



**Hala
Enterprises
Limited**



ANNUAL REPORT 2023

www.halaenterprises.com



CONTENTS

Vision & Mission Statement	1
Company Information	2
Notice of Annual General Meeting	3-6
Information For Shareholders	7
Chairmans' Message	8-9
Director's Report	10-22
Statement of Compliance with listed Company (Code of Corporate Governance) Regulation 2019	23-24
Key Financial Data Last Six Years	25
Independent Auditor's Review Report on Statement of Compliance (Code of Corporate Governance) Regulation 2019	26
Information Massage on Jama Punji	27
Independent Auditor's Report to the Members	28-31
Statement of financial Position	32-33
Statement of Profit or Loss	34
Statement of Comprehensive Income	35
Statement of Changes in Equity	36
Statement of Cash Flows	37
Notes to the Financial Statements	90-89
Pattern of Holding of the Share	90-91
Form of Proxy English & Urdu	92-95



VISION & MISSION STATEMENT

VISION STATEMENT

Hala Enterprises Limited strives to continue its path of market growth, consolidation and improvement in International market of very high value products. Our Vision is to establish a strong market presence, focused on customer loyalty and satisfaction on a Long Term Basis.

MISSION STATEMENT

The company should secure and provide a rewarding return on investment to its shareholders and investors, quality Products to its customers, a secured and friendly environment at place of work to its employees, and present itself a reliable partner to all business associates.



COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Tahir Jahangir Mr. Jillani Jahangir Mrs. Munizae Jahangir Mrs. Sulema Jahangir Mr. Rashid Ahmad Khan Mr. Hassan Ahmad Mr. Abdul Munaf	Chairman/Non Executive Director Chief Executive Officer Non-Executive Director Non-Executive Director Independent Director Independent Director Executive Director
AUDIT COMMITTEE	Mr. Rashid Ahmad Khan Mrs. Munizae Jahangir Mrs. Sulema Jahangir	Chairman/Member Member Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mr. Rashid Ahmad Khan Mr. Jillani Jahangir Mrs. Munizae Jahangir Mrs. Sulema Jahangir	Chairman/Member Member Member Member
CHIEF FINANCIAL OFFICER	Mr. Abdul Munaf	
COMPANY SECRETARY	Muhammad Mushtaq Saeed Iqbal	
AUDITORS	Malik Haroon Shahid Safder & Co. Chartered Accountants	
LEGAL ADVISORS	A.G.H.S Law Associates	
BANKERS	J.S Bank Limited Faysal Bank Limited Askari Bank Limited MCB Bank Limited	
REGISTERED OFFICE/WORKS	Factory Premises, 17.5 KM Sheikhpura Road, Lahore Tel: 042-37970130, 37970230 Fax: 042-37970681 Email. hala@halaenterprises.com Website:www.halaenterprises.com	
SHARE REGISTRAR OFFICE	M/s Corplink (Private) Limited Wings Arcade, 1-K, Commercial Model Town, Lahore Tel: 042-35916714, 35916719 Fax: 042-35869037 Email. corplink786@yahoo.com	



NOTICE OF ANNUAL GENERAL METING

Notice is hereby given that the Annual General Meeting of the Shareholders of HALA ENTERPRISES LIMITED will be held on Saturday October 28, 2023, at 11:00 A.M. at Factory Premises, 17.5 KM Sheikhpura Road, Lahore, the Registered Office of the Company to transact the following business.

1. To confirm minutes of Annual General Meeting held on October 28, 2022.
2. To receive and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2023, along with Directors and Auditors Reports thereon.
3. To appoint External Auditors of the Company for the year ending June 30, 2023 as recommended by the Board of Directors and to fix their remuneration.
4. To ratify and approve transactions carried out with associated Companies in the normal course of the business by passing the following ordinary resolutions:

RESOLVED that the transactions carried out in normal course of business with associated Companies as disclosed in respective notes to the Audited Financial Statements for the year ended June 30, 2023, be and are hereby ratified and approved.

FURTHER RESOLVED that the Chief Executive of the Company be and is hereby authorized to approve all the transactions carried out and to be carried out in normal course of business with associated companies during the year ended June 30, 2024 and in this connection the Chief Executive be and is hereby also authorized to take any and all necessary actions and sign/execute any and all such documents/indentures as may be required in this regard on behalf of the Company.

5. To consider and if thought fit, pass the following Special Resolution under Section 183(3)(a) of the Companies Act, 2017, with or without modification(s), addition(s) and/or deletion(s):

RESOLVED THAT, in accordance with the Commission's Order No. CSD/ARN/487/2017-304 dated September 01, 2022 issued by Mr. Shahzad Afzal Khan, Head of Adjudication Department, against violation of Section 183 of the Companies Act, 2017, the approval of the company's members be and are hereby accorded to ratified the replacement of some old machinery with new machinery by the Board during the Financial Year June 30, 2021. installed as approved

FURTHER RESOLVED THAT, the Chief Executive Officer of the Company be and is hereby authorized to fulfill the requirements of applicable law and take necessary action if needed.

6. Any other business with the permission of the Chair.

By order of the Board

(Muhammad Mushtaq Saeed Iqbal)
Company Secretary

Lahore: October 02, 2023

NOTES:

1. The Share Transfer Books of the Company will remain closed from October 21, 2023 to October 28, 2023 (both days inclusive).



NOTICE OF ANNUAL GENERAL METING

2. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote for him/her. Proxies in order to be effective, must be received at the Registered Office of the Company not later than 48 hours before the time of holding the meeting and must be duly stamped, signed and witnessed.
3. Members are requested to notify changes immediately to our Share Registrar, if any, in their registered addresses.
4. CDC Account Holders will have to follow the below mentioned guidelines as laid down in Circular 1 dated January, 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 THIS STATEMENT SETS OUT THE MATERIAL FACTS CONCERNING THE SPECIAL BUSINESS TO BE TRANSACTED AT THE ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD ON OCTOBER 28, 2023.

AGENDA NO. 4:

Transactions conducted with all related parties have to be approved by the Board of Directors duly recommended by the Audit Committee on quarterly basis pursuant to Clause 15 of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

The Company carries out transactions with its related parties on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business. All transactions entered into with related parties require the approval of the Audit Committee of the Company, which is chaired by an independent director of the company. Upon the recommendation of the Audit Committee, such transactions are placed before the board of directors for approval.

The Company shall be conducting transactions with its related parties during the year ending June 30, 2023-2024 on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship in the subsidiary / associated companies. In order to promote transparent business practices, the shareholders desire to authorize the Board of Directors to approve transactions with the related parties from time-to-time on case-to-case basis for the year ending June 30, 2023-2024, which transactions shall be deemed to be approved by the Shareholders. The nature and scope of such related party transactions is explained above. These transactions shall be placed before the shareholders in the next AGM for their formal approval/ratification. None of the directors of the Company have any personal interest in the aforesaid special resolutions except in their capacity as shareholders or directors of the Company.

AGENDA NO. 5:

During the financial year 2020-21 the management of the company decided to replace some old machinery with new one. Ultimately the company made addition in machinery amounting to Rs.15.8 Million and Disposed off Plant & Machinery amounting to Rs.16.2 Million. This decision of disposal of old machinery and additions of latest machinery proves beneficial as revenue thereafter has increased from Rs. 331 Million to Rs. 375 Million.

The Commission issued show cause against violation of section 183 of the Companies Act, 2017 and fixed the hearing to explain the position of the Company to the Commission. The authorized representative of the Company explained the transaction in detail to the Commission, the commission instructed the Company to get approval of shareholders for rectification of that transaction.



اطلاع سالانہ اجلاس عام

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ ہالہ انٹرپرائزز کے حصہ داران کا سالانہ اجلاس عام ہفتہ 28 اکتوبر 2023ء کو صبح 11:00 بجے، کمپنی کے رجسٹرڈ دفتر فیکٹری پریسز: 17.5 کلومیٹر شیخوپورہ روڈ لاہور میں درج ذیل امور کی انجام دہی کیلئے منعقد ہوگا۔

- 1- 28 اکتوبر 2022ء کو منعقدہ حصہ داران کے اجلاس عام کی کارروائی کی توثیق۔
- 2- 30 جون 2023ء کو ختم ہونے والے سال کیلئے کمپنی کے سالانہ آڈٹ شدہ اکاؤنٹس کے ساتھ ساتھ ڈائریکٹرز اور آڈیٹرز رپورٹس پر غور کرنا اور ان کی منظوری دینا۔
- 3- مالی سال 2023-2024 کیلئے آڈیٹرز کا تقرر اور معاوضہ طے کرنا۔
- 4- مندرجہ ذیل عام قراردادوں کو پاس کر کے کاروبار کے معمول کے دوران متعلقہ کمپنیوں کے ساتھ کیے گئے لین دین کی توثیق اور منظوری دینا۔
قرار پایا کہ 30 جون 2023 کو ختم ہونے والے سال کے دوران منسلک کمپنیوں سے کئے گئے لین دین جن کو مالیاتی گوشواروں میں منکشف کیا گیا ہے کی توثیق کرنا اور منظوری دینا۔
- قرار پایا کہ کمپنی کے چیف ایگزیکٹو آفیسر کو مجاز بنایا جاتا ہے کہ وہ 30 جون 2024 کیلئے متعلقہ کمپنیوں کے ساتھ عمومی طریقہ کار کے مطابق کئے جانے والے لین دین کو منظور کرے اس سلسلہ میں تمام ضروری کارروائی کرے اور تمام ضروری دستاویزات اور قراردادیں وغیرہ کو تشکیل دے جو کہ کمپنی کی طرف سے ضروری ہوں۔

5- غور کرنے کے لیے اور اگر مناسب سمجھیں تو، کمپنیز ایکٹ، 2017 کے سیکشن 183(3)(a) کے تحت درج ذیل خصوصی ریزولوشن پاس کریں، اس میں ترمیم کے ساتھ یا اس کے بغیر، اضافہ یا حذف کریں:

قرار پایا کہ کمیشن آرڈر نمبر CSD/ARN/487/2017-304 مورخہ 01 ستمبر 2022 کے مطابق، جناب شہزاد افضل خان، سربراہ عدالتی محکمہ کمپنیز ایکٹ، 2017 کی دفعہ 183 کی خلاف ورزی کے خلاف جاری کیا گیا، کمپنی کے اراکین کی منظوری 30 جون 2021 کے مالیاتی سال کے دوران بورڈ کی طرف سے کی گئی کچھ پرانی مشینری بیچ کر نئی مشینری خریدنے کی منظوری دینا۔ مزید قرار پایا کہ کمپنی کا چیف ایگزیکٹو آفیسر قابل اطلاق قانون کے تقاضوں کو پورا کرنے اور ضرورت پڑنے پر ضروری کارروائی کرنے کا مجاز ہے

6- صاحب صدر کی اجازت سے کسی دیگر امر پر کارروائی ہوگی۔

حسب الحکم بورڈ
محمد مشتاق سعید اقبال
کمپنی سیکرٹری

لاہور
05 اکتوبر 2023ء

نوٹ:

- 1- کمپنی کی منتقلی حصص کی کتابیں 21 اکتوبر 2023ء تا 28 اکتوبر 2023ء (بشمول ہر دو ایام) بند رہیں گی۔
- 2- اجلاس ہذا میں شرکت اور ووٹ دینے کا اہل ممبر، اپنی بجائے کسی دوسرے ممبر کو شرکت اور ووٹ دینے کیلئے اپنا پراسی مقرر کر سکتا/سکتی ہے۔ پراسیاں تا آنکہ مؤثر ہو سکیں۔ اجلاس کے وقت سے کم از کم 48 گھنٹے قبل باقاعدہ مہر شدہ اور دستخط شدہ کمپنی کے رجسٹرڈ دفتر میں لازماً وصول ہو جانی چاہئیں۔
- 3- حصص داران سے درخواست ہے کہ اپنے رجسٹرڈ پتہ میں تبدیلی اگر کوئی ہو، فی الفور ہمارے شیئر رجسٹر کو مطلع کریں۔
- 4- سی ڈی سی اکاؤنٹ ہولڈرز کو مزید برآں سکیورٹیز اینڈ ایکسچینج کمیشن پاکستان کی طرف سے جاری شدہ سرکلر 1 مورخہ 26 جنوری 2000 میں دی گئی گائیڈ لائنز کی پیروی کرنا ہوگی۔

کمپنیز ایکٹ، 2017 کے سیکشن 134(3) کے تحت خصوصی کاروبار سے متعلق مادی حقائق کو بیان کرتا ہے
جو سالانہ جنرل میٹنگ 28 اکتوبر 2023 کے اجلاس میں لین دین کیا جائے گا

ایجنڈا نمبر 4:

تمام متعلقہ فریقوں کے ساتھ کئے جانے والے لین دین کو لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کی شق 15 کے مطابق سہ ماہی بنیادوں پر آڈٹ کمیٹی کے ذریعہ تجویز کردہ بورڈ آف ڈائریکٹرز کے ذریعہ منظور کرنا ہوگا۔ کمپنی اپنے متعلقہ فریقوں کے ساتھ کاروبار کے معمول کے دوران 'متعلقہ فریقوں کے ساتھ لین دین' کے حوالے سے منظور شدہ پالیسی کے مطابق 'at arms' length کی بنیاد پر لین دین کرتی ہے۔ متعلقہ فریقوں کے ساتھ کیے گئے تمام لین دین کے لیے کمپنی کی آڈٹ کمیٹی کی منظوری درکار ہوتی ہے، جس کی صدارت کمپنی کے ایک آزاد ڈائریکٹر کرتے ہیں۔ آڈٹ کمیٹی کی سفارش پر، اس طرح کے لین دین کو بورڈ آف ڈائریکٹرز کے سامنے منظوری کے لیے رکھا جاتا ہے۔ کمپنی 30 جون 2023-2024 کو ختم ہونے والے سال کے دوران اپنے متعلقہ فریقوں کے ساتھ لین دین کرے گی جو کہ منظور شدہ پالیسی کے مطابق 'متعلقہ فریقوں کے ساتھ لین دین' کے حوالے سے معمول کے کاروبار میں ہے۔ ڈائریکٹرز کی اکثریت ان لین دین میں دلچسپی رکھتی ہے کیونکہ ان کی ذیلی کمپنی/ وابستہ کمپنیوں میں مشترکہ ڈائریکٹر شپ ہوتی ہے۔ شفاف کاروباری طریقوں کو فروغ دینے کے لیے، شیئر ہولڈرز بورڈ آف ڈائریکٹرز کو متعلقہ فریقوں کے ساتھ 30 جون 2023-2024 کو ختم ہونے والے سال کے لیے کیس ٹو کیس کی بنیاد پر وقتاً فوقتاً لین دین کی منظوری دینے کا اختیار دینا چاہتے ہیں، جو لین دین شیئر ہولڈرز کے ذریعہ منظور شدہ سمجھا جائے گا۔ اس طرح کے متعلقہ فریق لین دین کی نوعیت اور دائرہ کار اوپر بیان کیا گیا ہے۔ ان ٹرانزیکشنز کو اگلی AGM میں شیئر ہولڈرز کے سامنے ان کی باضابطہ منظوری/ توثیق کے لیے رکھا جائے گا۔ کمپنی کے ڈائریکٹرز میں سے کسی کی بھی مذکورہ خصوصی قراردادوں میں کوئی ذاتی دلچسپی نہیں ہے سوائے اس کے کہ وہ کمپنی کے شیئر ہولڈرز یا ڈائریکٹرز کی حیثیت سے ہوں۔

ایجنڈا نمبر 5:

مالی سال 2020-2021 کے دوران کمپنی کی انتظامیہ نے کچھ پرانی مشینری کو نئی سے تبدیل کرنے کا فیصلہ کیا جس کے نتیجے میں کمپنی نے 15.8 ملین روپے کی مشینری میں اضافہ کیا اور 16.2 ملین روپے کی پلانٹ اور مشینری کو فروخت کیا۔ پرانی مشینری کو بیچنے اور جدید مشینری کے اضافے کا یہ فیصلہ فائدہ مند ثابت ہوا کیونکہ اس کے بعد آمدنی 331 ملین روپے سے بڑھ کر 375 ملین ہو گئی۔ کمیشن نے کمپنیز ایکٹ 2017 کے سیکشن 183 کی خلاف ورزی پر 'show cause notice' جاری کیا اور کمیشن کو کمپنی کے موقف کی وضاحت کے لیے سماعت مقرر کی۔ کمپنی کے مجاز نمائندے نے کمیشن کو لین دین کی تفصیل سے وضاحت کی، کمیشن نے کمپنی کو ہدایت کی کہ وہ اس لین دین کی اصلاح کے لیے شیئر ہولڈرز کی منظوری حاصل کرے۔



INFORMATION FOR SHAREHOLDERS

Company's Registered Office/Works

17.5 KM Sheikhpura Road, Lahore
Tel: 042-37970130, 37970230
Fax: 042-37970681

Share Registrar

M/s Corplink (Private) Limited
Wings Arcade, 1-K, Commercial Model Town, Lahore
Tel: 042-35916714, 042-35916719
Fax: 042-35869037

Listing on Stock Exchange

Hala Enterprises Limited is listed on:
Pakistan Stock Exchange Limited

Stock Symbol

The stock symbol for dealing in equity shares of Hala Enterprises Limited is 'HAEL'

Statutory Compliance

During the year, the Company has complied with all applicable provisions, filed all returns/forms and furnished all the relevant particulars as required under the Companies Act, 2017 and allied rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the Listing requirements.

Share Transfer System

Share transfers received by the Company's Share Registrar are registered within prescribed period.

Proxies

Pursuant to Section 137 of the Companies Act, 2017 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at a general meeting of the Company can appoint another person as his/her proxy to attend and vote on his/her behalf. Every notice The instrument appointing a proxy (duly signed by the shareholder appointing that proxy) should be deposited at the registered office of the Company not less than forty eight hours before the meeting.

Notification of SECP for the purpose of CNIC of Shareholders

The shareholders are informed that SECP through SRO 779(1)2011 dated August 18, 2011 has made it mandatory that dividend warrants issued by the issuer should bear Computerized National Identity Card (CNIC) numbers of the registered shareholders, except in the case of minor(s) and corporate shareholders.

The shareholders are, therefore, requested to provide by mail or fax, photocopy of their CNIC and in case of foreigner copy of passport, unless it has already been provided.

Dividend Mandate (Optional)

Transferee of shares may exercise option for dividend mandate by using the revised "Form of Transfer Deed". The revised form of transfer deed will enable the transferees to received cash dividend directly in their bank accounts, if such transferee provides particulars of its bank account which he/she/it desires to be used for credit of cash dividend. The existing shareholders have the option to seek the dividend mandate by using the standardized "Dividend Mandate Form" if they so desires. Shareholders maintaining shareholding under Central Depository System (CDS) are advised to submit their bank mandate information directly to the relevant participant/CDC Investor Account Service.

Financial Information

The Company uploaded Annual and Quarterly Accounts on Company's website.

Company's Website

Updated information regarding the Company can be accessed at www.halaenterprises.com. The website contains the latest financial results of the Company together with Company's profile and product range.

Annual General Meetings

Pursuant to Section 132 of the Companies Act 2017, Company holds a General Meeting of shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all the shareholders at least 21 days before the meeting and also advertised in at least one in English and one in Urdu newspaper having circulation in Karachi, Lahore.



CHAIRMANS' MESSAGE

I am delighted to extend my congratulations to our esteemed shareholders, the dedicated Board of Directors and our hardworking employees for the better results of the company. In the fiscal year ended June 30, 2023, we saw an increase of 18% in the sales which significantly contributed in the growth of the operational profit for the year. Gross Profit increased from Rs.100 million to Rs.139 million and profit after tax increased from Rs. 12 to Rs. 19 million.

The prospects for Fiscal Year 2023-24 present tough challenges that demand our attention. These challenges encompass a diminished demand for textile products in international markets, a slowdown in global economic growth, a surge in inflation rates, the persistent rise in energy and finance costs, the volatility of raw material prices, intensified competition from regional counterparts.

However, I trust in the unwavering commitment of our esteemed Board. It is my hope that they will continue to steer the Company with resolute leadership during these difficult times, building upon the successes of the previous year and guiding us toward a prosperous future.

