

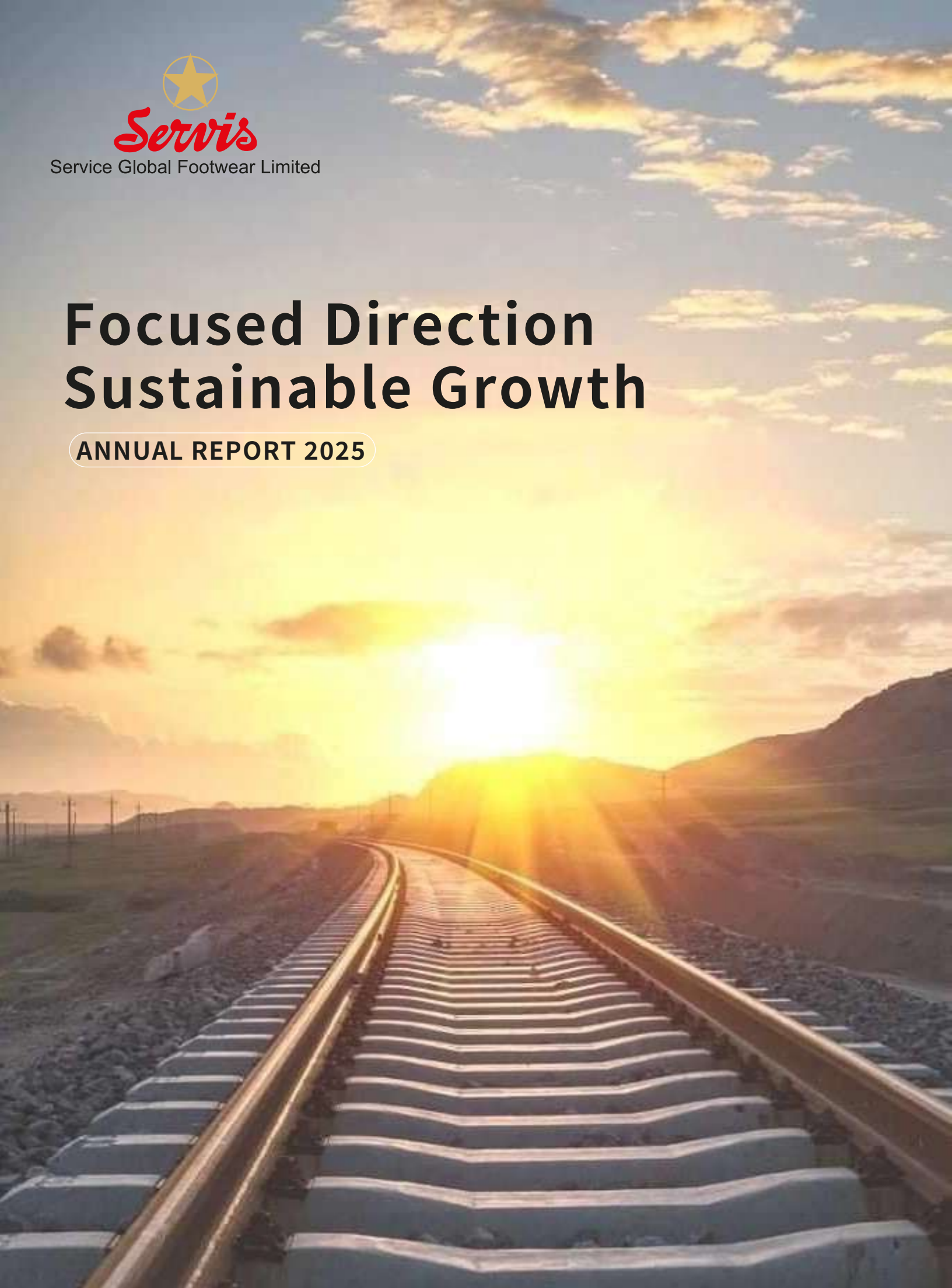


Servis

Service Global Footwear Limited

Focused Direction Sustainable Growth

ANNUAL REPORT 2025



Cover Story

Guided by a well-defined strategic vision, the company remains dedicated to disciplined execution and creating long-term value. We continue to strengthen our core capabilities, enhance operational efficiency, to support responsible and sustainable growth.

Our growth approach is anchored in financial discipline, environmental stewardship, and strong stakeholder relationships ensuring that the progress we achieve today builds a foundation for enduring success in the future.

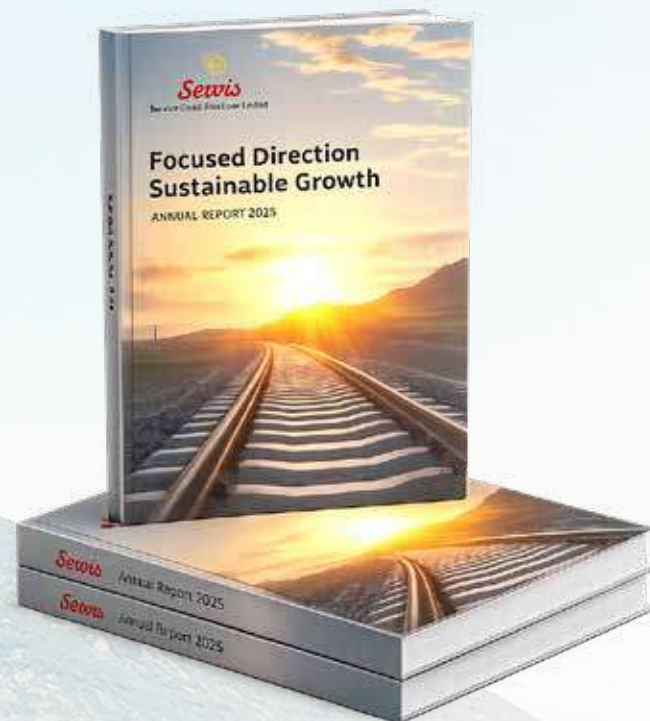


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Our History

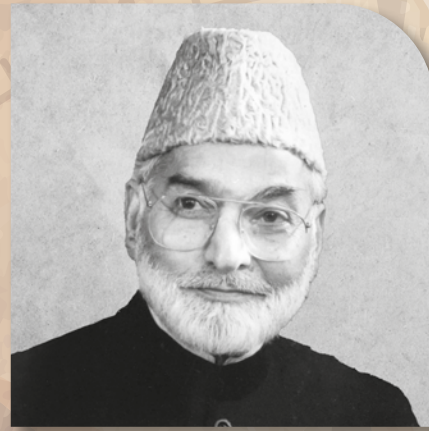
The story of 'Servis' begins in late 1930s when a group of three young graduates from college, started exploring the possibility of doing business together instead of aspiring for secured jobs. These determined young men, Chaudhry Nazar Muhammad, Chaudhry Mohammad Husain, both hailing from villages in 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 a 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



Ch. Muhammad Hussain

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

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



Ch. Nazar Muhammad

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

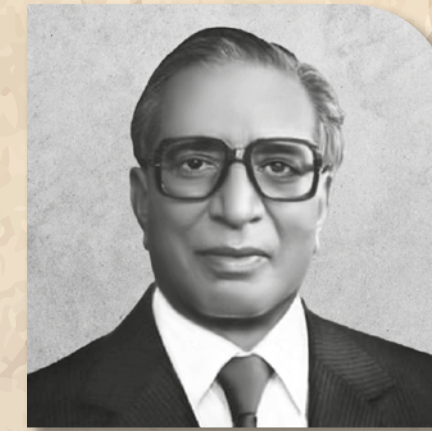
At Gujrat, they acquired large piece of land and established one of the biggest industrial complexes in Punjab, manufacturing leather and canvas footwear, canvas fabric, textile spinning and eventually also bicycle tires and tubes.

Humility, fairness and diligence were the core values held by our founders and these led to the phenomenal success of the group over the years. They were hugely focused on the impact of 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 Husain was a great promoter of cricket and became President for the Board of Control for Cricket in Pakistan.



Ch. Muhammad Saeed

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.

Tribute in Loving Memories of 3 Heroes

You planted trees under whose shade we now stand.

You lit lamps that continue to illuminate paths.

You may have left this world, but your legacy walks on In every step we take, in every dream we chase.

Forever Remembered. Forever inspiring.

Our Vision, Mission and Core Values

VISION

To become the region's leading supply chain company by achieving consistent and sustained growth and delivering value to its business partners and its people.

MISSION

Strive continuously to exceed customer expectations in quality, delivery and service by developing top talent in the company and in its supply chain.

To become the most trusted footwear atelier for our partners around the world through a culture of inclusivity, innovation, transparency and agility; and to deliver the highest value to our employees, shareholders and society.

To add value to our partners around the world by delivering the finest quality through continuous improvement.

Core Values

S Synergy: Combining efforts & achieving greatest results as one team.

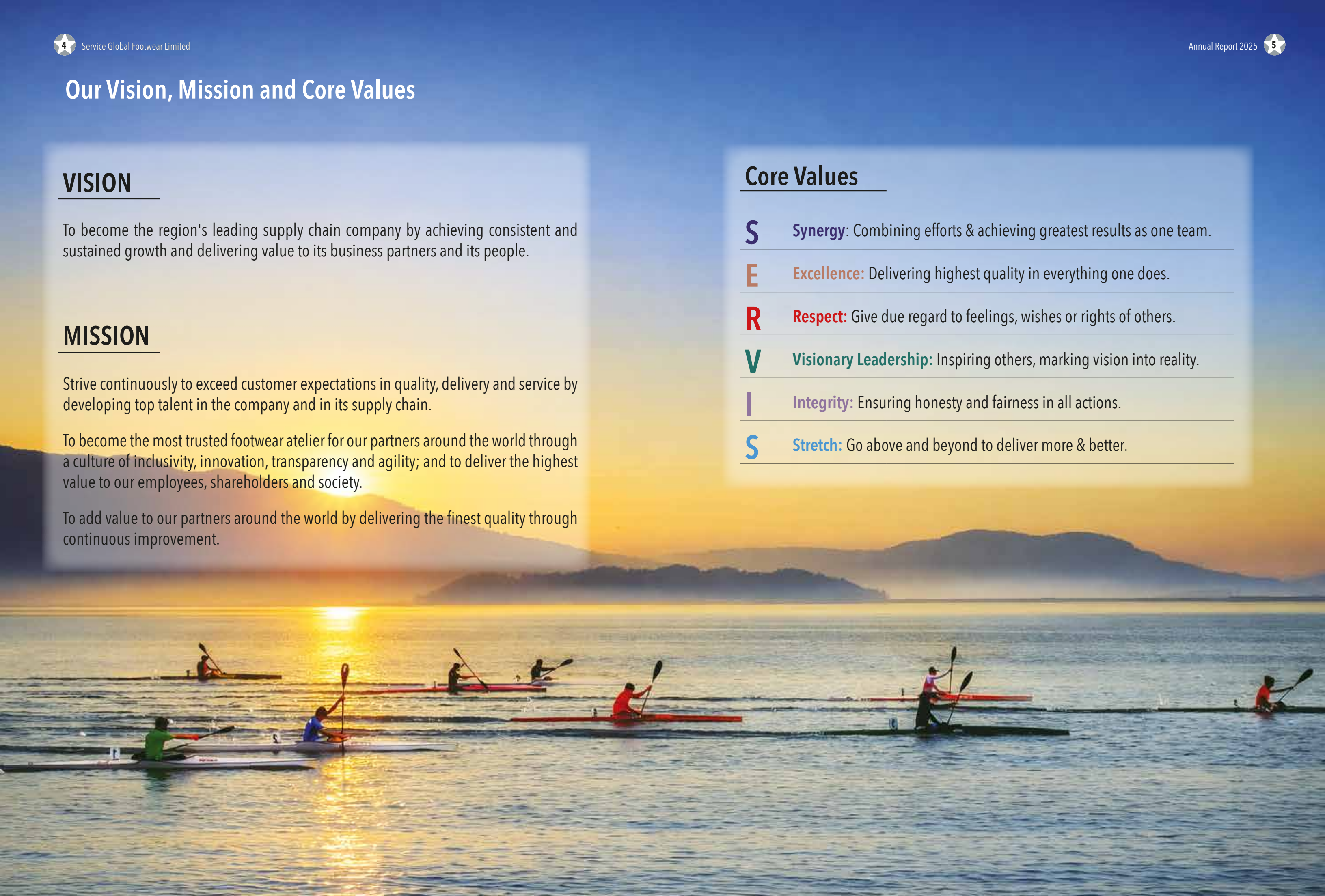
E Excellence: Delivering highest quality in everything one does.

R Respect: Give due regard to feelings, wishes or rights of others.

V Visionary Leadership: Inspiring others, marking vision into reality.

I Integrity: Ensuring honesty and fairness in all actions.

S Stretch: Go above and beyond to deliver more & better.



Company Information

Board of Directors

Mr. Arif Saeed

Chairman / Non-Executive Director

Mr. Hassan Javed

Chief Executive Officer /Executive Director

Chaudhry Ahmed Javed

Non-Executive Director

Mr. Omar Saeed

Non-Executive Director

Mr. Azmat Ali Ranjha

Independent Director

Mr. Abdul Rashid Lone

Independent Director

Ms. Maleeha Humayun Bangash

Independent Director

Mr. Hassan Ehsan Cheema

Executive Director

Mr. Qadeer Ahmed Vaseer

Executive Director

Mr. Usman Liaqat

Chief Financial Officer

Mr. Waheed Ashraf

Company Secretary

Audit Committee**Mr. Abdul Rashid Lone**

Chairman

Mr. Omar Saeed

Member

Ms. Maleeha Humayun Bangash

Member

Human Resource and Remuneration Committee**Mr. Azmat Ali Ranjha**

Chairman

Mr. Hassan Javed

Member

Mr. Omar Saeed

Member

Bankers

Allied Bank Limited

Askari Bank Limited

Bank Islami Pakistan Limited

Bank of Punjab - Islamic

Bank Alfalah

Bank of Khyber

Bank Al Habib Limited

Dubai Islamic Bank Limited

Faysal Bank Limited

Habib Metropolitan Bank

Habib Bank Limited

Meezan Bank Limited

MCB Islamic Bank Limited

MCB Bank Limited

National Bank of Pakistan

Soneri Bank Limited

Standard Chartered Bank (Pakistan) Limited

Samba Bank Limited

United Bank Limited

Auditors

M/s. Riaz Ahmad & Company, Chartered Accountants

Legal Advisor

Muhammad Ashfaq, Advocate High Court,
of 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- 35916719,

35839182

Pakistan Stock Exchange Limited

Stock Exchange Symbol **SGF**

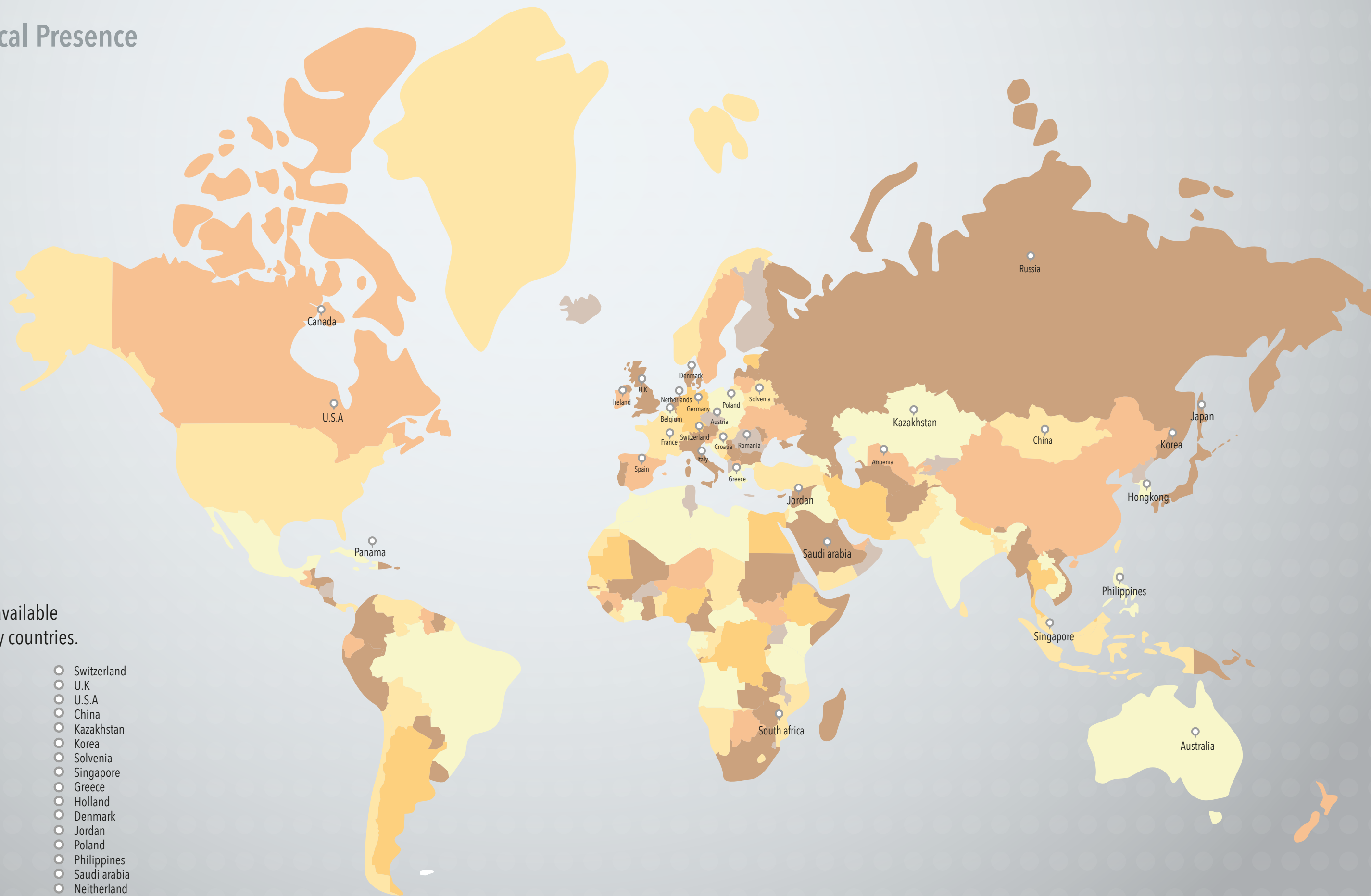
Factory

10-KM Muridke, Sheikhpura Road, Muridke

Web Presence

www.serviceglobalfootwear.com

Geographical Presence



Our products are available in more than thirty countries.

- Australia
- Austria
- Belgium
- Canada
- Croatia
- France
- Germany
- Hong kong
- Ireland
- Italy
- Japan
- Panama
- Romania
- Russia
- South africa
- Spain
- Switzerland
- U.K
- U.S.A
- China
- Kazakhstan
- Korea
- Slovenia
- Singapore
- Greece
- Holland
- Denmark
- Jordan
- Poland
- Philippines
- Saudi arabia
- Neitherland

Notice of Annual General Meeting

Notice is hereby given that the 7th Annual General Meeting ("AGM") of Service Global Footwear Limited (the Company) will be held on **Wednesday, the April 29, 2026 at 10:00 a.m.** at Shalimar Tower Hotel, Adjacent Servis House, 2 - Main Gulberg, Lahore, to transact the following business:

Ordinary Business:

- To receive, consider and adopt the audited separate and consolidated financial statements of Service Global Footwear Limited (the 'Company') for the year ended December 31, 2025, together with the Directors' and Auditors' Reports thereon and Chairman's Review Report.

In accordance with Section 223(7) 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:

[Financial Reports - Service Global Footwear](#)



- To approve the final cash dividend of Rs. 2 per share i.e. 20% as recommended by the Board of Directors for the year ended December 31, 2025.
- 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.
- To elect Nine (09) Directors of the Company, as fixed by the Board of Directors, in accordance with the provisions of Section 159(1) of the Companies Act, 2017 for the next term of three years commencing from May 29, 2026. The names of retiring Directors, who may be eligible for re-election, are as follows:

- | | |
|------------------------|-------------------------------|
| 1 Mr. Ahmed Javed | 6 Mr. Abdul Rashid Lone |
| 2 Mr. Arif Saeed | 7 Ms. Maleeha Humayun Bangash |
| 3 Mr. Omar Saeed | 8 Mr. Hassan Ehsan Cheema |
| 4 Mr. Hassan Javed | 9 Mr. Qadeer Ahmed Vaseer |
| 5 Mr. Azmat Ali Ranjha | |

Special Business:

- To consider and if deemed fit and pass with or without modification, a resolution as Special Resolution, as proposed in the Statement of Material Facts, pursuant to the provisions of Section 199 of the Companies Act, 2017 for renewal of the investment in the form of working capital loan of up to PKR 4.5 Billion (Rupees Four Billion Five Hundred Million Only) in Service Industries Limited, a holding / associated company approved by the shareholders vide special resolution dated April 28, 2025 and expiring June 30, 2026 for a further period of one year till June 30, 2027 with all other terms and conditions of the investment to remain unchanged.

(Annexed to the notice being circulated to the shareholders is a statement of material facts and draft resolutions pertaining to special business to be transacted at the AGM).

By Order of the Board

Waheed Ashraf
Company Secretary

Lahore
April 08, 2026

NOTES:

- The Share Transfer Books of the Company will remain closed from April 23, 2026 to April 29, 2026 (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 22, 2026 will be considered in time for the purpose of entitlement of final cash dividend and to attend, speak and vote at the AGM.
- 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.
- 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

- 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.
- 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

- 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.
- The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
- Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
- The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- 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.

- The members can also participate in the Annual General Meeting through video link facility.

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

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

The video link and login credentials will be shared with the shareholders whose e-mails, containing all the requested particulars, are received at the given e-mail address by or before the close of business hours (5:00 p.m.) on April 22, 2026.

- 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 submit Electronic Credit Mandate directly to the shareholder's Broker/Participant/CDC Account Services.

Notice of Annual General Meeting

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

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

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

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

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

7. Procedure for E-Voting

- In accordance with the Companies (Postal Ballot) Regulations, 2018, (the "Regulations") the right to vote through electronic voting facility and voting by post shall be provided to members of every listed company for, inter alia, all businesses classified as special business under the Companies Act, 2017 in the manner and subject to conditions contained in the Regulations.
- Detail of e-Voting facility will be shared through e-mail with those members of the company who have valid cell numbers / e-mail addresses (Registered e-mail ID) available in the Register of Members of the Company by the end of business on April 22, 2026. Members who intend to exercise their right of vote through E-voting shall provide their valid cell numbers and email addresses on or before April 22, 2026.
- Identity of the Members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.
- Members shall cast vote for the agenda item No. 5 online from April 26, 2026 till April 28, 2026 5:00 p.m. Voting shall close on April 28, 2026, at 5:00 p.m. A vote once cast by a Member, shall not be allowed to be changed. Whereas, the details of e-voting for agenda item no. 4 in respect of Election of Directors will be issued as per prescribed timeline.

8. Procedure for Voting Through Postal Ballot

- Members may alternatively opt for voting through postal ballot. For convenience of the members, Ballot Paper in respect of agenda item no. 5 is annexed to this notice and the same is also available on the Company's website www.serviceglobalfootwear.com to download. Whereas, the ballot paper for agenda item no. 4 in respect of Election of Directors will be issued as per prescribed timeline.
- The members must ensure that the duly filled and signed ballot paper, along with a copy of Computerized National Identity Card (CNIC) should reach the Chairman of the meeting through post at the Company's registered address, Servis House, 2-Main Gulberg, Lahore, or email at chairman@servis.com one day before the AGM, i.e., on April 28, 2026 before 5:00 p.m. In case of member is a corporate entity, the Board's resolution / power of attorney with specimen signature shall also be furnished (unless it has been provided earlier) along with ballot paper to the Company. A postal ballot received after this time / date shall not be considered for voting. The signature on the Ballot Paper shall match with signature on the CNIC.
- In accordance with the Regulation 11 of the Regulations, the Board of the Company has appointed M/s Riaz Ahmad & Company, Chartered Accountants, (a QCR rated audit firm) to act as the Scrutinizer of the Company for the special business to be transacted in the meeting and election of Directors to undertake other responsibilities as defined in Regulation 11A of the Regulations.

9. Election of Directors

Ordinarily, the Election of Directors would fall due on 28 May 2026. However, Securities and Exchange Commission of Pakistan vide Circular No. 7 of 2025 and Circular No. 1 of 2026, has permitted the Companies to hold the Election of Directors in the Annual General Meeting (AGM) where such election becomes due within 30 days after the holding of the AGM. Accordingly, the Board of Directors has approved to hold the Election of Directors in the AGM of the Company.

Any member who seeks to contest the election of Directors, whether he / she is retiring Director or otherwise, shall file with the Company at its registered office not later than fourteen days before the date of meeting, the following documents:

- Notice of his / her intention to offer himself / herself for election of Directors in terms of Section 159 of the Companies Act, 2017.
- His / her Folio No. / CDC Investor Account No. / CDC Participant ID No. / Sub-Account No.
- Consent to act as a Director (Appendix to Form-9) under Section 167 of the Companies Act, 2017 and the Companies Regulations, 2024.
- A detailed profile along with office address and contact information for placement on Company's website.
- The Independent Directors shall submit a declaration under clause 6(3) of the Listed Companies (Code of Corporate Governance) Regulations, 2019 that he / she qualify the criteria of independence notified under Section 166 of the Companies Act, 2017.
- Attested Copy of valid Computerized National Identity Card (CNIC) / Passport and National Tax Number (NTN).
- Detail of other Directorship(s) and office(s) held.
- The candidates are requested to read the relevant provisions / requirements relating to the Election of Directors, as stipulated in the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019, the other applicable laws and regulations and ensure the compliance with the same in letter and spirit.
- A declaration confirming that:
 - He/she is aware of duties and powers under the relevant applicable laws, Memorandum & Articles of Association of Company, the Listed Companies (Code of Corporate Governance) Regulations, 2019 and listing regulations of Pakistan Stock Exchange Limited;
 - He/she is not serving as a Director in more than seven (7) listed companies simultaneously including as an alternate Director;
 - He/she is not ineligible to become a Director of a listed company under Section 153 of the Companies Act, 2017 and any other applicable laws and regulations.

10. 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.

Notice of Annual General Meeting

11. The Company has placed the Annual Report containing Audited Annual Financial Statements for the year ended 31 December 2025, Auditors' and Directors' Reports thereon and Chairman's Review Report on its website: www.serviceglobalfootwear.com and can also be downloaded / viewed from the following QR code and weblink:

[Financial Reports - Service Global Footwear](#)



12. 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.

13. In terms of SRO 452 (I)/2025 dated March 17, 2025, issued by SECP, no gifts will be distributed at the meeting.

14. The members of the Company are required to submit Declaration for Zakat exemption in terms of Zakat and Ushr Ordinance, 1980 to the Company.

15. 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.

16. For any query / problem / 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 SECTION 166(3) OF THE COMPANIES ACT, 2017 IN RESPECT OF APPOINTMENT OF INDEPENDENT DIRECTORS AND UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 CONCERNING THE SPECIAL BUSINESS TO BE TRANSACTED AT THE ANNUAL GENERAL MEETING:

This statement sets out the material facts pertaining to the justification for appointment of Independent Director and Special Business to be transacted at the Annual General Meeting of the Company to be held on April 29, 2026.

Item No. 4 of the Agenda - Election of Directors

Pursuant to the requirements of Section 166 (3) of the Companies Act, 2017, independent Directors will be elected through the process of election of Directors as laid down under Section 159 of the Companies Act, 2017.

The Company shall exercise due diligence before selecting a contestant for Independent Director and it will be ensured that the independent directors to be elected will meet the criteria set out for independence under Section 166 of the Companies Act, 2017 and regulations issued thereunder and their names are listed on the data bank of independent directors maintained by Pakistan Institute of Corporate Governance.

The candidates are requested to read the relevant provisions / requirements relating to the Election of Directors, as stipulated in the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019, the other applicable laws and regulations and ensure the compliance with the same in letter and spirit.

No Directors have direct or indirect interest in the above said business other than as shareholders of the Company and that they are eligible to contest the election for directorship.

Item No. 5 of the Agenda - Renewal of investment in the form of working capital loan up to PKR 4.5 Billion (Rupees Four Billion Five Hundred Million Only) in Service Industries Limited, a holding / associated company

The members of Service Global Footwear Limited (SGFL) in their Annual General Meeting held on April 28, 2025 had renewed the investment in the form of working capital loan of up to PKR 4.5 Billion (Rupees Four Billion Five Hundred Million Only) in Service Industries Limited (SIL), a holding / associated company, as and when required by SIL, for a further period of one year till June 30, 2026 pursuant to the requirements of Section 199 of the Companies Act, 2017 at markup rate of 1 month KIBOR plus 5 bps, which shall not be less than the borrowing cost of the Company to be charged by SGFL on the amount of loan outstanding. No amount of working capital loan is outstanding against this investment as on March 11, 2026.

The tenor of the working capital loan will be expiring on June 30, 2026. It is now proposed to renew the investment in the form of working capital loan of up to PKR 4.5 Billion for a further period of one year till June 30, 2027. All other terms and conditions of the investment will remain unchanged. The renewal of the working capital loan facility is subject to approval of the shareholders of SGFL in accordance with the requirements of Section 199 of the Companies Act, 2017.

Regulation No. 5(7) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 issued by SECP vide SRO 1240(I)/2017 dated December 06, 2017 requires that the Company shall not extend to an associated company or associated undertaking any loan or advance as running finance, revolving line of credit or any other similar facility for a period beyond one year provided that members may approve renewal of such loan or advance pursuant to section 199 of the Act. Further, Section 199(4) of the Companies Act, 2017 requires that no change in nature and terms and conditions of the investment shall be made except under the authority of a special resolution.

In terms of SRO 452(I)/2025 dated March 17, 2025 issued by SECP, the Board of Directors of the Company while recommending the renewal of investment in the form of working capital loan relied on the grounds that the loan is being sanctioned to holding company who has a track record of timely repayment and is in good financial health to repay in future as well. Further, the loan carries interest rate determined on arm's length basis and is well above the average borrowing rate of the Company. Accordingly, the Board of Directors of SGFL in their meeting held on March 18, 2026 has recommended the renewal of working capital loan of up to PKR 4.5 Billion for a further period of one year till June 30, 2027 subject to approval of special resolution by the shareholders.

Accordingly, renewal of the working capital loan to Service Industries Limited is being presented to the members for approval through passing of special resolution to fulfill the requirements of the afore-mentioned law and regulations.

None of the Directors, sponsors, majority shareholders of the Company and their relatives have any interest, directly or indirectly, in the proposed special resolution, except as stated below:

Service Global Footwear Limited do not hold any share in Service Industries Limited.

Mr. Arif Saeed, Mr. Omar Saeed and Mr. Hassan Javed Directors of the Company, are also Directors of SIL. The Directors are also interested to the extent of their remunerations.

Following are their present shareholdings in SIL:

Name of Director	Shareholding
Mr. Arif Saeed and his spouse	5,136,666
Mr. Omar Saeed	4,765,824
Mr. Hassan Javed and his spouse	9,464,524

Notice of Annual General Meeting

Service Industries Limited (SIL), a holding / associated company, currently holds 75.01% shareholding in Service Global Footwear Limited. The shareholding of the Directors of Service Global Footwear Limited is as follows:

Name of Director	Shareholding
Chaudhry Ahmed Javed	1
Mr. Arif Saeed	782,001
Mr. Omar Saeed and his spouse	65,001
Mr. Hassan Javed	1
Mr. Azmat Ali Ranjha	1
Mr. Abdul Rashid Lone	1
Ms. Maleeha Humayun Bangash	1
Mr. Hassan Ehsan Cheema	464,251
Mr. Qadeer Ahmed Vaseer	325,751

The Service Global Footwear Limited (SGFL) and its sponsors and directors have no interest, directly or indirectly in the Company except as stated above.

The following resolutions are proposed to be passed as special resolutions, with or without any modification.

“Resolved that pursuant to the requirements of Section 199 of the Companies Act, 2017, approval of the members of Service Global Footwear Limited (the “Company”) be and is hereby accorded and the Company be and is hereby authorized to renew the investment of up to PKR 4.5 Billion (Rupees Four Billion Five Hundred Million) in the form of working capital loan in Service Industries Limited, a holding / associated company, approved by the shareholders vide special resolution dated April 28, 2025 and expiring on June 30, 2026, for a further period of one year till June 30, 2027 with all other terms and conditions of the investment to remain unchanged.”

Further resolved that Mr. Hassan Javed, Chief Executive Officer and / or Mr. Arif Saeed, and / or Mr. Omar Saeed, Directors of the Company be and is hereby singly empowered and authorized to undertake the decision of said investment as and when deemed appropriate and necessary in the best interest of the Company and its shareholders and to take all steps and actions necessary, incidental and ancillary including execution of any and all documents and agreements as may be required in this regard and to do all acts, deeds and things, that may be considered necessary or necessary for the purpose of implementing this resolution.”

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 Limited (SLM)	Service Industries Limited (SIL)	Service Athletic Global Footwear (Private) Limited
Total Investment Approved	Long Term equity investment of Rs. 2,175,215,000 for purchase of 217,521,500 shares was approved by the shareholders in the EOGM held on December 30, 2020. Subsequently, the shareholders in the EOGM held April 28, 2022 enhanced the Long term equity investment by Rs. 350,000,000 from Rs. 2,175,215,000 to upto Rs. 2,525,215,000 for purchase of 35,000,000 shares. The shareholders in the EOGM held on January 22, 2024 approved further long term equity investment of up to Rs. 1,500,000,000 for purchase of 150,000,000 shares.	Working capital loan of up to Rs. 4.5 Billion for a period of one year till June 30, 2026.	The shareholders in EOGM held on February 27, 2026 has approved long term equity investment of upto Rs. 1,000,000,000 from time to time in Service Athletic Global Footwear (Private) Limited, to be incorporated as subsidiary company, by subscribing at Par fully paid up ordinary shares of the proposed subsidiary company.
Amount of Investment made to date	An investment of Rs. 2,709,717,040 has been made so far by the Company in SLM by acquiring 1,354,858,520 shares having par value of Rs. 2.	No working capital loan is outstanding as of today.	No investment has been made, since, the subsidiary Company has not been incorporated yet.
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 22, 2024.	Currently, no amount is due from associated company against above loan facility.	No deviation. The validity of resolution for investment is five (5) years from February 27, 2026.

Notice of Annual General Meeting

Name of Investee Company	Service Long March Tyres Limited (SLM)	Service Industries Limited (SIL)	Service Athletic Global Footwear (Private) Limited
Material change in financial statements of associated company or associated undertaking since the date of the resolution passed for approval of investment in such company	<p>There is no material change in the financial statements of the associated company since the date of passing of special resolution.</p> <p>As per latest audited financial statements for the year ended June 30, 2025 the balance sheet size is Rs. 52.86 Billion, Profit after tax is Rs. 10.02 Billion and Earnings per share is Rs. 7.</p> <p>The shareholders of SLM in their Extraordinary General Meeting held on October 13, 2025 had approved the split of par value of its shares from Rs. 10 each to Rs. 2 each. Furthermore, SLM has also announced for listing of its shares on Pakistan Stock Exchange Limited subject to compliance of applicable requirements.</p>		Not applicable

Information under Regulation 3(4) and Regulation 4(3) of the Regulations:

The documents relating to special business can be inspected by the shareholders in the general meeting as provided under Regulations 3(4) and 4(3) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017.



"We do not chase growth we engineer it with focus."

Board of Directors



Mr. Arif Saeed
Chairman / Non Executive Director



Mr. Hassan Javed
Chief Executive Officer/ Executive Director



Chaudhry Ahmed Javed
Non Executive Director



Mr. Omar Saeed
Non Executive Director



Mr. Azmat Ali Ranjha
Independent Director



Mr. Abdul Rashid Lone
Independent Director



Ms. Maleeha Humayun Bangash
Independent Director



Mr. Hassan Ehsan Cheema
Executive Director



Mr. Qadeer Ahmed Vaseer
Executive Director

Group Executive Committee



Mr. Hassan Javed
Chief Executive Officer/ Executive Director



Mr. Arif Saeed
Chairman / Non Executive Director



Mr. Omar Saeed
Non Executive Director

Mr. Hassan Javed is a leather technologist from Nene College, United Kingdom, and a shoe technologist from ISMS School, Czech Republic. He is the Chief Executive Officer of Service Global Footwear Limited.

Mr. Javed has also served Service Industries in various capacities, most notably as the Resident Director, Gujrat, for more than fifteen years. He served as the Chairman of the Board of Directors of Gujranwala Electricity Supply Company. He serves as a Director of Standard Spinning Mills (Private) Limited. He has also served as the Chairman of the Pakistan Footwear Manufacturers Association.

Under his leadership, Service Global has established a joint venture with a leading Chinese company for the export of athletic footwear from Pakistan. He was awarded the Tamgha-i-Imtiaz by the President of Pakistan in recognition of being the largest exporter of footwear in 2024.

Mr. Arif Saeed graduated from the University of Oxford. He currently serves as the Chairman of Service Global Footwear Limited, the Chief Executive Officer of Service Industries Limited and Service Tyres (Private) Limited. He is a Director of Service Long March Tyres Limited, Service Retail (Private) Limited and Servis Foundation.

He is 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, successfully overseeing the establishment of four fast-track power projects in the public sector. He has served as Chairman of the All-Pakistan Textile Mills Association (APTMA) and the Lahore Stock Exchange.

Mr. Saeed is currently the President of the Pakistan Olympic Association. He is the founder of the Pakistan Rugby Union, currently serving as its Chairman, and has been a Director of the Pakistan Cricket Board.

Mr. Saeed is a member of the Board of Governors of Aitchison College and Divisional Public School, Lahore. He is the Chairman of the recently established Daanish University Trust, Chairman of Pakistan Revenue Automation (Private) Limited (PRAL) and an Independent Director on the Board of Sui Northern Gas Pipelines Limited (SNGPL).

Mr. Omar Saeed graduated with high honors from Brown University and earned his master's in business administration from Harvard Business School. He currently serves as the Chief Executive Officer of Service Long March Tyres Limited and Servis Foundation.

Mr. Saeed also serves on the Boards of Nestle Pakistan Limited, Systems Limited, Service Industries Limited (SIL), The Hunar Foundation, and Shalamar Hospital. He previously served as the Chief Executive Officer of Service Industries Limited from 2011 to 2018. Under his leadership, SIL received the prestigious Pakistan Stock Exchange Top 25 Companies Award multiple times.

A seasoned entrepreneur, Mr. Saeed, has established multiple businesses for the Servis Group over the past two decades. His international experience includes working in Silicon Valley, setting up a manufacturing company in Sri Lanka, and establishing a retail company in Kenya. He has recently been appointed Chairman of the Export Development Fund, a government entity mandated to support export-oriented industries across the country.

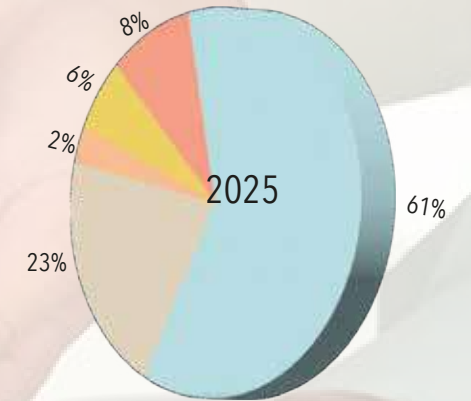
Value Added and its Distribution

	2025		2024	
	(Rs in '000)	%	(Rs in '000)	%
Wealth Generated				
Revenue	19,921,569		17,526,359	
Other Income	2,460,306		1,642,388	
Bought-in-material & Services	(13,582,940)		(12,165,373)	
	8,798,935	100%	7,003,374	100%
Wealth Distributed				
To Employee				
Remuneration , Benefits,and Facilities	5,048,729	57.38%	4,259,071	60.81%
To Government				
Taxation	475,287	5.40%	444,415	6.35%
Workers welfare fund	58,827	0.67%	33,202	0.47%
To Lenders				
Dividend	824,226	9.37%	411,835	5.88%
Mark up & finance Cost	480,482	5.46%	667,078	9.53%
Retained for Reinvestment & Future Growth				
Deperication	293,291	3.33%	282,668	4.04%
Retained Profit	1,618,093	18.39%	905,105	12.92%
Unappropriated profit,deperication & amortization	1,911,384	21.72%	1,187,773	16.96%
	8,798,935	100%	7,003,374	100%

Wealth Generated and Distributed

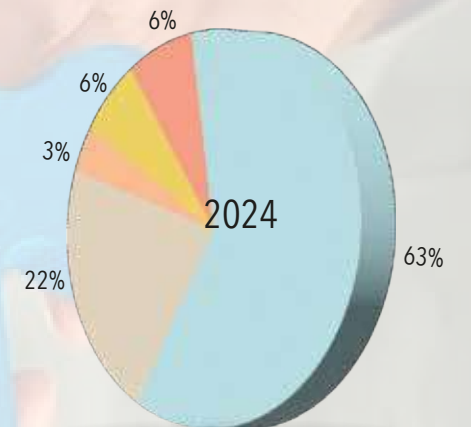
2025

	Amount	%
Bought in material & Services	13,582,940	60.69%
To Employees	5,048,729	22.56%
To Government	534,114	2.39%
To Lenders	1,304,708	5.83%
Retained for reinvestment & Future Growth	1,911,384	8.54%
Total	22,381,875	100%



2024

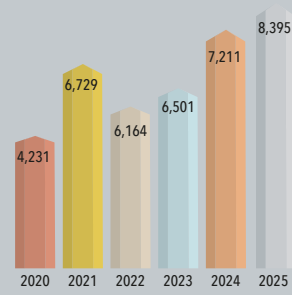
	Amount	%
Bought in material & Services	12,165,373	63.46%
To Employees	4,259,071	22.22%
To Government	477,617	2.49%
To Lenders	1,078,913	5.63%
Retained for reinvestment & Future Growth	1,187,773	6.20%
Total	19,168,747	100%



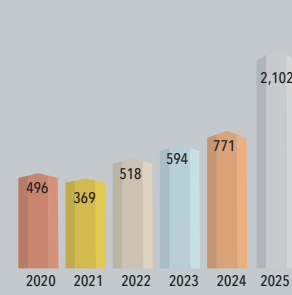
Analytical Review

Rupees in Million

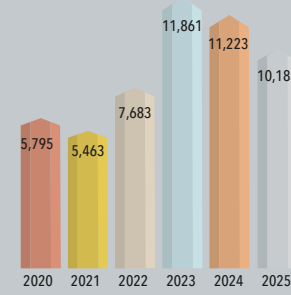
Reserves



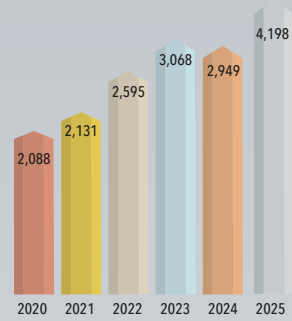
Long Term Liabilities



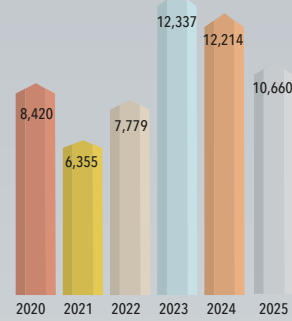
Current Liabilities



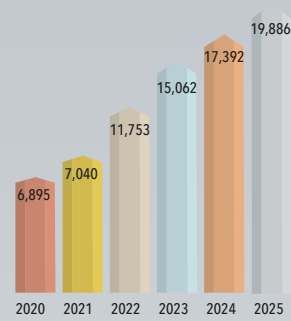
Fixed Assets



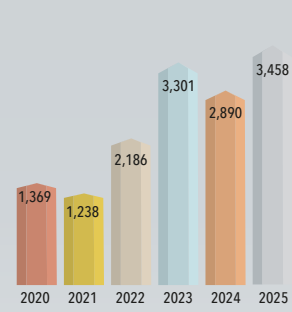
Current Assets



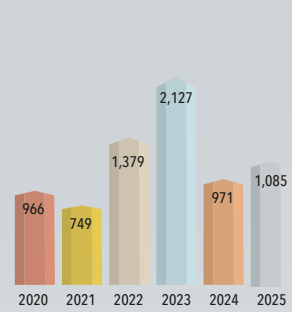
Net Sales



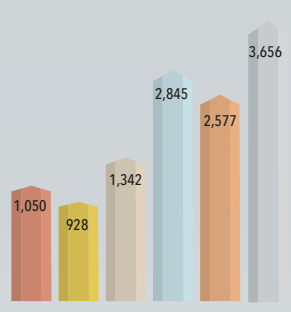
Gross Profit



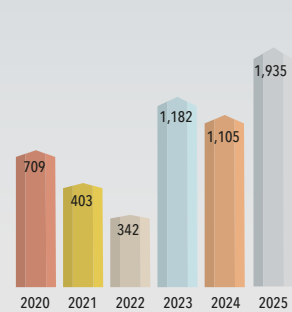
Operating Profit



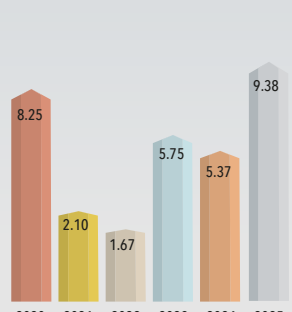
EBITDA



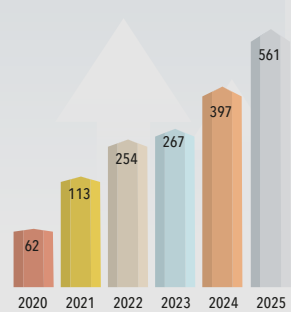
Net Profit



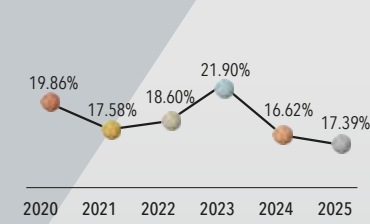
EPS - Basic



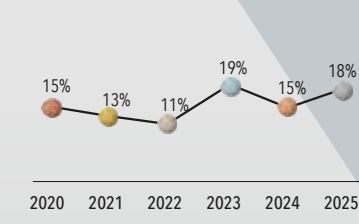
Contribution to Exchequer



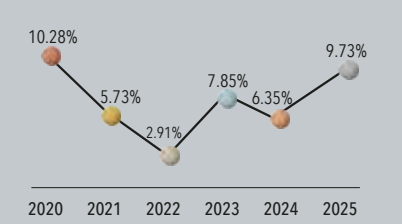
Gross Profit Margin



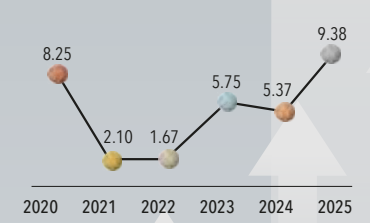
EBITDA Margins to Sales



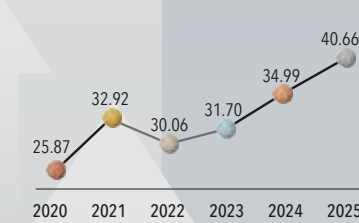
Net Profit Margin



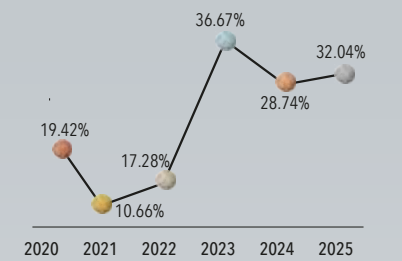
Earning per Share (Basic)



