



ALSHAHEER

FOODS



ALSHAHEER
FOODS



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Company Information





Our Story

Al Shaheer Corporation entered the world of meat business in 2008 starting from humble beginnings and growing into a renowned name within a short span of time. The powerful fundamental values of teamwork, integrity, excellence, community service and consumer focus form the foundation of this business which aimed to serve and go beyond the expectations of the customers. Our meat products have always satisfied our consumers with the high hygiene and health standards we have always met, thus enabling us to grow and reach top levels in this industry.

Gadap Town - Karachi is home to our class apart abattoir, designed customarily as an answer to



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the global need and demand of Halal meat. Well organized logistics, spotless lairage area, cold storage and chillers imported from Australia, all make this abattoir one of the very best; and its capacity of 40 heads per hour makes it the country's largest private slaughtering facility. This has been further certified by the departments of health and food of Middle Eastern GCC countries as well. And if one would wonder who leads the meat export of Pakistan, the answer would be *Al Shaheer Corporation* venturing into export markets of Saudi Arabia, Dubai, Kuwait, Oman, Bahrain and Qatar in 2009.

'Meat One', the first red meat brand of Al Shaheer came into being in 2010 with the objective of providing innovative and convenient 'one stop fresh meat solutions' to consumers, placing us in the center of the fresh meat retail market of Pakistan. This brand offers various kinds of fresh meat operating through exclusively designed outlets as well as standard shop-in-shop models. The quality standards of Meat One are unmatched at every level of the meat selection process. Highest quality cattle is chosen as the first step of our process. Getting the cattle checked by skilled vets comes next as health and safety are the two top most priorities. These are then slaughtered in a completely halal way at our abattoir, sectioning and processing them in large cuts before transporting them in hygienic refrigerated trucks to various outlets.

'Khaas Meat'. Al Shaheer's second retail brand emerged in 2014. This brand stands for three key elements: quality, hygiene and affordability. Neighborhood butcher shops were given a whole new look and meaning by this brand. The brand's reach further increased in 2015 through shop-in shop models in busy superstores across the major cities of Pakistan.

It was the same year that Al Shaheer Foods achieved yet another important milestone and became a corporate limited company, being listed on the Stock Exchange. The company transitioned to Al Shaheer Foods from Al Shaheer Corporation in the first month of 2017, with the objective of establishing itself as a 'foods' company. Keeping this objective in mind, products like poultry, ready-to-cook / ready-to-eat products, fruits and vegetables are now being considered to be further included in the line of business as well.

The list of international accreditations to Al Shaheer Foods is nothing less than impressive. These include the ISO 9001:2015, ISO 22000:2005, HACCP for quality and food safety standards in the production process, SAFE Food Award 2009 & 2010 by URS for quality and hygiene. The Federation of Pakistan Chambers of Commerce and Industry has also awarded Al Shaheer Foods with the 'Best Export Performance' Award in 2009, 2010, 2012 and 2013 for Fresh and Frozen Meat while Exhibitor (Pvt.) Ltd. has awarded us with Brand of the Year Award in 2009 and Best Emerging Brand of the Year 2009.



ASC Foods is certified on following regulatory & international standards:

- ISO 9001:2015
- ISO 22000:2005
- ISO 14001: 2015
- OHSAS 18001: 2007
- HACCP
- Pakistan Halal standard PS3733:2016
- Malaysian Halal standard MS 1500
- UAE/GSO Halal slaughtering standard 993:2015



The latest and most anticipated project of ASC Foods is the much awaited poultry and processed food line. This project with the grace of Allah has been completed and will be launched in the retail market very soon Inshallah. Following the benchmarks set by Meat One, the essence of this upcoming brand is yet again innovation and convenience, meeting consumer needs with a differentiated and diverse offering. Just like its predecessor, this brand will also uphold the quality standards of health and hygiene and will bring significant improvement in our customer's lives not just through delicious satisfaction to the taste buds but also through an assortment of product offering currently unmet in entirety by any other local brand. This will hence be the perfect opportunity for our company to expand its presence even further both locally and internationally through general and modern trade.

With the grace of Allah, we have always been able to supersede the benchmarks created every year by ourselves. This has only been possible because of the astounding support shown by everyone associated with us. It is our key stakeholders; be it our customers, suppliers, employees, agencies, bankers or shareholders, whose unwavering support is what keeps us driven. And as this support keeps increasing, so will our dedication to attain even higher standards and go beyond your expectations every year.

Timeline

2008

Al Shaheer Corporation (Pvt.) Ltd. inception

alshaheer

2010

Meat One launch

meat one

THE MEAT EXPERTS

2014

Formal launch

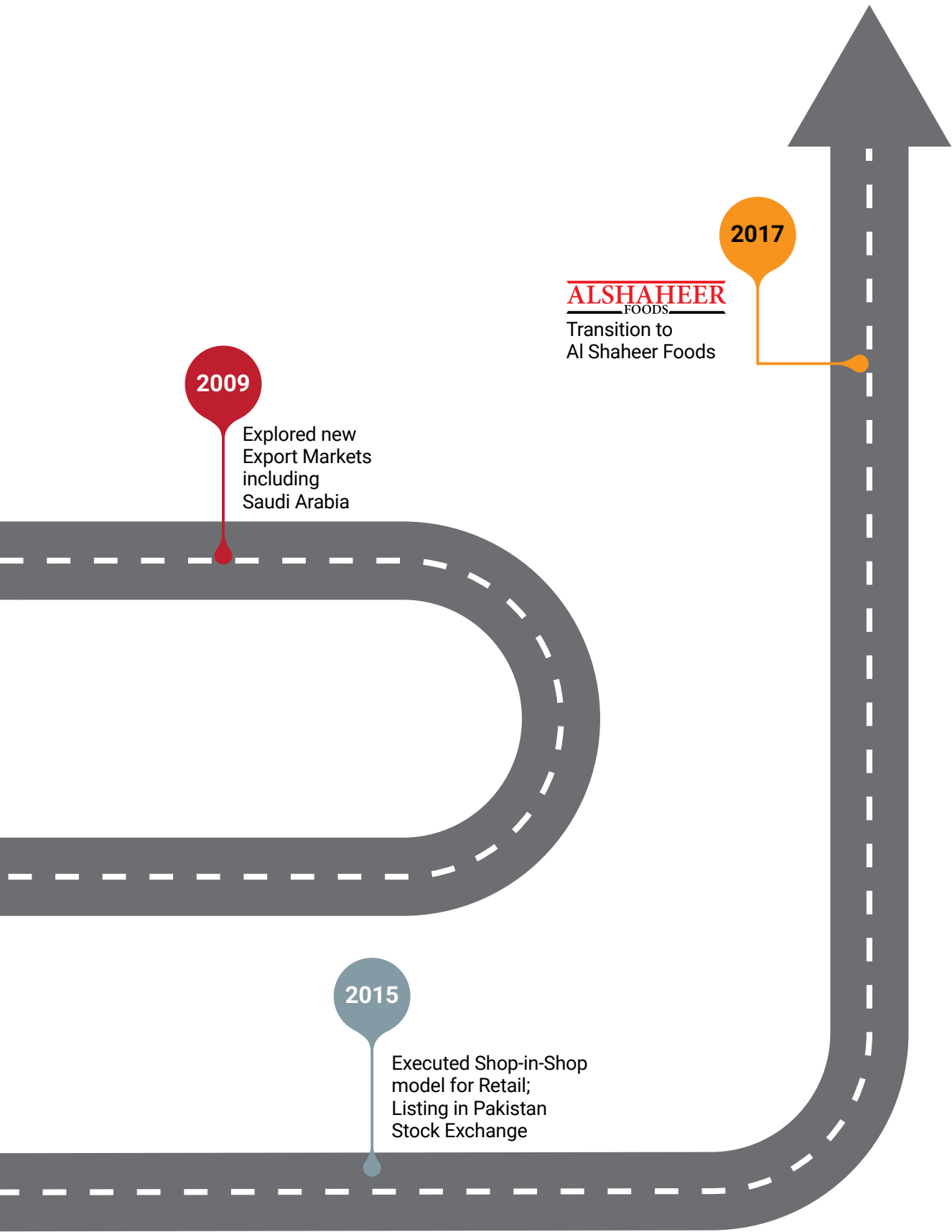
ALSHAHEER
FOODS
Professional Line

Inauguration of
Lahore & Islamabad
outlet

meat one
THE MEAT EXPERTS

Khaas launch

كھااس
M E A T



2009

Explored new Export Markets including Saudi Arabia

2015

Executed Shop-in-Shop model for Retail; Listing in Pakistan Stock Exchange

2017

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FOODS
Transition to Al Shaheer Foods

Chairman's Review

On behalf of the Board of Directors I am pleased to present the financial results for the year ended 2020-21. It is worth mentioning that this is the year businesses worldwide struggled to regain their ground and recover from the negative impacts of Covid-19.

In line with global trends, our company also focused on



improving its revenue base and attracting customers in both foreign and local markets, as evidenced by the 37% increase in revenue for the year. We achieved this by increasing sales and finding new customers in highly competitive export markets whereas in the local market, company has served a greater customer base through traditional and as well as online sales channels. The company is also aiming to benefit from the huge opportunities offered by the e-commerce market. Moreover, the increasing awareness for hygienic meat has also contributed towards the growth of the business.

During the year, inflation in livestock prices was a key challenge which in turn affected our margins badly as we didn't pass on all the cost to the consumers. However, to reduce the impact, company is constantly working on improving cost efficiency and business simplification.

During the year, the Board of Directors closely assessed and monitored the true potential of the business and decided to restart the work on its poultry project. Bearing in mind, the strategic importance and synergies which might be achieved, the management of the company made all efforts to make the project operational. To this end, the company has hired qualified professionals with relevant experience, removed operational hurdles and devised effective sales and marketing strategies for the business. Project is moving forward with the right pace as per the agreed plan.