(Tahir Jahangir)

Chair man

Date: 03-10-2023

چئیرمین کا پیغام

مجھے کمپنی کے بہتر نتائج کے لیے اپنے معزز شیئرز، ہولڈرز، پرعزم بورڈ آف ڈائریکٹرز اور اپنے محنتی ملازمین کو مبارکباد پیش کرتے ہوئے خوشی ہو رہی ہے۔ 30 جون 2023 کو ختم ہونے والے مالی سال میں، ہم نے سیلز میں 18 فیصد کا اضافہ دیکھا جس نے سال کے آپریشنل منافع میں نمایاں اضافہ کیا۔ مجموعی منافع 100 ملین سے بڑھ کر 139 ملین روپے ہو گیا اور ٹیکس کے بعد منافع 12 ملین روپے سے بڑھ کر 19 ملین روپے ہو گیا ہے۔

مالی سال 2023-24 کے دوران ممکنہ سخت چیلنجز درپیش ہوں گے جو ہماری توجہ کا متقاضی ہیں۔ ان چیلنجز میں بین الاقوامی منڈیوں میں ٹیکسٹائل مصنوعات کی مانگ میں کمی، عالمی اقتصادی ترقی میں سست روی، مہنگائی کی شرح میں اضافہ، توانائی اور مالیاتی اخراجات میں مسلسل اضافہ، خام مال کی قیمتوں کا اتار چڑھاؤ، علاقائی ہم منصبوں سے سخت مسابقت شامل ہیں۔

تاہم، مجھے اپنے معزز بورڈ کے غیر متزلزل عزم پر بھروسہ ہے۔ مجھے امید ہے کہ وہ ان مشکل وقتوں میں پرعزم قیادت کے ساتھ کمپنی کو آگے بڑھاتے رہیں گے، پچھلے سال کی کامیابیوں کو آگے بڑھاتے ہوئے ایک خوشحال مستقبل کی طرف ہماری رہنمائی کرتے رہیں گے۔



(طاہر جہانگیر)

چئیرمین

03-اکتوبر-2023



DIRECTOR'S REPORT

The Directors of the company hereby present the 51st Annual Report on the operations of the company along with the audited financial statements for the year ended 30th June, 2023. The Directors' report under the Companies ACT 2017 and revised CCG 2019 will be put forward to the members at the Annual General Meeting of the Company to be held on the 28th of October, 2023.

Despite the challenges faced by the textile sector in Pakistan such as the global recession, rising cost of energy, financial costs and a general 'cost of living increase,' we still witnessed a steady demand for our product lines. The financial year 2022-23 saw an increase of 18% in the sales which significantly contributed in the growth of the operational profit for the year. Gross Profit increased from 100 million to 139 million and profit after tax increased from 12 to 19 million.

We have proactively implemented measures to improve our operational efficiency and overall business performance in order to address the current and anticipated challenges in the coming year. As part of our growth strategy, we are committed to expanding our customer base by entering new regions and introducing a diverse product line to boost revenue. We are confident that these strategic efforts will help us achieve continued success in the upcoming year. In addition to these growth initiatives, we are also committed to reducing costs, while upholding our quality parameters. By taking these steps, we are confident that we can continue to be a profitable and sustainable business in the years to come.



DIRECTOR'S REPORT

Financial and Operating Results

	2023 RUPEES	2022 RUPEES
Operating Profit	44,039,691	23,377,734
Finance cost	(21,521,555)	(11,050,210)
Other income	<u>2,709,308</u>	<u>5,279,167</u>
Profit before taxation	25,227,444	17,606,691
Taxation	<u>(6,293,070)</u>	<u>(5,822,245)</u>
Profit before disposal of assets	<u>18,934,374</u>	<u>11,784,446</u>
Net Profit for the year	18,934,374 =====	11,784,446 =====
Earnings/ per share		
Basic & Dilutive	1.46	0.91

Reason for Dividend/Bonus Shares not declared

The company is in the process of BMR, upgrading its infrastructure. Furthermore delayed Government refund had squeezed the cash flow of the company, therefore unable to declare any dividends.

Board Meetings

During the year under review, 4 meetings of the Board of Directors were held from July 01, 2022 to June 30, 2023. All written notices of the Board Meetings, along with agenda and working papers, were circulated to all directors at least seven days before the meeting.

Attendance by each Director was as under:

Sr. No.	Name of Director	Meetings Attended
1.	Mr. Tahir Jahangir	4
2.	Mr. Jillani Jahangir	4
3.	Mrs. Munizae Jahangir	4
4.	Mrs. Sulema Jahangir	4
5.	Mr. Abdul Munaf	4
6.	Mr. Rashid Ahmad Khan	4
7.	Mr. Hassan Ahmad	4

The Minutes of the meetings were appropriately circulated to all Directors and recorded in minute book within stipulated time. In accordance with CCG, Company Secretary was also attended all meetings during the year under review.

Audit Committee

The Board of Directors of the Company has formed an Audit Committee comprising of three members. All members of the Committee are Non-Executive in accordance with the provision of revised CCG. During the year 2023, four (4) meetings were held. Attendance by each member was as under:

Sr.No.Name of Members Meetings Attended

1.	Mr. Rashid Ahmad Khan	Chairman	4
2.	Mrs. Munizae Jahangir	Member	4
3.	Mrs. Sulema Jahangir	Member	4

Terms of reference of Audit Committee

The Committee reviews the periodic financial statements and examines the adequacy of financial policies and practices to ensure that an efficient and strong system of internal control is in place. The Committee also reviews the audit reports issued by the Internal Audit Department and compliance status of audit observations.

The Audit Committee is also responsible for recommending to the Board of Directors the appointment of external auditors by the Company's shareholders and considers any question of resignation or removal of external auditors, audit fees and provision of any service to the Company by its external auditors in addition to the audit of its financial statements.

The Terms of Reference of the Audit Committee are consistent with those stated in the Code of Corporate Governance and broadly include the following:

- (i) Review of the interim and annual financial statements of the Company prior to approval by the Board of Directors.



DIRECTOR'S REPORT

- | | |
|--|--|
| <ul style="list-style-type: none"> (ii) Discussions with the external auditors of major observations arising from interim and final audits; review of management letter issued by the external auditors and management's response thereto. (iii) Review of scope and extent of internal audit ensuring that the internal audit function has adequate resources and is appropriately placed within the Company. (iv) Ascertain adequacy and effectiveness of the internal control system including financial and operational controls, accounting system and reporting structure. (v) Determination of compliance with relevant statutory requirements and monitoring compliance with the best practices of corporate governance. (vi) Institute special projects, value for money studies or other investigations on any matters specified by the Board of Directors. | <ul style="list-style-type: none"> ii) recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO; iii) recommending to the Board the selection, evaluation, compensation (including retirement benefits) of COO, CFO, Company Secretary and Head of Internal Audit; and iv) consideration and approval on recommendations of CEO on such matters for key management positions who report directly to CEO or COO. |
|--|--|

Human Resource and Remuneration Committee.

The Board has constituted a Human Resource and Remuneration Committee, comprising of the following Four members including Chairman of the Committee.

S.No. Name of Members

1.	Mr. Rashid Ahmed Khan	Chairman
2.	Mr. Jillani Jahangir	Member
3.	Mrs Munizae Jahahgir	Member
4.	Mrs Sulema Jahangir	Member

One meeting of Human Resource and remuneration committee was held in the year.

Terms of Reference

The Committee shall be responsible for:

- i) recommending human resource management policies to the board;

Internal Audit and Control

The Board has set up an independent audit function headed by a qualified and a full time employee of the Company reporting to the Chairman Audit Committee and administratively to the Chief Executive Officer. The scope of internal auditing within the Company is clearly defined which broadly involves review and evaluation of its' internal control system in accordance with business risk assessments. This includes independent assessment and evaluation of the effectiveness and efficiency of operations, the reliability of financial reporting, deterring and investigating fraud, safeguarding assets of the Company and compliance with laws and regulations. The Internal Audit also undertakes special studies, value for money studies and such other special projects as and when required by the Board Audit Committee.

Corporate Governance

The Board gives prime importance in conducting the business in accordance with the best international and local corporate governance practices and is committed to inculcating healthy corporate culture, ethical business practices, reliable and transparent financial reporting, open communication channels with the stakeholders and compliance with the laws and regulations. As a result, good corporate governance principles have been deeply ingrained in Company's decision making and operating set-up as well as monitoring processes.



DIRECTOR'S REPORT

The Company recognizes and respects the rights of each and every stakeholder including shareholders, employees, financiers, creditors, business partners, local communities and others. The Company encourages active participation of shareholders in all general meetings of the Company and values their views towards better governance and operational management. The Company is also cognizant of its legal and constructive obligations towards its business partners, local communities where it operates and other stakeholders and takes appropriate actions to timely respond to their expectations after taking into account a pragmatic view of their interests associated with the Company.

The Code of Conduct for directors and employees of the Company has been approved by the Board and changes were made in line with the new requirements stated in the revised CCG. The said Code of Conduct strengthens the standard for professional business-like behavior expected of directors and employees and binds them to demonstrate ethical, honest and responsible attitude. The Code has been disseminated across the Company to all directors and employees for their compliance.

Before each meeting of the board of directors a closed period is declared by the Company during which directors, CEO, executives of the Company and their spouses are not allowed to trade in shares of the Company in any manner, whether directly or indirectly.

The Board has reviewed the status of executives in terms of clause (xvi) of CCG and has set a threshold defining categories of management employees as executives consequent to which they are subject to additional regulatory requirements for trading and disclosing their transactions in Company shares.

The Directors of the Company are fully aware of their duties and responsibilities and strive to discharge their fiduciary responsibilities in the best possible manner in compliance with all applicable corporate laws and regulations.

During the year, the Board was actively involved in performing their duties including those required to be performed under various laws and the Memorandum and Articles of Association of the Company with the ultimate objective of safeguarding the interests of the shareholders, enhancing the profitability of the Company, increasing shareholders' wealth and promoting market confidence.

Corporate and Financial Reporting Framework

- (i) The financial statements, prepared by the Management of the Company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- (ii) Proper books of account of the Company have been maintained.
- (iii) Appropriate accounting policies have been applied in preparation of financial statements and any changes in accounting policies have been disclosed in the financial statements. The accounting estimates are based on reasonable and prudent judgment.
- (iv) International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- (v) The system of internal control is sound in design and has been effectively implemented and monitored.



DIRECTOR'S REPORT

- (vi) There are no significant doubts upon the Company's ability to continue as a going concern.
- (vii) There has been no material departure from best practices of corporate governance as detailed in listing regulations.
- (viii) Key operating and financial data of last six years has been given in the Annual Report.
- (ix) Information about outstanding taxes, duties, levies and charges is given in Notes to the Accounts.
- (x) Significant plans and decisions regarding corporate restructuring, business expansion and discontinuance of operations are outlined along with future prospects, risks and uncertainties have been disclosed in relevant sections of Directors Report.
- (xi) The value of investments in employee retirement funds based on the latest audited Accounts as of 30 June, 2023 are as follows:

Gratuity Fund Rs. 42.937 Million

- (xi) Details of number of Board and Committees' meetings held during the year and attendance by each Director has been disclosed in Annual Report. Leave of absence was granted to Directors who could not attend some of the board and committee meetings.
- (xii) A statement of the pattern of shareholding in the Company as at 30 June, 2023 of certain classes of shareholders whose disclosure is required under the revised CCG and the statement of purchase and sale of

shares by Directors, executives and their minor children during the year is shown on the Annual Report.

Code of Conduct for Directors and Employees

The Company has prepared a "**Code of Conduct for Directors and Employees**" and approved by the Board of Directors.

Priority Standards of Conduct:

- i) **Safety:** There can be no production without safety.
- ii) **Quality:** To achieve complete customer satisfaction by focusing on smart team work, meeting all applicable legal and regulatory requirements & continually improving our strategies and goals.
- iii) **Productivity:** With safety and quality each of us will strive to excel the performance in all fields of our activities i.e. Production Divisions, Marketing & Planning, after sales service, Finance, Import, Purchase & Logistic and Human Resources & Administration etc.

Safety, Health and Environment

Hala Enterprises Limited conducts its business responsibly and in a way to make sure health, safety and protection from environmental aspects of its associates and the society. We implement and maintain the programs that provide reasonable assurance that the business will do the following:

- 1) To comply with all applicable government and internal health, safety and environmental requirements.
- 2) Design facilities and conduct operations in a way that avoids risk to human health, safety and the environment.



DIRECTOR'S REPORT

Compliance with the Code of Corporate Governance.

The Statement of Compliance with the Code of Corporate Governance is annexed with the Annual Report.

Transaction with Related Parties

The Board of Directors has approved the policy for transaction / contract between Company and its related parties on an arm's length basis and relevant rates are to be determined as per the "comparable uncontrolled price method". The company has fully complied with the best practices on transfer pricing as contained in the listing regulations of Pakistan Stock Exchange.

Pattern of Shareholding and information under clause XIX(i) and (j) of the Code of Corporate Governance

The statement of pattern of shareholding along with categories of shareholders of the company as at June 30, 2023, as required by the Companies Act, 2017 and Code of Corporate Governance is annexed with this report.

Statutory Auditors of the Company

The present Auditors of the Company, M/s Malik Haroon Shahid Safder & Co., Chartered Accountants, Lahore, shall retire and being eligible for re-appointment for the year 2024.

Audit Committee recommended the appointment of M/s Malik Haroon Shahid Safder & Co. as External Auditor for the tenure of next year 2024 subject to the approval of Shareholders in their upcoming Annual General Meeting held on October 28, 2023.

Acknowledgements

We would like to take this opportunity to thank our customers, suppliers and bankers for their continued support and cooperation towards the progress of the company. We hope that this support would continue in the future as well.

We would also like to thank our dedicated and talented team of executives, staff and workers for the hard work put in towards the company's performance for the year. We expect continued efforts from our employees to achieve even better results next year. And last but not the least, the management is grateful to the board for its persistent support, cooperation and guidance in setting a course for the company that will InshAllah prove to be highly rewarding to all its stakeholders.

For & on behalf of the Board

(TAHIR JAHANGIR)
CHAIRMAN

(JILLANI JAHANGIR)
CHIEF EXECUTIVE
OFFICER

Dated: October 03, 2023

ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹرز 30 جون 2023 کے اختتامی سال کے لئے آڈٹ شدہ دستاویزات کے ساتھ کمپنی کے امور پر 51 ویں سالانہ رپورٹ پیش کرتے ہیں۔ ڈائریکٹرز رپورٹ کمپنی ایکٹ 2017 اور نظر ثانی شدہ ریگولیشن 2019 سی سی جی کے تحت سالانہ جنرل اجلاس میں ارکان کے سامنے 28 اکتوبر 2023 کو پیش کی جائے گی۔

پاکستان میں ٹیکسٹائل سیکٹر کو درپیش چیلنجز جیسے کہ عالمی کساد بازاری، توانائی کی بڑھتی ہوئی لاگت، مالیاتی لاگت اور عمومی طور پر رہنے کی لاگت میں اضافہ کے باوجود ہم نے اپنی مصنوعات کی مسلسل مانگ دیکھی۔ مالی سال 2022-23 میں فروخت میں 18 فیصد کا اضافہ دیکھا گیا جس نے سال کے لیے آپریشنل منافع میں نمایاں اضافہ کیا۔ مجموعی منافع 100 ملین سے بڑھ کر 139 ملین ہو گیا اور ٹیکس کے بعد منافع 12 سے بڑھ کر 19 ملین ہو گیا۔

آنے والے سال میں موجودہ اور متوقع چیلنجوں سے نمٹنے کے لیے ہم نے اپنی آپریشنل کارکردگی اور مجموعی کاروباری کارکردگی کو بہتر بنانے کے لیے اقدامات کو فعال طور پر نافذ کیا ہے۔ اپنی ترقی کی حکمت عملی کے ایک حصے کے طور پر، ہم نئی منڈیوں میں داخل ہو کر یونیورسٹی کو بڑھانے کے لئے مختلف اقسام کی مصنوعات متعارف کروا کر اپنے کسٹمر بیس کو بڑھانے کے لئے پرعزم ہیں۔ ہمیں یقین ہے کہ یہ اسٹریٹیجک کوششیں ہمیں آنے والے سال میں مسلسل کامیابی حاصل کرنے میں مدد کریں گی۔ ترقی کے ان اقدامات کے علاوہ، ہم اپنے معیار کے پیرامیٹرز کو برقرار رکھتے ہوئے لاگت کو کم کرنے کے لیے بھی پرعزم ہیں۔ یہ اقدامات کرنے سے، ہمیں یقین ہے کہ ہم آنے والے سالوں میں ایک منافع بخش اور پائیدار کاروبار بن سکتے ہیں۔

مالیاتی اور آپریٹنگ نتائج

2022	2023	
Rupees	Rupees	
23,377,734	44,039,691	آپریٹنگ منافع
(11,050,210)	(21,521,555)	مالیاتی لاگت
5,279,167	2,709,308	دیگر آمدنی
17,606,691	25,227,444	ٹیکس سے پہلے منافع
(5,822,245)	(6,293,070)	ٹیکس
11,784,446	18,934,374	ایٹاٹوں کو بیچنے سے پہلے منافع
-----	-----	
11,784,446	18,934,374	سال کا خالص منافع
=====	=====	
0.91	1.46	آمدنی / فی شیئر بنیادی

ڈیویڈنڈ / بونس شیئرز کا اعلان نہ کرنے کی وجہ

کمپنی BMR کے عمل میں ہے، اپنے بنیادی ڈھانچے کو اپ گریڈ کر رہی ہے۔ مزید برآں تاخیر سے حکومتی رقم کی واپسی نے کمپنی کے کیش فلو کو سکیڑ دیا تھا، اس لیے کسی بھی ڈیویڈنڈ کا اعلان کرنے سے قاصر ہے۔

بورڈ میٹنگز

زیر نظر سال کے دوران، 01 جولائی 2022 سے 30 جون 2023 تک بورڈ آف ڈائریکٹرز کی 4 میٹنگز منعقد کی گئیں۔ اجلاس سے پہلے کم از کم سات دن پہلے تمام ممبرز کو تحریری نوٹسز کے ذریعے میٹنگ کا ایجنڈہ اور ورننگ پیپر مہیا کر دیئے گئے تھے۔

ہر ڈائریکٹر کی حاضری حسب ذیل تھی:

میٹنگ میں حاضری	سیریل نمبر۔ ڈائریکٹر میٹنگز میں شرکت کرنے والوں کا نام
4	1- جناب طاہر جہانگیر
4	2- جناب جیلانی جہانگیر
4	3- مسز منیزے جہانگیر
4	4- مسز سلیمہ جہانگیر
4	5- جناب عبدالمناف
4	6- جناب رشید احمد خان
4	7- جناب حسن احمد

میٹنگز کے منٹس کو مناسب طریقے سے تمام ڈائریکٹرز تک پہنچایا گیا اور مقررہ وقت میں منٹ بک میں ریکارڈ کیا گیا۔ CCG کے مطابق، کمپنی سیکرٹری نے سال کے دوران زیر جائزہ تمام میٹنگز میں شرکت کی۔

آڈٹ کمیٹی

کمپنی کے بورڈ آف ڈائریکٹرز نے تین ممبران پر مشتمل ایک آڈٹ کمیٹی تشکیل دی ہے۔ کمیٹی کے تمام ممبران نظر ثانی شدہ CCG کی فراہمی کے مطابق نان ایگزیکٹو ہیں۔ سال 2023 کے دوران چار (4) اجلاس منعقد ہوئے۔ ہر ممبر کی حاضری حسب ذیل تھی:

سیریل نمبر	اجلاس میں شریک ممبران کے نام	حاضری
1-	جناب رشید احمد خان چیئر مین	4
2-	مسز منیرے جہانگیر ممبر	4
3-	مسز سلیمہ جہانگیر ممبر	4

آڈٹ کمیٹی کے فرائض

کمیٹی وقتاً فوقتاً مالیاتی گوشواروں کا جائزہ لیتی ہے اور مالیاتی پالیسیوں اور طریقوں کی مناسبت کا جائزہ لیتی ہے تاکہ یہ یقینی بنایا جاسکے کہ اندرونی کنٹرول کا ایک موثر اور مضبوط نظام موجود ہے۔ کمیٹی اندرونی آڈٹ ڈیپارٹمنٹ کی طرف سے جاری کردہ آڈٹ رپورٹس اور آڈٹ مشاہدات کی تعمیل کی صورت حال کا بھی جائزہ لیتی ہے۔

آڈٹ کمیٹی بورڈ آف ڈائریکٹرز کو کمپنی کے شیئر ہولڈرز کے ذریعے بیرونی آڈیٹرز کی تقرری کی سفارش کرنے کی بھی ذمہ دار ہے اور اس کے علاوہ بیرونی آڈیٹرز کے استعفیٰ یا ہٹانے، آڈٹ فیس اور کمپنی کو کسی بھی سروس کی فراہمی کے سوال پر غور کرتی ہے۔ اس کے مالی بیانات کے آڈٹ کے لیے کام کرتی ہے۔

آڈٹ کمیٹی کے فرائض کارپوریٹ گورننس کے ضابطہ میں بیان کردہ شرائط سے مطابقت رکھتی ہیں اور اس میں وسیع پیمانے پر درج ذیل شامل ہیں:

- بورڈ آف ڈائریکٹرز کی منظوری سے قبل کمپنی کے عبوری اور سالانہ مالیاتی گوشواروں کا جائزہ۔
- عبوری اور حتمی آڈٹ سے پیدا ہونے والے اہم مشاہدات کے بیرونی آڈیٹرز کے ساتھ بات چیت؛ بیرونی آڈیٹرز کی طرف سے جاری کردہ انتظامی خط کا جائزہ اور اس پر انتظامیہ کے جواب۔
- داخلی آڈٹ کے دائرہ کار اور وسعت کا جائزہ اس بات کو یقینی بناتے ہوئے کہ اندرونی آڈٹ فنکشن کے پاس مناسب وسائل ہیں اور کمپنی کے اندر مناسب طریقے مہیا کیے گئے ہیں۔

(iv) مالیاتی اور آپریشنل کنٹرول، اکاؤنٹنگ سسٹم اور رپورٹنگ ڈھانچہ سمیت اندرونی کنٹرول کے نظام کی مناسبت اور تاثیر کا پتہ لگانا۔

