



# **ANNUAL REPORT**

## **2023**



## COMPANY INFORMATION

<b>BOARD OF DIRECTORS</b>	Mr. Abdul Aziz Jamal Mr. Husein Aziz Jamal Mr. Abdul Rashid Jamal Ms. Saman Aziz Jamal Mr. Muhammed Ali Rashid Mr. Akhtar Wasim Dar Mr. Malik Muneer	Chairman Chief Executive Officer Non-Executive Director Executive Director Non-Executive Director Independent Director Independent Director
<b>CHIEF FINANCIAL OFFICER</b>	Mr. M. Anwar Kaludi	
<b>COMPANY SECRETARY</b>	Mr. Muhammed Aslam Moten	
<b>BOARD OF AUDIT COMMITTEE</b>	Mr. Akhtar Wasim Dar Mr. Abdul Rashid Jamal Mr. Malik Muneer Mr. Mirza Akhtar Shikoh	Chairman Member Member Secretary
<b>HUMAN RESOURCE AND REMUNERATION COMMITTEE</b>	Mr. Akhtar Wasim Dar Mr. Abdul Rashid Jamal Mr. Malik Muneer Mr. Shan ul Haq	Chairman Member Member Secretary
<b>BANKERS</b>	Habib Metropolitan Bank Limited MCB Bank Limited Soneri Bank Limited Dubai Islamic Bank Limited	
<b>AUDITORS</b>	Reanda Haroon Zakaria & Co. Chartered Accountants	
<b>LEGAL ADVISOR</b>	Ms. Marium Badar	
<b>REGISTERED &amp; HEAD OFFICE</b>	HT-8, Landhi Industrial & Trading Estate, Landhi, Karachi-75120.	
<b>SHARE REGISTRAR</b>	C & K Management Associates (Pvt) Limited 404, Trade Towers, Near Hotel Metropole, Abdullah Haroon Road, Karachi.	
<b>E-Mail</b>	Sales@husein.com	
<b>URL</b>	www.husein.com	

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 70<sup>th</sup> Annual General Meeting of Husein Industries Limited (the "Company") will be held on Friday, October 27, 2023 at 11:00 a.m. at the Registered Office of the Company at Plot No. HT-8, Landhi Industrial & Trading Estate, Landhi, Karachi to transact the following business:

### Ordinary business:

1. To Confirm the minutes of last Annual General Meeting.
2. To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2023 together with the Auditors' and Directors' Reports thereon and the Review Report of the Chairman; and
3. To appoint auditors and to fix their remuneration. The members are hereby notified that the Board of Directors and the Board Audit Committee have recommended the name of Reanda Haroon Zakaria & Co. Chartered Accountants, for re-appointment as auditors of the Company for the year ending June 30, 2024;

By Order of the Board

Muhammad Aslam Moten  
Company Secretary

Karachi: October 05, 2023

### Notes:

1. **Closure of Share Transfer Books** The Share Transfer Books of the Company will remain closed from October 21, 2023 to October 27, 2023 (both days inclusive). Transfers received in order at the office of the Company's Share Registrar, M/s C & K Management Associates (Pvt.) Limited, 404 Trade Tower, Abdullah Haroon Road, Near Metropole Hotel, Karachi 75330, PABX No (92-21)35685930/35687839 and Email at [info@ckmgmt.org](mailto:info@ckmgmt.org) by close of business on October 19, 2023, will be treated as being in time for the purposes of attending and voting at the AGM. Only those persons whose names appear in the Register of Members of the Company as at October 20, 2022 are entitled to attend and vote at the Annual General Meeting.
2. **Proxy** A member entitled to attend and vote at the Annual General Meeting may appoint another Member as his/her proxy to attend and vote for him/her provided that a corporation may appoint as its proxy a person who is not a member but is duly authorized by the corporation. A proxy form is attached with this notice. The proxy form his be signed by the appointer, or attorney duly, be authorized in writing, or if the appointer is a corporate entity, be under its seal or signed by an officer or an attorney duly authorized by it. Proxies must be received at the Registered Office of the Company not less than 48 hours before the time of the holding of the Annual General Meeting.

A corporate entity being a member of the company may, by resolution of its board act as its representative at the meeting, and the individual so authorized shall be entitled to exercise the same powers on behalf of the corporate entity which he represents.

A member or proxy shall authenticate his/her identity by showing original CNIC/passport at the time of attending the meeting.

CDC Account Holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

**A. For attending the meeting:**

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

**B. For appointing proxies:**

- i. In case of individuals, the account holders and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirements.
- ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii. Attested copies of CNIC or the passport of the beneficial owner and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his/her original CNIC or original Passport at the time of meeting.
- v. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

- 3. Video Conference Facility** Pursuant to the provisions of the Companies Act 2017 the shareholders residing in a city and holding at least 10% of the total paid up share capital may demand the Company to provide the facility of video-link for participating in the meeting. The demand for video-link facility shall be received by the Share Registrar at the address given herein above at least 10 days prior to the date of the meeting on the Standard Form available on the company's website.

The Company will intimate respective members regarding venue of the video-link facility before five days of the Meeting along with complete information necessary to enable them to access the facility.

*I/we \_\_\_\_\_ of \_\_\_\_\_ being members of Husein Industries Limited holder \_\_\_\_\_ Ordinary Shares(s) as per Registered Folio No. CDC/Account No. \_\_\_\_\_ hereby opt for video conference facility at [name of city] in respect of Annual General Meeting of the Company.*

4. Members are requested to immediately notify the Company's Shares Registrar of any change in their registered address.
5. Members are requested to notify/submit the following information/documents, in case of book entry securities in CDS to their respective participant/investor account services and in case of physical shares to the Registrar of the Company by quoting their folio number and name of the Company at the above-mentioned address, if not earlier notified/submitted:
  - Members are requested to notify any change in their registered address immediately.
  - Valid and legible copy of CNIC/Passport (in case of individual) and NTN Certificate (in case of corporate entity). Please note that CNIC Number is mandatory for issuance of dividend warrants and in the absence of this information payment of dividend shall be withheld.
  - Dividend mandate information mentioning title of bank account, International Bank Account Number (IBAN) bank name, branch name, branch code, and address towards direct transfer/credit of cash dividend in your account. Please note that all future dividends shall only be paid through online bank transfer as required under Section 242 of the Companies Act, 2017.
6. In case of joint holders, only one member whose name will appear as main title shareholder in our list of shareholders, will be allowed to attend the General Meeting.

7. **Placement of Financial Statements** The Audited Financial Statements of the Company for the year ended June 30, 2023, have been made available on the Company's website (<http://www.husein.com>) in addition to the Annual and Quarterly financial statements for the previous years. Further, Annual Report of the Company for the year ended June 30, 2023, has been e-mailed by the Company to the respective shareholders who have provided their valid e-mail IDs to the Share Registrar of the Company. However, if a shareholder, requests for a hard copy of the Annual Audited Financial Statements, the same shall be provided free of cost within seven (07) days of receipt of such request. For the convenience of shareholders, a "Standard Request Form for provision of Annual Audited Accounts" has also been made available at the Company's website (<http://www.husein.com>).
8. **Conversion of physical shares into CDC account** The SECP, through its letter No. CSD/ED/Misc/2016- 639-640 dated March 26, 2021, has advised all listed companies to adhere to the provisions of Section 72 of the Companies Act, 2017, which requires all companies to replace shares issued in physical form to book-entry form within four years of the promulgation of the Act. Accordingly, all shareholders of the Company having physical folios/share certificates are requested to convert their shares from the physical form into book-entry form at the earliest. Shareholders may contact a PSX Member, CDC Participant, or CDC Investor Account Service Provider for assistance in opening a CDS Account and subsequent conversion of the physical shares into book-entry form. Maintaining shares in book-entry form has many advantages — safe custody of shares with the CDC, avoidance of formalities required for the issuance of duplicate shares, and trade in shares anytime etc. The shareholders of the Company may contact the Share Registrar and Transfer Agent of the Company, namely M/S C & K Management Associates (Pvt.) Limited for the conversion of physical shares into book entry form.
9. For any query / problem/information Members may contact the Company at email [sales@husein.com](mailto:sales@husein.com) and/or the Share Registrar of the Company at above mentioned address.
10. As per Circular No. 05 of 2020 dated March 16, 2020 read with Circular No.4 of 2021 dated February 15, 2021; the shareholders may contact the Company at either of following:

Email: [sales@husein.com](mailto:sales@husein.com)

Whatsapp: 0333-2213903  
Mobile: 0333-2213903

## **Our Vision**

The Company wishes to forge ahead, experiments with new ideas and challenge new frontiers. It will endeavor to achieve excellence in all undertaking and intends to provide customer satisfaction by being efficient and competitive.

## **Our Mission**

To become a profitable organization and exceeds the expectations of our customers and stakeholders by producing and marketing high quality products at competitive prices through concentration on quality, business value and fair play. To develop and promote the best use of human talent in a safe environment, as an equal opportunity employer while using advance technology for efficient and cost effective operations.

## CHAIRMAN'S REVIEW

As we conclude another financial year, it is my great pleasure to present the review report as mandated by Section 192 of the Companies Act, 2017, for the year ended June 30, 2023. This report aims to illuminate the Company's performance and the pivotal role played by the Board of Directors in guiding the management towards fulfilling its responsibilities for the betterment of our valued stakeholders.

It gives me great satisfaction to report that the Board has been meeting regularly and maintained continuous oversight and while being cognizant of its role and responsibilities, which it has carried out diligently in order to up hold the best interest of the Shareholders of Husein Industries Limited. According to the requirements of the Companies Act, 2017 and Code of Corporate Governance, the Directors have performed their duties diligently and effectively in the best interest of the Company.

The Board carried out an evaluation of the Board's own performance and that of its committees, as well as that of individual Directors. The Board is extremely satisfied with the result of its self-assessment. The evaluation of the Board's performance is assessed based on those key areas where the Board requires clarity to provide high level oversight, key business drivers and performing milestones, analysis of the economic environment in which it operates, the risks faced by the business, Board Dynamics, capability and information flows. Based on the aforementioned, it can be reasonably stated the Board of Husein Industries has played a key role in ensuring that objectives are achieved through a joint effort with the management team and guidance and oversight by the Board and its members.

During the year; the Board played an effective role in managing the affairs of the Company in the following manner:

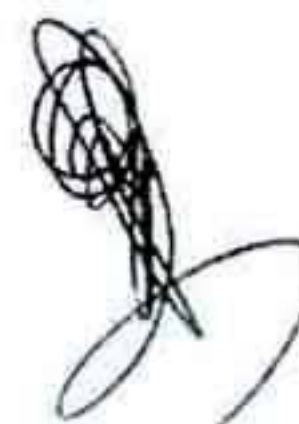
- The Board has ensured that there is adequate representation of non-executive and independent directors on the Board and its committees as laid down in the Code and shall ensure to implement the requirements of new Code in its true letter and spirit;
- The Board performed their duties and reviewed, discussed and approved business strategies, corporate objectives, plans, financial statements and other reports. Members received clear and complete agendas and relevant written material in sufficient time prior to Board and committee meetings;
- All meetings of the Board, as well as those of its committees were held with the requisite quorum and all the decisions were taken through Board resolutions. The minutes of the Board meetings, as well as that of its committees were accurately recorded and circulated amongst the Members with regularity and timeliness. The Board and the Audit Committee have reviewed and are satisfied that there are adequate systems of internal control in place and that these were regularly assessed for implementation and adequacy.
- The Board has ensured that members of the Board and its respective committees possess adequate skills, experience and knowledge to manage the affairs of the Company. The Board shall ensure that the directors shall be provided with the requisite training to enable them to perform their duties in an effective manner to ensure that directors seek certification in accordance with the Code;
- The Board recognizes that well defined corporate governance processes is vital in enhancing corporate accountability and is committed to ensure high standards of corporate governance to preserve and maintain stakeholder value;
- The Board has a clear understanding of the stakeholders (shareholders, employees, vendors, society at large) whom the Company serves. The Board has a strategic vision of how the Organization should evolve over the next three to five years. Further, the Board sets annual goals and targets for the management in all major performance areas;
- All the significant issues were presented before the Board or its committees to strengthen and formalize the corporate decision-making process and particularly all the related party transactions executed by the Company were approved by the Board on the recommendations of the Audit Committee;

- The Board has prepared and approved the Directors Report and has ensured that the Directors Report is published with the quarterly and annual financial Statements and the contents of the directors' report is in accordance with the requirement of applicable laws and regulation.
- The Board's composition has a balance of executive, non-executive and independent directors and the Board, as a whole, has the core competencies, diversity, requisite skills, knowledge and experience necessary in the context of the Husein Industries operations.
- The Board has ensured that the sound system of internal controls is in place; and
- The Board performed its functions in light of the power assigned to the Board in accordance with the relevant laws and applicable regulation and it has ensured compliance while exercising their powers and making decisions.