I would like to take this opportunity to thank the company's staff and management who have worked resiliently and played a pivotal role in achieving our goals. I hope that we will continue to drive towards prosperity and success, with the same spirit.

Muhammad Qaysar Alam

Chairman

AlShaheer Corporation Limited

Our Motto



Vision

“Dominate the meal table by offering delightful food solutions to consumers”.



Mission

- We will delight and vitalize our consumers with food products that meet the highest standards of health, hygiene and fulfillment.
- We will achieve this by sourcing the best quality of livestock, purest ingredients and world class manufacturing processes.
- We will have excellence in our Shariah compliance standards for all our products, our operations and the way we interact with the communities and environment around us.
- We value diversity & teamwork and promote an open informal work environment.
- All our actions will clearly exhibit our relentless commitment to ethics, product safety and consumer satisfaction.

Core Values

Integrity

We act honestly, truthfully & fairly with our consumers, suppliers, employees & all stakeholders.

Consumer Focus

We are consumer-oriented, committed to delivering the best experience to our consumers every time.



Teamwork

We develop & empower our people to work as a strong unified team in an open, informal and disciplined environment.

Excellence

We strive to be the best at whatever we do.

Community

We act as a responsible citizen, protecting the environment and contributing to the community in which we operate.

Code of Conduct

Introduction

The Company's General Business Principles govern how Al Shaheer Corporation Limited conducts its affairs. The objectives of the organization are to engage efficiently, responsibly and profitably in Halal and hygienic food business and to participate in the search for, and development of, new products to meet evolving consumer needs and changing lifestyles.



Halal and hygienic food is a basic human requirement that will exist forever. Our role is to ensure that we source, process and deliver this profitably and in environmentally & socially responsible ways. We seek high standards of performance, building a strong, long term and growing position in the competitive environments in which we choose to operate. We aim to work closely with our consumers, partners and policy-makers to continuously strengthen our position and be recognized as a leader in the food categories we operate in.

Sustainable Development:

As part of the Business Principles, we commit to contribute to sustainable development. This requires balancing short and long term interests, integrating economic, environmental and social considerations into business decision-making, and investing in people, systems and infrastructure for sustainable advantage.

Responsibilities:

Al Shaheer Corporation Limited recognizes five areas of basic responsibilities. It is the duty of management continuously to assess the priorities and discharge these inseparable responsibilities.

- a) To shareholders: To protect shareholders' investment, and provide a long-term return competitive with those of other leading companies in the industry.
- b) To consumers: To win and maintain consumers by developing and providing products and services which offer value in terms of price, quality, safety and convenience.
- c) To employees: To respect rights of our employees and to provide them with good and safe working environment and competitive terms and conditions of employment. To develop leadership that continuously promotes best utilization of talent, to create a conducive work environment where every employee has an equal opportunity to develop his or her skills and talents. To encourage the involvement of employees in planning and strategizing their work and to provide them with appropriate channels and structure. We recognize that commercial and sustainable success depends on the commitment of all employees and disposition of their energies and efforts in the right direction.
- d) To business partners: To seek mutually beneficial relationships with contractors, suppliers and in joint ventures and to promote the application of our General Business Principles in such relationships. The ability to promote these principles effectively is an important factor in the decision to enter into or remain in such relationships.
- e) To society: To conduct business as responsible corporate members of society, to comply with applicable laws and regulations, to support fundamental human rights in line with the legitimate role of business, and to give proper regard to health, safety, security and the environment.

Economic:

Long-term profitability is as essential for the company as oxygen to the living being, in order to achieve our higher goals. It is a measure of both efficiency and of the value that consumers place on Al Shaheer Corporation Limited products and services. It supplies the necessary corporate resources for the continuing investment that is required to develop and produce Halal and hygienic supplies to meet & exceed consumer needs. Without profits and a strong financial foundation, it would not be possible to fulfill our higher levels of responsibilities.

Competition:

Al Shaheer Corporation Limited supports free enterprise. We believe that healthy competition always results in greater opportunities, better products and services, and in turn, benefits the consumer. We seek to compete fairly and ethically and within the framework of applicable competition laws; we will not prevent others from competing freely with us.

Business Integrity:

Al Shaheer Corporation Limited insists on honesty, integrity and fairness in all aspects of our business and expects the same in our relationships with all those with whom we conduct business. The direct or indirect offer, payment, soliciting or acceptance of bribes in any form is unacceptable. Facilitation payments are also bribes and should not be made. Employees must avoid conflicts of interest between

their private activities and their role in the conduct of Company business. Employees must declare to their employing Company potential conflicts of interest, if any. All business transactions on behalf of Al Shaheer Corporation Limited must be reflected accurately and fairly in the accounts of the Company in accordance with established procedures and are subject to audit and disclosure.

Health, Safety and the Environment:

Al Shaheer Corporation Limited has a systematic approach to health, safety and environmental management in order to ensure continuous well-being of our employees, consumers and public alike. To this end, Al Shaheer Corporation Limited manages these matters as critical business activities, sets standards and targets for improvement, and measures, appraises and reports performance externally. We continually look for ways to reduce the environmental impact of our operations, products and services.

Local Communities:

Al Shaheer Corporation Limited aims to be a good corporate citizen by continuously improving the ways in which we contribute, directly or indirectly, to the general well-being of the communities within which we operate. We manage the social impacts of our business activities carefully and work with others to enhance the benefits to local communities, and to mitigate any negative impacts from our activities. In addition, Al Shaheer Corporation Limited takes a constructive interest in social matters, directly or indirectly related to our business.

Communication and Engagement:

Al Shaheer Corporation Limited recognizes that regular dialogue and engagement with our stakeholders is essential. We are committed to reporting our performance by providing complete relevant information to legitimately interested parties, subject to any overriding considerations of business confidentiality. In our interactions with employees, business partners and local communities, we seek to listen and respond to them honestly and responsibly.

Compliance:

We comply with all applicable laws and regulations of the countries in which we operate.

Living by Our Principles:

Our shared core values of integrity, teamwork, consumer focus, fairness and excellence underpin all our activities and are the foundation of our Business Principles. The Business Principles apply to all transactions, large or small, and drive the behavior expected of every employee in Al Shaheer Corporation Limited in the conduct of its business at all times. We are judged by how we act. Our reputation will be upheld if we act in accordance with the law and the Business Principles. We also encourage our business partners to live by these principles.

We encourage our employees to demonstrate leadership, accountability and teamwork, and through these behaviors, contribute to the overall success of Al Shaheer Corporation Limited. It is the responsibility of the leadership to lead by example, to ensure that all employees are aware of these principles, and behave in accordance with the spirit as well as the letter of this statement.

The application of these principles is underpinned by a comprehensive set of assurance procedures which are designed to make sure that our employees understand the principles and confirm that they act in accordance with them. As part of the assurance system, it is also the responsibility of management to provide employees with safe and confidential channels to raise concerns and report instances of noncompliance. In turn, it is the responsibility of the Company employees to report suspected breaches of the Business Principles to the management. The Business Principles are fundamental to how we conduct our business and living by them is crucial to our continued success.

Purpose of Existance

Al Shaheer Foods was created in August 2008 after observing the increase in demand of Halal meat products globally. It operates a custom designed, state-of-the-art plant, brought in from Australia with attached chillers, cold storage, transportation and hygienic lairage area. This is the largest private slaughtering facility in the

country with a capacity of 40 heads per hour.

Winning several international accreditations like the ISO 9001:2015, ISO22000:2005, HACCP for its quality and standards used in the production process, SAFE Food Award 2009 & 2010 by URS for quality and hygiene, the Company has conquered the global market with a continuous commitment to quality.

Al Shaheer Foods has also won the 'Best Export

Performance' award in 2009, 2010, 2012 and 2013 for Fresh and Frozen Meat from the Federation of Pakistan Chambers of Commerce and Industry.

Al Shaheer currently possesses municipality licenses to export meat to some of the most lucrative markets in the region, including Dubai and Saudi Arabia.

The year 2010 started with a pledge to make the same quality meat available to



local consumers, thereby considerably raising the benchmark in meat selling. Starting off from our flagship Meat One boutique on main Khayaban-e-Shamsheer, DHA, Karachi, we have gradually expanded our network of dedicated Meat One outlets across Pakistan to introduce customers to the best quality, free range meat possible.



Board of Directors

Our board of directors play a significant role in representing the interest of our shareholders. All board members are profoundly experienced in their respective sectors and avidly assist in the company's operations.





M. Qaysar Alam

On the Board of Directors of GS1 and Al-Shaheer Corporation Limited, Member Pakistan Advisory Board ISCEA, President Supply Chain Association of Pakistan. Supply Chain Specialist, Consultant, Trainer and speaker at various business schools and forums. Worked for 29 years at Unilever Pakistan Ltd., where, for the last 8 years served as Vice President responsible for Supply Chain, its strategies and operations.

He was on the Board of Directors, Member of Audit Committees and Management Committee of the Company. Key architect of Unilever Pakistan's Supply Chain structure and processes making it forward looking, achieving efficiencies in speed, service and cost. Earlier worked at Exxon Pakistan, ARAMCO SA and taught Petroleum engineering at KU.



Kamran Khalili

Kamran Khalili is the CEO of Al-Shaheer Corporation Limited. It was his vision to establish a Halal meat processing company. Kamran Khalili took the initiative and started Al Shaheer Foods from scratch, playing a pivotal role in the company's growth.

Prior to Al Shaheer, Kamran was a member of the Karachi Stock Exchange for around 10 years and CEO of Fortune Securities (Pvt.) Ltd. He has also worked as an Investment Banker in Muslim Commercial Bank, Pakistan.

