Unaudited) March 31, 2021	(Audited) December 31, 2020
Note	(Rupees in thousand)	
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorized share capital	1,000,000	1,000,000
100,000,000 (2020: 100,000,000) ordinary shares of Rupees 10 each		
Issued, subscribed and paid-up share capital	234,937	234,937
Reserves	8,499,269	8,152,588
Non-controlling interest	2,189,469	1,451,499
Total equity	10,923,675	9,839,024
LIABILITIES		
Non-current liabilities		
Long term financing	5,267,225	3,478,292
Long term deposits	1,740	1,740
Lease liabilities	1,695,894	1,752,383
Employees' retirement benefit	273,119	259,994
Deferred liabilities	334,870	363,958
	7,572,848	5,856,367
Current liabilities		
Trade and other payables	5,506,429	5,218,389
Accrued mark-up	135,529	65,119
Short term borrowings	9,017,616	7,868,831
Current portion of non-current liabilities	1,553,858	1,541,612
Unclaimed dividend	37,813	37,897
	16,251,245	14,731,848
Total liabilities	23,824,093	20,588,215
Contingencies and commitments	5	
TOTAL EQUITY AND LIABILITIES	34,747,768	30,427,239

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



Arif Saeed
(Chief Executive)

		(Unaudited) March 31, 2021	(Audited) December 31, 2020
	Note	(Rupees in thousand)	
ASSETS			
Non-current assets			
Fixed assets	6	12,415,806	9,566,926
Right-of-use assets		1,591,355	1,618,879
Intangible assets		35,770	39,507
Long term investments	7	605,493	557,757
Long term loans to employees		21,472	16,437
Long term security deposits		121,930	115,345
		14,791,826	11,914,851
Current assets			
Stores, spares and loose tools		289,925	276,788
Stock-in-trade		7,726,162	6,335,260
Trade debts		5,378,593	4,633,123
Loans and advances		1,622,054	892,136
Trade deposits and prepayments		336,220	244,507
Other receivables		2,008,165	1,929,603
Accrued interest		452	5,406
Cash and bank balances		2,594,371	4,195,565
		19,955,942	18,512,388
Total Assets		34,747,768	30,427,239



Omar Saeed
(Director)



Badar Ul Hassan
(Chief Financial Officer)

Condensed Consolidated Interim Statement of Profit or Loss (Unaudited)

For the period ended March 31, 2021

	Note	(Unaudited) March 31, 2021 Amount (Rupees in thousand)	(Unaudited) March 31, 2020 Amount
Sales - net	8	8,604,517	6,876,676
Cost of sales	9	(7,007,679)	(5,319,186)
Gross profit		1,596,838	1,557,490
Distribution cost		(596,394)	(507,282)
Administrative expenses		(413,142)	(336,178)
Other expenses		(56,386)	(53,817)
		(1,065,922)	(897,277)
		530,916	660,213
Other Income		61,521	78,449
Profit from Operations		592,437	738,662
Finance cost		(175,056)	(329,334)
		417,381	409,328
Share of profit in equity accounted investee - net of taxation		(11,154)	1,186
Profit before taxation		406,227	410,514
Taxation		(120,765)	(142,365)
Profit after taxation		285,462	268,149
Share of profit attributable to:			
Equity holders of the holding company		284,618	264,680
Non-controlling interest		844	3,469
		285,462	268,149
			Restated
EARNINGS PER SHARE - BASIC AND DILUTED (Rupees)		12.15	11.41

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



Arif Saeed
(Chief Executive)



Omar Saeed
(Director)



Badar Ul Hassan
(Chief Financial Officer)

Condensed Consolidated Interim Statement of Comprehensive Income (Unaudited)

For the period ended March 31, 2021

	(Unaudited) March 31, 2021	(Unaudited) March 31, 2020 (Rupees in thousand)
Profit after taxation	285,462	268,149
Other comprehensive income / (loss)		
Items that will not be reclassified to profit or loss:		
Surplus arising on remeasurement of investment at fair value through other comprehensive income - net of tax	58,800	(10,640)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign subsidiary	11,075	(4,406)
Exchange difference on translation of goodwill	(3,382)	1,909
	7,693	(2,497)
Other comprehensive income / (loss) for the period - net of tax	66,493	(13,137)
Total comprehensive income for the period	351,955	255,012
Share of total comprehensive income attributable to:		
Equity holders of the holding company	346,681	253,305
Non-controlling interest	5,274	1,707
	351,955	255,012