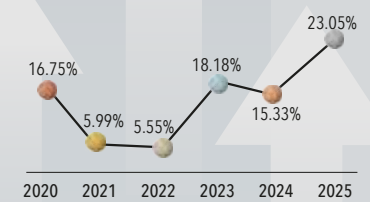
Breakup Value



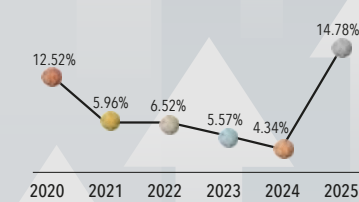
Return on Capital Employed



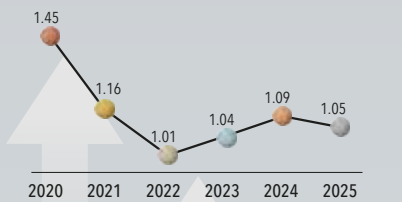
Return on Equity



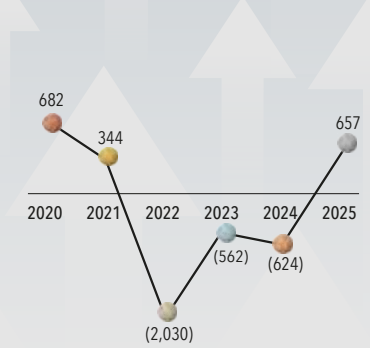
Debt to Equity Ratio



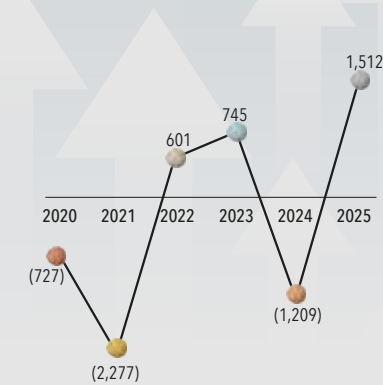
Current Ratio



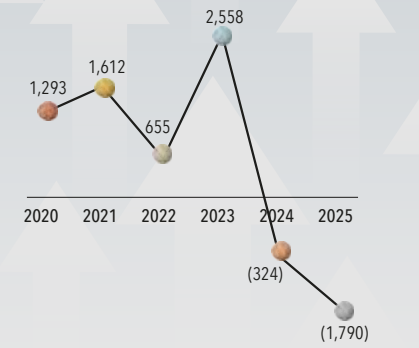
Cash Flows from Operating Activities



Cash Flows from Investing Activities



Cash Flows from Financing Activities



Six Years at a Glance

Description	2025	2024	2023	2022	2021	2020
Sales	19,886	17,392	15,062	11,753	7,040	6,895
Gross profit	3,458	2,890	3,301	2,186	1,238	1,369
Operational profit	1,085	971	2,127	1,379	749	966
Profit before levy and taxation	2,883	1,627	1,594	688	573	777
Profit after taxation	1,935	1,105	1,182	342	403	709
Share capital	206.47	206.06	205.92	205.09	204.44	163.55
Share holder's equity	8,395	7,211	6,501	6,164	6,729	4,231
Property, plant & equipment	4,198	2,949	3,068	2,595	2,131	2,088
Total assets	20,679	19,205	18,955	14,365	12,562	10,522
Net current assets	477	990	476	96	891	2,625
Market Value Per Share (Rs.)	116.94	99.89	60.32	33.14	46.36	-
Dividend (%)						
Cash - Interim	-	-	30	25	-	-
Cash - Final	20	40	20	10	20	-
Profitability (%)						
Gross Profit	17.39	16.62	21.92	18.60	17.58	19.86
Operational profit	5.46	5.58	14.12	11.73	10.64	14.01
Profit before levy and taxation	14.49	9.35	10.58	5.85	8.14	11.28
Profit after taxation	9.73	6.35	7.85	2.91	5.73	10.28
Return to Shareholders						
R.O.E - Before levy and Tax (%)	34.34	22.56	24.52	11.16	8.51	18.38
R.O.E - After Tax (%)	23.05	15.33	18.18	5.54	5.99	16.75
EPS - Basic (Rs.)	9.38	5.37	5.75	1.67	2.10	8.25
EPS - Diluted (Rs.)	9.32	5.34	5.75	1.67	2.10	8.25
Price Earning Ratio	12.46	18.62	10.49	19.84	22.08	-
Activity (Times)						
Sales To Total Assets	0.96	0.91	0.79	0.82	0.56	0.66
Sales To Fixed Assets	4.74	5.90	4.91	4.53	3.30	3.30
Inventory Turnover Ratio	4.08	3.33	2.97	3.51	3.34	3.73
Interest Coverage Ratio	7.00	3.44	2.58	2.47	4.11	6.54
Liquidity/Leverage						
Current Ratio	1.05	1.09	1.04	1.01	1.16	1.45
Break-up Value per Share	40.66	34.99	31.57	30.06	32.92	25.87
Total Liabilities To Equity	1.46	1.66	1.92	1.33	0.87	1.49
Debt to Equity Ratio (%)	14.78	4.34	5.57	6.52	5.96	12.52



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Horizontal Analysis

	2025		2024		2023		2022		2021		2020	
	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%
Balance Sheet												
Equity and liabilities												
Equity & Reserve	8,394,655	16.4%	7,210,915	10.9%	6,500,843	5.5%	6,164,524	-8.4%	6,729,388	59.1%	4,230,787	68.4%
Long term financing facilities	1,055,360	316.4%	253,426	-18.4%	310,565	-13.9%	360,852	42.9%	252,589	-35.8%	393,429	23.1%
Non Current Liability	1,046,582	102.3%	517,457	82.7%	283,197	79.9%	157,391	35.0%	116,625	14.2%	102,118	60.0%
Current Liabilities	10,182,863	-9.3%	11,223,199	-5.4%	11,860,656	54.4%	7,682,519	40.6%	5,463,321	-5.7%	5,795,184	29.7%
	20,679,460	7.7%	19,204,997	1.3%	18,955,261	32.0%	14,365,286	14.4%	12,561,923	19.4%	10,521,518	42.9%
Non-Current Asset												
Property Plant and Equipment	4,198,142	42.4%	2,948,805	-3.9%	3,067,982	18.2%	2,594,578	21.7%	2,131,404	2.1%	2,087,874	102.9%
long term investment	5,799,215	43.7%	4,035,432	45.1%	2,780,856	25.4%	2,217,650	22.8%	1,805,402	0.0%	-	0.0%
long term loan & deposit	22,422	211.5%	7,199	-99.1%	769,424	-56.6%	1,774,206	-21.9%	2,270,404	16993.8%	13,282	-18.6%
Current Asset												
Stores and spares	194,749	17.3%	166,034	34.4%	123,493	50.7%	81,956	90.3%	43,061	-1.1%	43,535	20.6%
Stock in-trade	3,894,694	-6.2%	4,151,812	-8.8%	4,554,136	35.5%	3,360,359	60.5%	2,093,095	51.6%	1,381,029	-12.5%
Trade Debts	2,927,254	26.9%	2,306,192	34.8%	1,710,366	-7.0%	1,839,720	125.0%	817,714	-12.6%	936,041	42.0%
Loans & Advances	253,564	-91.2%	2,873,329	97.2%	1,457,205	18.4%	1,230,354	-21.0%	1,557,662	-50.5%	3,149,790	32.2%
Trade Deposits and Prepayments	36,382	47.3%	24,703	197.1%	8,316	-36.0%	12,988	97.9%	6,564	0.3%	6,546	110.6%
Other receivables	2,134,693	9.7%	1,946,521	23.2%	1,580,433	44.7%	1,091,855	21.2%	901,200	-45.3%	1,647,008	-0.2%
Short term Investments	94,832	100.0%	-	0%	-	0%	-	0%	-	0%	-	0%
Cash and Balance	1,123,513	50.8%	744,970	-74.3%	2,903,050	1696.2%	161,620	-82.7%	935,417	-25.5%	1,256,413	14541.8%
	20,679,460	7.7%	19,204,997	1.3%	18,955,261	32.0%	14,365,286	14.4%	12,561,923	19.4%	10,521,518	42.9%

	2025		2024		2023		2022		2021		2021	
	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%
Profit or Loss												
Revenue - net	19,886,480	14.3%	17,391,854	15.5%	15,061,817	28.2%	11,753,088	66.9%	7,040,157	2.1%	6,894,711	88.9%
Cost of Sales	16,428,271	13.3%	14,501,963	23.3%	11,760,696	22.9%	9,567,437	64.9%	5,802,423	5.0%	5,525,411	94.9%
Gross Profit	3,458,209	19.7%	2,889,891	-12.5%	3,301,121	51.0%	2,185,651	76.6%	1,237,734	-9.6%	1,369,300	67.9%
Administrative and distribution expenses	2,555,516	14.2%	2,238,351	15.0%	1,945,761	30.6%	1,490,251	46.5%	1,017,231	17.3%	867,498	77.4%
Other income	182,734	-42.8%	319,241	-58.7%	772,129	12.9%	683,804	29.5%	528,133	13.8%	464,069	87.5%
Operating profit	1,085,427	11.8%	970,781	-54.4%	2,127,489	54.3%	1,379,204	84.2%	748,636	-22.5%	965,871	68.3%
Financial charges	480,482	-28.0%	667,078	-33.8%	1,007,721	115.7%	467,180	153.8%	184,057	31.2%	140,320	123.9%
Share of profit / (loss) from associate	2,277,572	72.1%	1,323,147	179.1%	474,039	311.6%	(224,074)	-2831.9%	8,202	-117.0%	(48,110)	-337.6%
Profit before levy and taxation	2,882,517	77.2%	1,626,850	2.1%	1,593,807	131.7%	687,950	20.1%	572,781	-26.3%	777,441	46.2%
Provision for levy and taxation	947,477	81.6%	521,613	26.5%	412,200	19.2%	345,891	104.0%	169,560	147.0%	68,646	79.8%
Profit after taxation	1,935,040	75.1%	1,105,237	-6.5%	1,181,607	245.4%	342,059	-15.2%	403,221	-43.1%	708,795	43.6%

Vertical Analysis

	2025		2024		2023		2022		2021		2020	
	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%
Balance Sheet												
Equity and liabilities												
Equity & Reserve	8,394,655	40.6%	7,210,915	37.5%	6,500,843	34.3%	6,164,524	42.9%	6,729,388	53.6%	4,230,787	40.2%
Long term financing facilities	1,055,360	5.1%	253,426	1.3%	310,565	1.6%	360,852	2.5%	252,589	2.0%	393,429	3.7%
Non Current Liability	1,046,582	5.1%	517,457	2.7%	283,197	1.5%	157,391	1.1%	116,625	0.9%	102,118	1.0%
Current Liabilities	10,182,863	49.2%	11,223,199	58.4%	11,860,656	62.6%	7,682,519	53.5%	5,463,321	43.5%	5,795,184	55.1%
	20,679,460	100.0%	19,204,997	100.0%	18,955,261	100.0%	14,365,286	100.0%	12,561,923	100.0%	10,521,518	100.0%
Non-Current Asset												
Property Plant and Equipment	4,198,142	20.3%	2,948,805	15.4%	3,067,982	16.2%	2,594,578	18.1%	2,131,404	17.0%	2,087,874	19.8%
Long term investment	5,799,215	28.0%	4,035,432	21.0%	2,780,856	14.7%	2,217,650	15.4%	1,805,402	14.4%	-	0.0%
Long term loans & deposit	22,422	0.1%	7,199	0.0%	769,424	4.1%	1,774,206	12.4%	2,270,404	18.1%	13,282	0.1%
Current Asset												
Stores and spares	194,749	0.9%	166,034	0.9%	123,493	0.7%	81,956	0.6%	43,061	0.3%	43,535	0.4%
Stock in-trade	3,894,694	18.8%	4,151,812	21.6%	4,554,136	24.0%	3,360,359	23.4%	2,093,095	16.7%	1,381,029	13.1%
Trade Debts	2,927,254	14.2%	2,306,192	12.0%	1,710,366	9.0%	1,839,720	12.8%	817,714	6.5%	936,041	8.9%
Loans & Advances	253,564	1.2%	2,873,329	15.0%	1,457,205	7.7%	1,230,354	8.6%	1,557,662	12.4%	3,149,790	29.9%
Trade Deposits and Prepayments	36,382	0.2%	24,703	0.1%	8,316	0.0%	12,988	0.1%	6,564	0.1%	6,546	0.1%
Other receivables	2,134,693	10.3%	1,946,521	10.1%	1,580,433	8.3%	1,091,855	7.6%	901,200	7.2%	1,647,008	15.7%
Short term Investments	94,832	0.5%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Cash and Balance	1,123,513	5.4%	744,970	3.9%	2,903,050	15.3%	161,620	1.1%	935,417	7.4%	1,256,413	11.9%
	20,679,460	100.0%	19,204,997	100.0%	18,955,261	100.0%	14,365,286	100.0%	12,561,923	100.0%	10,521,518	100.0%

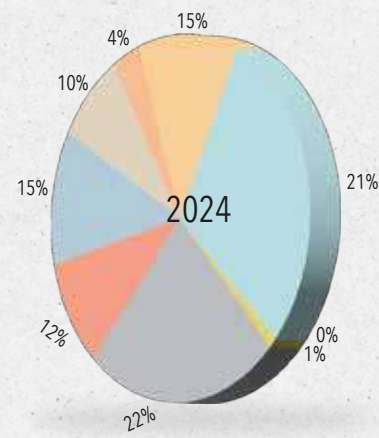
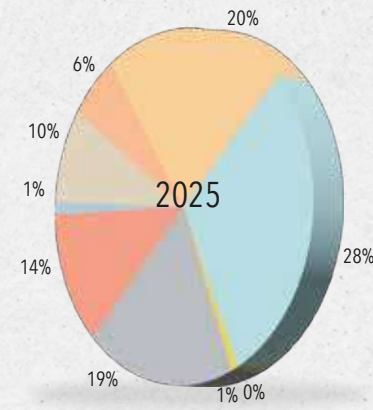
	2025		2024		2023		2022		2021		2020	
	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%
Profit or Loss												
Revenue - net	19,886,480	100.0%	17,391,854	100.0%	15,061,817	100.0%	11,753,088	100.0%	7,040,157	100.0%	6,894,711	100.0%
Cost of Sales	16,428,271	82.6%	14,501,963	83.4%	11,760,696	78.1%	9,567,437	81.4%	5,802,423	82.4%	5,525,411	80.1%
Gross Profit	3,458,209	17.4%	2,889,891	16.6%	3,301,121	21.9%	2,185,651	18.6%	1,237,734	17.6%	1,369,300	19.9%
Administrative and distribution expenses	2,555,516	12.9%	2,238,351	12.9%	1,945,761	12.9%	1,490,251	12.7%	1,017,231	14.4%	867,498	12.6%
Other income	182,734	0.9%	319,241	1.8%	772,129	5.1%	683,804	5.8%	528,133	7.5%	464,069	6.7%
Operating profit	1,085,427	5.5%	970,781	5.6%	2,127,489	14.1%	1,379,204	11.7%	748,636	10.6%	965,871	14.0%
Financial charges	480,482	2.4%	667,078	3.8%	1,007,721	6.7%	467,180	4.0%	184,057	2.6%	140,320	2.0%
Share of profit / (loss) from associate	2,277,572	11.5%	1,323,147	7.6%	474,039	3.1%	(224,074)	-1.9%	8,202	0.1%	(48,110)	-0.7%
Profit before levy and taxation	2,882,517	14.5%	1,626,850	9.4%	1,593,807	10.6%	687,950	5.9%	572,781	8.1%	777,441	11.3%
Provision for levy and taxation	947,477	4.8%	521,613	3.0%	412,200	2.7%	345,891	2.9%	169,560	2.4%	68,646	1.0%
Profit after taxation	1,935,040	9.7%	1,105,237	6.4%	1,181,607	7.8%	342,059	2.9%	403,221	5.7%	708,795	10.3%

Balance Sheet Composition

Fixed and Current Assets

	2025
Fixed assets	20%
Long term investments	28%
Long term loans and deposits	0%
Stores and spares	1%
Stock in trade	19%
Trade debts - net	14%
Loans, Advances and prepayments	1%
Other receivables	10%
Cash & bank balances and Short term Investments	6%

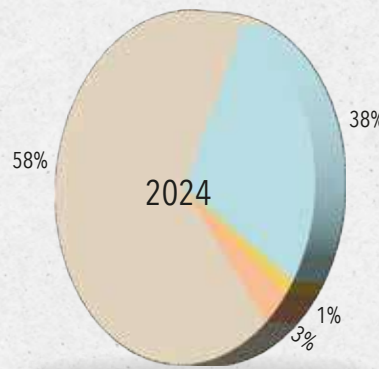
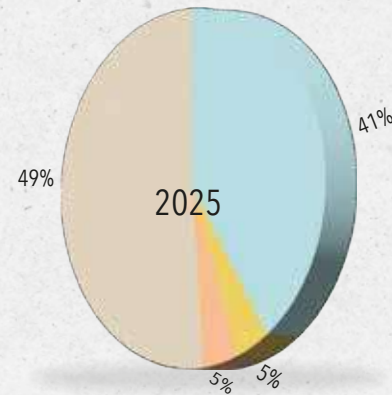
	2024
Fixed assets	15%
Long term investments	21%
Long term loans and deposits	0%
Stores and spares	1%
Stock in trade	22%
Trade debts - net	12%
Loans, Advances and prepayments	15%
Other receivables	10%
Cash & bank balances and Short term Investments	4%



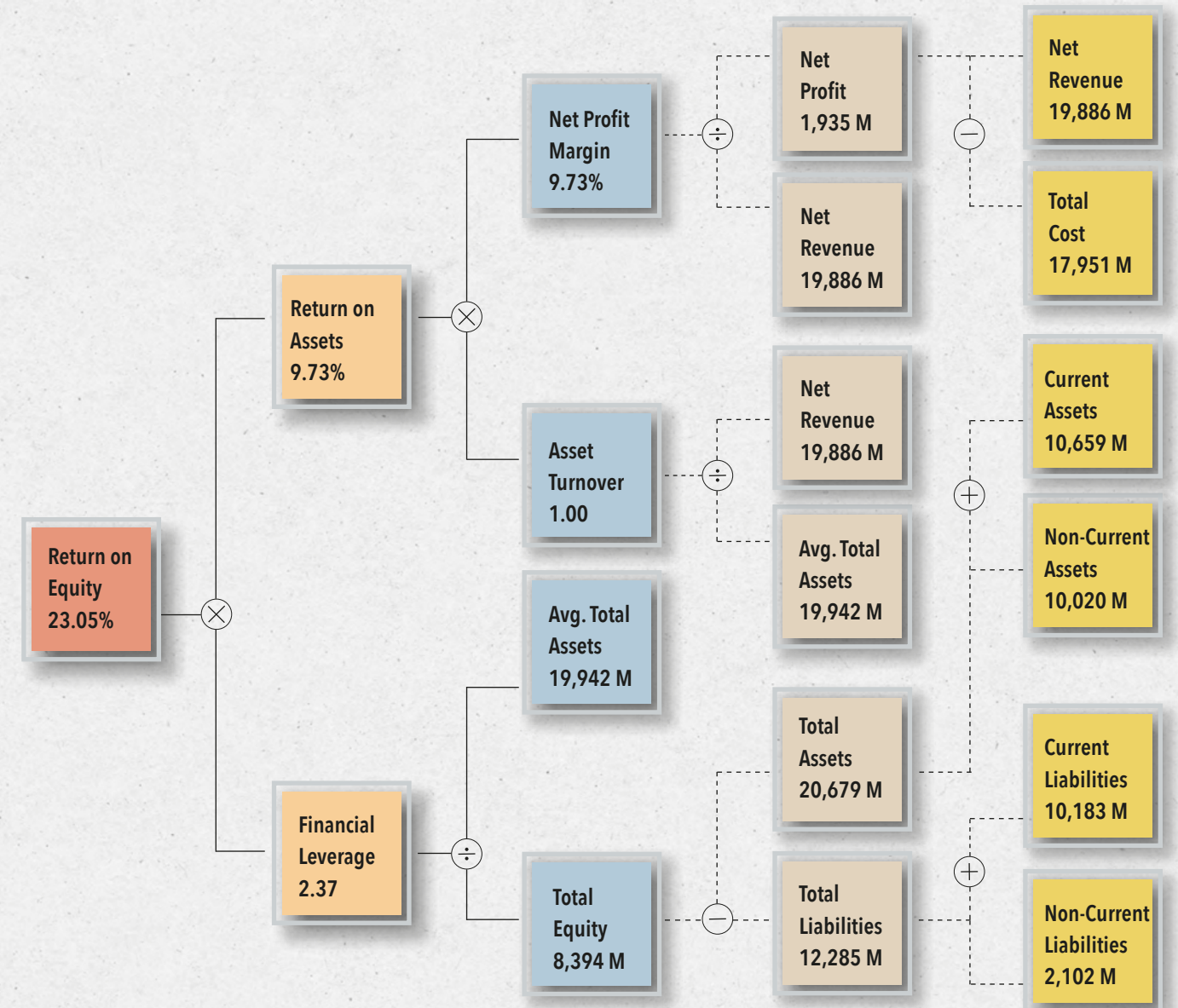
Equities and Liabilities

	2025
Equity & Reserves	41%
Long term financing	5%
Non Current Liabilities	5%
Current liabilities	49%

	2024
Equity & Reserves	38%
Long term financing	1%
Non Current Liabilities	3%
Current liabilities	58%



DuPont Analysis



	Net Profit Margin	Asset Turnover	Financial Leverage	ROE
Year	(Net Profit / Revenue)	(Revenue / Avg. Assets)	(Avg. Assets / Equity)	A × B × C
	A	B	C	A × B × C
2025	9.73%	1.00	2.37	23.05%
2024	6.35%	0.91	2.65	15.33%
2023	7.85%	0.90	2.56	18.18%
2022	2.91%	0.87	2.18	5.54%
2021	5.73%	0.61	1.72	5.99%
2020	10.28%	0.72	2.26	16.75%

Chairman's Review

On behalf of the Board of Directors, I am pleased to present to you the Annual Report of Service Global Footwear 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 31 December 2025.

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 2025, 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 dividend of Rs. 2 per share.



Arif Saeed
Chairman

18 March 2026
Lahore

"Sustained growth is the outcome of unwavering focus."

Directors' Report to the Shareholders

The Board of Directors of Service Global Footwear Limited (SGFL) is pleased to present to you its Annual Report along with the audited unconsolidated and consolidated financial statements for the year ended 31 December 2025 ("FY 2025").

The Directors' Report has been prepared in accordance with section 227 of the Companies Act, 2017. This report is to be submitted to the members at the upcoming Annual General Meeting of the Company to be held on 29 April 2026.

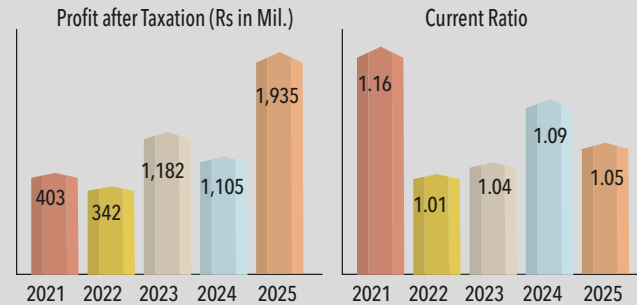
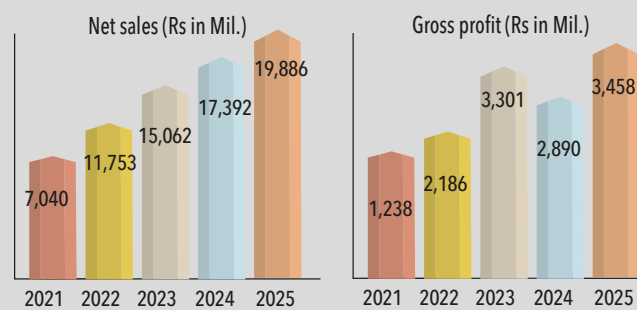
SGFL is a leading footwear manufacturer in Pakistan, exclusively producing footwear for export markets. As the country's largest footwear exporter, SGFL specializes in comfort shoes, which serve as its core product category and primary revenue driver.

The registered Head Office of SGFL is situated at Servis House, 2-Main Gulberg, Lahore.

KEY PERFORMANCE INDICATORS (KPIs) - FY 2025 V/S FY 2024

Service Global Footwear Limited (SGFL) recorded robust sales growth in FY 2025, notwithstanding a challenging cost environment. The table below outlines the Company's key performance indicators (KPIs) for the year ended 31 December 2025, alongside the comparative figures for the year ended 31 December 2024.

PARTICULARS	2025	2024	Increase (Decrease) in %
	Amount In Thousands	Amount In Thousands	
Net Sales	19,886,480	17,391,854	14.34%
Gross Profit	3,458,209	2,889,891	19.67%
Profit before levy and taxation	2,882,517	1,626,850	77.18%
Profit after tax	1,935,040	1,105,237	75.08%
Earning Per Share (EPS) - Basic	9.38	5.37	74.67%
Earning Per Share (EPS) - Diluted	9.32	5.34	74.53%



Service Global Footwear Limited achieved a strong sales growth of 14.34% in PKR and 21% in Us dollars, with revenue increasing to Rs. 19.89 billion compared to Rs. 17.39 billion in the previous year. This impressive growth was accompanied by a notable improvement in Gross Profit by 19.67% and Net Profit by 75.08%, underscoring SGFL's ability to optimize operations and enhance profitability.

The increase in sales and improvement in Gross Profit were driven by several key factors:

- SGFL was able to take advantage and fully capitalize US/China trade uncertainty and was able to increase its US business by 60%.
- Higher capacity utilization: Increased production levels and stronger sales volumes enabled better absorption of fixed overhead costs, contributing to improved cost efficiency.
- Favorable product mix: SGFL was able to produce high value added product mix specially from US resulted in an increase in average price of overall business in dollar terms.
- Operational excellence: Company was able to increase its efficiency levels per person by 5% due to several steps taken during the year with continuous flow of business round the year.

SGFL's strategic investment in Service Long March Tyres (SLM) has played a pivotal role in strengthening the Company's financial performance during the year. The investment contributed Rs. 2,278 million to SGFL's profitability, resulting in a significant increase in profit before levy and taxation from Rs. 1,627 million to Rs. 2,883 million in 2025. Beyond delivering strong immediate returns, this investment is expected to support sustained earnings growth in the coming years, thereby enhancing long-term shareholder value.

SGFL's profit after taxation comes to Rs. 1,935 million, compared to Rs. 1,105 million in last year.

The Basic EPS for the year is Rs. 9.38 against Rs. 5.37 last year and Diluted EPS for the year is Rs. 9.32 against Rs. 5.34 last year.



Directors' Report to the Shareholders

Global's Economic Review:

Global economic growth remained moderate at approximately 3.2% in 2025, broadly in line with 3.1% in 2024, but still below the pre-pandemic average of 3.7% recorded during 2000-2019. While global trade showed signs of gradual recovery, the economic environment continued to be shaped by geopolitical tensions, evolving trade policies, and relatively high financing costs. Inflationary pressures began to ease across several major economies, although input costs and supply-chain adjustments continued to challenge manufacturers. Demand conditions across key consumer markets remained uneven, with comparatively stronger demand in the beginning of the year to gradually moderating consumption in the United States, contrasted by more cautious spending Europe amid slower wage growth and economic uncertainty, creating a complex operating environment for export-oriented industries.

Looking ahead, global economic growth is expected to remain moderate at around 3.1-3.3%, supported by continued investment in technology, digital infrastructure, and the energy transition. Inflationary pressures are gradually easing, allowing several central banks to cautiously shift toward a more balanced monetary stance. However, the outlook remains shaped by persistent geopolitical and economic uncertainties. Ongoing conflicts such as the Russia-Ukraine war, rising tensions involving the United States and Iran, and emerging Greenland-related geopolitical disputes continue to influence energy markets, trade routes, and global supply chains. At the same time, slower wage growth and subdued consumer sentiment in parts of Europe, together with increasingly value-conscious spending in the United States, are expected to moderate demand growth in key consumer markets.

Pakistan's Economic Review:

Pakistan's economy continues to transition from stabilization toward gradual recovery during FY2025, supported by macroeconomic adjustments and structural reforms under the ongoing program with the International Monetary Fund (IMF). Key indicators showed improvement, including easing inflation, strengthening foreign exchange reserves and a stable exchange rate environment, although economic activity remained constrained by high interest rates, fiscal consolidation, and rising input costs across the industrial sector.

According to projections by the State Bank of Pakistan, GDP growth is expected to range between 3.75% and 4.75% in FY2026, reflecting strengthening economic activity across agriculture, manufacturing, and services. For exporters, however, the operating environment remains challenging. While macroeconomic stability and a stable exchange rate regime have improved predictability, higher energy tariffs, rising labor costs, and tighter fiscal policies under the reform framework continue to pressure export competitiveness. At the same time, slower growth in key markets such as the United States and the European Union, together with global economic uncertainty, may further constrain on export demand in the near term

Despite these challenges, Pakistan remains well positioned to benefit from ongoing shifts in global sourcing patterns. The country's large and young population, adaptable workforce, and increasing integration of modern manufacturing technologies provide a strong foundation to enhance productivity and competitiveness. As global supply chains diversify beyond traditional sourcing hubs, Pakistan has the opportunity to strengthen its role as a competitive and reliable manufacturing partner for major consumer markets.

Export-oriented sectors such as textiles, footwear, leather, and surgical goods continue to benefit from Pakistan's skilled labor base and strategic geographic location. Export friendly policy stability, structural reforms in taxation and the energy sector, and investments in technology and sustainability will be key to strengthening export competitiveness and supporting long-term economic growth.

GROUP REPORTING – SUBSIDIARY COMPANY

The Group comprises Service Global Footwear Limited and Dongguan Service Global Limited, wholly owned subsidiary company of Service Global Footwear Limited.

Dongguan Service Global Limited: Dongguan Service Global Limited is a limited liability company 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. Service Global Footwear Limited owns 100% shares of Dongguan Service Global Limited.

Consolidated financial results of Service Global Footwear Limited and its wholly owned subsidiary:

PARTICULARS	2025	2024	Increase/ (Decrease) in %
	Amount In Thousands	Amount In Thousands	
Net Sales	19,935,066	17,467,975	14.12%
Gross Profit	3,919,469	3,179,279	23.28%
Profit before levy and taxation	2,892,414	1,634,863	76.92%
Profit after taxation	1,937,230	1,113,250	74.02%
Earnings per share (EPS) - Basic	9.39	5.40	73.89%
Earnings per share (EPS) - Diluted	9.33	5.38	73.42%

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 Dongguan Service Global Limited - Subsidiary Company for the year ended 31 December 2025 are un-audited. 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 Dongguan Service Global Limited are totally immaterial as part of the consolidated financial statements of the Company for the year ended 31 December 2025, therefore, keeping in view the immateriality, no adjustment to the consolidated financial statements of the Company for the year ended 31 December 2025 is mandated as per IFRS.

DIVIDEND AND APPROPRIATIONS

Following is the summary of appropriations made during FY 2025:

	Rs. in Million
Un-appropriated Profit as at 01 January 2025	2,012
Final Dividend @ Rs. 4 per ordinary share for FY 2024	(824)
Total comprehensive income for FY 2025	1,928
Un-appropriated Profit as at 31 December 2025	3,116

The Board of Directors of the company in their meeting held on 18 March 2026 has declared a final cash dividend of Rs. 2 per share (2024: Final cash dividend of Rs 4 per share) which is subject to the approval of members in the Annual General Meeting to be held on 29 April 26.

INVESTMENT IN SERVICE LONG MARCH TYRES PRIVATE LIMITED (SLM)

In addition, SGFL's strategic investment in Service Long March (SLM) continued to yield substantial returns, contributing Rs. 2,278 million to the company's profitability during the year under review.

EVALUATION OF COMPANY PERFORMANCE

The Board of SGFL has established a systematic mechanism for ongoing performance evaluation. Each board member actively participates in board meetings, engaging in detailed discussions on strategic matters and providing clear directives to the management. The Board and its committees consistently monitor these directions to ensure their effective implementation.

To assess the Company's performance, the management employs a range of indicators, including industry growth, the standing of peer companies in the relevant business segment, past performance, macroeconomic indicators, and the overall business environment affecting the Company. Budgets are meticulously formulated, and the actual performance is regularly measured against these budgets throughout the year. This approach allows for timely identification of any deviations, enabling prompt corrective actions.

SGFL's management is dedicated to upholding the best practices of corporate governance. Quarterly reviews of business performance aim at continuous improvement against budget and previous year results. Importantly, the company has maintained a record of not defaulting on any debts throughout the year, indicating financial discipline and stability. This commitment to thorough evaluation, adherence to corporate governance practices, and financial responsibility reflects SGFL's dedication to sustained success and responsible business practices.

CASH FLOWS & CAPITAL EXPENDITURE

The Company's working capital funds are arranged through internal cash generation, working capital loans from banks and financial institutions. There is proper monitoring of cash inflows and outflows and system-based alerts have been embedded to highlight the potential gaps. In order to meet funds requirements for undertaking capital projects, the Company sources finance from banks under conventional, Islamic and subsidized loans. During the current year, the Company made capital investment of Rs. 1,557 million in the operating fixed assets.

RISKS, UNCERTAINTIES AND MITIGATIONS

SGFL has implemented a comprehensive risk management program with the primary objective of minimizing potential adverse impacts on the company's performance. The senior management team assumes responsibility for overseeing the overall risk management process, and the outcomes of these efforts are communicated to the Board of Directors.

The risk management program involves the identification, evaluation, and mitigation of strategic, financial, commercial, and operational risks that the company may encounter. By addressing these various dimensions of risk, SGFL aims to fortify its resilience in the face of uncertainties.

Additionally, the senior management team engages in an extensive budgeting and planning exercise, which includes a SWOT analysis of the company and its business segments. This thorough analysis allows for the identification of key challenges and opportunities. Action plans are then developed and executed to address challenges and capitalize on opportunities, aligning with the company's long-term strategic objectives.

Directors' Report to the Shareholders

By integrating risk management into its overall business strategy and planning processes, SGFL demonstrates a proactive approach to navigating challenges, ensuring robust financial health, and pursuing sustainable growth. This commitment to strategic risk management positions the company to adapt to changing circumstances and capitalize on emerging opportunities in its industry.

ENVIRONMENT, SOCIAL, AND GOVERNANCE:

At SGFL, Environmental, Social, and Governance (ESG) principles are integrated into our operational strategy and business practices. Our ESG framework aligns with global standards and reflects our commitment to sustainable manufacturing, responsible business conduct, and long-term value creation for stakeholders.

1. Environmental Commitment

SGFL remains committed to reducing its environmental footprint through responsible energy management and sustainable manufacturing practices. Since initiating its renewable energy journey in 2017 with the installation of a 1 MW solar power system, the company has progressively expanded its capacity. Today, SGFL operates a 4.0 MW solar power system, catering to the majority of the company's energy requirements and significantly reducing reliance on conventional energy sources.

In addition to renewable energy adoption, SGFL continues to strengthen its environmental stewardship through globally recognized sustainability standards. The company has obtained HIGG FEM (Facility Environmental Module) certification, reflecting adherence to environmentally responsible manufacturing practices.

SGFL has also implemented:

- Recycled Claim Standard (RCS) compliance in material sourcing
- FSC-certified packaging materials to support responsible forestry and reduce environmental impact

These initiatives contribute to lowering the company's carbon footprint while promoting efficient resource utilization and sustainable production practices.

2. Social Responsibility

SGFL is committed to maintaining a safe, ethical, and inclusive workplace that promotes employee well-being and professional development. The company adheres to internationally recognized labor standards and maintains several global social compliance certifications, including:

- SEDEX (Supplier Ethical Data Exchange)
- BSCI (Business Social Compliance Initiative)
- SLCP (Social & Labor Convergence Program)
- HIGG FSLM (Facility Social & Labor Module)



These certifications demonstrate SGFL's adherence to fair labor practices, human rights protection, and compliance with International Labour Organization (ILO) conventions and national labor laws.

The company actively promotes workforce inclusivity through equal employment opportunities, encouraging female participation and providing employment opportunities for individuals with special needs. An open door policy and regular third-party audits further support a transparent and supportive working environment that values employee engagement and well-being.

3. Governance & Ethical Business Practices

SGFL maintains strong governance standards through a comprehensive Integrated Management System (IMS) supported by internationally recognized certifications, including:

- ISO 9001:2015 – Quality Management
- ISO 14001:2015 – Environmental Management
- ISO 45001:2018 – Occupational Health & Safety
- ISO 17025:2017 – Laboratory Management System
- CTPAT – Customs Trade Partnership Against Terrorism

These certifications reinforce SGFL's commitment to operational excellence, regulatory compliance, and risk management.

4. Business Ethics & Integrity

SGFL upholds the highest ethical standards through:

- A strong Code of Conduct that ensures compliance with legal and regulatory requirements.

- A transparent and ethical business culture, emphasizing integrity and accountability.
- Commitment to fair trade practices, reinforcing our reputation as a responsible corporate entity.

By adhering to these principles, SGFL fosters trust and credibility among stakeholders, including employees, customers, investors, and the global business community.

CONTRIBUTION TO NATIONAL EXCHEQUER

- SGFL has made a significant annual contribution to the national exchequer on account of taxes, duties and levies. In 2025, SGFL contributed PKR 561 million on this account.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

SGFL has been established with a vision of being a socially conscious business entity, aligning with its parent group's longstanding tradition of corporate giving. Over the past several decades, the Group has actively engaged in substantial philanthropic endeavors, particularly in the areas of health and education. SGFL aims to carry forward this legacy by aspiring to serve not only its employees, customers and shareholders but also the broader communities and the environment.

The company's commitment is clear: to give back, share prosperity, contribute to sustainable growth and increase its investment in CSR activities. This reflects a holistic approach to corporate social responsibility (CSR), emphasizing a positive impact on various stakeholders.

FUTURE OUTLOOK

Future outlook remains cautious. Following a strong year with (14.34%) growth in PKR and (21.40%) growth in dollar terms, Company expects 2026 to be a year of consolidation and stability rather than accelerated expansion. Continued softness in global consumer demand, rising energy and labor costs, and intense price competition in key markets are likely to limit near-term growth opportunities.

Recent increase in energy prices can create a major disruption in all businesses and shipping costs. SGFL is facing the challenge of changing landscape of buying pattern where China becomes relevant again after tariff agreement with US due to its speed to market and eco system.

In response, SGFL will maintain a disciplined focus on cost control, operational efficiency, and productivity improvements. Through targeted technology adoption and process enhancements, the Company aims to manage rising input costs while protecting bottom line stability.

At the same time, SGFL remains focused on strengthening its customer pipeline and expanding relationships with global brands, particularly in the United States and Europe. Accordingly, 2026 will serve as a strategic preparation phase, positioning the Company to pursue more accelerated growth as market conditions improve.

Directors' Report to the Shareholders

ADHERENCE TO BEST PRACTICES OF CORPORATE GOVERNANCE

The Company is determined to meet and, wherever possible, exceed 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 open. This also means attracting the best talent in the marketplace and giving them the skills and opportunities, they need to become high achievers. The Company constantly reviews its portfolio to provide answers to society's most vital challenges, enabling it to create sustainable value for its shareholders.

The company continues 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:

- 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.
- Proper books of accounts have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in the preparation of financial statements.
- 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.
- There are no significant doubts about the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance.
- The Key operating and financial data for the last six years is annexed to the annual report.

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 31 December 2025, the following amounts were charged in the financial statements for remuneration including benefits to Chief Executive Officer, Executive Directors and Non-Executive Directors (Details given in Note 40 to the audited financial statements)

- Rs. 225.511 million (2024: 187.303 million) on account of Chief Executive Officer.
- Rs. 88.244 million (2024: 79.622 million) on account of two Executive Directors.
- 65,000 share options were granted to the one Executive Directors under Employees Stock Option Scheme, 2020 (ESOS) at exercise price of Rs. 44 per share (2024: 122,500 share options were granted at exercise price of Rs. 36 per share).
- 65,000 shares (2024: 25,000 shares) were allotted to the two Executive Directors during the year against options granted to them in earlier years.
- Rs. 2.13 million (2024: Rs. 1.78) was paid as meeting fee to three Directors.

MEETINGS OF THE BOARD OF DIRECTORS

During the year under review, four (04) meetings of the Board of Directors of the Company were held, and the attendance position is as follows:

NAME	DESIGNATION	ATTENDEES
Mr. Arif Saeed	Chairman- Non-Executive	4/4
Mr. Hassan Javed	Chief Executive Officer	4/4
Chaudhry Ahmed Javed	Director- Non-Executive	0/4
Mr. Omar Saeed	Director- Non-Executive	3/4
Mr. Azmat Ali Ranjha	Director- Independent	4/4
Mr. Abdul Rashid Lone	Director- Independent	4/4
Ms. Maleeha Humayun Bangash	Director- Independent	4/4
Mr. Hassan Ehsan Cheema	Director- Executive	4/4
Mr. Qadeer Ahmed Vaseer	Director- Executive	4/4

The Board has constituted two (02) Committees i.e., Audit Committee and Human Resource and Remuneration Committee. The Committees comprised of following members:

AUDIT COMMITTEE

The Audit Committee consists of three members, one of whom is Non-Executive Director and two are Independent 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	DESIGNATION	ATTENDEES
Mr. Abdul Rashid Lone	Chairman / Independent Director	4/4
Mr. Omar Saeed	Member / Non-Executive Director	4/4
Ms. Maleeha Humayun Bangash	Member / Independent Director	3/4

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 Chairman 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 (02) meetings during the year. Attendance by each member was as follows:

NAME	DESIGNATION	ATTENDEES
Mr. Azmat Ali Ranjha	Chairman / Independent Director	2/2
Mr. Hassan Javed	Member / Executive Director	2/2
Mr. Omar Saeed	Member / Non-Executive Director	2/2

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, offered themselves for re-appointment. The Board of Directors recommended 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 respective un-audited financial statements, is duly disclosed in Directors' Report of SIL.

GENDER PAY GAP STATEMENT

The information about gender pay gap statement as required under SECP's Circular 10 of 2024 is included in the Annual Report.

PATTERN OF SHAREHOLDING

The information about pattern of holding of the shares as at 31 December 2025 in the prescribed Form 34 is included in the Annual Report. The statement of purchase and sale of shares of the Company undertaken by Directors, Executives and 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.

Directors' Report to the Shareholders

POST BALANCE SHEET EVENT

No material changes and commitments affecting the financial position of the Company occurred between 31 December 2025 and 18 March 2026 except for declaration of final cash dividend of Rs. 2 per share (i.e. 20 %) for the year ended 31 December 2025 which is subject to approval of members in the forthcoming Annual General Meeting.

The shareholders of the Company in their extraordinary general meeting duly held on 27 February 2026 have approved long term equity investment of up to Rupees 1,000,000,000 in Service Athletic Global Footwear (Private) Limited, to be incorporated as subsidiary company. The Company has entered into a joint venture agreement with Golden Star Footwear Group Limited (GSFGL), a Chinese company for setting up a joint venture company in Pakistan, namely Service Athletic Global Footwear (Private) Limited for manufacturing and sale of sneakers, athletics or any other type of footwear in Pakistan and export thereof. The equity stake of the parties in the joint venture company will be as follows: the Company - 51%; and GSFGL - 49%. The project cost of the joint venture company in Phase 1 is estimated to be US\$ 6,500,000 which shall be financed through equity contribution in accordance with the shareholding portion of each party. The equity contribution of up to US\$ 3,315,000 in equivalent Pakistani Rupees will be made by the Company, from time to time.

The Phase 1 of the proposed joint venture company will be established on the land and building constructed thereon located adjacent to the Company's current production facility situated at 10 - KM, Muridke - Sheikhupura Road, Muridke, on a piece of land measuring approximately 12,710 square meters i.e. 136,816 square feet and building thereon having covered area of 79,760 square feet. The Board of Directors of the Company in their meeting held on 20 January 2026 has approved the lease of land to proposed joint venture company. The shareholders of the Company in their extraordinary general meeting duly held on 27 February 2026 have approved lease of building to the proposed joint venture company. As of the reporting date, the aforesaid building was constructed to be used as warehouse.

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 the tireless efforts, dedication and commitment of all employees of the Company and are confident that they shall continue to do so in future.

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

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

For and on behalf of the Board



Arif Saeed
Chairman

18 March 2026
Lahore



Hassan Javed
Chief Executive Officer

GENDER PAY GAP STATEMENT

Under SECP's Circular 10 Of 2024 Dated 17 April 2024

Following is the Gender Pay Gap calculated for the year ended 31 December 2025:

- | | | |
|-----|------------------------|---------|
| (1) | Mean Gender Pay Gap: | (9.00)% |
| (2) | Median Gender Pay Gap: | (0.00)% |



Hassan Javed
Chief Executive Officer

Date: 18 March 2026

Corporate Social Responsibility (CSR)

About Service Footwear Global Limited (SGFL)

Service Footwear Global Limited (SGFL) was established with the vision of becoming a socially responsible enterprise that continues the legacy of corporate philanthropy upheld by its parent company, Service Industries Limited. For several decades, the Group has actively supported initiatives in the areas of healthcare and education as part of its commitment to community development.

SGFL aims to create value for all stakeholders, including employees, customers, shareholders, communities, and the environment. The company is guided by a simple principle: to give back to society, share prosperity, and enable sustainable growth for people and communities.

This section of the report highlights how SGFL manages and evaluates its progress toward CSR objectives while responding to stakeholder expectations. As a relatively new entity, SGFL plans to continue the Group's CSR legacy, particularly within the communities surrounding its manufacturing facilities in Muridke and Sheikhpura.

Environment

SGFL operates Asia's first solar-powered footwear manufacturing facility. The company has installed a 2 MW Solar Power Park, covered approximately four acres and consisted of 5,699 solar panels.