After receiving an encouraging response from exports, Kamran expanded his vision to provide export quality meat products in the local market as well. In accomplishment of this vision, he took the initiative to introduce a concept meat shop in the local market, Meat One. Kamran Khalili is an MBA.



Adeeb Ahmad

Mr. Ahmad's career spans over 30 years with premier multilateral, leading private equity firms and several international investment banks primarily in the Gulf region. He has held C-suite positions engaged in multi-sectoral asset management, private equity investments and M&A across multiple emerging markets, including Pakistan.

He has raised and led several large funds, managed landmark investments, and led several M&A advisory assignments. His last role was as Senior Advisor to the CEO (& Deputy CEO-Designate) at Islamic Corporation for the Development of the Private Sector ("ICD") in Saudi Arabia.

Mr. Ahmad holds an M.Sc. from the London School of Economics, United Kingdom, and an MBA from the Institute of Business Administration, Karachi, Pakistan. Other Engagements: Chairman, Al-Shaheer Corporation Ltd.



Zubair Haider

Zubair Haider's career started after completing his MBA from IBA Karachi. He has over 30 years of experience and has held senior positions at various banks in Pakistan and the Middle East; including HSBC, Meezan Bank Limited, NBP, Dubai Islamic Bank and Banque Saudi Fransi, Riyadh. Additionally, he holds an LLB degree from SM Law College, Karachi.

Zubair is also a member of Executive committee of Management Association of Pakistan for the years of 2021 to 2024. He is a Certified Director through ICAP's Director Training Program.

Zubair's area of expertise include Corporate Finance, Investment Banking, Capacity Building, Islamic Finance, Strategy, Leadership, Credit Risk and Business Development. He has also led complex multi-million-dollar deals and influenced profitable outcomes.



Zillay A. Nawab

Zillay A. Nawab is a trusted business adviser, coach and trainer with extensive experience in multiple business segments. He is an expert in managing complex organizational transformation programs, with an effective blend of leadership, facilitation and collaboration at all levels. His interventions deliver measurable cost savings, enhanced stakeholder satisfaction and strategic alignment.

Zillay's consulting and training experience is industry agnostic, including water, banking, stock exchange, oil, automotive, nuclear, IT, hospitality, retail, healthcare, engineering, fertilizers, electric power utilities, advertising, construction, manufacturing, process automation and a host of other verticals.

Zillay is currently engaged with Pakistan Institute of Management, Ministry of Industries & Production, Government of Pakistan, to develop, launch and manage the Pakistan Management Excellence Award program, designed to elevate national organizational performance to international best practices.

Zillay is active in international standards development. He Chairs both international and Canadian standards development committees and presents the Canadian viewpoint at International Organization for Standardization (ISO) meetings. He is collaborating with global experts on developing risk, asset management and service excellence ISO standards.

Zillay is a gifted speaker and story-teller. He has delivered presentations and training workshops in North America, Middle East, Australia, Africa and Europe, on Business Excellence, Strategy, Organizational Performance Management, Benchmarking, Risk Management, Customer Centricity, Change Management and other topics.

Zillay is an avid writer and contributes regularly to newspapers, magazines and social media. He has edited and published magazines, company annual reports and in-house magazines. Zillay co-authored the ISO IWA on Sharing Economy. Passionate about writing, he is working on a book. He developed an innovative benchmarking methodology, registered under Benchmarking Canada trademark.



Sabeen Fazli Alavi

Sabeen is an FMCG industry specialist with more than 20 years of experience in mature and developing markets working on regional and global brands. She is known for defining winning business strategies, delivering differentiated, best-in class consumer experiences and crafting compelling brand stories to grow market share and build brand loyalty under challenging business conditions.

Sabeen's career started as a management consultant with Grant Thornton International before joining Unilever in Consumer and Market Insights where she spent two years before moving in to brand marketing. After a number of leadership roles in Unilever Pakistan she moved to the MENA region where her last corporate role was Marketing Director & Management Committee member for Unilever Gulf. Through her career Sabeen has successfully managed and grown large complex business units, launched numerous new brands and categories, led a number of disruptive innovation projects, managed large and often cross-functional teams, delivered market-beating growth, and spear-headed the organization's digital transformation agenda.

After a long and successful corporate stint, Sabeen has ventured into consulting where she continues to leverage her diverse and rich experience in consulting on projects that demand high-level strategic thinking, planning and implementation.



Umair Khalili

Umair Khalili is the youngest Director of Al-Shaheer Corporation Limited. He is an HR graduate from London School of Economics and Political Sciences (LSE). He is an enthusiastic individual who has great talent in public speaking and debating.

Umair has been the team lead for various events including Model United Nations where he lead multi-cultural teams and won the MUNs in the home country. Apart from academics, Umair is actively involved in cricket & football.



Director's Report

Year ended
June 30, 2021

The Directors of your Company are pleased to present the audited financial results of the Company for the year ended June 30, 2021.

Operational Performance

Summarized operating performance of the company for the year is as follows:

	Year Ended	
	June 30, 2021	June 30, 2020
	----- (Rupees 000) -----	
Turnover	5,367,507	3,912,006
Cost of sales	(4,049,975)	(2,629,815)
Gross profit	1,317,532	1,282,191
Expenses	(1,206,138)	(1,220,436)
Other income	562	90,709
Taxation	1,081	20,310
Profit / (loss) for the period	113,037	172,775
Basic and Diluted EPS (Rs./Share)	0.44	0.74

In this fiscal year, the Company's overall topline increased by 37% compared to the same period last year.

However, gross margins remained under pressure due to rising prices of livestock, owing to the overall food inflation. The company is conscious of this and will be putting an effective strategy to handle this aspect. Further, a major exchange loss on foreign currency receivables has occurred due to rupee appreciation during the year considerably diluting net earnings.

Export Performance

Exports improved by around 37% versus the same period last year. Although challenges were there in logistics arrangements due to pandemic, but the Company has managed to route its major exports by sea thereby decreasing the logistics cost significantly.

Meat One

Our flagship Retail brand, Meat One, grew by 11% versus last year. The coming year's focus will be on increasing penetration within existing network, improving operational efficiencies, client retention, as well as selective strategic expansion. Further, considering the spike in online/ ecommerce usage, the management has been working actively on providing online sales platform and has launched the mobile application which has been well received by our clients.

Qurbani Project

Our Qurbani service this year was a major success, resulting in 95% growth in turnover as well as profitability in the segment.

Khaas Meat

Our mid-tier brand, Khaas Meat, grew by 38% versus last year. The company is continuously working on improving operational efficiencies on one hand, and increasing topline, with low-cost expansion strategies to make channel profitable.

Institutional Sales

The institutional sales business performed well in our portfolio, delivering a 189% growth versus same period last year. Despite all challenges due to Covid-19 pandemic and strong competition from the unorganized sector, the Company has successfully been able to increase its market share. In view of its potential, we will continue our aggressive sales efforts to further grow this business in the coming years.

Poultry & Processed Foods Business

By the grace of Almighty, the poultry and processed food plant in Lahore has been completed. The Company has engaged highly experienced and qualified professionals for top management positions. The Company has commenced its commercial production of its Primary Processing Unit from August 2021 and Further Food Processing Unit of frozen food facility from last week of September 2021. Accordingly, the plant is now fully operational. The company has made comprehensive plans for an effective launch of products from this plant in the near future.

Future Outlook

The Company is on track to increase topline by increasing Export and Institutional Sales business as market conditions gradually return to normalcy. On Retail front, we will continue capitalizing on growing modern retailing opportunity, and accordingly expand network of our own outlets, as well as through alliances with modern trade. Plans include expanding our reach within existing cities we operate, and entering into new cities as well. Furthermore, the Company will continue to work with optimized resources to ensure efficiencies and positive results.

For Poultry & Processed Foods Business, the Company has high expectation by entering in the market with high quality product and services.

Corporate Social Responsibility

The Company makes charitable donations of meat and funds to welfare and educational institutes, within available resources. We are committed to local sourcing and local employment at our production and other facilities - creating jobs and supporting small businesses in rural areas.

Human Resource Policies

The Company is an equal opportunity employer with systems and procedures in place to reward success. The desired Human Resource management policies are in place and have been disseminated to all. The Company considers people its core strength, who work continuously to meet individual challenges and help the Company achieve its targets.

Consumer Protection Measures

The Company ensures across the entire supply and dispatch chain that meat is handled in accordance with international standards to deliver a healthy, safe and hygienic product to all its consumers. It complies with major health and safety standards and ensures that the customers get best value for

their money. The company also operates a customer service help line for deliveries and complaints and offers full replacement guarantee to dissatisfied customers.

Business Ethics and Anti-Corruption Measures

The Company is committed to promoting high standards of ethical behavior throughout its business. The management condemns corrupt and fraudulent practices and ensures transparency, integrity and honesty in all aspects of work. The Company expects all its employees to perform their duties with integrity and professionalism. The Company has a whistle-blowing policy in place where any employee can point out any perceived discrepancy in total confidence.

Contribution to National Exchequer

The company contributed around Rs. 34.099 million to the government treasury in shape of taxes, excise duty, income tax and sales tax.

Financial Statements

The financial statements of the company have been audited and approved without qualification by the auditors of the company, M/s. EY Ford Rhodes Chartered Accountants.

Statement on Corporate and Financial Reporting Framework

- a) The financial statements, prepared by the management of the company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- b) Proper books of account of the company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and 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 departures there from has been adequately disclosed and explained.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts upon the listed company's ability to continue as a going concern.
- g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- h) Outstanding liabilities on account of taxes, duties, levies and charges, if any, are disclosed in the financial statements.
- i) The Board consists of 5 independent Directors, 1 non-executive Director and 1 executive Directors. It includes 6 male and 1 female member.