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



Arif Saeed
(Chief Executive)



Omar Saeed
(Director)



Badar Ul Hassan
(Chief Financial Officer)

Condensed Consolidated Interim Statement of Changes in Equity (Unaudited)

For the period ended March 31, 2021

	Reserves										Shareholders' Equity	Non-controlling interest	Total Equity	
	Share Capital	Capital Reserves					Revenue Reserves							Total Reserves
		Fair value reserve FVTOCI investment	Share premium	Share held by equity accounted investee	Exchange translation reserve	Reserve pursuant to the Scheme	Sub Total	General reserve	Un-appropriated profit	Sub total				
Rupees in thousand														
Balance as at 31 December 2019 - audited	187,950	102,730	2,500	21,217	44,395	4,501	175,343	1,558,208	4,294,131	5,852,339	6,027,682	6,215,632	(31,693)	6,183,939
Transactions with owners:														
Equity share of INCI in Service Long March Tyres (Private) Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	735,000
Profit for the period	-	-	-	-	-	-	-	-	264,680	264,680	264,680	264,680	3,469	268,149
Other comprehensive income / (loss) for the period	-	(10,640)	(10,640)	-	-	(735)	(11,375)	-	-	-	(11,375)	(11,375)	(1,762)	(13,137)
Total comprehensive income for the period	-	(10,640)	(10,640)	-	-	(735)	(11,375)	-	264,680	264,680	253,305	253,305	1,707	255,012
Balance as at 31 March 2020 - unaudited	187,950	102,730	(8,140)	21,217	44,395	3,766	163,968	1,558,208	4,558,811	6,117,019	6,280,987	6,468,937	705,014	7,173,951
Transactions with owners:														
Interim dividend for the year ended 31 December 2019 @ Rupees 12.50 per share	-	-	-	-	-	-	-	-	(140,963)	(140,963)	(140,963)	(140,963)	-	(140,963)
Issue of bonus shares during the year ended 31 December 2019 @ 25%	46,987	-	-	-	-	-	-	-	(46,987)	(46,987)	(46,987)	(46,987)	-	-
	46,987	-	-	-	-	-	-	-	(187,950)	(187,950)	(187,950)	(140,963)	-	(140,963)

Condensed Consolidated Interim Statement of Changes in Equity (Unaudited)

For the period ended March 31, 2021

	Reserves										Shareholders' Equity	Non-controlling interest	Total Equity		
	Share Capital	Capital Reserves					Revenue Reserves							Total Reserves	
		Capital gains	Fair value reserve FYTOCI investment	Share premium	Share held (by equity) accounted investee	Exchange translation reserve	Reserve pursuant to the Scheme	Sub Total	General reserve	Un-appropriated profit					Sub total
Reserve arising pursuant to the Scheme of Compromises, Arrangement and Reconstruction between the Holding Company and its members and Service Global Footwear Limited - subsidiary company and its members (the Scheme)	-	-	-	-	-	927,163	927,163	-	-	-	-	927,163	927,163	-	927,163
Non-controlling interest on investment in subsidiary company	-	-	-	-	-	-	-	-	-	-	-	-	-	746,078	746,078
Profit for the period	-	-	-	-	-	-	-	-	-	1,057,795	1,057,795	1,057,795	1,057,795	(1,512)	1,056,283
Other comprehensive income for the period	-	77,500	-	-	-	1,105	78,605	-	-	(4,012)	74,593	74,593	74,593	1,919	76,512
Total comprehensive income for the period	-	77,500	-	-	-	1,105	78,605	-	-	1,053,783	1,132,388	1,132,388	1,132,388	407	1,132,795
Balance as at 31 December 2020 - audited	234,937	102,730	69,360	21,217	44,395	4,871	927,163	1,169,736	1,558,208	5,424,644	6,982,852	8,152,588	8,387,525	1,451,499	9,839,024
Transactions with owners:															
Non-controlling interest on investment in subsidiary company	-	-	-	-	-	-	-	-	-	-	-	-	-	732,696	732,696
Profit for the period	-	-	-	-	-	-	-	-	-	285,462	285,462	285,462	284,618	844	285,462
Other comprehensive income / (loss) for the period	-	58,800	-	-	-	3,263	62,063	-	-	-	62,063	62,063	62,063	4,430	66,493
Total comprehensive income for the period	-	58,800	-	-	-	3,263	62,063	-	-	285,462	285,462	285,462	346,681	5,274	351,955
Balance as at 31 March 2021 - unaudited	234,937	102,730	128,160	21,217	44,395	8,134	927,163	1,231,799	1,559,208	5,710,106	7,268,314	8,499,269	8,734,206	2,189,469	10,923,675