(v) متعلقہ قانونی تقاضوں کی تعمیل کا تعین اور کارپوریٹ گورننس کے بہترین طریقوں کے ساتھ تعمیل کی نگرانی۔

(vi) بورڈ آف ڈائریکٹرز کی طرف سے متعین کردہ کسی بھی معاملات پر خصوصی پروجیکٹس، مالیت کے مطالعہ یا دیگر تحقیقات کا ادارہ۔

انسانی وسائل اور معاوضہ کمیٹی

بورڈ نے ایک ہیومن ریسورس اینڈ ریویژن کمیٹی تشکیل دی ہے جس میں کمیٹی کے چیئر مین سمیت مندرجہ ذیل چار ممبران شامل ہیں۔

سیریل نمبر اراکین کے نام

1. جناب رشید احمد خان چیئر مین
2. جناب جیلانی جہانگیر ممبر
3. مسز میزے جہانگیر ممبر
4. مسز سلیمہ جہانگیر ممبر

انسانی وسائل اور معاوضہ کمیٹی کا ایک اجلاس سال میں منعقد ہوا۔

کمیٹی ذمہ دار ہوگی کہ

(i) بورڈ کو انسانی وسائل کے انتظام کی پالیسیوں کی سفارش کرنا؛

(ii) بورڈ کو CEO کے انتخاب، تنفیص، معاوضے (بشمول ریٹائرمنٹ کے فوائد) اور جانشینی کی منصوبہ بندی کی سفارش کرنا؛

(iii) بورڈ کو COO، CFO، کمپنی سیکرٹری اور ہیڈ آف انٹرنل آڈٹ کے انتخاب، تنفیص، معاوضے (بشمول ریٹائرمنٹ فوائد) کی سفارش کرنا؛ اور

(iv) اہم انتظامی عہدوں کے لیے ایسے معاملات پر سی ای او کی سفارشات پر غور اور منظوری جو براہ راست CEO یا COO کو رپورٹ کرتے ہیں۔

اندرونی آڈٹ اور کنٹرول

بورڈ نے ایک خود مختار آڈٹ فنکشن قائم کیا ہے جس کی سربراہی کمپنی کا ایک اہل اور کل وقتی ملازم ہے جو چیئر مین آڈٹ کمیٹی کو اور انتظامی طور پر چیف ایگزیکٹو آفیسر کو رپورٹ کرتا ہے۔ کمپنی کے اندر اندرونی آڈٹنگ کا دائرہ واضح طور پر بیان کیا گیا ہے جس میں کاروبار کے خطرے کے جائزوں کے مطابق اس کے داخلی کنٹرول سسٹم کا جائزہ لینا شامل ہے۔ اس میں آپریشنز کی تاثیر اور کارکردگی کا آزادانہ جائزہ، مالیاتی رپورٹنگ کی شفافیت، دھوکہ دہی کی روک تھام اور تحقیقات، کمپنی کے اثاثوں کی حفاظت اور قوانین و ضوابط کی تعمیل شامل ہے۔ اندرونی آڈٹ خصوصی مطالعات مالیت کی مقدار کا جائزہ اور اس طرح کے دیگر خصوصی منصوبوں کو بھی انجام دیتا ہے جب کبھی بورڈ آڈٹ کمیٹی کی ضرورت ہوتی ہے۔

کارپوریٹ گورننس

بورڈ بہترین بین الاقوامی اور مقامی کارپوریٹ گورننس کے طریقوں کے مطابق کاروبار کو چلانے کو اولین اہمیت دیتا ہے اور صحت مند کارپوریٹ کلچر، اخلاقی کاروباری طریقوں، قابل اعتماد اور شفاف مالیاتی رپورٹنگ، اسٹیک ہولڈرز کے ساتھ کھلے مواصلاتی ذرائع اور قوانین کی تعمیل کے لیے پرعزم ہے۔ اور ضوابط، نتیجے کے طور پر، اچھی کارپوریٹ گورننس کے اصول کمپنی کے فیصلہ سازی اور آپریشنز کے ساتھ ساتھ نگرانی کے عمل میں مکمل طور پر شامل ہوتے ہیں۔

کمپنی ہر اسٹیک ہولڈر کے حقوق کو تسلیم کرتی ہے اور ان کا احترام کرتی ہے بشمول شیئر ہولڈرز، ملازمین، فنانسرز، قرض دہندگان، کاروباری شراکت دار، مقامی کمیونٹیز اور دیگر کمپنی کے تمام عام اجلاسوں میں حصص داران کی فعال شرکت کی حوصلہ افزائی کرتی ہے اور بہتر نظم و نسق اور آپریشنل انتظام کے حوالے سے ان کے خیالات کی قدر کرتی ہے۔ کمپنی اپنے کاروباری شراکت داروں، مقامی کمیونٹیز جہاں یہ کام کرتی ہے اور دیگر اسٹیک ہولڈرز کے تئیں اپنی قانونی اور تعمیری ذمہ داریوں سے بھی واقف ہے اور کمپنی سے وابستہ ان کے مفادات کے عملی نقطہ نظر کو مد نظر رکھتے ہوئے ان کی توقعات پر بروقت جواب دینے کے لیے مناسب اقدامات کرتی ہے۔

کمپنی کے ڈائریکٹرز اور ملازمین کے لیے ضابطہ اخلاق کو بورڈ نے منظور کر لیا ہے اور نظر ثانی شدہ CCG میں بتائی گئی نئی ضروریات کے مطابق تبدیلیاں کی گئی ہیں۔ مذکورہ ضابطہ اخلاق ڈائریکٹرز اور ملازمین سے متوقع پیشہ ورانہ کاروباری طرز عمل کے معیار کو مضبوط کرتا ہے اور انہیں اخلاق، دیانتداری اور ذمہ دارانہ رویہ کا مظاہرہ کرنے کا پابند کرتا ہے۔ ضابطہ پوری کمپنی میں تمام ڈائریکٹرز اور ملازمین کو ان کی تعمیل کے لیے مشتہر کر دیا گیا ہے۔ بورڈ آف ڈائریکٹرز کی ہر میٹنگ سے پہلے کمپنی کی طرف سے ایک معین مدت کا اعلان کیا جاتا ہے جس کے دوران ڈائریکٹرز، سی ای او، کمپنی کے ایگزیکٹوز اور ان کی شریک حیات کو کمپنی کے حصص میں کسی بھی طرح سے تجارت کرنے کی اجازت نہیں ہے، چاہے وہ بلا واسطہ ہو یا بلا واسطہ۔

بورڈ نے CCG کی شق (xvi) کے لحاظ سے 'ایگزیکٹو' کی حیثیت کا جائزہ لیا ہے اور انتظامی ملازمین کی کیٹیگریز کو 'ایگزیکٹو' کے طور پر متعین کرنے کے لیے ایک حد مقرر کی ہے جس کے نتیجے میں وہ اپنے لین دین کو تجارت اور ظاہر کرنے کے لیے اضافی ریگولیٹری تقاضوں کے تابع ہیں۔ کمپنی کے حصص۔ کمپنی کے ڈائریکٹرز اپنے فرائض اور ذمہ داریوں سے پوری طرح واقف ہیں اور تمام قابل اطلاق کارپوریٹ قوانین اور ضوابط کی تعمیل کرتے ہوئے اپنی مخلصانہ ذمہ داریوں کو بہترین طریقے سے نبھانے کی کوشش کرتے ہیں۔

سال کے دوران، بورڈ اپنے فرائض کی انجام دہی میں سرگرم عمل رہا جس میں مختلف قوانین اور کمپنی کے میمورنڈم اور آرٹیکلز آف ایسوسی ایشن کے تحت انجام دینے کی ضرورت تھی جس کا حتمی مقصد حصص داران کے مفادات کا تحفظ، کمپنی کے منافع میں اضافہ کرنا تھا۔ حصص داران کی دولت میں اضافہ اور مارکیٹ کے اعتماد کو فروغ دینا۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

(i) مالیاتی بیانات، جو کمپنی کی انتظامیہ کے ذریعہ تیار کیے گئے ہیں، اس کی حالت، اس کے کاموں، نقد بہاؤ اور ایکویٹی میں ہونے والی تبدیلیوں کے نتائج کو منصفانہ طور پر پیش کرتے ہیں۔

(ii) کمپنی کے حساب کتاب کی مناسب دیکھ بھال کی گئی ہے۔

(iii) مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا اطلاق کیا گیا ہے اور اکاؤنٹنگ پالیسیوں میں کسی قسم کی تبدیلی کو مالی بیانات میں ظاہر کیا گیا ہے۔ حساب کتاب کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔

(iv) پاکستان میں لاگو ہونے والے بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی مالیاتی بیانات کی تیاری میں کی گئی ہے اور وہاں سے کسی بھی برخاستگی کے بارے میں مناسب طور پر انکشاف اور وضاحت کی گئی ہے۔

(v) اندرونی کنٹرول کا نظام ڈیزائن میں درست ہے اور اسے موثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔

(vi) موجودہ کاروبار کو جاری رکھنے کی کمپنی کی صلاحیت پر کوئی تشویش نہیں ہے۔

(vii) فہرست سازی کے ضوابط میں تفصیل کے مطابق کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی انحراف نہیں ہوا ہے۔

(viii) سالانہ رپورٹ میں گزشتہ چھ سالوں کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا دیا گیا ہے۔

(ix) بقایا ٹیکس، ڈیویڈنڈ، لیویز اور چارجز کے بارے میں معلومات اکاؤنٹس کے نوٹس میں دی گئی ہیں۔

(x) کارپوریٹ تنظیم نو، کاروبار کی توسیع اور آپریشنز کو بند کرنے کے حوالے سے اہم منصوبے اور فیصلے مستقبل کے امکانات، خطرات اور غیر یقینی صورتحال کے ساتھ ساتھ ڈائریکٹرز رپورٹ کے متعلقہ حصوں میں ظاہر کیے گئے ہیں۔

30 (xi) جون 2023 تک کے تازہ ترین آڈٹ شدہ اکاؤنٹس کی بنیاد پر ملازمین کی ریٹائرمنٹ فنڈز میں سرمایہ کاری کی رقم درج ذیل ہے:

گریجویٹی فنڈ: 42.937 ملین روپے

(xi) سال کے دوران منعقد ہونے والے بورڈ اور کمیٹیوں کے اجلاسوں کی تعداد اور ہڈائریکٹرز کی حاضری کی تفصیلات سالانہ رپورٹ میں ظاہر کی گئی ہیں۔ غیر حاضری کی چھٹی ان ڈائریکٹرز کو دی گئی جو بورڈ اور کمیٹی کے کچھ اجلاسوں میں شرکت نہیں کر سکے۔

(xii) 30 جون 2023 کو کمپنی میں شیئر ہولڈنگ کے پیٹرن کی تفصیل دی گئی ہے۔ جس میں سی سی جی کے تحت شیئر ہولڈرز کی مختلف کیٹگری دی گئی ہیں۔ اور ڈائریکٹرز اور ان کے فیملی ممبران کے شیئرز کی خرید و فروخت کی تفصیل بھی شامل ہے۔

ڈائریکٹرز اور ملازمین کے لیے ضابطہ اخلاق

کمپنی نے "ڈائریکٹرز اور ملازمین کے لیے ضابطہ اخلاق" تیار کیا ہے اور بورڈ آف ڈائریکٹرز نے اس کی منظوری دی ہے۔

طرز عمل کے ترجیحی معیارات:

- (i) حفاظت: حفاظت کے بغیر کوئی پیداوار نہیں ہو سکتی۔
- (ii) کوالٹی: سمارٹ ٹیم ورک پر توجہ مرکوز کر کے، تمام قابل اطلاق قانونی اور ضابطہ کار تقاضوں کو پورا کرتے ہوئے اور اپنی حکمت عملیوں اور اہداف کو مسلسل بہتر بناتے ہوئے صارفین کا مکمل اطمینان حاصل کرنا۔
- (iii) پیداواری صلاحیت: حفاظت اور معیار کے ساتھ ہم میں سے ہر ایک اپنی سرگرمیوں کے تمام شعبوں میں کارکردگی کو بہتر بنانے کی کوشش کرے گا، یعنی پروڈکشن ڈویژن، مارکیٹنگ اور منصوبہ بندی، بعد از فروخت سروس، فنانس، درآمد، خریداری اور لاجسٹک اور انسانی وسائل اور انتظامیہ وغیرہ۔

حفاظت، صحت اور ماحولیات

- ہالا انٹرپرائزز لمیٹڈ اپنے کاروبار کو ذمہ داری کے ساتھ اور اس طرح سے چلاتا ہے کہ اس کے ساتھیوں اور معاشرے کی صحت، حفاظت اور ماحولیات پر پہلوؤں سے تحفظ کو یقینی بنایا جائے۔ ہم ان پروگراموں کو نافذ اور برقرار رکھتے ہیں جو مناسب یقین دہانی فراہم کرتے ہیں کہ کاروبار درج ذیل کام کرے گا:
- (1) تمام قابل اطلاق حکومت اور داخلی صحت، حفاظت اور ماحولیات تقاضوں کی تعمیل کرنا۔
 - (2) سہولیات کو ڈیزائن کریں اور آپریشنز کو اس طریقے سے انجام دیں جس سے انسانی صحت، حفاظت اور ماحول کو خطرات سے بچا جاسکے۔
- کارپوریٹ گورننس کے ضابطہ کی تعمیل۔

کوڈ آف کارپوریٹ گورننس کی تعمیل کا بیان سالانہ رپورٹ کے ساتھ منسلک ہے۔

متعلقہ فریقوں کے ساتھ لین دین

بورڈ آف ڈائریکٹرز نے کمپنی اور اس کے متعلقہ فریقوں کے درمیان لین دین / معاہدے کے لیے 'arms' Length کی بنیاد پر پالیسی کی منظوری دے دی ہے اور متعلقہ نرخوں کا تعین "موازنہ غیر کنٹرول شدہ قیمت کے طریقہ کار" کے مطابق کیا جاتا ہے۔ کمپنی نے پاکستان اسٹاک ایکسچینج کے لسٹنگ کے ضوابط کے مطابق ٹرانسفر پرائسنگ کے بہترین طریقوں کی مکمل تعمیل کی ہے۔

کوڈ آف کارپوریٹ گورننس کی شق XIX(i) اور (j) کے تحت شیئر ہولڈنگ کا نمونہ اور معلومات

کمپنیز ایکٹ 2017 اور کوڈ آف کارپوریٹ گورننس کے مطابق 30 جون 2023 تک کمپنی کے شیئر ہولڈرز کے زمرے کے ساتھ شیئر ہولڈنگ کے پیٹرن کو اس رپورٹ کے ساتھ منسلک کیا گیا ہے۔

کمپنی کے قانونی آڈیٹرز

کمپنی کے موجودہ آڈیٹرز، میسرز ملک ہارون شاہد صفدر اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، لاہور، ریٹائر ہو جائیں گے اور سال 2024 کے لیے دوبارہ تقرری کے اہل ہوں گے۔

آڈٹ کمیٹی نے میسرز ملک ہارون شاہد صفدر اینڈ کمپنی کی تقرری کی سفارش کی۔ اگلے سال 2024 کی مدت کے لیے ایکسٹرنل آڈیٹر کی حیثیت سے 28 اکتوبر 2023 کو ہونے والی ان کی آئندہ سالانہ جنرل میٹنگ میں شیئر ہولڈرز کی منظوری سے مشروط ہے۔

اعترافات

ہم اس موقع پر اپنے صارفین، سپلائرز اور بینکرز کا شکریہ ادا کرنا چاہیں گے کہ وہ کمپنی کی ترقی میں مسلسل تعاون کر رہے ہیں۔ ہم امید کرتے ہیں کہ یہ تعاون مستقبل میں بھی جاری رہے گا۔

ہم اپنی پرعزم اور باصلاحیت ٹیم کے ایگزیکٹوز، عملے اور کارکنوں کا بھی شکریہ ادا کرنا چاہیں گے کہ کمپنی کی سال بھر کی کارکردگی کے لیے سخت محنت کی۔ ہم اپنے ملازمین سے اگلے سال مزید بہتر نتائج حاصل کرنے کے لیے مسلسل کوششوں کی توقع کرتے ہیں۔ اور آخر میں، انتظامیہ کمپنی کے مسلسل تعاون، اور رہنمائی کے لیے بورڈ کی شکر گزار ہے جو انشاء اللہ اس کے تمام اسٹیک ہولڈرز کے لیے بہت زیادہ فائدہ مند ثابت ہو گا۔

بورڈ کے لیے اور اس کی جانب سے



(طاہر جہانگیر)

چیئرمین



(جیلانی جہانگیر)

چیف ایگزیکٹو آفیسر

لاہور

بتاریخ: 103 اکتوبر 2023



STATEMENT OF COMPLIANCE

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019
For the Year Ended June 30, 2022

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

1. The total number of directors are Seven (7) as per the following:
 - a. Male: 5
 - b. Female: 2

2. The composition of board is as follows:

Category	Names
Independent Director(s)	i. Mr. Rashid Ahmad Khan ii. Mr. Hassan Ahmed
Non-Executive Directors	i. Mr. Tah ir Jahangir
Executive Directors	i. Mr. Jillani Jahangir ii. Mr. Abdul Munaf
Female Directors	i. Mrs. Munizae Jahangir ii. Mrs. Sulema Jahangir

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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these 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 board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board of Directors of the Company consist of seven (7) eminent directors, out of which one (1) director is already certified under the Director's Training Program and two (2) directors are exempted. During the year under review no Director's Training Program was arranged by the company, however, the remaining directors will acquire the required directors' training within the time specified in the Regulations.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

STATEMENT OF COMPLIANCE

With the Code of Corporate Governance as at Ended June 30, 2023

11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:
- | | | |
|----|--|----------|
| a) | Audit Committee | |
| 1. | Mr. Rashid Ahmad Khan (Independent Director) | Chairman |
| 2. | Mrs. Munizae Jahangir (Non-Executive Director) | Member |
| 3. | Mrs. Sulema Jahangir (Non-Executive Director) | Member |
| b) | HR and Remuneration Committee | |
| 1. | Mr. Rashid Ahmad Khan- (Independent Director) | Chairman |
| 2. | Mr. Jillani Jahangir (Executive Director) | Member |
| 3. | Mrs. Munizae Jahangir (Non-Executive Director) | Member |
| 4. | Mrs. Sulema Jahangir (Non-Executive Director) | Member |
13. The terms of reference of the aforesaid committees have been formed, documented, and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
- | | | |
|----|--|--|
| a) | Audit Committee: | |
| | Four quarterly meetings were held during the financial year ended June 30, 2023 | |
| b) | HR and Remuneration Committee | |
| | One Meeting of HR and Remuneration Committee was held during the financial year ended June 30, 2023. | |
15. The board has set up an effective internal audit function which is considered suitably qualified, experienced for the purpose and 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 ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or 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 other requirements of the Regulations have been complied with.
19. The two elected independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently, as per applicable laws and regulations. As they fulfill the necessary requirements as per applicable laws and regulations, hence, appointment of a third independent director is not warranted.



(Tahir Janahgir)
Chairman



(Jillani Jahangir)
CEO



KEY FINANCIAL DATA LAST SIX YEARS

Particulars	2023	2022	2021	2020	2019	2018
			(Re-stated)	(Re-stated)		
Subscribed and paid up capital	129,963,040	129,963,040	129,963,040	129,963,040	129,963,040	68,040,000
Reserves	14,431,926	17,341,491	21,084,442	16,357,160	19,585,154	24,230,233
Long term loan-secured	3,167,500	6,918,795	12,834,045	7,431,103	-	-
Deferred liabilities	34,646,760	29,424,667	29,122,358	43,545,593	46,031,274	44,577,951
Current liabilities	179,677,829	189,854,689	187,652,811	174,688,397	154,498,937	151,025,102
Operating fixed assets	276,369,713	280,264,376	158,099,285	150,199,499	146,056,870	87,750,348
Current assets	255,996,348	246,723,435	237,559,495	237,197,755	202,438,384	191,227,176
Revenue	648,203,941	549,650,906	389,822,084	346,416,594	385,706,915	314,091,422
Gross profit	139,124,083	100,375,399	83,837,751	70,327,471	70,358,009	55,314,814
Operating Profit	44,039,691	23,377,734	19,189,792	13,971,447	13,569,476	12,663,332
Profit before taxation	25,227,444	17,606,691	10,554,172	8,157,780	11,967,273	8,541,619
Profit after taxation	18,934,374	11,784,446	7,042,639	12,883,275	7,839,313	5,421,326



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS

On the Statement of Compliance Contained in the 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 Hala Enterprises Limited for the year ended **June 30, 2023** in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended **June 30, 2023**.

Lahore

Dated: October 03, 2023

UDIN: CR2023102069pwHsBC3y

Malik Haroon Shahid Safder & Co.