### **Acknowledgement**

Being the Chairman of the Board, I would like to thank all our Board members for their commitment and contribution. I will remain firmly committed to ensure that the Company complies with all the relevant provisions of the code and other regulations and ensuring that our management team continues to take decisions that will create value for you in the short, medium and long term.

**Karachi**  
**October 02, 2023**



**Abdul Aziz Jamal**  
**Chairman**



## Directors' Report

*In the name of Allah the Most Merciful and the Most Benevolent*

The directors of your Company are pleased to present the Annual Report and the Audited Financial Statements for the year ended June 30, 2023 together with the independent auditors' report thereon. It has been a challenging yet transformative period for our company, one marked by resilience, adaptability, and a steadfast commitment to creating value for our shareholders. In lieu of recent events, we feel it's important to reiterate the effort of the management and to speak about the journey over the past decade.

**Operating and Financial Results** The Comparative financial results of the company are summarized below:

	2023	2022
	<b>Rupees</b>	
Revenue	<b>160,603,267</b>	221,851,273
Cost of sales and expenses	<b>(65,871,294)</b>	(90,065,719)
Gross Profit	<b>94,731,973</b>	131,785,554
Administrative expenses	<b>(33,630,095)</b>	(31,368,084)
Operating profit	<b>61,101,878</b>	100,417,470
Finance costs	<b>(45,016,862)</b>	(28,188,423)
Other income	<b>1,223,881</b>	57,809
Profit before taxation	<b>17,308,897</b>	72,286,856
Taxation –net	<b>3,757,918</b>	(12,291,337)
Profit after taxation	<b>21,066,815</b>	59,995,519
Earnings per share	<b>1.98</b>	5.65

**Review of Financial Performance** During the period under review, the Company observed challenges and financial performance maintained a downward trajectory. Revenue of the Company decreased to Rupees 160,603,267 as compared to Rupees 221,851,273 in corresponding year. Gross profit also decreased to Rupees 94,731,973 as compared to Rupees 131,785,554 last year which resulted in a reduction of profit after taxation to Rupees 21,066,815 as compared to Rupees 59,995,519 last year. Earnings Per Share (EPS) decreased PKR 1.98 as compared to 5.65 in corresponding period.

**Future Outlook** The Company has planned to adopt a business diversification strategy which will continue to contribute towards the stability of the Company. Moreover, the launch of 'Jamal Garden's Residential / Commercial Project' which is pending approvals will continue to improve the Company's overall financial position and will also allow the company to initiate new projects. The focus on managing and improving the company's financial position remains a priority and further developments are expected during the year.

**Risks and Challenges** The financial year 2023 can be said to be a time when the world moved back to normalcy from an extremely challenging period for retail spending, business growth and the overall economy. However, despite the world moving back to normal, in Pakistan businesses are facing other challenges as well. Pakistan's economy is facing both political and economic crisis, thus it is a new challenge and struggle for any business to grow. Pakistan's economic growth is expected to slow significantly in the Financial year 2024 in the wake of current account deficit and ongoing foreign exchange crisis.

**Related Party Transactions** All related party transactions during the financial year ended on June 30 2023 were placed before the Audit Committee and the Board for their review and subsequently approved. All these transactions were in line with the transfer pricing methods and the policy for related parties approved by the Board.

**Corporate Social Responsibility (CSR)** The Company gives high priority to its social responsibilities and is committed to the highest standards of corporate behavior even though it has increased its cost of doing business. The Company believes in having shared value and having a healthy workplace. The Company, upon achieving desired results, aims to continue its CSR initiatives in the areas of healthcare, education, water and sanitation, child welfare, infrastructure development and other social welfare activities.

**Code of Conduct** The Company strives to enhance corporate governance as one of the most important tasks for its management, based on the Company's basic principle, in order to strengthen the trust of our shareholders, customers & society and seek sustainable growth and enhance corporate value.

**Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (Regulations)** The Company has complied with all the requirements of the Code of Corporate Governance as required by the listing regulations. Accordingly, the Directors are pleased to confirm the following:

- a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- b) Proper books of account of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
- d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed and explained.
- e) The Company maintains a sound internal control system which gives reasonable assurance against material misstatement or loss. The internal control system is regularly reviewed.
- f) We affirm the Company's ability to continue as a going concern.
- g) There has been no departure from the best practices of corporate governance.
- h) Key operating and financial data for the last six years is summarized on page 55.
- i) Outstanding taxes, statutory charges and duties, if any, have been duly disclosed in the financial statements.
- j) Significant deviations, from last year in the operating results of the Company have been highlighted and explained.
- k) In accordance with the criteria specified in the Regulations, all the directors have acquired certifications under Directors' Training Program or are exempt under the Regulations
- l) All the Directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies.
- m) Outstanding debts, if any, have been duly disclosed in the financial statements.
- n) During the year; four meetings of the Board of Directors and four audit committee meetings were held separately. Attendance by each Director and member of audit committee is annexed.
- o) Majority of the members of the Audit Committee are amongst independent and non-executive directors.

**The Board of Directors** The Board of Directors is composed of seven members, with statutory representation of different category of directors, which includes an independent director, non-executive directors and executive directors as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019. The Board is responsible for making strategic decisions with respect to important management matters, including the execution of important business activities and other matters as prescribed by law. These decisions are made after deliberating matters according to established criteria: assessing risks and giving due consideration to ground realities. The Board is also responsible for supervising and monitoring conduct guidelines.

- The total number of directors are seven (7) comprising of six (6) male and one (1) female director.
- The composition of Board of Directors (the Board) is as follows:

<b>Category</b>	<b>Names</b>
Independent Directors	Mr. Akhtar Wasim Dar Mr. Malik Muneer
Non-Executive Directors	Mr. Abdul Aziz Jamal Mr. Abdul Rashid Jamal Mr. Muhammad Ali Rashid
Executive Directors	Mr. Husein Aziz Jamal Ms. Saman Aziz Jamal

The Board of Directors has established Audit Committee as well as HR and Remuneration Committee in compliance with the Code of Corporate Governance which comprises of the following members and the number of meetings attended by each person is also mentioned below:

**Board Meeting and Attendance** During the year 4 meetings of the Board of Directors of the company were held attendance by each director is shown below:

Sr. No.	Name	Designation	Number of meetings Attended
1	Abdul Aziz Jamal	Chairman / Director	4
2	Husein Aziz Jamal	Chief Executive / Director	4
3	Ms. Saman Aziz Jamal	Director	4
4	Mr. Suleman Aswani	Director	3
5	Mr. Abdul Rashid Jamal	Director	4
6	Abdul Rehman Yousuf	Director	3
7	Mr. Muhammed Ali Rashid	Director	4
8	Mr. Akhtar Wasim Dar	Director	1
9	Mr. Malik Muneer	Director	1

**Audit Committee Meeting and Attendance** During the year four meetings of the Board Audit Committee of the Company were held; attendance by each member is as under:

Sr. No.	Name	Designation	Number of meetings Attended
1	Mr. Suleman Aswani	Chairman (Till March 12, 2023)	3
2	Mr. Akhtar Wasim Dar	Chairman (with effect from March 13, 2023)	1
3	Mr. Abdul Rashid Jamal	Member	4
4	Mr. Abdul Rehman Yousuf	Member (Till March 12, 2023)	3
5	Mr. Malik Muneer	Member (with effect from March 13, 2023)	1

**Human Resource & Remuneration Committee Meeting and Attendance** During the year; one meeting of the Human Resource Committee of the Company was held; attendance by each member is as under:

Sr. No.	Name	Designation	Number of meetings Attended
1	Mr. Suleman Aswani	Chairman	1
2	Mr. Abdul Rashid Jamal	Member	1
3	Mr. Abdul Rehman Yousuf	Member	1

**Internal Financial Controls** A system of sound internal control is established and implemented at all levels within the Company. The system of internal control is sound in design for ensuring achievement of company's objectives, operational effectiveness and efficiency, reliable financial reporting and compliance with laws, regulations and policies.

**Financial Statements** The financial statements of the company have been duly audited and signed by the auditors of the Company, M/S Reanda Haroon Zakaria & Company, Chartered Accountants, and their report is attached with the financial statements.

**Statutory Auditors of the Company** The present auditors' M/S Reanda Haroon Zakaria & Company, Chartered Accountants will retire on conclusion of Annual General Meeting being held on October 27, 2023. As suggested by the Audit Committee, the Board of Directors has recommended their re-appointment as auditors of the Company for the year ending June 30, 2024.

**Remuneration to Chief Executive Officer and Directors** The remuneration of the directors including Chief Executive is determined by the shareholders as per provisions of Section 170 of the Companies Act, 2017 on the basis of standards in the market and reflects demand to competencies and efforts in the light of the scope of their work and responsibilities of the directors.

**Election of directors** The Company held election of directors in last annual general meeting and elected seven directors of the Company as term of retiring directors was completed on March 12, 2023 whereas elected directors assumed charge with effect from March 13, 2023. The Company has fully complied with the provisions of Section 166 of the Companies Act, 2017 in connection with the election of independent directors.

**Pattern of Shareholding** A statement showing the pattern of shareholding in the Company and additional information as at June 30, 2023 is given on page 52.

**Chairman's Review** The accompanied Chairman review deals with the performance of the Company for the year ended June 30, 2023 and future outlook. The directors endorse the contents of the review.

**Relationship with Stakeholders** The Company is committed to establishing mutually beneficial relations with all stakeholders, stock exchange, SECP and other business partners of the Company. Alhamdulillah during the period under review relations with all stakeholders remained cordial.

**Post Balance Sheet Events** No material changes or commitments affecting the financial position of the Company have occurred between the end of financial year of the Company and the date of this report.

**Acknowledgement** The Board of Directors would like to take this opportunity to express its deep appreciation of the commitment, resilience, courage and dedication of its employees. We would also like to acknowledge the continued support and cooperation received from our esteemed customers, suppliers, bankers and shareholders and thank them for reposing confidence in our Company and products.

**For and on behalf of the Board**



\_\_\_\_\_  
Chief Executive Officer



\_\_\_\_\_  
Director

**October 02, 2023**



# REANDA

Reanda Haroon Zakaria & Company  
Chartered Accountants



## INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF HUSEIN INDUSTRIES LIMITED

### *Review Report on The Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations, 2019*

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Husein Industries Limited** (the Company) 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.

*RH Zakaria*  
Reanda Haroon Zakaria & Company  
Chartered Accountants

**Engagement Partner**  
**Mohammad Iqbal**

**Place:** Karachi

**Dated:** 02 OCT 2023

**UDIN:** CR2023100861akLOsuhY

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

**Name of Company:** Husein Industries Limited  
**Year ended:** June 30, 2023

Husein Industries Limited (the Company) has complied with the requirements of the Regulations in the following manner:

1. The total number of Directors are seven as per the following:

- a. Male: 6
- b. Female: 1

2. The composition of the Board of Directors (the Board) is as follows:

<b>Category</b>	<b>Name</b>
Independent Directors*	Mr. Akhtar Wasim Dar
	Mr. Malik Muneer
	Mr. Abdul Rashid Jamal
Non-Executive Directors	Mr. Muhammed Ali Rashid
	Mr. Abdul Aziz Jamal
Executive Director	Mr. Husein Aziz Jamal
	Miss. Saman Aziz Jamal (Female Director)

\*Best practices of code of corporate governance requires that the Company's Independent Directors shall be higher of two or one third (2.33) of its total Directors (7). However, fraction (0.33) contained in one-third number for independent directors has not been rounded up as one, as the existing independent directors have the requisite skills, knowledge and diversified work experience to take independent decision in the interest of the Company;

3. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / Shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and the Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board;
8. The Board have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and the Regulations;
9. The Board has arranged Directors' Training Program (DTP) for one of its directors. Three Directors are exempt from DTP and the remaining directors will be trained after the next election of directors within the prescribed time period. All the Directors on the Board are fully conversant with their duties and responsibilities.