This solar installation generates approximately 2,570 MWh of electricity annually, making it the first solar-powered footwear factory in Asia. The initiative has a significant environmental impact, equivalent to planting 200 trees per day and reducing carbon dioxide emissions by approximately 1,350 tons per year.

Industrial Relations

SGFL is certified under the Business Social Compliance Initiative (BSCI), which promotes ethical workplace standards in accordance with international human rights principles, conventions of the International Labour Organization (ILO), and national labor regulations.

The company is also a member of Supplier Ethical Data Exchange (SEDEX), reinforcing its commitment to responsible and ethical business practices throughout the global supply chain while ensuring safe and supportive working conditions for employees.

Inclusion and diversity

SGFL is committed to providing equal employment opportunities and encourages the participation of women and persons with special needs in its workforce. To support female employment, the company has established dedicated production lines employing approximately 110 female workers, creating a supportive and inclusive workplace environment.

In 2018, Service Industries Limited consolidated its philanthropic initiatives by establishing an independent corporate foundation known as Servis Foundation. This foundation serves as the Group's primary platform for implementing its Corporate Social Responsibility (CSR) strategy through structured and targeted programs. Going forward, Servis Foundation is expected to play a significant role in managing SGFL's philanthropic initiatives as well.

At the Group level, CSR and ethical business practices encompass internal initiatives, directly managed projects, and institutional contributions through Servis Foundation. Detailed information regarding the Group's CSR activities is available in the Service Industries Limited Annual Report 2025.

In addition to its existing 2 MW solar power installation, SGFL made further capital investments in 2025 to expand its renewable energy capacity by 2 MW. Which became operational in January 2026.

This step towards sustainable manufacturing enables SGFL's customers to position their products as environmentally responsible in response to the growing global demand for eco-friendly products.

"Growth means giving back to society"



Corporate Social Responsibility (CSR)



Consumer protection measures

SGFL is endeavouring to ensuring a Quality Management System focused on consistently SGFL maintains a comprehensive Quality Management System designed to consistently deliver products that meet customer expectations as well as statutory and regulatory requirements.

The company holds several internationally recognized, buyer-driven compliance certifications, including:

- Business Social Compliance Initiative (BSCI)
- Supplier Ethical Data Exchange (SEDEX)
- Social and Labor Convergence Program (SLCP)
- Higg Facility Environmental Module (HIGG FEM)
- Higg Facility Social and Labor Module (HIGG FSLM)

These certifications demonstrate SGFL's commitment to maintaining high standards in environmental performance, social responsibility, and supply chain transparency.



Contribution to national exchequer

SGFL continues to contribute significantly to national economic development through the payment of taxes, duties, and levies. In 2025, the company contributed approximately PKR 561 million to the national exchequer, supporting government efforts toward economic growth and nation-building.



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

Name of Company: Service Global Footwear Limited
Year ended: 31 December 2025

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. Azmat Ali Ranjha Mr. Abdul Rashid Lone Ms. Maleeha Humayun Bangash (Female Director)
Non-Executive Directors	Mr. Arif Saeed Chaudhry Ahmed Javed Mr. Omar Saeed
Executive Directors	Mr. Hassan Javed Mr. Hassan Ehsan Cheema Mr. Qadeer Ahmed Vaseer

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 Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of 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. Azmat Ali Ranjha
Ms. Maleeha Humayun Bangash

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

Name of Director
Mr. Arif Saeed

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. Abdul Rashid Lone	Chairman
Mr. Omar Saeed	Member
Ms. Maleeha Humayun Bangash	Member



b) HR and Remuneration Committee

Names	Designation held
Mr. Azmat Ali Ranjha	Chairman
Mr. Hassan Javed	Member
Mr. Omar Saeed	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 year ended 31 December 2025.

b) HR and Remuneration Committee

Two meetings of HR and Remuneration Committee were held during the year ended 31 December 2025.

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;

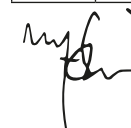
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

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:

Independent Auditor's Review Report

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.	4 out of 9 directors of the Company have acquired Directors' Training Program certification. One director is exempt from Directors' Training Program. The Company has planned to arrange Directors' Training Program certification for remaining 4 directors by end of next financial year.	19(1)
3	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)
4	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)
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.	Securities and Exchange Commission of Pakistan (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)



Arif Saeed
Chairman

18 March 2026
Lahore



Hassan Javed
Chief Executive

To the members of Service Global Footwear 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 Global Footwear Limited (the Company) for the year ended 31 December 2025 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 2025.



RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore
Date: 26 March 2026

UDIN: CR202510168jp0rXxiCY

Independent Auditor's Report

To the members of Service Global Footwear Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Service Global Footwear Limited (the Company), which comprise the statement of financial position as at 31 December 2025, 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 2025 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 19,886.480 million for the year ended 31 December 2025.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicator 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 2.19 to the financial statements. Revenue - net note 29 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 period. 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 2025, stock-in-trade is stated at Rupees 3,894.694 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 18.83% of total assets of the Company as at 31 December 2025, and the judgement 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 2.16 to the financial statements. Stock-in-trade note 20 to the financial statements. 	<p>Our audit procedures to assess the 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 period. 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 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.
3.	<p>Capital expenditures The Company is investing significant amounts in its operations and there are a number of areas where management judgement impacts the carrying value of property, plant and equipment and its respective depreciation profile. These include among other the decision to capitalize or expense costs; and review of useful life of the assets including the impact of changes in the Company's strategy.</p> <p>We focused on this area since the amounts have a significant impact on the financial position of the Company and there is significant management judgment required that has significant impact on the reporting of the financial position for the Company. Therefore, considered as one of the key audit matters.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none"> Material accounting policy information, Fixed assets note 2.6 to the financial statements. Fixed assets note 14 to the financial statements. 	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> Testing operating effectiveness of controls in place over the property, plant and equipment cycle including the controls over whether costs incurred on activities is capital or operating in nature. Evaluating the appropriateness of capitalization policies and depreciation rates. Performing tests of details on costs capitalized. Verifying the accuracy of management's calculation used for the impairment testing.

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 year 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.



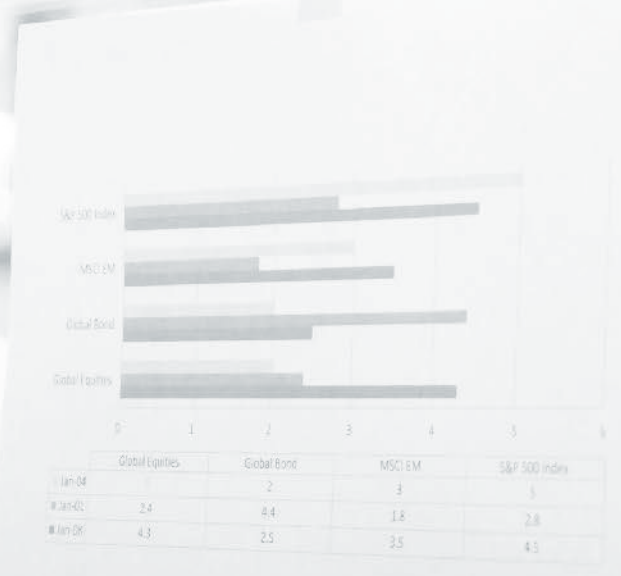
RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore.
Date: 26 March 2026

UDIN: AR202510168Ulvkr0Fgz



Financial Statements



Statement of Financial Position

As at December 31, 2025

	Note	2025 Amount Rupees in thousand	2024 Amount
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
250,000,000 (2024: 250,000,000) ordinary shares of Rupees 10 each		2,500,000	2,500,000
Issued, subscribed and paid-up share capital	4	2,064,676	2,060,564
Reserves	5	6,329,979	5,150,351
Total equity		8,394,655	7,210,915
LIABILITIES			
Non-current liabilities			
Long term financing	6	1,055,360	253,426
Employees' retirement benefit	7	260,507	238,661
Deferred income tax liability - net	8	786,075	278,796
		2,101,942	770,883
Current liabilities			
Trade and other payables	9	2,793,668	2,078,710
Accrued mark-up	10	73,772	46,928
Short term borrowings	11	7,128,240	9,032,440
Current portion of non-current liability	12	185,141	59,543
Unclaimed dividend		2,042	5,578
		10,182,863	11,223,199
Total liabilities		12,284,805	11,994,082
Contingencies and commitments	13		
TOTAL EQUITY AND LIABILITIES		20,679,460	19,204,997

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



Hassan Javed
(Chief Executive)



Arif Saeed
(Director)



Usman Liaqat
(Chief Financial Officer)

	Note	2025 Amount Rupees in thousand	2024 Amount
ASSETS			
Non-current assets			
Fixed assets	14	4,198,142	2,948,805
Long term security deposits	15	4,491	4,354
Long term loans to employees	16	17,931	2,845
Long term investments	17	5,799,215	4,035,432
Long term loan to Holding Company	18	-	-
		10,019,779	6,991,436
Current assets			
Stores, spares and loose tools	19	194,749	166,034
Stock-in-trade	20	3,894,694	4,151,812
Trade debts	21	2,927,254	2,306,192
Loans and advances	22	253,564	2,873,329
Accrued mark-up	23	7,966	9,599
Short term deposits and prepayments	24	36,382	24,703
Other receivables	25	1,856,323	1,758,777
Short term investments	26	94,832	-
Advance income tax and prepaid levy - net	27	270,404	178,145
Cash and bank balances	28	1,123,513	744,970
		10,659,681	12,213,561
TOTAL ASSETS		20,679,460	19,204,997

Statement of Profit or Loss

For the year ended December 31, 2025

	Note	2025 Amount Rupees in thousand	2024 Amount
Revenue - net	29	19,886,480	17,391,854
Cost of sales	30	(16,428,271)	(14,501,963)
Gross profit		3,458,209	2,889,891
Distribution cost	31	(1,552,249)	(1,352,327)
Administrative expenses	32	(924,384)	(776,650)
Other expenses	33	(78,883)	(109,374)
		(2,555,516)	(2,238,351)
Other income	34	902,693	651,540
		182,734	319,241
Profit from operations		1,085,427	970,781
Finance cost	35	(480,482)	(667,078)
		604,945	303,703
Share of net profit of associate accounted for using the equity method	17.2.1	2,277,572	1,323,147
Profit before levy and taxation		2,882,517	1,626,850
Levy	36	(92,850)	(197,133)
Profit before taxation		2,789,667	1,429,717
Taxation	37	(854,627)	(324,480)
Profit after taxation		1,935,040	1,105,237
Earnings per share - basic (rupees)	38	9.38	5.37
Earnings per share - diluted (rupees)	38	9.32	5.34

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

Statement of Comprehensive Income

For the year ended December 31, 2025

	2025 Amount Rupees in thousand	2024 Amount
Profit after taxation	1,935,040	1,105,237
Other comprehensive loss		
Items that will not be reclassified to profit or loss:		
Remeasurements of employees' retirement benefit obligation - net of tax	(6,452)	(18,689)
Items that may be reclassified subsequently to profit or loss		
Share of other comprehensive loss of investment accounted for using the equity method	(223)	-
Other comprehensive loss for the year - net of tax	(6,675)	(18,689)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,928,365	1,086,548

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



Hassan Javed
(Chief Executive)



Arif Saeed
(Director)



Usman Liaqat
(Chief Financial Officer)



Hassan Javed
(Chief Executive)



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(Chief Financial Officer)

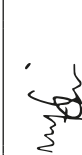
Statement of Changes in Equity

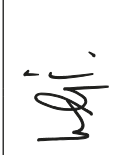
For the year ended December 31, 2025

	Reserves						Total	Total equity		
	Share Capital	Reserve for issuance of bonus shares	Share premium	Share options reserve	Share of exchange translation reserve - equity accounted investee company	Share of share premium of equity accounted investee company			Share of employee share options reserve held by equity accounted investee company	Revenue reserve
Balance as at 31 December 2023	2,059,175	1,390,684	1,713,028	895	-	-	24,389	1,337,061	4,441,668	6,500,843
Adjustment due to equity accounted investee company	-	-	-	-	-	-	-	-	-	24,389
Transactions with owners:										
Final dividend for the year ended 31 December 2023 @ Rupees 2 per share	1,389	-	3,184	(406)	-	-	-	(411,835)	(411,835)	(411,835)
Ordinary shares issued under Employees Stock Option Scheme	-	-	109	(109)	-	-	-	-	2,778	4,167
Employee share options lapsed	-	-	-	6,803	-	-	-	-	-	6,803
Recognition of share options reserve	1,389	-	3,293	6,288	-	-	-	(411,835)	(402,254)	(400,865)
Profit for the year	-	-	-	-	-	-	-	1,105,237	1,105,237	1,105,237
Other comprehensive loss for the year	-	-	-	-	-	-	-	(18,689)	(18,689)	(18,689)
Total comprehensive income for the year	-	-	-	-	-	-	-	1,086,548	1,086,548	1,086,548
Balance as at 31 December 2024	2,060,564	1,390,684	1,716,321	7,183	-	-	24,389	2,011,774	5,150,351	7,210,915
Adjustment due to equity accounted investee company	-	-	-	-	-	-	35,328	-	35,328	35,328
Adjustment due to issuance of shares of equity accounted investee company under employees stock option scheme	-	-	-	-	-	55,714	(55,714)	-	-	-
Transactions with owners:										
Final dividend for the year ended 31 December 2024 @ Rupees 4 per share	4,112	-	13,727	(3,879)	-	-	-	(824,226)	(824,226)	(824,226)
Ordinary shares issued under Employees Stock Option Scheme	-	-	559	(559)	-	-	-	-	9,848	13,960
Employee share options lapsed	-	-	-	30,313	-	-	-	-	30,313	30,313
Recognition of share options reserve	4,112	-	14,286	25,875	-	-	-	(824,226)	(784,065)	(779,953)
Profit for the year	-	-	-	-	-	-	-	1,935,040	1,935,040	1,935,040
Other comprehensive loss for the year	-	-	-	-	-	-	-	(6,452)	(6,452)	(6,675)
Total comprehensive income for the year	-	-	-	-	-	-	-	1,928,588	1,928,365	1,928,365
Balance as at 31 December 2025	2,064,676	1,390,684	1,730,607	33,058	(223)	55,714	4,003	3,116,136	6,329,979	8,394,655

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


Hassan Javed
(Chief Executive)


Arif Saeed
(Director)


Usman Liaqat
(Chief Financial Officer)


Statement of Cash Flows

For the year ended December 31, 2025

	Note	2025 Amount	2024 Amount
Rupees in thousand			
Cash flows from operating activities			
Cash generated from operations	39	1,674,668	594,703
Finance cost paid		(453,439)	(786,881)
Income tax and levy paid		(532,457)	(354,490)
Workers' profit participation fund paid	9.2	-	(35,275)
Workers' welfare fund paid	9.3	-	(992)
Employees' retirement benefit paid		(16,938)	(40,327)
Net (increase) / decrease in long term loans to employees		(18,642)	7,551
Net decrease / (increase) in security deposits		4,155	(8,788)
Net cash generated from / (used in) operating activities		657,347	(624,499)
Cash flows from investing activities			
Capital expenditure on fixed assets		(1,557,034)	(178,017)
Interest on saving accounts received		63,126	22,245
Return on term deposit receipts		725	-
Loans given to holding company		(74,000)	(6,025,000)
Loans repaid by holding company		2,574,000	4,775,000
Interest on loans to holding company received		33,354	87,133
Dividend received from associate		548,894	379,360
Short term investment made		(91,000)	-
Long term investment made		-	(286,400)
Proceeds from disposal of operating fixed assets		13,601	16,187
Net cash from / (used in) investing activities		1,511,666	(1,209,492)
Cash flows from financing activities			
Proceeds from exercise of share options		13,960	4,167
Long term financing obtained		986,983	-
Repayment of long term financing		(59,451)	(49,395)
Short term borrowings - net		(1,904,200)	750,093
Dividend paid		(827,762)	(1,028,954)
Net cash used in financing activities		(1,790,470)	(324,089)
Net increase / (decrease) in cash and cash equivalents		378,543	(2,158,080)
Cash and cash equivalents at the beginning of the year	28	744,970	2,903,050
Cash and cash equivalents at the end of the year	28	1,123,513	744,970

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


Hassan Javed
(Chief Executive)


Arif Saeed
(Director)


Usman Liaqat
(Chief Financial Officer)

Notes to the Financial Statements

For the year ended December 31, 2025

1. THE COMPANY AND ITS OPERATIONS

1.1 Service Global Footwear Limited (the Company) 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 the Company are quoted on Pakistan Stock Exchange Limited. The principal activities of the Company are manufacturing, sale, marketing, import and export of footwear, leather and allied products. The Company is a subsidiary of Service Industries Limited. These financial statements are the separate financial statements of the Company. Consolidated financial statements of the Company are prepared separately. Details of the Company's investment in subsidiary and associate are stated in note 17 to these financial statements.

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

Offices, Manufacturing unit and Retail outlet	Addresses
Registered Office 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

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. Accounting and reporting standards applicable in Pakistan comprise of:

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of, directives and notifications issued under the Companies Act, 2017.

Where provisions of, directives and notifications issued under the Companies Act, 2017 differ from the IFRS Accounting Standards, the provisions of, directives and notifications 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 judgments

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

i) Useful lives, patterns of economic benefits and impairments

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

ii) Inventories

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

iii) Income tax 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) 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.

vi) 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 recognized provision is recognized in the statement of profit or loss unless the provision was originally recognized as part of cost of an asset.

vii) 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.

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

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

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.

x) Share based payment

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The Company measures the fair value of equity-settled transactions with employees at the grant date using a Black Scholes Model. The assumptions used for estimating fair value for share-based payment transactions are disclosed in Note 5.3.8.

Notes to the Financial Statements

For the year ended December 31, 2025

xi) Deferred income tax

From the previous financial year, tax year 2025, income of the Company is being taxed under normal tax regime, hence, as on 01 January 2024, deferred income tax on taxable temporary differences between the accounting and tax base of fixed assets was required to be calculated. This was the first time the Company was transitioning to this regime. Previously, the Company was neither required nor claimed tax depreciation against final tax regime, hence, cost of fixed assets (post de-merger from Service Industries Limited - Holding Company with effect from 01 July 2019) has been used as tax base for the calculation of taxable temporary differences against fixed assets. This critical accounting estimation, used by the management in the calculation of deferred tax, is based on the advice of tax advisor, and it reflects the best available information for the calculation of deferred tax.

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 standard are mandatory for the Company's accounting periods beginning on or after 01 January 2025:

- Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' – Lack of Exchangeability.

The above-mentioned amendments to approved accounting standard 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 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.

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 2026 or later periods:

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 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'.

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 meeting specific Criteria for annual reporting periods beginning on or after 1 July 2025. Phase II will apply to other listed companies meeting 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.

Amendment to IFRS 7 – 'Financial Instruments: Disclosures' and IFRS 9 – 'Financial Instruments – Classification and Measurement of Financial Instruments' (effective for annual reporting periods beginning on or after 01 January 2026). These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; clarify and add further guidance for assessing whether a financial asset meets the SPPI criterion; add new disclosures for certain instruments with contractual terms that can change cash flows; and make updates to the disclosures for equity instruments designated at FVTOCI.

Amendment to IFRS 7 – 'Financial Instruments: Disclosures' and IFRS 9 – 'Financial Instruments – Contracts Referencing Nature-dependent Electricity' (effective for annual reporting periods beginning on or after 01 January 2026). These amendments change the 'own use' and hedge accounting requirements of IFRS 9 and include targeted disclosure requirements to IFRS 7.

Disclosures about Uncertainties in the Financial Statements (Illustrative Examples). Illustrative examples are not an integral part of standards and, therefore, do not have an effective date.

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 financial statements.

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

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 January 2026 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 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 scheme and gratuity fund scheme.

Notes to the Financial Statements

For the year ended December 31, 2025

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.

2.3 Taxation and levy

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.

Deferred

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

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

2.4 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.

2.5 Borrowing costs

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

2.6 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 and capital work-in-progress are stated at cost less accumulated 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.

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 is charged to the statement of profit or loss applying the reducing balance method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in note 14.1. 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 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.

2.7 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.

2.8 Employees' share option scheme

The Company operates an equity settled share-based Employees Stock Option Scheme. The compensation committee of the Board of Directors of the Company evaluates the performance and other criteria of employees and approves the grant of options. These options vest with employees over a specific period subject to fulfillment of certain conditions. Upon vesting, employees are eligible to apply and secure allotment of Company's shares at a price determined on the date of grant of options. At the grant date of share options to the employees, the Company initially recognizes employee compensation expense with corresponding credit to equity as employee share options reserve at the fair value of option at the grant date. The fair value of option determined at the grant date is recognized as an employee compensation expense on a straight-line basis over the vesting period. Fair value of options is arrived at using Black Scholes pricing model.

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

Notes to the Financial Statements

For the year ended December 31, 2025

2.9 Investment in subsidiary company

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

2.10 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 recognized at cost.

Under the equity method of accounting, the investment is initially recognized at cost and adjusted thereafter to recognize 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 recognized 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 recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Company and its associate are eliminated to the extent of the Company's interest in these entities. Unrealized 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

2.11 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 are included in other income using the effective interest 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 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 fair value is determined using valuation techniques that incorporate significant inputs not based on 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.

2.12 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, 2025

2.13 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 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.

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.

2.14 De-recognition of financial assets and financial 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 shall derecognize 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.

2.15 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.

2.16 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, spares 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, labor and appropriate manufacturing overheads |
| (iii) | Finished goods purchased for resale: | Moving average |

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

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

Notes to the Financial Statements

For the year ended December 31, 2025

2.17 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.

2.18 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.

2.19 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.

2.20 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.

2.21 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.

2.22 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

2.23 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.

2.24 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.

2.25 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.

2.26 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.

2.27 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past events and 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.

2.28 Earnings per share - basic and diluted

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic 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. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2.29 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.

2.30 Contingent liabilities

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

2.31 Derivative financial instruments

Derivatives are initially recognized at fair value. Any directly attributable transaction costs are recognized in the 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 statement of profit or loss.

2.32 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

Notes to the Financial Statements

For the year ended December 31, 2025

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.

2.33 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 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 Company 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 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 profit or loss as incurred.

2.34 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.

2.35 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.

2.36 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 year 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

3. SUMMARY OF OTHER ACCOUNTING POLICIES

3.1 Ijarah contracts

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

3.2 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.

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 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.

3.5 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.

4. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

	2025	2024	2025	2024
	(Number of shares)		(Rupees in thousand)	
Ordinary shares of Rupees 10 each fully paid-up in cash	54,437,500	54,437,500	544,375	544,375
Ordinary shares of Rupees 10 each issued pursuant to the Scheme between Service Industries Limited and its members and Service Global Footwear Limited and its members	150,000,000	150,000,000	1,500,000	1,500,000
Ordinary share of Rupees 10 each issued under Employees Stock Option Scheme	2,030,105	1,618,900	20,301	16,189
	206,467,605	206,056,400	2,064,676	2,060,564

4.1 Movement during the year

	2025	2024	2025	2024
	(Number of shares)		(Rupees in thousand)	
Balance at the beginning of the year	206,056,400	205,917,500	2,060,564	2,059,175
Issue of ordinary shares of Rupees 10 each under Employees Stock Option Scheme	411,205	138,900	4,112	1,389
Balance at the end of the year	206,467,605	206,056,400	2,064,676	2,060,564

Notes to the Financial Statements

For the year ended December 31, 2025

4.2 154,866,080 (2024: 163,550,000) ordinary shares of the Company are held by Service Industries Limited - Holding Company and 8,683,920 (2024: Nil) ordinary shares of the Company are held by Service Provident Fund Trust.

4.3 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.

2025	2024
Amount	Amount
Rupees in thousand	

5. RESERVES

Composition of reserves is as follows:

Capital reserves

Reserve for issuance of bonus shares	(Note 5.1)	1,390,684	1,390,684
Share premium	(Note 5.2)	1,730,607	1,716,321
Share options reserve	(Note 5.3)	33,058	7,183
Share of employee share options reserve held by equity accounted investee company		4,003	24,389
Share of share premium of equity accounted investee company		55,714	-
Share of exchange translation reserve - equity accounted investee company		(223)	-
		3,213,843	3,138,577

Revenue reserve

Un-appropriated profit		3,116,136	2,011,774
		6,329,979	5,150,351

5.1 This reserve resulted due to the Scheme of Compromises, Arrangement and Reconstruction between Service Industries Limited and its members and Service Global Footwear Limited and its members.

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

5.3 Share options reserve

5.3.1 Description of scheme:

Employees Stock Option Scheme, 2020 was approved by the Securities and Exchange Commission of Pakistan (SECP) on 25 November 2020 which comprises of an entitlement pool of 4.350 million shares. Under the scheme, share options of the 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 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 any one 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 919,675 options having vesting period started from 01 January 2025 and ending on 31 December 2028 with exercise price of Rupees 44 per share. All the options under this scheme have been granted.

2025	2024
Amount	Amount
Rupees in thousand	

5.3.2 Movement in share options reserve:

Balance at the beginning of the year	7,183	895
Add: Recognized during the year at the fair value	30,313	6,803
Less: Transferred to share premium	(4,438)	(515)
Balance at the end of the year	33,058	7,183

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

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

	2025		2024	
	Number of options	WAEP (Rupees)	Number of options	WAEP (Rupees)
Outstanding at the beginning of the year	1,756,075	34.19	705,000	30
Add: Options granted during the year	919,675	44	1,227,325	36
Less: Options exercised during the year	(411,205)	33.95	(138,900)	30
Less: Options lapsed during the year	(71,876)	33.02	(37,350)	30
Outstanding at the end of the year	2,192,669	38.39	1,756,075	34.19
Exercisable at the end of the year	713,000	37.10	483,081	33.81

5.3.4 The weighted average share price at the date of exercise of options exercised during the year was Rupees 76.15 (2024: Rupees 75.69).

5.3.5 The weighted average remaining contractual life for the share options outstanding as at 31 December 2025 is 1.1 years (2024: 1.3 years).

5.3.6 The weighted average fair value of options granted during the year was Rupees 55.54 (2024: Rupees 8.30).

5.3.7 Exercise price for options outstanding at the end of the year is Rupees 30, Rupees 36 and Rupees 44 (2024: Rupees 30 and Rupees 36).

Notes to the Financial Statements

For the year ended December 31, 2025

5.3.8 Measurement of fair value

The fair value of the employee share options has been measured using the Black-Scholes pricing model.

The inputs used in the measurement of the fair value at grant date of the equity-settled share-based payment plans active on reporting date were as follows:

		Options granted date at		
		01 January 2025	01 January 2024	01 January 2023
Fair value at grant date	Rupees	47.20 to 60.86	4.58 to 13.10	1.41 to 2.92
Share price at grant date	Rupees	99.56	59.11	33.00
Exercise price	Rupees	44.00	36.00	30.00
Expected volatility	%	71.81%	40.38%	31.77%
Expected life	Years	1.24 - 4.25	1.25 - 4.25	1 - 4
Expected dividend	%	3.01% - 10.22%	30%	27%
Risk-free interest rate	%	12.19% - 12.53%	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.

2025 2024
Amount Amount
Rupees in thousand

6. LONG TERM FINANCING

From banking companies - secured

Long term loans	(Note 6.1)	1,240,501	312,969
Less: Current portion shown under current liabilities	(Note 12)	(185,141)	(59,543)
		1,055,360	253,426

6.1 Long term loans

LENDER	2025	2024	RATE OF MARK-UP PER ANNUM	NUMBER OF INSTALMENTS	INTEREST REPRICING	INTEREST PAYABLE	SECURITY
..... Rupees in thousand							
Habib Bank Limited	35,863	50,737	SBP rate for LTFF + 0.50%	Three hundred and eight unequal instalments commenced on 22 June 2019 and ending on 08 August 2028. (Note 6.2)	-	Quarterly	Quarterly
	120,777	139,358	6-months KIBOR + 0.50%	Thirty three unequal instalments commenced on 16 April 2024 and ending on 16 April 2032.	Semi annually	Semi annually	First joint pari passu hypothecation charge of Rupees 1,990.67 million on plant and machinery of the Company with 25% margin.
	986,983	-	3-months KIBOR + 0.50%	Twenty equal instalments commencing on 05 May 2026 and ending on 05 February 2031.	Quarterly	Quarterly	Quarterly
	1,143,623	190,095					
Habib Bank Limited	15,025	23,609	SBP rate for LTFF + 0.50%	Thirty nine equal quarterly instalments commenced on 06 January 2018 and ending on 06 July 2027.	-	Quarterly	Quarterly
Allied Bank Limited	28,127	33,978	SBP rate for LTFF + 0.25%	Three hundred and thirty two unequal instalments commenced on 23 July 2020 and ending on 16 July 2031.	-	Quarterly	Quarterly
	7,812	9,441	3-months KIBOR + 0.25%	One hundred and seventy nine unequal instalments commenced on 21 April 2021 and ending on 29 October 2030. (Note 6.2)	Quarterly	Quarterly	Quarterly
	35,939	43,419					
Allied Bank Limited	45,914	55,846	SBP rate for LTFF + 0.25%	One hundred and seventy nine unequal instalments commenced on 21 April 2021 and ending on 29 October 2030. (Note 6.2)	-	Quarterly	Quarterly
	1,240,501	312,969					

6.2

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 May 2020.

Notes to the Financial Statements

For the year ended December 31, 2025

7. EMPLOYEES' RETIREMENT BENEFIT

The latest actuarial valuation of the fund as at 31 December 2025 was carried out using the 'Projected Unit Credit Method'. Details of the fund as per the actuarial valuation are as follows:

	2025 Amount	2024 Amount
	Rupees in thousand	
7.1 Amount recognized in the statement of financial position is as follows:		
Present value of defined benefit obligation	301,420	275,616
Fair value of plan assets	(40,913)	(36,955)
Net defined benefit obligation	260,507	238,661
7.2 Movement in net defined benefit obligation		
Net liability at the beginning of the year	238,661	216,104
Current service cost	14,569	13,968
Net interest on defined benefit obligation	27,596	30,227
Net remeasurements for the year	6,452	18,689
Benefits due but not paid	(9,833)	-
Contributions made during the year	(16,938)	(42,188)
Liability transferred from the Holding Company	-	1,861
Net liability at the end of the year	260,507	238,661
7.3 Movement in the present value of defined benefit obligation		
Present value of defined benefit obligation at the beginning of the year	275,616	247,100
Current service cost	14,569	13,968
Interest cost	32,123	35,031
Benefits due but not paid	(9,833)	-
Benefits paid during the year	(16,938)	(42,188)
Liability transferred from the Holding Company	-	1,861
Remeasurements on obligation:		
Actuarial gains from changes in financial assumptions	(262)	(641)
Experience adjustments	6,145	20,485
Present value of defined benefit obligation at the end of the year	301,420	275,616
7.4 Movement in the fair value of the plan assets		
Fair value of plan assets at the beginning of the year	36,955	30,996
Contributions made during the year	16,938	42,188
Interest income on plan assets	4,527	4,804
Benefits paid during the year	(16,938)	(42,188)
Return on plan assets excluding interest income	(569)	1,155
Fair value of plan assets at the end of the year	40,913	36,955

7.4.1 Service Industries Limited Employees Gratuity Fund Trust as a gratuity fund of the Holding Company is also managing all the affairs relating to gratuity fund of the employees of the Company, Service Tyres (Private) Limited - subsidiary of the Holding Company and Service Retail (Private) Limited - subsidiary of the Holding 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 Tyres (Private) Limited - subsidiary of the Holding Company, Service Retail (Private) Limited - subsidiary of the Holding Company and Service Industries Limited - Holding Company.

	2025 Amount	2024 Amount
	Rupees in thousand	
Mutual funds	143,700	129,653
Bank balances	2,635	902
Total plan assets	146,335	130,555
Allocated to the Company	(40,913)	(36,955)
Allocated to Service Industries Limited - Holding Company	(32,740)	(27,949)
Allocated to Service Tyres (Private) Limited - subsidiary of Holding Company	(61,714)	(55,744)
Allocated to Service Retail (Private) Limited - subsidiary of Holding Company	(10,968)	(9,907)
	-	-

7.5 Amounts recognized in the statement of profit or loss

Current service cost	14,569	13,968
Interest cost	32,123	35,031
Interest income on plan assets	(4,527)	(4,804)
Net expense charged in the statement of profit or loss	42,165	44,195

7.5.1 Charge for the year has been allocated as follows:

Cost of sales	(Note 30)	24,931	38,743
Distribution cost	(Note 31)	12,059	-
Administrative expenses	(Note 32)	5,175	5,452
		42,165	44,195

7.6 Remeasurements recognized in statement of comprehensive income

Experience adjustments	6,145	20,485
Actuarial gains from changes in financial assumptions	(262)	(641)
Return on plan assets excluding interest income	569	(1,155)
	6,452	18,689

		2025	2024
7.7 Principal actuarial assumptions used:			
Discount rate used for interest cost	% per annum	12.25	15.50
Discount rate used for year end obligation	% per annum	11.00	12.25
Expected rate of salary increase	% per annum	11.00	12.25

Notes to the Financial Statements

For the year ended December 31, 2025

7.8 Historical information

	2025	2024	2023	2022	2021
	Amount	Amount	Amount	Amount	Amount
-----Rupees in thousand-----					
Present value of defined benefit obligation	301,420	275,616	247,100	185,141	144,067
Fair value of plan assets	(40,913)	(36,955)	(30,996)	(27,750)	(30,203)
Deficit	260,507	238,661	216,104	157,391	113,864
Remeasurement loss on obligation	5,883	19,844	30,864	10,858	586
Remeasurement (loss) / gain on plan assets	(569)	1,155	(778)	(6,002)	(906)

7.9 The expected charge to statement of profit or loss for the year ending on 31 December 2026 will be Rupees 41.968 million.

7.10 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	283,127	322,192
Future salary increase	100	322,216	282,771

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.

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

7.12 The average duration of the benefit obligation is 6 years.

7.13 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-----					
38,468	25,266	107,962	155,645	1,143,111	1,470,452

2025
Amount
2024
Amount
Rupees in thousand

8. DEFERRED INCOME TAX LIABILITY - NET

8.1 The deferred income tax liability - net originated due to timing differences relating to:

	2025	2024
	Amount	Amount
Rupees in thousand		
Taxable temporary differences:		
Long term investment - associate	735,685	278,796
Accelerated tax depreciation	177,255	110,312
Fair value of forward exchange contracts	2,148	61,869
	915,088	450,977
Deductible temporary difference:		
Minimum tax carry forward	(129,013)	(172,181)
Deferred income tax liability - net	786,075	278,796

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

	2025		
	Balance as at the beginning of the year	Recognized in statement of profit or loss	Balance as at the end of the year
Rupees in thousand			
Long term investment - associate	278,796	456,889	735,685
Accelerated tax depreciation	110,312	66,943	177,255
Fair value of forward exchange contracts	61,869	(59,721)	2,148
Minimum tax carry forward:			
Available	(197,852)	(92,850)	(290,702)
Movement in deferred income tax not recognized	25,671	136,018	161,689
Deferred income tax recognized	(172,181)	43,168	(129,013)
	278,796	507,279	786,075

	2024		
	Balance as at the beginning of the year	Recognized in statement of profit or loss	Balance as at the end of the year
Rupees in thousand			
Long term investment - associate	67,093	211,703	278,796
Accelerated tax depreciation	-	110,312	110,312
Fair value of forward exchange contracts	-	61,869	61,869
Minimum tax carry forward:			
Available	-	(197,852)	(197,852)
Movement in deferred income tax not recognized	-	25,671	25,671
Deferred income tax recognized	-	(172,181)	(172,181)
	67,093	211,703	278,796

Notes to the Financial Statements

For the year ended December 31, 2025

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

Minimum tax	Accounting year to which minimum tax carry forward relates	Amount	Accounting year in which minimum tax carry forward will expire
	2025	92,850	2027
	2024	197,852	2027
		290,702	

	2025 Amount	2024 Amount
	Rupees in thousand	

9. TRADE AND OTHER PAYABLES

Trade creditors	(Note 9.1)	1,546,152	1,130,655
Accrued liabilities		1,024,963	746,690
Contract liabilities - unsecured		37,562	85,395
Provident fund payable		43,508	36,380
Workers' profit participation fund	(Note 9.2)	862	663
Workers' welfare fund	(Note 9.3)	136,236	77,409
Income tax deducted at source		4,385	1,518
		2,793,668	2,078,710

9.1 These include Rupees Nil (2024: Rupees 0.438 million) and Rupees 151.854 million (2024: Rupees 92.482 million) due to SIL GULF (FZE) - subsidiary of the Holding Company and Dongguan Service Global Limited - subsidiary company respectively. These are in ordinary course of business and interest free.

	2025 Amount	2024 Amount
	Rupees in thousand	

9.2 Workers' profit participation fund

Balance at the beginning of the year		663	33,558
Add: Interest for the year	(Note 35)	199	2,380
Less: Payments made during the year		-	(35,275)
Balance at the end of the year		862	663

9.2.1 The Company retains workers' profit participation fund for its business operations till the date of allocation to workers. Interest is paid at prescribed rate under the Companies Profits (Workers Participation) Act, 1968 on funds utilized by the Company till the date of allocation to workers.

	2025 Amount	2024 Amount
	Rupees in thousand	

9.3 Workers' welfare fund

Balance at the beginning of the year		77,409	45,199
Add: Provision for the year	(Note 33)	58,827	33,202
Less: Payments made during the year		-	(992)
Balance at the end of the year		136,236	77,409

10. ACCRUED MARK-UP

Long term financing		35,588	16,031
Short term borrowings		38,184	30,897
		73,772	46,928

11. SHORT TERM BORROWINGS

From banking companies - secured

Short term running finances	(Note 11.1 and Note 11.2)	44,900	86,520
Export refinances	(Note 11.1 and Note 11.3)	1,335,000	2,006,650
Export finance scheme	(Note 11.1 and Note 11.4)	2,954,139	3,028,780
Export loans	(Note 11.1 and Note 11.5)	2,794,201	1,410,490
Money market loan	(Note 11.1 and Note 11.6)	-	2,500,000
		7,128,240	9,032,440

11.1 These finance facilities are obtained from banking companies under mark-up arrangements and are secured by joint pari passu hypothecation charge over present and future current assets of the Company and ranking charge over present and future current assets of the Company. These form part of total credit facilities of Rupees 12,750 million (2024: Rupees 13,250 million).

11.2 The rates of mark-up range from 11.27% to 14.10% (2024: 15.18% to 23.34%) per annum.

11.3 The rates of mark-up range from 6.8% to 10.00% (2024: 9.30% to 19.00%) per annum.

11.4 The rates of mark-up is 2% (2024: 2% to 2.5%) per annum.

11.5 The rates of mark-up range from 2.25% to 5.00% (2024: 4.00% to 8.00%) per annum.

11.6 The rate of mark-up was 10.64% (2024: 10.64%) per annum.

	2025 Amount	2024 Amount
	Rupees in thousand	

12. CURRENT PORTION OF NON-CURRENT LIABILITY

Long term financing	(Note 6)	185,141	59,543
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Notes to the Financial Statements

For the year ended December 31, 2025

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

13.1.1 On 10 September 2017, the Company has challenged, before Honourable Lahore High Court, Lahore, the vires of clauses (h) and (i) to sub-section (1) of section 8 of the Sales Tax Act, 1990 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. On 11 September 2017, the Honourable Lahore High Court, Lahore has passed order whereby tax department shall consider whether the Company is entitled to claim input sales tax on aforesaid goods that are used for the purpose of taxable supplies. Tax department shall consider the input sales tax adjustment for the relevant period. The Company has claimed input sales tax of Rupees 30.157 million (2024: Rupees 30.157 million) on such goods in its respective monthly sales tax returns. The management, based on advice of the legal counsel, is confident of favourable outcome of this matter.

13.1.2 Without considering the facts of the Scheme of Compromises, Arrangement and Reconstruction between Service Industries Limited and the Company, the tax authorities through order dated 29 October 2021 alleged that the 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 the Company filed appeal before Commissioner Inland Revenue (Appeals) - VI [CIR(A)] who upheld the order on 28 February 2022. The Company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) on 01 March 2022. ATIR on 20 June 2022 accepted the Company's contentions and remanded the issue on account of verification of the Company's claim that the sales tax liability (if any) on revenue reported by the 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. The Company filed an appeal before CIR(A) on 27 December 2022 and CIR(A) 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 the Company and Service Industries Limited - Holding Company in light of directions of ATIR order dated 20 June 2022. Based on grounds and facts, the matter is likely to be decided in favour of the Company.

13.1.3 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 Company filed a rectification application to the tax department under section 221 of the Income Tax Ordinance, 2001. The Commissioner Inland Revenue (CIR) passed an order dated 22 March 2025 under which demand has been annulled and the matter has been remanded back to DCIR.

13.1.4 Commissioner Inland Revenue (Appeals-I) [CIR(A)], Lahore, vide appellate order dated 09 May 2025 passed under Section 45B of Sales Tax Act, 1990 (Act), annulled the departmental order dated 24 July 2024, passed by DCIR, through which a sales tax demand amounting to Rupees 7.766 million (exclusive of default surcharge and penalty) had been raised against the Company. The matter was remanded back to DCIR with direction to re-examine the case and pass a fresh, speaking order. Pursuant to directions of CIR(A), DCIR issued a hearing notice dated 13 August 2025 under section 11B of the Act. The Company's stance was adequately explained to the tax authorities on 20 August 2025. However, no order has been passed till date.

13.1.5 Deputy Commissioner Inland Revenue (DCIR) has issued a show cause notice dated 03 December 2025 under section 11 of the Sales Tax Act, 1990 regarding claiming input tax aggregating to Rupees 1.724 million for the tax period May 2024. The Company's stance has adequately explained to tax authorities. However, no order has been passed yet.

13.1.6 Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 79.921 million (2024: Rupees 546.689 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. The 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 the Company.

13.1.7 The Company's share in contingencies of associate accounted for under equity method is Rupees 366.010 million (2024: Rupees 438.288 million).

13.1.8 Guarantee of Rupees 8 million (2024: Rupees 8 million) is given by the bank of the Company to Pakistan State Oil Company Limited against fuel cards obtained by the Company for its employees.

13.1.9 Guarantees of Rupees 142 million (2024: Rupees 34 million) are given by the banks of the Company to Director, Excise and Taxation, Karachi against disputed amount of infrastructure cess.

13.2 Commitments

13.2.1 Contracts for capital expenditure are approximately of Rupees 6.423 million (2024: Rupees Nil).

13.2.2 Letters of credit other than capital expenditure are of Rupees 490.811 million (2024: Rupees 159.510 million).

13.2.3 Outstanding foreign currency forward contracts are of Rupees 3,650.841 million (2024: Rupees 2,422.185 million).

13.2.4 The Company's share in commitments of associate accounted for under equity method is Rupees 926.168 million (2024: Rupees 424.908 million).

13.2.5 The Company had obtained vehicles under ijarah arrangements from Bank AL Habib Limited for the period of four years and ijarah rentals were payable on monthly basis respectively. Future Ujrah payments under ijarah were as follows:

	2025 Amount	2024 Amount
	Rupees in thousand	
Not later than one year	-	5,828

13.2.6 Following represent commitments arising from short-term 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:

	2025 Amount	2024 Amount
	Rupees in thousand	
Not later than 1 year	7,916	3,876

14. FIXED ASSETS

Operating fixed assets	(Note 14.1)	3,142,814	2,868,638
Capital work-in-progress	(Note 14.4)	1,055,328	80,167
		4,198,142	2,948,805

Notes to the Financial Statements

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14.1 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	Total
Rupees in thousand							
At 31 December 2023							
Cost	383,031	1,295,282	1,758,742	30,315	219,256	608,966	4,295,592
Accumulated depreciation	-	(327,219)	(740,095)	(8,944)	(28,690)	(222,947)	(1,327,895)
Net book value	383,031	968,063	1,018,647	21,371	190,566	386,019	2,967,697
Year ended 31 December 2024							
Opening net book value	383,031	968,063	1,018,647	21,371	190,566	386,019	2,967,697
Additions	-	45,246	83,377	10,040	24,107	35,365	198,135
Disposals:							
Cost	-	-	(685)	(20)	(22,385)	(4,414)	(27,504)
Accumulated depreciation	-	-	624	15	8,522	3,817	12,978
	-	-	(61)	(5)	(13,863)	(597)	(14,526)
Depreciation	-	(83,721)	(107,196)	(2,578)	(39,049)	(50,124)	(282,668)
Closing net book value	383,031	929,588	994,767	28,828	161,761	370,663	2,868,638
At 31 December 2024							
Cost	383,031	1,340,528	1,841,434	40,335	220,978	639,917	4,466,223
Accumulated depreciation	-	(410,940)	(846,667)	(11,507)	(59,217)	(269,254)	(1,597,585)
Net book value	383,031	929,588	994,767	28,828	161,761	370,663	2,868,638
Year ended 31 December 2025							
Opening net book value	383,031	929,588	994,767	28,828	161,761	370,663	2,868,638
Additions	-	42,123	297,566	3,837	153,757	84,590	581,873
Disposals:							
Cost	-	-	(1,765)	-	(20,313)	(1,673)	(23,751)
Accumulated depreciation	-	-	1,160	-	7,967	1,022	10,149
	-	-	(605)	-	(12,346)	(651)	(13,602)
Assets written off:							
Cost	-	(3,817)	-	-	-	(860)	(4,677)
Accumulated depreciation	-	3,224	-	-	-	649	3,873
	-	(593)	-	-	-	(211)	(804)
Depreciation	-	(78,971)	(109,445)	(3,178)	(49,021)	(52,676)	(293,291)
Closing net book value	383,031	892,147	1,182,283	29,487	254,151	401,715	3,142,814
At 31 December 2025							
Cost	383,031	1,378,834	2,137,235	44,172	354,422	721,974	5,019,668
Accumulated depreciation	-	(486,687)	(954,952)	(14,685)	(100,271)	(320,259)	(1,876,854)
Net book value	383,031	892,147	1,182,283	29,487	254,151	401,715	3,142,814
Annual rate of depreciation (%)		5-10	10	10	20	10-30	

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

Description	Quantity	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particular of purchasers
Rupees in thousand								
Vehicles								
MG HSAYE - 808	1	6,291	3,092	3,199	3,257	58	Company's policy	Mr. Ashfaq - Company employee, Lahore
Toyota Corolla Altis APV - 944	1	6,996	2,476	4,520	4,440	(80)	Company's policy	Mr. Muhammad Ashraf - Company employee, Lahore
Toyota Corolla Altis AQL - 686	1	7,027	2,398	4,629	4,547	(82)	Company's policy	Mr. Zahid Mumtaz - Company employee, Lahore
Plant and machinery								
PU machine - 60 stations	1	1,765	1,160	605	696	91	Negotiation	AS Traders, Lahore
Aggregate of items of 18 operating fixed assets with individual book values not exceeding Rupees 500,000		6,349	4,896	1,453	661	(792)		
		28,428	14,022	14,406	13,601	(805)		

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

	2025 Amount	2024 Amount
Cost of sales	(Note 30) 250,549	251,189
Administrative expenses	(Note 32) 42,742	31,479
	293,291	282,668

Notes to the Financial Statements

For the year ended December 31, 2025

14.3 Particulars of immovable properties (i.e. land and buildings) are as follows:

Manufacturing unit and residential colony	Address	Area of freehold land (Square Feet)	Covered area (Square Feet)
Muridke factory and residential colony	10 - KM, Muridke - Sheikhpura Road, Muridke	1,345,693	408,789
Freehold land	Hadbast Manga Otar, Raiwind, Lahore	211,500	-

14.4 Capital work in progress

	Advances for capital expenditures	Buildings on freehold land	Plant and machinery	Furniture, fixture and fittings	Service equipment	Vehicles	Total
	-----Rupees in thousand-----						
At 31 December 2023	-	35,632	41,325	173	16,496	6,659	100,285
Add: Additions during the year	-	39,911	47,081	9,867	60,710	27,107	184,676
Less: Transferred to operating fixed assets during the year	-	(45,246)	(83,377)	(10,040)	(35,365)	(24,107)	(198,135)
Less: Advance against vehicle received back	-	-	-	-	-	(6,659)	(6,659)
At 31 December 2024	-	30,297	5,029	-	41,841	3,000	80,167
Add: Additions during the year	19,703	740,283	464,290	5,542	176,459	150,757	1,557,034
Less: Transferred to operating fixed assets during the year	-	(42,123)	(297,566)	(3,837)	(84,590)	(153,757)	(581,873)
At 31 December 2025	19,703	728,457	171,753	1,705	133,710	-	1,055,328

14.4.1 Borrowing cost amounting to Rupees 23.509 million (2024: Rupees Nil) has been capitalized under buildings on freehold land during the year. The effective rate of borrowing cost capitalized during the year ranged from 11.57% to 11.67% (2024: Nil) per annum.