Chartered Accountants

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





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



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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

On the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Hala Enterprises Limited** (the Company), which comprise the statement of financial position as at **June 30, 2023** and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, 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 **June 30, 2023** and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the 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



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Following are the Key audit matters:

Sr. No	Key audit matter	How the matter was addressed in our audit
1.	<p>Revenue recognition</p> <p>The Company is engaged in the manufacturing of terry towels, kitchen towels and terry cloth. The Company primarily generates revenue from exports & local sales. The revenue recognition policy has been explained in note 5.18 and the related amounts of revenue recognised during the year are disclosed in note 29 to the financial statements.</p> <ul style="list-style-type: none"> • Revenue from the exports and local sales is measured at invoice price net of export rebates and duty drawback and is recognised when control of goods is transferred to the customer. • We consider revenue recognition as a key audit matter due to revenue being one of the key performance indicators, and because of the potential risk that revenue transactions may not have been recognised on a point-in-time basis i.e. When control of goods is transferred to the customer, in line with the accounting policy adopted and may not have been recognised in the appropriate period. 	<p>Our audit procedures in relation to the matter, amongst others, included the following:</p> <ul style="list-style-type: none"> • Evaluated the appropriateness of the Company's revenue recognition accounting policy as per requirements of IFRS-15 and ensure that the revenue is recognised in the appropriate accounting period and based on transfer of control of goods to the customer. • Obtained an understanding of management's internal controls over the revenue process and tested effectiveness of controls relevant to such process. • Check on a sample basis to ensure that the exports and local sales are recorded appropriately at the correct quantity and price when control of goods has been transferred to the customer. • Performed sales cut-off procedures on a sample basis, on specific revenue transactions recorded before and after the reporting date with underlying documentation including evidence of deliveries to assess whether revenue was recognised in the correct period. • Checked that the presentation and appropriateness of disclosures related to revenue are in accordance with requirements of 4th Schedule of Companies Act, 2017 and International Financial Reporting Standards (IFRSs).

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.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

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.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII 1980).

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

Malik Haroon Ahmad, FCA.

Lahore

Dated: October 03, 2023

UDIN: AR202310206mMspedf1z

Malik Haroon Shahid Safder & Co
Chartered Accountants



STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
AUTHORIZED SHARE CAPITAL			
16,000,000 (2022: 16,000,000) ordinary shares of Rs. 10 each		<u>160,000,000</u>	160,000,000
Issued, subscribed and paid up capital	6	129,963,040	129,963,040
Capital reserves			
Surplus on revaluation of property, plant and equipment	7	223,302,128	231,780,100
Fair value reserve of financial assets at FVOCI	8	5,157,639	8,067,204
Other capital reserves		2,274,287	2,274,287
		230,734,054	242,121,591
Revenue reserves			
Other revenue reserve		7,000,000	7,000,000
Accumulated loss		(37,880,120)	(61,064,404)
		(30,880,120)	(54,064,404)
Total Share Capital and Reserves		329,816,974	318,020,227
NON CURRENT LIABILITIES			
Deferred liabilities	9	34,646,760	29,424,667
Long term borrowings	10	3,167,500	6,918,795
Total Non Current Liabilities		37,814,260	36,343,462
CURRENT LIABILITIES			
Trade and other payables	11	42,789,522	55,450,486
Accrued mark up	12	4,645,835	929,889
Short term borrowings	13	125,125,000	125,850,000
Current portion of deferred Government grant	9	-	28,247
Current portion of long term borrowings	10	2,234,000	3,731,810
Due to related parties	14	4,883,472	3,864,257
Provision for taxation	15	-	-
Total Current Liabilities		179,677,829	189,854,689
LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE	16	3,775,000	3,775,000
CONTINGENCIES AND COMMITMENTS	17		
TOTAL EQUITY AND LIABILITIES		551,084,063	547,993,378

**CHIEF EXECUTIVE
OFFICER**

**CHIEF FINANCIAL
OFFICER**

DIRECTOR



STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	18	276,369,713	280,264,376
Long term investments	19	6,341,273	9,250,838
Long term deposits	20	5,660,617	5,038,617
Total Non-Current Assets		288,371,603	294,553,831
CURRENT ASSETS			
Stores, spares and loose tools	21	5,352,040	4,747,685
Stock in trade	22	89,409,049	84,328,729
Trade debts	23	43,150,049	46,692,624
Advances, deposits, prepayments and other receivables	24	53,918,090	48,637,812
Tax refund due from Government	25	53,216,983	39,894,482
Due from related parties	26	8,598,837	11,694,910
Cash and bank balances	27	2,351,300	10,727,193
Total Current Assets		255,996,348	246,723,435
NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE	28	6,716,112	6,716,112
TOTAL ASSETS		551,084,063	547,993,378

The annexed notes from 1 to 49 form an integral part of these financial statements.

**CHIEF EXECUTIVE
OFFICER**

**CHIEF FINANCIAL
OFFICER**

DIRECTOR



STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
Revenue	29	648,203,941	549,650,906
Cost of revenue	30	(509,079,858)	(449,275,507)
Gross profit		139,124,083	100,375,399
Operating expenses			
- Selling and distribution costs	31	(59,747,327)	(49,768,281)
- Administrative expenses	32	(29,032,422)	(25,255,403)
- Other operating expenses	33	(6,304,643)	(1,973,981)
		(95,084,392)	(76,997,665)
Operating profit		44,039,691	23,377,734
Finance cost	34	(21,521,555)	(11,050,210)
Other income	35	2,709,308	5,279,167
Profit before taxation		25,227,444	17,606,691
Taxation	36	(6,293,070)	(5,822,245)
Profit after taxation and before disposal of assets held for sale		18,934,374	11,784,446
Gain on disposal of land held for sale		-	-
Net profit for the year		18,934,374	11,784,446
Earnings per share			
- Basic and Dilutive	37	1.46	0.91

The annexed notes from 1 to 49 form an integral part of these financial statements.

**CHIEF EXECUTIVE
OFFICER**

**CHIEF FINANCIAL
OFFICER**

DIRECTOR



STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
Net profit for the year		18,934,374	11,784,446
Other Comprehensive Income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Actuarial loss due to experience adjustment on remeasurement of staff retirement benefits	9.1.1	(4,228,062)	(3,264,125)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Gain on revaluation of land, building and plant & machinery		-	126,219,773
Net gain/(loss) on remeasurement of investment designated as FVOCI	8.1	(2,909,565)	(3,742,951)
Total other comprehensive income for the year		(7,137,627)	119,212,697
Total Comprehensive income for the Year		11,796,747	130,997,143

The annexed notes from 1 to 49 form an integral part of these financial statements.

**CHIEF EXECUTIVE
OFFICER**

**CHIEF FINANCIAL
OFFICER**

DIRECTOR

STATEMENT OF CHANGES IN EQUITY

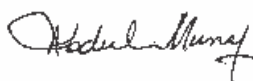
FOR THE YEAR ENDED JUNE 30, 2023

Particulars	Share Capital	Capital Reserves				Revenue Reserves			Total Share Capital and Reserves
		Surplus on Revaluation of Property, Plant and Equipment	Fair Value Reserve of Financial Assets at FVOCI	Other Capital Reserve	Total Capital Reserves	Other Revenue Reserve	Accumulated Loss	Total Revenue Reserves	
Rupees									
Balance as at July 01, 2021	129,963,040	108,136,803	11,810,155	2,274,287	122,221,245	7,000,000	(7,161,201)	(65,161,201)	187,023,084
Total Comprehensive income for the year									
Net profit for the year	-	-	-	-	-	-	11,784,446	11,784,446	11,784,446
Other comprehensive loss for the year	-	-	(3,742,951)	-	(3,742,951)	-	(3,264,125)	(3,264,125)	(7,007,076)
	-	-	(3,742,951)	-	(3,742,951)	-	8,520,321	8,520,321	4,777,370
Addition in surplus on revaluation of property, plant & equipment	-	126,219,773	-	-	126,219,773	-	-	-	126,219,773
Incremental depreciation for the year due to surplus on revaluation of property, plant and equipment transferred to equity	-	(1,811,395)	-	-	(1,811,395)	-	1,811,395	1,811,395	-
Surplus realized on disposal of plant and machinery	-	(765,081)	-	-	(765,081)	-	765,081	765,081	-
Balance as at June 30, 2022	129,963,040	231,780,100	8,067,204	2,274,287	242,121,591	7,000,000	(61,064,404)	(54,064,404)	318,020,227
Balance as at July 01, 2022	129,963,040	231,780,100	8,067,204	2,274,287	242,121,591	7,000,000	(61,064,404)	(54,064,404)	318,020,227
Total Comprehensive income for the year									
Net profit for the year	-	-	-	-	-	-	18,934,374	18,934,374	18,934,374
Other comprehensive loss for the year	-	-	(2,909,565)	-	(2,909,565)	-	(4,228,062)	(4,228,062)	(7,137,627)
	-	-	(2,909,565)	-	(2,909,565)	-	14,706,312	14,706,312	11,796,747
Addition in surplus on revaluation of property, plant & equipment	-	-	-	-	-	-	-	-	-
Incremental depreciation for the year due to surplus on revaluation of property, plant and equipment transferred to equity	-	(8,227,669)	-	-	(8,227,669)	-	8,227,669	8,227,669	-
Surplus realized on disposal of plant and machinery	-	(250,303)	-	-	(250,303)	-	250,303	250,303	-
Balance as at June 30, 2023	129,963,040	223,302,128	5,157,639	2,274,287	230,734,054	7,000,000	(37,880,120)	(30,880,120)	329,816,974

The annexed notes from 1 to 49 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR



STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash generated from operations	38	42,177,048	55,936,516
Income tax paid		(6,471,170)	(5,735,227)
Finance cost paid		(17,805,609)	(11,012,208)
Gratuity paid	9.1.1	(8,680,635)	(6,772,247)
Payment of worker welfare fund		-	(309,324)
Payment of worker profit participation fund		(933,862)	(571,763)
Net cash outflow generated from/(used in) operating activities	A	8,285,772	31,535,747
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment	18	(10,499,502)	(4,165,535)
Dividend income	35	103,942	51,971
Proceeds from disposal of property, plant and equipment		330,000	810,000
Cash paid in long term deposits		(622,000)	-
Net cash (used) in investing activities	B	(10,687,560)	(3,303,564)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term loan		(5,249,105)	(8,225,244)
Proceeds from short term borrowings		(725,000)	(11,670,000)
Net Cash inflow (used in)/generated from financing activities	C	(5,974,105)	(19,895,244)
Net increase/(decrease) in Cash and Cash Equivalents	A+B+C	(8,375,893)	8,336,939
Cash and cash equivalents at the beginning of the year		10,727,193	2,390,254
Cash and cash equivalents at the end of the year		2,351,300	10,727,193

The annexed notes from 1 to 49 form an integral part of these financial statements.

**CHIEF EXECUTIVE
OFFICER**

**CHIEF FINANCIAL
OFFICER**

DIRECTOR



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

1 THE COMPANY AND ITS OPERATIONS

- Hala Enterprises Limited ("the Company") was incorporated in Pakistan under the repealed Companies Act, 1913 (now the Companies Act, 2017) as a Private Limited Company on May 16, 1973 which was subsequently converted into a Public Limited Company. The Company is primarily engaged in manufacturing and sale of terry towels, kitchen towels and terry cloth.

1.1 Investment in associates

- Details of the Company's investment in associated companies are stated in note 19 to these financial statements.

1.2 Geographical location and addresses of business units

- 1. The registered office of the Company is located at 17.5 KM Sheikhpura Road, Lahore.
- 2. Manufacturing facilities are located at 17.5 KM Sheikhpura Road, Lahore and 42 KM Ferozpur Road, Lahore.
- 3. Administration and management office is situated at House No, 120 E1, Gulberg III, Lahore.

2 BASIS OF PREPARATION

2.1 Statement of compliance

- These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:
 - International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
 - Provisions of and directives issued under the Companies Act, 2017.
- Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

- These financial statements have been prepared under the historical cost convention except to the extent of the following:

- Employee retirement benefits (Gratuity)	→	Present value
- Certain property plant and equipment	→	Revalued / Fair value
- Certain financial instruments	→	Fair value

2.3 Functional and presentation currency

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

3 USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

- The preparation of financial statements in conformity with IFRS's requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, incomes and expenses. These estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

- The estimates and underlying assumptions are reviewed on an ongoing basis. The revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.
- Judgments made by the management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are as under:

3.1 Estimated useful lives, residual values, method of depreciation and revalued amounts of items of property, plant and equipment

- The Company reviews the estimated useful lives, residual values and method of depreciation of property, plant and equipment on regular basis. For land, building, plant & machinery and fittings and electric installations revalued amounts is determined. Revaluation of property, plant and equipment is carried out by independent professional valuers. Revalued amounts of nondepreciable items are determined by reference to local market values and that of depreciable items are determined by reference to present depreciated replacement values. Refer to note 42.3.1 for an analysis of sensitivity of revalued amounts of property, plant and equipment. Further where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis. Any change in such estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on the depreciation charge and impairment.

3.2 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.

3.3 Impairment

3.3.1 Impairment of financial assets

- The allowance for expected credit losses assessment requires a degree of estimation and judgment. The Company measures allowances for Expected Credit Losses (ECLs) for trade debts using IFRS 9 'Financial Instruments' simplified approach 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 after considering the pattern of receipts from and future financial outlook of the counterparty and are reviewed by the management on regular basis.
- While general 3-stage approach for all other financial assets including deposits, advances, other receivables and bank balances i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. Any change in the estimates in future years might affect the carrying amounts of the respective items of assets with a corresponding effect on income.

3.3.2 Impairment of non-financial assets

- The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated using criteria given in respective accounting standards to determine the extent of impairment loss, if any.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

3.4 Employees' retirement benefits - gratuity

- The Company records its employees' retirement benefits at present value using actuarial assumptions regarding increase in salaries in subsequent years, remaining working lives of employees and an estimate of discount rates. Change in actuarial assumptions over the period of time may affect the present value of post-employment benefits payable and the charge for such liability accounted for in any given period.

3.5 Provision for stores, spares & loose tools and stock in trade

- The Company records its stores, spares & loose tools and stock in trade using lower of cost and net realizable value. Net realizable value is determined with reference to estimated selling price less estimated cost to complete and estimated cost necessary to make the sales. Valuation of the stores and spares and stock in trade is reviewed at regular intervals for determination of possible impairment, if any. Any possible impairment may change the future value of stores, spares & and stock in trade.
- Provision for obsolete and slow-moving inventories is based on management's estimate of the condition and usability of stores, spares & loose tools and stock in trade.

3.6 Taxation

- Significant judgment is required in determining the provision for income taxes. There are few transactions and calculations for which ultimate tax determination is uncertain as these matters are being contested at various legal forums. The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Instance where the management of the Company's view differs from the view taken by the taxation authorities at the assessment stage and where the management considers that its view on items of material nature is in accordance with law, the amounts are shown as contingency. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax expense, assets and liabilities in the period in which such determination is made.

3.7 Provisions and contingencies

- A provision is recognized as a result of past event when the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the liability. The un-winding of discount is recognized as finance cost, if any.
- Where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation can not be measured with sufficient reliability, it is disclosed as contingent liability.

3.8 Financial instruments – fair value

- When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

4 CHANGES IN ACCOUNTING STANDARDS, INTERPRETATIONS AND PRONOUNCEMENTS

4.1 Standards, interpretations and amendments to published approved accounting standards that became effective during the year

- The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2021 are considered relevant for the Company's financial statements are as follows:

Amendments or Improvements	Effective date (Annual periods beginning on or after)
1- Interest Rate Benchmark Reform – Phase 2 - (Amendments to	January 01, 2021
2- Amendment to IFRS 16 'Leases' - Covid-19 related rent	April 01, 2021

- The adoption of the above amendments to the approved accounting standards did not have any material effect on the Company's financial statements.

4.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant

- The following standards, amendments and improvements to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, amendments or improvements:

Amendments or Improvements	Effective date (Annual periods beginning on or after)
- IFRS 3 Reference to the Conceptual Framework (Amendments)	January 1, 2022
- IAS 16 Property, Plant and Equipment: Proceeds before	January 1, 2022
- IAS 37 Onerous Contracts – Costs of Fulfilling a Intended Use	January 1, 2022
- IAS 1 Classification of Liabilities as Current or Non-Contract	January 1, 2023
- IAS 1 Disclosure of Accounting Policies current (Amendments)	January 1, 2023
- IAS 8 Definition of Accounting Estimates (Amendments)	January 1, 2023
- IAS 12 Deferred tax related to Assets and Liabilities (Amendments)	January 1, 2023
- IFRS 10 /IAS 28 Sale or Contribution of Assets between an Investor	Not yet finalised

- Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

IFRS 9	Financial Instruments – Fees in the '10 percent'	January 1, 2022
IAS 41	Agriculture – Taxation in fair value measurements	January 1, 2022
IFRS 16	Leases: Lease incentives	January 1, 2022

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Amendments or Improvements	IASB effective date (annual periods beginning on or after)
IFRS 17 Insurance Contracts	January 1, 2023

The Company expects that above standards, amendments and improvements to approved accounting standards will not have any material impact on the Company's financial statements in the period of initial application.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

5 SIGNIFICANT ACCOUNTING POLICIES

- The accounting policies set out below have been applied consistently to all periods presented in these financial statements except for the changes of adoption of new accounting standards as indicated in Note 4.1 and the changes as indicated below:

5.1 Provisions

- Provisions for legal claims, service warranties and good obligations are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.
- Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.
- Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.
- 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.

5.2 Staff retirement benefits

5.2.1 Defined benefit plan

- The Company operates an unfunded gratuity scheme covering all its permanent employees. Employees are eligible for benefits under this scheme after completion of six months of continuous service. The benefit is calculated on the basis of number of completed years of service and last drawn gross salary.
- As at reporting date the Company records staff retirement benefits liability based on actuarial valuation, which is carried out using the projected unit credit method. All actuarial gains and losses (i.e. remeasurements) are recognized in "other comprehensive income" as they occur.

5.3 Taxation

5.3.1 Current

- The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period (i.e. taxable income at the current tax rate after taking into account applicable tax credits, rebates and exemptions available, if any, or minimum taxation at the rate of one percentage of the turnover, or alternate corporate tax at the rates applicable for the time being, whichever is higher, however, for income covered under final tax regime, taxation is based on applicable tax rates under such regime).



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

- Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.
- Current tax is recognized in 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.
- Current tax assets and tax liabilities are offset, where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

5.3.2 Deferred

- Deferred taxation has not been provided using the liability method for all temporary differences at the date of statement of financial position between tax bases of assets and liabilities and their carrying amount for financial reporting purposes. In this regard the effects on deferred taxation of the portion of income subject to final tax regime is considered in accordance with the requirement of "Technical Release - 27 " of the Institute of Chartered Accountants of Pakistan.

5.3.3 Sales Tax

- Revenues, expenses, assets and liabilities are recognized net of the amount of sales tax except:
 - (a) Where the sales tax incurred on purchase of assets or services is not recoverable from the taxation authority, the sales tax is recognized as part of the cost of acquisition of the asset or as part of expense, as applicable.
 - (b) When receivables and payable are stated with the amount of sales tax included.
- The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Sales tax assets and liabilities are offset when balances relate to the same taxation authority.

5.4 Trade and other payables

- Trade creditors and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. These are recognized initially at their fair value which is consideration to be paid in future for goods and services received, whether or not billed to the Company and subsequently measured at amortized cost using the effective interest method. These are presented as current liabilities unless payment is not due within 12 months after the reporting period.
- Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

5.5 Property, plant and equipment

5.5.1 Owned assets

- Property, plant and equipment are stated at revalued amount/cost less accumulated depreciation and identified impairment losses, if any, except freehold land which is stated at revalued amount. Revaluation is carried out with sufficient regularity to ensure that the carrying amounts of assets do not differ materially from their fair values. Additions, subsequent to revaluation, are stated at cost less accumulated depreciation and any identified impairment loss.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

- The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Cost in relation to certain assets also includes cost of borrowing during construction period in respect of loans taken for specific asset/projects.
- The management reviews the market value of revalued assets at each date of statement of financial position to ascertain whether the fair value of revalued assets have differed materially from the carrying value of such assets, thus necessitating further revaluation.
- Depreciation on property, plant and equipment, except freehold land, is charged to statement of profit or loss using reducing balance method so as to write off the cost or revalued amount of an asset over its estimated useful life. Incremental depreciation representing the difference between actual depreciation based on revalued carrying amount of the asset and equivalent depreciation based on the original carrying amount of the asset is transferred to equity from surplus on revaluation of property, plant and equipment.
- Depreciation on additions is charged from the day on which the assets are available for use while no depreciation will be charged from the day on which the assets are disposed off. Rates of depreciation are disclosed in note 18.
- Depreciation method, residual value and useful lives of assets are reviewed at least at each financial year end and adjusted if impact on depreciation is significant.
- Maintenance and normal repairs are charged to income as and when incurred. Major renewals and replacements are capitalized. Gains or losses on disposal of property, plant and equipment are included in the current year's income.
- Increases in the carrying amounts arising due to revaluation are credited to revaluation surplus on property, plant and equipment. Decreases that offset previous increases of any other fixed asset of the Company are debited against revaluation surplus directly in equity. All other decreases are charged to the statement of profit or loss.

5.5.2 Capital work-in-progress

- Capital work-in-progress is stated at cost less any identified impairment loss.

5.5.3 Advance against capital assets

Advance against capital assets is stated at cost less impairment loss, if any. Transfers are made to relevant asset category as and when assets are available for intended use.