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and the head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer (CEO) duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:

<b>Name of Committee</b>	<b>Name</b>	<b>Designation</b>
<b>Audit Committee</b>	Mr. Akhtar Wasim Dar	Chairman
	Mr. Abdul Rashid Jamal	Member
	Mr. Malik Muneer	Member
<b>HR and Remuneration Committee</b>	Mr. Akhtar Wasim Dar	Chairman
	Mr. Abdul Rashid Jamal	Member
	Mr. Malik Muneer	Member

13. The terms of reference of the aforesaid committees have been formed, documented, and advised to the committees for compliance;
14. The frequency of meetings of the committees were as per following:

<b>Committee</b>	<b>Frequency of Meeting</b>
a) Audit Committee	Quarterly
b) HR and Remuneration Committee	Yearly

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

**On Behalf of the Board**



**Chairman**

**Dated: October 02, 2023**



# REANDA

Reanda Haroon Zakaria & Company  
Chartered Accountants



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HUSEIN INDUSTRIES LIMITED REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### *Opinion*

We have audited the annexed financial statements of **Husein Industries Limited (the Company)**, which comprise the statement of financial position as at June 30, 2023, and the statement of profit or loss and other 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, statement of profit or loss and other 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 and 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.

### *Material Uncertainty related to Going Concern*

The Company has earned after tax profit amounting to Rs. 21.067 (2022: 59.996) million, however, its accumulated losses stood at Rs. 1,072.619 (2022: Rs. 1,109.931) million resulting in negative shareholders' equity of Rs. 106.743 (2022: Rs. 500.037) million. At reporting date, current liabilities of the Company exceeded the current assets by Rs. 730.752 (2022: Rs. 777.819) million. These conditions along with other matters set forth in note 1.2 to the accompanying financial statements indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business, and also discusses the reasons for preparing the financial statements on going concern basis including the expectation of future profitability on account of business diversification strategy adopted by the Company, financial support from directors and other matters. These plans including the viability of the new business are subject to inherent uncertainty as future events are always subject to change. Our opinion is not modified in respect of this matter.



### ***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 year. 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.

Except for the matter described in the '*Material Uncertainty related to Going Concern*' section we have determined that there are no other key audit matters to communicate in our report.

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

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

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

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

### ***Responsibilities of Management and Board of Directors for the Financial Statements***

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

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

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

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

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

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

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

#### ***Report on Other Legal and Regulatory Requirements***

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

- a) proper books of accounts 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 and other 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;
- 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 Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Muhammad Iqbal**.

  
**Reanda Haroon Zakaria & Company**  
Chartered Accountants

**Place:** Karachi  
**Dated:** 02 OCT 2023  
**UDIN:** AR202310086LDvjGKoTX

**HUSEIN INDUSTRIES LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2023**

<b>ASSETS</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>
		<b>----- Rupees -----</b>	
<b>Non-Current Assets</b>			
Property, plant and equipment	5	748,148,064	275,978,348
Long term investment	6	611,987	487,473
Long term deposits	7	1,316,096	1,316,096
Deferred taxation - net	8	-	-
		<b>750,076,147</b>	<b>277,781,917</b>
<b>Current Assets</b>			
Short term investment	9	16,362,506	-
Development property	10	87,713,467	77,304,885
Trade debts	11	2,231,356	797,926
Prepayments		156,132	156,330
Tax refunds due from the Government	12	5,976,060	5,976,060
Cash and bank balances	13	13,904,119	14,907,590
		<b>126,343,640</b>	<b>99,142,791</b>
<b>Total Assets</b>		<b>876,419,787</b>	<b>376,924,708</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
<b>Authorized Capital</b>			
15,000,000 Ordinary shares of Rs. 10 each		<b>150,000,000</b>	<b>150,000,000</b>
<b>Share Capital</b>			
Issued, subscribed and paid up capital	14	106,258,520	106,258,520
<b>Capital Reserves</b>			
Share premium	15	33,858,000	33,858,000
Surplus on revaluation of fixed assets	15	533,617,882	177,635,000
		<b>567,475,882</b>	<b>211,493,000</b>
<b>Revenue Reserves</b>			
General reserve	15	292,142,000	292,142,000
Accumulated losses	15	(1,072,619,360)	(1,109,930,748)
		<b>(780,477,360)</b>	<b>(817,788,748)</b>
<b>Shareholders' equity</b>		<b>(106,742,958)</b>	<b>(500,037,228)</b>
<b>Non-Current Liability</b>			
Deferred tax liability	16	126,067,036	-
<b>Current Liabilities</b>			
Trade and other payables	17	172,706,267	181,160,162
Contract liabilities	18	232,765,497	262,743,450
Short term borrowings	19	276,435,490	278,485,490
Mark-up accrued	20	93,380,278	56,222,899
Unclaimed dividend	21	5,168,429	21,710,187
Provision for taxation	22	76,639,748	76,639,748
		<b>857,095,709</b>	<b>876,961,936</b>
<b>Contingencies and Commitments</b>	23		
<b>Total Equity and Liabilities</b>		<b>876,419,787</b>	<b>376,924,708</b>

The annexed notes from 1 to 38 form an integral part of these financial statements.

  
 Chief Executive Officer

  
 Chief Financial Officer

  
 Director

**HUSEIN INDUSTRIES LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<i>Note</i>	<i>2023</i>	<i>2022</i>
		----- <i>Rupees</i> -----	
Revenue	24	160,603,267	221,851,273
Cost of sales and expenses	25	<u>(65,871,294)</u>	<u>(90,065,719)</u>
<b>Gross profit</b>		<b>94,731,973</b>	<b>131,785,554</b>
Administrative expenses	26	<u>(33,630,095)</u>	<u>(31,368,084)</u>
<b>Operating profit</b>		<b>61,101,878</b>	<b>100,417,470</b>
Finance cost	27	(45,016,862)	(28,188,423)
Other income	28	<u>1,223,881</u>	<u>57,809</u>
<b>Profit before taxation</b>		<b>17,308,897</b>	<b>72,286,856</b>
Taxation - net	29	<u>3,757,918</u>	<u>(12,291,337)</u>
<b>Profit after taxation</b>		<b>21,066,815</b>	<b>59,995,519</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss in subsequent years</b>			
Surplus on revaluation of fixed assets	16	504,929,598	-
Less: deferred tax thereon	16	(132,702,143)	-
		<b>372,227,455</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<u><u><b>393,294,270</b></u></u>	<u><u><b>59,995,519</b></u></u>
<b>Earnings per share</b>	30	<u><u><b>1.98</b></u></u>	<u><u><b>5.65</b></u></u>

The annexed notes from 1 to 38 form an integral part of these financial statements.

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\_\_\_\_\_  
*Chief Executive Officer*



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*Chief Financial Officer*



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*Director*


**HUSEIN INDUSTRIES LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Particulars	Reserves						Shareholders' equity
	Ordinary share capital	Capital		Revenue			
		Share premium	Surplus on revaluation of fixed assets	General reserves	Accumulated losses	Total reserves	
----- Rupees -----							
Balance as at June 30, 2021	106,258,520	33,858,000	177,635,000	292,142,000	(1,169,926,267)	(666,291,267)	(560,032,747)
Total Comprehensive income for the year							
Profit for the year	-	-	-	-	59,995,519	59,995,519	59,995,519
Other comprehensive income for the year	-	-	-	-	-	-	-
	-	-	-	-	59,995,519	59,995,519	59,995,519
Balance as at June 30, 2022	106,258,520	33,858,000	177,635,000	292,142,000	(1,109,930,748)	(606,295,748)	(500,037,228)
Total Comprehensive income for the year							
Profit for the year	-	-	-	-	21,066,815	21,066,815	21,066,815
Other comprehensive income for the year	-	-	372,227,455	-	-	372,227,455	372,227,455
Transfer from surplus on revaluation of property on account of incremental depreciation -net of deferred tax	-	-	(16,244,573)	-	16,244,573	-	-
Total comprehensive income for the year	-	-	355,982,882	-	37,311,388	393,294,270	393,294,270
Balance as at June 30, 2023	<u>106,258,520</u>	<u>33,858,000</u>	<u>533,617,882</u>	<u>292,142,000</u>	<u>(1,072,619,360)</u>	<u>(213,001,478)</u>	<u>(106,742,958)</u>

The annexed notes from 1 to 38 form an integral part of these financial statements.



Chief Executive Officer

RAZU  


Chief Financial Officer




Director

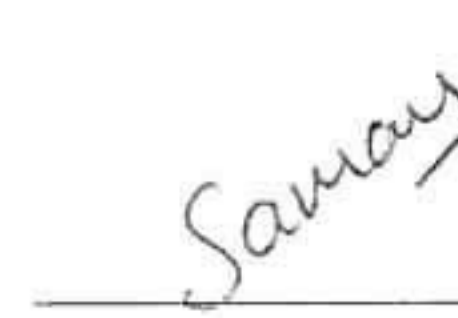
**HUSEIN INDUSTRIES LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>
		<b>----- Rupees -----</b>	
<b>Profit before taxation</b>		<b>17,308,897</b>	<b>72,286,856</b>
<b>Adjustments for:</b>			
Depreciation	5.2	<b>32,800,471</b>	8,902,558
Remeasurement (loss) / gain on investment	6	<b>(124,514)</b>	42,281
Gain on disposal of vehicle	28	-	(65,993)
Interest on gratuity payable	17.4	<b>2,032,460</b>	1,807,095
Finance cost	27	<b>45,016,862</b>	28,188,423
Dividend income	28	<b>(19,194)</b>	(17,138)
		<b>79,706,085</b>	<b>38,857,226</b>
<b>Cash generated from operations before working capital changes</b>		<b>97,014,982</b>	<b>111,144,082</b>
<b>Changes in working capital</b>			
<b>Decrease / (increase) in current assets</b>			
Development property		<b>(10,408,582)</b>	(7,862,514)
Trade debts		<b>(1,433,430)</b>	9,646,265
Prepayments		<b>198</b>	(56,945)
		<b>(11,841,814)</b>	<b>1,726,806</b>
<b>Decrease in current liabilities</b>			
Trade and other payables		<b>(9,567,210)</b>	(26,438,503)
Contract liabilities		<b>(29,977,953)</b>	(66,489,865)
		<b>(39,545,163)</b>	<b>(92,928,368)</b>
<b>Net cash generated from operations</b>		<b>45,628,005</b>	<b>19,942,520</b>
Taxes paid - net		<b>(2,877,189)</b>	(7,537,651)
Gratuity paid	17.4	<b>(919,145)</b>	-
Financial charges paid		<b>(7,859,483)</b>	(9,913,837)
<b>Net cash generated from operating activities</b>		<b>33,972,188</b>	<b>2,491,032</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Dividend received	28	<b>19,194</b>	17,138
Addition in property plant and equipment	5.1	<b>(40,589)</b>	(8,730,210)
Short term investment	9	<b>(16,362,506)</b>	-
Advance against purchase of vehicle	5.5	-	(6,000,000)
Proceed from sale of vehicle		-	100,000
Dividend paid	21	<b>(16,541,758)</b>	-
Long term deposits received		-	2,254,064
<b>Net cash used in investing activities</b>		<b>(32,925,659)</b>	<b>(12,359,008)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Short term borrowings obtained - net		<b>(2,050,000)</b>	(3,348,082)
<b>Net cash used in financing activities</b>		<b>(2,050,000)</b>	<b>(3,348,082)</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>		<b>(1,003,471)</b>	<b>(13,216,058)</b>
<b>Cash and cash equivalent at beginning of the year</b>	13	<b>14,907,590</b>	<b>28,123,648</b>
<b>Cash and cash equivalents at the end of the year</b>	13	<b>13,904,119</b>	<b>14,907,590</b>

The annexed notes from 1 to 38 form an integral part of these financial statements.