	2025 Amount	2024 Amount
	Rupees in thousand	

15. LONG TERM SECURITY DEPOSITS

Security deposits against Ijarah	-	6,756
Security deposits - others	4,491	4,354
	4,491	11,110
Less: Current portion shown under current assets	(Note 24)	(6,756)
	4,491	4,354

	2025 Amount	2024 Amount
	Rupees in thousand	

16. LONG TERM LOANS TO EMPLOYEES

Considered good:

Executives	(Note 16.1, Note 16.2 and Note 16.3)	26,487	7,388
Other employees	(Note 16.3)	435	892
		26,922	8,280
Less: Current portion shown under current assets	(Note 22)		
Executives		(8,809)	(4,978)
Other employees		(182)	(457)
		(8,991)	(5,435)
		17,931	2,845

16.1 Reconciliation of carrying amount of loans to executives:

Balance as at the beginning of the year	7,388	13,353
Add: Disbursements	29,500	2,000
Less: Repayments	(10,401)	(7,965)
Balance as at the end of the year	26,487	7,388

16.2 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 28.398 million (2024: Rupees 6.967 million).

16.3 These represent interest free loans to executives and employees for general purposes and house building. These are recoverable in monthly instalments over the period of 1 to 6 years and are secured by amount due to the employees against retirement benefits.

16.4 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.

	2025 Amount	2024 Amount
	Rupees in thousand	

17. LONG TERM INVESTMENTS

Investment in subsidiary company - at cost	(Note 17.1)	89,167	89,167
Investment in associate (with significant influence) - under equity method	(Note 17.2)	5,710,048	3,946,265
		5,799,215	4,035,432

17.1 Investment in subsidiary company - at cost

Dongguan Service Global Limited			
Equity held 100% (2024: 100%)	(Note 17.1.1)	89,167	89,167

Notes to the Financial Statements

For the year ended December 31, 2025

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

	2025	2024
	Amount	Amount
	Rupees in thousand	
17.2 Investment in associate (with significant influence) - under equity method		
Service Long March Tyres (Private) Limited		
1,354,858,520 (2024: 1,354,858,520) fully paid ordinary shares of Rupees 2 each (Notes 17.2.1 to 17.2.7)	5,710,048	3,946,265
17.2.1 Investment in associate (with significant influence) - under equity method		
Cost of investment	2,720,975	2,720,975
Share of post acquisition changes in investee's net assets:		
As at the beginning of the year	1,225,290	257,114
Add: Share of net profit of associate accounted for using the equity method (Note 17.2.2)	2,277,572	1,323,147
Less: Dividend received during the year	(548,894)	(379,360)
Add: Share of employee share options reserve	35,328	24,389
Less: Share of post acquisition other comprehensive loss	(223)	-
	2,989,073	1,225,290
Balance at the end of the year	5,710,048	3,946,265

17.2.2 This includes adjustment on dilution of interest in associate of Rupees 91.720 million due to ordinary shares issued by equity accounted investee under employees stock option scheme.

	2025	2024
	Amount	Amount
	Rupees in thousand	

17.2.3 Summary of financial information of associate as per audited financial statements for the year:

Current assets	23,890,110	19,676,462
Non-current assets	33,342,962	26,030,800
Total assets	57,233,072	45,707,262
Current liabilities	21,028,121	15,461,185
Non-current liabilities	4,978,398	9,359,306
Total liabilities	26,006,519	24,820,491
Net assets	31,226,553	20,886,771

17.2.4 Reconciliation to carrying amounts:

Balance at the beginning of the year	20,886,771	14,252,903
Transaction with owners in their capacity as owners	(2,332,500)	(363,208)
Profit after levy and taxation	12,673,501	6,997,076
Other comprehensive loss	(1,219)	-
Balance at the end of the year	31,226,553	20,886,771
Share deposit money	(18,102)	(18,102)
	31,208,451	20,868,669
Percentage of holding	18.30%	18.91%
Company's share	5,710,048	3,946,265

17.2.5 Summarized statement of comprehensive income:

Revenue	59,477,194	44,882,004
Profit after levy and taxation	12,673,501	6,997,076
Other comprehensive loss	(1,219)	-
Total comprehensive income	12,672,282	6,997,076

17.2.6 Service Long March Tyres (Private) Limited (SLM) is primarily engaged in the business of manufacturing, sale, marketing, import and export of all steel radial truck, bus, light truck and off the road tyres. Its registered office is situated at Servis House, 2 – Main Gulberg, Lahore. SLM applied for change in status from private company to public company. Securities and Exchange Commission of Pakistan has approved the said conversion into public company with effect from 06 January 2026.

17.2.7 During the year, on 13 October 2025, the members of SLM in their annual general meeting, passed special resolution to subdivide SLM's shares by reducing the face value from Rupees 10 per share to Rupees 2 per share. Accordingly, existing shares were split into shares having the face value of Rupees 2 each.

Notes to the Financial Statements

For the year ended December 31, 2025

	2025 Amount	2024 Amount
	Rupees in thousand	
18. LONG TERM LOAN TO HOLDING COMPANY		
Balance at the beginning of the year	-	1,250,000
Less: Loan repaid by the Holding Company	-	(1,250,000)
	-	-

18.1 This represented unsecured loan to Service Industries Limited - Holding Company. This carried mark-up at 6-months KIBOR plus 0.25 percent per annum or average borrowing cost of the Company, whichever is higher. The maximum aggregate amount receivable from the Holding Company at the end of any month during the year was Rupees Nil (2024: Rupees 350 million). It was neither past due nor impaired. Effective rate of mark-up charged on this long term loan was 20.39% to 21.74% per annum.

	2025 Amount	2024 Amount
	Rupees in thousand	
19. STORES, SPARES AND LOOSE TOOLS		
Stores	68,165	49,831
Machinery spares	118,378	108,115
Loose tools	22,799	15,220
	209,342	173,166
Less: Provision for slow moving and obsolete items (Note 19.1)	(14,593)	(7,132)
	194,749	166,034

19.1 Provision for slow moving and obsolete items		
Balance at the beginning of the year	7,132	8,456
Add: Provision / (reversal of provision) for the year	7,461	(1,324)
Balance at the end of the year	14,593	7,132

20. STOCK-IN-TRADE		
Raw materials (Note 20.1)	1,825,627	1,543,062
Packing materials	94,766	90,399
Work-in-process (Note 20.2)	850,330	822,088
Finished goods (Note 20.3 and Note 20.4)	1,135,473	1,707,810
	3,906,196	4,163,359
Less: Provision for slow moving and obsolete stocks (Note 20.6)	(11,502)	(11,547)
	3,894,694	4,151,812

20.1 These include stock-in-transit of Rupees 480.009 million (2024: Rupees 114.933 million).

20.2 This includes stock of Rupees 98.074 million (2024: Rupees 79.307 million) sent to outside parties for processing.

20.3 These include stock in transit of Rupees 69.707 million (2024: Rupees 73.541 million).

20.4 Finished goods of Rupees 47.112 million (2024: Rupees 61.015 million) are being carried at net realizable value.

20.5 The aggregate amount of Rupees 10.372 million (2024: Rupees 10 million) has been charged to cost of sales, being the cost of inventory written.

	2025 Amount	2024 Amount
	Rupees in thousand	
20.6 Provision for slow moving and obsolete stocks		
Balance at the beginning of the year	11,547	24,465
Less: Reversal of provision for the year	(45)	(12,918)
Balance at the end of the year	11,502	11,547

21. TRADE DEBTS		
Considered good:		
Secured:		
- Against irrevocable letters of credit	1,216,910	1,201,942
Unsecured:		
- Related parties (Note 21.3)	-	-
- Others (Note 21.4)	1,777,733	1,171,260
	1,777,733	1,171,260
	2,994,643	2,373,202
Less: Allowance for expected credit losses (Note 21.5)	(67,389)	(67,010)
	2,927,254	2,306,192

21.1 Types of counter-parties		
Export		
Corporate	2,973,974	2,367,756
Other	-	-
	2,973,974	2,367,756
Local		
Corporate	20,596	5,373
Other	73	73
	20,669	5,446
	2,994,643	2,373,202

Notes to the Financial Statements

For the year ended December 31, 2025

	2025 Amount	2024 Amount
	Rupees in thousand	
21.2 Foreign jurisdictions of trade debts		
Europe	2,085,950	1,623,725
Asia, Africa and Australia	490,974	256,086
United States of America and Canada	397,050	487,945
	2,973,974	2,367,756

21.3 As at the reporting date, trade debts due from related parties were Rupees Nil (2024: Rupees Nil). The maximum aggregate amount receivable from related parties at the end of any month during the year was as follows:

	2025 Amount	2024 Amount
	Rupees in thousand	
Service Industries Limited - Holding Company	18,950	197,486
Service Long March Tyres (Private) Limited - subsidiary company of the Holding Company	283	-
Service Retail (Private) Limited - subsidiary company of the Holding Company	9,898	59,572

21.4 As at the reporting date, trade debts due from other than related parties of Rupees 256.077 million (2024: Rupees 76.023 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:

	2025 Amount	2024 Amount
	Rupees in thousand	
Upto 1 month	238,037	23,674
1 to 6 months	17,129	52,349
More than 6 months	911	-
	256,077	76,023

21.5 Allowance for expected credit losses

	2025 Amount	2024 Amount
	Rupees in thousand	
Balance at the beginning of the year	67,010	6,300
Add: Recognized during the year (Note 33)	379	60,710
Balance at the end of the year	67,389	67,010

	2025 Amount	2024 Amount
	Rupees in thousand	
22. LOANS AND ADVANCES		
Considered good:		
Short term loan to Holding Company (Note 22.1)	-	2,500,000
Advances against letters of credit	170,273	294,247
Margin against bank guarantees	50,000	50,000
Advances to suppliers	17,062	19,755
Advances to staff	7,238	3,892
Current portion of long term loans to employees (Note 16)	8,991	5,435
	253,564	2,873,329

22.1 This represented unsecured loan to Service Industries Limited - Holding Company for working capital requirement. This carried mark-up at 1-month KIBOR plus 0.05 percent per annum or average borrowing cost of the Company, whichever is higher. The maximum aggregate amount receivable from the Holding Company at the end of any month during the year was Rupees 1,700 million (2024: Rupees 2,500 million). It was neither past due nor impaired. Effective rate of mark-up charged on this short term loan ranged from 12.46% to 13.40% per annum (2024: 14.98% to 22.16% per annum).

	2025 Amount	2024 Amount
	Rupees in thousand	
23. ACCRUED MARK-UP		
On short term loan to Holding Company (Note 23.1)	-	-
On long term loan to Holding Company (Note 23.2)	-	-
On saving account	7,966	9,599
	7,966	9,599

23.1 This represented accrued mark-up on short term loan given to Service Industries Limited - Holding Company. The maximum aggregate outstanding amount at the end of any month during the year was Rupees 22.908 million (2024: Rupees 4.959 million).

23.2 This represented accrued mark-up on long term loan given to Service Industries Limited - Holding Company. The maximum aggregate outstanding amount at the end of any month during the year was Rupees Nil (2024: Rupees 17.285 million).

	2025 Amount	2024 Amount
	Rupees in thousand	
24. SHORT TERM DEPOSITS AND PREPAYMENTS		
Short term security deposits	14,499	12,035
Prepayments	21,883	5,912
Current portion of long term security deposits (Note 15)	-	6,756
	36,382	24,703

Notes to the Financial Statements

For the year ended December 31, 2025

	2025 Amount	2024 Amount
	Rupees in thousand	
25. OTHER RECEIVABLES		
Considered good:		
Custom duty rebate	719,973	674,500
Duty drawback	-	1,594
Sales tax refundable	1,122,912	857,417
Fair value of forward exchange contracts	5,508	167,213
Lab testing charges	-	6,521
Claims receivable (Note 25.1)	7,930	42,677
Insurance claim receivable	-	492
Receivable from Holding Company (Note 25.2)	-	8,363
	1,856,323	1,758,777

25.1 Claims receivable		
Claims receivable	7,930	42,677
Less: Allowance for expected credit losses (Note 25.1.1)	-	-
	7,930	42,677

25.1.1 Allowance for expected credit losses		
Balance at the beginning of the year	-	13,621
Less: Written off against allowance for expected credit losses	-	(13,621)
Balance at the end of the year	-	-

25.2 This represented amount receivable from Service Industries Limited - Holding Company against expenses incurred on behalf of the Holding Company. These were in ordinary course of business and interest free. The maximum aggregate amount receivable at the end of any month during the year was Rupees Nil (2024: Rupees 8.363 million).

	2025 Amount	2024 Amount
	Rupees in thousand	
26. SHORT TERM INVESTMENTS		
Debt instruments - term deposit receipts (Note 26.1)	94,832	-
26.1 Debt instruments - term deposit receipts		
At amortized cost (Note 26.1.1)	91,000	-
Add: Accrued interest	3,832	-
	94,832	-

26.1.1 These represent deposits under lien with the banks of the Company against bank guarantees issued by the banks to Director, Excise and Taxation, Karachi against disputed amount of infrastructure cess with deposit of Rupees 1 million on account of bank guarantee margin. Interest on term deposit receipts ranges from 5.91% to 11.00% (2024: Nil) per annum. The maturity period of these term deposit receipts is 3 to 12 months (2024: Nil).

	2025 Amount	2024 Amount
	Rupees in thousand	
27. ADVANCE INCOME TAX AND PREPAID LEVY - NET		
Advance income tax - net		
Advance income tax	392,666	333,542
Less: Provision for taxation	(684,701)	(426,496)
	(292,035)	(92,954)
Prepaid levy - net		
Prepaid levy	775,417	742,641
Less: Levy payable	(212,978)	(471,542)
	562,439	271,099
	270,404	178,145

28. CASH AND BANK BALANCES		
Cash in hand	5,495	727
With banks:		
Current accounts:		
Local currency	85,575	76,370
Foreign currency (Note 28.1)	33,583	100,607
	119,158	176,977
Saving accounts:		
Local currency (Note 28.2)	998,860	567,266
	1,123,513	744,970

28.1 This represents EURO 102,123.14 (2024: EURO 346,821.72).

28.2 Rate of profit on bank deposits ranges from 10.5% to 12.03% (2024: 13.5% to 21.5%) per annum.

	2025 Amount	2024 Amount
	Rupees in thousand	
29. REVENUE - NET		
Revenue from contracts with customers:		
Export sales	20,024,120	16,928,197
Local sales (Note 29.1)	194,539	745,206
	20,218,659	17,673,403
Less: Discounts and commissions	(332,179)	(281,549)
	19,886,480	17,391,854

Notes to the Financial Statements

For the year ended December 31, 2025

	2025 Amount	2024 Amount
	Rupees in thousand	
29.1 Local sales		
Local sales	229,628	879,711
Less: Sales tax	(35,089)	(134,505)
	194,539	745,206
29.2	The amount of Rupees 85.042 million (2024: Rupees 142.885 million) included in contract liabilities (Note 9) at 31 December 2024 has been recognized as revenue in 2025.	
29.3 Disaggregation of revenue from contracts with customers		
In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition:		
Description	2025	2024
	Rupees in thousand	
Region		
Europe	14,351,976	12,009,071
United States of America and Canada	4,098,609	3,508,806
Asia, Africa, Australia	1,241,356	1,128,771
Pakistan	194,539	745,206
	19,886,480	17,391,854
Timing of revenue recognition		
Products and services transferred at a point in time	19,886,480	17,391,854
Products and services transferred over time	-	-
	19,886,480	17,391,854
Major products / service lines		
Raw material	50,956	285,445
Footwear	19,835,524	17,106,409
	19,886,480	17,391,854

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

	2025 Amount	2024 Amount
	Rupees in thousand	
30. COST OF SALES		
Raw materials consumed (Note 30.1)	8,843,412	8,159,992
Processing charges	49,625	64,446
Salaries, wages and other benefits (Note 30.2, Note 30.3 and Note 30.4)	4,196,857	3,559,023
Packing materials consumed	1,134,846	995,600
Stores and spares consumed	559,456	390,946
Fuel and power	367,560	397,320
Repair and maintenance	61,994	54,279
Insurance	27,436	24,894
Travelling	91,594	65,317
Entertainment	716	3,347
Rent, rates and taxes (Note 30.5)	3,039	180
Provision / (reversal of provision) for slow moving and obsolete inventory	7,416	(14,242)
Depreciation (Note 14.2)	250,549	251,189
Other manufacturing charges	35,454	46,028
	15,629,954	13,998,319
Work-in-process:		
Opening stock	822,088	877,342
Closing stock	(850,330)	(822,088)
	(28,242)	55,254
Cost of goods manufactured	15,601,712	14,053,573
Finished goods:		
Opening stock	1,707,810	1,704,823
Finished goods purchased	254,222	451,377
Closing stock	(1,135,473)	(1,707,810)
	826,559	448,390
	16,428,271	14,501,963
30.1 Raw materials consumed		
Opening stock	1,543,062	1,926,537
Add: Purchases during the year (Note 30.6)	9,125,977	7,776,517
Less: Closing stock	(1,825,627)	(1,543,062)
	8,843,412	8,159,992

Notes to the Financial Statements

For the year ended December 31, 2025

- 30.2 Salaries, wages and other benefits include contributions of Rupees 138.779 million (2024: Rupees 116.403 million) and Rupees 24.931 million (2024: Rupees 38.743 million) in respect of provident fund and gratuity fund respectively.
- 30.3 Salaries, wages and other benefits include compensated absences expense of Rupees 44.307 million (2024: Rupees 36.331 million).
- 30.4 Salaries, wages and other benefits include share options expense of Rupees 15.657 million (2024: Rupees 3.598 million).
- 30.5 These include rent expense of Rupees 3.039 million (2024: Rupees 0.180 million) related to short term leases.
- 30.6 Custom duty rebate for the year amounting to Rupees 673.213 million (2024: Rupees 458.199 million) has been adjusted against raw materials consumed.

		2025 Amount	2024 Amount
Rupees in thousand			
31. DISTRIBUTION COST			
Salaries and other benefits	(Note 31.1 and Note 31.2)	223,052	171,835
Freight and insurance		570,158	493,723
Samples, claims and product development		552,162	481,125
Postage and courier		124,944	129,010
Fuel and power		13,872	13,197
Travelling and conveyance		52,386	49,467
Entertainment		12,631	12,921
Rent, rates and taxes	(Note 31.3)	3,044	1,049
		1,552,249	1,352,327

- 31.1 Salaries and other benefits include contributions of Rupees 10.163 million (2024: Rupees 5.724 million) and Rupees 12.059 million (2024: Rupees Nil) in respect of provident fund and gratuity fund respectively.
- 31.2 Salaries and other benefits include share options expense of Rupees 5.981 million (2024: Rupees 1.108 million).
- 31.3 These include rent expense of Rupees 3.044 million (2024: Rupees 1.049 million) related to short term leases.

		2025 Amount	2024 Amount
Rupees in thousand			
32. ADMINISTRATIVE EXPENSES			
Salaries and other benefits	(Note 32.1, Note 32.2 and Note 32.3)	628,820	528,213
Communication		3,566	2,577
Printing and stationery		5,618	5,778
Travelling and conveyance		39,038	20,980
Entertainment		25,912	25,765
Vehicles' running		32,943	30,180
Insurance		5,041	5,382
Rent, rates and taxes		3,771	6,112
Fuel and power		20,066	27,535
Repairs and maintenance		15,004	7,616
Auditor's remuneration	(Note 32.4)	4,288	3,898
Legal and professional		30,809	21,910
Subscription		525	340
Depreciation	(Note 14.2)	42,742	31,479
Ijarah rentals		5,869	11,445
Computer running		17,923	11,289
General		42,449	36,151
		924,384	776,650

- 32.1 Salaries and other benefits include contributions of Rupees 20.323 million (2024: Rupees 14.229 million) and Rupees 5.175 million (2024: Rupees 5.452 million) in respect of provident fund and gratuity fund respectively.
- 32.2 Salaries and other benefits include share options expense of Rupees 8.675 million (2024: Rupees 2.097 million).
- 32.3 Salaries and other benefits include compensated absences expense of Rupees 16.457 million (2024: Rupees 13.840 million).

		2025 Amount	2024 Amount
Rupees in thousand			
32.4 Auditor's remuneration			
Statutory audit fee		2,021	1,837
Statutory audit fee of consolidated financial statements		429	390
Half yearly review		733	666
Certification charges		582	529
Reimbursable expenses		523	476
		4,288	3,898

Notes to the Financial Statements

For the year ended December 31, 2025

		2025 Amount	2024 Amount
Rupees in thousand			
33. OTHER EXPENSES			
Allowance for expected credit losses - trade debts	(Note 21.5)	379	60,710
Prepayment written off		-	2,352
Other receivable written off		17,201	-
Other receivable - duty drawback written off		1,179	-
Exchange loss - net		-	13,110
Insurance claim receivable written off		492	-
Operating fixed assets written off		804	-
Loss on disposal of operating fixed assets - net	(Note 14.1.1)	1	-
Workers' welfare fund	(Note 9.3)	58,827	33,202
		78,883	109,374
34. OTHER INCOME			
Income from financial assets			
Interest on loans to Holding Company		33,354	87,133
Interest on saving accounts		61,493	26,487
Return on term deposit receipts		4,557	-
Exchange gain - net		36,543	-
Unrealised exchange gain on forward contracts		5,508	167,213
Income from non-financial assets			
Gain on disposal of operating fixed assets - net		-	1,661
Scrap sales		41,279	36,747
		182,734	319,241
35. FINANCE COST			
Mark-up on:			
- Short term borrowings		318,387	553,104
- Long term financing		55,384	38,926
Interest on workers' profit participation fund	(Note 9.2)	199	2,380
Bank charges and commission		106,512	72,668
		480,482	667,078
36. LEVY			
Minimum tax differential		92,850	197,852
Prior period adjustment		-	(719)
		92,850	197,133

36.1 Levy represents minimum tax (excess over the amount designated as provision for current tax) on sales under section 113 of the Income Tax Ordinance, 2001.

	2025 Amount	2024 Amount
Rupees in thousand		
37. TAXATION		
Current	238,580	76,909
Super tax	108,768	35,868
Deferred tax	507,279	211,703
	854,627	324,480

37.1 Current tax represents provision for taxation calculated based on the taxable income for the year determined in accordance with the Income Tax Ordinance, 2001, tax (final tax) deducted by associate on distribution of dividend to the Company and related super tax as per section 4C of Income Tax Ordinance, 2001.

	2025 Amount	2024 Amount
Rupees in thousand		
37.2 Reconciliation between tax expense and accounting profit		
Profit before taxation and levy	2,882,517	1,626,850
Applicable tax rate	29%	29%
Tax on accounting profit	835,930	471,787
Prior period adjustment	-	(719)
Deferred tax	507,279	211,703
Super tax	108,768	35,868
Tax effect of dividend from equity accounted investee	82,334	56,904
Effect of minimum tax	249,096	217,857
Tax effect of expenses / income that are not considered in determining taxable liability	(835,930)	(471,787)
Current tax liability and levy as per applicable law	947,477	521,613
Taxation	(854,627)	(324,480)
Levy	(92,850)	(197,133)
	-	-

	2025	2024
38. EARNINGS PER SHARE - BASIC AND DILUTED		
38.1 Basic earnings per share		
Profit after taxation attributable to ordinary shareholders (Rupees in thousand)	1,935,040	1,105,237
Weighted average number of ordinary shares (Numbers)	(Note 38.3) 206,238,908	205,978,980
Basic earnings per share (Rupees)	9.38	5.37

Notes to the Financial Statements

For the year ended December 31, 2025

38.2 Diluted earnings per share

Diluted earnings per share is calculated by adjusting weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has granted share options to employees as explained in note 5.3.

	2025	2024
Profit after taxation attributable to ordinary shareholders (Rupees in thousand)	1,935,040	1,105,237
Weighted average number of ordinary shares (Numbers) (Note 38.3)	206,238,908	205,978,980
Adjustment for share options (Numbers)	1,436,583	938,191
Weighted average number of ordinary shares for diluted earnings per share (Numbers)	207,675,491	206,917,171
Diluted earnings per share (Rupees)	9.32	5.34

38.2.1 Share options issued by the Company have a dilutive effect on the earnings per share since the fair value of the ordinary shares during the year exceeds the exercise price of the options.

	2025	2024
	(Numbers)	
38.3 Weighted average number of ordinary shares outstanding during the year:		
Issued ordinary shares at the beginning of the year	206,056,400	205,917,500
Effect of ordinary shares issued under Employees Stock Option Scheme	182,508	61,480
Weighted average number of ordinary shares at the end of the year	206,238,908	205,978,980

2025
Amount
2024
Amount
Rupees in thousand

39. CASH GENERATED FROM OPERATIONS

Profit before levy and taxation		2,882,517	1,626,850
Adjustments for non-cash charges and other items:			
Depreciation (Note 14.2)		293,291	282,668
Provision for gratuity (Note 7.5.1)		42,165	44,195
Provision for workers' welfare fund (Note 9.3)		58,827	33,202
Provision / (reversal of provision) for slow moving and obsolete inventory (Note 30)		7,416	(14,242)
Prepayment written off		-	2,352
Other receivable written off (Note 33)		17,201	-
Other receivable - duty drawback written off (Note 33)		1,179	-
Allowance for expected credit losses - trade debts (Note 21.5)		379	60,710
Insurance claim receivable written off (Note 33)		492	-
Finance cost (Note 35)		480,482	667,078
Operating fixed assets written off (Note 33)		804	-
Loss / (gain) on disposal of operating fixed assets - net (Note 33 and Note 34)		1	(1,661)
Interest on loans to Holding Company (Note 34)		(33,354)	(87,133)
Interest on saving accounts (Note 34)		(61,493)	(26,487)
Return on term deposit receipts (Note 34)		(4,557)	-
Unrealised exchange gain on forward contracts (Note 34)		(5,508)	(167,213)
Exchange (gain) / loss - net (Note 34 and Note 33)		(36,543)	13,110
Share of net profit of associate accounted for using the equity method (Note 17.2.1)		(2,277,572)	(1,323,147)
Employees' share option expense (Note 5.3.2)		30,313	6,803
Working capital changes (Note 39.1)		278,628	(522,382)
		1,674,668	594,703

39.1 WORKING CAPITAL CHANGES

Decrease / (increase) in current assets:			
Stores, spares and loose tools		(36,176)	(41,217)
Stock-in-trade		257,163	415,242
Trade debts		(579,390)	(502,433)
Loans and advances		123,321	581,847
Prepayments		(15,971)	(3,248)
Other receivables		(116,418)	(317,266)
		(367,471)	132,925
Increase / (decrease) in trade and other payables		646,099	(655,307)
		278,628	(522,382)

Notes to the Financial Statements

For the year ended December 31, 2025

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

	Year ended 31 December 2025			
	Liabilities from financing activities			
	Long term financing	Short term borrowings	Unclaimed dividend	
	------(Rupees in thousand)-----			
Balance at the beginning of the year	312,969	9,032,440	5,578	
Add: Borrowings obtained	986,983	28,225,544	-	
Less: Repayment of financing / borrowings	(59,451)	(30,129,744)	-	
Add: Dividend declared	-	-	824,226	
Less: Dividend paid	-	-	(827,762)	
Balance at the end of the year	1,240,501	7,128,240	2,042	

	Year ended 31 December 2024			
	Liabilities from financing activities			
	Long term financing	Short term borrowings	Unclaimed dividend	Dividend payable
	------(Rupees in thousand)-----			
Balance at the beginning of the year	362,364	8,282,347	4,944	617,753
Add: Borrowings obtained	-	44,393,494	-	-
Less: Repayment of financing / borrowings	(49,395)	(43,643,401)	-	-
Add: Dividends declared	-	-	411,835	-
Less: Dividends paid	-	-	(411,201)	(617,753)
Balance at the end of the year	312,969	9,032,440	5,578	-

40. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration including all benefits to chief executive, directors and executives of the Company is as follows:

	Chief Executive		Directors		Executives	
	2025	2024	2025	2024	2025	2024
	------(Rupees in thousand)-----					
Managerial remuneration	64,075	54,443	43,047	37,776	331,754	225,625
Bonus	131,000	107,000	16,129	15,872	81,811	80,922
Allowances:						
House rent	6,408	5,444	11,616	10,194	89,521	60,912
Conveyance	6,408	5,444	-	-	4,750	10,378
Medical	-	-	6,210	5,451	47,867	32,558
Special allowance	12,815	10,889	7,455	6,542	57,960	40,019
Retirement and other benefits	4,805	4,083	3,787	3,787	43,682	26,274
Total	225,511	187,303	88,244	79,622	657,345	476,688
Number of persons	1	1	2	2	102	82
Employee share options granted (No. of options)	-	-	65,000	122,500	854,675	1,104,825
Issuance of ordinary shares (No. of shares)	-	-	65,000	25,000	346,205	113,900
Charged to profit or loss (Rupees in thousand)	-	-	2,213	431	28,100	6,372

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

40.2 Chief Executive, directors and certain executives of the Company are provided with fully maintained vehicles.

40.3 Aggregate amount charged in these financial statements for meeting fee to three (2024: three) directors was Rupees 2.13 million (2024: Rupees 1.78 million).

Notes to the Financial Statements

For the year ended December 31, 2025

40.4 Detail of employee share options to Chief Executive, Directors and executives is as follows:

Employees	Status	2025				2024		
		Share options granted		Share options exercised		Share options granted		Share options exercised
		Numbers	Vesting period	Exercise at Rupees 30	Exercise at Rupees 36	Numbers	Vesting period	Exercise at Rupees 30
	Years	Rupees	Rupees		Years	Rupees		
Mr. Hassan Javed	Chief Executive	-	-	-	-	-	-	-
Mr. Hassan Ehsan Cheema	Executive Director	65,000	1 to 4	15,000	36,750	122,500	1 to 4	12,500
Mr. Qadeer Ahmed Vaseer	Executive Director	-	-	13,250	-	-	-	12,500
Mr. Amer Ahmad Javed	Executive	43,500	1 to 4	-	-	80,000	1 to 4	-
Mr. Usman Liaqat	Executive	43,501	1 to 4	10,600	21,359	80,600	1 to 4	10,000
Mr. Muhammad Ashfaq	Executive	54,000	1 to 4	10,600	21,359	80,600	1 to 4	10,000
Mr. Anwar Ul Haq	Executive	33,207	1 to 4	9,000	18,135	60,450	1 to 4	7,500
Mr. Naseer Ahmed	Executive	26,138	1 to 4	4,400	8,800	40,000	1 to 4	4,400
Mr. Zayyad Saleem	Executive	26,138	1 to 4	4,400	8,800	40,000	1 to 4	4,400
Hafiz Muhammad Ahmed	Executive	26,138	1 to 4	4,400	8,800	40,000	1 to 4	4,400
Mr. Muhammad Zahid Mumtaz	Executive	33,207	1 to 4	4,400	8,800	40,000	1 to 4	4,400
Mr. Abid Mehmood	Executive	26,138	1 to 4	6,000	12,300	41,000	1 to 4	5,000
Mr. Muhammad Ashraf	Executive	26,138	1 to 4	4,400	8,800	40,000	1 to 4	4,400
Syed Munwar Hussain	Executive	26,138	1 to 4	5,300	10,680	40,300	1 to 4	5,000
Mr. Shamaz Wali	Executive	26,138	1 to 4	5,300	10,680	40,300	1 to 4	5,000
Mr. Muhammad Fazil	Executive	26,138	1 to 4	5,300	10,600	40,000	1 to 4	4,400
Mr. Luqman Afzal	Executive	33,207	1 to 4	-	-	-	-	-
Syed Kashif Abbas	Executive	33,207	1 to 4	-	-	-	-	-
Syed Rizwan Ali Bukhari	Executive	18,394	1 to 4	3,300	6,600	30,000	1 to 4	3,300
Mr. Muhammad Iqbal	Executive	18,394	1 to 4	3,975	8,010	30,225	1 to 4	3,750
Mr. Abdul Rauf	Executive	18,394	1 to 4	4,500	9,068	30,225	1 to 4	3,750
Mr. Habib Ali Bhatti	Executive	18,394	1 to 4	3,300	6,600	30,000	1 to 4	3,300
Mr. Muhammad Haider Anwaar	Executive	18,394	1 to 4	2,650	7,990	30,150	1 to 4	2,500
Mr. Arif Ghaffar	Executive	-	1 to 4	-	-	30,000	1 to 4	3,300
Syed Ejaz Ali Shah	Executive	18,394	1 to 4	3,975	7,950	30,000	1 to 4	3,300
Mr. Muhammad Akram	Executive	18,394	1 to 4	-	-	30,225	1 to 4	3,750
Mr. Muhammad Sajid Rashid	Executive	18,394	1 to 4	3,300	6,600	30,000	1 to 4	3,300
Mr. Fazal ur Rehman	Executive	18,394	1 to 4	3,975	8,149	30,750	1 to 4	3,750
Mr. Bilal Ahmad Sajid	Executive	18,394	1 to 4	-	5,300	20,000	1 to 4	-
Mr. Anas Ahmed Khan	Executive	18,394	1 to 4	2,200	4,400	20,000	1 to 4	2,200
Mr. Adil Saddique Khan	Executive	10,648	1 to 4	-	-	20,000	1 to 4	-
Mr. Altaf Ahmed	Executive	18,394	1 to 4	2,650	5,300	20,000	1 to 4	2,200
Mr. Muhammad Umer Anwaar	Executive	10,648	1 to 4	2,200	4,400	20,000	1 to 4	2,200
Mr. Saqib Riaz	Executive	10,648	1 to 4	-	-	20,000	1 to 4	2,200
Mr. Mirza Rizwan Baig	Executive	10,648	1 to 4	2,200	4,400	20,000	1 to 4	2,200
Mr. Jawad Ahmad	Executive	18,394	1 to 4	-	-	-	-	-
Mr. Awais Ahmed Khan	Executive	18,394	1 to 4	-	-	-	-	-
Mr. Shahid Manzoor	Executive	18,394	1 to 4	-	-	-	-	-
Mr. Saleem Hussain	Executive	10,648	1 to 4	-	-	-	-	-
Mr. Ghulam Abbas	Executive	10,648	1 to 4	-	-	-	-	-
Mr. Sibtain Abbas	Executive	10,648	1 to 4	-	-	-	-	-
Mr. Noman Basharat	Executive	10,648	1 to 4	-	-	-	-	-
Mr. Muhammad Amin	Executive	10,648	1 to 4	-	-	-	-	-
		919,675		140,575	270,630	1,227,325		138,900

41. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of the Holding Company, subsidiary company, subsidiaries of the Holding Company, associated companies, 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	2025	2024
		Amount	Amount
		Rupees in thousand	
Holding Company			
Service Industries Limited	Sale of goods	49,041	272,813
	Expenses charged to the Company	285,995	234,049
	Purchase of goods	332,925	495,280
	Purchase of operating fixed assets	18,455	8,584
	Sale of operating fixed assets	-	5,000
	Processing charges	-	17,290
	Loans given	74,000	6,025,000
	Loans repaid	2,574,000	4,775,000
	Interest income	33,354	87,133
	Dividend paid	654,200	817,750
Subsidiary of the Holding Company			
Service Tyres (Private) Limited	Sale of goods	-	25,801
	Purchase of goods	122	-
	Expenses charged to the Company	522	-
	Purchase of fixed assets	263	-
Service Retail (Private) Limited	Sale of goods	12,029	168,697
Subsidiary company			
Dongguan Service Global Limited	Purchase of goods	2,539,588	1,518,030
Associate			
Service Long March Tyres (Private) Limited	Investment made	-	286,400
	Dividend received	548,894	379,360
	Sale of goods	171	-
Key management personnel			
	Dividends paid	7,614	16,895
	Loan repaid	4,519	1,842
	Loan given	15,000	-
	Loan outstanding	12,500	2,019
Post employment benefit plans			
	Company's contribution to gratuity fund trust	42,165	44,195
	Company's contribution to provident fund trust	169,266	136,357

41.1 Detail of compensation to key management personnel is disclosed in Note 40.

Notes to the Financial Statements

For the year ended December 31, 2025

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

Name of the related party	Basis of Relationship	Transactions entered or agreements and / or arrangements in place during the financial year		Percentage of shareholding
		2025	2024	
Service Industries Limited	Holding Company	Yes	Yes	Nil
S2 Power Limited	Common directorship	No	No	Nil
S2 Hydro Limited	Common directorship	No	No	Nil
Speed (Private) Limited	Associate of subsidiary of the Holding Company	No	No	Nil
SBL Trading (Private) Limited	Common directorship	No	No	Nil
Jomo Technologies (Private) Limited	Associate of subsidiary of the Holding Company	No	No	Nil
Service Industries Capital (Private) Limited	Subsidiary of the Holding Company and common directorship	No	No	Nil
SLM International Tyres Trading FZE	Wholly owned Subsidiary of Service Long March Tyres (Private) Limited (Subsidiary Company of the Holding Company)	No	No	Note 41.2.1
Service Long March Tyres (Private) Limited	Common directorship and associate	Yes	Yes	18.30%
Servis Foundation	Common directorship	No	No	Nil
Shalamar Hospital	Directors of the Company are Trustees	No	No	Nil
Kidney Centre Gujrat	Directors of the Company are members of Board of Governors	No	No	Nil
Shahid Arif Investment (Private) Limited	Common directorship	No	No	Nil
SIL GULF (FZE)	Subsidiary of the Holding Company	No	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
Service Charitable Trust	Directors of the Company are Trustees	No	No	Nil
Service Tyres (Private) Limited	Subsidiary of the Holding Company	Yes	Yes	Nil
Service Retail (Private) Limited	Subsidiary of the Holding Company	Yes	Yes	Nil
Dongguan Service Global Limited	Subsidiary Company	Yes	Yes	100%
Mr. Hassan Javed	Chief Executive	Yes	Yes	-
Mr. Arif Saeed	Director	Yes	Yes	-
Chaudhry Ahmed Javed	Director	Yes	Yes	-
Mr. Omar Saeed	Director	Yes	Yes	-
Mr. Azmat Ali Ranjha	Director	Yes	Yes	-
Mr. Abdul Rashid Lone	Director	Yes	Yes	-
Mr. Qadeer Ahmed Vaseer	Director	Yes	Yes	-
Mr. Hassan Ehsan Cheema	Director	Yes	Yes	-
Ms. Maleeha Humayun Bangash	Director	Yes	Yes	-

41.2.1 SLM International Tyres Trading FZE is wholly-owned subsidiary of Service Long March Tyres (Private) Limited - associate of the Company. The Company holds 18.30% shares of Service Long March Tyres (Private) Limited - associate.

41.3 Particulars of companies 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	Former subsidiary of Service Industries Capital (Private) Limited [Subsidiary Company of Service Industries Limited - Holding Company	Service Industries Capital (Private) Limited - Subsidiary Company of the Holding Company has disposed of its entire shareholding during the current year.
SIL GULF (FZE)	United Arab Emirates	Subsidiary of Service Industries Limited - Holding Company	Nil
SLM International Tyres Trading FZE	United Arab Emirates	Wholly owned Subsidiary of Service Long March Tyres (Private) Limited (Subsidiary Company of the Holding Company)	Nil
Dongguan Service Global Limited	China	Subsidiary company	100%

Notes to the Financial Statements

For the year ended December 31, 2025

41.4 As on 31 December 2025, disclosure relating to subsidiary company, former subsidiary of Service Industries Capital (Private) Limited - Subsidiary of the Holding Company [which has been disposed of with effect from 26 August 2025], Subsidiary of Service Long March Tyres (Private) Limited - Subsidiary Company of the Holding Company and subsidiary of Service Industries Limited - Holding Company incorporated outside Pakistan:

Name of the company	Jurisdiction	Beneficial owner	Address of beneficial owner	Investment made during the year ended 31 December	Investment in		Terms and conditions of investment	Amount of returns received	Litigations against investee company	Default / breach relating to foreign company	Gain / (loss) on disposal of foreign investment	
					Local Currency	Foreign currency						
Subsidiary of the Holding Company:												
SIL GULF (FZE)	United Arab Emirates	Service Industries Limited	Servis House, 2 - Main Gulberg, Lahore	2022	PKR 7,215,000	UAE AED 150,000	Investment in shares	None	None	None	Not applicable	
Subsidiary Company:												
Dongguan Service Global Limited	China	Service Global Footwear Limited	Servis House, 2 - Main Gulberg, Lahore	2023	PKR 89,166,721	EURO 287,645	Investment in shares	None	None	None	Not applicable	
Sub-subsidiary of the Holding Company:												
Service Shoes Lanka (Private) Limited	Sri Lanka	Service Industries Capital (Private) Limited (up till 26 August 2025)	Servis House, 2 - Main Gulberg, Lahore	2017	PKR 62,770,000 (up till 26 August 2025)	USD 600,000 (up till 26 August 2025)	Investment has been disposed of during the current year	None	None	None	USD 50,000 to the beneficial owner	
SIM International Tyres Trading FZE	United Arab Emirates	Service Long March Tyres (Private) Limited	Servis House, 2 - Main Gulberg, Lahore	2025	PKR 77,500,000	UAE AED 1,000,000	Investment in shares	None	None	None	Not applicable	

42. PLANT CAPACITY

	Installed capacity		Actual production	
	(Pairs in thousand)		(Pairs in thousand)	
	2025	2024	2025	2024
Number of pairs	4,600	4,000	4,158	3,968

	Installed capacity		Actual production	
	(Capacity in kWh)		(Production in kWh)	
	2025	2024	2025	2024
Solar system				
kWh	2,638,237	2,722,315	2,591,711	2,629,732

42.1 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. Low capacity utilization of solar system is due to combination of environmental, technical, structural and maintenance factors.

43. FINANCIAL RISK MANAGEMENT

43.1 FINANCIAL RISK FACTORS

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

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Company's finance department evaluates and hedges financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk and investment of excess liquidity.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD), Euro, Great British Pound (GBP) and Arab Emirates Dirham (AED). Currently, the Company's foreign exchange risk exposure is restricted to bank balance, amounts receivable from / payable to the foreign entities and short term borrowings. The Company uses forward exchange contracts to hedge its foreign currency risk, when considered appropriate. The Company's exposure to currency risk was as follows:

Notes to the Financial Statements

For the year ended December 31, 2025

	2025 Amount	2024 Amount
	Rupees in thousand	
Cash at banks - EURO	102,123	346,822
Trade debts - USD	4,218,835	3,215,270
Trade debts - EURO	5,228,196	4,847,127
Trade debts - GBP	19,024	59,665
Trade debts - AED	-	596,199
Other receivables - USD	16,085	166,458
Other receivables - EURO	10,413	35,000
Trade and other payables - USD	(1,034,363)	(689,491)
Trade and other payables - EURO	(349,983)	(343,903)
Trade and other payables - GBP	(496)	(4,844)
Trade and other payables - AED	(184,822)	(184,822)
Short term borrowings - USD	(9,936,891)	(5,076,200)
Net exposure - USD	(6,736,334)	(2,383,963)
Net exposure - EURO	4,990,749	4,885,046
Net exposure - GBP	18,528	54,821
Net exposure - AED	(184,822)	411,377

The following significant exchange rates were applied during the year:

Rupees per US Dollar

Average rate	281.16	278.53
Reporting date rate	280.12	278.55

Rupees per EURO

Average rate	318.11	301.41
Reporting date rate	328.85	290.08

Rupees per GBP

Average rate	370.81	356.08
Reporting date rate	377.17	349.71

Rupees per AED

Average rate	76.31	75.83
Reporting date rate	76.28	75.84

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, Euro, GBP and AED with all other variables held constant, profit before levy and taxation for the year would have been lower / higher by Rupees 12.392 million (2024: higher / lower by Rupees 39.365 million), mainly as a result of exchange losses / gains (2024: 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 instruments traded in the market. The Company is not exposed to equity and commodity price risks.