5.6 Leases

- The Company recognizes a right-to-use ("RTU") asset and a RTU liability at the lease commencement date. The RTU asset is initially measured at cost which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

- The RTU asset is depreciated from the commencement date to the earlier of the end of the useful life of the RTU asset or to the end of the lease term. The estimated useful lives of RTU assets are determined on the same basis as those of property, plant and equipment. In addition, the RTU asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.
- The RTU liability, or lease liability, is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the Company's incremental borrowing rate. The RTU liability is remeasured when there is a change in future lease payments such as a change in the Company's estimate of the amount expected to be payable under a residual value guarantee or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.
- The Company has elected not to recognize RTU assets for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

5.7 Impairment of non-financial assets

- The Company assesses the carrying amount of non financial assets at each reporting date to determine whether there is any indication of impairment loss. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in the statement of profit or loss. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss. Where an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount over its estimated useful life.

5.8 Investments

5.8.1 In associated undertakings

- Investments in associates are accounted for using the equity method. This method is applied from the date when significant influence is established until the date when that significant influence ceases.

5.8.2 Other investments

- The Company classifies all other investments into following three categories as financial asset:
 - fair value through profit or loss (FVTPL); and
 - fair value through other comprehensive income (FVOCI);
 - measured at amortized cost.
- See financial assets recognition, measurement and derecognition criteria as described in policy of financial assets (Ref: note 5.14).



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

5.9 Stores, spares and loose tools

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

5.10 Stock in trade

- These are valued at lower of cost and net realizable value and the cost is determined by using the following basis:
 - Raw materials → At weighted average cost
 - Work in process → At estimated average manufacturing cost
 - Finished goods → Average manufacturing cost
- Manufacturing cost in relation to work-in-process and finished goods comprises cost of materials, labour and appropriate manufacturing overheads.
- Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make a sale. If the net realizable value is lower than the carrying amount, a write-down is recognized for the amount by which the carrying amount exceeds its net realizable value. Provision is made in the financial statements for obsolete and slow moving stock in trade based on management estimate.

5.11 Trade debts

- Trade debts are amounts due from customers for goods sold in the ordinary course of business. Trade debts are recognized initially at the original invoice amount being the fair value, unless they contain significant financing component in which case such are recognized at fair value. The Company holds the trade debt with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortized cost using the effective interest rate method as per IFRS 9.
- The Company recognizes life time ECL on trade debts, using the simplified approach. The measurement of ECL reflects:
 - an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
 - reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.
- Trade debts are separately assessed for ECL measurement. The lifetime expected credit losses are estimated using the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

5.11.1 Recognition of loss allowance

- The Company recognizes a loss allowance in the statement of profit or loss for trade debts with a corresponding adjustment to their carrying amount through a loss allowance account. Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 360 days past due in making a contractual payment.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

5.11.2 Write-off

- The Company write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.
- Exchange gains or losses arising in respect of account receivables/due from customers against progress billings/ retention money in foreign currency are added to their respective carrying amounts.

5.12 Cash and cash equivalents

- Cash and cash equivalents are carried at amortized cost. Cash and cash equivalents in the statement of financial position comprise cash at banks, cash in hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.
- For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term bank deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

5.13 Non-current assets (or disposal group) classified as held for sale

- Non-current assets (or disposal group) are classified as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets (or disposal groups) are measured at the lower of their carrying amount and fair value less cost to sell. Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

5.14 Financial instruments

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

(A) Financial assets

(a) Initial recognition and measurement

- Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.
- The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially 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. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.
- In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

- The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.
- Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

(b) Subsequent measurement

- For purposes of subsequent measurement, financial assets are classified in following categories:
 - (i) Financial assets at amortized cost (debt instruments)
 - (ii) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
 - (iii) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
 - (iv) Financial assets at fair value through profit or loss

(i) Financial assets at amortized cost (debt instruments)

- This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:
 - The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
 - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in statement of profit or loss when the asset is derecognized, modified or impaired.
- The Company's financial assets at amortized cost includes:
 - Long term investments
 - Long term deposits
 - Trade debts
 - Advances, deposits, prepayments and other receivables
 - Due from related parties
 - Cash and bank balances

(ii) Financial assets at fair value through OCI (debt instruments)

- The Company measures debt instruments at fair value through OCI if both of the following conditions are met:
 - (i) The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
 - (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

(iii) Financial assets designated at fair value through OCI (equity instruments)

- Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under "(IAS 32 Financial Instruments: Presentation)" and are not held for trading. The classification is determined on an instrument-by-instrument basis.
- Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

(iv) Financial assets at fair value through profit or loss

- Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.
- This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established.
- A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

(b) Derecognition

- A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:
 - (i) The rights to receive cash flows from the asset have expired.
 - (ii) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement **and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.**
- When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

(c) Impairment of financial assets

- The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.
- ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).
- For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.
- For debt instruments at amortized cost (other than trade receivables and contract assets) and fair value through OCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.
- The Company's debt instruments at fair value through OCI that are considered to be low credit risk investments, it is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from the Good Credit Rating Agency both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.
- The Company considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(B) Financial liabilities

(a) Initial recognition and measurement

- Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, and financial liabilities at amortized cost, as appropriate.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

- All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.
- The Company's financial liabilities include:
 - Long term borrowings
 - Trade and other payables
 - Accrued mark up
 - Short term borrowings
 - Due to related parties

(b) Subsequent measurement

- The measurement of financial liabilities depends on their classification, as described below:

(i) Financial liabilities at fair value through profit or loss

- Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.
- Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.
- Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.
- Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

(ii) Financial liabilities at amortized cost (loans and borrowings)

- This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.
- Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.
- This category generally applies to interest-bearing loans and borrowings.

(c) Derecognition

- A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

(C) 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.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

(D) Fair value measurement

- Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

5.15 Fair value measurement

- Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.
- The different levels of fair valuation method have been defined as follows:
 - Level 1** Quoted prices in active markets for identical assets or liabilities;
 - Level 2** Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
 - Level 3** Inputs for the asset or liability that are not based on observable market data.

5.16 Foreign currency transactions and translations

- Transactions in foreign currencies are converted into Pakistani Rupees at the rates of exchange prevailing on the date of the transactions.
- Monetary assets and liabilities in foreign currencies are translated into Rupees at rates prevailing at the reporting date.
- Foreign currency gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss.
- Foreign exchange differences arising from trading transactions are included in the results of operating activities whereas exchange differences on financing activities are included in finance costs.
- All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.
- Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial recognition of transactions.
- Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as investments held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as investments measured at fair value through OCI are recognized in other comprehensive income.
- In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

- The exchange rates of the major currencies that impact the operations are:

Exchange rates used for conversions in Pakistani Rupees (PKR)				
Currency	Closing rate as of		Average rate for the year ended	
	June 30,		June 30,	
	2023	2022	2023	2022
- United States Dollar (USD)	286.60	205.50	252.49	177.56
- European Union Euro (EURO)	313.72	215.23	266.62	196.53

5.17 Related party transactions

- Transactions with related parties are carried out by the Company at arms' length prices, whereas transactions lacking commercial substance are conducted at mutually agreed prices in accordance with policy approved by Board of Directors, where majority of the directors are interested in any transaction with approval of Members as prescribed under section 208 of Companies Act, 2017.

5.18 Revenue recognition

5.18.1 From sale of goods to customer

- Revenue is recognized in statement of profit or loss in accordance with the pattern of satisfying the Company's performance obligations under a contract. This satisfaction occurs when control of a good or service transfers to the customer. Revenue is measured at the fair value of the consideration received or receivable, and is recognized on the following basis:
 - Revenue from sale of goods and scrap sales is recognized when control of goods have been transferred to a customer at a point in time when the performance obligation is met (generally at the time of delivery). Generally, the normal credit term is 30 to 60 days upon delivery.

5.18.2 Others income

- Return on long-term deposits, due from related parties and return on bank deposits at amortized cost are accounted for using the effective interest rate method.
- Dividends on equity investments are recognized as income when the Company's right to receive the dividends is established.
- Revenue from processing income is recognized when processing services are rendered.
- Duty draw back and export rebates are recognized as income when bill of lading of related export sales are received.
- Income from lease rentals is recognized on straight line basis over the term of the respective lease agreement.

5.19 Segment reporting

- Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. Segment results, assets and liabilities include items directly attributable to a segment. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

5.20 Earnings per share (EPS)

- The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares.
- Basic earnings per share is calculated by dividing the profit and loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

- Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

5.21 Contingencies and commitments

5.21.1 Commitments

- Commitments are disclosed in note 17 to the financial statements.

5.21.2 Contingencies

(a) 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.

(b) Contingent liabilities

- Contingent liability is disclosed when:
 - (i) there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
 - (ii) there is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measure with sufficient reliability.
- 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.

5.22 Borrowing costs

- Borrowing costs are recognized as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalized as part of the cost of the asset until such time as the asset is substantially ready for its intended use or sale.
- Borrowing costs includes exchange differences arising from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs and net gain / loss on the settlement of derivatives hedging instruments.

5.23 Dividend and other appropriations

- Dividend 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. However, if these are declared/approved after the reporting period but before the financial statement are authorized for issue, disclosure is made in the financial statements.

5.24 Share Capital

- Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

5.25 Government Grant

- Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. As the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

6 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2023	2022	Particulars	2023	2022
Number of shares	Number of shares		Rupees	Rupees
2,336,920	2,336,920	Ordinary shares of Rs. 10 each fully paid in cash	23,369,200	23,369,200
1,443,080	1,443,080	Ordinary shares of Rs. 10 each issued as bonus shares	14,430,800	14,430,800
9,216,304	9,216,304	Ordinary shares of Rs. 10 each issued otherwise than right issue	92,163,040	92,163,040
12,996,304	12,996,304		129,963,040	129,963,040

6.1 Ordinary shares of the Company held by associated companies and directors as at the year end are as follows:

Sr#	Parties	Note	2023 Rupees	2022 Rupees
1	Teejay Corporation (Private) Limited		3,939,393	3,939,393
2	Premier Garments Limited		40,000	40,000
3	Mr. Tahir Jahangir		3,159,383	3,159,383
4	Mrs. Munizae Jahangir		821,941	821,941
5	Mrs. Sulema Jahangir		5,818	5,818
6	Mr. Jillani Jahangir		2,934,887	2,935,887
7	Mrs. Myra Husain Qureshi		192,900	192,900
8	Mr. Abdul Munaf		500	500
9	Mr. Rashid Ahmad Khan		1,000	1,000
10	Mr. Hassan Ahmed		1,000	-
			11,096,822	11,096,822

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

	2023	2022
	-----Number of shares-----	
Opening shares	12,996,304	12,996,304
Issued during the year	-	-
Closing shares	12,996,304	12,996,304



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
7 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
Land - freehold	7.1.1	133,498,480	133,498,480
Buildings on freehold land	7.1.2	30,409,366	32,009,859
Plant and machinery	7.1.3	59,381,350	66,257,392
Fittings and installations	7.1.4	12,932	14,369
Total Surplus on Revaluation of Property, Plant and Equipment		223,302,128	231,780,100
7.1.1 Revaluation Surplus on Land			
Freehold land-Opening balance		126,868,760	74,578,760
Land classified as held for sale-Opening balance		6,629,720	6,629,720
		133,498,480	81,208,480
Addition in revaluation surplus during the year		-	52,290,000
Closing balance		133,498,480	133,498,480
7.1.2 Revaluation Surplus on Buildings on Freehold Land			
Opening balance		32,009,859	16,098,584
Addition in revaluation surplus during the year		-	16,716,204
Incremental depreciation charge transferred to accumulated profits during the year	7.2	(1,600,493)	(804,929)
Closing balance		30,409,366	32,009,859
7.1.3 Revaluation Surplus on Plant and Machinery			
Opening balance		66,257,392	10,813,773
Addition in revaluation surplus during the year		-	57,213,569
Incremental depreciation charge transferred to accumulated profits during the year	7.2	(6,625,739)	(1,004,869)
Surplus realized on disposal of plant and machinery	7.1	(250,303)	(765,081)
Closing balance		59,381,350	66,257,392
7.1.4 Revaluation Surplus on Fittings and Installations			
Opening balance		14,369	15,966
Incremental depreciation charge transferred to accumulated profits during the year	7.2	(1,437)	(1,597)
Closing balance		12,932	14,369
7.1 Surplus Realized on Disposal of Fixed Assets			
Land - Classified as held for sale		-	-
Plant and machinery sold during the year		250,303	765,081
		250,303	765,081



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
7.2 Incremental Depreciation Charge Transferred to Accumulated Profits			
Buildings on freehold land		1,600,493	804,929
Plant and machinery		6,625,739	1,004,869
Fittings and installations		1,437	1,597
		8,227,669	1,811,395

7.3 Revaluation of land, building, plant and machinery and fittings & electric installation was carried out by an independent valuer as at June 30, 1996 that was duly certified by an independent firm of Chartered Accountants. This resulted in revaluation surplus of Rs. 54.41 million. Present market value in case of land and depreciated replacement values were used for the revaluation of property, plant and equipment.

- Further, revaluation of land, building, plant and machinery and fittings & electric installation were carried out by an independent valuer on June 30, 2014 and that resulted in further revaluation surplus of Rs. 38.431 million.
- Further, revaluation of land, building, plant and machinery and fittings & electric installation were carried out by an independent valuer "SURVAL" on June 30, 2019 and that resulted in further revaluation surplus of Rs. 56.09 million.
- Latest revaluation of land, building, plant and machinery and fittings & electric installation were carried out by an independent valuer "SURVAL" on June 30, 2022 and that resulted in further revaluation surplus of Rs. 126.22 million. Following assets were revalued:

(1.) - Land (2.) - Building (3.) - Plant and machinery (4.) - Fittings and electric installation

8 FAIR VALUE RESERVE OF FINANCIAL ASSETS AT FVOCI

Fair value reserve of financial assets at FVOCI	8.1	5,157,639	8,067,204
Total Fair Value Reserve of Financial Assets at FVOCI		5,157,639	8,067,204

8.1 Fair Value Reserve of Financial Assets at FVOCI

Opening balance		8,067,204	11,810,155
Fair value gain/(loss) on long term investments held at fair value through "Other Comprehensive Income"		(2,909,565)	(3,742,951)
Closing balance		5,157,639	8,067,204

9 DEFERRED LIABILITIES

Staff retirement benefits - unfunded	9.1	34,646,760	29,424,667
Deferred grant liability	9.2	-	-
Total Deferred Liabilities		34,646,760	29,424,667

9.1 Staff Retirement Benefits - Unfunded

This represents provision for gratuity for permanent employees and is based on length of service and last drawn gross salary. Latest actuarial valuation was carried out by "TRT Associates" actuaries & management consultants as at June 30, 2023.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees			
9.1.1 Movement in Net Liability for Staff Retirement Benefits						
Opening balance deferred liability		29,424,667	29,094,111			
Opening balance payables		12,965,389	12,441,554			
Charge for the year - to statement of profit or loss	9.1.2	4,999,662	4,362,513			
Payments made / approved during the year		(8,680,635)	(6,772,247)			
Actuarial loss due to experience adjustment on remeasurement of staff retirement benefits		4,228,062	3,264,125			
Closing gratuity balance payable to staff	11	(8,290,385)	(12,965,389)			
Closing balance		34,646,760	29,424,667			
9.1.2 Charge for the Year						
- The amounts recognized in the statement of profit or loss account against defined benefit scheme are as follows:						
Current service cost		1,366,267	1,817,906			
Interest cost		3,633,395	2,544,607			
		4,999,662	4,362,513			
9.1.3 Remeasurements chargeable in other comprehensive income						
Actuarial losses due to changes in financial assumptions		109,475	67,829			
Actuarial (gains)/losses due to experience adjustments		4,118,587	3,196,296			
Amount chargeable to other comprehensive income (OCI)		4,228,062	3,264,125			
9.1.4 Actuarial Assumptions						
Liability in statement of financial position and charge for the current year have been determined on the basis of following actuarial estimates provided by the actuary.						
- Discount rate - per annum		16.25%	13.25%			
- Expected rate of increase in salary level - per annum		15.25%	12.25%			
- Average expected remaining working life time of employees		8 years	8 years			
- Average duration of liability		5 years	5 years			
- Expected mortality rate for active employees		SLIC (2001-2005) Mortality Table				
- Actuarial valuation method		Projected Unit Credit Method				
9.1.5 The Company does not have any plan assets covering its staff retirement benefits payable. The comparative statement of present value of defined benefit obligations is as under:						
		2023	2022	2021	2020	2019
Particulars		----- Rupees -----				
Present value of defined benefit obligation		34,646,760	29,424,667	29,094,111	43,301,871	46,031,274
Fair value of plan asset		-	-	-	-	-
Net liability		34,646,760	29,424,667	29,094,111	43,301,871	46,031,274

9.1.6 Year end sensitivity analysis on defined benefit obligation

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Particulars	Note	2023	2022
		Rupees	Rupees
Impact on defined benefit obligation			
	Change in assumption	Increase in assumption	Decrease in assumption
	%	----- Rupees -----	
Discount rate			
- 2023	1%	32,965,608	36,414,451
- 2022	1%	27,996,905	30,925,925
Salary increase			
- 2023	1%	36,413,646	32,965,203
- 2022	1%	30,925,241	27,996,561
9.1.7 The expense charged into statement of profit or loss for the year has been allocated as follows:			
Cost of revenue	30	3,830,726	3,262,304
Administrative expenses	32	1,168,936	1,100,209
		<u>4,999,662</u>	<u>4,362,513</u>
9.2 Deferred Grant Liability			
Opening balance		-	367,198
Government grant recognized during the year		-	-
Less: Amortization of government grant		-	(338,951)
		-	<u>28,247</u>
Less: Current portion of deferred government grant		-	(28,247)
Non current portion of deferred grant liability		-	-
9.2.1 During the year, the Company received following concessional finance facility from JS Bank Limited:			
- Refinancing Scheme of the State Bank of Pakistan amounting to Rs. Nil (2022: 3.98 million) specifically for paying salaries and wages to Company's employees. The tenure of the financing is two and half year inclusive 6 Months grace period and are repayable in 8 equal monthly instalments commencing from January 01, 2021.			
10 LONG TERM BORROWINGS			
- <i>From banking companies - secured</i>			
Long term loans	10.1	5,401,500	10,650,605
Current portion of long-term financing		(2,234,000)	(3,731,810)
Total Long Term Borrowing		<u>3,167,500</u>	<u>6,918,795</u>
10.1 Long Term Loans			
Salary refinance	10.1.1	-	3,015,105
Finance against machinery	10.1.2	5,401,500	7,635,500
Total Long Term Loans		<u>5,401,500</u>	<u>10,650,605</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
10.1.1 Salary Refinance			
Opening balance		3,015,106	9,006,349
Receipts during the year		-	-
Repayments during the year		(2,995,622)	(5,991,244)
Less: Adjustment		(19,484)	-
Less: Current portion of loan		-	(1,497,810)
		-	1,517,296
Less: Fair value gain on remeasurement of loan		-	(633,074)
Add: Notional interest expense charged for the year		-	633,074
Closing balance of fair value adjustment on remeasurement of loan		-	-
Non current portion of loan		-	1,517,296
10.1.1.1 The long-term financing has been obtained under salary refinance scheme of State Bank of Pakistan for a term of 2.5 years with grace period of 6 months from disbursement and carry mark-up at the rate of 3% per annum payable quarterly. The principal repayment will take place in 8 quarterly installments commencing from January 2021. This is secured against below mentioned securities in note 13.1.1.			
10.1.2 Finance Against Machinery			
Opening balance of loan		7,635,500	9,869,500
Repayment during the year		(2,234,000)	(2,234,000)
		5,401,500	7,635,500
Less: Current portion of loan		(2,234,000)	(2,234,000)
Closing balance of loan		3,167,500	5,401,500
10.1.2.1 The long-term financing facility (LTFF) has been obtained under textile machinery imported to enhance production capacity unit of State Bank of Pakistan for a term of 5 years from disbursement and carry mark up payable quarterly basis at the rate of SBP pricing plus 2.50% per annum. The loan is secured against 1st charge of Rs. 16 Million to be registered with SECP on plant & machinery imported under LTFF plus securities mentioned in note 13.1.1 and 20% equity (to be obtained from cash margin under SLC facility).			
11 TRADE AND OTHER PAYABLES			
Creditors for:			
- Goods		5,410,250	11,374,856
- Services		4,342,643	2,892,939
Accrued liabilities		11,162,198	12,651,599
Advances from customers and others		11,220,462	14,156,983
Worker welfare fund payable		1,004,458	474,858
Worker profit participation fund payable		1,355,634	933,862
Gratuity Payable	9.1.1	8,290,385	12,965,389
Withholding tax payable		3,492	-
Total Trade and Other Payables		42,789,522	55,450,486
12 ACCRUED MARK UP			
Mark up accrued against borrowings		4,645,835	929,889
Total Accrued Mark Up		4,645,835	929,889