  
**Chief Executive Officer**

  
**Chief Financial Officer**

  
**Director**

**HUSEIN INDUSTRIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**1 NATURE AND STATUS OF BUSINESS**

The Company was incorporated in Pakistan on May 25, 1953 as a Public Limited Company under the repealed Companies Act, 1913 (now the Companies Act, 2017) in the name of Husein Textile Mills Limited, which was changed to Husein Industries Limited in 1964 and it is listed on Pakistan Stock Exchange Limited. The trading of Company's shares has been suspended by Pakistan Stock Exchange Limited (PSX) on December 09, 2013 on account of non holding of Annual General Meeting and other secretarial non-compliances. Subsequent to the year end, the Company has rectified the default and accordingly the trading of the Company's shares is restored with effect from August 02, 2021. The registered office of the Company is situated at HT-8, Landhi Industrial Area, Karachi.

The Company has ceased its textile business since the financial year 2014 and the management has developed business diversification strategy to enter into real estate development, construction and allied businesses including residential plots and commercial sites for which necessary approval from the shareholders and the regulator for change in 'object clause' is obtained during the years ended June 30, 2018 and 2019 respectively.

**1.1** The geographical location and addresses of business units are as under:

<b>Location</b>	<b>Address</b>
Head Office & Sales Office	Plot no. HT-8, Landhi Industrial Area, Karachi
Jamal Garden	Plot no. LT-21, Landhi Industrial Area, Karachi

**1.2 Going Concern Assumption**

The Company has earned after tax profit amounting to Rs. 21.067 (2022: 59.996) million, however, its accumulated losses stood at Rs. 1,072.619 (2022: Rs. 1,109.931) million resulting in negative shareholders' equity of Rs. 106.743 (2022: Rs. 500.037) million. At reporting date, current liabilities of the Company exceeded the current assets by Rs. 730.752 (2022: Rs. 777.819) million. Further the Company has not been able to pay its creditors on due dates.

The above conditions indicate the existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The management of the Company has taken the following steps / measures including future plans to revive and improve the operational and financial conditions of the Company.

- a)** Adoption of business diversification strategy in prior years, as disclosed in note 1 to these financial statements, have already started contributing towards the stability of the Company which is also evident from 'profit before tax and waiver of banking loans and markup' amounting to Rs. 416.103 million in prior year on prompt payment of restructured liabilities which has also significantly improved the current ratios and eased liquidity issues.
- b)** Total financial liability of Rs. 547.69 million includes Rs. 369.816 million payable to directors of the Company who have ensured their strong support, therefore, the management is confident that the remaining liabilities will be repaid in the due course.



- c) Launch of 'Jamal Garden's Residential Project' consisting of residential plots having an area of 23,077 square yards at LT-21, scheme 3, Landhi Industrial Area, Karachi, after obtaining the respective approvals from the regulators, in prior years was a success as evident from deposits by the Customers and it had contributed towards the repayment of previous bank liabilities. Further, the management is still confident about the over all profitability of the residential project.
- d) Launch of 'Jamal Garden's Commercial Project' having an area of 14,933 square yards at LT-21, Scheme 3, Landhi Industrial Area, Karachi in near future will significantly improve the Company's overall financial position and will help the Company towards initiation of new projects.
- e) Income from leased properties, during the year, including textile plant and machinery amounting to Rs. 130.625 million which is considered sufficient by the management to finance Company's future operations.
- f) The Company has strong financial support from its directors and is confident about the viability of the real estate and allied business.

The Board has also approved five year financial projections prepared by the management of the Company covering all factors mentioned above according to which, the Company will have adequate cash inflows which will not only pay off trade and other payables and project development expenditures but also generate additional cash inflows in the form of profits.

Accordingly, these financial statements have been prepared on the going concern basis.

## **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 as applicable in Pakistan comprise of such International Financial Reporting Standards (IFRSs), issued by International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 (the Act) and, provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRSs, the provisions of and directives issued under the Act have been followed.

### **2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention except for:

- Free hold land is stated at revalued amount and building on lease hold land is stated at revalued amount less accumulated depreciation.
- Long term investment (fair value through profit or loss) is stated at fair value;

These financial statements have been prepared under the accrual basis of accounting except for the cash flow information.

### **2.3 Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency.

## 2.4 *Critical accounting estimates and judgments*

The preparation of the financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where assumptions and estimates are significant to the Company's financial statements or where judgment is exercised in application of accounting policies are as follows:

- The recoverable amount, residual values and useful lives of property, plant and equipment - note 3.1 and 5;
- Long term investment - note 3.3.2 and 6;
- Impairment of development property and other non-financial assets - note 3.2, 3.4 and 10;
- The provision for debts considered doubtful - note 3.6 and 11;
- Provisions - note 3.11;
- The recognition of current and deferred taxation - note 3.1, 8, 22, and 29;
- Revenue recognition - note 3.12 and 24.

## 2.5 *Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan which are effective in current period*

The following standards, amendments and interpretations are effective for the year ended June 30, 2023. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

### *Effective for period beginning on or after*

Amendments to IAS 16 'Property, Plant and Equipment':  
Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use

January 1, 2022

Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets': Amendments regarding the costs to include when assessing whether a contract is onerous

January 1, 2022

Certain amendments updating a reference to the Conceptual Framework and annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.

## 2.6 Amendments to standards and IFRS interpretations that are not yet effective

The following amendments to accounting standards and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

### *Effective from accounting period beginning on or after*

Amendments to IFRS 9 'Financial Instruments: Disclosures' and IAS 7 'Statement of Cash Flows': Amendments regarding supplier finance arrangements

January 1, 2024

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures': Sale or contribution of assets between an investor and its associate or joint venture

Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.

Amendments to IFRS 16 'Leases': Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions

January 1, 2024

Amendments to IAS 1 'Presentation of Financial Statements': Amendments regarding the disclosure of accounting policies

January 1, 2023

Amendments to IAS 1 'Presentation of Financial Statements': Amendments regarding the classification of liabilities and debt with covenants

January 1, 2024

Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors': Amendments regarding the definition of accounting estimates

January 1, 2023

Amendments to IAS 12 'Income Taxes': Amendments regarding deferred tax on leases and decommissioning obligations

January 1, 2023

Amendments to IAS 12 'Income Taxes': Amendments to provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes.

January 1, 2023

Certain amendments updating a reference to the Conceptual Framework and annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1 - First Time Adoption of International Financial Reporting Standards

IFRS 17 - Insurance Contracts

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are as follows:

### **3.1 Property, plant and equipment**

These are stated at cost or revalued amount less accumulated depreciation except for freehold land and leasehold land which are stated at revalued amount and cost respectively. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

The depreciation is charged to income applying reducing balance method. The depreciation is charged from the date of utilization, when the asset is available for use and up to the date of disposal preceding the deletion, respectively. Gain or loss on disposal of property, plant and equipment, if any, are recognized in profit or loss, as and when incurred. Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvement are capitalized and the assets so replaced, if any, are retired.

Assets' residual values and their useful lives are reviewed and adjusted for impairment at each reporting date, if significant and appropriate. Assets are derecognized when disposed or when no future economic benefits are expected from its use or disposal.

### **3.2 Impairment of non-financial assets**

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the profit or loss, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sale and value in use. Value in use is determined through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risks specific to the assets.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

### **3.3 Financial assets and liabilities**

#### **3.3.1 Initial recognition**

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value or amortized cost as the case may be.

#### **3.3.2 Classification of financial assets**

***The Company classifies its financial instruments in the following categories:***

- at amortized cost;
- at fair value through other comprehensive income ("FVTOCI"); or
- at fair value through profit or loss ("FVTPL").

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

### ***Financial assets at amortized cost***

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b) 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 fair value through OCI***

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- b) 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.

However, the Company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income provided that the investment is neither held for trading nor is a contingent consideration in a business combination.

### ***Financial assets at fair value through P&L***

A financial asset is measured at fair value through P&L unless it is measured at amortized cost or at fair value through OCI.

## **3.3.3 Financial liabilities**

***The Company classifies its financial liabilities in the following categories:***

- at fair value through profit or loss (“FVTPL”), or
- at amortized cost.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

## **3.3.4 Subsequent measurement**

### ***Financial assets at FVTOCI***

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognized in OCI.

### ***Financial assets and liabilities at amortized cost***

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, and subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

### ***Financial assets and liabilities at FVTPL***

Financial assets and liabilities carried at FVTPL are initially recognized at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the profit or loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company’s own credit risk will be recognized in other comprehensive income. Currently, there are no financial liabilities designated at FVTPL.

### **3.3.5 Impairment of financial assets at amortized cost**

The Company recognizes a loss allowance for expected credit losses (ECLs) on financial assets that are measured at amortized cost. Loss allowances are measured on the basis of life time (ECLs) that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL is only recognized if the credit risk at the reporting date has increased significantly relative to the credit risk at initial recognition. Credit risk of a financial asset is assumed to be increased significantly if it is more than past due for a reasonable period of time as decided by the senior management of the Company. Further, the Company considers information based on the Company's historical experience and the impact of forward looking information (such as Company's internal factors and economic environment of the country of customers) on ECLs that is available without undue cost or effort. However, in certain cases, the Company may also consider a financial assets 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. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity and the cash flows that the Company expects to receive). A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Company recognizes an impairment gain or loss in the statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

### **3.3.6 Derecognition**

#### ***Financial assets***

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in profit or loss.

In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to revenue reserve.

#### ***Financial liabilities***

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss and other comprehensive income.

### **3.3.7 Offsetting of financial assets and financial liabilities**

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

### **3.4 Development property**

Property acquired, constructed or in the course of construction and is held for sale in the ordinary course of business, rather than held to earn lease income or capital appreciation, is classified as development property and is measured at lower of cost and net realisable value. The Company will sell residential and commercial plots and bungalows and will not provide any construction services as a contractor engaged by the buyer. All project costs incurred are capitalised as a cost of development properties and mainly includes:

- Cost of leasehold land.
- Amounts paid to contractors for construction or development of amenities.
- Development or other charges including those paid to relevant authorities.

Net realizable value is the estimated selling price in the ordinary course of the business, based on market prices at reporting date less estimated costs of completion and the estimated costs necessarily to be incurred to make the sale.

The cost of sales recognised in profit or loss on disposal is determined with reference to the costs incurred on the plots / commercial sites sold and an allocation of any non-specific costs based on the total area of land sold for plots / commercial sites, in relation to total area of land.

### **3.5 Deposits, advances and prepayments**

Advances and prepayments are stated at cost less provision for doubtful balances, if any. Deposits are initially stated at fair value and subsequently measured at amortized cost after deducting allowance for uncollectable amount, if any. Deposits, advances and prepayments considered irrecoverable are written off.

### **3.6 Trade debts**

Trade debts and lease receivables are recognized initially at fair value and subsequently measured at amortized cost after deducting allowance for uncollectable amounts, if any. The Company applies the IFRS 9 simplified approach to measure the expected credit losses (ECL) which uses a lifetime expected loss allowance for trade debts. Trade debts considered irrecoverable are written off.

Since all the trade debts except for lease receivables were credit impaired at reporting date, therefore, the Company had used practical expedient in accordance with IFRS 9 for calculation of the ECL on trade debts using a provision matrix. Further, credit risk related to lease receivables is assumed to be very low, based on past trends and the fact that these were subsequently recovered within the credit limits as disclosed in note 3.12 to these financial statements.

### **3.7 Cash and cash equivalents**

It comprises of cash in hand and cash at bank which are carried at amortized cost. For the purpose of cash flow statements, cash and cash equivalent include cash in hand and current and deposit account held with the banks.

### **3.8 Surplus on revaluation of fixed assets**

Revaluation of land and building is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. Any revaluation increase in the carrying amount of land and building is recognized, net of tax, in other comprehensive income and presented as a separate component of equity as "surplus on revaluation of fixed assets", except to the extent that it reverses a revaluation decrease / deficit for the same asset previously recognized in the statement of profit or loss, in which case the increase is first recognized in the statement of profit or loss to the extent of the decrease previously charged. Any decrease that reverses previous increase of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset, all other decrease are charged to the statement of profit or loss. The revaluation reserve is not available for distribution to the Company's shareholders. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from revaluation surplus to retained earnings as incremental depreciation.

### **3.9 Trade and other payables**

Liabilities for creditors and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for the goods and / or services received, whether or not billed to the Company.

### **3.10 Taxation**

#### **Current**

Provision for current taxation is made in accordance with provision's of Income tax ordinance 2001. The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemptions available, if any, or applicable minimum tax on turnover or Alternate Corporate Tax, whichever is higher.