During the year, seven meetings of the Board of Directors were held. Attendance by each director in the meetings of the Board and its sub-committees is as follows. The list contains some Directors who left during the course of the year and were replaced by new ones.

Board / Committee	Board of Directors	Audit Committee	HR Committee	Strategic Steering Committee
Meetings held during YE 2020-21	7	4	2	3
Mr. Kamran Ahmed Khalili	7	4	2	3
Ms. Sabeen Fazli	7	-	2	3
Mr. M. Qaysar Alam	7	4	2	1
Mr. Umair Ahmed Khalili	7	4	2	-
Mr. Adeb Ahmad	4	-	-	2
Mr. Muhammad Zubair Haider Sheikh	4	2	-	1
Mr. Jamil Akbar	-	-	-	2
Mr. Zillay A Nawab	7	-	2	3

- No trading in the shares of the company was carried out during the year by the Directors, CEO, CFO, Company Secretary, Executives and their spouses and minor children.
- The company pays gratuity to its employees for which liability as at 30 June 2021 is 12.5 Million.
- Pattern of shareholding is annexed with the report.
- Transactions with related parties are presented in note number 39 of the financial statements.

Directors' Remuneration

The Board of Directors have a policy and established procedures for remuneration of Directors in accordance with the relevant regulations.

Sales Tax Refunds

During the year, sales tax refunds of Rs. 27 million were claimed.

Al Shaheer Farms (Pvt.) Ltd.

The company has 51% holding in Al Shaheer Farms (Pvt.) Ltd. The subsidiary was incorporated on 2 March 2015 as a private limited under Companies Ordinance 1984. The principal activity of the subsidiary is to carry on all kinds of farming including agricultural, poultry, horticultural and dairy and to purchase, acquire, maintain, breed, sell or otherwise dispose of all kinds of cattle and other form of livestock

Bonus Shares

No bonus shares have been issued.

Dividend

No dividend is proposed.

Rights Shares

99,979,610 right shares have been issued during the year.

Appointment of Auditors

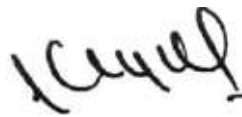
The present auditors M/s. EY Ford Rhodes Chartered Accountants has been retired and M/s. Grant Thornton Anjum Rahman being eligible, offer themselves for appointment.

Acknowledgment

The Board is thankful to valuable members and bankers for their trust and continued support to the company. The Board would also like to place on record its appreciation to all employees of the company for their dedication, diligence and hard work.



Muhammad Qaysar Alam
Chairman – Board of Directors



Kamran Khalili
Chief Executive Officer

The background of the page features a silhouette of hands holding several interlocking gears against a sunset sky. The sun is low on the horizon, creating a bright orange and yellow glow that transitions into a deep blue sky. The gears are of various sizes and are being held in a way that suggests they are part of a larger mechanism. A solid red rectangular box is positioned on the left side of the page, containing the text 'Management Team' in white.

Management Team



Kamran Khalili

Kamran Khalili is the CEO of Al-Shaheer Corporation Limited. It was his vision to establish a Halal meat processing company. Kamran Khalili took the initiative and started Al Shaheer Foods from scratch, playing a pivotal role in the company's growth.

Prior to Al Shaheer, Kamran was a member of the Karachi Stock Exchange for around 10 years and CEO of Fortune Securities (Pvt.) Ltd. He has also worked as an Investment Banker in Muslim Commercial Bank, Pakistan.

After receiving an encouraging response from exports, Kamran expanded his vision to provide export quality meat products in the local market as well. In accomplishment of this vision, he took the initiative to introduce a concept meat shop in the local market, Meat One. Kamran Khalili is an MBA.



Mr. Ahsan Afzal
Chief Operating Officer

Mr. Ahsan Afzal is Chief Operating Officer of the Company and is heading the frozen foods business. Ahsan has done his MBA from LUMS and carries a rich experience of over 25 years in functions as diverse as business unit management, brands, human resources, sales, business analysis, innovation and creative development with a track record of delivering exceptional business performance and leading cross-functional teams.

He spent almost 2 decades in the Engro group where he was engaged in various functions across the Foods and Fertilizer business. For last 3 years he was associated with startups in Food and Digital Banking sectors.



Maryam Ali
CFO

Maryam Ali is the Chief Financial Officer of Al Shaheer Foods. She is a qualified Chartered Accountant and member of the Institute of Chartered Accountants of Pakistan (ICAP).

She possesses extensive experience of over 9 years in the field of financial and management accounting, reporting and audit.

Maryam started her career in 2009 with A.F. Ferguson & Co. where she led statutory audits, interim reviews and other assurance engagements for various private, listed and multinational companies.

She is associated with Al Shaheer since 2012.



Shahid Qureshi
General Manager Technical

Mr. Shahid Qureshi is general and operations manager with 29 years of versatile manufacturing management experience in Dairy, Ice cream, Chocolates, Pasta, Cakes, Confectionery, Meat Industry & Seafood / Fish Processing Frozen Food Products.

He was associated with Yummy Milk Products, Polka Ice Cream Sharjah UAE, Nestlé Middle East Dubai UAE as inception partner to develop the largest ice cream plant in Asia, and IFFCO group Dubai UAE to develop Chocolate, Cakes and Pasta plants. He Played a Key role in product development and plant management for Alislami Foods (Meat division) UAE to nurture the giant brand of Frozen Food in UAE.

He allied with Perfect Foods UAE and aligned planning and craft/ produce the products for all the QSR's like Burger King, Subway, Pizza Hut (YUM) Applebees, chillies, Papa jones, Rastelli and own brand Tanmiah.

He graduated in Chemical Engineering from Punjab University.

He holds Food Protection Manager Certification (American National standard Institute (ANSI). He is also certified from HOCHSCHULE GEISENHEIM UNIVERSITY for Sensory evaluation of foods.

He is associated with CCFRA (Campden Chorleywood Food Research Association), dealing in immaculate quality and food safety. He is also associated with "Fraunhofer University Munich" to develop meat and seafood products with industrial and mass Production concepts.



Ashfaq Ur Rehman
National Sales Manager

Ashfaq Ur Rehman is qualified & experienced Sales Professional with more than 21 years of proven experience in Unilever Pakistan, where he served in frozen desserts (Ice-Cream), Household Care, Personal Care & Refreshments categories across Pakistan. His expertise are in Sales Operations & Distribution Management along with Modern Trade, General Trade & Out of Home.

Worked as GSM GT Business Unilever, Head of Sales Ice Cream, and Head of Channels -Traditional Trade, Modern Trade, OOH, Mobile & Ecommerce, along with Sales operations for IC Business in Pakistan. Driving Technological Transformation & Digital disruption to drive business with future needs. The role is pivotal to drive collaboration at organization level and deliver business objectives.

He has joined Al Shaheer Foods as National Sales Manager in June 2021 & is responsible to craft Sales & Distribution Strategy for "ChefOne" along with Sales Team Development & Market Execution.



Muhammad Umar Khan
Assistant General Manager – Primary Processing

Mr. Muhammad Umar Khan has 28 years of experience in food industries like beverages and poultry processing. He has installed eight different types of plants including beverages, poultry processing, value added products, poultry farms, hatchery and feed mill with imported & local equipment.

He has extensive experience in preventive maintenance and in maintenance of utilities and production lines. He also has experience in installation of refrigeration units and in maintenance of Ammonia and Freon based industrial units.



Osama Javed
Company Secretary &
Head of Local Business

Mr. Osama Javed Usmani is the Company Secretary and Head of Local Business in Al Shaheer Foods. Prior to this, he worked as Group Head - Human Resource for Pak-Qatar Takaful Group, where he established Organization structure, HR policies and procedures and implemented SAP – HCM.

He also worked in TimeLenders, a management consultancy firm, where he got the experience of Training and Event Management, and attended a number of world renowned training programs related to Leadership, Strategic Visions, etc.

Further, he bears the experience of working with local and multinational Logistics solution providers, where he looked after business development and strategies.

Mr. Osama completed his MBA from IBA in 2005. He is also a certified Neuro-Linguistic Programming Practitioner and Yellow belt in Six Sigma.



Furqan Galla
Head of Internal Audit

Furqan Galla is Head of Internal Audit of Al Shaheer Corporation Limited. He is Certified Chartered Accountant and Certified Internal Auditor (IIA - USA). He has more than 14 years of experience in the field of Financial Planning, Reporting and Auditing.

He has worked in several industries including Manufacturing, Textiles, Distribution and Retails. At Deloitte, he got exposure of auditing numerous industries including but not limited to Banking, Manufacturing, Textiles and Distribution.

Business Channels



Export

Meat has always made meals more appetizing, more appealing and even when you think you're not all that hungry, the aroma of barbecued kababs is enough to pull you towards it. Accessibility to meat supposedly 'Halal' and fit for consumption was never a problem in Pakistan, dubious origins notwithstanding but, what about our countrymen and fellow Muslims living abroad?



Halal meat was barely available in limited regions and limited quantities. Choice of cut and range of taste were luxuries. Poor Muslims abroad did not even consider to fathom. Reflective of the related notion that access to any meat that was Halal was primary and quality was a secondary, if at all, consideration, the term 'Halal' was not yet used synonymously with food items nor was 'Halal' a brand name that touched the hearts, minds and palate of voracious Muslims yearning for fresh, healthy meat prepared in a Halal way.

Imagine yourself sitting down for dinner oceans away from home, thinking of mouthwatering mutton chops, chicken drumsticks or a juicy beef steak but you have to make do with the daal and veggies because there isn't any Halal meat available, a tragedy indeed. But not anymore!