Rupees in thousand

Reserve arising pursuant to the Scheme of Compromises, Arrangement and Reconstruction between the Holding Company and its members and Service Global Footwear Limited - subsidiary company and its members (the Scheme)

Non-controlling interest on investment in subsidiary company

Profit for the period

Other comprehensive income for the period

Total comprehensive income for the period

Balance as at 31 December 2020 - audited

Transactions with owners:

Non-controlling interest on investment in subsidiary company

Profit for the period

Other comprehensive income / (loss) for the period

Total comprehensive income for the period

Balance as at 31 March 2021 - unaudited

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



Arif Saeed
(Chief Executive)



Omar Saeed
(Director)



Badar Ul Hassan
(Chief Financial Officer)

Condensed Consolidated Interim Statement of Cash Flows (Unaudited)

For the period ended March 31, 2021

	(Unaudited) March 31, 2021	(Unaudited) March 31, 2020
	(Rupees in thousand)	
Cash flow from operating activities		
Profit before taxation	406,227	410,514
Adjustments for non-cash charges and other items:		
Depreciation and amortisation	223,633	236,513
Provision for gratuity	15,334	15,469
Finance cost	251,401	329,334
Provision for workers' profit participation fund	15,543	14,346
Provision for workers' welfare fund	8,148	8,105
Provision / (reversal of provision) for slow moving and obsolete inventory	(1,583)	1,839
Allowance for expected credit losses	4,668	20,969
Profit on saving accounts and term deposit receipts	(22,761)	-
Share of profit in equity accounted investee	11,154	(1,186)
Operating profit before working capital changes	911,764	1,035,903
Working capital changes		
(Increase)/ decrease in current assets		
Stores, spares and loose tools	(13,137)	36,890
Stock in trade	(1,389,319)	(811,089)
Trade debts	(460,391)	(1,378,018)
Loans, advances, trade deposits, prepayments and other receivables	(413,352)	(506,589)
	(2,276,199)	(2,658,806)
Increase in trade and other payables	(290,802)	232,771
	<u>(2,567,001)</u>	<u>(2,426,035)</u>
Cash used in operations	(1,655,237)	(1,390,132)
Finance cost paid	(180,991)	(208,355)
Income tax paid	(342,026)	(68,325)
Employees' retirement benefits paid	(2,129)	(5,096)
Long term loans - net	(6,659)	(2,455)
Long term deposits - net	(6,585)	103,379
Net cash used in operating activities	(2,193,627)	(1,570,984)
Cash flow from investing activities		
Capital expenditure on operating fixed assets	(3,035,725)	(958,577)
Share deposit money received - net	(2,304)	-
Proceeds for investment in subsidiary - Service Long March (Private) Limited	735,000	735,000
Net cash used in investing activities	(2,303,029)	(223,577)
Cash flow from financing activities		
Long term financing - net	1,814,425	(18,854)
Short term borrowings - net	1,139,782	2,881,866
Repayment of lease liabilities	(69,736)	(72,869)
Dividend paid	(84)	(489)
Long term deposits - net	-	(466)
Net cash generated from financing activities	2,884,387	2,789,188
Effects of exchange rate changes on cash and cash equivalents	11,075	(2,497)
Net (decrease) / increase in cash and cash equivalents	(1,601,194)	992,130
Cash and cash equivalents at the beginning of the period	4,195,565	103,548
Cash and cash equivalents at the end of the period	2,594,371	1,095,678

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



Arif Saeed
(Chief Executive)



Omar Saeed
(Director)



Badar Ul Hassan
(Chief Financial Officer)

Notes to the Condensed Consolidated Interim Financial Information (Unaudited)

For the period ended March 31, 2021

1. The Group and its Operations

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

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 the Company are quoted on Pakistan Stock Exchange Limited. The principal activities of the Company are purchase, manufacture and sale of footwear, tyres and tubes and technical rubber products.

