



Hala Enterprises
Limited



3rd QUARTERLY REPORT
FOR THE PERIOD ENDED
MARCH 31, **2020**

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COMPANY INFORMATION

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



DIRECTOR'S REVIEW REPORT

The Board of Directors of Hala Enterprises Limited hereby present the interim financial report of the company for the 3rd quarter ended 31st March, 2020; together with the interim financial information.

The quarter under review was probably one of the most unforeseen periods in our current history. The issue in everyone's mind has been the Covid-19 Pandemic, the sudden fall in world oil prices to unprecedented levels, coupled with a major slowdown in the world economy due to these situations.

We have witnessed a lockdown of the entire Pakistani economy in the last week of the 3rd Quarter – whereas the effect of the Covid-19 situation had already started to make its mark on businesses much earlier. While the lockdown had no real effect on the overall turnover of the quarter, many European customers had asked us to slow down delivery speed as they were expected to remain in lockdown till further notice. Much of the institutional business (meaning supplies to the Hospitality sector) is expected to lose the entire summer season – for which deliveries were to take place in the 3rd and 4th Quarters. We too were affected and a number of orders have been postponed till further notice, while some customers cancelled their orders outright. However, our reliance on the hospitality sector remains limited to approximately 30-40% of our total business in Europe. Therefore, in order to salvage the situation we quickly turned towards the other institutional sector – medical facilities and hospitals, and a different region – Asia-Pacific. This sales strategy is expected to help us keep sales turnover stable in the 4th Quarter and we hope that the situation shall be normalized in the coming months while lockdowns are eased and borders re-open for tourism within Europe.

Our reliance on the retail sector has not seen much of a contraction – and we hope that this shall steady out within the next quarter also. Luckily we are maintaining a full order book till the end of the FY 2019-2020 and have already managed to continue back to full production.

For the period under review, the revenue of the company decreased from Rs. 267 million to Rs. 248 million i.e. about 7 % compared to the last year same period. However, due to better strategies and a higher sales price, our gross profit for the period remained the same as compared to same period last year. Operating profit improved from 9.126 million to Rs. 10.976 million; and net profit rose from 4.169 million to Rs. 11.758 million.

Throughout this period we have kept on adding to our capacity, while replacing all our older machinery. This was part of our long-term strategy of BMR (Balancing, Modernization and Replacement). We are also in the process of “right-sizing” – which shall help the overall profitability of the company. Other endeavors include direct sales strategies to diversify our market and product portfolios.

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

For & on behalf of the Board

(JILLANI JAHANGIR)
CHIEF EXECUTIVE OFFICER

LAHORE: April 30, 2020



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020 (UN AUDITED)

	MAR 2020 Un-Audited Rupees	Jun 2019 Audited Rupees
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorized share capital 16,000,000 ordinary shares of Rs. 10 each	<u>160,000,000</u>	<u>160,000,000</u>
Issued, subscribed and paid up capital	129,963,040	129,963,040
Shaer deposit money	-	-
Reserves	18,145,037	19,585,154
Accumulated loss	(83,098,907)	(116,521,022)
Surplus on revaluation of Property, plant & equipment	<u>113,853,370</u>	<u>135,517,101</u>
Total equity	178,862,540	168,544,273
Non Current Liabilities		
Deferred liabilities	47,486,368	46,031,274
Current Liabilities		
Trade and other payables	41,958,744	41,342,028
Accrued mark up	606,310	558,032
Short term borrowings	99,920,000	107,150,592
Due to related parties	5,152,120	1,750,141
Provision for taxation	<u>2,395,474</u>	<u>3,698,144</u>
Total current Liabilities	150,032,648	154,498,937
Liabilities directly associated with non-current asstes classified as held for sale	3,775,000	23,775,000
Contingencies and Commitments	<u>380,156,556</u>	<u>392,849,484</u>

NOTES TO THE ACCOUNTS

- 1 These accounts are un-audited and are being submitted to the share holders in accordance with the requirements of the companies Act 2017.
- 2 Accounts policies adopted for the preparation of these accounted are the same as those applied in the preparation of the preceding annual accounts of the company
- 3 Amounts set aside in these accounts for taxation are provisional. Final liability will be determined on the basis of annual results.
- 4 Cash flow statement, comprehensive income statement and statement of changes in equity has been disclosed as per requirements of the IAS No 34
- 5 where necessary, previous figures have been re-arranged for the purpose of fair comparison.