Halal meat has always been a necessity and its growing global demand makes it one of the fastest growing segments within the global food trade. The increased demand brought Pakistan into this business, soon making it the 19th biggest Halal meat exporter in the world. It was not long before the global market saw the emergence of Al Shaheer Foods which soon became a trusted supplier of high quality Halal meat to importers across GCC countries.

Amid significant competition, Al Shaheer Foods has made its mark as one of the leading meat exporters of Pakistan since its conception in the summer of 2008 answering the prayers of meat lovers all around the world. The wide range of products offered in beef, prime beef, mutton, chicken, steak stone, ready to cook/marinated range and lamb (local and Aussie) leaves nothing to be desired.

Being one of the leading meat exporters of Pakistan, Al Shaheer Foods plays a major role in the 27% annual growth of the Halal meat industry, on its way to making Pakistan one of the largest players in the meat trade.

Karachi, Pakistan's largest air and sea port houses our state-of-the-art abattoir, strategically situated with access to international trade routes and certified to export to some of the largest regional markets around the globe, making sure there is never any delay in providing the freshest produce to our distributors abroad.

With a determined focus on our vision of becoming global leaders in the Halal food sector, we began by exporting red meat only to Dubai and have now expanded our reach to Saudi Arabia, Oman, Kuwait, Bahrain and Qatar and strive to widen our reach worldwide.

Having won the 'Best Export Performance' award several times for Fresh and Frozen Meat from the Federation of Pakistan Chambers of Commerce and Industry, we aim and are working towards further such accolades in the future.

Following are the countries Al Shaheer exports to:



KUWAIT



OMAN



SAUDI ARABIA



QATAR



BAHRAIN



UAE

Retail

Meat One

There is a quagmire that residents of Karachi meat find themselves in when it comes to buying one top quality, healthy and hygienic meat that can be traced back to respectable origins. In some ways sadly, the choice is simple.



The contest is really between bad meat and worse meat, the quality being a direct function of how long the meat jostled around, marinating on the back of a truck, imbuing not only the sights and sounds of rural Pakistan, but also the urban air pregnant with lead, mercury and other highly undesirable elements.



Our meat buying practices are paradoxical to our lifestyles as most of us are forced to buy substandard meat at the local roadside butcher or perhaps at a higher end grocery store in more

civilized surroundings. Either way, the origin of the meat remains entirely questionable.

This is where we come in. Owning and operating one of the largest abattoirs in Pakistan, we recognized that the practice of exporting good quality meat was a travesty, and realized the need to change this practice - to give Karachi a taste of good quality meat from free range animals. This was the obvious way of giving back to our country.

'Meat One' is a meat boutique; a concept which is not alien to most of Karachi, but one currently based on fantasy. The words "boutique" and "meat shop" do seem like two different ideas, but in effect it really translates into a unique opportunity to do something that has not been done before. Allow us to make this fantasy a reality. From nurturing to slaughtering, chilling, transporting and retailing, our products have to undergo stringent quality checks each step of the way. Halal, healthy and fresh, this meat is now being made available at various locations through specially designed Meat One boutiques.

Meat One is a concept meat shop, all about celebrating carnivorous yearnings. No more flailing arms like a banshee in an attempt to ward off the flies, no begums with their beautiful faces hidden behind duppattas, or worse yet contorted into ugliness due to the malodorous surroundings. Meat lovers will no longer have to worry about the dubious origins of their steak. Buying meat will no longer be the dreaded chore that is readily delegated to the errand boy, but will rather become an enjoyable weekly ritual.

Giving priority to health and hygiene, the shop is custom made, without compromising on aesthetics. The customers will be able to follow the whole process of meat preparation behind the glass counters and be thoroughly convinced of the quality of meat and the effort and honesty that the process entails.

Retail

Khaas Meat

Who doesn't want the best quality in the best economical price? But is that even possible in today's day and age, you may ask?

All you see around you is inflated prices and



deteriorating quality. Either the quality keeps falling or the quantity keeps shrinking and you end up with almost half of the quantity at double the price. It's enough to make you give up and just accept this as the norm which will keep emptying your pockets giving you a half filled rumbling stomach and the never ending frustration of having to put up with this daylight robbery.

But don't give up hope just yet because this is where Al Shaheer Foods steps in with their 'aam' priced Khaas Meat.

The February of 2014 saw the launching of Khaas Meat, Al Shaheer's second retail brand after the success of Meat One.

You may be wondering about the purpose of a second retail brand offering the same as the first with the difference of a name. Well, the name says it all. At Khaas Meat, there is no compromise on quality or hygiene but we have chopped the prices to cater to SEC B & C, providing our customers with premium quality meat processed in a hygienic environment.

You don't need to go to the local butcher shops and share your meat with the hundreds of flies, having the time of their lives on your overly priced mutton leg. Khaas Meat is an upgrade to the existing butcher shops in the market providing high quality meat in a clean and hygienic environment.

Kiosk butcher shops being our primary competitors, it took a lot of hard work and dedication to place a firm foothold in that market but we managed to establish and secure our customers' loyalty. Our customers are offered the best meat of beef, mutton and chicken from animals that have been verified safe and healthy by our vets and which is compliant with international meat standards.

The best export quality meat can be found at our retail stores along with great service from competent, courteous and friendly staff. Our outlets are designed not only with an aesthetic sense but in a way that our customers can follow the whole process of meat preparation leaving no doubts about the quality of meat they are buying.

Our par excellence services and products have helped us make our mark in a significantly short period of time. The growth of Khaas Meat proves our claims of high quality and affordable prices and this will only keep increasing with our reputation and service.

Delivery & E-Commerce

As a pioneer in the organized meat industry, we take it upon ourselves to provide our customers with the best of our products and services by adding the prime value of home delivery. An ideal hassle free delivery service not only contributes to the convenience of our consumers but also follows an effective timely response meeting all goals keeping each business front satisfied.



The Meat Experts

Our Meat Experts offer you with Wholesome, Fresh and Trimmed meat with cashback guarantee.



SHOP PRODUCTS



Initially the delivery service was being provided through a traditional way of call center in which a customer dials 1-11-MEAT-1 and place his/her order. But digitization has changed consumer buying behavior and people seek for more convenience. Keep this behavior in mind, Meat One has come up with e-commerce enabled website (www.meatone.net) to add more value and experience to consumer's convenience. Through e-commerce, the freshest Meat is just clicks away from the door step of consumers. Meat One's exceptional Store-to-Door delivery service combined with more convenient e-commerce facility takes consumer's shopping experience to new heights.





UAN 111-163-281 Karachi

meat one

Shop Products ★ What to Cook? ★ Deals and Promotions ★ Contact Us

SHOP PRODUCTS

- Mutton
- Beef
- Chicken
- Oceanic
- Marinates
- Salads
- Offals

			
Chicken Qorma Cut (16 pcs)	Prime Beef Mince	Mutton Back Chop	Italian Salad
Rs. 294 per 16 Pcs	Rs. 699 per Kg	Rs. 1349 per Kg	Rs. 399 per Packet


**FROM STORE-TO-DOOR!
CALL NOW**



11-11-MEAT-1

WHAT TO COOK

42 Beef Home Chicken Fish



View all products

Professional Line

Traveling by air? Dining at a restaurant? Having lunch at your office cafeteria? What is one of your top concerns?

The hygiene and freshness of the food they are serving, right?

Well, that will be the least of your worries now



because the meat providers are none other than Al Shaheer Foods.

Meat has always been the main issue of concern regarding its origin, freshness, quality and distribution with Al Shaheer Foods ticking all these boxes every single time. This is especially important at the institutional level because they in turn have to serve the best to their customers. We realize that along with the institution's reputation it is mainly the provider's which is at stake, which is why Al Shaheer makes no compromises in providing the best quality of meat.



The overwhelming success of Meat One retail outlets and the massive positive response from household consumers encouraged us to widen our reach and serve consumers at the institutional level. In 2013, with a firm foothold in export and retail business, Al Shaheer ventured to serve local B2B customers, mainly Hotels, Restaurants, Hospitals and Corporates.

Having a start with shared retail resources, our Institutional Sales Unit gradually grew into a separate department, keeping in mind the requirements of bulk consumers. Fulfilling the needs of corporate clients being our primary objective, our clients in various cities have increased in a short span of time and the number keeps on increasing.

We don't believe in overpricing our products which is why our local clients with bulk orders are served premium products at cost efficient rates. We are a one stop solution to all our clients whose complete meat procurement requirements are satisfactorily and conveniently fulfilled by Al Shaheer Foods.

Our clients are primarily from three different channels. The first channel is HoReCa which includes Hotels, Restaurants, Cafes, Clubs and Caterers which consumes meat to make their primary offering i.e. food. They are pitched on the basis of food quality and taste.

The second channel is in-house Kitchens, Airlines, Hospitals & Ship Chandlers - These customers are pitched on the basis of price consciousness and value for money.

The third channel is Educational Institutions - In-house cafeterias which prepare fresh food for students and staff. These customers are targeted on the basis of nutrition and health benefits.

Factory

Our state-of-the-art abattoir is situated on the outskirts of Pakistan's largest city of Karachi. It is strategically situated with access to international trade routes via the country's largest airport and sea port. The abattoir, which is one of the most modern of its kind in Pakistan, is certified to export to some of the largest regional markets around the globe and qualifies as a high throughput facility with a daily slaughtering capacity of 700 cattle and 1000 mutton.