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
13 SHORT TERM BORROWINGS			
Borrowings from JS Bank Limited-Secured	13.1	125,125,000	125,850,000
Total Short Term Borrowings		125,125,000	125,850,000
13.1 Borrowings from JS Bank Limited-Secured			
Export refinance	13.1.1	107,910,000	107,910,000
Finance against foreign bills	13.1.2	17,215,000	17,940,000
		125,125,000	125,850,000
13.1.1	This represents utilized portion of short term borrowing facilities obtained from JS Bank Limited with a limit of Rs. 108 million (2022: 108 million). The purpose of this facility is to finance exports of the Company. This facility carries mark-up at SBP pricing plus 1% or maximum spread (whichever is higher) payable on quarterly basis. The credit facility of the Company will expire on December 31, 2023. This is secured against first charge of Rs. 184 million over all present and future current assets of the Company to be registered with SECP with 25% margin, first charge of Rs. 149 million over all present and future fixed assets of the Company to be registered with SECP with 25% margin, lien over EE-Statement, equitable mortgage with legal mortgage of Rs 100,000 and rest against equitable mortgage of factory's land (measuring 24 kanals 18 Marla's, situated at 17.5 KM Lahore-Sheikhupura road, Ferozwala, District Sheikhupura) including building and plant and machinery, equitable mortgage with legal mortgage of Rs 100,000 and rest against equitable mortgage of residential property of director (situated at Plot number 5, St. No 74, G-6/4, Islamabad, pledge of 51,971 shares of M/s Punjab Oil Mills Limited (margin 30%) which shall be held in CDC pledged account of JSBL and personal guarantees of director and Mortgagors along with personal net wealth statements of director.		
13.1.2	This represents utilized portion of short term borrowing facilities obtained from JS bank Limited with a limit of Rs. 45 million (2022: 30 million). The purpose of this facility is to finance export bills sent on CAD basis. This facility carries mark-up of 3-Month Kibor plus 2.25% (if payment is delayed fortyfive days then rate will be 3-Month Kibor plus 4.25%) and is payable upfront through realization of export documents (Margin 10%) negotiated/discounted by JSBL. This is secured against above mentioned securities in Note 13.1.1 plus lien over export bills and indemnity for discrepant document.		
14 DUE TO RELATED PARTIES			
Mian Tahir Jahangir		73,000	-
Mr. Jillani Jahangir		19,275	132,184
Punjab Oil Mills Limited (Associated Company)		4,791,197	3,732,073
Total Due to Related Parties		4,883,472	3,864,257
14.1	Due to related parties carry mark up @ 18.66% (2022: 15.73%) per annum. However, directors have given waiver of interest on their balance for the current and comparative financial year. moreover, the above balances are unsecured.		
15 PROVISION FOR TAXATION			
Provision for taxation		-	-
Total Provision for Taxation		-	-



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
15.1 Reconciliation			
Opening balance		-	-
Provision for current year		6,636,377	5,943,513
Prior year tax adjustment	36	(343,307)	(121,268)
		6,293,070	5,822,245
Tax deducted / adjusted during the year		(6,293,070)	(5,822,245)
Total Provision for Taxation		-	-
16 LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE			
Advance against assets held for disposal	16.1	3,775,000	3,775,000
Total Liabilities Directly Associated with Non-Current Assets Classified as Held for Sale		3,775,000	3,775,000

16.1 This represents amount received from a party as an advance against sale of land as described in note 28.

17 CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

- The Company has received notice u/s 161 (1A) for the tax year 2020 which was pending against Commissioner Inland Revenue (Appeals), Lahore. The case was remanded back to DCIR by CIR (Appeals), vide order u/s 129 (1) for tax year 2020 dated 21-Feb-2023 to provide a reasonable opportunity to the tax payer and the case is pending adjudication. No provision has been made in these financial statements as the management of the Company along with tax consultants are hopeful for a favorable outcome.
- The Company has received notice u/s 161 (1A) for the tax year 2015 which was pending against Commissioner Inland Revenue (Appeals), Lahore. The case was remanded back to DCIR by CIR (Appeals), vide order u/s 129 (1) for tax year 2015 dated 26-Jan-2023 to provide a reasonable opportunity to the tax payer and the case is pending adjudication. No provision has been made in these financial statements as the management of the Company along with tax consultants are hopeful for a favorable outcome.
- The Company has received notice u/s 161 (1A) for the tax year 2018 in which the competent authority has demanded information against withholding taxes and reconciliation with payments made during the year to suppliers and service provider. DCIR passed an order u/s 161 (1) for tax year 2018 dated 12-Oct-2022 in which case was disposed off. The company believes that the DCIR decision is correct and that it has no material impact on the company's financial position or results of operations.
- The Company has obtained Export Refinance Facility, Foreign Bills Facility, Machinery Finance Facility and Salary Finance Facility from JS Bank Limited and pledged certain asset of the Company. The management is sure that they will repay the above facility within the specified time and there is no chances of default in this regard. The relevant details are explained in note 10 and 13 to these financial statements.

17.2 Commitments

- There are no commitments as at June 30, 2023 (2022: Nil).



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

18 PROPERTY, PLANT AND EQUIPMENT

Particulars	Note	2022	
		----- Rupees -----	
Operating fixed assets-Owned	18.1	276,369,713	280,264,376
		276,369,713	280,264,376

18.1 Operating Fixed Assets-Owned

Reconciliation of carrying amounts at the end of twelve months period ended June 30, 2023 is as follows:

Description	----- Rupees -----							Total
	Freehold Land	Buildings on Freehold Land	Plant and Machinery	Furniture and Fixtures	Fittings and Electric Installations	Vehicles	Other Assets	
Year Ended June 30, 2023								
Cost / Revalued amount								
Balance as at July 01, 2022	126,990,000	53,473,410	118,747,754	5,650,767	1,386,220	2,039,708	1,655,260	309,943,119
Additions	-	7,026,071	3,034,631	64,800	-	-	374,000	10,499,502
Revaluation surplus	-	-	-	-	-	-	-	-
Disposal	-	-	(1,250,000)	-	-	-	-	(1,250,000)
Balance as at June 30, 2023	126,990,000	60,499,481	120,532,385	5,715,567	1,386,220	2,039,708	2,029,260	319,192,621
Accumulated depreciation								
Balance as at July 01, 2022	-	9,031,411	13,001,755	4,746,781	971,241	1,276,088	651,467	29,678,743
Charge for the year	-	2,483,697	10,619,808	90,399	41,498	153,274	121,222	13,509,898
Disposals	-	-	(365,733)	-	-	-	-	(365,733)
Balance as at June 30, 2023	-	11,515,108	23,255,830	4,837,180	1,012,739	1,429,362	772,689	42,822,908
WDV as at June 30, 2023	126,990,000	48,984,373	97,276,555	878,387	373,481	610,346	1,256,571	276,369,713
Depreciation rates	0%	5%	10%	10%	10%	20%	10%	10%



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Reconciliation of carrying amounts at the end of twelve months period ended June 30, 2022 is as follows:

Description	----- Rupees -----						Total	
	Freehold Land	Buildings on Freehold Land	Plant and Machinery	Furniture and Fixtures	Fittings and Electric Installations	Vehicles		Other Assets
Year Ended June 30, 2022								
<i>Cost / Revalued amount</i>								
Balance as at July 01, 2021	74,700,000	33,566,671	62,342,185	5,650,767	1,386,220	2,364,106	1,278,260	181,288,209
Additions	-	3,190,535	542,000	-	-	56,000	377,000	4,165,535
Revaluation surplus	52,290,000	16,716,204	57,213,569	-	-	-	-	126,219,773
Disposal	-	-	(1,350,000)	-	-	(380,398)	-	(1,730,398)
Balance as at June 30, 2022	126,990,000	53,473,410	118,747,754	5,650,767	1,386,220	2,039,708	1,655,260	309,943,119
<i>Accumulated depreciation</i>								
Balance as at July 01, 2021	-	7,668,499	7,920,161	4,646,338	925,132	1,467,765	561,029	23,188,924
Charge for the year	-	1,362,912	5,364,624	100,443	46,109	181,215	90,438	7,145,741
Disposals	-	-	(283,030)	-	-	(372,892)	-	(655,922)
Balance as at June 30, 2022	-	9,031,411	13,001,755	4,746,781	971,241	1,276,088	651,467	29,678,743
WDV as at June 30, 2022	126,990,000	44,441,999	105,745,999	903,986	414,979	763,620	1,003,793	280,264,376
Depreciation rates	0%	5%	10%	10%	10%	20%	10%	10%

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

Particulars	Note	----- Rupees -----	
		2023	2022
Cost of Revenue	30	13,145,003	6,773,645
Administrative expenses	32	364,895	372,096
		13,509,898	7,145,741

18.2.1 The above depreciation charge is inclusive of incremental depreciation due to revaluation.

18.3 Disposal of property, plant and equipment

Detail of property, plant and equipment disposed off during the comparative year ended June 30, 2022 with carrying value exceeding Rs. 500,000 is as follows:

Particulars	Cost	Accumulated Depreciation	WDV	Sale Proceeds	Gain/(Loss) on Disposal	Buyer Name	Mode of Sale
PLANT AND MACHINERY							
Warping & Loom Machines	1,350,000	(283,030)	1,066,970	685,000	(381,970)	Abdul Islam & Ejaz Yaseen	Negotiation
Total	1,350,000	(283,030)	1,066,970	685,000	(381,970)		



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

18.4 No impairment related to operating fixed assets has been charged during the year. There is no item of property, plant and equipment which is temporary idle or otherwise retired from active use.

18.5 The charge/ mortgage on fixed assets are disclosed in Note 13 & 10.

Revaluation of property, plant and equipment

Most recent valuation of land, building, plant and machinery and fittings & electric installations was carried out by an independent valuer, SURVAL on June 30, 2022 and was incorporated in the financial statements for the year ended June 30, 2022. For basis of valuation and other fair value measurement disclosures refer to 42.3.1.

18.6 The book value of revalued assets, had there been no revaluation:

Particulars	Note	2023		2022	
		----- Rupees -----		----- Rupees -----	
Freehold land		121,239	121,239		
Buildings on freehold land		18,575,007	12,432,140		
Plant and machinery		37,895,205	39,488,607		
Fittings and installations		360,549	400,610		
		56,952,000	52,442,596		

18.7 Particulars of Immoveable property:

Synod	Particulars		Land Total Area (Kanals)	Building Total Covered Area (Square feet)
	Nature of Immoveable property	Location		
1	Land & Building	17.5- Km Lahore, Sheikhpura Road, Momanpura, Tehsil Ferozwala, Distt. Sheikhpura	24.9	109,004

18.8 Forced sales value of property, plant and equipment as estimated by the independent valuer "SURVAL" during the year is:

Particulars	Forced Sales Value	
	----- Rupees -----	
- Freehold Land		119,520,000
- Buildings on Freehold Land		41,190,000
- Plant and Machinery		84,597,000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
19 LONG TERM INVESTMENTS			
Equity instrument	19.1	6,341,273	9,250,838
Total Long Term Investments		6,341,273	9,250,838
19.1 Equity instrument			
Investment in Associates (Without Significant Influence)- Designed At Fair Value through OCI			
Punjab Oil Mills Limited:	19.1.1	6,341,273	9,250,838
Premier Garments Limited:	19.1.2	-	-
Tee Jay Corporation (Private) Limited:	19.1.3	-	-
		6,341,273	9,250,838
19.1.1 Quoted			
Punjab Oil Mills Limited:	19.1.1.1	6,341,273	9,250,838
- 62,365 (2022: 51,971) fully paid ordinary shares of Rs. 10 each			
- Market value per share is Rs.101.68 (2022: Rs. 178)			
- Total cost of shares Rs. 494,598 (2022: Rs. 494,598)			
- Percentage of equity held 0.80% (2022: 0.96%)			
19.1.2 Unquoted			
Premier Garments Limited:	19.1.2.1	-	-
- 950 (2022: 950) ordinary shares of Rs. 100 each			
- Fair value per share is Rs. Nil (2022: Nil)			
- Total cost of shares Rs. 95,000 (2022: Rs. 95,000)			
- Percentage of equity held 1.36% (2022: 1.36%)			
19.1.3 Unquoted			
Tee Jay Corporation (Private) Limited:	19.1.3.1	-	-
- 59,400 (2022: 59,400) ordinary shares of Rs.10 each			
- Fair value per share is Rs. Nil (2022: Rs. Nil)			
- Total cost of shares Rs. 59,4000 (2022: Rs.59,4000)			
- Percentage of equity held 3.96% (2022: 3.96%)			
		6,341,273	9,250,838
19.1.1.1 Quoted market value in an active market is considered as level 1 fair value measurement of the investment and the resulting difference between cost and fair value is shown as a separate component of equity "fair value reserve of financial assets at FVOCI". Investments that do not have a quoted market price in an active market and whose fair value cannot be measured reliably through observable market data, in that case fair value is measured using other valuation methods as described in IFRS - 13 (Fair value measurement).			
- Based upon the year end quoted market value of shares in PSX daily price index, fair value loss of Rs. 2,909,565 (2022: Loss of Rs. 3,742,951) is recognized in OCI. Market values of these quoted investments (i.e. Shares) is categorized as Level 1 fair value measurement.			
- The shares of Punjab Oil Mills Limited have been pledged with JS bank as a security for grant of loan by JS bank. In case of default to repay the loan, the Company may be liable to the JS bank to the extent of the value of shares so pledged as mentioned in note 13.1.1.			



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

19.1.2.1 Based upon the latest available audited financial statements of Premier Garments Limited, for the year ended June 30, 2022, the management has valued these investments using the break up value per share at Rs. Nil (2021: Nil). These investments are fully impaired in prior years, accordingly no change in fair value is recognized in current year. Fair values of these Un-quoted investments (i.e. Shares) are categorized as Level 3 fair value measurement as per IFRS 13 (Fair value measurement).

- The Company's held shares of Premier Garments Limited have been pledged with Investment Corporation of Pakistan Limited as a security for grant of loan by Investment Corporation of Pakistan to Premier Garments Limited. In case of default by Premier Garments Limited to repay the loan, the Company may be held liable to the Investment Corporation of Pakistan Limited to the extent of the value of shares so pledged. Allowance for contingent financial guarantee contract has not been recorded as directors has agreed to reimburse any probable loss to the Company.

19.1.3.1 Based upon the latest available audited financial statements of Tee Jay Corporation (Private) Limited, for the year ended June 30, 2022, the management has valued these investments using the break up value per share at Rs. Nil (2021: Nil). These investments are fully impaired in prior years, accordingly no change in fair value is recognized in current year. Fair values of these Un-quoted investments (i.e. Shares) are categorized as Level 3 fair value measurement as per IFRS - 13 (Fair value measurement).

19.2 These investments are made in accordance with the provisions of Companies Act, 2017.

20	Note	2023 Rupees	2022 Rupees
LONG TERM DEPOSITS			
Deposits extended against utilities		5,420,544	4,798,544
Others		240,073	240,073
Total Long Term Deposits		5,660,617	5,038,617

20.1 These are unsecured and interest free deposits but considered good by the management.

21	Note	2023 Rupees	2022 Rupees
STORES, SPARES AND LOOSE TOOLS			
Dyes and chemicals		1,441,495	1,569,257
Packing materials		2,111,424	1,643,223
Loom stores		872,941	690,380
General Store		926,180	844,825
Total Stores, Spares and Loose Tools		5,352,040	4,747,685

21.1 No identifiable store items are held for specific capitalization. Further, there are no slow moving, obsolete and damaged store items.

22	Note	2023 Rupees	2022 Rupees
STOCK IN TRADE			
Raw materials		21,635,919	19,818,118
Work in process		31,746,563	30,073,158
Finished goods		36,026,567	34,437,453
Total Stock in Trade		89,409,049	84,328,729

22.1 No identifiable stock items are held for specific capitalization. Further, there are no slow moving, obsolete and damaged stock items.

23	Note	2023 Rupees	2022 Rupees
TRADE DEBTS			
Foreign debts (Secured)		39,385,862	43,006,576
Local debts (Un-secured)		4,731,017	4,652,878
		44,116,879	47,659,454
Allowance for expected credit loss against trade debts	23.2	(966,830)	(966,830)
Total Trade Debts		43,150,049	46,692,624



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2022 Rupees	2021 Rupees
23.1			
Trade debtors other than those against which allowance for expected credit loss has been made are considered good by the management. Further, foreign debtors are secured against letter of credits.			
23.2 Allowance for Expected Credit Loss against Trade Debts			
Opening balance		966,830	966,830
Allowance for expected credit loss made during the year		-	-
		966,830	966,830
Written off during the year		-	-
Closing balance		966,830	966,830
23.3 The aging of trade debts as at reporting date is as follows;			
Neither past due nor impaired			
1 - 30 days		34,671,290	34,628,504
Past due but not impaired			
31 - 60 days		2,289,884	1,053,893
61 - 120 days		1,974,289	2,209,254
More than 120 days		4,214,586	8,800,973
		8,478,759	12,064,120
Past due and impaired			
More than 120 days		966,830	966,830
		44,116,879	47,659,454
24 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances to- considered good			
- Employees against salaries	24.1	773,822	1,218,075
- Employees for purchases		366,826	654,104
- Suppliers	24.2	39,157,467	36,479,612
Prepaid insurance		357,809	362,535
Duty draw back receivable		7,782,665	7,782,665
Custom rebate receivable		5,479,501	2,140,821
Other receivables		-	-
Total Advances, Deposits, Prepayments and Other Receivables		53,918,090	48,637,812
24.1			
This includes an amount of Rs. 0.2 million (2022: Rs. 0.2 million) as advance against salary given to Director of the Company.			
24.2 Advances to Suppliers			
Gross amount		40,145,150	37,467,295
Provision for irrecoverable balance against advances	24.2.1	(987,683)	(987,683)
		39,157,467	36,479,612



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2022 Rupees	2021 Rupees
24.2.1 Movement of Provision for irrecoverable balance against advances			
Opening balance		987,683	987,683
Provision for irrecoverable balance against advances		-	-
		987,683	987,683
Advances written off		-	-
Closing balance		987,683	987,683
25 TAX REFUND DUE FROM GOVERNMENT			
Advance income tax		5,513,048	5,334,948
Sales tax and excise duty refundable		47,703,935	34,559,534
Total Tax Refund Due from Government		53,216,983	39,894,482
26 DUE FROM RELATED PARTIES			
Premier Garments Limited (Associated Company)		1,735,086	4,683,493
Tee Jay Corporation (Private) Limited (Associated Company)		6,863,751	7,011,417
Total Due from Related Parties		8,598,837	11,694,910
26.1 Balance due from related parties carries markup @ 18.66% (2022: 15.73%) per annum.			
26.2 The age analysis of these due from related parties is as follows:			
By 3 months		3,173,745	4,385,307
4 to 6 months		42,635	2,810,417
Over 6 months		5,382,457	4,499,186
		8,598,837	11,694,910
26.3 The maximum balance due from Tee Jay Corporation (Private) Limited in any month during the year is Rs.6,476,054 (2022: Rs. 14,842,334).			
26.4 The maximum balance with Premier Garments Limited in any month during the year is Rs. 4,246,891 (2022: Rs.4,683,493).			
26.5 These loans to related parties are considered good by the management of the Company.			
27 CASH AND BANK BALANCES			
Cash in hand		2,083,045	3,410,318
Cash at bank			
- Current accounts		256,779	7,306,348
- Saving accounts	27.1	11,476	10,527
Total Cash and Bank Balances		2,351,300	10,727,193
27.1 The Company is maintaining saving account with different banks with interest on the daily product basis which was carrying interest at 6% to 7.5%. (2022: 6% to 7.5%).			
27.2 All bank accounts are maintained under conventional banking system.			
28 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE			
Non-current assets classified as held for sale	28.1	6,716,112	6,716,112
Total Non-Current Assets Classified as Held for Sale		6,716,112	6,716,112

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

28.1 This includes land, measuring 9 kanal 12 marlas , situated at 10 Km G.T. Road, Adayain Road, Rana Town (2022: 9 Kanal 12 marlas).

28.1.1 The Company entered into an agreement to sell the land, measuring 9 kanal 12 marlas, in February 2011 and an advance on account of token payment was received which stands at Rs. 3.775 million (2022: 3.775 million). However, the agreement has been held pending as at the date of statement of financial position, and since then no further payment was made by buyer.

- Subsequent to the reporting date , no further land is sold to any of the party but the management is hopeful that the land will be sold in the next year. Consequently, this land has been classified as asset held for sale.