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. The principal activities of the Company are manufacturing, sale, marketing, import and export of footwear, leather and allied products. It is wholly owned subsidiary of Service Industries Limited.

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 the Company are to hold investments in subsidiaries / joint ventures and other companies, entities and organizations, listed or otherwise in Pakistan or elsewhere in the world subject to all the applicable laws and procedures but not to act as an investment company. It is wholly owned subsidiary of Service Industries Limited.

Service Shoes Lanka (Private) Limited

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 the Company 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% (2020: 40%).

Notes to the Condensed Consolidated Interim Financial Information (Unaudited)

For the period ended March 31, 2021

Service Long March Tyres (Private) Limited

Service Long March Tyres (Private) Limited is a Private Limited Company incorporated in Pakistan on January 07, 2020 under Companies Act, 2017 (XIX of 2017). The registered office of the Company is situated at Servis House, 2-Main Gulberg, Lahore. The principal line of business of the Company is to carry on the business of manufacturing, sale, marketing, import and export of all steel radial truck and bus tyres. The shareholding of Service Industries Limited in Service Long March Tyres (Private) Limited is 51%.

2. Basis of 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) Associate

Associate is an entity over which the Group 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 Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group'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 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 associate is 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 associate is tested for impairment in accordance with the provision of IAS 36 'Impairment of Assets'.

c) Translations of the financial statements of foreign subsidiary

The financial statements of foreign subsidiary 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 translations differences are recognized under exchange translation reserve in consolidated reserves.

3. Basis of Preparation

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These do not include all the information required for the full set of annual financial statements and the consolidated condensed interim financial statements should be read in conjunction with the annual financial statements of the company for the year ended 31 December 2020.

3.1.2 The condensed consolidated interim financial statements are presented in Pak Rupee which is the company's functional and presentation currency.

4. Accounting Policies

Accounting policies adopted for the preparation of these condensed consolidated Interim financial statements are the same as those applied in the preparation of preceding annual financial statements of the Company.

Notes to the Condensed Consolidated Interim Financial Information (Unaudited)

For the period ended March 31, 2021

The preparation of condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expenses. Actual results may differ from these estimates. In preparing this condensed consolidated interim financial statements, the significant judgments made by the management in applying accounting policies and key sources of estimation were the same as those that were applied to the consolidated financial statements as at and for the year ended December 31, 2020.

5. Contingencies and Commitments

5.1 Contingencies

There is no significant change in the status of contingencies as disclosed in the preceding audited annual published consolidated financial statements of the Group for the year ended 31 December 2020 except for the following:

Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 1,849.593 million (31 December 2020 Rupees 1,686.555 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.

5.2 Commitments

- 5.2.1 Guarantees issued in ordinary course of business through banks are of Rupees 946.845 million (2020: Rupees 958.318 million).
- 5.2.2 Contracts for capital expenditure are approximately of Rupees 12,829.999 million (2020: Rupees 12,396.763 million).
- 5.2.3 Letters of credit other than capital expenditure are of Rupees 2,130.541 million (2020: Rupees 2,786.092 million).
- 5.2.4 The Company has obtained vehicles under ijarah arrangements from Meezan Bank Limited, Allied Bank Limited and Bank Al Habib Limited for a period of five years. Future Ujrah payments under Ijarah are as follows:

		(Unaudited) March 31, 2021	(Audited) December 31, 2020
(Rupees in thousand)			
	Not later than one year	58,964	65,435
	Later than one year and not later than five years	90,446	106,257
		149,410	171,692
6	Fixed Assets		
	Operating fixed assets (Note 6.1)	8,512,569	8,708,099
	Capital work-in-progress	3,903,237	858,827
		12,415,806	9,566,926
6.1	Operating fixed assets		
	Opening net book value	8,708,099	7,016,077
	Add: Additions during the period (Note 6.2)	13,686	1,593,913
		8,721,785	8,609,990
	Less: Disposals during the period (at book value) (Note 6.2)	(261)	(25,859)
		8,721,524	8,584,131
	Currency retranslation	(9,638)	704
	Completion date adjustment under the Scheme	-	927,163
		8,711,886	9,511,998
	Less: Depreciation charged during the period	(199,317)	(803,899)
		8,512,569	8,708,099