(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's significant interest-bearing financial asset is bank balances - saving accounts (2024: loan to Service Industries Limited - Holding Company) and the Company's interest rate risk arises mainly from long term financing, short term borrowings, loan to the Holding Company, short term investments and bank balances - saving accounts. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk. Borrowings obtained 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:

	2025 Amount	2024 Amount
	Rupees in thousand	
Fixed rate instruments		
Financial assets		
Short term investments	94,832	-
Financial liabilities		
Long term financing	124,929	164,170
Short term borrowings	7,083,340	6,445,920
Floating rate financial instruments		
Financial assets		
Bank balances - saving accounts	998,860	567,266
Loan to Holding Company	-	2,500,000
Financial liabilities		
Long term financing	1,115,572	148,799
Short term borrowings	44,900	2,586,520

Notes to the Financial Statements

For the year ended December 31, 2025

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 lower / higher by Rupees 1.584 million (2024: higher / lower by Rupees 3.253 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:

	2025 Amount	2024 Amount
	Rupees in thousand	
Security deposits (including long term security deposits)	18,990	23,145
Trade debts	2,927,254	2,306,192
Loans and advances	84,160	2,562,172
Accrued mark-up	7,966	9,599
Other receivables	13,438	225,266
Short term investments	94,832	-
Bank balances	1,118,018	744,243
	4,264,658	5,870,617

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			2025	2024
	Short term	Long term	Agency	Amount	Amount
Banks					
(Rupees in thousand)					
Meezan Bank Limited	A1+	AAA	VIS	10,770	58,218
United Bank Limited	A1+	AAA	VIS	336	3,879
MCB Bank Limited	A1+	AAA	PACRA	8,007	9,163
Habib Bank Limited	A1+	AAA	VIS	1,960	31,367
Allied Bank Limited	A1+	AAA	PACRA	1,475	2,039
MCB Islamic Bank Limited	A1	A+	PACRA	50,347	11,548
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	4,876	6,344
Askari Bank Limited	A1+	AA+	PACRA	1,894	897
Soneri Bank Limited	A1+	AA-	PACRA	1,007,899	571,661
Faysal Bank Limited	A1+	AA	PACRA	1,653	513
Bank AL Habib Limited	A1+	AAA	PACRA	4,492	2,513
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	596	1,907
Samba Bank Limited	A1	AA	PACRA	439	21
Dubai Islamic Bank Pakistan Limited	A1+	AA	VIS	1,188	465
BankIslami Pakistan Limited	A1	AA-	PACRA	18,055	42,129
The Bank of Punjab	A1+	AA+	PACRA	1,851	1,579
The Bank of Khyber	A1	AA-	PACRA	925	-
National Bank of Pakistan	A1+	AAA	PACRA	1,046	-
Bank Alfalah Limited	A1+	AAA	PACRA	209	-
				1,118,018	744,243
Short term investments					
MCB Islamic Bank Limited	A1	A+	PACRA	11,000	-
Soneri Bank Limited	A1+	AA-	PACRA	83,832	-
				1,212,850	744,243

The Company's exposure to credit risk and allowance for expected credit losses related to trade debts is disclosed in Note 21.

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.

Notes to the Financial Statements

For the year ended December 31, 2025

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2025 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.

On that basis, the loss allowance as at 31 December 2025 and 31 December 2024 was determined as follows:

At 31 December 2025

	Local sales			Export sales		
	Expected loss rate	Trade debts	Loss allowance	Expected loss rate	Trade debts	Loss allowance
	%	(Rupees in thousand)		%	(Rupees in thousand)	
Not past due	0%	12,314	-	0%	1,442,369	-
Up to 30 days	0.00%	6,181	-	0.19%	160,037	305
31 to 60 days	0.00%	-	-	0.66%	16,717	110
61 to 90 days	0.00%	-	-	1.83%	-	-
91 to 180 days	0.00%	-	-	5.99%	-	-
181 to 360 days	0.00%	911	-	20.97%	-	-
Above 360 days	100.00%	1,263	1,263	100.00%	65,711	65,711
		20,669	1,263		1,684,834	66,126
Trade debts which are not subject to risk of default		-	-		1,289,140	-
Gross Trade debts		20,669	1,263		2,973,974	66,126

At 31 December 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)	
Not past due	0%	911	-	0%	1,073,608	-
Up to 30 days	0.03%	-	-	0.03%	23,674	8
31 to 60 days	0.38%	3,272	13	0.38%	2,739	11
61 to 90 days	1.08%	-	-	1.08%	-	-
91 to 180 days	4.78%	-	-	4.78%	82	4
181 to 360 days	15.93%	-	-	15.93%	-	-
Above 360 days	100.00%	1,263	1,263	100.00%	65,711	65,711
		5,446	1,276		1,165,814	65,734
Trade debts which are not subject to risk of default		-	-		1,201,942	-
Gross Trade debts		5,446	1,276		2,367,756	65,734

(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 2025, the Company had Rupees 5,934.777 million (2024: Rupees 5,517.560 million) available borrowing limits from financial institutions and Rupees 1,123.513 million (2024: Rupees 744.970 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 2025:

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	1,240,501	1,525,578	153,042	182,309	342,630	847,597
Trade and other payables	2,571,115	2,571,115	2,571,115	-	-	-
Accrued mark-up	73,772	73,772	73,772	-	-	-
Short term borrowings	7,128,240	7,191,711	7,011,535	180,176	-	-
Unclaimed dividend	2,042	2,042	2,042	-	-	-
	11,015,670	11,364,218	9,811,506	362,485	342,630	847,597

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	312,969	435,612	47,518	45,324	86,450	256,320
Trade and other payables	1,877,345	1,877,345	1,877,345	-	-	-
Accrued mark-up	46,928	46,928	46,928	-	-	-
Short term borrowings	9,032,440	9,121,277	9,121,277	-	-	-
Unclaimed dividend	5,578	5,578	5,578	-	-	-
	11,275,260	11,486,740	11,098,646	45,324	86,450	256,320

Notes to the Financial Statements

For the year ended December 31, 2025

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 and note 11 to these financial statements.

2025		2024	
At amortized cost	FVTPL	At amortized cost	FVTPL
(Rupees in thousand)			

43.2 Financial instruments by categories

Assets as per statement of financial position

Security deposits (including long term security deposits)	18,990	-	23,145	-
Trade debts	2,927,254	-	2,306,192	-
Loans and advances	84,160	-	2,562,172	-
Accrued mark-up	7,966	-	9,599	-
Short term investments	94,832	-	-	-
Other receivables	7,930	5,508	58,053	167,213
Cash and bank balances	1,123,513	-	744,970	-
	4,264,645	5,508	5,704,131	167,213

2025	2024
At amortized cost	At amortized cost
(Rupees in thousand)	

Liabilities as per statement of financial position

Long term financing	1,240,501	312,969
Trade and other payables	2,571,115	1,877,345
Accrued mark-up	73,772	46,928
Short term borrowings	7,128,240	9,032,440
Unclaimed dividend	2,042	5,578
	11,015,670	11,275,260

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

2025		
Financial assets	Non-financial assets	Assets as per statement of financial position
(Rupees in thousand)		

Assets

Long term security deposits	4,491	-	4,491
Long term loans to employees	17,931	-	17,931
Trade debts	2,927,254	-	2,927,254
Loans and advances	66,229	187,335	253,564
Accrued markup	7,966	-	7,966
Short term deposits and prepayments	14,499	21,883	36,382
Short term investments	94,832	-	94,832
Other receivables	13,438	1,842,885	1,856,323
Cash and bank balances	1,123,513	-	1,123,513
	4,270,153	2,052,103	6,322,256

2025		
Financial liabilities	Non-financial liabilities	Liabilities as per statement of financial position
(Rupees in thousand)		

Liabilities

Long term financing	1,240,501	-	1,240,501
Accrued mark-up	73,772	-	73,772
Short term borrowings	7,128,240	-	7,128,240
Trade and other payables	2,571,115	222,553	2,793,668
Unclaimed dividend	2,042	-	2,042
	11,015,670	222,553	11,238,223

Notes to the Financial Statements

For the year ended December 31, 2025

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

------(Rupees in thousand)-----

Assets			
Long term security deposits	4,354	-	4,354
Long term loans to employees	2,845	-	2,845
Trade debts	2,306,192	-	2,306,192
Loans and advances	2,559,327	314,002	2,873,329
Accrued markup	9,599	-	9,599
Short term deposits and prepayments	18,791	5,912	24,703
Other receivables	225,266	1,533,511	1,758,777
Cash and bank balances	744,970	-	744,970
	5,871,344	1,853,425	7,724,769

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

------(Rupees in thousand)-----

Liabilities			
Long term financing	312,969	-	312,969
Accrued mark-up	46,928	-	46,928
Short term borrowings	9,032,440	-	9,032,440
Trade and other payables	1,877,345	201,365	2,078,710
Unclaimed dividend	5,578	-	5,578
	11,275,260	201,365	11,476,625

43.3 Offsetting financial assets and financial liabilities

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

43.4 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 11 respectively. Total capital employed includes 'total equity' as shown in the statement of financial position plus 'borrowings'.

	2025	2024
	Amount	Amount
	Rupees in thousand	
Borrowings	8,368,741	9,345,409
Total equity	8,394,655	7,210,915
Total capital employed	16,763,396	16,556,324
Gearing ratio	49.92%	56.45%

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

Notes to the Financial Statements

For the year ended December 31, 2025

44. 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 2025	Level 1	Level 2	Level 3	Total
------(Rupees in thousand)-----				

Financial assets

Derivative financial assets	-	5,508	-	5,508
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Recurring fair value measurements At 31 December 2024	Level 1	Level 2	Level 3	Total
------(Rupees in thousand)-----				

Financial assets

Derivative financial assets	-	167,213	-	167,213
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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 out of level 3 measurements.

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

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

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

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

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include the use of quoted market prices or dealer quotes for similar instruments.

45. PROVIDENT FUND RELATED DISCLOSURES

Employees provident fund of Service Industries Limited - Holding Company namely Service Provident Fund Trust is also managing provident fund benefits of the employees of the 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 the Securities and Exchange Commission of Pakistan.

46. OPERATING SEGMENTS

These financial statements have been prepared on the basis of a single reportable segment.

0.98% (2024: 4.28%) of the sales of the Company relates to customers in Pakistan. Of the remaining sales of the Company relating to customers outside Pakistan, 40.53% (2024: 36.93%) of those sales are made to customers in Germany.

All non-current assets of the Company as at 31 December 2025 were located in Pakistan.

25.21% (2024: 36.61%) of the local sales of the Company are made to a single customer in Pakistan.

47. NUMBER OF EMPLOYEES

	2025	2024
Number of employees	5,467	5,662
Average number of employees during the year	5,809	5,733

48. UNUTILIZED CREDIT FACILITIES

	Non-funded		Funded	
	2025	2024	2025	2024
	(Rupees in thousand)		(Rupees in thousand)	
Total facilities	4,125,000	3,275,000	14,303,518	14,862,969
Utilized at the end of the year	(567,000)	(301,931)	(8,368,741)	(9,345,409)
Unutilized at the end of the year	3,558,000	2,973,069	5,934,777	5,517,560

Notes to the Financial Statements

For the year ended December 31, 2025

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

Description	2025	2024
	Amount	Amount
	Rupees in thousand	
Financing (long-term, short-term, or lease financing) obtained as per Islamic mode		
Short term borrowings	2,921,799	4,769,140
Interest or mark-up accrued on any conventional loan or advance	59,857	33,966
Long-term and short-term Shariah compliant Investments		
Long term investments (Note 17)	5,799,215	4,035,432
Shariah-compliant bank deposits, bank balances, and TDRs	69,343	112,873
Revenue earned from a Shariah-compliant business segment (Note 29)	19,886,480	17,391,854
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 received (Note 17.2.1)	548,894	379,360
Share of net profit of associate accounted for using the equity method (Note 17.2.1)	2,277,572	1,323,147
Profit earned from Shariah-compliant bank deposits, bank balances, or TDRs		
Profit on deposits with banks	-	-
Return on term deposit receipts	726	-
Exchange gain earned from actual currency	36,543	-
Exchange gains earned using conventional derivative financial instruments	5,508	167,213
Profit paid on Islamic mode of financing	149,112	273,053
Total Interest earned on any conventional loan or advance		
Interest on loan to Holding Company	33,354	87,133
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		
Exchange gain - net (Note 34)	36,543	-
Gain on disposal of operating fixed assets - net (Note 14.1.1)	-	1,661
Scrap sales (Note 34)	41,279	36,747
Return on term deposit receipts	726	-
Non-compliant		
Unrealised exchange gain on forward contracts (Note 34)	5,508	167,213
Interest on saving accounts (Note 34)	61,493	26,487
Interest on loan to Holding Company (Note 34)	33,354	87,133
Return on term deposit receipts	3,831	-

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

Name	Relationship
MCB Islamic Bank Limited	Bank balance, term deposit receipts and short term borrowings
Meezan Bank Limited	Bank balance and short term borrowings
Faysal Bank Limited (Barkat Islami)	Bank balance and short term borrowings
Dubai Islamic Bank Pakistan Limited	Bank balance and short term borrowings
The Bank of Punjab (Taqwa Islamic banking)	Bank balance and short term borrowings
BankIslami Pakistan Limited	Bank balance and short term borrowings

50. EVENTS AFTER THE REPORTING PERIOD

50.1 The Board of Directors of the Company has proposed final cash dividend for the year ended 31 December 2025 of Rupees 2 per share at their meeting held on 18 March 2026. However, this event has been considered as non-adjusting event under IAS 10 'Events after the Reporting Period' and has not been recognized in these financial statements.

50.2 The shareholders of the Company in their extraordinary general meeting duly held on 27 February 2026 have approved long term equity investment of up to Rupees 1,000,000,000 in Service Athletic Global Footwear (Private) Limited, to be incorporated as subsidiary company. The Company has entered into a joint venture agreement with Golden Star Footwear Group Limited (GSFGL), a Chinese company for setting up a joint venture company in Pakistan, namely Service Athletic Global Footwear (Private) Limited for manufacturing and sale of sneakers, athletics or any other type of footwear in Pakistan and export thereof. The equity stake of the parties in the joint venture company will be as follows: the Company - 51%; and GSFGL - 49%. The project cost of the joint venture company in Phase 1 is estimated to be US\$ 6,500,000 which shall be financed through equity contribution in accordance with the shareholding portion of each party. The equity contribution of up to US\$ 3,315,000 in equivalent Pakistani Rupees will be made by the Company, from time to time.

The Phase 1 of the proposed joint venture company will be established on the land and building constructed thereon located adjacent to the Company's current production facility situated at 10 - KM, Muridke - Sheikhpura Road, Muridke, on a piece of land measuring approximately 12,710 square meters i.e. 136,816 square feet and building thereon having covered area of 79,760 square feet. The Board of Directors of the Company in their meeting held on 20 January 2026 has approved the lease of land to proposed joint venture company. The shareholders of the Company in their extraordinary general meeting duly held on 27 February 2026 have approved lease of building to the proposed joint venture company. As of the reporting date, the aforesaid building was constructed to be used as warehouse.

51. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 18 March 2026 by the Board of Directors of the Company.

52. CORRESPONDING FIGURES

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

53. General

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



Hassan Javed
(Chief Executive)

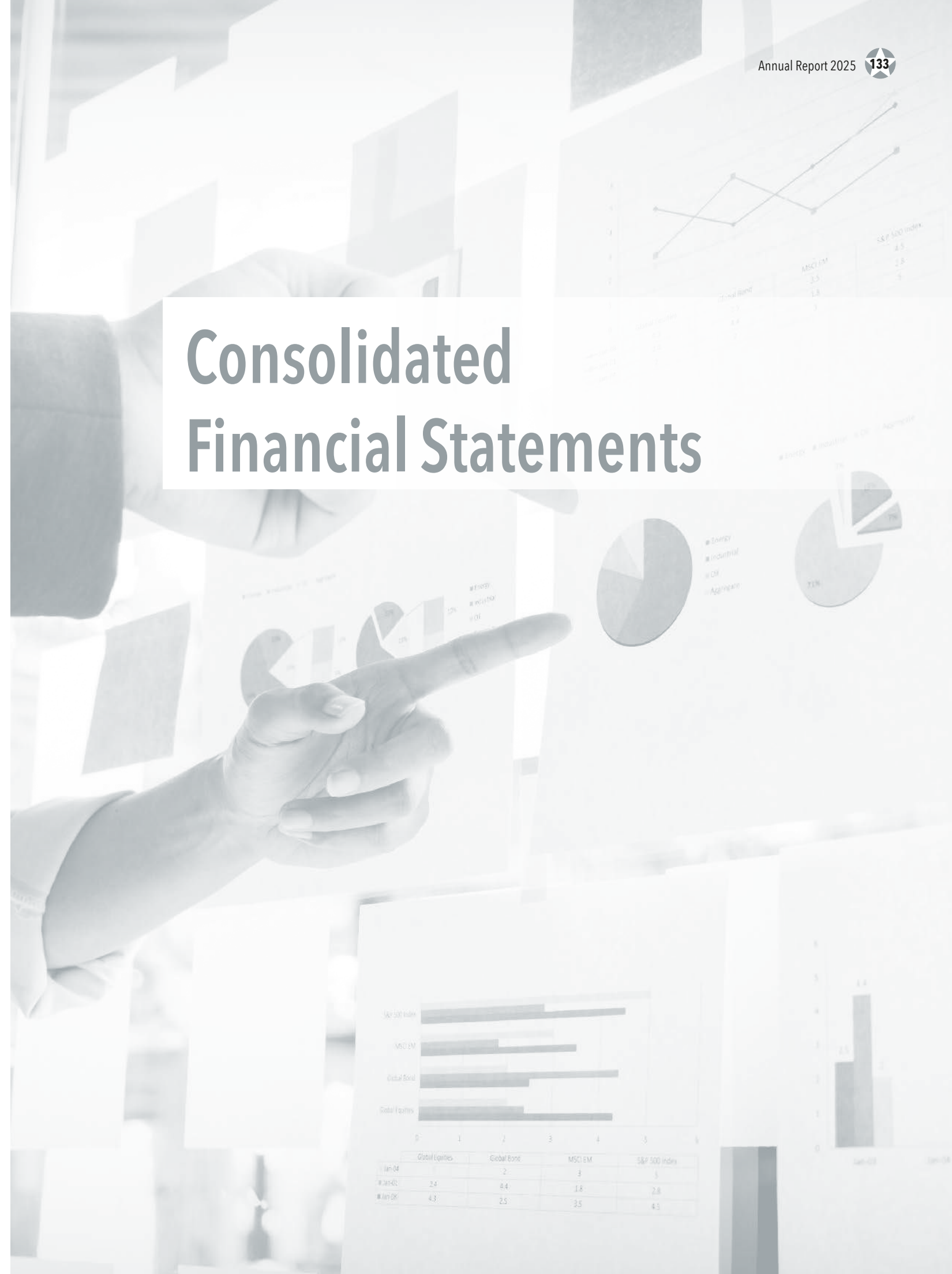


Arif Saeed
(Director)



Usman Liaqat
(Chief Financial Officer)

Consolidated Financial Statements



Independent Auditor's Report

On Consolidated Financial Statements

To the members of Service Global Footwear Limited

Qualified Opinion

We have audited the annexed consolidated financial statements of Service Global Footwear Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2025, 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 2025, 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 Dongguan Service Global Limited – Subsidiary Company for the year ended 31 December 2025 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 501.230 million and total liabilities of Rupees 415.707 million as at 31 December 2025 and total turnover and net profit of Rupees 2,588.582 million and Rupees 2.190 million respectively for the year ended 31 December 2025 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, directives and notifications 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 matter 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 19,935.066 million for the year ended 31 December 2025.</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 2.20 to the consolidated financial statements. Revenue - net note 29 to the consolidated financial statements. 	<p>Our audit procedures to assess the recognition of revenue, amongst others, included the following:</p> <ul style="list-style-type: none"> Obtaining an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue. Comparing a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents. Comparing a sample of revenue transactions recorded around the year end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting year. Assessing whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'. We also considered the appropriateness of disclosures in the consolidated financial statements.
2	<p>Stock-in-trade existence and valuation</p> <p>As at 31 December 2025, stock-in-trade amounted to Rupees 3,894.694 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 18.60% of total assets of the Group as at 31 December 2025, 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 2.17 to the consolidated financial statements. Stock-in-trade note 20 to the consolidated financial statements. 	<p>Our audit procedures to assess the existence and valuation of stock-in-trade, amongst others, included the following:</p> <ul style="list-style-type: none"> Assessing the design, implementation and operating effectiveness of key internal controls over valuation of stock-in-trade including determination of net realizable values. Attending inventory counts and reconciling the count results to the inventory listings to test the completeness of data. Assessing the net realizable value of stock-in-trade by comparing, on a sample basis, management's estimation of future selling prices for the products with selling prices achieved subsequent to the end of the reporting year. 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 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.
3.	<p>Capital expenditures</p> <p>The Group is investing significant amounts in its operations and there are a number of areas where management judgement impacts the carrying value of property, plant and equipment and its respective depreciation profile. These include among other the decision to capitalize or expense costs; and review of useful life of the assets including the impact of changes in the Group's strategy.</p> <p>We focused on this area since the amounts have a significant impact on the financial position of the Group and there is significant management judgment required that has significant impact on the reporting of the financial position for the Group. Therefore, considered as one of the key audit matters.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none"> Material accounting policy information, Fixed assets note 2.7 to the consolidated financial statements. Fixed assets note 14 to the consolidated financial statements. 	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> Testing operating effectiveness of controls in place over the property, plant and equipment cycle including the controls over whether costs incurred on activities is capital or operating in nature. Evaluating the appropriateness of capitalization policies and depreciation rates. Performing tests of details on costs capitalized. Verifying the accuracy of management's calculation used for the impairment testing.

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 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, directives and notifications 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 this matter.

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: 26 March 2026

UDIN : AR2025101683zUpfEwb9

Consolidated Statement of Financial Position

As at December 31, 2025

		2025	2024
	Note	Amount	Amount
		Rupees in thousand	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
250,000,000 (2024: 250,000,000) ordinary shares of			
Rupees 10 each		2,500,000	2,500,000
Issued, subscribed and paid-up share capital	4	2,064,676	2,060,564
Reserves	5	6,326,335	5,140,491
Total equity		8,391,011	7,201,055
LIABILITIES			
Non-current liabilities			
Long term financing	6	1,055,360	253,426
Employees' retirement benefit	7	260,507	238,661
Deferred income tax liability - net	8	786,075	278,796
		2,101,942	770,883
Current liabilities			
Trade and other payables	9	3,057,521	2,326,991
Accrued mark-up	10	73,772	46,928
Short term borrowings	11	7,128,240	9,032,440
Current portion of non-current liability	12	185,141	59,543
Unclaimed dividend		2,042	5,578
		10,446,716	11,471,480
Total liabilities		12,548,658	12,242,363
Contingencies and commitments	13		
TOTAL EQUITY AND LIABILITIES		20,939,669	19,443,418

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



Hassan Javed
(Chief Executive)



Arif Saeed
(Director)



Usman Liaqat
(Chief Financial Officer)

		2025	2024
	Note	Amount	Amount
		Rupees in thousand	
ASSETS			
Non-current assets			
Fixed assets	14	4,211,854	2,960,941
Long term security deposits	15	4,491	4,354
Long term loans to employees	16	17,931	2,845
Long term investment	17	5,710,048	3,946,265
Long term loan to Ultimate Holding Company	18	-	-
		9,944,324	6,914,405
Current assets			
Stores, spares and loose tools	19	194,749	166,034
Stock-in-trade	20	3,894,694	4,151,812
Trade debts	21	3,001,047	2,338,417
Loans and advances	22	270,962	2,917,537
Accrued mark-up	23	7,966	9,599
Short term deposits and prepayments	24	39,047	26,043
Other receivables	25	2,073,092	1,944,955
Short term investments	26	94,832	-
Advance income tax and prepaid levy - net	27	270,404	178,145
Cash and bank balances	28	1,148,552	796,471
		10,995,345	12,529,013
TOTAL ASSETS		20,939,669	19,443,418

Consolidated Statement of Profit or Loss

For the year ended December 31, 2025

		2025 Amount	2024 Amount
	Note	Rupees in thousand	
Revenue - net	29	19,935,066	17,467,975
Cost of sales	30	(16,015,597)	(14,288,696)
Gross profit		3,919,469	3,179,279
Distribution cost	31	(1,958,100)	(1,619,648)
Administrative expenses	32	(952,431)	(792,507)
Other expenses	33	(78,883)	(99,749)
		(2,989,414)	(2,511,904)
		930,055	667,375
Other income	34	182,976	322,551
Profit from operations		1,113,031	989,926
Finance cost	35	(498,189)	(678,210)
		614,842	311,716
Share of net profit of associate accounted for using the equity method	17	2,277,572	1,323,147
Profit before levy and taxation		2,892,414	1,634,863
Levy	36	(92,850)	(197,133)
Profit before taxation		2,799,564	1,437,730
Taxation	37	(862,334)	(324,480)
Profit after taxation		1,937,230	1,113,250
EARNINGS PER SHARE - BASIC (RUPEES)	38	9.39	5.40
EARNINGS PER SHARE - DILUTED (RUPEES)	38	9.33	5.38

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

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2025

	2025 Amount	2024 Amount
	Rupees in thousand	
Profit after taxation	1,937,230	1,113,250
Other comprehensive loss		
Items that will not be reclassified to profit or loss:		
Remeasurements of employees' retirement benefit obligation - net of tax	(6,452)	(18,689)
Items that may be reclassified subsequently to profit or loss:		
Share of other comprehensive loss of investment accounted for using the equity method	(223)	-
Exchange difference on translation of foreign subsidiary	4,025	(2,991)
Other comprehensive loss for the year - net of tax	(2,650)	(21,680)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,934,580	1,091,570

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



Hassan Javed
(Chief Executive)



Arif Saeed
(Director)



Usman Liaqat
(Chief Financial Officer)



Hassan Javed
(Chief Executive)



Arif Saeed
(Director)



Usman Liaqat
(Chief Financial Officer)


Consolidated Statement of Changes in Equity

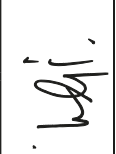
For the year ended December 31, 2025

	Reserves							Total equity	
	Share Capital	Exchange translation reserve	Share of exchange translation reserve - equity accounted investee company	Reserve for issuance of bonus shares	Share premium	Share options reserve	Share of share premium of equity accounted investee company		Share of employee share options reserve held by equity accounted investee company
Balance as at 31 December 2023	2,059,175	(4,609)	1,390,684	1,713,028	895	24,389	1,326,788	4,426,786	6,485,961
Adjustment due to equity accounted investee company	-	-	-	-	-	-	-	-	24,389
Transactions with owners:									
Final dividend for the year ended 31 December 2023 @ Rupees 2 per share	1,389	-	-	3,184	(406)	-	(411,835)	(411,835)	(411,835)
Ordinary shares issued under Employees Stock Option Scheme	-	-	-	109	(109)	-	-	2,778	4,167
Employee share options lapsed	-	-	-	-	6,803	-	-	6,803	6,803
Recognition of share options reserve	1,389	-	-	3,293	6,288	-	(411,835)	(402,254)	(400,865)
Profit for the year	-	-	-	-	-	-	1,113,250	1,113,250	1,113,250
Other comprehensive loss for the year	-	(2,991)	-	-	-	-	(18,689)	(21,680)	(21,680)
Total comprehensive income for the year	-	(2,991)	-	-	-	-	1,094,561	1,091,570	1,091,570
Balance as at 31 December 2024	2,060,564	(7,600)	1,390,684	1,716,321	7,183	24,389	2,009,514	5,140,491	7,201,055
Adjustment due to equity accounted investee company	-	-	-	-	-	35,328	-	-	35,328
Adjustment due to issuance of shares of equity accounted investee company under employees stock option scheme	-	-	-	-	-	(55,714)	-	-	-
Transactions with owners:									
Final dividend for the year ended 31 December 2024 @ Rupees 4 per share	4,112	-	-	13,727	(3,879)	-	(824,226)	(824,226)	(824,226)
Ordinary shares issued under Employees Stock Option Scheme	-	-	-	559	(559)	-	-	9,848	13,960
Employee share options lapsed	-	-	-	-	30,313	-	-	30,313	30,313
Recognition of share options reserve	4,112	-	-	14,286	25,875	-	(824,226)	(784,065)	(779,953)
Profit for the year	-	-	-	-	-	-	1,937,230	1,937,230	1,937,230
Other comprehensive loss for the year	-	4,025	-	-	-	-	(6,452)	(2,650)	(2,650)
Total comprehensive income for the year	-	4,025	-	-	-	-	1,930,778	1,934,580	1,934,580
Balance as at 31 December 2025	2,064,676	(3,575)	1,390,684	1,730,607	33,058	55,714	3,116,067	6,326,335	8,391,011

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


Hassan Javed
(Chief Executive)


Arif Saeed
(Director)


Usman Liaqat
(Chief Financial Officer)


Consolidated Statement of Cash Flows

For the year ended December 31, 2025

	Note	2025 Amount	2024 Amount
Rupees in thousand			
Cash flows from operating activities			
Cash generated from operations	39	1,675,044	613,298
Finance cost paid		(471,146)	(798,013)
Income tax and levy paid		(540,164)	(354,490)
Workers' profit participation fund paid	9.2	-	(35,275)
Workers' welfare fund paid	9.3	-	(992)
Employees' retirement benefit paid		(16,938)	(40,327)
Net (increase) / decrease in long term loans to employees		(18,642)	7,551
Net decrease / (increase) in security deposits		2,966	(9,470)
Net cash generated from / (used in) operating activities		631,120	(617,718)
Cash flows from investing activities			
Capital expenditure on fixed assets		(1,561,328)	(178,544)
Interest on saving accounts received		63,160	22,304
Return on term deposit receipts		725	-
Loans given to ultimate holding company		(74,000)	(6,025,000)
Loans repaid by ultimate holding company		2,574,000	4,775,000
Interest on loans to ultimate holding company received		33,354	87,133
Dividend received from associate		548,894	379,360
Short term investment made		(91,000)	-
Long term investment made		-	(286,400)
Proceeds from disposal of operating fixed assets		13,601	16,187
Net cash from / (used in) investing activities		1,507,406	(1,209,960)
Cash flows from financing activities			
Proceeds from exercise of share options		13,960	4,167
Proceeds from long term financing		986,983	-
Repayment of long term financing		(59,451)	(49,395)
Short term borrowings - net		(1,904,200)	750,093
Dividend paid		(827,762)	(1,028,954)
Net cash used in financing activities		(1,790,470)	(324,089)
Net increase / (decrease) in cash and cash equivalents		348,056	(2,151,767)
Effects of exchange rate changes on cash and cash equivalents		4,025	(2,991)
Cash and cash equivalents at the beginning of the year	28	796,471	2,951,229
Cash and cash equivalents at the end of the year	28	1,148,552	796,471

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


Hassan Javed
(Chief Executive)


Arif Saeed
(Director)


Usman Liaqat
(Chief Financial Officer)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

1 THE COMPANY AND ITS OPERATIONS

a) The Group consists of:

Holding Company

- Service Global Footwear Limited

Subsidiary Company

- Dongguan Service Global Limited

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 the Holding Company are quoted on Pakistan Stock Exchange. The principal activities of the Holding Company are manufacturing, sale, marketing, import and export of footwear, leather and allied products. The Holding Company is a subsidiary of Service Industries Limited (Ultimate Holding Company). Geographical location and addresses of all business units are as follows:

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

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 the Holding Company. The Holding Company wholly owns Dongguan Service Global Limited.

b) Significant restrictions

Cash and bank balances held in foreign country are subject to local exchange control regulations. These regulations provide for restrictions on exporting capital from the country, other than through normal dividends. The carrying amount of these assets included within the consolidated financial statements to which these restrictions apply is Rupees 25.038 million (2024: Rupees 51.501 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. Accounting and reporting standards applicable in Pakistan comprise of:

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of, directives and notifications issued under the Companies Act, 2017.

Where provisions of, directives and notifications issued under the Companies Act, 2017 differ from the IFRS Accounting Standards, the provisions of, directives and notifications issued under the Companies Act, 2017 have been followed.

b) Accounting convention

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

c) Critical accounting estimates and judgments

The preparation of 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 consolidated 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 Group. 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 realisable 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 by the Group, 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) 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.

vi) 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 recognized provision is recognized in the consolidated statement of profit or loss unless the provision was originally recognized as part of cost of an asset.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

vii) 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.

viii) Impairment of investment in equity method accounted for associated company

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

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.

x) Share based payment

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The Holding Company measures the fair value of equity-settled transactions with employees at the grant date using a Black Scholes Model. The assumptions used for estimating fair value for share-based payment transactions are disclosed in Note 5.3.8.

xi) Deferred income tax

From the previous financial year, tax year 2025, income of the Holding Company of Group is being taxed under normal tax regime, hence, as on 01 January 2024, deferred income tax on taxable temporary differences between the accounting and tax base of fixed assets was required to be calculated. This was the first time the Holding Company of Group was transitioning to this regime. Previously, the Holding Company of Group was neither required nor claimed tax depreciation against final tax regime, hence, cost of fixed assets (post de-merger from Service Industries Limited – Ultimate Holding Company with effect from 01 July 2019) has been used as tax base for the calculation of taxable temporary differences against fixed assets. This critical accounting estimation, used by the management in the calculation of deferred tax, is based on the advice of tax advisor, and it reflects the best available information for the calculation of deferred tax.

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 standard are mandatory for the Group's accounting periods beginning on or after 01 January 2025:

- Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' – Lack of Exchangeability.

The above-mentioned amendment to approved accounting standard 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 2025 but are considered not to be relevant or do not have any significant impact on the Group's consolidated 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 2026 or later periods:

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 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'.

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 meeting specific Criteria for annual reporting periods beginning on or after 1 July 2025. Phase II will apply to other listed companies meeting 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.

Amendment to IFRS 7 – 'Financial Instruments: Disclosures' and IFRS 9 – 'Financial Instruments – Classification and Measurement of Financial Instruments' (effective for annual reporting periods beginning on or after 01 January 2026). These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; clarify and add further guidance for assessing whether a financial asset meets the SPPI criterion; add new disclosures for certain instruments with contractual terms that can change cash flows; and make updates to the disclosures for equity instruments designated at FVTOCI.

Amendment to IFRS 7 – 'Financial Instruments: Disclosures' and IFRS 9 – 'Financial Instruments – Contracts Referencing Nature-dependent Electricity' (effective for annual reporting periods beginning on or after 01 January 2026). These amendments change the 'own use' and hedge accounting requirements of IFRS 9 and include targeted disclosure requirements to IFRS 7.

Disclosures about Uncertainties in the Financial Statements (Illustrative Examples). Illustrative examples are not an integral part of standards and, therefore, do not have an effective date.

Notes to the Cosolidated Financial Statements

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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 approved published standards that are not yet effective and not considered relevant to the Group

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 January 2026 but are considered not to be relevant or do not have any significant impact on the Group's consolidated financial statements and are therefore not detailed in these consolidated financial statements.

2.2 Consolidation

a) Subsidiary

Subsidiary is an entity 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. Subsidiary is 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 Company has 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 Company.

Intragroup balances and transactions have been eliminated.

Non-controlling interest is that part of net results of the operations and of net assets of Subsidiary Company attributable to interest which is not owned by the Holding Company. Non-controlling interest is presented as separate item in the consolidated financial statements.

b) Associate

Associate is 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 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 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 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 investee 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) Translation 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 or 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 Employees' retirement benefits

i) Contributory provident fund

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

ii) Defined benefit plan

The Holding 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 scheme and gratuity fund scheme.

The Holding 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 Holding 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 Holding 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 Holding Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

iii) Compensated absences

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

2.4 Taxation and levy

Current

a) Holding Company

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 to the Holding Company 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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

b) Subsidiary Company

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.

2.5 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.

2.6 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 consolidated statement of profit or loss.

2.7 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 and capital work-in-progress are stated at cost less accumulated 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.

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 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 at the rates given in note 14.1. 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 the shorter lease term at the rates given in note 14.1. 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 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 consolidated statement of profit or loss in the year the asset is de-recognized.

2.8 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.

2.9 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 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 profit or loss 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 Group'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 consolidated statement of profit or loss if the carrying amount of the right-of-use asset is fully written down.

2.11 Employees' share option scheme

The Holding Company operates an equity settled share based Employees Stock Option Scheme. The compensation committee of the Board of Directors of the Holding Company evaluates the performance and other criteria of employees and approves the grant of options. These options vest with employees over a specific period subject to fulfillment of certain conditions. Upon vesting, employees are eligible to apply and secure allotment of Holding Company's shares at a price determined on the date of grant of options.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

At the grant date of share options to the employees, the Holding Company initially recognizes employee compensation expense with corresponding credit to equity as employee share options reserve at the fair value of option at the grant date. The fair value of option determined at the grant date is recognized as an employee compensation expense on a straight line basis over the vesting period. Fair value of options is arrived at using Black Scholes pricing model.

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

2.12 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.

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 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 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 fair value is determined using valuation techniques that incorporate significant inputs not based on 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.

2.13 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.

2.14 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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

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.

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.

2.15 De-recognition of financial assets and financial 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.

2.16 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.

2.17 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, spares 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, labor 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.

2.18 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.

2.19 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.

2.20 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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

2.21 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.

2.22 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.

2.23 Customer fulfilment costs

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

2.24 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.

2.25 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.

2.26 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.

2.27 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.

2.28 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past events and 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.

2.29 Earnings per share - basic and diluted

The Group presents basic and diluted earnings per share (EPS) for ordinary shares of the Holding Company. Basic 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 of Holding Company outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Holding Company and the weighted average number of ordinary shares of the Holding Company outstanding for the effects of all dilutive potential ordinary shares of the Holding Company.

2.30 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.

2.31 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.

2.32 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.

2.33 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.

2.34 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.

2.35 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 year 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.

3. SUMMARY OF OTHER ACCOUNTING POLICIES

3.1 Ijarah contracts

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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

3.2 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.

3.3 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.

3.4 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 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.

4. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

	2025	2024	2025	2024
	(Number of shares)		(Rupees in thousand)	
Ordinary shares of Rupees 10 each fully paid-up in cash	54,437,500	54,437,500	544,375	544,375
Ordinary shares of Rupees 10 each issued pursuant to the Scheme between Service Industries Limited - Ultimate Holding Company and its members and Service Global Footwear Limited - Holding Company and its members	150,000,000	150,000,000	1,500,000	1,500,000
Ordinary share of Rupees 10 each issued under Employees Stock Option Scheme	2,030,105	1,618,900	20,301	16,189
	206,467,605	206,056,400	2,064,676	2,060,564

4.1 Movement during the year

	2025	2024	2025	2024
	(Number of shares)		(Rupees in thousand)	
Balance at the beginning of the year	206,056,400	205,917,500	2,060,564	2,059,175
Issue of ordinary shares of Rupees 10 each under Employees Stock Option Scheme	411,205	138,900	4,112	1,389
Balance at the end of the year	206,467,605	206,056,400	2,064,676	2,060,564

4.2 154,866,080 (2024: 163,550,000) ordinary shares of the Holding Company are held by Service Industries Limited - Ultimate Holding Company and 8,683,920 (2024: Nil) ordinary shares of the Company are held by Service Provident Fund Trust.

4.3 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.

2025
Amount
2024
Amount
Rupees in thousand

5. RESERVES

Composition of reserves is as follows:

Capital reserves

Exchange translation reserve	[Note 2.2(c)]	(3,575)	(7,600)
Reserve for issuance of bonus shares	(Note 5.1)	1,390,684	1,390,684
Share premium	(Note 5.2)	1,730,607	1,716,321
Share options reserve	(Note 5.3)	33,058	7,183
Share of share premium of equity accounted investee company		55,714	-
Share of exchange translation reserve - equity accounted investee company		(223)	-
Share of employee share options reserve held by equity accounted investee company		4,003	24,389
		3,210,268	3,130,977

Revenue reserve

Un-appropriated profit	3,116,067	2,009,514
	6,326,335	5,140,491

5.1 This reserve resulted due to the Scheme of Compromises, Arrangement and Reconstruction between Service Industries Limited - Ultimate Holding Company and its members and Service Global Footwear Limited - Holding Company and its members.

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

5.3 Share options reserve

5.3.1 Description of scheme:

Employees Stock Option Scheme, 2020 was approved by the Securities and Exchange Commission of Pakistan (SECP) on 25 November 2020 which comprises of an entitlement pool of 4.350 million shares. Under the scheme, share options of the Holding 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 Holding 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 any one 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 919,675 options having vesting period started from 01 January 2025 and ending on 31 December 2028 with exercise price of Rupees 44 per share. All the options under this scheme have been granted.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

	2025 Amount	2024 Amount
	Rupees in thousand	
5.3.2 Movement in share options reserve:		
Balance at the beginning of the year	7,183	895
Add: Recognized during the year at the fair value	30,313	6,803
Less: Transferred to share premium	(4,438)	(515)
Balance at the end of the year	33,058	7,183

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

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

	2025		2024	
	Number of options	WAEP (Rupees)	Number of options	WAEP (Rupees)
Outstanding at the beginning of the year	1,756,075	34.19	705,000	30
Add: Options granted during the year	919,675	44	1,227,325	36
Less: Options exercised during the year	(411,205)	33.95	(138,900)	30
Less: Options lapsed during the year	(71,876)	33.02	(37,350)	30
Outstanding at the end of the year	2,192,669	38.39	1,756,075	34.19
Exercisable at the end of the year	713,000	37.10	483,081	33.81

5.3.4 The weighted average share price at the date of exercise of options exercised during the year was Rupees 76.15 (2024: Rupees 75.69).

5.3.5 The weighted average remaining contractual life for the share options outstanding as at 31 December 2025 is 1.1 years (2024: 1.3 years).

5.3.6 The weighted average fair value of options granted during the year was Rupees 55.54 (2024: Rupees 8.30).

5.3.7 Exercise price for options outstanding at the end of the year is Rupees 30, Rupees 36 and Rupees 44 (2024: Rupees 30 and Rupees 36).

5.3.8 Measurement of fair value

The fair value of the employee share options has been measured using the Black-Scholes pricing model.

The inputs used in the measurement of the fair value at grant date of the equity-settled share-based payment plans were as follows:

		Options granted date at		
		01 January 2025	01 January 2024	01 January 2023
Fair value at grant date	Rupees	47.20 to 60.86	4.58 to 13.10	1.41 to 2.92
Share price at grant date	Rupees	99.56	59.11	33.00
Exercise price	Rupees	44.00	36.00	30.00
Expected volatility	%	71.81%	40.38%	31.77%
Expected life	Years	1.24 - 4.25	1.25 - 4.25	1 - 4
Expected dividend	%	3.01% - 10.22%	30%	27%
Risk-free interest rate	%	12.19% - 12.53%	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.

		2025 Amount	2024 Amount
		Rupees in thousand	
6. LONG TERM FINANCING			
From banking companies - secured			
Long term loans	(Note 6.1)	1,240,501	312,969
Less: Current portion shown under current liabilities	(Note 12)	(185,141)	(59,543)
		1,055,360	253,426

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

6.1 Long term loans

LENDER	2025	2024	RATE OF MARK-UP PER ANNUM	NUMBER OF INSTALMENTS	INTEREST REPRICING	INTEREST PAYABLE	SECURITY
(Rupees in thousand)							
Service Global Footwear Limited - Holding Company							
Habib Bank Limited	35,863	50,737	SBP rate for LTF + 0.50%	Three hundred and eight unequal instalments commenced on 22 June 2019 and ending on 08 August 2028. (Note 6.2)	-	Quarterly	First joint pari passu hypothecation charge of Rupees 1,990.67 million on plant and machinery of the Holding Company with 25% margin.
	120,777	139,358	6-months KIBOR + 0.50%	Thirty three unequal instalments commenced on 16 April 2024 and ending on 16 April 2032.	Semi annually	Semi annually	
	986,983	-	3-months KIBOR + 0.50%	Twenty equal instalments commencing on 05 May 2026 and ending on 05 February 2031.	Quarterly	Quarterly	
	1,143,623	190,095					
Habib Bank Limited	15,025	23,609	SBP rate for LTF + 0.50%	Thirty nine equal quarterly instalments commenced on 06 January 2018 and ending on 06 July 2027.	-	Quarterly	
Allied Bank Limited	28,127	33,978	SBP rate for LTF + 0.25%	Three hundred and thirty two unequal instalments commenced on 23 July 2020 and ending on 16 July 2031.	-	Quarterly	First joint pari passu hypothecation charge of Rupees 117.33 million on plant and machinery of the Holding Company with 25% margin.
	7,812	9,441	3-months KIBOR + 0.25%		Quarterly	Quarterly	
	35,939	43,419					
Allied Bank Limited	45,914	55,846	SBP rate for LTF + 0.25%	One hundred and seventy nine unequal instalments commenced on 21 April 2021 and ending on 29 October 2030. (Note 6.2)	-	Quarterly	
	1,240,501	312,969					

6.2 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.

7. EMPLOYEES' RETIREMENT BENEFIT

Service Global Footwear Limited - Holding Company

The latest actuarial valuation of the fund as at 31 December 2025 was carried out using the 'Projected Unit Credit Method'. Details of the fund as per the actuarial valuation are as follows:

	2025 Amount	2024 Amount
Rupees in thousand		
7.1 Amount recognized in the consolidated statement of financial position is as follows:		
Present value of defined benefit obligation	301,420	275,616
Fair value of plan assets	(40,913)	(36,955)
Net defined benefit obligation	260,507	238,661
7.2 Movement in net defined benefit obligation		
Net liability at the beginning of the year	238,661	216,104
Current service cost	14,569	13,968
Net interest on defined benefit obligation	27,596	30,227
Net remeasurements for the year	6,452	18,689
Benefits due but not paid	(9,833)	-
Contributions made during the year	(16,938)	(42,188)
Liability transferred from the Ultimate Holding Company	-	1,861
Net liability at the end of the year	260,507	238,661
7.3 Movement in the present value of defined benefit obligation		
Present value of defined benefit obligation at the beginning of the year	275,616	247,100
Current service cost	14,569	13,968
Interest cost	32,123	35,031
Benefits due but not paid	(9,833)	-
Benefits paid during the year	(16,938)	(42,188)
Liability transferred from the Ultimate Holding Company	-	1,861
Remeasurements on obligation:		
Actuarial gains from changes in financial assumptions	(262)	(641)
Experience adjustments	6,145	20,485
Present value of defined benefit obligation at the end of the year	301,420	275,616
7.4 Movement in the fair value of the plan assets		
Fair value of plan assets at the beginning of the year	36,955	30,996
Contributions made during the year	16,938	42,188
Interest income on plan assets	4,527	4,804
Benefits paid during the year	(16,938)	(42,188)
Return on plan assets excluding interest income	(569)	1,155
Fair value of plan assets at the end of the year	40,913	36,955

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

7.4.1 Service Industries Limited Employees Gratuity Fund Trust as a gratuity fund of the Ultimate Holding Company is also managing all the affairs relating to gratuity fund of the employees of the Holding Company, Service Tyres (Private) Limited - subsidiary of the Ultimate Holding Company and Service Retail (Private) Limited - subsidiary of the Ultimate Holding 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 Holding Company, Service Tyres (Private) Limited - subsidiary of the Ultimate Holding Company, Service Retail (Private) Limited - subsidiary of the Ultimate Holding Company and Service Industries Limited - Ultimate Holding Company.