29 REVENUE

	Note	2022 Rupees	2021 Rupees
Export sales revenue		628,493,872	530,128,820
Local sales revenue	29.1	13,425,130	8,429,503
		641,919,002	538,558,323
Export rebates		6,284,939	6,838,662
Duty draw back		-	4,253,921
		6,284,939	11,092,583
Total Revenue		648,203,941	549,650,906

29.1 Local Sales Revenue

Gross sales revenue	15,756,072	10,095,738
Sales tax	(2,330,942)	(1,666,235)
Total Local Sales Revenue	13,425,130	8,429,503

30 COST OF REVENUE

Raw materials consumed	30.1	308,946,692	306,072,080
Stores, spares and chemicals consumed	30.2	47,176,226	37,638,898
Salaries and wages (including all benefits)	30.3	43,719,629	31,065,395
Fuel and power		59,244,746	35,414,054
Packing materials		25,834,981	24,470,213
Processing charges		11,131,646	4,675,952
Repairs and maintenance		2,700,720	2,629,957
Insurance		442,734	466,372
Depreciation	18.2	13,145,003	6,773,645
		512,342,377	449,206,566

Work in process inventory:

- Opening balance		30,073,158	32,310,134
- Closing balance	22	(31,746,563)	(30,073,158)
		(1,673,405)	2,236,976

Cost of goods manufactured		510,668,972	451,443,542
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2022 Rupees	2021 Rupees
Finished goods inventory:			
- Opening balance		34,437,453	32,269,418
- Closing balance	22	(36,026,567)	(34,437,453)
		(1,589,114)	(2,168,035)
Total Cost of Revenue		509,079,858	449,275,507
30.1 Raw Materials Consumed			
Opening stock		19,818,118	20,641,868
Purchases during the year		310,764,493	305,248,330
Closing stock	22	(21,635,919)	(19,818,118)
Total Raw Materials Consumed		308,946,692	306,072,080
30.2 Stores, Spares and Chemicals Consumed			
Opening stock		4,747,685	4,393,269
Purchases during the year		47,780,581	37,993,314
Closing stock	21	(5,352,040)	(4,747,685)
Total Stores, Spares and Chemicals Consumed		47,176,226	37,638,898
30.3 This includes Rs. 3.83 million (2022: Rs. 3.26 million) in respect of staff retirement benefits.			
31 SELLING AND DISTRIBUTION COSTS			
Commission on sales		20,161,453	11,484,249
Sea freight		18,248,413	25,237,722
Freight, octroi and cartage		7,314,238	3,986,320
Clearing charges		7,443,240	4,838,521
Air freight		1,595,215	21,010
Postage, telephone and telex		4,193,474	3,625,067
Samples		406,142	149,902
Insurance		385,152	425,490
Total Selling and Distribution Costs		59,747,327	49,768,281
32 ADMINISTRATIVE EXPENSES			
Directors' remuneration		3,780,000	3,120,000
Salaries and wages (including all benefits)	32.1	12,333,861	12,753,429
Fuel and power		1,051,141	1,898,610
Vehicles running expenses		3,327,103	2,712,277
Postage, telephone and telex		1,197,537	1,029,213
Travelling and conveyance		1,292,689	748,621
Rent, rates and taxes		2,147,405	1,058,783
Printing and stationery		635,035	333,673
Repairs and maintenance		778,935	413,537
Legal and professional charges		1,792,407	332,896
Insurance		59,407	61,369
Advertisement		33,000	85,820
Gardening expenses		1,863	2,871
Books and periodicals		16,970	15,164
Entertainment		220,174	288,828
Depreciation	18.2	364,895	372,096
Others		-	28,216
Total Administrative Expenses		29,032,422	25,255,403



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2022 Rupees	2021 Rupees
32.1			
This includes Rs. 1.17 million (2022: Rs. 1.10 million) in respect of staff retirement benefits.			
33			
OTHER OPERATING EXPENSES			
Auditor's remuneration	33.1	300,000	300,000
Realized Exchange loss		3,565,141	-
Loss on disposal of plant and Machinery		554,267	264,476
Bad debt expense		-	786
Worker welfare fund expense		529,601	474,857
Worker profit participation fund expense		1,355,634	933,862
Total Other Operating Expenses		6,304,643	1,973,981
33.1			
Auditor's Remuneration			
- Statutory audit		225,000	225,000
- Half yearly review and attestations		75,000	75,000
- Out of pocket expenses		-	-
Total Auditor's Remuneration		300,000	300,000
34			
FINANCE COST			
Mark up on borrowings - net of subsidy		16,611,689	6,862,001
Bank charges		4,347,525	3,775,672
Notional interest expense		-	-
Interest charged by related parties		562,341	412,537
Total Finance Cost		21,521,555	11,050,210
34.1			
The mark up is 16% to 18% (2022: 15.73%).			
35			
OTHER INCOME			
Dividend income		103,942	51,971
Interest income from saving account		1,116	653
Interest charged to related parties	35.1	1,435,343	1,782,400
Amortized grant income		-	338,951
Unrealized exchange income		1,168,907	415,069
Realized exchange income		-	2,690,123
Total Other Income		2,709,308	5,279,167
35.1			
Markup is charged to related parties @ 18.66% (2022: 15.73%) per annum.			
36			
TAXATION			
Current Tax	36.1		
- For the year		6,636,377	5,943,513
- Prior period		(343,307)	(121,268)
		6,293,070	5,822,245
Deferred tax	36.4	-	-
Total Taxation		6,293,070	5,822,245



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2022 Rupees	2021 Rupees
36.1	The current tax provision represents tax on taxable income under final tax regime under normal tax regime of Income Tax Ordinance, 2001.		
36.2	The returns of income for the tax years up to 2022 has been filed by the Company. The said returns, as per the provisions of Section 120 of the ITO has been deemed to be an assessment order passed by the Commissioner Inland Revenue under self assessment scheme. Further, the Company's income tax assessment has been finalized by tax authorities under section 122 of the ITO up to 2010 under amended assessment scheme.		
36.3	Numerical reconciliation between the average tax rate and the applicable tax rate has not been presented as provision for current tax has been made under final tax regime of Income Tax Ordinance, 2001 (ITO).		
36.4	Deferred tax expense/income has not been recognized as income of the Company is chargeable under final tax regime in accordance with the requirement of "Technical Release - 27 " of the Institute of Chartered Accountants of Pakistan.		
37	EARNINGS PER SHARE - BASIC AND DILUTIVE		
	Profit for the year attributable to ordinary shareholders	18,934,374	11,784,446
	Number of ordinary shares in issue	12,996,304	12,996,304
	Earnings per Share (Basic)	1.46	0.91
	Earnings per Share (Dilutive)	1.46	0.91
38	NET CASH GENERATED FROM OPERATIONS		
	Profit before taxation	25,227,444	17,606,691
	Adjustments for:		
	Depreciation	18.2	13,509,898
	Provision for gratuity	9.1.2	4,999,662
	Provision for worker welfare fund	33	529,601
	Provision for worker profit participation fund	33	1,355,634
	Loss on disposal of property, plant and equipment	33	554,267
	Finance cost	34	21,521,555
	Dividend income	35	(103,942)
	Adjustment for deferred government grant realized		(28,247)
	Unrealized exchange income	35	(1,168,907)
	Amortized grant income	35	-
	Operating profit before working capital changes	66,396,964	41,032,359
	Changes in working capital		
	(Increase) / decrease in current assets		
	Stores, spares and loose tools	(604,355)	(354,416)
	Stock in trade	(5,080,320)	892,691
	Trade debts	4,711,482	7,860,722
	Advances, deposits, prepayments and other receivables	(5,280,278)	1,689,620
	Tax refund due from Government	(13,144,401)	(9,299,425)
	Due from related parties	3,096,073	(1,288,142)
	Net (increase) in current assets	(16,301,799)	(498,950)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

(Decrease) / increase in current liabilities

Trade and other payables	(8,937,332)	14,773,316
Due to related parties	1,019,215	629,791
Net increase/(decrease) in current liabilities	(7,918,117)	15,403,107
Net cash generated from operations	42,177,048	55,936,516

39 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits to the Key Management Personnel of the branch is as follows:

- 39.1** The Chief Executive Officer is provided with Company maintained car and reimbursement of residential telephone bills. Further, the executive Director is provided with Company maintained car.
- 39.2** Non-executive directors have not been paid any remuneration during the year (2022: Nil.)
- 39.3** An executive is defined as an employee with basic salary of Rs. 1,200,000 or more per annum. Only one employee of the Company qualifies as an Executive.

40 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise Associated Companies, Chief Executive Officer, Directors and Key Management Personnel. Remuneration of key management personnel is disclosed in note 39 to these financial statements. Amounts due from and to related parties are shown under receivables and payables. Significant related party transactions have been disclosed in respective notes in these financial statements other than the following:

Related Party	Relation	Nature of Transaction	2023	2022
			----- Rupees -----	
Premier Garments Limited	Associate (Without Significant Influence)	Interest charged by the Company on balance	350,888	296,659
		Amount Paid during the year by the Company	2,575,000	2,525,000
		Amount received during the year by the Company	6,000,000	-
		Expenses paid by the Company on behalf of related party	125,705	931,337



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Related Party	Relation	Nature of Transaction	2023	2022
			----- Rupees -----	
Punjab Oils Mills Limited	Associate (Without Significant Influence)	Interest charged by the related party on balance	562,341	412,537
		Amount Paid during the year by the Company	1,209,500	2,192,982
		Expenses paid by Company on behalf of the related party	358,635	90,423
		Amount received during the year by the Company	2,064,918	2,596,939
		Sale of goods by the Company to related party	-	15,501
Tee Jay Corporation (Private) Limited	Associate (Without Significant Influence)	Interest charged by the Company on balance	1,084,455	1,485,741
		Amount Paid during the year by the Company	3,084,935	8,472,440
		Amount received during the year by the Company	4,317,055	12,200,000
		Expenses paid by Company on behalf of the related party	-	543,629
Jillani Jahangir	Chief Executive Officer	Amount Paid during the year by the Company	11,554,246	7,217,000
		Amount received during the year by the Company	11,635,360	8,393,398
		Expenses paid by related party on behalf of the Company	-	-
		Expenses paid by Company on behalf of the related party	230,024	277,550
Tahir Jahangir	Directors	Amount Paid during the year by the Company	3,472,000	2,949,186
		Amount received during the year by the Company	3,545,000	2,736,223



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

41 FINANCIAL RISK MANAGEMENT

41.1 Financial risk factors

The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk
- These risks affect revenues, expenses and assets and liabilities of the Company.
- The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.
- The Board of Directors has the overall responsibility for establishment and oversight of risk management framework. The Board of Directors has developed a risk policy that sets out fundamentals of risk management framework. The risk policy focuses on unpredictability of financial markets, the Company's exposure to risk of adverse effects thereof and objectives, policies and processes for measuring and managing such risks. The management team of the Company is responsible for administering and monitoring the financial and operational financial risk management throughout the Company in accordance with the risk management framework.
- The Company's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

41.1.1 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 advances from customer 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) and European Union Euro (EURO). Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable from foreign trade debtors and advances from foreign customers. The Company manages its currency risk by close monitoring of currency markets. However, the Company does not hedge its currency risk exposure. The Company's exposure to currency risk is as follows:

- Exposure in USD

Particulars	2023		2022	
	Rupees	USD	Rupees	USD
Current Assets				
Trade debts	13,878,080	48,423	14,715,387	71,608
Total Current Assets	13,878,080	48,423	14,715,387	71,608
On Balance Sheet Exposure		48,423		71,608
Off Balance Sheet Exposure		-		-



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

- **Exposure in EURO**

Particulars	2023		2022	
	Rupees	EURO	Rupees	EURO
Current Assets				
Trade debts	25,507,782	81,307	28,291,189	131,446
Total Current Assets	25,507,782	81,307	28,291,189	131,446
On Balance Sheet Exposure		81,307		131,446
Off Balance Sheet Exposure		-		-

- **The following significant exchange rates were applied during the year:**

Currency	Closing rate as of June 30		Average rate for the period ended June 30	
	2023	2022	2023	2022
United States Dollar (USD)	286.60	205.50	252.49	167.61
European Union Euro (EURO)	313.72	215.23	266.62	191.10

- **Currency rate sensitivity analysis**

At reporting date, one percent depreciation/appreciation in Pak Rupee would have had an equal but opposite effect on profit for the year and equity. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores the impact, if any, on provision for taxation for the year. There were no changes in the methods and assumptions used in preparing the sensitivity analysis, the impact on profit before taxation for the year ended June 30, 2022 would have been as follows:

Effect on Profit or (loss) (+, -)	% Change (+, -)	2023	2022
United States Dollar (USD)	1%	138,780	147,154
European Union Euro (EURO)	1%	255,076	282,912
Currency rate sensitivity		393,857	430,066

(ii) **Other price risk**

- Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is exposed to price risk in respect of its investments in equity securities classified at fair value through OCI. However, the risk is minimal as these investments are held for strategic purposes rather than trading purposes. The Company does not actively trade in these investments. The Company is not exposed to commodity price risk. The Company's exposure to other price risk is as follows:

Financial Instruments	2023	2022
Equity instrument - Investment in Associates - Designed At Fair Value through OCI		
Punjab Oil Mills Limited	6,341,273	9,250,838
Premier Garments Limited	-	-
Tee Jay Corporation (Private) Limited	-	-



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Sensitivity analysis

- The investment of the Company classified at fair value through OCI would normally be affected due to fluctuation of equity prices in the stock exchange. In case of 10% (2022: 10%) increase/decrease in KSE 100 index on June 30, 2023, the net gain/(loss) for the year relating to securities classified at fair value through OCI and other components of equity and net assets of the Company would increase / decrease by Rs. 0.63 million (2022: Rs. 0.93 million) as a result of gains / losses on equity securities classified at fair value through OCI.
- The above analysis is based on the assumption that the equity index had increased / decreased by 10% (2022: 10%) with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 index, having regard to the historical volatility of the index. The composition of the Company's investment portfolio and the correlation thereof to the KSE index, is expected to change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2023 is not necessarily indicative of the effect on the Company's net assets of future movements in the level of KSE100.

(iii) Interest rate risk

- Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

(a) Interest rate risk management

The Company manages interest rate risk by analysing its interest rate exposure on a dynamic basis. Cash flow interest rate risk is managed by simulating various scenarios taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Company calculates impact on profit after taxation and equity of defined interest rate shift, mostly 100 basis points. There were no changes in Company's approach to interest rate risk management during the year.

(b) Interest/markup/profit bearing financial instruments

The effective interest/markup/profit rates for interest/markup/profit bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest/markup/profit bearing financial instruments as at the reporting date are as follows:

Particulars	2023					Total
	Exposed to Yield / Interest risk				Not exposed to Yield / Interest rate risk	
	Up to one year		More than one year			
	Variable rate	Fixed rate	Variable rate	Fixed rate		
Rupees						
Financial assets as per statement of financial position						
Long term investments	-	-	-	-	6,341,273	6,341,273
Long term deposits	-	-	-	-	5,660,617	5,660,617
Trade debts	-	-	-	-	43,150,049	43,150,049
Deposits and other receivables	-	-	-	-	13,262,166	13,262,166
Due from related parties	8,598,837	-	-	-	-	8,598,837
Cash and bank balances	11,476	-	-	-	2,339,824	2,351,300
Total	8,610,313	-	-	-	70,753,929	79,364,242



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Financial liabilities as per statement of financial position

Long term borrowings	-	2,234,000	-	3,167,500	-	5,401,500
Trade and other payables	-	-	-	-	29,205,476	29,205,476
Accrued mark up	-	-	-	-	4,645,835	4,645,835
Short term borrowings	125,125,000	-	-	-	-	125,125,000
Due to related parties	4,883,472	-	-	-	-	4,883,472
Total	130,008,472	2,234,000	-	3,167,500	33,851,311	169,261,283

Particulars	2022					Total
	Exposed to Yield / Interest risk				Not exposed to Yield / Interest rate risk	
	Up to one year		More than one year			
	Variable rate	Fixed rate	Variable rate	Fixed rate		
Rupees						

Financial assets as per statement of financial position

Long term investments	-	-	-	9,250,838	9,250,838
Long term deposits	-	-	-	5,038,617	5,038,617
Trade debts	-	-	-	46,692,624	46,692,624
Deposits and other receivables	-	-	-	9,923,486	9,923,486
Due from related parties	11,694,910	-	-	-	11,694,910
Cash and bank balances	10,527	-	-	10,716,666	10,727,193
Total	11,705,437	-	-	81,622,231	93,327,668

Financial liabilities as per statement of financial position

Long term borrowings	-	3,731,810	-	6,918,795	-	10,650,605
Trade and other payables	-	-	-	-	39,884,783	39,884,783
Accrued mark up	-	-	-	-	929,889	929,889
Short term borrowings	125,850,000	-	-	-	-	125,850,000
Due to related parties	3,864,257	-	-	-	-	3,864,257
Total	129,714,257	3,731,810	-	6,918,795	40,814,672	181,179,534

(c) 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.

(d) Cash flow sensitivity analysis for variable rate instruments

- If interest rates at reporting date, fluctuate by 1% (i.e. 100 basis points) higher / lower, profit for the year and equity would have been Rs. 1.24 million (2022: Rs. 1.22 million) lower/higher, mainly as a result of higher / lower interest expense on borrowings. This analysis is prepared assuming the amounts of liabilities outstanding at the date of statement of financial position were indicative of balances outstanding during the year and other variables, in particular foreign exchange rates, remain constant and ignores the impact, if any, on provision for taxation for the year. There were no changes in the methods and assumptions used in preparing the sensitivity analysis.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

- The sensitivity analysis prepared as of June 30, 2023 is not necessarily indicative of the impact on Company's net assets of future movements in interest rates.

41.1.2 Credit risk

- Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from Long term investments, long-term deposits, trade debts, certain advances, deposits and other receivables, due from related parties and balances with banks.

(a) Credit risk management practices

- In order to minimise credit risk, the Company has adopted a policy of only dealing with creditworthy counterparties and limiting significant exposure to any single counterparty. The Company only transacts with counterparties that have reasonably high external credit ratings. Where an external rating is not available, the Company uses an internal credit risk grading mechanism. Particularly for customers, a dedicated team responsible for the determination of credit limits uses a credit scoring system to assess the potential as well as existing customers' credit quality and assigns or updates credit limits accordingly. The ageing profile of trade receivables and individually significant balances, along with collection activities are reviewed on a regular basis. High risk customers are identified and restrictions are placed on future trading, including suspending future shipments and administering dispatches on a prepayment basis.
- The Company reviews the recoverable amount of each financial asset on an individual basis at each reporting date to ensure that adequate loss allowance is made in accordance with the assessment of credit risk for each financial asset.
- The Company considers a financial asset to have low credit risk when the asset has reasonably high external credit rating or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has no past due amounts or otherwise there is no significant increase in credit risk if the amounts are past due in the normal course of business based on history with the counterparty.
- In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial asset at the reporting date with the risk of a default occurring on the financial asset at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.
- This is usually the case with various customers of the Company where the Company has long standing business relationship with these customers and any amounts that are past due by more than 30 days in the normal course of business are considered 'performing' based on history with the customers. Therefore despite the foregoing, the Company considers some past due trade receivables to have low credit risk where the counterparty has a good history of meeting its contractual cash flow obligations and is expected to maintain the same in future.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

- The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk.
 - The Company considers 'default' to have occurred when the financial asset is credit-impaired. A financial asset is considered to be credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.
 - The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial condition and there is no realistic prospect of recovery.
- (b) The Company's credit risk grading framework comprises the following categories and basis for recognizing impairment allowance for Expected Credit Losses ('ECL') for each category:

Category	Description	Basis for recognizing ECL
Performing	The counterparty has low credit risk	Trade debts: Lifetime ECL
		Other assets: 12-month ECL
Doubtful	Credit risk has increased significantly since initial recognition	Lifetime ECL
In default	There is evidence indicating the assets is credit-impaired	Lifetime ECL
Write-off	There is no realistic prospect of recovery	Amount is written-off

There were no changes in the Company's approach to credit risk management during the year.

(c) **Exposure to credit risk**

- Credit risk principally arises from debt instruments held by the Company as at the reporting date. The maximum exposure to credit risk as at the reporting date is as follows:

Financial assets at amortized cost	2023	2022
	-----Rupees-----	
Long term deposits	5,660,617	5,038,617
Trade debts	43,150,049	46,692,624
Deposits and other receivables	13,262,166	9,923,486
Due from related parties	8,598,837	11,694,910
Bank balances	268,255	7,316,875
	70,939,924	80,666,512

(d) **Credit quality and impairment**

- Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to internal credit risk grading. The credit quality of the Company's financial assets exposed to credit risk is as follows:

Financial assets at amortized cost	External credit rating	Internal credit risk grading	12-month or life-time ECL	Gross carrying amount	Loss allowance
Long term deposits	N/A	Performing	12-month ECL	5,660,617	-
Trade debts	N/A	Performing	Lifetime ECL	43,150,049	-
		Doubtful	Lifetime ECL	966,830	966,830
Deposits and other receivables	N/A	Performing	12-month ECL	13,262,166	-
Due from related parties	N/A	Performing	12-month ECL	-	-
Bank balances	Note 41.1.2 (d) (iv)	N/A	12-month ECL	-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

(i) Long term deposits

- These include deposits placed with Government owned utility companies against utilities connections and do not carry any significant credit risk. Accordingly no loss allowance has been made.

(ii) Trade debtors

- For trade receivables, the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on trade receivables by using internal credit risk gradings. As at the reporting date, trade receivables amounting to Rs. 6.082 million are considered 'doubtful'. Other trade receivables are considered 'performing' including those past due as there is no significant increase in credit risk in respect of these receivables since initial recognition. The ageing analysis of trade receivables as at the reporting date is as follows:

- Aging analysis of the trade debts

Particulars	Note	2023	2022
		----- Rupees -----	
Neither past due nor impaired			
1 - 30 days		34,671,290	34,628,504
Past due but not impaired			
31 - 60 days		2,289,884	1,053,893
61 - 120 days		1,974,289	2,209,254
More than 120 days		4,214,586	8,800,973
		8,478,759	12,064,120
Past due and impaired			
More than 120 days		966,830	966,830
		44,116,879	47,659,454

(iii) Deposits and other receivables

- These include receivables from custom authorities against rebates and duty drawbacks on export sales revenue.
- For other receivables, the Company has applied the 12 months ECL to measure the loss allowance. The Company determines the expected credit losses on deposits by using internal credit risk gradings. As at the reporting date, Rs.0.97 million (2022: Rs. 0.97 million) are considered 'doubtful'. Other deposits are considered 'performing' as there is no significant increase in credit risk in respect of these since initial recognition.
- For bank guarantee margin, these are placed with financial institutions with reasonably high credit ratings and therefore no credit loss is expected. Accordingly no loss allowance has been made.