6.2 Following is the detail of additions and disposals during the period.

	Additions		Disposals - NBV	
	Unaudited March 31, 2021	Audited December 31, 2020	Unaudited March 31, 2021	Audited December 31, 2020
(Rupees in thousand)				
Land	950	135,661	-	-
Leasehold land	-	789,114	-	-
Building on freehold land	-	71,383	-	-
Plant and machinery	4,870	379,913	-	1,975
Furniture, fixture and fittings	735	7,401	-	472
Vehicles	136	49,929	181	6,545
Service equipments	6,995	98,615	80	1,527
Leasehold improvements	-	61,897	-	15,340
	13,686	1,593,913	261	25,859

Notes to the Condensed Consolidated Interim Financial Information (Unaudited)

For the period ended March 31, 2021

	Note	(Unaudited) March 31, 2021	(Audited) December 31, 2020
		(Rupees in thousand)	
7	Long term investments		
	Investment in associate (with significant influence)		
	- under equity method (Note 7.1)	455,043	466,107
	Investment in joint ventures - at cost (Note 7.2)	240	240
	Other investment - at FVTOCI (Note 7.3)	150,210	91,410
		605,493	557,757
7.1	Investment in associate (with significant influence) - under equity method		
	Speed (Private) Limited		
	263,909 (2020: 263,909) fully paid ordinary shares of Rupees 100 each	342,526	342,526
	Share of post acquisition reserve		
	As at the beginning of the year	96,170	175,090
	Adjustment due to adoption of IFRS 16	-	(58,532)
	Share of post acquisition profit for the period	368	(20,478)
		96,538	96,080
		439,064	438,606
	JOMO Technologies (Private) Limited		
	40,000,000 (2020: 40,000,000) fully paid ordinary shares of Rupees 1 each	40,000	40,000
	As at the beginning of the year	(12,499)	-
	Adjustment due to adoption of IFRS 16	-	-
	Share of post acquisition profit for the period	(11,522)	(12,499)
		(24,021)	(12,499)
		15,979	27,501
		455,043	466,107

	(Unaudited) March 31, 2021	(Audited) December 31, 2020
	(Rupees in thousand)	
7.2 Investment in joint ventures - at cost		
S2 Power Limited		
24,000 (2020: 24,000) fully paid ordinary shares of Rupees 100 each	-	240
S2 Hydro Limited		
24,000 (2020: 24,000) fully paid ordinary shares of Rupees 10 each	240	240
Impairment loss recognized against investment in S2 Power Limited	-	(240)
	240	240

	(Unaudited) March 31, 2021	(Unaudited) March 31, 2020
	(Rupees in thousand)	
7.3 Other investment - at FVTOCI		
TRG Pakistan Limited		
1,000,000 (2020: 1,000,000) fully paid ordinary shares of Rupees 10 each	91,410	22,050
Fair value adjustment	58,800	69,360
	150,210	91,410

8 Sales

Sales of footwear (Net)

Export sales	1,760,600	2,450,877
Local sales	1,513,598	1,057,929
Duty draw back	24,465	87,677
	3,298,663	3,596,483

Sale of tyres (Net)

Export sales	502,188	197,613
Local sales	4,690,726	3,063,801
Duty draw back	-	707
	5,192,914	3,262,121

Sale of technical rubber products (Net)

Local sales	112,940	18,072
	8,604,517	6,876,676

Notes to the Condensed Consolidated Interim Financial Information (Unaudited)