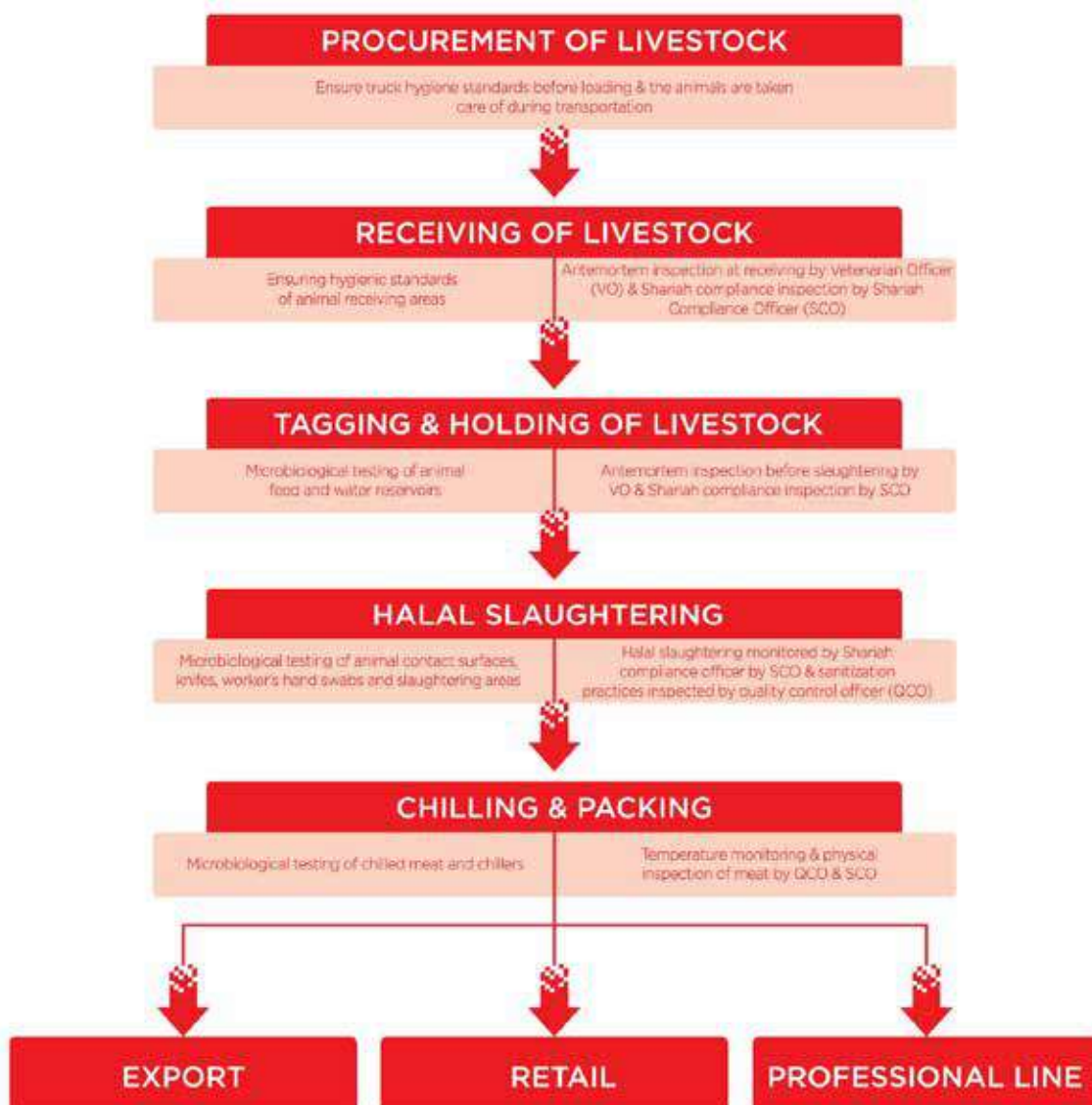
Certificates & Accreditations

1. HALAL certification on Pakistan HALAL standard PS 3733:2016
2. HALAL certification on international HALAL standard MS 1500
3. HALAL certification on UAE / GSO 993:2015 (HALAL slaughtering standard)
4. ISO 22000:2005
5. HACCP
6. ISO 14001:2015 7. OHSAS 18001:2007 8. ISO 9001:2015

Value Supply Chain

From sparkling, air-conditioned stores that eliminate the risk of meat going bad on the shelves, to a closely-monitored supply chain, Al Shaheer Corporation Ltd is rapidly changing meat shopping in Pakistan, transforming the once-dreaded experience of visiting the butcher into a comfortable, hygienic experience.

We take care to ensure only the best, export-quality meat makes it to the customer's table. Before the Halal slaughtering of the meat, it is ensured that all animals are examined by veterinarians and are thoroughly cleaned, the meat is examined once again after slaughter, to ensure that only the freshest and healthiest meats make it to their stores. All our outlets are based on international hygiene standards, with a state of the art abattoir in Karachi receiving a HACCP (Hazard Analysis and Critical Control Points) certification. Indeed, even in transport, every step is taken to ensure the quality of the meat is not compromised, as a special fleet of chilled trucks transports all meat to our retail outlets, keeping it fresh in controlled temperature, but never frozen so it retains the nutrition and reaches the customer in best way possible, as fresh as it could get.