(iv) Bank balances

- Due to the Company's long standing business relationships with the bankers and after giving due consideration to their strong financial standing. The have reasonably high credit ratings as determined by various independent credit rating agencies. Considering their strong financial standing, management does not expect any credit loss. The external credit ratings of the Company's banks as follows:



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Bank	Rating		Agency	2023	2022
	Short term	Long term		Rupees	
- Faysal Bank Limited	A1+	AA	PACRA	14,427	7,075,134
- Askari Bank Limited	A1+	AA+	PACRA	3,891	16,659
- The Bank of Punjab	A1+	AA+	PACRA	3,257	3,257
- Bank AlFalah Limited	A1+	AA+	PACRA	1,371	1,371
- Soneri Bank Limited	A1+	AA-	PACRA	1,682	1,682
- United Bank Limited	A-1+	AAA	VIS	14,476	14,476
- MCB Bank Limited	A1+	AAA	PACRA	36,620	151,686
- JS Bank Limited	A1+	AA-	PACRA	175,291	35,370
- Industrial Development Bank Limited	N/A	N/A	N/A	17,240	17,240
				268,255	7,316,875

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

(e) Concentrations of credit risk

- The Company determines concentrations of credit risk by type of counterparty. Maximum exposure to credit risk, as at the reporting date, by type of counterparty is as follows:

Financial assets at amortized cost	2023	2022
	-----Rupees-----	
Utility companies & local government body	5,660,617	5,038,617
Customers	43,150,049	46,692,624
Regulatory authorities	13,262,166	9,923,486
Related parties	8,598,837	11,694,910
Banking companies and financial institutions	268,255	7,316,875
	70,939,924	80,666,512

- There are no significant concentrations of credit risk, except for trade receivables. The Company's 5 (2022: 5) significant customers account for Rs. 29.48 million (2022: Rs. 34.94) of trade receivables as at the reporting date, apart from which, exposure to any single customer does not exceed 33% (2022: 30%) of gross trade debt balance as at the reporting date. These significant customers have long standing business relationships with the Company and have a good payment record and accordingly non-performance by these customers is not expected.

41.1.3 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 committed credit facilities. Following are the contractual maturities of financial liabilities, including interest payments.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

- Contractual maturities of financial liabilities as at June 30, 2023

Particulars	Carrying value	Contractual cash flows	Within 1 Year	Within 2-5 Years	More than 5 Years
	Rupees	Rupees	Rupees	Rupees	Rupees
Long term borrowings	5,401,500	10,650,606	3,731,810	6,918,796	-
Trade and other payables	29,205,476	29,205,476	29,205,476	-	-
Accrued mark up	4,645,835	4,645,835	4,645,835	-	-
Short term borrowings	125,125,000	125,125,000	125,125,000	-	-
Due to related parties	4,883,472	4,883,472	4,883,472	-	-
Total	169,261,283	174,510,389	167,591,593	6,918,796	-

Contractual maturities of financial liabilities as at June 30, 2022

Long term borrowings	10,650,605	18,168,598	6,041,804	12,126,794	-
Trade and other payables	39,884,783	39,884,783	39,884,783	-	-
Accrued mark up	929,889	929,889	929,889	-	-
Short term borrowings	125,850,000	125,850,000	125,850,000	-	-
Due to related parties	3,864,257	3,864,257	3,864,257	-	-
Total	181,179,534	188,697,527	176,570,733	12,126,794	-

- 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 June 30. The rates of interest / mark up have been disclosed in relevant notes to these financial statements.

41 Financial instruments by categories

The gross carrying amounts of the Company's financial instruments by class and category are as follows:

As at June 30, 2023	Fair Value through P&L	Fair Value through OCI	Amortized Cost	Total
	Rupees	Rupees	Rupees	Rupees

Assets as per statement of financial position

Long term investments	-	6,341,273	-	6,341,273
Long term deposits	-	-	5,660,617	5,660,617
Trade debts	-	-	43,150,049	43,150,049
Deposits and other receivables	-	-	13,262,166	13,262,166
Due from related parties	-	-	8,598,837	8,598,837
Cash and bank balances	-	-	2,351,300	2,351,300
Total	-	6,341,273	73,022,969	79,364,242



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

As at June 30, 2023		Fair Value through Profit or Loss	Amortized Cost
			Rupees
Liabilities as per statement of financial position			
	Long term borrowings	-	5,401,500
	Trade and other payables	-	29,205,476
	Accrued mark up	-	4,645,835
41	Short term borrowings	-	125,125,000
	Due to related parties	-	4,883,472
Total		-	169,261,283

As at June 30, 2022	Fair Value through P&L	Fair Value through OCI	Amortized Cost	Total
	Rupees	Rupees	Rupees	Rupees
Assets as per statement of financial position				
	Long term investments	9,250,838	-	9,250,838
	Long term deposits	-	5,038,617	5,038,617
	Trade debts	-	46,692,624	46,692,624
	Deposits and other receivables	-	9,923,486	9,923,486
	Due from related parties	-	11,694,910	11,694,910
	Cash and bank balances	-	10,727,193	10,727,193
Total		9,250,838	84,076,830	93,327,668

As at June 30, 2022		Fair Value through Profit or Loss	Amortized Cost
			Rupees
Liabilities as per statement of financial position			
	Long term borrowings	-	10,650,605
	Trade and other payables	-	39,884,783
	Accrued mark up	-	929,889
	Short term borrowings	-	125,850,000
	Due to related parties	-	3,864,257
Total		-	181,179,534

41 Offsetting financial assets and financial liabilities

- There are no significant financial assets and financial liabilities that are subject to offsetting, enforceable master netting arrangements and similar agreements.

42 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

- Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

- The different levels of fair valuation method have been defined as follows:
 - **Level 1** Quoted prices (unadjusted) in active markets for identical assets or liabilities.
 - **Level 2** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
 - **Level 3** Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).
- The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred.
- The Company's policy for determining when transfers between levels in the hierarchy have occurred includes monitoring of the following factors:
 - changes in market and trading activity (e.g.. significant increases / decreases in activity)
 - changes in inputs used in valuation techniques (e.g. inputs becoming / ceasing to be observable in the market)

42 Financial instruments measured at fair value

42.1.1 Recurring fair value measurements

Financial Instruments	Hierarchy	Valuation Techniques and Key inputs	2023	2022
-----------------------	-----------	-------------------------------------	------	------

Equity instrument

Investment in Associates (Without Significant Influence)- Designed At Fair Value through OCI

Punjab Oil Mills Limited	Level 1	Quoted bid prices in an active market	6,341,273	9,250,838
Premier Garments Limited	Level 3	Un-quoted investments, which are measured using break up values maximum up to zero.	-	-
Tee Jay Corporation (Private) Limited	Level 3	Un-quoted investments, which are measured using break up values maximum up to zero.	-	-

42.1.2 Non-recurring fair value measurements

There are no non-recurring fair value measurements as at the reporting date.

42 Financial instruments not measured at fair value

The management considers the carrying amount of all financial instruments not measured at fair value at the end of each reporting period to approximate their fair values as at the reporting date.

42 Assets and liabilities other than financial instruments

42.3.1 Recurring fair value measurements

For recurring fair value measurements, the fair value hierarchy and information about how the fair values are determined is as follows:



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Particulars	Level 1	Level 2	Level 3	30-Jun-23	30-Jun-22
Freehold Land	-	126,990,000	-	126,990,000	126,990,000
Buildings on Freehold Land	-	9,031,411	-	9,031,411	44,441,999
Plant and Machinery	-	97,276,555	-	97,276,555	105,745,999
Fittings and Electric	-	373,481	-	373,481	414,979

For fair value measurements categorised into Level 2 the following information is relevant.

Particulars	Valuation Technique	Significant Inputs	Sensitivity
Freehold Land	Market comparable approach that reflects recent transaction prices for similar properties.	Estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition.	A 5% increase in estimated purchase price, including nonrefundable purchase taxes and other costs directly attributable to the acquisition would result in a significant increase in fair value of buildings by Rs.6.35 million (2022: Rs. 6.35 million).
Buildings on Freehold Land	Cost approach that reflects the cost to the market participants to construct assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the year.	Estimated construction costs her ancillary expenditure.	A 5% increase in estimated construction and other ancillary expenditure would result in a significant increase in fair value of buildings by Rs.2.45 million (2022: Rs. 2.22 million).
Plant and Machinery	Cost approach that reflects the cost to the market participants to acquire assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the year.	Estimated purchase price, including import duties and non-refundable purchase taxes and other costs directly attributable to the acquisition or construction, erection and installation.	A 5% increase in estimated purchase price, including import duties and non-refundable purchase taxes and other directly attributable costs would result in a significant increase in fair value of plant and machinery by Rs.4.86 million (2022: Rs. 5.29 million).
Fittings and Electric Installations	Market comparable approach that reflects recent transaction prices for similar properties.	Estimated purchase price, including import duties and non-refundable purchase taxes and other costs directly attributable to the acquisition or construction, erection and installation.	A 5% increase in estimated purchase price, including import duties and non-refundable purchase taxes and other directly attributable costs would result in a significant increase in fair value of fittings and electric Installations by Rs.0.02 million (2022: Rs. 0.02 million).

42.3.2 Non-recurring fair value measurements

There are no non-recurring fair value measurements as at the reporting date.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

43 CAPITAL RISK MANAGEMENT

- While managing capital, the objectives of the Company are to ensure that it continues to meet the going concern assumption, enhances shareholders' wealth and meets stakeholders' expectations. The Company ensures its sustainable growth, maintaining optimal capital structure, keeping its finance cost low, exercising the option of issuing right shares or repurchasing shares, if possible, selling surplus property, plant and equipment without affecting the optimal production and operating level and regulating its dividend pay out thus maintaining smooth capital management.
- In line with others in the industry practices, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital employed. Net debt is calculated as total borrowings including current maturities less cash and bank balances. Total capital employed is calculated as equity as shown in the statement of financial position plus net debt. As at the date of statement of financial position, the gearing ratio of the Company was worked out as under:

Particulars	2023	2022
	Rupees	Rupees
Borrowings	140,055,807	141,294,751
Cash and bank balances	(2,351,300)	(10,727,193)
Net debt	137,704,507	130,567,558
Equity	329,816,974	318,020,227
Total capital employed	467,521,481	448,587,785
Gearing ratio	29.45%	29.11%

- The Company is not subject to externally imposed capital requirements, except those related to maintenance of debt covenants, commonly imposed by the providers of debt finance. There were no changes in the Company's approach to capital management during the year.

44 SEGMENT INFORMATION

For management purposes, the activities of the Company are recognized into one operating segment, i.e. manufacturing and sales of towel. The Company operates in the said reportable operating segment based on the nature of the product, risk and return, organizational and management structure and internal financial reporting systems. Accordingly, the figures reported in these financial statements relate to the Company's only one reportable segment. The Company-wide disclosures regarding the reportable segments are as follows:

Particulars	----- Percentage -----	
- Information about products wise revenue:		
- Terry towel	83.21%	82.85%
- Information about area wise revenue:		
- Export sales revenue	97.91%	98.43%
- Local sales revenue	2.09%	1.57%
- Major customers:		
- 7 customers (2022: 7 customers)	63.15%	65.14%
- Revenue from external customers attributed to foreign countries	97.91%	98.43%
- All non-current assets of the Company are located in Pakistan as at the reporting date.		



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

45 PLANT CAPACITY AND ACTUAL PRODUCTION

Particulars	----- Number -----	
	2023	2022
Avg. number of looms installed and worked (including looms obtained on lease)	18	20
Standard production of looms worked (Kilograms)	448,800	510,000
Actual production (Kilograms)	381,154	445,615

- Reasons for decrease

Production fluctuates widely depending on various factors such as width of towel woven, loop speed, maintenance of machinery, power shutdown and raw material used etc. It also varies according to the pattern of production adopted in any particular year. In this year production suffered due to electricity shutdowns and the disposal of two looms.

46 NUMBER OF EMPLOYEES

Particulars	2023		
	Head office	Mills	Total
	Number		
Employees as at year end	12	90	102
Average employees during the year	13	93	106

Particulars	2022		
	Head office	Mills	Total
	Number		
Employees as at year end	13	96	109
Average employees during the year	13	93	106

47 CORRESPONDING FIGURES

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

48 AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements were authorized for issue on October 3, 2023 by the Board of Directors of the Company.

49 GENERAL

Figures have been rounded off to the nearest Pakistani rupees.

**CHIEF EXECUTIVE
OFFICER**

**CHIEF FINANCIAL
OFFICER**

DIRECTOR



PATTERN OF SHAREHOLDING

As at June 30, 2023

No. of Shareholders	Shareholdings		Total Shares Held
	From	To	
137	1	100	6,540
255	101	500	76,664
233	501	1,000	171,607
133	1,001	5,000	355,889
27	5,001	10,000	202,589
7	10,001	15,000	95,000
3	15,001	20,000	54,996
4	20,001	25,000	91,100
2	25,001	30,000	58,000
1	30,001	35,000	31,200
1	35,001	40,000	40,000
1	40,001	45,000	43,500
2	45,001	50,000	98,000
1	60,001	65,000	62,500
1	80,001	85,000	84,000
1	120,001	125,000	120,500
1	125,001	130,000	126,000
1	165,001	170,000	168,715
1	180,001	185,000	182,500
1	190,001	195,000	191,900
1	820,001	825,000	821,941
1	2,930,001	2,935,000	2,934,887
1	3,035,001	3,040,000	3,038,883
1	3,935,001	3,940,000	3,939,393
817			12,996,304

Classification of ordinary shares by Categories as at June 30, 2023

Categories of shareholders	Share held	Percentage
Directors, Chief Executive Officers, and their spouse and minor children and their spouse and minor children	7,117,429	54.7650
Associated Companies, undertakings and related parties. (parent Company)	3,979,393	30.6194
NIT and ICP	19,895	0.1531
Banks Development financial institutions, Non banking Financial Institutions	4,710	0.0362
Insurance Companies	-	-
Modarabas and Mutual Funds	1000	0.0077
Shares holders holding 10% or more	10,033,663	77.2040
General Public		
a. Local	1,870,876	14.3955
b. Foreign	-	-
Others (to be specified)	-	-
Joint Stock Companies	3,001	0.0231



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

As on June 30, 2023

Sr. No.	Name & Category of shareholders	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties			
1	M/S TEEJAY CORPORATION (PVT) LTD	3,939,393	30.3116
2	M/S PREMIER GARMENTS LIMITED	40,000	0.3078
Mutual Funds			
-			
Directors and their Spouse and Minor Children			
1	MR. TAHIR JAHANGIR	3,159,383	24.3099
2	MRS MUNIZAE JAHANGIR	821,941	6.3244
3	MRS SULEMA JAHANGIR	5,818	0.0448
4	MR. JILLANI JAHANGIR	2,934,887	22.5825
5	MR. ABDUL MUNAF	500	0.0038
6	MR. RASHID AHMAD KHAN	1,000	0.0077
7	MR. HASSAN AHMED	1,000	0.0077
8	MRS MYRA HUSAIN QURESHI	192,900	1.4843
Executives:			
-			
Public Sector Companies & Corporations:			
-			
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		5,710	0.0439

Shareholders holding five percent or more voting intrest in the listed company

Sr. No.	Name & Category of shareholders	No. of Shares Held	Percentage
1	M/S TEEJAY CORPORATION (PVT) LTD	3,939,393	30.3116
2	MR. TAHIR JAHANGIR	3,159,383	24.3099
3	MR. JILLANI JAHANGIR	2,934,887	22.5825
4	MRS MUNIZAE JAHANGIR	821,941	6.3244

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

Sr. No.	Name	SALE	PURCHASE	SP. REIGHT
NILL				



To:

**The Company Secretary
Hala Enterprises Limited
17.5 Kilometers Sheikhupura Road,
Lahore**

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پراکسی فارم

میں / ہم سہمی / مسماة ساکن ضلع

بحیثیت ممبر کمپنی، مسہمی / مسماة ساکن کمپنی ممبر یا اسکی عدم موجودگی کی صورت میں

مسہمی / مسماة ساکن کمپنی ممبر کو بطور مختار (پراکسی) مقرر کرتا / کرتی ہوں تاکہ وہ میری / ہماری جگہ

اور میری / ہماری طرف سے کمپنی کے سالانہ اجلاس عام جو کہ بتاریخ ۲۸ اکتوبر ۲۰۲۳ء بوقت صبح 11:00 بجے، کمپنی کے رجسٹرڈ دفتر فیکٹری پریسز، 17.5 کلومیٹر شینو پورہ روڈ لاہور میں منعقد ہو رہا ہے

میں بول سکے اور ووٹ ڈال سکے۔

پانچ روپے کی ریونیوسٹپ
چسپاں کریں

دستخط بتاریخ دن 2023ء

گواہ کوائف	گواہ کوائف
دستخط:	دستخط:
نام:	نام:
پتہ:	پتہ:
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:
دستخط:	فولیو نمبر:
(دستخط کمپنی میں موجود رجسٹرڈ دستخط کے مطابق ہونے چاہئیں)	سی ڈی سی کھانہ نمبر:
	حصص کی تعداد:

اہم: پراکسی فارم، کمپنی کے رجسٹرڈ آفس 120 ای ون گلبرگ تھری لاہور، میں اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل جمع کرانا لازمی ہے۔ بصورت دیگر وہ قابل قبول نہ ہوگا۔



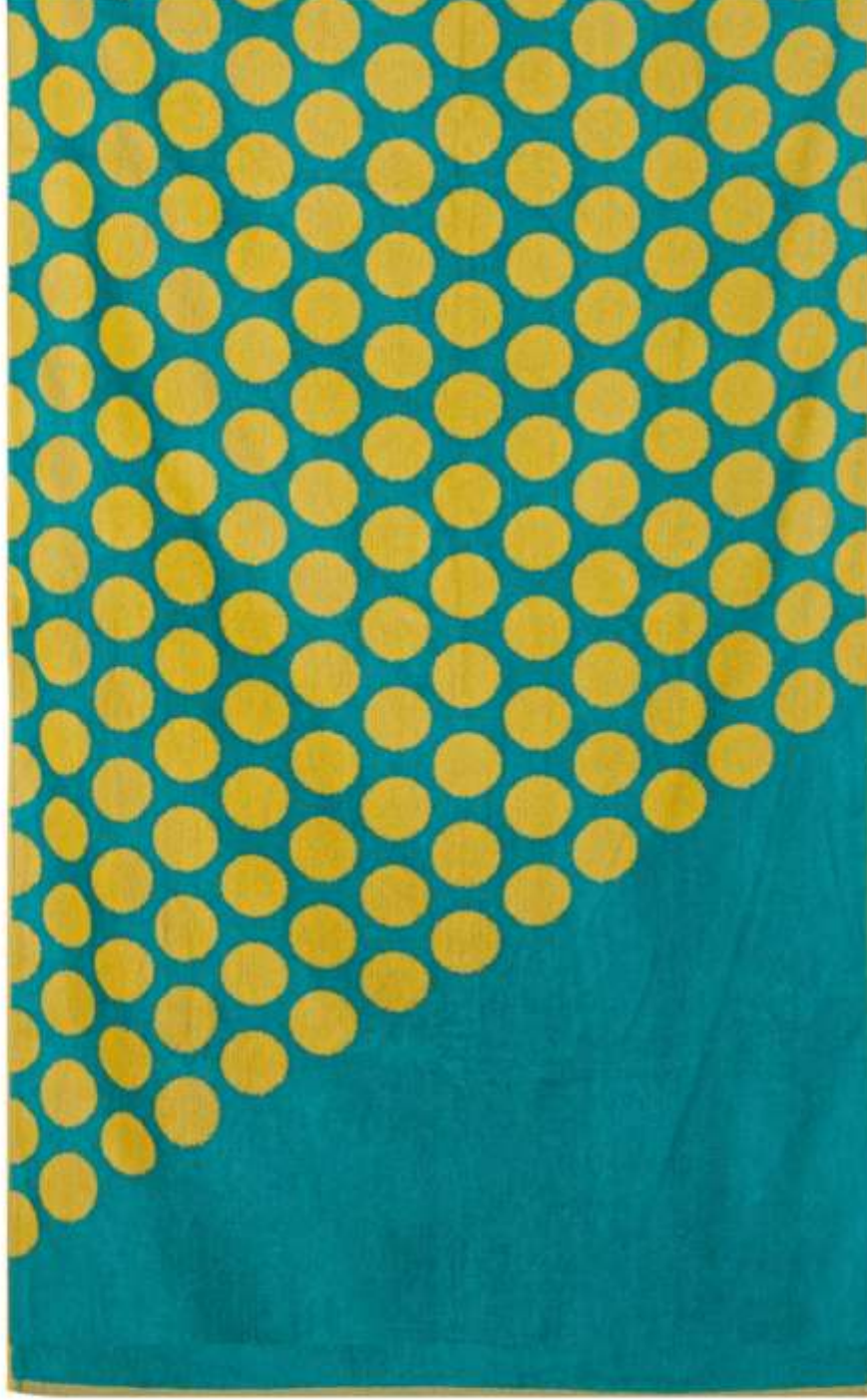
To:

**The Company Secretary
Hala Enterprises Limited
17.5 Kilometers Sheikhupura Road,
Lahore**

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