#### **Deferred**

Deferred income tax is provided using the balance sheet liability method for all temporary differences at the reporting date between tax base of assets and liabilities and their carrying amounts for financial reporting purposes. The amount of deferred tax provided is based on the expected manner of realization or the settlement of the carrying amounts of assets and liabilities, using the tax rates enacted or substantively enacted at reporting date.

Deferred income tax asset is recognized for all deductible temporary differences and carry forward unused tax losses, if any, to the extent that it is probable that taxable profit for the foreseeable future will be available against which such temporary differences and tax losses can be utilized.

### **3.11 Provisions**

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

### **3.12 Revenue recognition**

Revenue is recognised at the amounts that reflect the consideration that the Company expects to be entitled to in exchange for transferring goods to a customer. Revenue is measured at the fair value of the consideration received or receivable, and is recognised on the following basis;



Revenue from sale of plots and commercial sites are recognized as the performance obligations are satisfied. The Company satisfies its performance obligations over time because the customer controls the asset as the asset is developed. The control of plots or sites is transferred to the customers generally upon issuance of letter of possession to the customers upon the Company's satisfaction that the economic benefits of the transaction will flow to the Company in its entirety. Revenue is recognized based on amount of transaction price specified in the contract by allocating to performance obligation satisfied during the year. The Company uses input methods to measure the progress towards complete satisfaction of performance obligations instead of output methods because the outputs used to measure progress are not directly observable and information required is not available without undue cost. Input methods are based on development costs incurred till reporting date and costs to be incurred. The transaction price of the Company's contract with customers does not include any variable consideration, any significant financing component, any non cash consideration or any consideration payable to its customers.

Lease income is recognized on straight line basis and is accrued in accordance with terms of agreement. The credit term ordinarily ranges from 7 to 10 days.

Dividend from investment at fair value through profit or loss are recorded when right to receive the same is established.

Gain on sale of fixed assets is recognized on occurrence of transactions.

Other income is recognized on the occurrence of related transactions.

### **3.13 Foreign currency translation**

Transactions in foreign currency are translated into rupees at the rate of exchange prevailing at the date of transaction. Exchange gains and losses are included in income currently. All monetary assets and liabilities in foreign currencies are translated at the rates of exchange prevailing at reporting date.

## **4 DETAILS OF RELATED PARTIES**

Followings are the names of those related parties with whom the Company has made transactions during the current financial year.

<i>Name of related parties</i>	<i>% of holding</i>	<i>Basis of relationship</i>
Abdul Aziz Jamal	11.93%	Director
Abdul Rashid Jamal	12.65%	Director
Aisha Bai Suleman (late)	0.71%	Member
Husein Ebrahim Foundation	20.57%	Associated Undertaking

5 PROPERTY, PLANT AND EQUIPMENT

Note 2023 2022  
---- (Rupees in '000') ----

Operating fixed assets	5.1	748,148,064	269,978,348
Capital work in progress (CWIP)	5.5	-	6,000,000
		<u>748,148,064</u>	<u>275,978,348</u>

5.1 Operating fixed assets

Particulars	Free hold land*	Lease hold land	Buildings on lease hold land	Plant and machinery	Furniture and fittings / office equipment	Vehicles	Total
	----- (Rupees) -----						
Net book value as at June 30, 2021	183,427,000	333,000	44,340,670	39,180,789	859,323	2,043,922	270,184,704
<b>Year ended June 30, 2022</b>							
Additions	-	-	-	-	-	8,730,210	8,730,210
Disposal							
Cost	-	-	-	-	-	859,135	859,135
Depreciation	-	-	-	-	-	(825,127)	(825,127)
	-	-	-	-	-	(34,008)	(34,008)
Depreciation for the year - note 5.2	-	-	(2,217,041)	(5,612,424)	(82,790)	(990,303)	(8,902,558)
Net book value as at June 30, 2022	<u>183,427,000</u>	<u>333,000</u>	<u>42,123,629</u>	<u>33,568,365</u>	<u>776,533</u>	<u>9,749,821</u>	<u>269,978,348</u>
<b>Year ended June 30, 2023</b>							
Additions	-	-	-	-	-	6,040,589	6,040,589
Disposal							
Cost	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
Revaluation Surplus	47,336,000	-	457,593,598	-	-	-	504,929,598
Depreciation for the year - note 5.2	-	-	(24,985,861)	(4,784,953)	(73,689)	(2,955,968)	(32,800,471)
Net book value as at June 30, 2023	<u>230,763,000</u>	<u>333,000</u>	<u>474,731,366</u>	<u>28,783,412</u>	<u>702,844</u>	<u>12,834,442</u>	<u>748,148,064</u>
<b>At June 30, 2022</b>							
Cost / revalued amount *	183,427,000	333,000	123,675,000	734,395,000	13,303,400	29,833,075	1,084,966,475
Accumulated depreciation	-	-	(81,551,371)	(700,826,635)	(12,526,867)	(20,083,254)	(814,988,127)
Net book value	<u>183,427,000</u>	<u>333,000</u>	<u>42,123,629</u>	<u>33,568,365</u>	<u>776,533</u>	<u>9,749,821</u>	<u>269,978,348</u>
<b>At June 30, 2023</b>							
Cost / revalued amount *	230,763,000	333,000	581,268,598	734,395,000	13,303,400	35,873,664	1,595,936,662
Accumulated depreciation	-	-	(106,537,232)	(705,611,588)	(12,600,556)	(23,039,222)	(847,788,598)
Net book value	<u>230,763,000</u>	<u>333,000</u>	<u>474,731,366</u>	<u>28,783,412</u>	<u>702,844</u>	<u>12,834,442</u>	<u>748,148,064</u>
Depreciation rate	-	-	5%	10-17%	6-15%	20-25%	

5.1.1 Had there been no revaluation, the written down value of specific classes of property, plant and equipment would have been as follow

	2023	2022
Note	----- (Rupees) -----	
Free hold land	5,792,000	5,792,000
Buildings on lease hold land	40,017,448	42,123,629
	<u>45,809,448</u>	<u>47,915,629</u>

5.2 Depreciation for the year has been allocated as follows:

Cost of sales	25	29,770,814	7,829,465
Administrative expenses	26	3,029,657	1,073,093
		<u>32,800,471</u>	<u>8,902,558</u>

5.3 The management has not classified lease hold land bearing No. HT-8 as investment property in accordance with IAS - 40 because the owner occupied portion is significant as compared to the portions leased out.

5.4 Particulars of immovable fixed assets in the name of the Company are as follows:

Particulars	Locati	Total Area (Acres)
Free hold land (Agricultural land)	Lahore - Faisalabad road, Mauza Feroz, tehsil and district Sheikhpura.	36.98
Lease hold land and Buildings thereon (Head Office and Textile Plant)	Plot no. HT-8, Landhi Industrial Area, Karachi.	22.95

	2023	2022
Note	----- (Rupees) -----	
5.5 Capital work in progress - Vehicles		
Opening balance	6,000,000	-
Additions during the year	149,500	6,000,000
Advance tax included in opening balance	(108,911)	-
Transferred to operating fixed assets	5.1 (6,040,589)	-
	<u>-</u>	<u>6,000,000</u>

## 6 LONG TERM INVESTMENT

Investment in listed securities	6.1	<u>611,987</u>	<u>487,473</u>
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6.1 At fair value through profit or loss  
In securities of listed company

Dawood Lawrencepur Limited		487,473	529,754
Unrealized gain / (loss) on remeasurement	28	124,514	(42,281)
	6.1.1	<u>611,987</u>	<u>487,473</u>

2023  
----- (Rupees) -----  
2022

**6.1.1 Dawood Lawrencepur Limited**

Number of shares	2,742	2,742
Market price per share (Rupees)	223.19	177.78
Fair value (Rupees) (a x b)	611,987	487,473

**7 LONG TERM DEPOSITS**

**Against:**

Utilities	1,163,306	1,163,306
CDC account	25,000	25,000
Services	20,000	20,000
Bank guarantee	107,790	107,790
	1,316,096	1,316,096

**8 DEFERRED TAXATION - NET**

*This comprises of the following: -*

**Net deferred tax asset not recognized**

**Deductible temporary differences**

Provision for doubtful debts	20,491,400	20,491,400
Effect of unabsorbed tax depreciation	165,300,573	171,813,655
Effect of minimum tax	-	1,408,195
Effect of alternate corporate tax	77,083,887	80,311,865
	262,875,860	274,025,115

**Taxable temporary differences**

Accelerated tax depreciation	(12,649,523)	(14,486,014)
	250,226,337	259,539,101

<b>Net deferred tax asset not recognized</b>	8.1	(250,226,337)	(259,539,101)
--	-----	---------------	---------------

		-	-
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**Deferred tax liability recognized**

**Taxable temporary differences**

Surplus on revaluation of property	8.2	(126,067,036)	-
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**8.1** Deferred tax asset as at June 30, 2023 to the extent of Rs. 250.226 (June 30, 2022: Rs. 259.539) million has not been recognized because of the inherent uncertainties in forecasts of sufficient taxable profits in foreseeable future against which such benefits can be utilized.

**8.2** Deferred tax liability as at June 30, 2023 to the extent of Rs. 126.067 (June 30, 2022: Rs. Nil) million has been recognized due to surplus on revaluation of building.

**8.3 Breakup of unused tax losses and tax credits is as follows:**

<b>Description</b>	<b>Expiry Date</b>	2023	2022
		----- (Rupees) -----	
<b>Unabsorbed tax depreciation</b>	Indefinite	570,001,975	592,460,881
<b>Tax credits</b>			
Alternate corporate tax 2021	June, 30 2031	75,701,256	77,904,249
Alternate corporate tax 2022	June, 30 2032	1,382,631	1,382,631

		2023	2022
		----- (Rupees) -----	
<b>9</b>	<b>SHORT TERM INVESTMENT</b>		
	- at amortised cost		
	Meezan Rozana Amdani Fund	9.1	16,362,506
			-
	<b>9.1 Meezan Rozana Amdani Fund</b>		
	Opening	-	-
	Add: Deposit during the year	15,500,000	-
	Add: Profit for the year	1,014,714	-
	Less: Withholding tax	(152,208)	-
	Closing	16,362,506	-

**9.1.1** This represents investment in 327,250 units of meezan rozana amdani fund at the rate of Rs. 50 each managed by Al Meezan Investment Management Limited. The investment is readily convertible to cash.

		2023	2022
		----- (Rupees) -----	
<b>10</b>	<b>DEVELOPMENT PROPERTY</b>		
	Cost of land (LT-21)	259,971	259,971
	Commercialization fee	42,811,000	42,811,000
	Fee for approval of commercial plan (COMM1)	7,931,908	7,931,908
	Amenities - development expenditure	10.1	138,201,028
			101,544,715
			189,203,907
	Transferred to cost of sales to date	10.2	(101,490,440)
			(75,242,709)
			87,713,467
			77,304,885

**10.1 Amenities - development expenditure**

Opening balance	101,544,715	43,981,106
Add: incurred during the year	36,656,313	57,563,609
	138,201,028	101,544,715

**10.2 Cost of sales to date**

**10.2.1 - Residential plots**

Opening balance	75,242,709	25,541,614
Transferred to cost of sales during the year	25	26,247,731
	101,490,440	75,242,709

**10.2.2 - Commercial plots**

As at June 30, 2023, the company has not recognized any sales of commercial plots.

		2023	2022
		----- (Rupees) -----	
<b>11</b>	<b>TRADE DEBTS</b>		
	<b>Considered doubtful</b>		
	Exports	59,298,000	59,298,000
	Local	11,362,000	11,362,000
		70,660,000	70,660,000
	Lease receivables - considered good	2,231,356	797,926
	Allowance for expected credit loss	(70,660,000)	(70,660,000)
		2,231,356	797,926

**12 TAX REFUNDS DUE FROM THE GOVERNMENT***Note*

2023 2022

---- (Rupees) ----

Duty drawback		3,676,060	3,676,060
Sales tax		2,300,000	2,300,000
		<u>5,976,060</u>	<u>5,976,060</u>

**13 CASH AND BANK BALANCES**

Cash in hand		8,500	9,500
Cash at bank			
- at current account	13.1	13,875,310	14,886,697
- at deposit account	13.2	20,309	11,393
		<u>13,904,119</u>	<u>14,907,590</u>

13.1 Includes foreign currency accounts amounting to Rs. 0.192 (2022: Rs. 0.131) million.

13.2 Average rate of markup earned for the year 11% (2022: 10%)

**14 ISSUED, SUBSCRIBED AND PAID UP CAPITAL**

2023	2022		2023	2022
Number of Shares			---- (Rupees) ----	
		<b>Ordinary shares of Rs.10 each</b>		
4,119,366	4,119,366	fully paid in cash	41,193,660	41,193,660
6,506,486	6,506,486	issued as bonus shares	65,064,860	65,064,860
<u>10,625,852</u>	<u>10,625,852</u>		<u>106,258,520</u>	<u>106,258,520</u>

14.1 Includes 2,185,964 (2022: 2,185,964) ordinary shares of Rs. 10 each held by the Husein Ebrahim Foundation, an associated undertaking (related party) of the Company.