LAHORE: April 30, 2020



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020 (UN AUDITED)

	MAR 2020 Un-Audited Rupees	Jun 2019 Audited Rupees
ASSETS		
Non Current Assets		
Property, Plant and equipment	145,213,350	146,056,870
Long term Investments	10,054,384	11,494,501
Long term deposits	5,038,617	5,038,617
Total Non-current assets	160,306,351	162,589,988
Current assets		
Stores and spares	8,393,021	7,138,553
Stock in trade	86,185,953	83,957,696
Trade debts	33,172,828	44,783,771
Advances, deposits, prepayments and other receivables	43,549,673	40,122,320
Tax refund due from Government	31,052,143	18,090,604
Due from associates	6,543,704	5,630,844
Cash and bank balances	4,236,771	2,714,596
Total Current Assets	213,134,093	202,438,384
Non current assets classified as held for sale	6,716,112	27,821,112
	<u>380,156,556</u>	<u>392,849,484</u>

**CHIEF EXECUTIVE
OFFICER**

**CHIEF FINANCIAL
OFFICER**

DIRECTOR



CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE QUARTER AND 9 MONTHS PERIOD ENDED MARCH 31, 2020 (UN-AUDITED)

	9 Months Ended Mar 31, 2020 (Un-audited) Rupees	9 Months Ended Mar 31, 2019 (Un-audited) Rupees	Quarter Ended Mar 31, 2020 (Un-audited) Rupees	Quarter Ended Mar 31, 2019 (Un-audited) Rupees
Revenue	248,651,996	267,037,048	57,029,518	105,151,185
Cost of sales	(200,701,102)	(219,361,619)	(44,844,258)	(85,993,489)
Gross profit	47,950,894	47,675,429	12,185,260	19,157,696
OPERATING EXPENSES				
Selling and distribution Costs	19,150,620	20,742,782	5,991,663	8,325,491
Administrative expenses	17,184,599	16,462,275	3,701,773	5,256,213
Other operating expenses	641,739	1,344,774	(21,175)	1,157,274
	(36,976,958)	(38,549,831)	(9,672,261)	(14,738,978)
Operating profit	10,973,936	9,125,598	2,512,999	4,418,718
Finance Cost	(6,810,813)	(6,288,931)	(1,516,612)	(2,029,665)
Other income	9,990,735	3,877,806	395,558	398,572
Profit before taxation	14,153,858	6,714,473	1,391,945	2,787,625
Taxation	(2,395,474)	(2,545,004)	(215,157)	(700,360)
Net profit after taxation	11,758,384	4,169,469	1,176,788	2,087,265
Earning per share-Basic	0.90	0.32	0.09	0.16

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CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND 9 MONTHS PERIOD ENDED MARCH 31, 2020 (UN AUDITED)

	9 MONTHS Ended		QUARTER Ended	
	Mar.31, 2020	Mar.31, 2019	Mar.31, 2020	Mar.31, 2019
	Rupees	Rupees	Rupees	Rupees
Profit after taxation for the period	11,758,384	4,169,469	1,176,788	2,087,265
Other comprehensive income				
(Deficite) / surplus on remeasurement of investment available for sale	(1,440,117)	(4,402,583)	(25,465)	(1,074,240)
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation	1,923,731	855,031	641,244	285,010
Total comprehensive income / (loss) for the period	<u>12,241,998</u>	<u>621,917</u>	<u>1,792,567</u>	<u>1,298,035</u>

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CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE 9 MONTHS PERIOD ENDED MARCH 31, 2020 (UN-AUDITED)