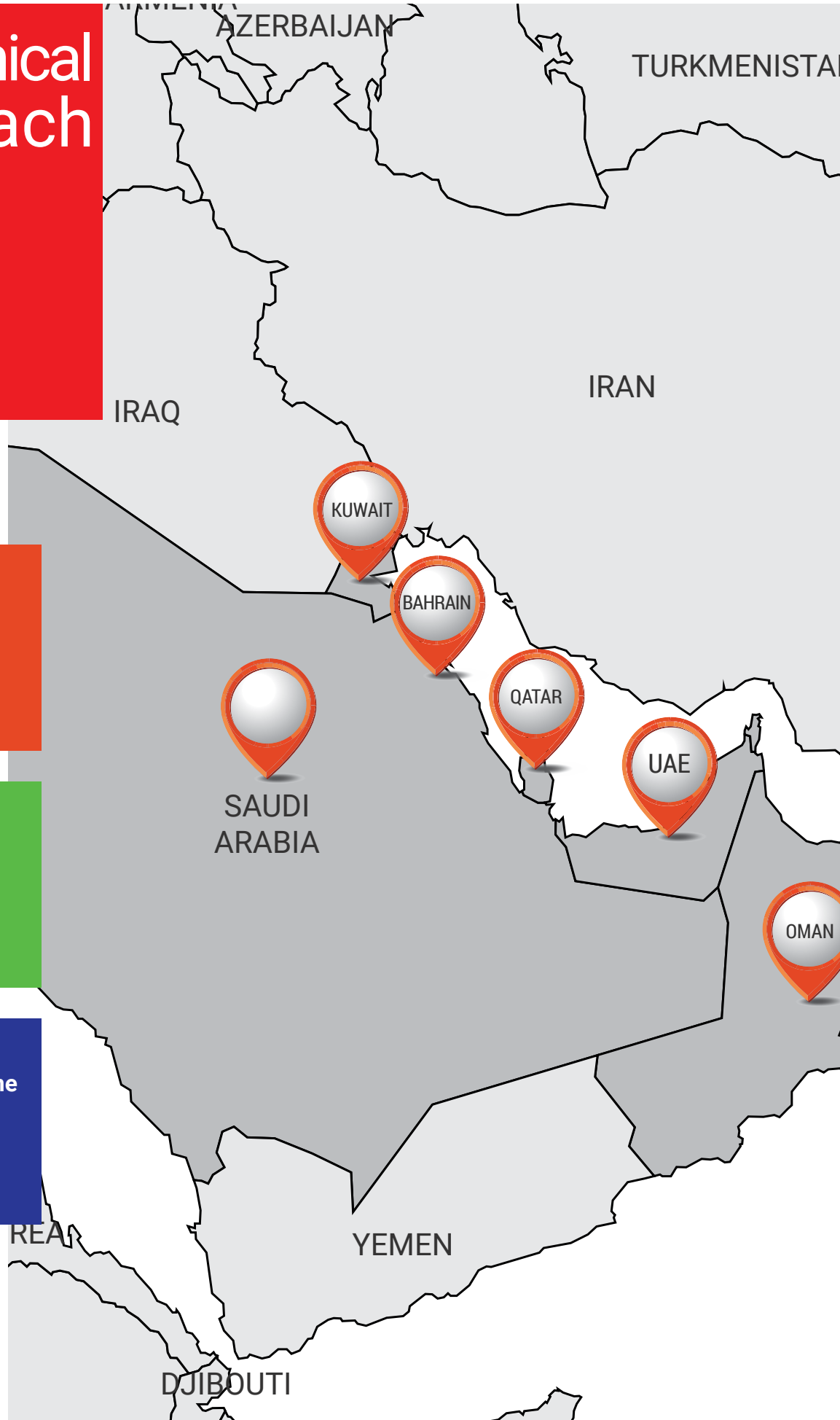


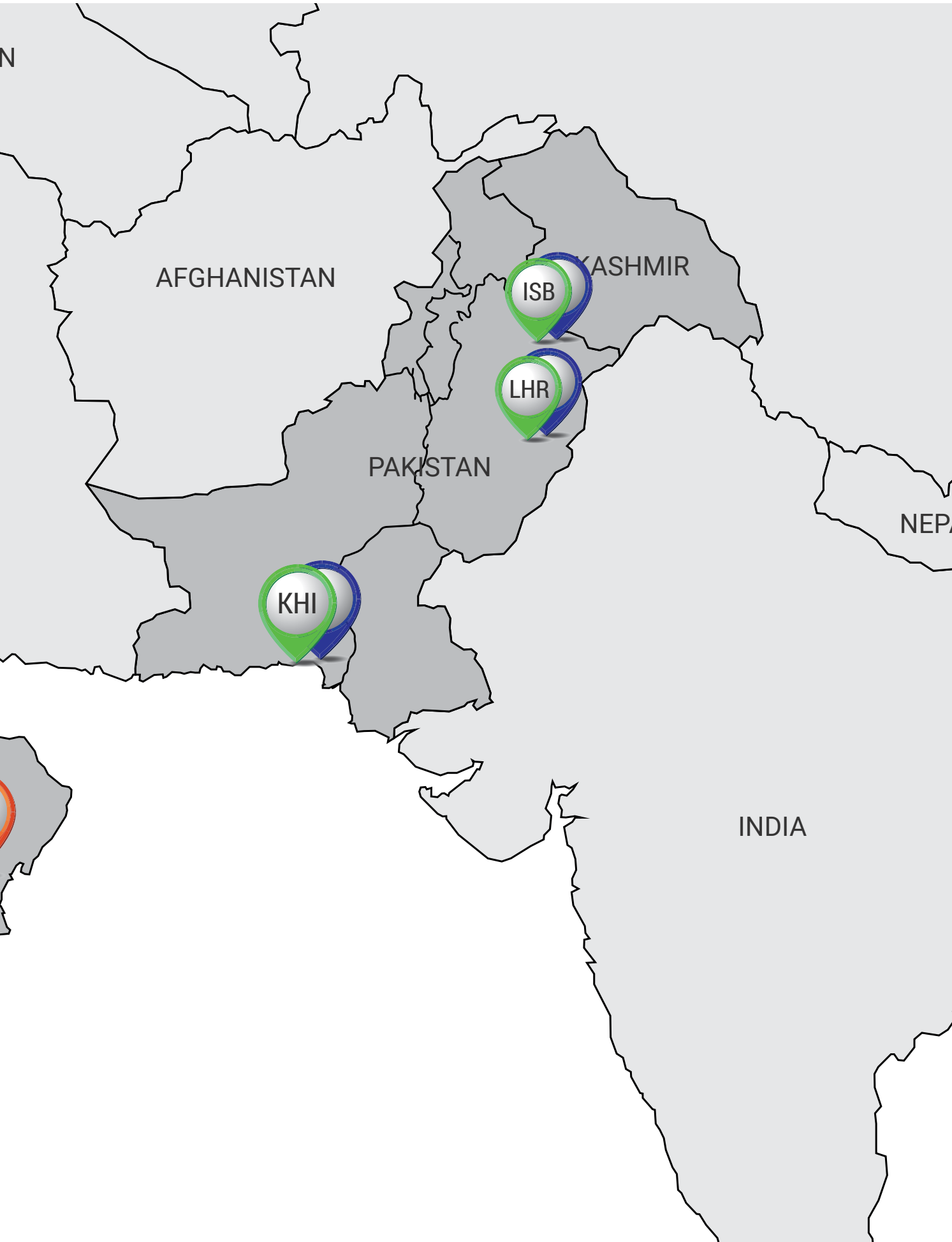
Geographical Reach

- Export**
- UAE
 - Saudi Arabia
 - Oman
 - Kuwait
 - Bahrain
 - Qatar

- Retail**
- Karachi
 - Lahore
 - Islamabad

- Professional Line**
- Karachi
 - Lahore
 - Islamabad





Corporate Governance

Stakeholder Interests

Al Shaheer Corporation Ltd. adopts the best corporate governance practices to maintain the proper balance in the allocation of rights, powers, duties and responsibilities among managers, the Board of Directors and share-holders.

The foremost objective of our business is to create economic and social value for our stakeholders. The extended contribution of our stakeholders towards our growth and existence is valuable for the Company. We cannot hold our purpose without input from the stakeholders.



Shareholders

Safeguarding our shareholders' interest is our prime responsibility. Our shareholders' interest revolves around good returns, profitability, growth and regulatory compliances. We respond to our shareholders' expectations through improvement in business mechanics, effective governance and corporate reporting

Investor Relations

The Company has a policy which sets out the principles in providing the shareholders and prospective investors with necessary information to make well informed investment decisions and to ensure a level playing field.

To keep transparency in the relation between the Company and its shareholders, the website of Al Shaheer Corporation Ltd. contains all the major financial information needed for investors' decision making in a separate tab of "Investor Relations" (<http://www.alshaheer.net/investor-relations/>).

Customers and Suppliers

Sustaining and developing long term relationship with our customers and suppliers forms the key of our business success. Our sales and marketing team remain in close contact to our stakeholders to resolve issues on a priority basis. We continue to engage with our customers and suppliers through meetings, market visits and communications.

Our procurement teams are in continuous contact with suppliers and vendors thorough meetings and correspondence to resolve all queries for on time deliveries of livestock and other supplies. Cooperation of our suppliers gives us an extra edge over our competitors.

Banks and Other Lenders

We value our relationship with our financial partners and lenders. Periodic briefings, quarterly financial reporting, head office and factory visits are the main means for our engagement with this category of stakeholders.

Regulators

Our commitment to compliance with laws and regulations is evident from our Corporate team's continued efforts for efficient and effective legal and regulatory obedience. The engagement includes submission of periodic reports, responding to enquiries and meetings as and when required. Active engagement with regulators improves level of compliance.

Employees

Our company has extensive employee engagement schemes in place. The employees' issues revolve around work life balance, training and development and rewards. Employee meetings are on regular intervals in the form of quarterly town hall meetings, celebrating sports day and team building activities. Employee engagement improves the level of dedication and hard work.

Media

Ads and campaigns are launched in media based on marketing requirements. Interaction with media improves the brand image of the Company.

Board of Directors

The Board of Directors consists of qualified individuals possessing knowledge, experience and skills in various professions, with the leadership and vision to provide oversight to the Company. The Board is assisted by two Committees, namely the Audit Committee and the Human Resource Committee, to support its decision-making in their respective domains:

Audit Committee

Mr. M. Zubair Haider Shaikh	Chairman
Mr. Muhammad Qaysar Alam	Member
Mr. Umair Ahmed Khalili	Member

The Audit Committee comprised of one Non-Executive Director and two Independent Non-Executive Directors. The members of the audit committee possess relevant financial expertise and experience. The Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the Chief Internal Auditor (CIA) and the external auditor attend Audit Committee meetings by invitation. The Audit Committee also separately meets the Chief Internal Auditor (CIA) and external auditors at least once a year without the presence of the Management.

Meetings of the Audit Committee are held at least once every quarter. The Committee reviews the annual financial statements in the presence of external auditors. The recommendations of the Audit Committee are then submitted for approval of financial results of the Company by the Board. During the year 2020-21, the Audit Committee held four (4) meetings. The minutes of the meetings of the Audit Committee are provided to all the members, Directors and the CFO. The CIA attends the Audit Committee meetings regularly and meets the Audit Committee without the presence of the Management, at least once a year, to point out various risks, their intensity and suggestions for mitigating risks and improvement areas. The business risks identified are referred to the respective departments and mitigating actions are then implemented.

Human Resource Committee

Mr. Zillay A. Nawab	Chairman
Mr. Kamran Ahmed Khalili	Member
Mr. Muhammad Qaysar Alam	Member
Mr. Umair Ahmed Khalili	Member
Ms. Sabeen Fazli Alavi	Member

The HRC comprises three Independent Non-Executive Directors, one Executive Director and one Non Executive Director. The Chairperson of the HRC is an Independent Non-Executive Director. HRC meetings are conducted at such frequency as the Chairperson may determine. The minutes of the meetings are provided to all members and Directors. The Committee held two meetings during the year.

Offices of the Chairman & CEO

Being a corporate governance compliant company, Al Shaheer Corp. Ltd. designates separate persons for the positions of the Chairman of the Board of Directors and the office of the Chief Executive with clear division of roles and responsibility.

Roles of the Chairman & CEO

The Chairman and the Chief Executive have separate and distinct roles. The Chairman has all the powers vested under the Code of Corporate Governance and presides over Board meetings. The Chief Executive Officer performs his duties under the powers vested by the law and the Board and recommends and implements the business plans and is responsible for overall control and operation of the Company.

Directors' Orientation and Training

The Directors of the Company are well experienced and have diverse backgrounds. At the time of induction of any new director, he or she is given proper orientation about the operations of the Company and his or her fiduciary responsibilities. Five Directors of the Company are also certified under the Directors Training Program offered by Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Business Administration (IBA).

Evaluation of Board Performance

Board Evaluation Mechanism facilitates the Board of Directors to evaluate and assess its performance for providing strategic leadership and oversight to the management. Accordingly, procedure is in place to assist in the self-assessment of individual director and the full Board's performance.

Report of the Audit Committee

Meetings of the Board Audit Committee are held at least once every quarter. Four meetings of the Audit Committee were held during the year 2020-2021. Based on reviews and discussions in these meetings, the Audit Committee reports that

- The Company has adhered, without any material departure, with both the mandatory and voluntary provisions of the Pakistan Stock Exchange, Code of Corporate Governance, Company's Code of Conduct and values and the best practices of governance throughout the year
- The Company has issued a Statement of Compliance with the Code of Corporate Governance which has also been reviewed and certified by the external auditors of the Company.
- The Audit Committee reviewed and approved the quarterly, half yearly and annual financial statements of the Company and recommended them for approval of the Board of Directors.
- Appropriate accounting policies have been consistently applied. Applicable International Accounting Standards and International Financial Reporting Standards were followed in preparation of financial statements of the Company on a going concern basis, which present fairly the state of affairs, results of operations, cash flows and changes in equity of the Company.
- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017 and the external reporting is consistent with management processes and adequate for shareholder needs.
- The financial statements comply with the requirements of the Fourth Schedule to the Companies Act, 2017 and applicable International Accounting Standards and International Financial Reporting Standards notified by SECP.



M. Zubair Haider Shaikh
Chairman - Audit Committee



Statement of Compliance

With the Code of Corporate Governance Regulations, 2019

Al Shaheer Corporation Ltd.