14.2 The ordinary shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry one vote per share without restriction.

**15 RESERVES***Note*

2023 2022

---- (Rupees) ----

**Capital Reserves**

Share premium	15.1	33,858,000	33,858,000
Surplus on revaluation of fixed assets	16	533,617,882	177,635,000
		<u>567,475,882</u>	<u>211,493,000</u>

**Revenue Reserves**

General reserve	15.2	292,142,000	292,142,000
Accumulated losses		(1,072,619,360)	(1,109,930,748)
		<u>(780,477,360)</u>	<u>(817,788,748)</u>
		<u>(213,001,478)</u>	<u>(606,295,748)</u>

15.1 Represents share premium received in the preceding years and is held for utilization of purposes as stated in Section 81 of the Companies Act, 2017.

The revaluation surplus on property is not available for distribution to the share holders of the Company unless realized and transferred to accumulated profits.

15.2 Represents appropriation of profit in preceding years to meet future contingencies.

## 16 SURPLUS ON REVALUATION OF PROPERTY

	Note	2023 ----- (Rupees) -----	2022
<b>Free hold land</b>			
Opening		177,635,000	177,635,000
Surplus arising on revaluation during the year		47,336,000	-
	16.1	224,971,000	177,635,000
<b>Buildings on lease hold land</b>			
Opening		-	-
Surplus arising on revaluation during the year	16.2	457,593,598	-
Transfer to equity in respect of incremental depreciation - net of deferred tax		(16,244,573)	-
Related deferred tax liability		(6,635,107)	-
		434,713,918	-
<b>Gross Balance as at June 30,</b>		659,684,918	177,635,000
<b>Less: Related deferred tax liability</b>			
- at the beginning of the year		-	-
- effect of surplus on revaluation during the year		(132,702,143)	-
- on incremental depreciation for the year		6,635,107	-
- at the end of the year		(126,067,036)	-
		533,617,882	177,635,000

**16.1** As at June 30, 2023, the Company carried out revaluation of its free hold land by an independent valuer namely M/s. RBS Associates who determined the fair value of freehold land on the basis of market value amounting to Rs. 230.763 million resulting in revaluation surplus amounting to Rs. 47.336 million. The forced sale value of freehold land amounts to Rs. 184.610 million. As at June 30, 2018, the Company carried out revaluation of its free hold land by an independent valuer who determined the fair value of freehold land, amounting to Rs. 183.427 million resulting in revaluation surplus amounting to Rs. 25.502 million. The Company carried out revaluation of its free hold land by an independent valuer namely M/s. Akbani and Javed Associates on March 04, 2011, who determined the fair value of free hold land on the basis of market value amounting to Rs. 157.925 million resulting in revaluation surplus amounting to Rs. 152.133 million.

**16.2** The company carried out revaluation of its building on leasehold land by an independent valuer namely M/s. RBS Associates on July 1, 2022 who determined the fair value of building on leasehold land on the basis of market value amounting to Rs. 499.717 million resulting in revaluation surplus amounting to Rs. 457.593 million. The forced sale value of building on leasehold land amounts to Rs. 399.774 million.

	Note	2023 ----- (Rupees) -----	2022
Trade creditors		-	9,300,511
Accrued liabilities	17.1 & 17.2 & 17.3	130,071,632	140,945,604
Gratuity payable	17.4	17,377,170	16,263,855
Security deposit against rent		25,257,465	14,650,192
		172,706,267	181,160,162

## 17 TRADE AND OTHER PAYABLES

17.1 Includes Rs. 124.969 (2022: Rs. 124.969) million prudently recorded by the Company against liability of Sui Southern Gas Company Limited (SSGC). In year 2012, the Company filed a case in the Honorable District and Session Court Malir Karachi against SSGC praying that no amount of the liability is payable against the initial claim of 17.6 million. The case is pending for adjudication in the Honorable Court till the date of these financial statements. In the mean time, SSGC continued to charge minimum gas levy and mark-up on outstanding amount including mark-up which aggregated to Rs. 163.023 (2022: Rs. 163.023) million as at reporting date. The management is confident, based on opinion of its legal advisor's and the fact that mark-up on mark-up is illegal, that the Company is likely to succeed in waiving of the aforesaid additional charges. Accordingly, the Company has not recorded liability of Rs. 38.054 (2022: Rs. 38.054) million in these financial statements.

17.2 Includes director's (related party) and executive's remuneration payable amounting to Rs. 0.4 (2022: Rs. 0.240) million and Rs. 0.1 (2022: Rs. 0.9) million respectively.

17.3 Includes Rs. 3.340 (2022: 3.340) million recorded by the company against water bill of year 2016 raised by Karachi Water and Sewerage Board (KWSB). Later, KWSB has also billed late payment surcharge from 2016 till 2020 amounting in total to Rs. 5.533 million. The provision for late payment surcharge has not been recorded by the Company as currently the matter is under negotiation with the authorities and the management is confident that the matter will be resolved amicably and these late payment surcharges will be waived by the KWSB.

17.4 Represents payable to employees in respect of gratuity scheme reclassified from deferred liabilities because the Company had decided to discontinue its gratuity scheme as the total strength of employees, by law, do not qualify for entitlement of any retirement benefits. The Company continued to record the provision for interest at the rate of 12.5% on outstanding liability.

	<i>Note</i>	2023 ---- (Rupees) ----	2022
<b><i>Movement in gratuity payable</i></b>			
Opening		16,263,855	14,456,760
Paid during the year		(919,145)	-
Interest charged during the year		2,032,460	1,807,095
Closing		<u>17,377,170</u>	<u>16,263,855</u>

## 18 CONTRACT LIABILITIES

Advance from allottees - unsecured	18.1	<u>232,765,497</u>	<u>262,743,450</u>
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18.1 Represents liabilities against contract with customers / allottees for sale of open plots / sites. Revenue of Rs. 29.978 (2022: Rs. 71.518) million recognized during the year is adjusted against advance from allottees.

## 19 SHORT TERM BORROWINGS

### *- from related parties*

	<i>Note</i>	2023 ---- (Rupees) ----	2022
Loan from directors	19.1	260,811,600	262,861,600
Loan from shareholder	19.2	15,623,890	15,623,890
		<u>276,435,490</u>	<u>278,485,490</u>

19.1 Represents unsecured loans obtained from directors (related parties) of the Company. These loans are repayable on demand and carries markup chargeable at the rate of 6 months KIBOR + 1%.



19.2 Represents loan from Mrs. Aisha Bai Suleman (Late) that is reclassified from 'Loan from directors' to 'Loan from shareholder' upon her sad demise during the year ended 2021. This amount will be paid to her legal successors once the legal formalities will be completed.

	<i>Note</i>	<b>2023</b>	<b>2022</b>
		<b>---- (Rupees) ----</b>	
<b>20 MARK-UP ACCRUED</b>			
- on directors' loan (related party)		<b>89,895,714</b>	52,738,335
- on shareholder loan (related party)		<b>3,484,564</b>	3,484,564
		<b><u>93,380,278</u></b>	<b><u>56,222,899</u></b>

## 21 UNCLAIMED DIVIDEND

Unclaimed dividend	21.1	<b><u>5,168,429</u></b>	<b><u>21,710,187</u></b>
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21.1 Unclaimed dividend of Rs. 16.541 million has been paid during the year. Outstanding balance of unclaimed dividend mainly pertains to the directors and associated undertaking and will be paid in subsequent year.

	<i>Note</i>	<b>2023</b>	<b>2022</b>
		<b>---- (Rupees) ----</b>	
<b>22 PROVISION FOR TAXATION</b>			
	22.1	<b><u>76,639,748</u></b>	<b><u>76,639,748</u></b>

### 22.1 Movement in provision for taxation

Opening		<b>76,639,748</b>	71,886,062
Provision recognized during the year	29	<b>6,515,962</b>	12,291,337
Advance taxes paid during the year		<b>(2,877,189)</b>	(7,537,651)
Adjustment of carry forward taxes u/s 113 and 113C		<b>(3,638,773)</b>	-
Closing		<b><u>76,639,748</u></b>	<b><u>76,639,748</u></b>

## 23 CONTINGENCIES AND COMMITMENTS

### 23.1 Contingencies

The Company has no contingent liabilities in respect of any legal claim in the ordinary course of business other than disclosed in these financial statements.

### 23.2 Commitments

The banking companies have issued letter of guarantees amounting to Rs. 107,800 (2022: Rs. 107,800) in favor of SSGC on behalf of the Company. The available and unavailed balance as on June 30, 2023 amounts to Rs. 107,800 (2022: Rs. 107,800) and Nil (2022: Nil) respectively.

		2023	2022
	<i>Note</i>	---- (Rupees) ----	
24 <b>REVENUE</b>			
Sale of residential plots	24.1	29,977,953	71,518,465
Lease income		130,625,314	150,332,808
		<u>160,603,267</u>	<u>221,851,273</u>

**24.1** The aggregate amount of the transaction price allocated to the unfulfilled performance obligations is Rs. 136.225 (2022: Rs. 166.203) million. The Company will recognise this revenue based on percentage of completion of development work.

		2023	2022
	<i>Note</i>	---- (Rupees) ----	
25 <b>COST OF SALES AND EXPENSES</b>			
<i>Cost of development property sold</i>	10.2	26,247,731	49,701,095
<i>Expenses attributable to lease income</i>			
Fuel and power		7,848,725	5,716,126
Repairs and maintenance		2,004,024	26,819,033
Depreciation	5.2	29,770,814	7,829,465
		<u>39,623,563</u>	<u>40,364,624</u>
		<u>65,871,294</u>	<u>90,065,719</u>

## 26 ADMINISTRATIVE EXPENSES

Salaries, wages and allowances	26.1	24,008,408	16,848,231
Legal and professional charges		597,270	301,200
Travelling and conveyance		-	52,600
Fees and subscriptions		367,790	147,000
Fuel and power		3,363,739	2,449,768
Insurance		334,072	138,470
Depreciation	5.2	3,029,657	1,073,093
Donations		120,000	120,000
Auditors' remuneration	26.2	735,000	700,000
Rent, rates and taxes		816,675	9,464,408
Advertisement expense		230,573	60,000
Others		26,911	13,314
		<u>33,630,095</u>	<u>31,368,084</u>

**26.1** Includes an amount of Rs. 2.032 (2022: Rs. 1.807) million in respect of interest charged on outstanding gratuity payable.

		2023	2022
		---- (Rupees) ----	
26.2 <b>Auditors' remuneration</b>			
Annual audit		535,000	500,000
Half yearly review		120,000	120,000
Corporate governance review		30,000	30,000
Out of pocket expenses		50,000	50,000
		<u>735,000</u>	<u>700,000</u>

**26.3** Represents donation to Shehri Citizens Foundation. Directors or their spouses do not have any interest in the donees to whom donations were made.

		2023	2022
		----- (Rupees) -----	
<b>27 FINANCE COST</b>	<b>Note</b>		
Mark-up on Directors' loan (related party)	19.1	45,007,378	28,174,586
Bank charges		9,484	13,837
		<u>45,016,862</u>	<u>28,188,423</u>

## 28 OTHER INCOME

### Income from financial assets

Remeasurement gain / (loss) on investment carried at fair value through profit or loss	6	124,514	(42,281)
Dividend income		19,194	17,138
Profit on AI - Meezan Investment	9.1	1,014,714	-
Profit on bank deposits		2,296	2,315
Miscellaneous		63,163	14,644
		<u>1,223,881</u>	<u>(8,184)</u>

### Income from non financial assets

Gain on disposal of vehicle		-	65,993
		<u>1,223,881</u>	<u>57,809</u>

## 29 TAXATION - NET

Current tax expense	29.1 & 29.2	6,515,962	12,291,337
Deferred tax income	29.3	(10,273,880)	-
		<u>(3,757,918)</u>	<u>12,291,337</u>

29.1 Income tax assessments of the Company have been finalized up to and including tax year 2022. However, the Commissioner of Income tax may, at any time during the period of five years from the date of filing of return, select the deemed assessment for audit.