	9 Months ended Mar. 31, 2020 (UN-AUDITED) Rupees	9 Months ended Mar. 31, 2019 (UN-AUDITED) Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	14,153,858	6,714,473
Adjustments for :		
Depreciation	4,560,231	3,146,797
Provision for gratuity	4,039,444	3,939,444
Dividend income	(176,701)	-
Gain on disposal of property, plant and equipment	(8,576,329)	-
Finance costs	6,810,813	6,288,931
	<u>6,657,458</u>	<u>13,375,172</u>
	20,811,316	20,089,645
Operating profit before working capital changes		
(Increase) / decrease in current assets		
Stores and spares	(1,254,468)	588,959
Stock in trade	(2,228,257)	1,189,010
Trade debts	11,610,943	(6,289,035)
Advances, deposits, prepayments and other receivables	(17,569,025)	(6,469,711)
Balance due from related parties / associates	(912,860)	125,610
(Decrease)/ increase in current liabilities		
Balance due to related parties / associates	3,401,979	(3,290,112)
Trade and other payables	616,716	2,233,945
	<u>(6,334,972)</u>	<u>(11,911,334)</u>
	14,476,344	8,178,311
Cash generated from operations		
Income tax paid	(2,797,359)	(2,836,300)
Finance cost paid	(6,762,535)	(7,449,259)
Gratuity paid	(2,584,350)	(3,112,228)
	<u>2,332,100</u>	<u>(5,219,476)</u>
Net cash (used in) / from operating activities	2,332,100	(5,219,476)
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment	(6,061,659)	(1,367,542)
Proceeds from disposal of property, plant and equipment	32,305,625	-
Dividend income	176,701	-
Advance against assets held for sale	(20,000,000)	-
Net cash generated from / (used in) investing activities	6,420,667	(1,367,542)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term loan from directors and associated undertakings	-	-
Short term finances	(7,230,592)	7,844,474
Net cash from / (used in) financing activities	(7,230,592)	7,844,474
Net increase / decrease in cash and cash equivalents	1,522,175	1,257,456
Cash and cash equivalents at the beginning of year	2,714,596	2,817,970
Cash and cash equivalents at the end of period	4,236,771	4,075,426

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CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER AND 9 MONTHS PERIOD ENDED MARCH 31, 2020 (UN-AUDITED)

Particulars	Share Capital	Share Deposit Money	Reserves				Accumulated Loss	Surplus on revaluation of property, plant & equipment	Total
			Capital Reserve	Fair Value Reserve of Financial Assets a FVOCI	Revenue Reserve	Total			
Balance as at July 01, 2018	68,040,000	61,923,044	2,274,287	14,955,946	7,000,000	24,230,233	(124,590,308)	80,571,990	110,174,959
Net profit for the 9 months period ended Mar 31, 2019							4,169,469		4,169,469
Total comprehensive loss for the 9 months Period ended March 31, 2019				(4,402,583)	-	(4,402,583)			(4,402,583)
Incremental depreciation for the year on surplus on revaluation of property, plant & equipment							855,031	(855,031)	-
Issuance of shares during the period	61,923,044	(61,923,044)							
Balance as at Mar 31, 2019	129,963,044	-	2,274,287	10,553,363	7,000,000	19,827,650	(119,565,808)	79,716,959	109,941,845
Net profit for the year ended Jun 30, 2019							7,839,313		7,839,313
Other comprehensive income for the year Period ended March 31, 2018				(4,645,079)		(4,645,079)	(910,068)		(5,555,147)
Incremental depreciation for the year on surplus on revaluation of property, plant & equipment							1,140,041	(1,140,041)	-
Total comprehensive income for the 9 months period ended March 31, 2018 reversed				4,402,583		4,402,583	(4,169,469)		233,114
Incremental depreciation for the year on surplus on revaluation of property for 9 months reversed							(855,031)	855,031	-
Transferred to due from related parties		(4)							(4)
Surplus realized on disposal for 9 months reversed							-	56,085,152	56,085,152
Balance as at June 30, 2019	129,963,040	-	2,274,287	10,310,867	7,000,000	19,585,154	(116,521,022)	135,517,101	168,544,273
Balance as at June 30, 2019	129,963,040	-	2,274,287	10,310,867	7,000,000	19,585,154	(116,521,022)	135,517,101	168,544,273
Net profit for the 9 months period ended Mar 31, 2020							11,758,384		11,758,384
Total comprehensive loss for the six months Period ended March 31, 2020				(1,440,117)		(1,440,117)			(1,440,117)
Incremental depreciation for the year on surplus on revaluation of property, plant & equipment							1,923,732	(1,923,732)	-
Transfer from surplus on revaluation of property plant & equipment on disposal							19,740,000	(19,740,000)	-
Balance as at Mar. 31, 2020	129,963,040	-	2,274,287	8,870,750	7,000,000	18,145,037	(83,098,906)	113,853,369	178,862,540


CHIEF EXECUTIVE OFFICER


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DIRECTOR



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