	2025 Amount	2024 Amount
	Rupees in thousand	
Mutual funds	143,700	129,653
Bank balances	2,635	902
Total plan assets	146,335	130,555
Allocated to the Holding Company	(40,913)	(36,955)
Allocated to Service Industries Limited - Ultimate Holding Company	(32,740)	(27,949)
Allocated to Service Tyres (Private) Limited - subsidiary of Ultimate Holding Company	(61,714)	(55,744)
Allocated to Service Retail (Private) Limited - subsidiary of Ultimate Holding Company	(10,968)	(9,907)
	-	-

7.5 Amounts recognized in the consolidated statement of profit or loss

	2025	2024
Current service cost	14,569	13,968
Interest cost	32,123	35,031
Interest income on plan assets	(4,527)	(4,804)
Net expense charged in the consolidated statement of profit or loss	42,165	44,195

7.5.1 Charge for the year has been allocated as follows:

		2025	2024
Cost of sales	(Note 30)	24,931	38,743
Distribution cost	(Note 31)	12,059	-
Administrative expenses	(Note 32)	5,175	5,452
		42,165	44,195

7.6 Remeasurements recognized in consolidated statement of comprehensive income

	2025	2024
Experience adjustments	6,145	20,485
Actuarial gains from changes in financial assumptions	(262)	(641)
Return on plan assets excluding interest income	569	(1,155)
	6,452	18,689

		2025	2024
7.7 Principal actuarial assumptions used			
Discount rate used for interest cost	% per annum	12.25	15.50
Discount rate used for year end obligation	% per annum	11.00	12.25
Expected rate of salary increase	% per annum	11.00	12.25

7.8 Historical information

	2025 Amount	2024 Amount	2023 Amount	2022 Amount	2021 Amount
	Rupees in thousand				
Present value of defined benefit obligation	301,420	275,616	247,100	185,141	144,067
Fair value of plan assets	(40,913)	(36,955)	(30,996)	(27,750)	(30,203)
Deficit	260,507	238,661	216,104	157,391	113,864
Remeasurement loss on obligation	5,883	19,844	30,864	10,858	586
Remeasurement (loss) / gain on plan assets	(569)	1,155	(778)	(6,002)	(906)

7.9 The expected charge to consolidated statement of profit or loss for the year ending on 31 December 2026 will be Rupees 41.968 million.

7.10 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	283,127	322,192
Future salary increase	100	322,216	282,771

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.

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

7.12 The average duration of the benefit obligation is 6 years.

7.13 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 -----					
38,468	25,266	107,962	155,645	1,143,111	1,470,452

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

	2025 Amount	2024 Amount
	Rupees in thousand	
8 DEFERRED INCOME TAX LIABILITY - NET		
The deferred income tax liability - net originated due to timing differences relating to:		
Taxable temporary differences:		
Long term investment - associate	735,685	278,796
Accelerated tax depreciation	177,255	110,312
Fair value of forward exchange contracts	2,148	61,869
	915,088	450,977
Deductible temporary difference:		
Minimum tax carry forward	(129,013)	(172,181)
Deferred income tax liability - net	786,075	278,796

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

	2025		
	Balance as at the beginning of the year	Recognized in consolidated statement of profit or loss	Balance as at the end of the year
	Rupees in thousand		
Long term investment - associate	278,796	456,889	735,685
Accelerated tax depreciation	110,312	66,943	177,255
Fair value of forward exchange contracts	61,869	(59,721)	2,148
Minimum tax carry forward:			
Available	(197,852)	(92,850)	(290,702)
Movement in deferred income tax not recognized	25,671	136,018	161,689
Deferred income tax recognized	(172,181)	43,168	(129,013)
	278,796	507,279	786,075

	2024		
	Balance as at the beginning of the year	Recognized in consolidated statement of profit or loss	Balance as at the end of the year
	Rupees in thousand		
Long term investment - associate	67,093	211,703	278,796
Accelerated tax depreciation	-	110,312	110,312
Fair value of forward exchange contracts	-	61,869	61,869
Minimum tax carry forward:			
Available	-	(197,852)	(197,852)
Movement in deferred income tax not recognized	-	25,671	25,671
Deferred income tax recognized	-	(172,181)	(172,181)
	67,093	211,703	278,796

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

Minimum tax carry forward	Accounting year to which minimum tax carry forward relates	Amount	Accounting year in which minimum tax carry forward will expire
	Rupees in thousand		
	2025	92,850	2027
	2024	197,852	2027
		290,702	
		2025	2024
		Amount	Amount
		Rupees in thousand	
9. TRADE AND OTHER PAYABLES			
Trade creditors	(Note 9.1)	1,774,919	1,357,573
Accrued liabilities		1,060,049	768,053
Contract liabilities - unsecured		37,562	85,395
Provident fund payable		43,508	36,380
Workers' profit participation fund	(Note 9.2)	862	663
Workers' welfare fund	(Note 9.3)	136,236	77,409
Income tax deducted at source		4,385	1,518
		3,057,521	2,326,991

9.1 These include Rupees Nil (2024: Rupees 0.438 million) due to SIL GULF (FZE) - subsidiary of the Ultimate Holding Company. These are in ordinary course of business and interest free.

	2025 Amount	2024 Amount
	Rupees in thousand	
9.2 Workers' profit participation fund		
Balance at the beginning of the year	663	33,558
Add: Interest for the year	(Note 35) 199	2,380
Less: Payments made during the year	-	(35,275)
Balance at the end of the year	862	663

9.2.1 The Holding Company retains workers' profit participation fund for its business operations till the date of allocation to workers. Interest is paid at prescribed rate under the Companies Profits (Workers Participation) Act, 1968 on funds utilized by the Holding Company till the date of allocation to workers.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

		2025 Amount	2024 Amount
		Rupees in thousand	
9.3 Workers' welfare fund			
Balance at the beginning of the year		77,409	45,199
Add: Provision for the year	(Note 33)	58,827	33,202
Less: Payments made during the year		-	(992)
Balance at the end of the year		136,236	77,409
10. ACCRUED MARK-UP			
Long term financing		35,588	16,031
Short term borrowings		38,184	30,897
		73,772	46,928
11. SHORT TERM BORROWINGS			
From banking companies - secured			
Short term running finances	(Note 11.1 and Note 11.2)	44,900	86,520
Export refinances	(Note 11.1 and Note 11.3)	1,335,000	2,006,650
Export finance scheme	(Note 11.1 and Note 11.4)	2,954,139	3,028,780
Export loans	(Note 11.1 and Note 11.5)	2,794,201	1,410,490
Money market loan	(Note 11.1 and Note 11.6)	-	2,500,000
		7,128,240	9,032,440

11.1 These finance facilities are obtained by the Holding Company from banking companies under mark-up arrangements and are secured by joint pari passu hypothecation charge over present and future current assets of the Holding Company and ranking charge over present and future current assets of the Holding Company. These form part of total credit facilities of Rupees 12,750 million (2024: Rupees 13,250 million).

11.2 The rates of mark-up range from 11.27% to 14.10% (2024: 15.18% to 23.34%) per annum.

11.3 The rates of mark-up range from 6.8% to 10% (2024: 9.30% to 19%) per annum.

11.4 The rates of mark-up is 2% (2024: 2% to 2.5%) per annum.

11.5 The rates of mark-up range from 2.25% to 5% (2024: 4% to 8%) per annum.

11.6 The rate of mark-up was 10.64% (2024: 10.64%) per annum.

		2025 Amount	2024 Amount
		Rupees in thousand	
12. CURRENT PORTION OF NON-CURRENT LIABILITY			
Long term financing	(Note 6)	185,141	59,543

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

13.1.1 On 10 September 2017, the Holding Company has challenged, before Honourable Lahore High Court, Lahore, the vires of clauses (h) and (i) to sub-section (1) of section 8 of the Sales Tax Act, 1990 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. On 11 September 2017, the Honourable Lahore High Court, Lahore has passed order whereby tax department shall consider whether the Holding Company is entitled to claim input sales tax on aforesaid goods that are used for the purpose of taxable supplies. Tax department shall consider the input sales tax adjustment for the relevant period. The Holding Company has claimed input sales tax of Rupees 30.157 million (2024: Rupees 30.157 million) on such goods in its respective monthly sales tax returns. The management of the Holding Company, based on advice of the legal counsel, is confident of favourable outcome of this matter.

13.1.2 Without considering the facts of the Scheme of Compromises, Arrangement and Reconstruction between Service Industries Limited - Ultimate Holding Company and the Holding Company, the tax authorities through order dated 29 October 2021 alleged that the Holding 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 the Holding Company filed appeal before Commissioner Inland Revenue (Appeals) - VI [CIR(A)] who upheld the order on 28 February 2022. The Holding Company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) on 01 March 2022. ATIR on 20 June 2022 accepted the Holding Company's contentions and remanded the issue on account of verification of the Holding Company's claim that the sales tax liability (if any) on revenue reported by the Holding Company in its audited financial statements, had been discharged by Service Industries Limited - Ultimate Holding Company. On 14 November 2022, ACIR raised the original demand through appeal effect order, ignoring the findings and directions of ATIR. The Holding Company filed an appeal before CIR(A) on 27 December 2022 and CIR(A) 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 the Holding Company and Service Industries Limited - Ultimate Holding Company in light of directions of ATIR order dated 20 June 2022. Based on grounds and facts, the matter is likely to be decided in favour of the Holding Company.

13.1.3 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. Commissioner Inland Revenue (CIR) passed an order dated 22 March 2025 under which demand has been annulled and the matter has been remanded back to DCIR.

13.1.4 Commissioner Inland Revenue (Appeals-I) [CIR(A)], Lahore, vide appellate order dated 09 May 2025 passed under Section 45B of Sales Tax Act, 1990 (Act), annulled the departmental order dated 24 July 2024, passed by DCIR, through which a sales tax demand amounting to Rupees 7.766 million (exclusive of default surcharge and penalty) had been raised against the Holding Company. The matter was remanded back to DCIR with direction to re-examine the case and pass a fresh, speaking order. Pursuant to directions of CIR(A), DCIR issued a hearing notice dated 13 August 2025 under section 11B of the Act. The Holding Company's stance was adequately explained to the tax authorities on 20 August 2025. However, no order has been passed till date.

13.1.5 Deputy Commissioner Inland Revenue (DCIR) has issued a show cause notice dated 03 December 2025 under section 11 of the Sales Tax Act, 1990 regarding claiming input tax aggregating to Rupees 1.724 million for the tax period May 2024. The Holding Company's stance has adequately explained to tax authorities. However, no order has been passed yet.

13.1.6 Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 79.921 million (2024: Rupees 546.689 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. The Holding 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 the Holding Company.

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For the year ended December 31, 2025

- 13.1.7 The Holding Company's share in contingencies of associate accounted for under equity method is Rupees 366.010 million (2024: Rupees 438.288 million).
- 13.1.8 Guarantee of Rupees 8 million (2024: Rupees 8 million) is given by the bank of the Holding Company to Pakistan State Oil Company Limited against fuel cards obtained by the Holding Company for its employees.
- 13.1.9 Guarantees of Rupees 142 million (2024: Rupees 34 million) are given by the banks of the Holding Company to Director, Excise and Taxation, Karachi against disputed amount of infrastructure cess.
- 13.2 **Commitments**
- 13.2.1 Contracts for capital expenditure are approximately of Rupees 6.423 million (2024: Rupees Nil).
- 13.2.2 Letters of credit other than capital expenditure are of Rupees 490.811 million (2024: Rupees 159.510 million).
- 13.2.3 Outstanding foreign currency forward contracts are of Rupees 3,650.841 million (2024: Rupees 2,422.185 million).
- 13.2.4 The Holding Company's share in commitments of associate accounted for under equity method is Rupees 926.168 million (2024: Rupees 424.908 million).
- 13.2.5 The Holding Company had obtained vehicles under ijarah arrangements from Bank AL Habib Limited for the period of four years and ijarah rentals were payable on monthly basis respectively. Future Ujrah payments under ijarah were as follows:

	2025 Amount	2024 Amount
	Rupees in thousand	
Not later than one year	-	5,828

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

	2025 Amount	2024 Amount
	Rupees in thousand	
Not later than 1 year	7,916	3,876

14. FIXED ASSETS

Operating fixed assets	(Note 14.1)	3,156,526	2,880,774
Capital work-in-progress	(Note 14.4)	1,055,328	80,167
		4,211,854	2,960,941

14.1 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	Leasehold Improvements	Furniture, fixture and fittings	Vehicles	Service equipment	Total
Rupees in thousand								
At 31 December 2023								
Cost	383,031	1,295,282	1,760,586	1,045	30,394	230,291	611,001	4,311,630
Currency retranslation	-	-	(11)	(6)	-	(60)	(11)	(88)
Accumulated depreciation	383,031	1,295,282	1,760,575	1,039	30,394	230,231	610,990	4,311,542
Currency retranslation	-	(327,219)	(740,210)	(61)	(8,949)	(30,123)	(223,012)	(1,329,574)
	383,031	(327,219)	(740,209)	(61)	(8,949)	(30,116)	(223,011)	(1,329,565)
Net book value	383,031	968,063	1,020,366	978	21,445	200,115	387,979	2,981,977
Year ended 31 December 2024								
Opening net book value	383,031	968,063	1,020,366	978	21,445	200,115	387,979	2,981,977
Additions	-	45,246	83,900	-	10,040	24,107	35,884	199,177
Disposals:								
Cost	-	-	(685)	-	(20)	(22,385)	(4,414)	(27,504)
Accumulated depreciation	-	-	624	-	15	8,522	3,817	12,978
Depreciation	-	(83,721)	(107,395)	(161)	(5)	(13,863)	(597)	(14,526)
Currency retranslation	-	-	(64)	(35)	(3)	(40,750)	(50,727)	(285,339)
Closing net book value	383,031	929,588	996,746	782	28,892	169,263	372,472	2,880,774
At 31 December 2024								
Cost	383,031	1,340,528	1,843,790	1,039	40,414	231,953	642,460	4,483,215
Currency retranslation	-	-	(71)	(40)	(3)	(425)	(78)	(617)
Accumulated depreciation	383,031	1,340,528	1,843,719	999	40,411	231,528	642,382	4,482,598
Currency retranslation	-	(410,940)	(846,980)	(222)	(11,519)	(62,344)	(269,921)	(1,601,926)
	383,031	(410,940)	(846,973)	(217)	(11,519)	(62,265)	(269,910)	(1,601,824)
Net book value	383,031	929,588	996,746	782	28,892	169,263	372,472	2,880,774
Year ended 31 December 2025								
Opening net book value	383,031	929,588	996,746	782	28,892	169,263	372,472	2,880,774
Additions	-	42,123	300,027	-	4,135	153,757	85,585	585,627
Disposals:								
Cost	-	-	(1,765)	-	-	(20,313)	(1,673)	(23,751)
Accumulated depreciation	-	-	1,160	-	-	7,967	1,022	10,149
Assets written off:								
Cost	-	(3,817)	-	-	-	-	-	(4,677)
Accumulated depreciation	-	3,224	-	-	-	-	-	3,873
Depreciation	-	(593)	-	-	-	-	-	(804)
Currency retranslation	-	(78,971)	(109,831)	(206)	(3,208)	(50,426)	(53,367)	(296,009)
	383,031	892,147	1,186,426	610	29,822	260,589	403,901	3,156,526
At 31 December 2025								
Cost	383,031	1,378,834	2,141,981	999	44,546	364,972	725,434	5,039,797
Currency retranslation	-	-	114	50	4	528	123	819
Accumulated depreciation	383,031	1,378,834	2,142,095	1,049	44,550	365,500	725,557	5,040,616
Currency retranslation	-	(486,687)	(955,644)	(423)	(14,727)	(104,724)	(321,606)	(1,883,811)
	383,031	(486,687)	(955,644)	(16)	(1)	(187)	(50)	(279)
Net book value	383,031	892,147	1,186,426	610	29,822	260,589	403,901	3,156,526
Annual rate of depreciation (%)		5-10	10	15-30	10	20	10-30	10-30

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

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

Description	Quantity	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particular of purchasers
-----Rupees in thousand-----								
Vehicles								
MG HSAYE - 808	1	6,291	3,092	3,199	3,257	58	Holding Company's policy	Mr. Ashfaq - Holding Company's employee, Lahore
Toyota Corolla APV - 944	1	6,996	2,476	4,520	4,440	(80)	Holding Company's policy	Mr. Muhammad Ashraf - Holding Company's employee, Lahore
Toyota Corolla AQL - 686	1	7,027	2,398	4,629	4,547	(82)	Holding Company's policy	Mr. Zahid Mumtaz - Holding Company's employee, Lahore
Plant and machinery								
PU machine - 60 stations	1	1,765	1,160	605	696	91	Negotiation	AS Traders, Lahore
Aggregate of items of operating fixed assets with individual book values not exceeding Rupees 500,000	18	6,349	4,896	1,453	661	(792)		
		28,428	14,022	14,406	13,601	(805)		

2025
Amount
Rupees in thousand

2024
Amount

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

Cost of sales	(Note 30)	250,549	251,189
Distribution expenses	(Note 31)	272	443
Administrative expenses	(Note 32)	45,188	33,707
		296,009	285,339

14.3 Particulars of immovable properties (i.e. land and buildings) are as follows:

Manufacturing unit and residential colony	Address	Area of freehold land (Square Feet)	Covered area (Square Feet)
Muridke factory and residential colony	10 - KM, Muridke - Sheikhpura Road, Muridke	1,345,693	408,789
Freehold land	Hadbast Manga Otar, Raiwind, Lahore	211,500	-

14.4 Capital work in progress

Advances for capital expenditures	Buildings on freehold land	Plant and machinery	Furniture, fixture and fittings	Service equipment	Vehicles	Total
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-----Rupees in thousand-----

At 31 December 2023	-	35,632	41,325	173	16,496	6,659	100,285
Add: Additions during the year	-	39,911	47,081	9,867	60,710	27,107	184,676
Less: Transferred to operating fixed assets during the year	-	(45,246)	(83,377)	(10,040)	(35,365)	(24,107)	(198,135)
Less: Advance against vehicle received back	-	-	-	-	-	(6,659)	(6,659)
At 31 December 2024	-	30,297	5,029	-	41,841	3,000	80,167
Add: Additions during the year	19,703	740,283	464,290	5,542	176,459	150,757	1,557,034
Less: Transferred to operating fixed assets during the year	-	(42,123)	(297,566)	(3,837)	(84,590)	(153,757)	(581,873)
At 31 December 2025	19,703	728,457	171,753	1,705	133,710	-	1,055,328

14.4.1 Borrowing cost amounting to Rupees 23.509 million (2024: Rupees Nil) has been capitalized under buildings on freehold land during the year. The effective rate of borrowing cost capitalized during the year ranged from 11.57% to 11.67% (2024: Nil) per annum.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

	2025 Amount	2024 Amount
	Rupees in thousand	
15. LONG TERM SECURITY DEPOSITS		
Security deposits against Ijarah	-	6,756
Security deposits - others	4,491	4,354
	4,491	11,110
Less: Current portion shown under current asset (Note 24)	-	(6,756)
	4,491	4,354

16. LONG TERM LOANS TO EMPLOYEES		
Considered good:		
Executives (Note 16.1, Note 16.2 and Note 16.3)	26,487	7,388
Other employees (Note 16.3)	435	892
	26,922	8,280
Less: Current portion shown under current assets (Note 22)		
Executives	(8,809)	(4,978)
Other employees	(182)	(457)
	(8,991)	(5,435)
	17,931	2,845

16.1 Reconciliation of carrying amount of loans to executives:		
Balance as at the beginning of the year	7,388	13,353
Add: Disbursements	29,500	2,000
Less: Repayments	(10,401)	(7,965)
Balance as at the end of the year	26,487	7,388

16.2 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 28.398 million (2024: Rupees 6.967 million).

16.3 These represent interest free loans to executives and employees for general purposes and house building. These are recoverable in monthly instalments over the period of 1 to 6 years and are secured by amount due to the employees against retirement benefits.

16.4 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.

	2025 Amount	2024 Amount
	Rupees in thousand	
17. LONG TERM INVESTMENT		
Investment in associate (with significant influence) - under equity method		
Service Long March Tyres (Private) Limited		
1,354,858,520 (2024: 1,354,858,520) fully paid ordinary shares of Rupees 2 each (Note 17.1 to Note 17.6)		
Cost of investment	2,720,975	2,720,975
Share of post acquisition changes in investee's net assets:		
As at the beginning of the year	1,225,290	257,114
Add: Share of net profit of associate accounted for using the equity method (Note 17.1)	2,277,572	1,323,147
Less: Dividend received during the year	(548,894)	(379,360)
Add: Share of employee share options reserve	35,328	24,389
Less: Share of post acquisition other comprehensive loss	(223)	-
	2,989,073	1,225,290
Balance at the end of the year	5,710,048	3,946,265

17.1 This includes adjustment on dilution of interest in the associate of Rupees 91.720 million due to ordinary shares issued by equity investee under employee stock option scheme.

	2025 Amount	2024 Amount
	Rupees in thousand	
17.2 Summary of financial information of associate as per audited financial statements for the year:		
Current assets	23,890,110	19,676,462
Non-current assets	33,342,962	26,030,800
Total assets	57,233,072	45,707,262
Current liabilities	21,028,121	15,461,185
Non-current liabilities	4,978,398	9,359,306
Total liabilities	26,006,519	24,820,491
Net assets	31,226,553	20,886,771

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

	2025 Amount	2024 Amount
	Rupees in thousand	
17.3 Reconciliation to carrying amounts:		
Balance at the beginning of the year	20,886,771	14,252,903
Transaction with owners in their capacity as owners	(2,332,500)	(363,208)
Profit after levy and taxation	12,673,501	6,997,076
Other comprehensive loss	(1,219)	-
Balance at the end of the year	31,226,553	20,886,771
Share deposit money	(18,102)	(18,102)
	31,208,451	20,868,669
Percentage of holding	18.30%	18.91%
Holding Company's share	5,710,048	3,946,265

17.4 Summarized statement of comprehensive income:

Revenue	59,477,194	44,882,004
Profit after levy and taxation	12,673,501	6,997,076
Other comprehensive loss	(1,219)	-
Total comprehensive income	12,672,282	6,997,076

17.5 Service Long March Tyres (Private) Limited (SLM) is primarily engaged in the business of manufacturing, sale, marketing, import and export of all steel radial truck, bus, light truck and off the road tyres. Its registered office is situated at Servis House, 2 - Main Gulberg, Lahore. SLM applied for change in status from private company to public company. Securities and Exchange Commission of Pakistan has approved the said conversion into public company with effect from 06 January 2026.

17.6 During the year, on 13 October 2025, the members of SLM in their annual general meeting, passed an special resolution to subdivide the associated SLM's shares by reducing the face value from Rupees 10 per share to Rupees 2 per share. Accordingly, existing shares were split into shares having the face value of Rupees 2 each.

	2025 Amount	2024 Amount
	Rupees in thousand	
18. LONG TERM LOAN TO ULTIMATE HOLDING COMPANY		
Balance at the beginning of the year	-	1,250,000
Less: Loan repaid by the Ultimate Holding Company	-	(1,250,000)
	-	-

18.1 This represented unsecured loan to Service Industries Limited - Ultimate Holding Company. This carried mark-up at 6-months KIBOR plus 0.25 percent per annum or average borrowing cost of the Holding Company, whichever is higher. The maximum aggregate amount receivable from the Ultimate Holding Company at the end of any month during the year was Rupees Nil (2024: Rupees 350 million). It was neither past due nor impaired. Effective rate of mark-up charged on this long term loan was 20.39% to 21.74% per annum.

	2025 Amount	2024 Amount
	Rupees in thousand	
19. STORES, SPARES AND LOOSE TOOLS		
Stores	68,165	49,831
Machinery spares	118,378	108,115
Loose tools	22,799	15,220
	209,342	173,166
Less: Provision for slow moving and obsolete items (Note 19.1)	(14,593)	(7,132)
	194,749	166,034

19.1 Provision for slow moving and obsolete items

Balance at the beginning of the year	7,132	8,456
Less: Provision / (reversal of provision) for the year	7,461	(1,324)
Balance at the end of the year	14,593	7,132

20. STOCK-IN-TRADE

Raw materials (Note 20.1)	1,825,627	1,543,062
Packing materials	94,766	90,399
Work-in-process (Note 20.2)	850,330	822,088
Finished goods (Note 20.3 and Note 20.4)	1,135,473	1,707,810
	3,906,196	4,163,359
Less: Provision for slow moving and obsolete stocks (Note 20.6)	(11,502)	(11,547)
	3,894,694	4,151,812

20.1 These include stock-in-transit of Rupees 480.009 million (2024: Rupees 114.933 million).

20.2 This includes stock of Rupees 98.074 million (2024: Rupees 79.307 million) sent to outside parties for processing.

20.3 These include stock in transit of Rupees 69.707 million (2024: Rupees 73.541 million).

20.4 Finished goods of Rupees 47.112 million (2024: Rupees 61.015 million) are being carried at net realizable value.

20.5 The aggregate amount of Rupees 10.372 million (2024: Rupees 10.654 million) has been charged to cost of sales, being the cost of inventory written down.

	2025 Amount	2024 Amount
	Rupees in thousand	
20.6 Provision for slow moving and obsolete stocks		
Balance at the beginning of the year	11,547	24,465
Less: Reversal of provision for the year	(45)	(12,918)
Balance at the end of the year	11,502	11,547

Notes to the Consolidated Financial Statements

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	2025 Amount	2024 Amount
	Rupees in thousand	
21. TRADE DEBTS		
Considered good:		
Secured:		
- Against irrevocable letters of credit	1,216,910	1,201,942
Unsecured:		
- Related party (Note 21.3, Note 21.4)	-	2,016
- Others (Note 21.5)	1,851,526	1,201,469
	1,851,526	1,203,485
Less: Allowance for expected credit losses (Note 21.6)	(67,389)	(67,010)
	3,001,047	2,338,417

21.1 Types of counter-parties

	2025 Amount	2024 Amount
	Rupees in thousand	
Export		
Corporate	2,973,974	2,369,772
Other	-	-
	2,973,974	2,369,772
Local		
Corporate	94,389	35,582
Other	73	73
	94,462	35,655
	3,068,436	2,405,427

21.2 Foreign jurisdictions of trade debts

	2025 Amount	2024 Amount
	Rupees in thousand	
Europe	2,085,950	1,623,725
Asia, Africa and Australia	490,974	258,102
United States of America and Canada	397,050	487,945
	2,973,974	2,369,772

21.3 This represented amount due from Service Industries Limited - Ultimate Holding Company at the reporting date. The ageing analysis of this trade debt was as follow:

	2025 Amount	2024 Amount
	Rupees in thousand	
Upto 1 month	-	2,016

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

	2025 Amount	2024 Amount
	Rupees in thousand	
Service Industries Limited - Ultimate Holding Company	18,950	197,486
Service Long March Tyres (Private) Limited - subsidiary company of the Holding Company	283	-
Service Retail (Private) Limited - subsidiary company of the Holding Company	9,898	59,572

21.5 As at the reporting date, trade debts due from other than related parties of Rupees 256.077 million (2024: Rupees 76.023 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:

	2025 Amount	2024 Amount
	Rupees in thousand	
Upto 1 month	238,037	23,674
1 to 6 months	17,129	52,349
More than 6 months	911	-
	256,077	76,023

21.6 Allowance for expected credit losses

	2025 Amount	2024 Amount
	Rupees in thousand	
Balance at the beginning of the year	67,010	6,300
Add: Recognized during the year (Note 33)	379	60,710
Balance at the end of the year	67,389	67,010

22. LOANS AND ADVANCES

	2025 Amount	2024 Amount
	Rupees in thousand	
Considered good:		
Short term loan to Ultimate Holding Company (Note 22.1)	-	2,500,000
Advances against letters of credit	170,273	294,247
Margin against bank guarantees	58,570	50,000
Advances to suppliers	25,648	63,867
Advances to staff	7,480	3,988
Current portion of long term loans to employees (Note 16) (Note 16)	8,991	5,435
	270,962	2,917,537

22.1 This represented unsecured loan to Service Industries Limited - Ultimate Holding Company for working capital requirement. This carried mark-up at 1-month KIBOR plus 0.05 percent per annum or average borrowing cost of the Holding Company, whichever is higher. The maximum aggregate amount receivable from the Ultimate Holding Company at the end of any month during the year was Rupees 1,700 million (2024: Rupees 2,500 million). It is neither past due nor impaired. Effective rate of mark-up charged on this short term loan ranged from 12.46% to 13.40% per annum (2024: 14.98% to 22.16% per annum).

Notes to the Consolidated Financial Statements

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		2025 Amount	2024 Amount
Rupees in thousand			
23. ACCRUED MARK-UP			
On short term loan to Ultimate Holding Company	(Note 23.1)	-	-
On long term loan to Ultimate Holding Company	(Note 23.2)	-	-
On saving account		7,966	9,599
		7,966	9,599

23.1 This represented accrued mark-up on short term loan given to Service Industries Limited - Ultimate Holding Company. The maximum aggregate outstanding amount at the end of any month during the year was Rupees 22.908 million (2024: Rupees 4.959 million).

23.2 This represented accrued mark-up on long term loan given to Service Industries Limited - Ultimate Holding Company. The maximum aggregate outstanding amount at the end of any month during the year was Rupees Nil (2024: Rupees 17.285 million).

		2025 Amount	2024 Amount
Rupees in thousand			
24. SHORT TERM DEPOSITS AND PREPAYMENTS			
Short term security deposits		16,903	13,249
Prepayments		22,144	6,038
Current portion of long term security deposits	(Note 15)	-	6,756
		39,047	26,043

25. OTHER RECEIVABLES

Considered good:

		2025 Amount	2024 Amount
Rupees in thousand			
Custom duty rebate		719,973	674,500
Duty drawback		-	1,594
Sales tax refundable		1,339,681	1,043,595
Fair value of forward exchange contracts		5,508	167,213
Lab testing charges		-	6,521
Claims receivable	(Note 25.1)	7,930	42,677
Insurance claim receivable		-	492
Receivable from Ultimate Holding Company	(Note 25.2)	-	8,363
		2,073,092	1,944,955

25.1 Claims receivable

		2025 Amount	2024 Amount
Rupees in thousand			
Claims receivable		7,930	42,677
Less: Allowance for expected credit losses	(Note 25.1.1)	-	-
		7,930	42,677

		2025 Amount	2024 Amount
Rupees in thousand			
25.1.1 Allowance for expected credit losses			
Balance at the beginning of the year		-	13,621
Less: Written off against expected credit losses		-	(13,621)
Balance at the end of the year		-	-

25.2 This represented amount receivable from Service Industries Limited - Ultimate Holding Company against expenses incurred on behalf of the Ultimate Holding Company. This is not past due neither impaired. The maximum aggregate amount receivable at the end of any month during the year was Rupees Nil (2024: Rupees 8.363).

		2025 Amount	2024 Amount
Rupees in thousand			
26. SHORT TERM INVESTMENTS			
Debt instruments - term deposit receipts	(Note 26.1)	94,832	-

26.1 Debt instruments - term deposit receipts

		2025 Amount	2024 Amount
Rupees in thousand			
At amortized cost	(Note 26.1.1)	91,000	-
Add: Accrued interest		3,832	-
		94,832	-

26.1.1 These represent deposits under lien with the banks of the Company against bank guarantees issued by the banks to Director, Excise and Taxation, Karachi against disputed amount of infrastructure cess with deposit of Rupees 1 million on account of bank guarantee margin. Interest on term deposit receipts ranges from 5.91% to 11.00% (2024: Nil) per annum. The maturity period of these term deposit receipts is 3 to 12 months (2024: Nil).

		2025 Amount	2024 Amount
Rupees in thousand			
27. ADVANCE INCOME TAX AND PREPAID LEVY - NET			
Advance income tax - net			
Advance income tax		392,666	333,542
Less: Provision for taxation		(684,701)	(426,496)
		(292,035)	(92,954)

Prepaid levy - net

		2025 Amount	2024 Amount
Rupees in thousand			
Prepaid levy		775,417	742,641
Less: Levy payable		(212,978)	(471,542)
		562,439	271,099
		270,404	178,145

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

	2025 Amount	2024 Amount
	Rupees in thousand	
28. CASH AND BANK BALANCES		
Cash in hand	6,755	6,637
With banks:		
Current accounts:		
Local currency (Note 28.1)	109,223	121,826
Foreign currency (Note 28.2)	33,584	100,607
	142,807	222,433
Saving accounts:		
Local currency (Note 28.3 and Note 28.4)	998,990	567,401
	1,148,552	796,471

28.1 This includes CNY 590,130 (2024: CNY 1,191,154).

28.2 This represents EURO 102,123.14 (2024: EURO 346,821.72) and USD 2.01 (2024: USD 2.01)

28.3 Rate of profit on bank deposits ranges from 2.4% to 12.03% (2024: 2.82% to 21.5%) per annum.

28.4 This includes CNY 3,234 (2024: CNY 3,534).

	2025 Amount	2024 Amount
	Rupees in thousand	
29. REVENUE - net		
Revenue from contracts with customers:		
Export sales	20,054,068	16,946,451
Local sales (Note 29.1)	213,177	803,073
	20,267,245	17,749,524
Less: Discounts and commissions	(332,179)	(281,549)
	19,935,066	17,467,975
29.1 Local sales		
Local sales	248,266	937,578
Less: Sales tax	(35,089)	(134,505)
	213,177	803,073

29.2 The amount of Rupees 85.042 million (2024: Rupees 142.885 million) included in contract liabilities (Note 9) at 31 December 2024 has been recognized as revenue in 2025.

29.3 Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition:

Description	2025 Amount	2024 Amount
	Rupees in thousand	
Region		
Europe	14,351,976	12,009,071
United States of America and Canada	4,098,609	3,508,806
Asia, Africa, Australia	1,259,994	1,186,638
Pakistan	224,487	763,460
	19,935,066	17,467,975
Timing of revenue recognition		
Products and services transferred at a point in time	19,935,066	17,467,975
Products and services transferred over time	-	-
	19,935,066	17,467,975
Major products / service lines		
Raw material	50,956	285,445
Footwear	19,884,110	17,182,530
	19,935,066	17,467,975

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

		2025 Amount	2024 Amount
Rupees in thousand			
30. COST OF SALES			
Raw materials consumed	(Note 30.1)	8,383,686	7,921,916
Processing charges		49,625	64,446
Salaries, wages and other benefits	(Note 30.2, Note 30.3 and Note 30.4)	4,230,425	3,577,586
Packing materials consumed		1,134,846	995,600
Stores and spares consumed		559,456	390,946
Fuel and power		367,560	397,320
Repair and maintenance		61,994	54,279
Insurance		27,436	24,894
Travelling		95,538	68,681
Entertainment		716	3,347
Rent, rates and taxes	(Note 30.5)	12,117	2,839
Provision / (reversal of provision) for slow moving and obsolete inventory		7,416	(14,242)
Depreciation	(Note 14.2)	250,549	251,189
Other manufacturing charges		35,916	46,251
		15,217,280	13,785,052
Work-in-process:			
Opening stock		822,088	877,342
Closing stock		(850,330)	(822,088)
		(28,242)	55,254
Cost of goods manufactured		15,189,038	13,840,306
Finished goods:			
Opening stock		1,707,810	1,704,823
Finished goods purchased		254,222	451,377
Closing stock		(1,135,473)	(1,707,810)
		826,559	448,390
		16,015,597	14,288,696

30.1 Raw materials consumed

Opening stock		1,543,062	1,926,537
Add: Purchases during the year	(Note 30.6)	8,666,251	7,538,441
Less: Closing stock		(1,825,627)	(1,543,062)
		8,383,686	7,921,916

30.2 Salaries, wages and other benefits include contributions of Rupees 138.779 million (2024: Rupees 116.403 million) and Rupees 24.931 million (2024: Rupees 38.743 million) in respect of provident fund and gratuity fund respectively.

30.3 Salaries, wages and other benefits include compensated absences expense of Rupees 44.307 million (2024: Rupees 36.331 million).

30.4 Salaries, wages and other benefits include share options expense of Rupees 15.657 million (2024: Rupees 3.598 million).

30.5 These include rent expense of Rupees 3.039 million (2024: Rupees 0.180 million) related to short term leases.

30.6 Custom duty rebate for the year amounting to Rupees 673.213 million (2024: Rupees 458.199 million) has been adjusted against raw materials consumed.

		2025 Amount	2024 Amount
Rupees in thousand			
31. DISTRIBUTION COST			
Salaries and other benefits	(Note 31.1 and Note 31.2)	303,478	224,295
Freight and insurance		724,301	560,947
Samples, claims and product development		709,583	618,785
Postage and courier		124,944	129,010
Fuel and power		13,872	13,197
Travelling and conveyance		60,333	53,986
Entertainment		14,516	14,500
Rent, rates and taxes	(Note 31.3)	6,801	4,485
Depreciation	(Note 14.2)	272	443
		1,958,100	1,619,648

31.1 Salaries and other benefits include contributions of Rupees 10.163 million (2024: Rupees 5.724 million) and Rupees 12.059 million (2024: Rupees Nil) in respect of provident fund and gratuity fund respectively.

31.2 Salaries, and other benefits include share options expense of Rupees 5.981 million (2024: Rupees 1.108 million).

31.3 These include rent expense of Rupees 3.044 million (2024: Rupees 1.049 million) related to short term leases.

Notes to the Cosolidated Financial Statements

For the year ended December 31, 2025

		2025 Amount	2024 Amount
		Rupees in thousand	
32. ADMINISTRATIVE EXPENSES			
Salaries and other benefits	(Note 32.1, Note 32.2 and Note 32.3)	629,936	528,213
Communication		3,723	2,670
Printing and stationery		5,618	5,778
Travelling and conveyance		39,672	21,708
Entertainment		25,912	25,765
Vehicles' running		32,943	30,180
Insurance		5,285	5,632
Rent, rates and taxes		17,908	15,348
Fuel and power		20,066	27,535
Repairs and maintenance		15,004	7,616
Auditor's remuneration	(Note 32.4)	4,288	3,898
Legal and professional		40,120	25,230
Subscription		525	340
Depreciation	(Note 14.2)	45,188	33,707
Ijarah rentals		5,869	11,445
Computer running		17,923	11,289
General		42,451	36,153
		952,431	792,507

32.1 Salaries and other benefits include contributions of Rupees 20.323 million (2024: Rupees 14.229 million) and Rupees 5.175 million (2024: Rupees 5.452 million) in respect of provident fund and gratuity fund respectively.

32.2 Salaries and other benefits include share options expense of Rupees 8.675 million (2024: Rupees 2.097 million).

32.3 Salaries and other benefits include compensated absences expense of Rupees 16.457 million (2024: Rupees 13.840 million).

		2025 Amount	2024 Amount
		Rupees in thousand	
32.4 Auditor's remuneration			
Statutory audit fee		2,021	1,837
Statutory audit fee of consolidated financial statements		429	390
Half yearly review		733	666
Certification charges		582	529
Reimbursable expenses		523	476
		4,288	3,898

		2025 Amount	2024 Amount
		Rupees in thousand	
33. OTHER EXPENSES			
Allowance for expected credit losses - trade debts	(Note 21.6)	379	60,710
Prepayment written off		-	2,352
Other receivable written off		17,201	-
Other receivable - duty drawback written off		1,179	-
Insurance claim receivable written off		492	-
Exchange loss - net		-	3,485
Operating fixed assets written off		804	-
Loss on disposal of operating fixed assets - net		1	-
Workers' welfare fund	(Note 9.3)	58,827	33,202
		78,883	99,749

34. OTHER INCOME			
Income from financial assets			
Interest on loans to Ultimate Holding Company		33,354	87,133
Interest on saving accounts		61,527	26,546
Return on term deposit receipts		4,557	-
Exchange gain - net		36,442	-
Unrealised exchange gain on forward contracts		5,508	167,213
Income From Non-Financial Assets			
Gain on disposal of operating fixed assets - net		-	1,661
Scrap sales		41,588	39,998
		182,976	322,551

35. FINANCE COST			
Mark-up on:			
Short term borrowings		318,387	553,104
Long term financing		55,384	38,926
Interest on workers' profit participation fund	(Note 9.2)	199	2,380
Bank charges and commission		124,219	83,800
		498,189	678,210

36. LEVY			
Minimum tax differential		92,850	197,852
Prior period adjustment		-	(719)
		92,850	197,133

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

36.1 Levy for Holding Company represents minimum tax (excess over the amount designated as provision for current tax) on sales under section 113 of the Income Tax Ordinance, 2001. Levy for Dongguan Service Global Limited - Subsidiary Company is computed in accordance with the tax legislation in force in China.

	2025 Amount	2024 Amount
	Rupees in thousand	
37. TAXATION		
Current	246,287	76,909
Super tax	108,768	35,868
Deferred tax	507,279	211,703
	862,334	324,480

37.1 Current tax represents provision for taxation calculated based on the taxable income for the year determined in accordance with the Income Tax Ordinance, 2001, tax (final tax) deducted by associate on distribution of dividend to the Holding Company and related super tax as per section 4C of Income Tax Ordinance, 2001 for the Holding Company. Provision for current tax of Dongguan Service Global Limited - Subsidiary Company is computed in accordance with the tax legislation in force in China.

	2025	2024
38. EARNINGS PER SHARE - BASIC AND DILUTED		
38.1 Basic earnings per share		
Profit after taxation attributable to ordinary shareholders of the Holding Company (Rupees in thousand)	1,937,230	1,113,250
Weighted average number of ordinary shares of the Holding Company (Numbers) (Note 38.3)	206,238,908	205,978,980
Basic earnings per share (Rupees)	9.39	5.40

38.2 Diluted earnings per share

Diluted earnings per share is calculated by adjusting weighted average number of ordinary shares of the Holding Company outstanding to assume conversion of all dilutive potential ordinary shares. The Holding Company has granted share options to employees as explained in note 5.3.

	2025	2024
Profit after taxation attributable to ordinary shareholders of the Holding Company (Rupees in thousand)	1,937,230	1,113,250
Weighted average number of ordinary shares (Numbers) (Note 38.3)	206,238,908	205,978,980
Adjustment for share options (Numbers)	1,436,583	938,191
Weighted average number of ordinary shares of the Holding Company for diluted earnings per share (Numbers)	207,675,491	206,917,171
Diluted earnings per share (Rupees)	9.33	5.38

38.2.1 Share options issued by the Holding Company have a dilutive effect on the earnings per share since the fair value of the ordinary shares during the year exceeds the exercise price of the options.

	2025	2024
	Numbers	
38.3 Weighted average number of ordinary shares outstanding during the year:		
Issued ordinary shares of the Holding Company at the beginning of the year	206,056,400	205,917,500
Effect of ordinary shares of the Holding Company issued under Employees Stock Option Scheme	182,508	61,480
Weighted average number of ordinary shares of the Holding Company at the end of the year	206,238,908	205,978,980
	2025	2024
	Rupees in thousand	

39. CASH GENERATED FROM OPERATIONS

Profit before levy and taxation	2,892,414	1,634,863
Adjustments for non-cash charges and other items:		
Depreciation (Note 14.2)	296,009	285,339
Provision for gratuity (Note 7.5.1)	42,165	44,195
Provision for workers' welfare fund (Note 33)	58,827	33,202
Provision / (reversal of provision) for slow moving and obsolete inventory (Note 30)	7,416	(14,242)
Prepayment written off (Note 33)	-	2,352
Other receivable written off (Note 33)	17,201	-
Other receivable - duty drawback written off (Note 33)	1,179	-
Insurance claim receivable written off (Note 33)	492	-
Allowance for expected credit losses - trade debts (Note 33)	379	60,710
Finance cost (Note 35)	498,189	678,210
Operating fixed assets written off (Note 33)	804	-
Loss / (gain) on disposal of operating fixed assets - net (Note 33 and Note 34)	1	(1,661)
Interest on loans to Ultimate Holding Company (Note 34)	(33,354)	(87,133)
Interest on saving accounts (Note 34)	(61,527)	(26,546)
Return on term deposit receipts (Note 34)	(4,557)	-
Unrealised exchange gain on forward contracts (Note 34)	(5,508)	(167,213)
Exchange (gain) / loss - net (Note 34 and Note 33)	(36,442)	3,485
Share of net profit of associate accounted for using the equity method (Note 17)	(2,277,572)	(1,323,147)
Employees' share option expense (Note 5.3.2)	30,313	6,803
Working capital changes (Note 39.1)	248,615	(515,919)
	1,675,044	613,298

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

	2025 Amount	2024 Amount
	Rupees in thousand	
39.1 WORKING CAPITAL CHANGES		
Increase / (decrease) in current assets:		
Stores, spares and loose tools	(36,176)	(40,977)
Stock-in-trade	257,163	415,242
Trade debts	(621,059)	(525,033)
Loans and advances	150,131	560,223
Prepayments	(16,106)	(3,211)
Other receivables	(147,009)	(475,463)
	(413,056)	(69,219)
Increase / (decrease) in trade and other payables	661,671	(446,700)
	248,615	(515,919)

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

	Year ended 31 December 2025		
	Liabilities from financing activities		
	Long term financing	Short term borrowings	Unclaimed dividend
	------(Rupees in thousand)-----		
Balance at the beginning of the year	312,969	9,032,440	5,578
Add: Borrowings obtained	986,983	28,225,544	-
Less: Repayment of financing / borrowings	(59,451)	(30,129,744)	-
Add: Dividend declared	-	-	824,226
Less: Dividend paid	-	-	(827,762)
Balance at the end of the year	1,240,501	7,128,240	2,042

	Year ended 31 December 2024			
	Liabilities from financing activities			
	Long term financing	Short term borrowings	Unclaimed dividend	Dividend payable
	------(Rupees in thousand)-----			

Balance at the beginning of the year	362,364	8,282,347	4,944	617,753
Add: Borrowings obtained	-	44,393,494	-	-
Less: Repayment of financing / borrowings	(49,395)	(43,643,401)	-	-
Add: Dividend declared	-	-	411,835	-
Less: Dividend paid	-	-	(411,201)	(617,753)
Balance at the end of the year	312,969	9,032,440	5,578	-

40. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the consolidated financial statements for remuneration including all benefits to chief executive, directors and executives of the Holding Company is as follows:

	Chief Executive Officer		Directors		Executives	
	2025	2024	2025	2024	2025	2024
	------(Rupees in thousand)-----					
Managerial remuneration	64,075	54,443	43,047	37,776	331,754	225,625
Bonus	131,000	107,000	16,129	15,872	81,811	80,922
Allowances:						
House rent	6,408	5,444	11,616	10,194	89,521	60,912
Conveyance	6,408	5,444	-	-	4,750	10,378
Medical	-	-	6,210	5,451	47,867	32,558
Special allowance	12,815	10,889	7,455	6,542	57,960	40,019
Retirement and other benefits	4,805	4,083	3,787	3,787	43,682	26,274
Total	225,511	187,303	88,244	79,622	657,345	476,688
Number of persons	1	1	2	2	102	82
Employee share options granted (No. of options)	-	-	65,000	122,500	854,675	1,104,825
Issuance of ordinary shares (No. of shares)	-	-	65,000	25,000	346,205	113,900
Charged to profit or loss (Rupees in thousand)	-	-	2,213	431	28,100	6,372

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

40.2 Chief Executive, directors and certain executives of the Holding Company are provided with fully maintained vehicles.