		2023	2022
		----- (Rupees) -----	
<b>29.2 Relationship between tax expense and accounting profit</b>	<b>Note</b>		
Accounting profit before tax		<u>17,308,897</u>	<u>72,286,856</u>
Tax at applicable tax rate of 29%		(5,019,580)	(20,963,188)
Effect of admissible and inadmissible deductions		(8,006,585)	(849,082)
Effect of tax losses		13,026,165	21,812,270
Effect of normal tax		6,513,083	12,288,766
Effect of final tax regime		2,879	2,571
Tax expense for the year		<u>6,515,962</u>	<u>12,291,337</u>

### 29.3 Breakup of deferred tax income

Effect of incremental depreciation due to surplus on revaluation arising during the year	16	6,635,107	
Effect of utilization of unrecognised deferred tax asset	29.3.1	3,638,773	
		<u>10,273,880</u>	

### 29.3.1 Breakup of carry forward taxes u/s 113 and 113C adjusted against current tax expense

Min Tax 2020		59,025	-
Min Tax 2021		351,770	-
Alternate Corporate Tax 2019		468,780	-
Alternate Corporate Tax 2020		556,205	-
Alternate Corporate Tax 2021		2,202,993	-
		<u>3,638,773</u>	<u>-</u>

**30 EARNINGS PER SHARE**

**Basic**

Basic earnings per share has been computed by dividing the net profit for the year with the number of ordinary shares issued by the Company.

Profit after taxation	<u>21,066,815</u>	<u>59,995,519</u>
Number of ordinary shares (Number of shares)	<u>10,625,852</u>	<u>10,625,852</u>
Earnings per shares - basic	<u>1.98</u>	<u>5.65</u>

**Diluted**

Diluted earnings per share has not been computed because there are no dilutive potential ordinary shares.

**31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

*Note*

**31.1 Financial Instrument by Category**

**Financial Assets**

**- Fair value through profit or loss**

Long term investment	6	611,987	487,473
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**- At amortized cost**

Long term deposits	7	1,316,096	1,316,096
Short term investment	9	16,362,506	-
Trade debts	11	72,891,356	71,457,926
Cash and bank balances	13	13,904,119	14,907,590
		<u>104,474,077</u>	<u>87,681,612</u>
		<u>105,086,064</u>	<u>88,169,085</u>

**Financial Liabilities**

**- At amortized cost**

Trade and other payables	17	172,706,267	181,160,162
Short term borrowings	19	276,435,490	278,485,490
Mark-up accrued	20	93,380,278	56,222,899
Unclaimed dividend	21	5,168,429	21,710,187
		<u>547,690,464</u>	<u>537,578,738</u>

**31.2 Financial risk management**

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, market risk (including currency risk, interest rate risk and price risk) and operational risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. The Company consistently manages its exposure to financial risks without any material change from previous period in the manner described in the notes below.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

### 31.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause a financial loss for the other party, without taking into account the fair value of any collateral.

#### **Exposure to credit risk**

Credit risk of the Company arises principally out of trade debts, deposits and cash at banks. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines relating mainly to customer credit risk assessment. The management continuously monitors the credit exposure towards the clients and makes allowance for expected credit losses against those balances considered uncollectable.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Company has decent number of customers, both corporate and individual, that are not engaged in similar business activities, therefore, concentration of credit risk is assumed to be limited.

The carrying amounts of financial assets represent the maximum credit exposure, as specified below:

	<i>Note</i>	<b>2023</b> ---- (Rupees) ----	<b>2022</b>
Long term deposits	7	<b>1,316,096</b>	1,316,096
Trade debts	11	<b>72,891,356</b>	71,457,926
Bank balances	13	<b>20,309</b>	11,393
		<b><u>74,227,761</u></b>	<b><u>72,785,415</u></b>

#### **Trade debts**

##### **Ageing of debtors and impairment losses**

##### **The ageing of trade debts at the reporting date was:-**

Not past due		<b>2,231,356</b>	797,926
Past due 1-180 days		-	-
Past due 181-365 days		-	-
More than one year		<b>70,660,000</b>	70,660,000
		<b><u>72,891,356</u></b>	<u>71,457,926</u>
<b>Less: Allowance for expected credit loss</b>	11	<b><u>(70,660,000)</u></b>	<u>(70,660,000)</u>
		<b><u>2,231,356</u></b>	<u>797,926</u>

Based on the past experience, consideration of financial position, past track records and recoveries, the Company had made necessary allowance for expected credit loss against debts considered uncollectable as disclosed in note 11 to these financial statements.

#### **Bank Balances**

The credit quality of the Company's bank balances can be assessed with reference to external credit rating as follows: -

<b>Name of the Bank</b>	<b>Rating agency</b>	<b>Short term ratings</b>
MCB Bank Limited	PACRA	A1+
Habib Metropolitan Bank Limited	PACRA	A1+
Soneri Bank Limited	PACRA	A1+
Dubai Islamic Bank Limited	VIS	A1+

### *Long term deposits*

The management evaluates the credit risk with respect to long term deposits as low, as these are mainly deposited with the utility and banking companies and there is no history of credit defaults in past.

### **31.4 Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, timely collection from trade debtors, the availability of adequate funds through committed credit facilities and the ability to close out and meet business needs due to dynamic nature of the business. The Company finances its operations through equity, working capital management, short term borrowings from directors with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

*The following are the contractual maturities of financial liabilities: -*

	<b>2023</b>				
	<i>Carrying amount</i>	<i>Contractual cash flows</i>	<i>On demand</i>	<i>3 to 12 months</i>	<i>More than twelve months</i>
	<i>----- Rupees -----</i>				
<b>Financial Liabilities</b>					
Short term borrowings	276,435,490	276,435,490	276,435,490	-	-
Trade and other payables	172,706,267	172,706,267	172,706,267	-	-
Mark-up accrued	93,380,278	93,380,278	93,380,278	-	-
Unclaimed dividend	5,168,429	5,168,429	5,168,429	-	-
	<b>547,690,464</b>	<b>547,690,464</b>	<b>547,690,464</b>	-	-
	<b>2022</b>				
	<i>Carrying amount</i>	<i>Contractual cash flows</i>	<i>On demand</i>	<i>3 to 12 months</i>	<i>More than twelve months</i>
	<i>----- Rupees -----</i>				
<b>Financial Liabilities</b>					
Short term borrowing	278,485,490	278,485,490	278,485,490	-	-
Trade and other payables	181,160,162	181,160,162	181,160,162	-	-
Mark-up accrued	56,222,899	56,222,899	56,222,899	-	-
Unclaimed dividend	21,710,187	21,710,187	21,710,187	-	-
	<b>537,578,738</b>	<b>537,578,738</b>	<b>537,578,738</b>	-	-

### **31.5 Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, interest rates and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk comprises of three types of risk: currency risk, interest rate risk and price risk. The market risks associated with the Company's business activities are discussed as under:

#### **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. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

Currently, the Company is exposed to currency risk on account of export debtors and foreign currency bank account.

	<i>Note</i>	<i>2023</i> <i>----- (Rupees) -----</i>	<i>2022</i>
Trade debts - exports	11	<b>59,298,000</b>	59,298,000
Foreign currency bank accounts	13.1	<b>192,539</b>	131,353
		<b>59,490,539</b>	<b>59,429,353</b>

<i>The following significant exchange rates have been applied:</i>	<i>Average Rate</i>		<i>Spot Rate at Reporting Date</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
Pound Sterling to Rupees	<b>306.31</b>	265.52	<b>364.14</b>	248.48
USD to Rupees	<b>245.42</b>	217.21	<b>285.99</b>	204.85

### *Currency risk sensitivity analysis*

Foreign trade debts are considered doubtful by the management, therefore, sensitivity analysis is disclosed only with respect to foreign currency bank accounts. At reporting date, if the Rupees is strengthened by 10% against the US dollar and Pound Sterling with all other variables held constant, profit for the year would have been lower by the amount shown below:

	<i>2023</i> <i>----- (Rupees) -----</i>	<i>2022</i>
Effect on profit or loss	<b>(19,254)</b>	(13,135)

The weakening of the Rupees against US dollar and Pound Sterling would have had an equal but opposite impact on the loss for the year.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets of the Company.

### *Interest rate risk*

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

The Company does not have significant interest bearing financial instruments except for variable rate short term borrowings from directors. At reporting date, interest rate profile of the Company's interest bearing financial liabilities is:

	<i>Note</i>	<i>2023</i> <i>Effective interest rate</i>	<i>2023</i> <i>Carrying amount</i> <i>----- (Rupees) -----</i>	<i>2022</i>
<i>Variable rate instruments</i>				
<i>Financial liabilities</i>				
- Short term borrowings		<b>16.36%</b>		
- loan from directors	19	<b>17.92%</b>	<b>260,811,600</b>	262,861,600

### **Interest rate risk sensitivity analysis**

At reporting date, if the interest rate of short term borrowings had increased / decreased by 1% with all other variables remain constant, profit for the year would have been lower / higher by the amount shown below. The analysis is performed on same basis for year 2022.

	<u>2023</u>	<u>2022</u>
	<u>----- (Rupees) -----</u>	
	<u>Increase</u>	<u>(Decrease)</u>
<b>As at June 30, 2023</b>		
Effect on profit or loss	<u>(2,608,116)</u>	<u>2,608,116</u>
<b>As at June 30, 2022</b>		
Effect on profit or loss	<u>(2,628,616)</u>	<u>2,628,616</u>

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets of the Company.

### **Price risk**

Price risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), such as equity price risk. Equity price risk is the risk arising from uncertainties about future values of investments securities. At reporting date, the Company is exposed to equity price risk related to long term investment in listed equity securities.

### **Equity price risk sensitivity analysis**

At reporting date, if the market price of securities held by the Company as long term investment had increased / decreased by Rupee 1 with all other variables remain constant, profit for the year would have been higher / lower by the amount shown below. The analysis is performed on same basis for year 2022.

	<u>----- (Rupees) -----</u>	
	<u>Increase</u>	<u>(Decrease)</u>
<b>As at June 30, 2023</b>		
Effect on profit or loss	<u>2,742</u>	<u>(2,742)</u>
<b>As at June 30, 2022</b>		
Effect on profit or loss	<u>2,742</u>	<u>(2,742)</u>

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets of the Company.

### **31.6 Operational risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with processes technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour and is the risk arising from the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.



The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. The responsibility encompasses the controls in the following areas:

- i* Requirements for appropriate segregation of duties between various functions, roles and responsibility;
- ii* Requirements for the reconciliation and monitoring of transactions;
- iii* Compliance with regulatory and other legal requirements;
- iv* Documentation of control and procedures;
- v* Requirements for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risk identified;
- vi* Ethical and business standards;
- vii* Risk mitigation, including insurance where this is effective.

### **31.7 Risk management policies**

Risk management is carried out by the management under policies approved by the board of Directors. The board provides principles for overall risk management, as well as policies covering specific areas like credit risk, market price risk, interest rate risk and investing excessive liquidity.

### **31.8 Capital risk management**

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business, sustain future development of the business and maximize shareholders value. The Company closely monitors the return on capital along with the level of distributions to ordinary shareholders. No changes were made in the objectives, policies or processes during the year ended June 30, 2023.

Consistent with others in the industry, the Company monitors capital on the basis of its gearing ratio. This is calculated as net debt divided by total shareholders' equity plus net debt. Net debt is calculated as total debts from financial institutions less cash and bank balances. However, as at June 30, 2023, there are no outstanding debts from financial institutions, therefore, gearing ratios are not calculated.

### **31.9 Fair Value of Financial Instruments**

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties at arm's length transaction.

#### ***Fair value hierarchy***

In accordance with the requirements of IFRS 13 Fair value measurement, the Company classifies its property and investments in terms of the following fair value hierarchy:

- 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 (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable).