For the period ended March 31, 2021

	Note	(Unaudited) March 31, 2021	(Unaudited) March 31, 2020
(Rupees in thousand)			
9	Cost of sales		
	Raw materials consumed	(Note 9.1) 4,900,015	3,760,635
	Salaries, wages and other benefits	973,143	983,058
	Stores and spares consumed	94,206	98,436
	Packing materials consumed	217,994	207,242
	Fuel and power	319,042	255,938
	Insurance	7,348	6,025
	Travelling	5,308	8,310
	Repair and maintenance	58,478	55,408
	Entertainment	1,481	1,317
	Depreciation	164,868	172,198
	Provision for slow moving and obsolete inventory	5,942	1,839
	Other manufacturing charges	46,231	45,406
		6,794,056	5,595,812
	Work in process:		
	Opening Stock	700,755	479,707
	Less: Closing stock	(1,280,608)	(655,723)
		(579,853)	(176,016)
	Cost of goods manufactured	6,214,203	5,419,796
	Finished goods:		
	Opening stock	2,930,940	2,970,441
	Add: Purchases during the period	969,674	718,371
	Less: Closing stock	(3,107,138)	(3,789,422)
		793,476	(100,610)
		7,007,679	5,319,186
9.1	Raw material consumed		
	Opening Stock	2,706,529	1,878,197
	Add: Purchases during the period	4,098,037	3,725,315
	Less: Closing stock	(1,904,551)	(1,842,877)
		4,900,015	3,760,635

Notes to the Condensed Interim Financial Information (Unaudited)

For the period ended March 31, 2021

10. 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.

Technical Rubber Products: Manufacturing of different qualities of rubber products on specifications.

(Rupees in thousand)

	Footwear		Tyre		Technical Rubber Products		Total - Company	
	Period ended		Period ended		Period ended		Period ended	
	Unaudited		Unaudited		Unaudited		Unaudited	
Mar. 31, 2021	Mar. 31, 2020	Mar. 31, 2021	Mar. 31, 2020	Mar. 31, 2021	Mar. 31, 2020	Mar. 31, 2021	Mar. 31, 2020	Mar. 31, 2020
Sales	3,298,663	3,596,483	5,192,914	3,262,121	112,940	18,072	8,604,517	6,876,676
Profit/(loss) before taxation and unallocated income and expenses	140,862	420,637	617,507	490,082	36,571	1,468	794,940	912,187
Unallocated income and expenses:							(388,713)	(501,673)
Taxation							(120,765)	(142,365)
Profit after taxation							285,462	268,149

Notes to the Condensed Consolidated Interim Financial Information (Unaudited)

For the period ended March 31, 2021

- 11 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 March 2021 (Unaudited)	Rupees in thousand			Total
	Level 1	Level 2	Level 3	
Financial assets				
Financial assets at fair value through other comprehensive income	150,210	-	-	150,210
Total financial assets	150,210	-	-	150,210
----- Rupees in thousand -----				
Recurring fair value measurements At 31 December 2020 (Audited)	Rupees in thousand			Total
	Level 1	Level 2	Level 3	
Financial assets				
Available for sale financial asset	91,410	-	-	91,410
Total financial assets	91,410	-	-	91,410

Notes to the Condensed Consolidated Interim Financial Information (Unaudited)

For the period ended March 31, 2021

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

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

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

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

(ii) Valuation techniques used to determine fair values

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

12 Transactions with Related Parties

(i) Transaction with related parties and associated undertakings, other than those disclosed elsewhere in the financial statements are as follows:

	(Unaudited) March 31, 2021 (Rupees in thousand)	(Unaudited) March 31, 2020
Associated companies		
Servis Foundation	11,386	5,242
Jomo Technologies (Private) Limited	12,067	-
Speed (Private) Limited	646	1,753
Service Charitable Trust	1,106	-
Other related parties		
Employees' retirement benefits	63,466	59,789

(ii) Period end balances

As at 31 March 2021 (Un-audited)		
Associated companies	Other related parties	Total

(Rupees in thousand)

Employee benefit plans	-	306,201	306,201
Loans and advances	11,476	-	11,476

As at 31 December 2020 (Audited)		
Associated companies	Other related parties	Total

(Rupees in thousand)

Employee benefit plans	-	298,606	298,606
Loans and advances	11,476	-	11,476

Notes to the Condensed Consolidated Interim Financial Information (Unaudited)

For the period ended March 31, 2021

13 The Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The condensed interim financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2020.

There have been no changes in the risk management policies since the year end.

14 Date of authorization for issue

These financial statements were authorized for issue on 29 April 2021 by the Board of Directors of the Group.

15 Corresponding figures

In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", the consolidated condensed interim statement of financial position and consolidated condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the consolidated condensed interim statement of profit or loss, consolidated condensed interim statement of comprehensive income and consolidated condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison.

16 General

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



Arif Saeed
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Omar Saeed
(Director)



Badar Ul Hassan
(Chief Financial Officer)

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