40.3 Aggregate amount charged in these consolidated financial statements for meeting fee to three (2024: three) directors was Rupees 2.13 million (2024: Rupees 1.78 million).

Notes to the Consolidated Financial Statements

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40.4 Detail of employee share options of the Holding Company to Chief Executive, Directors and executives of the Holding Company is as follows:

Employees	Status	2025				2024			
		Share options of the Holding Company granted		Share options of the Holding Company exercised		Share options of the Holding Company granted		Share options of the Holding Company exercised	
		Numbers	Vesting period	Exercise at Rupees 30	Exercise at Rupees 36	Numbers	Vesting period	Exercise at Rupees 30	
			Years	Rupees	Rupees		Years	Rupees	
Mr. Hassan Javed	Chief Executive	-	-	-	-	-	-	-	
Mr. Hassan Ehsan Cheema	Executive Director	65,000	1 to 4	15,000	36,750	122,500	1 to 4	12,500	
Mr. Qadeer Ahmed Vaseer	Executive Director	-	-	13,250	-	-	-	12,500	
Mr. Amer Ahmad Javed	Executive	43,500	1 to 4	-	-	80,000	1 to 4	-	
Mr. Usman Liaqat	Executive	43,501	1 to 4	10,600	21,359	80,600	1 to 4	10,000	
Mr. Muhammad Ashfaq	Executive	54,000	1 to 4	10,600	21,359	80,600	1 to 4	10,000	
Mr. Anwar Ul Haq	Executive	33,207	1 to 4	9,000	18,135	60,450	1 to 4	7,500	
Mr. Naseer Ahmed	Executive	26,138	1 to 4	4,400	8,800	40,000	1 to 4	4,400	
Mr. Zayyad Saleem	Executive	26,138	1 to 4	4,400	8,800	40,000	1 to 4	4,400	
Hafiz Muhammad Ahmed	Executive	26,138	1 to 4	4,400	8,800	40,000	1 to 4	4,400	
Mr. Muhammad Zahid Mumtaz	Executive	33,207	1 to 4	4,400	8,800	40,000	1 to 4	4,400	
Mr. Abid Mehmood	Executive	26,138	1 to 4	6,000	12,300	41,000	1 to 4	5,000	
Mr. Muhammad Ashraf	Executive	26,138	1 to 4	4,400	8,800	40,000	1 to 4	4,400	
Syed Munawar Hussain	Executive	26,138	1 to 4	5,300	10,680	40,300	1 to 4	5,000	
Mr. Shamaz Wali	Executive	26,138	1 to 4	5,300	10,680	40,300	1 to 4	5,000	
Mr. Muhammad Fazil	Executive	26,138	1 to 4	5,300	10,600	40,000	1 to 4	4,400	
Mr. Luqman Afzal	Executive	33,207	1 to 4	-	-	-	-	-	
Syed Kashif Abbas	Executive	33,207	1 to 4	-	-	-	-	-	
Syed Rizwan Ali Bukhari	Executive	18,394	1 to 4	3,300	6,600	30,000	1 to 4	3,300	
Mr. Muhammad Iqbal	Executive	18,394	1 to 4	3,975	8,010	30,225	1 to 4	3,750	
Mr. Abdul Rauf	Executive	18,394	1 to 4	4,500	9,068	30,225	1 to 4	3,750	
Mr. Habib Ali Bhatti	Executive	18,394	1 to 4	3,300	6,600	30,000	1 to 4	3,300	
Mr. Muhammad Haider Anwaar	Executive	18,394	1 to 4	2,650	7,990	30,150	1 to 4	2,500	
Mr. Arif Ghaffar	Executive	-	-	-	-	30,000	1 to 4	3,300	
Syed Ejaz Ali Shah	Executive	18,394	1 to 4	3,975	7,950	30,000	1 to 4	3,300	
Mr. Muhammad Akram	Executive	18,394	1 to 4	-	-	30,225	1 to 4	3,750	
Mr. Muhammad Sajid Rashid	Executive	18,394	1 to 4	3,300	6,600	30,000	1 to 4	3,300	
Mr. Fazal ur Rehman	Executive	18,394	1 to 4	3,975	8,149	30,750	1 to 4	3,750	
Mr. Bilal Ahmad Sajid	Executive	18,394	1 to 4	-	5,300	20,000	1 to 4	-	
Mr. Anas Ahmed Khan	Executive	18,394	1 to 4	2,200	4,400	20,000	1 to 4	2,200	
Mr. Adil Saddique Khan	Executive	10,648	1 to 4	-	-	20,000	1 to 4	-	
Mr. Altaf Ahmed	Executive	18,394	1 to 4	2,650	5,300	20,000	1 to 4	2,200	
Mr. Muhammad Umer Anwaar	Executive	10,648	1 to 4	2,200	4,400	20,000	1 to 4	2,200	
Mr. Saqib Riaz	Executive	10,648	1 to 4	-	-	20,000	1 to 4	2,200	
Mr. Mirza Rizwan Baig	Executive	10,648	1 to 4	2,200	4,400	20,000	1 to 4	2,200	
Mr. Jawad Ahmad	Executive	18,394	1 to 4	-	-	-	-	-	
Mr. Awais Ahmed Khan	Executive	18,394	1 to 4	-	-	-	-	-	
Mr. Shahid Manzoor	Executive	18,394	1 to 4	-	-	-	-	-	
Mr. Saleem Hussain	Executive	10,648	1 to 4	-	-	-	-	-	
Mr. Ghulam Abbas	Executive	10,648	1 to 4	-	-	-	-	-	
Mr. Sibtain Abbas	Executive	10,648	1 to 4	-	-	-	-	-	
Mr. Noman Basharat	Executive	10,648	1 to 4	-	-	-	-	-	
Mr. Muhammad Amin	Executive	10,648	1 to 4	-	-	-	-	-	
		919,675		140,575	270,630	1,227,325		138,900	

41. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of the Ultimate Holding Company, subsidiaries of the Ultimate Holding Company, associated companies, 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	2025	2024
		Amount	Amount
		Rupees in thousand	
Ultimate Holding Company			
Service Industries Limited	Sale of goods	61,680	290,233
	Expenses charged to the Holding Company	285,995	234,049
	Purchase of goods	332,925	495,280
	Purchase of operating fixed assets	18,455	8,584
	Sale of operating fixed assets	-	5,000
	Processing charges	-	17,290
	Loans given	74,000	6,025,000
	Loans repaid	2,574,000	4,775,000
	Interest income	33,354	87,133
	Dividend paid	654,200	817,750
Subsidiary of the Ultimate Holding Company			
Service Tyres (Private) Limited	Sale of goods	16,331	26,635
	Purchase of goods	122	-
	Expenses charged to the Holding Company	522	-
	Purchase of fixed assets	263	-
Service Retail (Private) Limited	Sale of goods	12,029	168,697
Associate of the Holding Company			
Service Long March Tyres (Private) Limited	Investment made	-	286,400
	Dividend received	548,894	379,360
	Sale of goods	171	-
Key management personnel	Dividends paid	7,614	16,895
	Loan repaid	4,519	1,842
	Loan given	15,000	-
	Loan outstanding	12,500	2,019
Post employment benefit plans	Holding Company's contribution to gratuity fund trust	42,165	44,195
	Holding Company's contribution to provident fund trust	169,266	136,357

41.1 Detail of compensation to key management personnel of Holding Company is disclosed in Note 40.

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

Name of the related party	Basis of Relationship	Transactions entered or agreements and / or arrangements in place during the financial year		Percentag of shareholding
		2025	2024	
Service Industries Limited	Ultimate Holding Company	Yes	Yes	Nil
S2 Power Limited	Common directorship of directors of the Holding Company	No	No	Nil
S2 Hydro Limited	Common directorship of directors of the Holding Company	No	No	Nil
Speed (Private) Limited	Associate of subsidiary of the Ultimate Holding Company	No	No	Nil
SBL Trading (Private) Limited	Common directorship of directors of the Holding Company	No	No	Nil
Jomo Technologies (Private) Limited	Associate of subsidiary of the Ultimate Holding Company	No	No	Nil
Service Industries Capital (Private) Limited	Subsidiary of the Ultimate Holding Company	No	No	Nil
SLM International Tyres Trading FZE	Wholly owned subsidiary of Service Long March Tyres (Private) Limited (Subsidiary Company of the Ultimate Holding Company)	No	No	Note 41.2.1
Service Long March Tyres (Private) Limited	Common directorship of directors of the Holding Company and associate of Holding Company	Yes	Yes	18.30%
Servis Foundation	Common directorship of directors of the Holding Company	No	No	Nil
Shalamar Hospital	Directors of the Holding Company are Trustees	No	No	Nil
Kidney Centre Gujrat	Directors of the Holding Company are members of Board of Governors	No	No	Nil
Shahid Arif Investment (Private) Limited	Common directorship of directors of the Holding Company	No	No	Nil
SIL GULF (FZE)	Subsidiary of the Ultimate Holding Company	No	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
Service Charitable Trust	Directors of the Holding Company are Trustees	No	No	Nil
Service Tyres (Private) Limited	Subsidiary of the Ultimate Holding Company	Yes	Yes	Nil

Name of the related party	Basis of Relationship	Transactions entered or agreements and / or arrangements in place during the financial year		Percentag of shareholding
		2025	2024	
Service Retail (Private) Limited	Subsidiary of the Ultimate Holding Company	Yes	Yes	Nil
Mr. Hassan Javed	Chief Executive	Yes	Yes	-
Mr. Arif Saeed	Director	Yes	Yes	-
Chaudhry Ahmed Javed	Director	Yes	Yes	-
Mr. Omar Saeed	Director	Yes	Yes	-
Mr. Azmat Ali Ranjha	Director	Yes	Yes	-
Mr. Abdul Rashid Lone	Director	Yes	Yes	-
Mr. Qadeer Ahmed Vaseer	Director	Yes	Yes	-
Mr. Hassan Ehsan Cheema	Director	Yes	Yes	-
Ms. Maleeha Humayun Bangash	Director	Yes	Yes	-

41.2.1 SLM International Tyres Trading FZE is wholly-owned subsidiary of Service Long March Tyres (Private) Limited - associate. The Holding Company holds 18.30% shares of Service Long March Tyres (Private) Limited - associate.

41.3 Particulars of companies incorporated outside Pakistan with whom the Group 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	Former subsidiary of Service Industries Capital (Private) Limited [Subsidiary Company of Service Industries Limited - Ultimate Holding Company]	Service Industries Capital (Private) Limited - Subsidiary Company of the Ultimate Holding Company has disposed of its entire shareholding during the current year.
SIL GULF (FZE)	United Arab Emirates	Subsidiary of Service Industries Limited - Ultimate Holding Company	Nil
SLM International Tyres Trading FZE	United Arab Emirates	Wholly owned subsidiary of Service Long March Tyres (Private) Limited (Subsidiary Company of the Ultimate Holding Company)	Nil

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41.4 As on 31 December 2025, disclosure relating to former Subsidiary of Service Industries Capital (Private) Limited - Subsidiary of the Ultimate Holding Company [which has been disposed of with effect from 26 August 2025], Subsidiary of Service Long March Tyres (Private) Limited - Subsidiary Company of the Ultimate Holding Company and subsidiary of Service Industries Limited - Ultimate Holding Company incorporated outside Pakistan:

Name of the company	Jurisdiction	Beneficial owner	Address of beneficial owner	Investment made during the year ended 31 December	Investment in		Terms and conditions of investment	Amount of returns received	Litigations against investee company	Default / breach relating to foreign company	Gain / (loss) on disposal of foreign investment	
					Local Currency	Foreign currency						
Subsidiary of the Ultimate Holding Company:												
SIL GULF (FZE)	United Arab Emirates	Service Industries Limited - Ultimate Holding Company	Servis House, 2 - Main Gulberg, Lahore	2022	PKR 7,215,000	UAE AED 150,000	Investment in shares	None	None	None	Not applicable	
Sub-subsidiary of the Ultimate Holding Company:												
Service Shoes Lanka (Private) Limited	Sri Lanka	Service Industries Capital (Private) Limited (up till 26 August 2025)	Servis House, 2 - Main Gulberg, Lahore	2017	PKR 62,770,000 (up till 26 August 2025)	USD 600,000 (up till 26 August 2025)	Investment has been disposed of during the current year	None	None	None	USD 50,000 to the beneficial owner	
SIM International Tyres Trading FZE	United Arab Emirates	Service Long March Tyres (Private) Limited	Servis House, 2 - Main Gulberg, Lahore	2025	PKR 77,500,000	UAE AED 1,000,000	Investment in shares	None	None	None	Not applicable	

42. PLANT CAPACITY

	Installed capacity		Actual production	
	(Pairs in thousand)		(Pairs in thousand)	
	2025	2024	2025	2024
Number of pairs	4,600	4,000	4,158	3,968

	Installed capacity		Actual production	
	(Capacity in kWh)		(Production in kWh)	
	2025	2024	2025	2024
Solar system kWh	2,638,237	2,722,315	2,591,711	2,629,732

Solar system

kWh

42.1 The deviation in actual production from installed capacity is due to rapidly growing trends as the Holding 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. Low capacity utilization of solar system is due to combination of environmental, technical, structural and maintenance factors.

43. FINANCIAL RISK MANAGEMENT

43.1 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 department of Holding Company and the Subsidiary Company under policies approved by the Board of Directors. Finance department of the Holding Company and Subsidiary Company evaluates and hedges 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, Great British Pound (GBP) and Arab Emirates Dirham (AED). Currently, the Group's foreign exchange risk exposure is restricted to bank balances, amounts receivable from / payable to the foreign entities and short term borrowings. The Group's exposure to currency risk was as follows:

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	2025 Amount	2024 Amount
	Rupees in thousand	
Cash at banks - EURO	102,123	346,822
Trade debts - USD	4,218,835	3,215,270
Trade debts - EURO	5,228,196	4,847,127
Trade debts - GBP	19,024	59,665
Trade debts - AED	-	596,199
Other receivables - USD	16,085	166,458
Other receivables - EURO	10,413	35,000
Trade and other payables - USD	(1,034,363)	(689,491)
Trade and other payables - EURO	(349,983)	(343,903)
Trade and other payables - GBP	(496)	(4,844)
Trade and other payables - AED	(184,822)	(184,822)
Short term borrowings - USD	(9,936,891)	(5,076,200)
Net exposure - USD	(6,736,334)	(2,383,963)
Net exposure - EURO	4,990,749	4,885,046
Net exposure - GBP	18,528	54,821
Net exposure - AED	(184,822)	411,377

The following significant exchange rates were applied during the year :

Rupees per US Dollar

Average rate	281.16	278.53
Reporting date rate	280.12	278.55

Rupees per EURO

Average rate	318.11	301.41
Reporting date rate	328.85	290.08

Rupees per GBP

Average rate	370.81	356.08
Reporting date rate	377.17	349.71

Rupees per AED

Average rate	76.31	75.83
Reporting date rate	76.28	75.84

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, Euro, GBP and AED with all other variables held constant, profit before levy and taxation for the year would have been lower / higher by Rupees 12.392 million (2024: Higher / lower by Rupees 39.365 million), mainly as a result of exchange losses / gains (2024: 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 instruments traded in the market. The Group is not exposed to equity and commodity price risks.

(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, loan to the Ultimate Holding Company, short term investments and bank balances - saving accounts. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk. Borrowings obtained 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:

	2025 Amount	2024 Amount
	Rupees in thousand	
Fixed rate instruments		
Financial assets		
Short term investments	94,832	-
Financial liabilities		
Long term financing	124,929	164,170
Short term borrowings	7,083,340	6,445,920
Floating rate financial instruments		
Financial assets		
Bank balances - saving accounts	998,990	567,401
Loan to Ultimate Holding Company	-	2,500,000
Financial liabilities		
Long term financing	1,115,572	148,799
Short term borrowings	44,900	2,586,520

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Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit before levy and taxation for the year would have been lower / higher by Rupees 1.583 million (2024: higher / lower by Rupees 3.253 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:

	2025	2024
	Amount	Amount
	Rupees in thousand	
Security deposits (including long term security deposits)	21,394	24,359
Trade debts	3,001,047	2,338,417
Loans and advances	92,972	2,562,268
Accrued mark-up	7,966	9,599
Other receivables	13,438	225,266
Short term investments	94,832	-
Bank balances	1,141,797	789,834
	4,373,446	5,949,743

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			2025	2024
	Short term	Long term	Agency	Amount	Amount
(Rupees in thousand)					
Banks					
Meezan Bank Limited	A1+	AAA	VIS	10,770	58,218
United Bank Limited	A1+	AAA	VIS	336	3,879
MCB Bank Limited	A1+	AAA	PACRA	8,007	9,163
Habib Bank Limited	A1+	AAA	VIS	1,960	31,367
Allied Bank Limited	A1+	AAA	PACRA	1,475	2,039
MCB Islamic Bank Limited	A1	A+	PACRA	50,347	11,548
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	4,876	6,344
Askari Bank Limited	A1+	AA+	PACRA	1,894	897
Soneri Bank Limited	A1+	AA-	PACRA	1,007,899	571,661
Faysal Bank Limited	A1+	AA	PACRA	1,653	513
Bank AL Habib Limited	A1+	AAA	PACRA	4,492	2,513
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	596	1,907
Samba Bank Limited	A1	AA	PACRA	439	21
Dubai Islamic Bank Pakistan Limited	A1+	AA	VIS	1,188	465
BankIslami Pakistan Limited	A1	AA-	PACRA	18,055	42,129
The Bank of Punjab	A1+	AA+	PACRA	1,851	1,579
The Bank of Khyber	A1	AA-	PACRA	925	-
National Bank of Pakistan	A1+	AAA	PACRA	1,046	-
Bank Alfalah Limited	A1+	AAA	PACRA	209	-
Industrial and Commercial Bank of China Limited	P1	A1	Moody's	130	135
China Merchants Bank Limited	P1	A2	Moody's	23,649	45,456
				1,141,797	789,834
Short term investments					
MCB Islamic Bank Limited	A1	A+	PACRA	11,000	-
Soneri Bank Limited	A1+	AA-	PACRA	83,832	-
				1,236,629	789,834

The Group's exposure to credit risk and allowance for expected credit losses related to trade debts is disclosed in Note 21.

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.

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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 2025 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.

On that basis, the loss allowance as at 31 December 2025 and 31 December 2024 was determined as follows:

At 31 December 2025

	Local sales			Export sales		
	Expected loss rate	Trade debts	Loss allowance	Expected loss rate	Trade debts	Loss allowance
	%	(Rupees in thousand)		%	(Rupees in thousand)	
Not past due	0%	86,107	-	0%	1,442,369	-
Up to 30 days	0.00%	6,181	-	0.19%	160,037	305
31 to 60 days	0.00%	-	-	0.66%	16,717	110
61 to 90 days	0.00%	-	-	1.83%	-	-
91 to 180 days	0.00%	-	-	5.99%	-	-
181 to 360 days	0.00%	911	-	20.97%	-	-
Above 360 days	100.00%	1,263	1,263	100.00%	65,711	65,711
		94,462	1,263		1,684,834	66,126
Trade debts which are not subject to risk of default		-	-		1,289,140	-
Gross Trade debts		94,462	1,263		2,973,974	66,126

At 31 December 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)	
Not past due	0%	31,120	-	0.00%	1,075,624	-
Up to 30 days	0.03%	-	-	0.03%	23,674	8
31 to 60 days	0.38%	3,272	13	0.38%	2,739	11
61 to 90 days	1.08%	-	-	1.08%	-	-
91 to 180 days	4.78%	-	-	4.78%	82	4
181 to 360 days	15.93%	-	-	15.93%	-	-
Above 360 days	100.00%	1,263	1,263	100.00%	65,711	65,711
		35,655	1,276		1,167,830	65,734
Trade debts which are not subject to risk of default		-	-		1,201,942	-
Gross Trade debts		35,655	1,276		2,369,772	65,734

(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 5,934.777 million (2024: Rupees 5,517.560 million) available borrowing limits from financial institutions and Rupees 1,148.552 million (2024: Rupees 796.471 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 2025:

	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	1,240,501	1,525,578	153,042	182,309	342,630	847,597
Trade and other payables	2,834,968	2,834,968	2,834,968	-	-	-
Accrued mark-up	73,772	73,772	73,772	-	-	-
Short term borrowings	7,128,240	7,191,711	7,011,535	180,176	-	-
Unclaimed dividend	2,042	2,042	2,042	-	-	-
	11,279,523	11,628,071	10,075,359	362,485	342,630	847,597

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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	312,969	435,612	47,518	45,324	86,450	256,320
Trade and other payables	2,125,626	2,125,626	2,125,626	-	-	-
Accrued mark-up	46,928	46,928	46,928	-	-	-
Short term borrowings	9,032,440	9,121,277	9,121,277	-	-	-
Unclaimed dividend	5,578	5,578	5,578	-	-	-
	11,523,541	11,735,021	11,346,927	45,324	86,450	256,320

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 and note 11 to these consolidated financial statements.

2025		2024	
At amortized cost	FVTPL	At amortized cost	FVTPL
------(Rupees in thousand)-----			

43.2 Financial instruments by categories

Assets as per consolidated statement of financial position

Security deposits (including long term security deposits)	21,394	-	24,359	-
Trade debts	3,001,047	-	2,338,417	-
Loans and advances	92,972	-	2,562,268	-
Accrued mark-up	7,966	-	9,599	-
Short term investments	94,832	-	-	-
Other receivables	7,930	5,508	58,053	167,213
Cash and bank balances	1,148,552	-	796,471	-
	4,374,693	5,508	5,789,167	167,213

2025	2024
At amortized cost	At amortized cost
------(Rupees in thousand)-----	

Liabilities as per consolidated statement of financial position

Long term financing	1,240,501	312,969
Trade and other payables	2,834,968	2,125,626
Accrued mark-up	73,772	46,928
Short term borrowings	7,128,240	9,032,440
Unclaimed dividend	2,042	5,578
	11,279,523	11,523,541

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

2025		
Financial assets	Non-financial assets	Assets as per consolidated statement of financial position
------(Rupees in thousand)-----		

Assets

Long term security deposits	4,491	-	4,491
Long term loans to employees	17,931	-	17,931
Trade debts	3,001,047	-	3,001,047
Loans and advances	75,041	195,921	270,962
Accrued markup	7,966	-	7,966
Short term deposits and prepayments	16,903	22,144	39,047
Short term investments	94,832	-	94,832
Other receivables	13,438	2,059,654	2,073,092
Cash and bank balances	1,148,552	-	1,148,552
	4,380,201	2,277,719	6,657,920

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2025		
Financial liabilities	Non-financial liabilities	Liabilities as per consolidated statement of financial position

------(Rupees in thousand)-----

Liabilities

Long term financing	1,240,501	-	1,240,501
Accrued mark-up	73,772	-	73,772
Short term borrowings	7,128,240	-	7,128,240
Trade and other payables	2,834,968	222,553	3,057,521
Unclaimed dividend	2,042	-	2,042
	11,279,523	222,553	11,502,076

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

------(Rupees in thousand)-----

Assets

Long term security deposits	4,354	-	4,354
Long term loans to employees	2,845	-	2,845
Trade debts	2,338,417	-	2,338,417
Loans and advances	2,559,423	358,114	2,917,537
Accrued markup	9,599	-	9,599
Short term deposits and prepayments	20,005	6,038	26,043
Other receivables	225,266	1,719,689	1,944,955
Cash and bank balances	796,471	-	796,471
	5,956,380	2,083,841	8,040,221

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

------(Rupees in thousand)-----

Liabilities

Long term financing	312,969	-	312,969
Accrued mark-up	46,928	-	46,928
Short term borrowings	9,032,440	-	9,032,440
Trade and other payables	2,125,626	201,365	2,326,991
Unclaimed dividend	5,578	-	5,578
	11,523,541	201,365	11,724,906

43.3 Offsetting financial assets and financial liabilities

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

43.4 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Group monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing and short term borrowings obtained by the Group as referred to in note 6 and note 11 respectively. Total capital employed includes 'total equity' as shown in the consolidated statement of financial position plus 'borrowings'.

	2025 Amount	2024 Amount
	(Rupees in thousand)	
Borrowings	8,368,741	9,345,409
Total equity	8,391,011	7,201,055
Total capital employed	16,759,752	16,546,464
Gearing ratio	49.93%	56.48%

Decrease in gearing is due to increase in equity.

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44. 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 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 2025	Level 1	Level 2	Level 3	Total
------(Rupees in thousand)-----				

Financial assets

Derivative financial assets	-	5,508	-	5,508
-----------------------------	---	-------	---	-------

Recurring fair value measurements At 31 December 2024	Level 1	Level 2	Level 3	Total
------(Rupees in thousand)-----				

Financial assets

Derivative financial liabilities	-	167,213	-	167,213
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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 out of level 3 measurements.

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

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

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

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

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include the use of quoted market prices or dealer quotes for similar instruments..

45. PROVIDENT FUND RELATED DISCLOSURES

Employees provident fund of Service Industries Limited - Ultimate Holding Company namely Service Provident Fund Trust is also managing provident fund benefits of the employees of the Holding 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 the Securities and Exchange Commission of Pakistan.

46. OPERATING SEGMENTS

These consolidated financial statements have been prepared on the basis of a single reportable segment.

1.13% (2024: 4.37%) of the sales of the Group relates to customers in Pakistan. Of the remaining sales of the Group relating to customers outside Pakistan, 40.47% (2024: 36.80%) of those sales are made to customers in Germany.

All non-current assets of the Group as at 31 December 2025 were located in Pakistan and China.

28.93% (2024: 36.14%) of the local sales of the Group are made to a single customer in Pakistan.

47. NUMBER OF EMPLOYEES

	2025	2024
Number of employees	5,499	5,684
Average number of employees during the year	5,836	5,752

48. UNUTILIZED CREDIT FACILITIES

	Non-funded		Funded	
	2025	2024	2025	2024
	(Rupees in thousand)		(Rupees in thousand)	
Total facilities	4,125,000	3,275,000	14,303,518	14,862,969
Utilized at the end of the year	(567,000)	(301,931)	(8,368,741)	(9,345,409)
Unutilized at the end of the year	3,558,000	2,973,069	5,934,777	5,517,560

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

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

Description	2025	2024
	Amount (Rupees in thousand)	Amount
Financing (long-term, short-term, or lease financing) obtained as per Islamic mode		
Short term borrowings	2,921,799	4,769,140
Interest or mark-up accrued on any conventional loan or advance	59,857	33,966
Long-term and short-term Shariah compliant Investments		
Long term investments (Note 17)	5,710,048	3,946,265
Shariah-compliant bank deposits, bank balances, and TDRs	69,343	112,873
Revenue earned from a Shariah-compliant business segment (Note 29)	19,935,066	17,467,975
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 received (Note 17)	548,894	379,360
Share of net profit of associate accounted for using the equity method (Note 17)	2,277,572	1,323,147
Profit earned from Shariah-compliant bank deposits, bank balances, or TDRs		
Profit on deposits with banks	-	-
Return on term deposit receipts	726	-
Exchange gain earned from actual currency	36,442	-
Exchange gains earned using conventional derivative financial instruments	5,508	167,213
Profit paid on Islamic mode of financing	149,112	273,053
Total Interest earned on any conventional loan or advance		
Interest on loans to Ultimate Holding Company (Note 34)	33,354	87,133
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		
Exchange gain - net	36,442	-
Gain on disposal of operating fixed assets - net	-	1,661
Scrap sales	41,588	39,998
Return on term deposit receipts	726	-
Non-compliant		
Unrealised exchange gain on forward contracts	5,508	167,213
Interest on saving accounts	61,527	26,546
Interest on loan to Holding Company	33,354	87,133
Return on term deposit receipts	3,831	-

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

Name	Relationship
MCB Islamic Bank Limited	Bank balance, term deposit receipts and short term borrowings
Meezan Bank Limited	Bank balance and short term borrowings
Faysal Bank Limited (Barkat Islami)	Bank balance and short term borrowings
Dubai Islamic Bank Pakistan Limited	Bank balance and short term borrowings
The Bank of Punjab (Taqwa Islamic banking)	Bank balance and short term borrowings
BankIslami Pakistan Limited	Bank balance and short term borrowings

50. EVENTS AFTER THE REPORTING PERIOD

50.1 The Board of Directors of the Holding Company has proposed final cash dividend for the year ended 31 December 2025 of Rupees 2 per share at their meeting held on 18 March 2026. 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.

50.2 The shareholders of the Holding Company in their extraordinary general meeting duly held on 27 February 2026 have approved long term equity investment of up to Rupees 1,000,000,000 in Service Athletic Global Footwear (Private) Limited, to be incorporated as subsidiary company. The Holding Company has entered into a joint venture agreement with Golden Star Footwear Group Limited (GSFGL), a Chinese company for setting up a joint venture company in Pakistan, namely Service Athletic Global Footwear (Private) Limited for manufacturing and sale of sneakers, athletics or any other type of footwear in Pakistan and export thereof. The equity stake of the parties in the joint venture company will be as follows: the Company - 51%; and GSFGL - 49%. The project cost of the joint venture company in Phase 1 is estimated to be US\$ 6,500,000 which shall be financed through equity contribution in accordance with the shareholding portion of each party. The equity contribution of up to US\$ 3,315,000 in equivalent Pakistani Rupees will be made by the Company, from time to time.

The Phase 1 of the proposed joint venture company will be established on the land and building constructed thereon located adjacent to the Holding Company's current production facility situated at 10 - KM, Muridke - Sheikhpura Road, Muridke, on a piece of land measuring approximately 12,710 square meters i.e. 136,816 square feet and building thereon having covered area of 79,760 square feet. The Board of Directors of the Holding Company in their meeting held on 20 January 2026 has approved the lease of land to proposed joint venture company. The shareholders of the Holding Company in their extraordinary general meeting duly held on 27 February 2026 have approved lease of building to the proposed joint venture company. As of the reporting date, the aforesaid building was constructed to be used as warehouse.

51. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 18 March 2026 by the Board of Directors of the Holding Company.

52. CORRESPONDING FIGURES

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

53. GENERAL

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



Hassan Javed
(Chief Executive)



Arif Saeed
(Director)



Usman Liaqat
(Chief Financial Officer)

Pattern of Shareholding

As at December 31, 2025

Number of Shareholders	Shareholding		Total Shares held
	From	To	
693	1	100	20,327
954	101	500	396,930
658	501	1,000	612,486
702	1,001	5,000	1,895,746
156	5,001	10,000	1,268,870
75	10,001	15,000	966,274
44	15,001	20,000	805,458
44	20,001	25,000	1,021,814
22	25,001	30,000	627,273
12	30,001	35,000	400,188
9	35,001	40,000	333,090
7	40,001	45,000	297,363
16	45,001	50,000	780,331
8	50,001	55,000	419,977
5	55,001	60,000	291,645
4	60,001	65,000	254,144
4	65,001	70,000	277,000
4	70,001	75,000	295,211
1	75,001	80,000	78,268
3	80,001	85,000	242,498
2	85,001	90,000	177,500
1	90,001	95,000	93,500
12	95,001	100,000	1,196,275
2	100,001	105,000	207,500
2	105,001	110,000	215,200
1	115,001	120,000	117,342
1	120,001	125,000	125,000
2	125,001	130,000	254,180
1	135,001	140,000	135,169
8	145,001	150,000	1,192,629
1	160,001	165,000	161,000
1	175,001	180,000	179,028
1	180,001	185,000	183,409
1	185,001	190,000	189,772

Pattern of Shareholding

As at December 31, 2025

Number of Shareholders	Shareholding		Total Shares held
	From	To	
3	195,001	200,000	597,063
1	200,001	205,000	204,061
1	205,001	210,000	209,441
1	210,001	215,000	212,893
1	235,001	240,000	238,818
3	245,001	250,000	748,325
1	260,001	265,000	262,591
1	280,001	285,000	284,500
1	300,001	305,000	303,450
1	325,001	330,000	325,750
2	355,001	360,000	712,706
1	380,001	385,000	381,865
1	395,001	400,000	396,405
1	400,001	405,000	400,081
1	460,001	465,000	464,250
2	475,001	480,000	958,673
1	495,001	500,000	500,000
1	550,001	555,000	553,038
2	580,001	585,000	1,160,993
2	595,001	600,000	1,200,000
1	610,001	615,000	610,500
1	755,001	760,000	758,500
1	780,001	785,000	782,000
1	800,001	805,000	802,136
1	1,110,001	1,115,000	1,113,708
1	1,230,001	1,235,000	1,231,598
1	1,285,001	1,290,000	1,285,500
1	1,450,001	1,455,000	1,454,000
1	4,335,001	4,340,000	4,337,852
1	4,710,001	4,715,000	4,714,520
1	8,680,001	8,685,000	8,683,920
1	154,865,001	154,870,000	154,866,071
3,497			206,467,605

Pattern of Shareholding

As at December 31, 2025

Categories of Shareholders	Number of Shareholders	Number of Shares held	Percentage
Directors, Chief Executive Officer, and their spouses and minor children	13	2,857,509	1.3840
Associated Companies, Parent Company, undertakings and related Parties	2	163,549,991	79.2134
NIT and ICP	4	1,631,134	0.7900
Banks, Development Financial Institutions, Non Banking Financial Institutions	2		0.0000
		2,345,306	1.1359
Modarabas and Mutual Funds	5	6,322,337	3.0621
Insurance Companies	4	486,755	0.2358
General Public			0.0000
a. Local	3,407	20,868,710	10.1075
b. Foreign	7	4,797,217	2.3235
Others (to be specified)			0.0000
1- Joint Stock Companies	38	2,955,628	1.4315
2- Investment Companies	1	6,067	0.0029
3- Pension Funds	2	203,600	0.0986
4- Others	12	443,351	0.2147
	3,497	206,467,605	100.0000
Shareholders holding 10% or more	1	154,866,071	75.0074

Categories of Shareholders	Number of Shares held	Percentage
Associated Companies, undertakings and related parties		
SERVICE INDUSTRIES LIMITED (CDC)	154,866,071	75.0074
TRUSTEES SERVICE PROVIDENT FUND (CDC)	8,683,920	4.2059
Mutual Funds		
CDC - TRUSTEE AL HABIB ISLAMIC STOCK FUND (CDC)	553,038	0.2679
CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND (CDC)	4,318	0.0021
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND (CDC)	4,714,520	2.2834
CDC - TRUSTEE MEEZAN ISLAMIC FUND (CDC)	248,325	0.1203
CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND- EQUITY SUB FUND (CDC)	802,136	0.3885
Directors and their spouses and minor children		
CHAUDHRY AHMED JAVED	1	0.0000
MR. ARIF SAEED	1	0.0000
MR. ARIF SAEED (CDC)	782,000	0.3788
MR. OMAR SAEED	1	0.0000
MR. OMAR SAEED (CDC)	1,285,500	0.6226
MR. HASSAN JAVED	1	0.0000
MR. AZMAT ALI RANJHA	1	0.0000
MR. ABDUL RASHID LONE	1	0.0000
MS. MALEEHA HUMAYUN BANGASH	1	0.0000
MR. HASSAN EHSAN CHEEMA	1	0.0000
MR. HASSAN EHSAN CHEEMA (CDC)	464,250	0.2249
MR. QADEER AHMED VASEER	1	0.0000
MR. QADEER AHMED VASEER (CDC)	325,750	0.1578

Pattern of Shareholding

As at December 31, 2025

Categories of Shareholders	Number of Shares held	Percentage
Executives	90,000	0.0436
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds	3,035,661	1.4703
Shareholders holding five percent or more voting rights		
SERVICE INDUSTRIES LIMITED (CDC)	154,866,071	75.0074

Trade in shares of the Company by Directors, Executives and their spouses and minor children

Name	Shares Acquired under ESOS / Purchase	Sale
MRS. BAREEZEH SAEED - SPOUSE OF MR. OMAR SAEED	100,000	
MR. OMAR SAEED - DIRECTOR	-	170,000
MR. HASSAN EHSAN CHEEMA - DIRECTOR	51,750	
MR. QADEER AHMED VASEER - DIRECTOR	13,250	-
MR. USMAN LIAQAT - CFO	31,959	6,621

Form of Proxy

7th Annual General Meeting

I/We _____ of _____
 _____ being a member(s) of **Service Global Footwear 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 7th Annual General Meeting to be held on April 29, 2026 at 10:00 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 _____ 2026
 in the presence of _____ Signed this _____ day of _____ 2026

Folio No.	CDC Account No.		Signature on Fifty - Rupees Revenue Stamp
	Participant I.D.	Account No.	
			The Signature should agree with the specimen registered with the Company.

Important:

- 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.
- 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.
- 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.

پراکسی فارم

ساتواں سالانہ اجلاس عام

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

میں / ہم _____ سروس گلوبل فٹ وئیر 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 ساتویں سالانہ اجلاس عام جو کہ مورخہ 29 اپریل 2026
صبح 10:00 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 _____

سی ڈی سی اکاؤنٹ نمبر		فولیو نمبر
اکاؤنٹ نمبر	پارٹنیشن آئی ڈی	

پچاس روپے مالیت کی
ریونیونٹ 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 چاہیئے۔
2. ایک سے زیادہ پراکسی مقرر کرنا یا جمع کروانا، ناقابل قبول ہوگا۔
3. سی ڈی سی اکاؤنٹ ہولڈرز / کارپوریٹ اداروں کیلئے۔

اوپر دی گئی ہدایت کے علاوہ مندرجہ ذیل شرائط بھی پوری کرنا ہوں گی:

- حصص یافتگان کے نمائندوں سے التماس ہے کہ وہ اپنے کمپیوٹر ڈیٹا کو 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 ڈیٹا کو 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۔



SERVICE GLOBAL FOOTWEAR LIMITED
 Registered Office: Servis House, 2-Main Gulberg, Lahore.
 Phone: +92 42- 35751990-6
 Email: shareholders@servis.com
 Website: www.serviceglobalfootwear.com

Ballot Paper For Voting Through Post

(in person and virtual Annual General Meeting to be held at 10:00 a.m. on Wednesday, April 29, 2026)

Designated email address of the Chairman at which the duly filled in ballot paper may be sent: chairman@servis.com

Name of shareholder / joint shareholders	
Registered Address	
Number of Shares held (on close of April 22, 2026) and folio number	
CNIC No./Passport No (in case of foreigner) (Copy to be attached)	
Additional information and enclosures (In case of representative of body corporate, Corporation and Federal Government)	

I/we hereby exercise my/our vote in respect of the following resolutions through postal ballot by conveying my/our assent or dissent to the following resolution by picking tick (✓) mark in the appropriate box below:

Sr. No.	Nature and Description of Resolutions	No. of ordinary shares for which votes cast	I/We assent to the resolutions (FOR)	I/We dissent to the resolutions (AGAINST)
1.	<p>Resolved that pursuant to the requirements of Section 199 of the Companies Act, 2017, approval of the members of Service Global Footwear Limited (the "Company") be and is hereby accorded and the Company be and is hereby authorized to renew the investment of up to PKR 4.5 Billion (Rupees Four Billion Five Hundred Million) in the form of working capital loan in Service Industries Limited, a holding / associated company, approved by the shareholders vide special resolution dated April 28, 2025 and expiring on June 30, 2026, for a further period of one year till June 30, 2027 with all other terms and conditions of the investment to remain unchanged."</p> <p>Further resolved that Mr. Hassan Javed, Chief Executive Officer and / or Mr. Arif Saeed, and / or Mr. Omar Saeed, Directors of the Company be and is hereby singly empowered and authorized to undertake the decision of said investment as and when deemed appropriate and necessary in the best interest of the Company and its shareholders and to take all steps and actions necessary, incidental and ancillary including execution of any and all documents and agreements as may be required in this regard and to do all acts, deeds and things, that may be considered necessary or necessary for the purpose of implementing this resolution."</p>			

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

 Signature of Shareholder(s)

Place:
 Date:

NOTES / PROCEDURE FOR SUBMISSION OF BALLOT PAPER:

1. Duly filled and signed original postal ballot should be sent to the Chairman, Mr. Arif Saeed, Service Global Footwear Limited at Servis House, 2-Main Gulberg, Lahore or a scanned copy of the original postal ballot to be emailed at: chairman@servis.com
2. Copy of CNIC/Passport (in case of foreigner) should be enclosed with the postal ballot form.
3. **Postal Ballot forms should reach Chairman of the meeting on or before April 28, 2026 during working hours. Any Postal Ballot received after this date, will not be considered for voting.**
4. Signature on Postal Ballot should match the signature on CNIC/Passport (in case of foreigner).
5. Incomplete, unsigned, in correct, defaced, torn, mutilated, over written ballot papers will be rejected.
6. In case of representative of body corporate and corporation, Postal Ballot must be accompanied with copy of CNIC of authorized person, along with a duly attested copy of Board resolution, Power of Attorney, or Authorization Letter in accordance with Section(s) 138 or 139 of the Companies Act 2017, as applicable, unless these have already been submitted along with Proxy Form. In case of foreign body corporate etc. all documents must be attested from the Pakistani Embassy having jurisdiction over the member.
7. Ballot paper has also been placed on the website of the Company www.serviceglobalfootwear.com. Members may download the ballot paper form the website or use original/photocopy published in newspapers.