Details of the Company's long term investment and free hold land in terms of fair value hierarchy, explained above, at reporting date is as follows:

	2023		
	Level 1	Level 2	Level 3
	----- (Rupees) -----		
<b>Assets measured at fair value</b>			
Long term investment	611,987	-	-
Free hold land	-	230,763,000	-
Buildings on leasehold land	-	474,731,366	-
	2022		
	Level 1	Level 2	Level 3
	----- (Rupees) -----		
<b>Assets measured at fair value</b>			
Long term investment	487,473	-	-
Free hold land	-	183,427,000	-
Buildings on leasehold land	-	-	-

### 32 REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS

The aggregate amount charged in the financial statements for remuneration, including certain benefits, to the Chief Executive, Directors and Executive of the Company are as follows: -

	Chief Executive		Directors		Executive	
	2023	2022	2023	2022	2023	2022
	----- Rupees -----					
Managerial remuneration	2,400,000	264,000	2,400,000	-	1,200,000	1,200,000
House rent	-	96,000	-	-	-	-
Meeting fee	-	2,000	-	12,000	-	-
	2,400,000	362,000	2,400,000	12,000	1,200,000	1,200,000
Number of persons	1	1	6	6	1	1

In addition, the Chief Executive and Directors have also been provided with free use of the Company's owned and maintained cars.

### 33 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of key management personnel. Amounts due to related parties are disclosed in relevant notes to these financial statements. The details of transactions with related parties during the year, other than those disclosed elsewhere in these financial statements, are as follows:

<i>Name of Related Party</i>	<i>Basis of relationship</i>	<i>Percentage of holding</i>	<i>2023</i> <i>---- (Rupees) ----</i>	<i>2022</i>
<b><i>Short term borrowings obtained during the year</i></b>				
Abdul Aziz Jamal	Key management personal	11.93%	-	16,000,000
Abdul Rashid Jamal	Key management personal	12.65%	-	-
Aisha Bai Suleman (Late)	Member	0.71%	-	-
<b><i>Short term borrowings repaid during the year</i></b>				
Abdul Aziz Jamal	Key management personal	11.93%	100,000	16,600,000
Abdul Rashid Jamal	Key management personal	12.65%	1,950,000	1,527,000
Aisha Bai Suleman (Late)	Member	0.71%	-	1,221,082
<b><i>Mark-up expenses during the year</i></b>				
Abdul Aziz Jamal	Key management personal	11.93%	25,942,348	16,408,595
Abdul Rashid Jamal	Key management personal	12.65%	19,065,031	11,765,991
Aisha Bai Suleman (Late)	Member	0.71%	-	-
<b><i>Mark-up paid during the year</i></b>				
Abdul Aziz Jamal	Key management personal	11.93%	3,000,000	4,950,000
Abdul Rashid Jamal	Key management personal	12.65%	4,850,000	4,950,000

### 34 CAPACITY AND PRODUCTION

The Company has ceased its operational activities related to textile business and adopted business diversification strategy to enter into real estate development, construction and allied businesses as disclosed in note 1.2 to these financial statements and accordingly plant capacities were not disclosed in these financial statements.

### 35 OPERATING SEGMENTS

For management purposes, the activities of the Company are organised into one operating segment i.e. development of real estate. The Company operates in the said reportable operating segment based on the nature of products, risks and returns, organisational and management structure and internal financial reporting systems. Accordingly, the figures reported in these financial statements are related to the Company's only reportable segment.

Gross turnover of the Company is generated from customers located in Pakistan only.

Non-current assets of the Company are confined within Pakistan and consist of property, plant and equipment, long term investments and long term deposits.

Revenue earned by the Company during the year from a customer which approximately comprises 88 percent of the Company's overall revenue (lease income).

	2023	2022
<b>36 NUMBER OF EMPLOYEES</b>		
Total number of employees at the end of the year	<u>10</u>	<u>10</u>
Average number of employees during the year	<u>10</u>	<u>10</u>

### 37 GENERAL

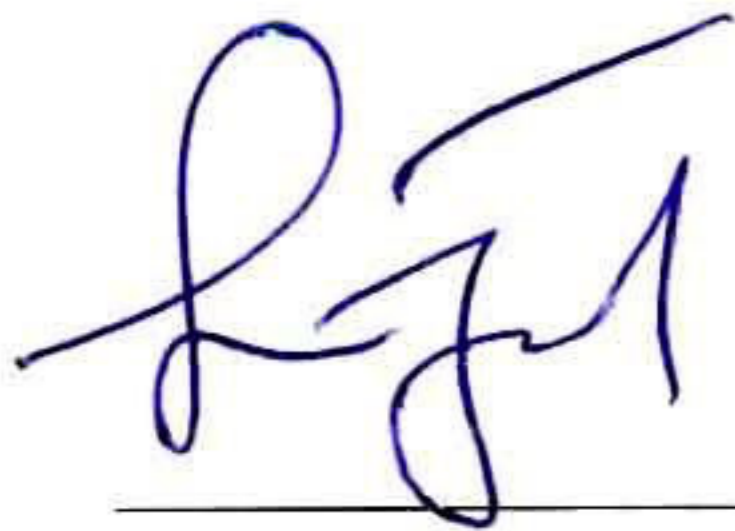
37.1 Comparative figures have been reclassified and rearranged, where ever considered necessary, for better presentation and disclosures.

37.2 Figures have been rounded off to the nearest of Rupees.

### 38 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors on 02 OCT 2023.

RH200



Chief Executive Officer



Chief Financial Officer



Director

**HUSEIN INDUSTRIES LIMITED**  
**PATTERN OF SHAREHOLDING**  
**AS AT JUNE 30, 2023**

No. of Shareholders	Shareholdings		Shares Held
	From	To	
500	1	100	13,123
259	101	500	69,766
90	501	1,000	46,763
98	1,001	5,000	234,704
16	5,001	10,000	137,372
7	10,001	15,000	84,758
6	15,001	20,000	109,314
3	20,001	25,000	68,922
1	25,001	30,000	28,339
1	35,001	40,000	39,279
3	40,001	45,000	129,173
2	45,001	50,000	98,500
1	50,001	55,000	50,500
4	55,001	60,000	229,589
7	60,001	65,000	436,930
2	70,001	75,000	142,156
2	85,001	90,000	171,776
1	100,001	105,000	102,831
1	130,001	135,000	134,773
1	160,001	165,000	161,638
1	240,001	245,000	243,424
1	380,001	385,000	381,331
1	850,001	855,000	851,197
1	970,001	975,000	975,000
1	1,000,001	1,005,000	1,004,205
1	1,215,001	1,220,000	1,216,193
1	1,275,001	1,280,000	1,278,332
1	2,185,001	2,190,000	2,185,964
<b>1013</b>			<b>10,625,852</b>

## **PATTERN OF SHAREHOLDERS**

**AS AT JUNE 30, 2023**

### **CATEGORIES OF SHAREHOLDERS**

**Number Shares Held Percentage**

#### **ASSOCIATED COMPANIES**

##### **NIT AND ICP**

**2 211**

National Bank of Pakistan Trustee Deptt  
Investment Corporation of Pakistan

**37 0.00%**  
**174 0.00%**

##### **CEO**

Mr. Husein Jamal

**1 154,489 1.45%**

##### **DIRECTORS**

**6 3,606,703**

Mr. Abdul Aziz Jamal

**2,247,193 21.15%**

Mr. Abdul Rashid Jamal

**1,343,879 12.65%**

Mr. Muhammed Ali Rashid

**2,500 0.02%**

Mr. Akhtar Wasim Dar

**4,791 0.05%**

Ms. Saman Aziz Jamal

**5,840 0.05%**

Mr. Malik Muneer

**2,500 0.02%**

**37 2,942,534**

Banks

**3 4,463 0.04%**

Insurance Companies

**3 867,017 8.16%**

Modarabas

**1 448 0.00%**

Investment Companies

**2 1,006,892 9.48%**

Business Institutions

**13 2,662 0.03%**

Joint Stock Companies

**4 47,328 0.45%**

Charitable Institutions

**3 624,763 5.88%**

Abandoned Properties

**1 1,560 0.01%**

Trade Associations

**1 1,839 0.02%**

Trusts

**6 385,562 3.63%**

#### **SHAREHOLDERS HOLDING TEN PERCENT OR MORE VOTING INTEREST IN THE COMPANY**

Husein Ebrahim Foundation

**1 2,185,964 20.57%**

#### **INDIVIDUALS**

**966 1,735,951 16.34%**

**1013 10,625,852 100.00%**

## ATTENDANCE AT BOARD MEETINGS

FOR THE YEAR 2022 - 2023

Name of Directors	Designation	Board		Audit Committee		Human Resource & Remuneration Committee	
		Required	Attended	Required	Attended	Required	Attended
Mr. Abdul Aziz Jamal	Chairman	4	4				
Mr. Husein Jamal	CEO	4	4				
Mr. Abdul Rashid Jamal	Director	4	4	4	4	1	1
Mr. Muhammed Ali Rashid	Director	4	4				
Ms. Saman Aziz Jamal	Director	4	4				
Mr. Abdul Rehman Yousuf	Director	3	3	3	3	1	1
Mr. Suleman Aswani	Director	3	3	3	3	1	1
Mr. Akhtar Wasim Dar	Director	1	1	1	1		
Mr. Malik Muneer	Director	1	1	1	1		

## KEY OPERATING & FINANCIAL DATA

Description	2022-2023	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018
Revenue	160,603,267	221,851,273	149,683,713	108,339,000	63,832,000	74,371,000
Cost of Sales	(65,871,294)	(90,065,719)	(58,950,161)	(22,382,000)	(14,028,000)	(123,530,000)
Gross Profit / (loss)	94,731,973	131,785,554	90,733,552	85,957,000	49,804,000	(49,159,000)
Operating Profit / (loss)	61,101,878	100,417,470	71,391,998	64,217,000	33,861,000	(70,857,000)
Profit / (loss) befor Tax	17,308,897	72,286,856	460,329,523	3,619,000	3,154,000	(65,804,000)
Profit / (loss) After Tax	21,066,815	59,995,519	382,071,859	2,463,000	5,467,000	(66,734,000)
Paid up Capital	106,259,000	106,259,000	106,259,000	106,259,000	106,259,000	106,259,000
Current Assets	126,343,640	99,142,791	114,085,655	108,889,000	80,902,000	112,612,000
Current Liabilities	857,095,709	876,961,936	948,403,020	1,335,006,000	1,324,581,000	1,368,573,000



# HUSEIN INDUSTRIES LIMITED.

HT-8, Landhi Industrial & Trading Estate, Landhi, Karachi-75120

## PROXY FORM

I/We \_\_\_\_\_  
of \_\_\_\_\_ being a member of Husein Industries Limited and holder  
of \_\_\_\_\_ Ordinary Shares, as per:

Shares Register Folio.No. \_\_\_\_\_ and/or

CDC Participant ID No. \_\_\_\_\_ Sub A/c No. \_\_\_\_\_

hereby appoint Mr./Ms. \_\_\_\_\_ of  
\_\_\_\_\_ another member of the Company\* (or failing him  
Mr./Ms. \_\_\_\_\_ of \_\_\_\_\_ another member  
of the Company\*) as my/our proxy to attend, speak and vote for me/us and on my/our behalf,  
at the Annual General Meeting of the Company to be held on 27th October, 2023  
at the Company's Registered Office at Plot.No. HT-8, Landhi Industrial & Trading  
Estate, Landhi, Karachi, and at any adjournment thereof.

As witness my hand this \_\_\_\_\_ day of \_\_\_\_\_ 2023

### Witnesses:

1. Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_

CNIC No. or  
Passport No \_\_\_\_\_  
\_\_\_\_\_

Signature on  
Revenue Stamps  
of Rupees Five

2. Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_

CNIC No. or  
Passport No \_\_\_\_\_  
\_\_\_\_\_

Signature should agree with the  
specimen signature with the  
Company

\* Proxy representing a corporation may or may not himself be a member of the Company.

### IMPORTANT:

1. This Proxy Form, duly completed, must be deposited at the Company's Registered Office, not less than forty eight hours before the meeting.
2. CDC shareholders and their proxies are each requested to attach an attested photocopy of their new/computerized National Identity Card (CNIC) or Passport with this proxy form before submission to the Company.
3. All proxies attending the AGM are requested to bring their original CNIC/Passport for identification.