اظہار تشکر
ڈائریکٹرز حصص یافتگان کی تہہ دل سے تعریف کا اظہار کرنا چاہیں گے جنہوں نے کمپنی کی غیر متزلزل حمایت جلدی رکھی۔

ہم سروس گروپ کے تمام ملازمین کی انتہائی کوششوں، لگن اور عزم کے لیے اپنی مخلصانہ تعریف بھی برملا کرنا چاہتے ہیں اور یقین رکھتے ہیں کہ وہ مستقبل میں بھی ایسا کرتے رہیں گے۔

ہم اپنے صدفین، سپلائیرز 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 پر عزم ہیں۔

منجانب بورڈ
عارف سعید
چیرمین

حسن چوہدری
چف ایگزیکٹو

کیپلائٹس پر ایک نظر
لسٹڈ کمپنیز (کوڈ آف کارپورٹ گورننس) ریگولیشنز، 2019 کی کیپلائٹس 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 کہ کیپلائٹس کا بیان کمپنی کے بورڈ آف ڈائریکٹرز نے منظور کیا ہے۔

سالانہ گوشواروں کی تیاری کے بعد تبدیلیاں
31 دسمبر 2025 سے لے کر 18 مارچ 2026 تک اس سالانہ رپورٹ میں کوئی تبدیلی لسی نہیں ہوئی جو کہ اس مالی گوشوارے پر اثر انداز ہو سکتی ہے۔ 31 دسمبر 2025 کو ختم ہونے والے مالی سال کا اعلان برائے حتمی ڈیویڈنڈ 2 روپے فی شیئر (یعنی 20 فیصد) جس کی اداگیلگی حصص یافتگان کے سالانہ اجلاس عام میں منظور کرنے سے مشروط ہے۔

کمپنی کے شیئر ہولڈرز نے اپنی غیر معمولی جزل میٹنگ میں جو 27 فروری 2026 کو منعقد ہوئی، سروس آٹھیلیٹک گلوبل فنڈ ویئر (پرائیویٹ) لمیٹڈ میں لمبے عرصے کی ایکویٹی سرمایہ کاری کی منظوری دی، جسے ذیلی کمپنی کے طور پر قائم کیا جائے گا۔ کمپنی نے گولڈن اسٹار فنڈ ویئر گروپ لمیٹڈ (GSFGL)، ایک چینی کمپنی کے ساتھ مشترکہ منصوبہ بندی (Joint Venture) کا معاہدہ کیا ہے تاکہ پاکستان میں ایک مشترکہ کمپنی قائم کی جاسکے، جس کا نام سروس آٹھیلیٹک گلوبل فنڈ ویئر (پرائیویٹ) لمیٹڈ ہو گا۔ یہ کمپنی اسٹیکرز، آٹھیلیٹکس یا دیگر قسم کے جوڑے پاکستان میں تیار کرے گی، نیچے کی اور برآمد بھی کرے گی۔ مشترکہ کمپنی میں دونوں فریقین کا ایکویٹی اسٹیک درج ذیل ہو گا: کمپنی 49% GSFGL-51% کے منصوبے کی لاگت تقریباً 6,500,000 امریکی ڈالر تخمینہ ہے، جسے ہر فریق کی شیئر ہولڈنگ کے مطابق ایکویٹی حصص کے ذریعے مالی اعانت فراہم کی جائے گی۔ کمپنی کی جانب سے امریکی ڈالر 3,315,000 کے مساوی پاکستانی روپے میں ایکویٹی سرمایہ کاری و تقاضا کیا جائے گی۔

تجویز کردہ مشترکہ کمپنی کے مرحلہ 1 کو کمپنی کی موجودہ پیدوار کی سہولت کے متوالی زمین اور اس پر تعمیر شدہ عمارت پر قائم کیا جائے گا جو 10 کلو میٹر، مریدکے-شہنچوہ روڈ، مریدکے پر واقع ہے۔ زمین کا رقبہ تقریباً 12,710 مربع میٹر (136,816 مربع فٹ) ہے، اور اس پر موجود عمارت کا کور شدہ رقبہ 79,760 مربع فٹ ہے۔ کمپنی کے بورڈ آف ڈائریکٹرز نے اپنی میٹنگ میں 20 جنوری 2026 کو تجویز کردہ مشترکہ کمپنی کو زمین کے لیز کی منظوری دی ہے۔ کمپنی کے شیئر ہولڈرز نے اپنی غیر معمولی جزل میٹنگ میں جو 27 فروری 2026 کو ہوئی، تجویز کردہ مشترکہ کمپنی کو عمارت کے لیز کی منظوری دی ہے۔ رپورٹنگ کی تاریخ تک، مذکورہ عمارت گودام کے طور پر استعمال کے لیے تعمیر کی گئی تھی۔

کمپنی کی اس سال 2 میٹنگز ہوئیں۔ ہر ممبر کی حاضری درج ذیل ہے:

ممبران	عہدہ	حاضری
جناب عظمت علی رانجھا	چیئرمین/انڈیپنڈنٹ ڈائریکٹر	2/2
جناب حسن جاوید	ممبر/ایگزیکٹو ڈائریکٹر	2/2
جناب عمر سعید	ممبر/نان ایگزیکٹو ڈائریکٹر	2/2

تنظیمی کمپنی
انتظامیہ کمپنی میں کمپنی کے سینئر اراکین شامل ہیں جو اپنے متعلقہ شعبوں کے اہم کلاہڈی منصوبوں، مسائل اور پیش رفت پر بات چیت کرتے ہیں۔ اہم امور جو کوڈ آف کارپورٹ گورننس کے مطابق بورڈ کے سامنے پیش کیے جاتے ہیں، انہیں بھی منجمنٹ کمپنی کی میٹنگز میں زیر بحث لیا جاتا ہے تاکہ بورڈ سے منظوری کے لیے آگے بھیجا جاسکے۔

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 کمپنی کے آڈیٹرز کے طور پر ان کی دوبارہ تقرری کے لئے آڈٹ کمپنی 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۔ سروس انڈسٹریز لمیٹڈ کی ڈائریکٹرز رپورٹ میں متعلقہ غیر آڈٹ شدہ مالیاتی بیانات کے مطابق ان فنڈز کی سرمایہ کاری کی تفصیل واضح طور پر بیان کی گئی ہے۔

صنف کی بنیاد پر اجرت میں فرق
SECP کے سرٹکلر 10 آف 2024 کے تحت درکار صنف کی بنیاد پر اجرت میں فرق کی معلومات سالانہ رپورٹ میں شامل کی گئی ہیں۔

حصص یافتگان کی تفصیل
31 دسمبر 2025 کو حصص یافتگان کی تفصیل کے بارے میں معلومات تجویز کردہ فارم 34 میں سالانہ رپورٹ میں شامل کر دیا گیا ہے۔ ڈائریکٹرز، ایگزیکٹو بورڈ کی شریک حیات اور تعلقہ بچوں کی کمپنی کے حصص کی خرید و فروخت کی تفصیل بھی اس رپورٹ میں شامل ہے۔

ایگزیکٹوز میں چیف ایگزیکٹو آفیسر، چیف آپریٹنگ آفیسر، چیف فنانشل آفیسر، ہیڈ آف انٹرنل آڈٹ اور کمپنی سیکرٹری شامل ہیں۔

بورڈ آف ڈائریکٹرز کے اجلاس
اس سال 4 بورڈ میٹنگز ہوئیں۔ ممبران کی حاضری مندرجہ ذیل ہے۔

ڈائریکٹرز	عہدہ	حاضری
جناب عارف سعید	چیئرمین۔ نان ایگزیکٹو	4/4
جناب حسن جاوید	چیف ایگزیکٹو آفیسر	4/4
چوہدری احمد جاوید	ڈائریکٹر۔ نان ایگزیکٹو	0/4
جناب عمر سعید	ڈائریکٹر۔ نان ایگزیکٹو	3/4
جناب عظمت علی رانجھا	ڈائریکٹر۔ انڈیپنڈنٹ	4/4
جناب عبدالرشید لون	ڈائریکٹر۔ انڈیپنڈنٹ	4/4
محترمہ ملیہ ہمایوں بگٹش	ڈائریکٹر۔ انڈیپنڈنٹ	4/4
جناب حسن احسان چیمہ	ڈائریکٹر۔ ایگزیکٹو	4/4
جناب قدیر احمد وسیر	ڈائریکٹر۔ ایگزیکٹو	4/4

بورڈ نے دو کمپنیاں تشکیل دی ہیں یعنی آڈٹ کمپنی اور بیومن ریسورس اینڈ ریویو نیشن کمپنی۔ کمپنیاں درج ذیل ممبران پر مشتمل تھیں۔

آڈٹ کمپنی
آڈٹ کمپنی اس وقت تین اراکین پر مشتمل ہے جس میں سے دو انڈیپنڈنٹ ڈائریکٹرز ہیں اور ایک نان ایگزیکٹو ڈائریکٹر ہے۔ کمپنی کا چیئرمین انڈیپنڈنٹ ڈائریکٹر ہے۔ اس کمپنی کے حوالے کی شرائط کارپورٹ گورننس کے ضابطہ اخلاق ریگولیشن کے مطابق ترتیب دی گئیں ہیں اور کمپنی کو اس کی تعمیل کرنے کا حکم دیا گیا ہے۔

کمپنی کی اس سال 4 میٹنگز ہوئیں۔ ہر ممبر کی حاضری درج ذیل ہے:

ممبران	عہدہ	حاضری
جناب عبدالرشید لون	چیئرمین/انڈیپنڈنٹ ڈائریکٹر	4/4
جناب عمر سعید	ممبر/نان ایگزیکٹو ڈائریکٹر	4/4
محترمہ ملیہ ہمایوں بگٹش	ممبر/انڈیپنڈنٹ ڈائریکٹر	3/4

بیومن ریسورس اور ریویو نیشن کمپنی
یہ بیومن ریسورس اور ریویو نیشن کمپنی اپنی تین اراکین پر مشتمل ہے جن میں سے ایک انڈیپنڈنٹ ڈائریکٹر، ایک نان ایگزیکٹو ڈائریکٹر اور ایک ایگزیکٹو ڈائریکٹر ہیں۔ کمپنی کا چیئرمین انڈیپنڈنٹ ڈائریکٹر ہے۔ کمپنی ایگزیکٹوز کے معاوضے، ان کی کل کردگی کے جائزے اور جانشینی کی منصوبہ بندی وغیرہ کے بارے میں اپنی سفارشات بورڈ کو پیش کرتے ہیں۔

مستند اندرونی مالی کنٹرولز
ڈائریکٹرز اندرونی مالیاتی کنٹرول کے موثر ہونے کا جائزہ لیتے رہنے کے ذمہ دار ہیں۔ کمپنی نے اندرونی اور مالی کنٹرول کا انتہائی موثر نظام اختیار کیا ہے جو کہ کمپنی کے انتہائی جات کی حفاظت کو یقینی بناتا ہے، دعو کہ وہی کی شناخت کرتا ہے، اس سے بچاتا ہے اور متعلقہ قوانین کی پاسداری کو یقینی بناتا ہے۔ بورڈ اپنی مجموعی ذمہ داری کو نبھاتا ہے، اندرونی آڈٹ کا شعبہ جو کہ بورڈ نے اعتدال سے منظم کیا ہے، اندرونی کنٹرول کے نظام کی مناسب و نقد سے نظر ثانی اور نگرانی کرتا ہے۔ بورڈ کی آڈٹ کمپنی اپنے مروجہ طریقے کے مطابق سہ ماہی بنیاد پر اندرونی کنٹرول سسٹم کے موثر ہونے کا جائزہ لیتی ہے۔

متعلقہ پارٹی سے لین دین
لسٹڈ کمپنیز (کوڈ آف کارپورٹ گورننس) کے ریگولیشنز، 2019 اور قلیل اطلاق قوانین اور ضوابط، تمام متعلقہ فریق کے لین دین کی تفصیلات آڈٹ کمپنی کے سامنے رکھی جاتی ہیں اور آڈٹ کمپنی 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 کو متعلقہ مالی بیانات کے نوٹس میں ظاہر کیا گیا ہے۔

ڈائریکٹرز کا معاوضہ
کمپنی کے پاس اپنے ڈائریکٹرز کے معاوضے کے تعین کے لیے ایک باقاعدہ پالیسی اور سفارشات ہیں۔ کار موجود ہے، جو کہ کمپنیز ایکٹ 2017، لسٹڈ کمپنیز (کوڈ آف کارپورٹ گورننس) ریگولیشنز، 2019، اور کمپنی کے آرٹیکلز آف ایسوسی ایشن کی دفعات کے مطابق ہے۔ بورڈ کی جانب سے منظور شدہ اس پالیسی کی اہم نکات درج ذیل ہیں:

- کمپنی اپنے نان ایگزیکٹو ڈائریکٹرز بشمول انڈیپنڈنٹ ڈائریکٹرز کو کوئی معاوضہ نہیں دیا کرے گی، سوائے اس کے کہ وہ کسی بورڈ یا کمپنی اجلاس میں شامل ہوں۔
- کمپنی بورڈ یا کمپنی اجلاس میں شامل ہونے سے متعلق سفری اور رہائشی اخراجات ڈائریکٹرز کو دیا کرے گی۔
- ڈائریکٹرز کے معاوضے کی پالیسی پر وقتاً فوقتاً نظر ثانی کی جائے گی اور اس کی منظوری دی جائے گی۔

31 دسمبر 2025 کو ختم ہونے والے سال کے دوران، معاوضے کے لیے مالیاتی گوشواروں میں درج ذیل رقم وصول کی گئیں جن میں چیف ایگزیکٹو آفیسر، ایگزیکٹو ڈائریکٹرز اور نان ایگزیکٹو ڈائریکٹرز کی دیگر مراعات شامل ہیں: (تفصیلات آڈٹ شدہ مالیاتی بیانات کے نوٹ 40 میں دی گئی ہیں)

- 225,511 ملین روپے (2024: 187,303 ملین روپے) چیف ایگزیکٹو آفیسر کو دیا گئے تھے
- دو ایگزیکٹو ڈائریکٹرز کو 88,244 ملین روپے (2024: 79,622 ملین) دیا گیا تھا
- لہذا اسٹاک آپشنز اسکیم 2020 (ESOS) کے تحت ایک ایگزیکٹو ڈائریکٹرز کو 44 روپے فی شیئر کی قیمت پر 65,000 شیئرز پیش کر دیے گئے تھے۔ (2024: 122,500 شیئرز آپشنز 36 روپے فی شیئر کی قیمت پر دیے گئے تھے)
- اس سال کے دوران 65,000 شیئرز (2024: 25,000 شیئرز) کو ایگزیکٹو ڈائریکٹرز کو پہلے سالوں میں دیے گئے شیئر آپشنز کے عوض دیا گیا تھا۔
- 213 ملین روپے (2024: 178 ملین روپے) تین ڈائریکٹرز کو میٹنگ فیس کے طور پر دیا گیا تھا

کمپنی کی سہمی ذمہ داری

سروس گلوبل فٹ ویئر لمیٹڈ کو سروس انڈسٹریز لمیٹڈ کی طرح کاروباروں کو عطیات دینے کی روایت پر عمل کر کے سہمی طور پر باشعور کاروباری ادارہ بننے کے نظر یہ کے ساتھ تشکیل دیا گیا ہے۔ پچھلی کئی دہائیوں کے دوران، گروپ صحت اور تعلیم میں اہم فلاحی کاموں میں شامل رہا ہے۔ سروس گلوبل فٹ ویئر لمیٹڈ کا مقصد اپنے ملازمین، صارفین، شیئرز، ہولڈرز اور متعلقہ آبادیوں کی خدمت کرنا اور سہمی کی بہتری کے لیے کوشش کرنا ہے۔

کمپنی کاروبار اہل سادہ ہے، نو بھنگ خوشی بانٹنا اور احسن طریقے سے لوگوں کی تعمیر و ترقی کرنے میں مدد کرنا اور اپنی کمپنی کی سہمی ذمہ داری سرگرمیوں میں سرمایہ کاری میں اضافہ کرنا ہے۔ یہ کمپنی کی سہمی ذمہ داری کے ایک جامع نقطہ نظر کی عکاسی کرتا ہے، جو مختلف اسٹیک ہولڈرز پر مثبت اثرات پر زور دیتا ہے۔

مستقبل پر ایک نظر

مستقبل میں ہم جتنا رہنے کی سوچ رکھتے ہیں۔ روپے میں 14.34% اور ڈالر میں 21.40% کی مضبوط نمو کے بعد، کمپنی توقع کرتی ہے کہ 2026 زیادہ تیزی سے توسیع کے بجائے استحکام کا سال ہو گا۔ عالمی صارفین کی طلب میں تسلسل کے ساتھ کی، بڑھتی ہوئی تولائی اور فروی قوت کی لاگت، اور اہم بل کیوں میں شدید قیمت کی مسابقت قریب مدنی نمو کے مواقع کو محدود رہنے کا امکان ہے۔

1- حال ہی میں تولائی کی قیمتوں میں اضافہ تمام کاروباروں اور شیپنگ لاگت میں اہم خلل پیدا کر سکتا ہے۔ سروس گلوبل فٹ ویئر لمیٹڈ کو خریداری کے رجحانات میں بدلتے منظر نامے کا سامنا ہے، خاص طور پر امریکہ کے ساتھ ٹیریفز معاہدے کے بعد، اپنی تیزی سے بل کیٹ تک رسائی اور مضبوط کاروباری ماحولیاتی نظام (eco-system) کی وجہ سے چین دوبارہ قیمت اختیار کر گیا ہے۔

ان حالات کے تناظر میں، سروس گلوبل فٹ ویئر لمیٹڈ لاگت کے کنٹرول، آپریشنل کلر کردگی، اور پیداوار میں بہتری پر توجہ برقرار رکھے گی۔ ٹیکنالوجی کے نفاذ اور پیداوری عمل کی بہتری کے ذریعے، کمپنی بڑھتی ہوئی پیداوری لاگت کو مؤثر طریقے سے کم کرنے کے ساتھ ساتھ منافع کو استحکام کو بھی برقرار رکھنے کا ارادہ رکھتی ہے۔

اسی دوران، سروس گلوبل فٹ ویئر لمیٹڈ اپنے کسٹمر پائپ لائن کو مضبوط کرنے اور عالمی برانڈز، خاص طور پر امریکہ اور یورپ کے ساتھ تعلقات کو فروغ دینے پر توجہ مرکوز کرے گی۔ چنانچہ، 2026 کو ایک حکمت عملی کی تیاری کے مرحلے کے طور پر استعمال کیا جائے گا، تاکہ بل کیٹ کی صورت حال بہتر ہونے پر کمپنی تیز تر نمو کے لیے خود کو تیار کر سکے۔

کارپوریٹ گورننس کے بہترین طریقوں پر عمل

کمپنی تمام ممکنہ اخلاقی اور قانونی ضوابط پر پورا اترنے اور کاروبار کو اعلیٰ ترین پیشہ ورانہ اور اخلاقی معیارات اور طریقوں کے مطابق چلانے کے لیے 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 بھی تقاضا کرتا ہے کہ کمپنی میں وقت کے ساتھ ساتھ تبدیلی آئے اور جب مناسب مواقع آئیں تو کمپنی اس کیلئے تیار ہو۔ چنانچہ کمپنی بل کیٹ میں دستیاب بہترین ملازمین حاصل کرے اور ان کو وہ مہمات اور مواقع دے جس سے وہ اہل 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 لیتی رہتی 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 ہو تا ہے۔

کارپوریٹ اور ماحولیاتی رپورٹنگ کے فریم ورک پر ڈائریکٹرز کے بیانات کارپوریٹ اور ماحولیاتی رپورٹنگ کے فریم ورک پر ڈائریکٹرز کے بیانات درج ذیل ہیں:

- 1- اقلیت کے تیار کردہ مالی گوشوارے، کمپنی کے معاملات، کام کرنے کے نتائج، 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 کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔
- 4- مالی گوشواروں کی تیاری پاکستان میں لاگو ہونے والے بین الاقوامی مالی رپورٹنگ معیارات (IFRS) کے مطابق کی گئی ہے۔
- 5- کمپنی نے ٹھوس اندرونی کنٹرولز لاگو کر رکھے ہیں جس سے یقینی بنایا جاتا ہے کہ غلط معلومات نہ ملے اور نقصان نہ ہو۔ اندرونی کنٹرولز کے نظام کا باقاعدگی سے جائزہ لیا جاتا ہے۔ اس نظام کو بورڈ کی حسب کمپنی نے بانسابل شکل دی ہے اور حسب ضرورت بہتر کیا جاتا ہے۔
- 6- کمپنی کے لگاتار چلنے میں کسی قسم کا کوئی شک نہیں ہے۔
- 7- کارپوریٹ گورننس کے بہترین طریقوں سے بننے کے کوئی شوبہ نہیں ہے۔
- 8- پچھلے سالوں کے اہم آپریٹنگ اور مالی اعداد و شمار اس سال رپورٹ میں درج ہے۔

یہ سرٹیفیکیشن سروس گلوبل فٹ ویئر لمیٹڈ کے مصنوعات فروی قوت کے طریقوں، انسانی حقوق کے تحفظ، اور بین الاقوامی لیبر آرگنائزیشن (ILO) کے معاہدات اور قومی فروی قوت قوانین کی تعمیل کے عزم کو ظاہر کرتی ہیں۔

کمپنی ملازمین میں شمولیت کو فعال طور پر فروغ دیتی ہے، برابری کی بنیاد پر ملازمت کے مواقع فراہم کرتی ہے، خواتین کی شرکت کی حوصلہ افزائی کرتی ہے اور معذور افراد کے لیے ملازمت کے مواقع مہیا کرتی ہے۔ ایک یونین ڈور پالیسی اور باقاعدہ تیسرے فریق کے آڈٹس شفاف اور معائنہ کام کے ماحول کو فروغ دیتے ہیں۔ جہاں ملازمین کی شرکت اور بھلائی کو ہیئت دی جاتی ہے۔

(3) گورننس اور اخلاقی کاروباری طریقے

سروس گلوبل فٹ ویئر لمیٹڈ مضبوط گورننس کے معیار برقرار رکھتی ہے، جو جامع اینٹیگریٹڈ مینجمنٹ سسٹم (IMS) کے ذریعے نفاذ کیے جاتے ہیں اور بین الاقوامی سطح پر تسلیم شدہ سرٹیفیکیشن سے حمایت یافتہ ہیں، جن میں شامل ہیں:

- ISO 9001/2015 - کوآئی مینجمنٹ
- ISO 14001/2015 - ماحولیاتی مینجمنٹ
- ISO 45001/2018 - کام کرنے کے طریقوں میں کلکتوں کی صحت اور حفاظت
- ISO 17025/2017 - لیبارٹری مینجمنٹ سسٹم
- CTPAT - کسٹمز ٹریڈ پارٹنرشپ آگینسٹ ٹیریزم

یہ سرٹیفیکیشن سروس گلوبل فٹ ویئر لمیٹڈ کے کام کرنے کے بہترین طریقوں، قوانین اور ضوابط کی تعمیل، اور خطرات کے تدارک کے عزم کو مزید مضبوط کرتے ہیں۔

(4) کاروباری اخلاقیات اور ایمانداری

سروس گلوبل فٹ ویئر لمیٹڈ اعلیٰ ترین اخلاقیات کو درج ذیل نکات کے ذریعے زور دیتا ہے:

- ایک مضبوط ضابطہ اخلاقی جو قانونی اور ریگولیٹری تقاضوں کی مکمل تعمیل کو یقینی بناتا ہے۔
- ایک شفاف اور اخلاقی کاروباری ماحول جو دیانتداری اور جودہی کو بنیادی ہیئت دیتا ہے۔
- مصنوعات تھلائی اصولوں پر عمل درآمد، جو ہمیں ایک ذمہ دار ادارے کے طور پر ہماری پہچان ہے۔

تمام قانونی ضوابط کی تعمیل کرنے اور اداروں کے لیے بنائے گئے بہترین معیارات پر عمل کرنے کا عزم اسٹیک ہولڈرز، شمول صارفین، ملازمین، سرمایہ کاروں اور عالمی کمیونٹی کے درمیان اعتماد پیدا کرنے کے لیے ضروری ہے۔

قومی محصولات میں ہمارا حصہ

سروس گلوبل فٹ ویئر لمیٹڈ کا ٹیکس، ڈیوٹی اور محصولات کی مد میں قومی خزانے میں ایک اہم سالانہ شراکت ہے۔ 2025 میں سروس گلوبل فٹ ویئر لمیٹڈ نے 561 ملین روپے اس مد میں ادا کیے۔

ماحول، سہمی ذمہ داری اور گورننس

سروس گلوبل فٹ ویئر لمیٹڈ میں ماحولیاتی، سہمی اور گورننس (ESG) کے اصول ہماری آپریٹنگ حکمت عملی اور کاروباری طریقہ کار میں شامل کیے گئے ہیں۔ ہم ESG فریم ورک عالمی معیار کے مطابق ہے اور یہ پائیدار مینوفیکچرنگ ذمہ دار کاروباری رویے، اور اسٹیک ہولڈرز کے لیے طویل مدتی قدر پیدا کرنے کی ہماری عزم کی عکاسی کرتا ہے۔

(1) ماحولیاتی کی بہتری کا عزم

سروس گلوبل فٹ ویئر لمیٹڈ ذمہ دارانہ تولائی کے نظام اور پائیدار مینوفیکچرنگ طریقوں کے ذریعے اپنے ماحولیاتی اثرات کو کم کرنے کے لیے پر عزم ہے۔ 2017 میں 1 میگاواٹ سولر پاور سسٹم کی تنصیب کے ساتھ اپنے قابل تجدید تولائی کے سفر کا آغاز کرنے کے بعد، کمپنی نے اپنی صلاحیت کو بتدریج بڑھایا ہے۔ آج، سروس گلوبل فٹ ویئر لمیٹڈ 40 میگاواٹ سولر پاور سسٹم چلاتی ہے، جو کمپنی کی زیادہ تر تولائی کی ضروریات کو پورا کرتا ہے اور روایتی تولائی کے ذرائع پر انحصار کو نمایاں طور پر کم کرتا ہے۔

قابل تجدید تولائی کے استعمال کے علاوہ، سروس گلوبل فٹ ویئر لمیٹڈ عالمی سطح پر تسلیم شدہ پائیداری کے معیاروں کے ذریعے اپنے ماحولیاتی نظم و نسق کو مضبوط کرتی رہتی ہے۔ کمپنی نے HIGG FEM (Facility Environmental Module) سرٹیفیکیشن حاصل کیا ہے، جو ماحولیاتی لحاظ سے ذمہ دار مینوفیکچرنگ کے طریقوں پر عمل درآمد کی عکاسی کرتا ہے۔

ہم نے درج ذیل ب نظام بھی نفاذ کیے ہیں:

- خام مال کی خریداری ری سائیکلڈ پلیسٹک (RCS) کی تعمیل
- FSC سرٹیفائیڈ ٹیکسٹائل کے استعمال کیے جاتے ہیں تاکہ ذمہ دارانہ جنگلات کی دیکھ بھل کو فروغ دیا جاسکے اور ماحولیاتی اثرات میں کمی کی جاسکے۔

یہ اقدامات کمپنی کے کلر بن فٹ پرنٹ کو کم کرنے میں مدد فراہم کرتے ہیں، ساتھ ہی وسائل کے مؤثر استعمال اور پائیدار پیداوار کے طریقوں کو فروغ دیتے ہیں۔

(2) سہمی ذمہ داری

سروس گلوبل فٹ ویئر لمیٹڈ ایک محفوظ، اخلاقیات، اور سب کی شمولیت کی بنیاد پر بننے والے ماحول کو برقرار رکھنے کے لیے پر عزم ہے، جو ملازمین کی بہتری اور پیشہ ورانہ ترقی کو فروغ دیتا ہے۔ کمپنی بین الاقوامی سطح پر تسلیم شدہ لیبر اسٹینڈرڈز پر عمل کرتی ہے اور متعدد عالمی سہمی تعمیل سرٹیفیکیشنز رکھتی ہے، جن میں شامل ہیں:

- SEDEX (پائیدار تھلائی ڈیٹا کی جانچ)
- BSCI (بزنس سوشل کیمپائمنٹس اینڈ ایسیٹس)
- SLCP (سوشل لیبر کنورجینس پروگرام)
- HIGG FSLM (سہمی سہمی اور مزدور ماحول)

عالمی معیشت کا جائزہ

عالمی معیشت کی نمو 2025 میں تقریباً 3.2 فیصد رہی، جو 2024 کے 3.1 فیصد کے قریب تھی، تاہم یہ 2000-2019 کے دوران کردار باہر سے پہلے کے وسط 3.7 فیصد سے کم ہے۔ اگرچہ عالمی تجارت میں آہستہ آہستہ بحالی کے آثار نظر آتے ہیں، اقتصادی ماحول اب بھی جغرافیائی سیاسی تنازعات، بدلتی ہوئی تجارتی پالیسیاں اور نسبتاً بلند مالی لاگت سے متاثر ہے۔ کئی اہم معیشتوں میں مہنگائی کے دباؤ میں کمی دیکھنے میں آئی، تاہم خام مال کی قیمتیں اور سپلائی چین میں ایڈجسٹمنٹ نے صنعت کاروں کے لیے مسائل برقرار رکھے ہیں۔ اہم صرافہ مہنگائیوں میں طلب کے حالات غیر مساوی رہے، جہاں سہل کے آغاز میں امریکہ میں تقابلی طور پر مضبوط طلب دیکھی گئی جبکہ بعد میں خریداری میں کمی آئی، جبکہ یورپ میں تنخواہوں کی سست رفتاری نمو اور اقتصادی غیر یقینی صورتحال کے سبب مختلا اخراجات دیکھنے کو ملے، جس سے برآمد پر مرکوز صنعتوں کے لیے پیچیدہ کاروباری ماحول پیدا ہوا۔

قبل قریب میں، عالمی اقتصادی نمو تقریباً 3.1-3.3 فیصد کے درمیانے درجے پر برقرار رہنے کی توقع ہے، جس کی وجہ ٹیکنالوجی، ڈیجیٹل انفراسٹرکچر اور توانائی کے تبدیلیوں پر منتقلی میں جاری سرمایہ کاری ہے۔ مہنگائی کے دباؤ میں بتدریج کمی کے باعث کئی مرکزی بینک اختیاطی طور پر متوازن مالیاتی رویے کی طرف منتقل ہو رہے ہیں۔ تاہم، عالمی منظر نامہ اب بھی مسلسل جغرافیائی سیاسی اور اقتصادی غیر یقینی صورتحال سے متاثر ہے۔ جاری تنازعات، جیسے روس-یوکرین جنگ، امریکہ اور ایران کے درمیان بڑھتی کشیدگی اور گرین لینڈ سے متعلق ابھرتے ہوئے جغرافیائی تنازعات توانائی کی لاگت، تجارتی راستے اور عالمی سپلائی چین پر اثر ڈال رہے ہیں۔ ساتھ ہی، یورپ کے کچھ علاقوں میں کمزور تنخواہوں کی نمو اور صارفین کے مختلا رویے، اور امریکہ میں مختلا فروغ کرنے کا رجحان کی وجہ سے اہم صرافہ مہنگائیوں میں طلب کی نمو کم رہنے کی توقع ہے۔

پاکستان کی معیشت کا جائزہ

پاکستان کی معیشت ملی سال 2025 کے دوران استحکام سے بتدریج بحالی کی جانب منتقل ہو رہی ہے، جس کی مدد بین الاقوامی مالیاتی فنڈ (IMF) کے تحت جاری پروگرام کے ذریعے میکر و اکنامک ایڈجسٹمنٹ اور ساختی اصلاحات کر رہی ہیں۔ اہم اقتصادی اشاریوں میں بہتری دیکھی گئی، جیسے مہنگائی میں کمی، غیر ملکی زر مبادلہ کے ذخائر میں مضبوطی، اور مستحکم زر مبادلہ کا ماحول۔ تاہم اقتصادی سرگرمی بلند سود کی شرح، مالیاتی مسائل اور صنعتی شعبے میں بڑھتی ہوئی پیداوار لاگت کی وجہ سے محدود رہی۔

اسٹیٹ بینک آف پاکستان کی پیش گوئیوں کے مطابق، ملی سال 2026 میں جی ڈی پی کی نمو 3.75% سے 4.75% کے درمیان رہنے کی توقع ہے، جو زراعت، مینوفیکچرنگ اور خدمات کے شعبوں میں اقتصادی سرگرمیوں میں مضبوطی کی عکاسی کرتی ہے۔ تاہم، برآمد کنندگان کے لیے کاروباری ماحول ابھی بھی مشکل ہے، اگرچہ میکر و اکنامک استحکام اور مستحکم زر مبادلہ کے نظام نے پیش گوئی کو بہتر بنایا ہے، تو توانائی کے بڑھتے ہوئے نرخ، مزدوری کی بڑھتی لاگت اور اصلاحاتی فریم ورک کے تحت سخت مالیاتی پالیسیاں برآمدات کی مسابقت پر دباؤ ڈال رہی ہیں۔ اسی دوران، اہم منڈیوں جیسے امریکہ اور یورپی یونین میں سست نمو اور عالمی اقتصادی غیر یقینی صورتحال بھی قریبی مدت میں برآمدی طلب کو محدود رکھنے کا امکان پیدا کر رہی ہیں۔

ان مشکلات کے باوجود، پاکستان عالمی سروسنگ کے رجحانات میں جاری تبدیلیوں سے فائدہ اٹھانے کی اچھی پوزیشن میں ہے۔ ملک کی بڑی اور نوجوان آبادی، مضبوط فراہمی قوت اور جدید پیداواری ٹیکنالوجیز کا بڑھتا ہوا استعمال پیداواری صلاحیت اور مسابقت کو بہتر بنانے کے لیے مضبوط بنیاد فراہم کرتا ہے۔ جبکہ عالمی سپلائی چین روایتی سروسنگ مراکز سے متنوع ہو رہی ہے، پاکستان کے لیے یہ موقع موجود ہے کہ وہ اہم صرافہ مہنگائیوں کے لیے ایک مسابقتی اور قابل اعتماد پیداواری پارٹنر کے طور پر اپنا کردار مضبوط کرے۔

برآمد پر مرکوز شعبے جیسے ٹیکسٹائل، فٹ ویئر، چمچ اور سرچیکل مصنوعات پاکستان کی ماہر فراہمی قوت اور اسٹریٹجک جغرافیائی محل وقوع سے فائدہ اٹھاتے رہیں گے۔ برآمد دوست پالیسی کا استحکام، ٹیکس اور توانائی کے شعبے میں ساختی اصلاحات، اور ٹیکنالوجی و پائیداری میں سرمایہ کاری برآمدات کی مسابقت کو مضبوط کرنے اور طویل مدتی اقتصادی نمو کو بہتر بنانے کے لیے کلیدی کردار ادا کریں گے۔

گروپ کی رپورٹ - ذیلی کمپنی

گروپ سروس گلوبل فنڈ ویئر لمیٹڈ اور ڈو ٹنگ گون سروس گلوبل لمیٹڈ پر مشتمل ہے، جو کہ سروس گلوبل فنڈ ویئر لمیٹڈ کی مکمل ذیلی کمپنی ہے۔

ڈو ٹنگ گون سروس گلوبل لمیٹڈ

ڈو ٹنگ گون سروس گلوبل لمیٹڈ ایک لمیٹڈ لائیو سٹیٹ کمپنی ہے جو کہ ڈو ٹنگ گون ایڈمنسٹریشن آف مڈ کیٹ ریگولیشنز، چین کے ساتھ رجسٹرڈ ہے۔ ڈو ٹنگ گون سروس گلوبل لمیٹڈ کی تشکیل کی تاریخ 18 دسمبر 2022 ہے۔ ڈو ٹنگ گون سروس گلوبل لمیٹڈ کا کاروباری دائرہ کار جو توں اور ٹویچوں کی بڑے پیمانے پر فروخت، چمچے کی مصنوعات کی فروخت، سٹے ہوئے ملبوسات اور اس سے منسلک خام مال کی فروخت، ہلڈ ویئر مصنوعات کی بڑے پیمانے پر فروخت، بیگز کی فروخت، روزمرہ کی ضروریات، ملبوسات کا ماحول اور ان کی فنکشنل خدمات، ہتھکنی خدمات اور دیگر متعلقہ امور پر محیط ہے۔ ڈو ٹنگ گون سروس گلوبل لمیٹڈ کو 302، نمبر 18، ہوتی ٹیکنالوجی ڈو ٹنگ گون سٹی، گوانگ ڈو ٹنگ صوبہ، چین میں واقع ہے۔ سروس گلوبل فنڈ ویئر لمیٹڈ کے پاس ڈو ٹنگ گون سروس گلوبل لمیٹڈ کے 100% حصص ہیں۔

سروس گلوبل فنڈ ویئر لمیٹڈ اور اس کی مکمل ذیلی کمپنی کے مجموعی مالیاتی نتائج درج ذیل ہیں:

تفصیلات	2025	2024	تبادلہ (%)
خالص فروخت	19,935,066	17,467,975	14.12%
گروس منافع	3,919,469	3,179,279	23.28%
منافع قبل ازلیوی اور ٹیکس	2,892,414	1,634,863	76.92%
منافع بعد از ٹیکس	1,937,230	1,113,250	74.02%
فی شیئر آمدنی (بنیادی)	9.39	5.40	73.89%
فی شیئر آمدنی (ڈائیولنڈ)	9.33	5.38	73.42%

مجموعی مالیاتی بیانات پر آڈیٹرز کی رپورٹ میں ترمیم کے حوالے سے معلومات اور وضاحت

آڈیٹرز نے مجموعی مالیاتی گوشوہوں پر اپنی رائے اس بنیاد پر قائم کی ہے کہ ڈو ٹنگ گون سروس گلوبل جو کہ سروس گلوبل فنڈ ویئر لمیٹڈ کا ذیلی ادارہ ہے سے متعلق 31 دسمبر 2025 کو ختم ہونے والے سال کے لیے غیر آڈٹ شدہ اعداد و شمار شامل ہیں۔ ڈو ٹنگ گون سروس گلوبل لمیٹڈ کے مالیاتی بیانات انتظامیہ نے چینی اکنامک معیارات برائے چھوٹے کاروباری ادارے کے مطابق تیار کیے ہیں۔ علاوہ ازیں، ڈو ٹنگ گون سروس گلوبل لمیٹڈ کے مالیاتی بیانات مکمل طور پر 31 دسمبر 2025 کو ختم ہونے والے سال کے لیے کمپنی کے مجموعی مالیاتی گوشوہوں کیلئے غیر اہم ہیں، اس کے پیش نظر، 31 دسمبر 2025 کو ختم ہونے والے سال کے لیے کمپنی کے مجموعی مالیاتی بیانات میں IFRS کے مطابق کوئی ایڈجسٹمنٹ لازمی قرار نہیں دی گئی ہے۔

ڈیویڈنڈ اور مختصر رقمیں

ملی سال 2025 کے دوران کی گئی مختصر رقموں کا خلاصہ درج ذیل ہے:

تیم جنوری 2025 کو غیر مختص شدہ منافع:	روپے، ملین میں
تیم جنوری 2025 کے لیے فائنل ڈیویڈنڈ 4 روپے فی شیئر: <td>2,012</td>	2,012
ملی سال 2025 کے لیے کل کیمپریہنسو آمدنی: <td>(824)</td>	(824)
31 دسمبر 2025 کو غیر مختص شدہ منافع: <td>1,928</td>	1,928
	3,116

کمپنی کے بورڈ آف ڈائریکٹرز نے 18 مارچ 2026 کو ہونے والے اپنے اجلاس میں 2 روپے فی شیئر کے حتمی کیش ڈیویڈنڈ کا اعلان کیا ہے (2024: حتمی کیش ڈیویڈنڈ 4 روپے فی شیئر) جو کہ سالانہ اجلاس عام جو کہ 29 اپریل 2026 کو منعقد ہو گی، میں ممبروں کی منظوری سے شروٹ ہے۔

سروس لانگ مارچ ہائیز (برائیویٹ) لمیٹڈ میں سرمایہ کاری

مزید برآں، سروس گلوبل فنڈ ویئر لمیٹڈ کی سروس لانگ مارچ (پبلک ایئر کمپنی) میں حکمت عملی کے تحت کی گئی سرمایہ کاری نے سال کے دوران کمپنی کے منافع میں 2278 ملین روپے کا نمایاں حصہ ڈالا۔

کمپنی کی کارکردگی کا جائزہ

بورڈ نے کمپنی کی کارکردگی پر مستقل نظر رکھنے کا ایک نظام ترتیب دیا ہے۔ بورڈ کاہر رکن بورڈ کی میٹنگ میں 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 رولڈ اور کمپنیوں 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 ہاتھ کیے سے لیا جاتا ہے تاکہ بااثر اصلاح کی جاسکے۔

انتظامیہ اس بات کو یقینی بناتی ہے کہ کاروبار کے بہترین طریقوں پر عمل درآمد ہو رہا ہے۔ انتظامیہ کاروبار کی کارکردگی کا ہر سہ ماہی کے اختتام پر جائزہ لیتی ہے۔ اس کا مقصد موجودہ سال کی کارکردگی کا گزشتہ سال کی کارکردگی سے موازنہ کرنا اور بہتر کرنا ہے۔ اہم بات یہ ہے کہ کمپنی نے پورے سال کے دوران کسی بھی قرض پر ذیابط نہ کرنے کا ریکارڈ برقرار رکھا ہے، جو مالیاتی نظم و ضبط اور استحکام کی عکاسی کرتا ہے۔ جامع تجزیے، کارپوریٹ گورننس پریکٹسز کی پابندی، اور مالی ذمہ داری کے اس عزم سے ظاہر ہوتا ہے کہ سروس گلوبل فنڈ ویئر لمیٹڈ پائیدار کامیابی اور ذمہ دارانہ کاروباری طرز عمل کے لیے عزم ہے۔

کیش فلو اور بڑے اخراجات

کمپنی کے لئے درکنگ کمیٹی کا انتظامیہ روایتی طور پر کیش کے انتظام، بینکوں اور مالیاتی اداروں سے درکنگ کمیٹی قرض حاصل کر کے کیا جاتا ہے۔ کیش کی آمد اور استعمال کی مناسب نگرانی کی جاتی ہے اور ممکنہ کمی کو اجاگر کرنے کے لیے خبردار کرنے کا نظام بند ہے۔ کثیر سرمایہ 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 امداد حاصل کرتی ہے۔ موجودہ سال کے دوران، کمپنی نے آپریٹنگ کلسڈ اسٹس میں 1557 ملین روپے کی سرمایہ کاری کی۔

رسک، غیر ممکنات اور ان سے بچاؤ

کمپنی کارسک مینجمنٹ پروگرام کمپنی کی کارکردگی پر ممکنہ مضرت اثرات کو کم کرنے پر مرکوز رہتا ہے۔ کمپنی کی سینئر انتظامیہ رسک مینجمنٹ کا کام سر انجام دیتی ہے اور اپنے نتائج بورڈ آف ڈائریکٹرز کے سامنے رکھتی ہے۔

اس کارروائی میں حکمت عملی سے متعلقہ مالی، کمرشل اور آپریٹنگ رسک کی شناخت، جائزہ اور اسکے حل شامل ہیں۔ رسک کی ان مختلف وجوہات کو حل کرتے ہوئے، SGFL کا مقصد غیر یقینی صورتحال سے نپٹنے کی اپنی صلاحیت کو مضبوط کرنا ہے۔

علاوہ ازیں، سینئر انتظامیہ کی ٹیم کمپنی اور اس کے کاروباری شعبوں کیلئے ایک انتہائی تفصیلی بجٹنگ اور منصوبہ بندی کرتی ہے جس میں SWOT Analysis کمپنی اور اسکے شعبوں کیلئے شامل ہے۔ اس کی بنیاد پر اہم مسائل کے حل پر توجہ دی جاتی ہے، مواقع ڈھونڈنے جاتے ہیں اور پھر ایکشن پلان بنائے جاتے ہیں، ان پر عمل درآمد کیا جاتا ہے تاکہ طویل المدتی ہدف حاصل کیے جاسکیں۔

رسک مینجمنٹ کو اپنی مجموعی کاروباری حکمت عملی اور منصوبہ بندی کے عمل میں شامل کر کے، سروس گلوبل فنڈ ویئر لمیٹڈ مشکلات سے نپٹنے، مضبوط مالیاتی صحت کو یقینی بنانے، اور پائیدار ترقی کے حصول کے لیے ایک فعال حکمت عملی کا مظاہرہ کرتا ہے۔ اسٹریٹجک رسک مینجمنٹ کے لیے یہ عزم کمپنی کو بدلتے ہوئے حالات کے مطابق ڈھالنے اور اپنی صنعت میں ابھرتے ہوئے مواقع سے فائدہ اٹھانے کیلئے تیار رکھتا ہے۔

ڈائریکٹرز رپورٹ برائے حصص یافتگان

سروس گلوبل فٹ ویئر لمیٹڈ (SGFL یا کمپنی) کے ڈائریکٹرز 31 دسمبر 2025 کو ختم ہونے والے مالی سال کے آؤٹ شدہ مجموعی اور غیر مجموعی حسابات پر مبنی رپورٹ پیش کرتے ہوئے خوش محسوس کرتے ہیں۔

ڈائریکٹرز رپورٹ کمپنیز ایکٹ 2017 کے سیکشن 227 اور دیگر قابل اطلاق دفعات کے تحت تیار کی گئی ہے۔ یہ رپورٹ کمپنی کے آئندہ سالانہ عمومی اجلاس میں ارکان کو پیش کی جانی ہے جو 29 اپریل 2026 کو منعقد ہو گا۔

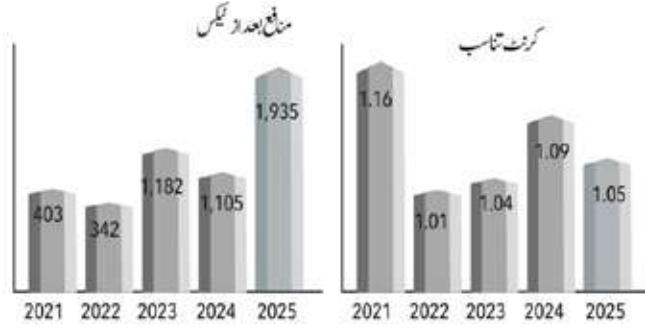
سروس گلوبل فٹ ویئر لمیٹڈ پاکستان کا ایک سرکردہ جو توں کا تیار کنندہ ہے، جو خصوصی طور پر برآمدی منڈیوں کے لیے جوتے تیار کرتا ہے۔ ملک کا سب سے بڑا جو توں کارآمد کنندہ ہونے کے ناطے، سروس گلوبل فٹ ویئر لمیٹڈ آرام دہ جو توں میں مہمدا ر رکھتا ہے، جو اس کی مرکزی مصنوعات کی قسم اور اہم آمدنی کا ذریعہ ہیں۔

کمپنی کار جسٹرز ڈیپٹ آفس سروس ہاؤس 2-مین گلبرگ، لاہور میں واقع ہے۔

مالی سال 2024 اور 2025 کی کارکردگی کا موازنہ

سروس گلوبل فٹ ویئر لمیٹڈ نے مالی سال 2025 میں لاگت سے متعلقہ مشکل ماحول کے باوجود فروخت میں مضبوط اضافہ حاصل کیا۔ ذیل میں دی گئی جدول میں 31 دسمبر 2025 کو ختم ہونے والے سال کے لیے کمپنی کے اہم کارکردگی کے اعداد و شمار پیش کیے گئے ہیں، جن کے ساتھ 31 دسمبر 2024 کو ختم ہونے والے سال کے تقابلی اعداد و شمار بھی شامل ہیں۔

تصیبات	2025		2024	
	روپے ہزار میں	انصاف / (کئی)	روپے ہزار میں	انصاف / (کئی)
خالص فروخت	19,886,480	17,391,854	17,391,854	14.34%
گروس منافع	3,458,209	2,889,891	2,889,891	19.67%
منافع قبل از یو ای اور ٹیکس	2,882,517	1,626,850	1,626,850	77.18%
منافع بعد از ٹیکس	1,935,040	1,105,237	1,105,237	75.08%
فی شیئر آمدنی (بنیادی)	9.38	5.37	5.37	74.67%
فی شیئر آمدنی (ڈائیونڈ)	9.32	5.34	5.34	74.53%



سروس گلوبل فٹ ویئر لمیٹڈ نے فروخت میں مضبوط اضافہ حاصل کیا، جو پاکستانی روپے میں 14.34 فیصد اور امریکی ڈالر میں 21 فیصد رہا جبکہ آمدنی بڑھ کر 19,889 ارب روپے ہو گئی جو پچھلے سال 17,391 ارب روپے تھی۔ اس نمایاں ترقی کے ساتھ مجموعی منافع میں 19.67 فیصد اور خالص منافع میں 75.08 فیصد کا قابل ذکر اضافہ بھی ہوا جو اس بات کی عکاسی کرتا ہے کہ کمپنی نے اپنی عملی کارکردگی کو بہتر بنایا اور منافع میں اضافہ کیا۔

فروخت میں اضافہ اور مجموعی منافع میں بہتری کئی اہم عوامل کی بدولت ممکن ہوئی:

- سروس گلوبل فٹ ویئر لمیٹڈ نے امریکہ اور چین کے درمیان تجویزی غیر یقینی صورتحال سے بھرپور فائدہ اٹھایا اور اپنے امریکہ کے کاروبار میں 60 فیصد اضافہ کرنے میں کامیاب رہی۔
- زیادہ پیداواری صلاحیت کا استعمال پیداواری بلنگہ اور فروخت کے زیادہ حجم کے باعث مستقل اخراجات کو بہتر طور پر جذب کیا جا سکا جس سے لاگت میں بہتری آئی۔
- موزوں مصنوعات کا استخراج، سروس گلوبل فٹ ویئر لمیٹڈ اپنی قدر کی حامل مصنوعات تیار کرنے میں کامیاب رہی، خصوصاً امریکہ کے لیے، جس کے نتیجے میں مجموعی کاروبار کی اوسط قیمت ڈالر کے لحاظ سے بڑھ گئی۔
- عملی برتری: کمپنی نے سال بھر کاروبار کے مسلسل تسلسل اور مختلف اقدار کے ذریعے فی فرد کارکردگی میں 5 فیصد اضافہ حاصل کیا، جس سے مجموعی کارکردگی بہتر ہوئی۔

سروس گلوبل فٹ ویئر لمیٹڈ کی سروس لائیک مارچ ہنز (انس ایل ایم) میں حکمت عملی کے تحت کی گئی سرمایہ کاری نے سال کے دوران کمپنی کی مالی کارکردگی کو مضبوط بنانے میں اہم کردار ادا کیا۔ اس سرمایہ کاری نے 2,278 ملین روپے کا منافع فراہم کیا، جس کے نتیجے میں لیوی اور ٹیکس سے پہلے منافع 1,627 ملین روپے سے بڑھ کر 2,883 ملین روپے ہو گیا۔ فوری طور پر مضبوط منافع فراہم کرنے کے علاوہ، یہ سرمایہ کاری آئندہ برسوں میں مسلسل آمدنی کے انصاف میں مددگار ہو گی، جس سے طویل مدتی طور پر حصص داروں کے لیے قدر میں اضافہ ہو گا۔

سروس گلوبل فٹ ویئر لمیٹڈ کا خالص منافع ٹیکس کے بعد 1,935 ملین روپے رہا جو پچھلے سال 1,105 ملین روپے تھا۔

سال کے لیے بنیادی فی حصص آمدنی 9.38 روپے رہی، جو پچھلے سال 5.37 روپے تھی، اور ڈائیونڈ فی حصص آمدنی 9.32 روپے رہی، جو پچھلے سال 5.34 روپے تھی۔

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