Year ended 30th June 2021

The Company has applied the principles contained in the CCG in the following manner:

1. The total number of directors are 7 as per the following:

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

2. The composition of board is as follows:

Independent Directors	Mr. Adeeb Ahmad
	Mr. M. Zubair Haider Shaikh
	Mr. Saiyid Zillay A Nawab Rizvi
	Mr. Muhammad Qaysar Alam
	Ms. Sabeen Fazli Alavi
Executive Directors	Mr. Kamran Ahmed Khalili (CEO)
Non-Executive Directors	Mr. Umair Ahmed Khalili
Female Director	Ms. Sabeen Fazli Alavi

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 board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The board has arranged Directors' Training program for the following:

Mr. M. Zubair Haider Shaikh	Independent Director
Mr. Saiyid Zillay A Nawab Rizvi	Independent Director

10. Company Secretary resigned during the year. The Board has approved appointment of Company Secretary on 13th July 2020. The Board also approved appointment of Head of Internal Audit on 13th July 2020.

Further, no new appointment of the CFO has been made during the year.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:

Audit Committee	Mr. M. Zubair Haider Shaikh (Chairman of the Audit Committee) Mr. Muhammad Qaysar Alam Mr. Umair Ahmed Khalili
Human Resource & Remuneration Committee	Mr. Zillay A Nawab (Chairman of the Human Resource and Remuneration Committee) Mr. Kamran Ahmed Khalili Mr. Muhammad Qaysar Alam Ms. Sabeen Fazli Alavi Mr. Umair Ahmed Khalili

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly/half yearly/yearly) of the committee were as per following:

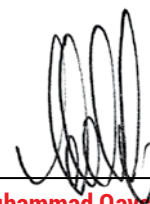
Audit Committee	Quarterly
HR & Remuneration Committee	Biannually

15. The Board has outsourced the internal audit function to Parker Russell-A.J.S., who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the 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 ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouses, parent, dependent and non-dependent children) of the CEO, CFO, head of internal audit, company secretary or director of the company.

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

18. We confirm that all requirements of Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.



Muhammad Qaysar Alam
Chairman – Board of Directors

Dated: 20 October, 2021

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Al Shaheer Corporation 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 **Al Shaheer Corporation Limited** (the Company) for the year ended **30 June 2021** 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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 30 June 2021.

Further, we highlighted below instance of non-compliance with the requirement of the Regulations as reflected in the in the statement of compliance:



Chartered Accountants

Place: Karachi

Date: 27 October 2021



Standalone Financial Statements 2020-21

INDEPENDENT AUDITOR'S REPORT

To the members of Al Shaheer Corporation Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **Al Shaheer Corporation Limited** (the Company), which comprise the unconsolidated statement of financial position as at **30 June 2021**, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated 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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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 30 June 2021 and of the profit, 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 Unconsolidated Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

S No.	Key audit matters	How the matter was addressed in our audit
1.	<p>Revenue recognition</p> <p>The Company's revenue comprise of both local and export sales. Local sales are generated through both retail outlets and the corporate customers involving large volume of transactions.</p> <p>We identified revenue recognition and its reporting in the unconsolidated financial statements as a key audit matter due to large volume of transactions, and the amount of audit efforts in relation to this area.</p> <p>Please refer to note 31 for relevant disclosures in respect of revenue.</p>	<p>We performed audit procedures in relation to revenue including the following:</p> <ul style="list-style-type: none"> - We inspected the terms and conditions of sale transactions for both export and local sales and assessed the appropriateness of revenue recognition policies and practices followed by the Company. - We tested controls over revenue recognition and reporting process within export and local sales including sales to retail and corporate customers. - We performed analytical review procedures and other test of details for export and local sales including procedures ensure that revenue has been recognised in the appropriate accounting period. - We also assessed the adequacy of the disclosures made in respect of revenue in accordance with the financial reporting standards.
2.	<p>Capital work in progress</p> <p>As disclosed in note 7.5 to the accompanying unconsolidated financial statements, the Company has incurred significant amount of capital expenditure for its new Processing Plant, The expenditure capitalized to date in relation to this new Processing Plant has been classified in capital work-in-progress as of 30 June 2021.</p> <p>Further, as disclosed in note 20 to the accompanying unconsolidated financial statements, the Company has obtained long-term financing facilities from commercial banks amounting to Rs. 1.2 billion to finance the capital expenditure.</p> <p>We considered material additions in capital work-in-progress and long-term financing as key area of focus during our audit as the amounts reported are material to the unconsolidated statement of financial position and therefore, we have identified these as a key audit matter.</p>	<p>Our key audit procedures in these areas included, amongst others, obtaining an understanding of the Company's process with respect to capital expenditure and controls relevant to such process.</p> <p>We performed substantive audit procedures through inspection of related contracts and documents supporting various components of the capitalized costs.</p> <p>We also considered whether the items of cost capitalized, including borrowing costs, meet the recognition criteria of an asset in accordance with the applicable financial reporting standards.</p> <p>In relation to the long-term financing facility, we reviewed the significant terms and conditions contained in the financing agreement executed during the year.</p> <p>We also inquired management in respect of future compliance with the loan covenants and any challenges expected in this regard.</p>

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S No.	Key audit matters	How the matter was addressed in our audit
		<p>We circularized and received confirmation from the banks financing the Company. We have also reviewed the maturity analysis of the financing to ascertain the classification of loan as per the remaining maturity.</p> <p>We also assessed the adequacy of related disclosures in the unconsolidated financial statement in accordance with the applicable financial reporting framework.</p>

Information Other than the Unconsolidated 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 unconsolidated financial statements and our auditor's report thereon.

Our opinion on the unconsolidated 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 unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated 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 Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated 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 unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated 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 Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated financial statements, including the disclosures, and whether the unconsolidated 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 unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);



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

The engagement partner on the audit resulting in this independent auditor's report is Shaikh Ahmed Salman.

Chartered Accountants

Place: Karachi

Date: 27 October 2021

Unconsolidated Statement of Financial Position


As at June 30, 2021

ASSETS	Note	2021 ----- (Rupees in '000) -----	2020
NON-CURRENT ASSETS			
Property, plant and equipment	7	5,553,067	5,049,519
Intangible asset	8	2,224	2,958
Long-term investment	9	19,049	19,049
Long-term loan	10	9,161	12,261
Deferred tax asset - net	11	281,377	246,790
		<u>5,864,878</u>	<u>5,330,577</u>
CURRENT ASSETS			
Stock-in-trade	12	248,638	140,724
Fuel and lubricants		504	379
Trade debts	13	2,040,752	1,985,426
Loans and advances	14	371,844	316,719
Trade deposits and prepayments	15	15,649	15,081
Other receivables	16	442,087	302,263
Taxation - net		147,950	147,357
Cash and bank balances	17	74,857	44,343
		<u>3,342,281</u>	<u>2,952,292</u>
TOTAL ASSETS		<u>9,207,159</u>	<u>8,282,869</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
300,000,000 (2020: 200,000,000) ordinary shares of Rs.10 each		<u>3,000,000</u>	<u>2,000,000</u>
Issued, subscribed and paid-up capital	18	2,999,389	1,999,593
Share premium		1,507,705	1,507,705
Unappropriated profit		1,122,939	1,023,332
Revaluation surplus on property, plant and equipment	19	767,877	788,049
		<u>6,397,910</u>	<u>5,318,679</u>
NON-CURRENT LIABILITIES			
Long-term financing	20	560,345	566,941
Long term financing - government grant	21	19,553	26,457
Deferred income - government grant	22	2,033	2,080
Lease liabilities	23	46,893	117,445
Deferred liabilities	24	76,069	71,924
		<u>704,893</u>	<u>784,847</u>
CURRENT LIABILITIES			
Trade and other payables	25	781,405	799,533
Short-term borrowings	26	710,962	1,023,934
Accrued mark-up	27	90,768	59,914
Due to a related party	28	2,182	29,693
Current portion of long term financing - government grant	21	87,653	10,018
Current portion of deferred income - government grant	22	4,399	1,436
Current portion of lease liabilities	23	63,935	58,087
Current portion of long-term financing	20	363,052	196,728
		<u>2,104,356</u>	<u>2,179,343</u>
TOTAL EQUITY AND LIABILITIES		<u>9,207,159</u>	<u>8,282,869</u>
CONTINGENCIES AND COMMITMENTS	29		

The annexed notes 1 to 44 form an integral part of these unconsolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

Unconsolidated Statement of Profit or Loss


For the Year Ended June 30, 2021

		2021	2020
	Note	----- (Rupees in '000) -----	
Turnover - net	30	5,367,507	3,912,006
Cost of sales	31	(4,049,975)	(2,629,815)
Gross profit		1,317,532	1,282,191
Administrative and distribution costs	32	(894,442)	(910,000)
Other expenses	33	(130,296)	(14,897)
Other income	34	562	90,709
Operating profit		293,356	448,003
Finance cost	35	(181,400)	(295,538)
Profit before taxation		111,956	152,465
Taxation	36	1,081	20,310
Net profit for the year		113,037	172,775
			(Restated)
Earnings per share - basic and diluted	37	0.44	0.74

The annexed notes 1 to 44 form an integral part of these unconsolidated financial statements.



 Chief Executive Officer



 Director



 Chief Financial Officer

Unconsolidated Statement of Comprehensive Income


For the Year Ended June 30, 2021

	2021	2020
Note	----- (Rupees in '000) -----	
Net profit for the year	113,037	172,775
Other comprehensive income / (loss):		
Items not to be reclassified to statement of profit or loss in subsequent years		
Remeasurement loss on defined benefit plan	24 (2,246)	(14,034)
Related tax	(2,187)	2,933
	(4,433)	(11,101)
Total comprehensive income for the year	108,604	161,674

The annexed notes 1 to 44 form an integral part of these unconsolidated financial statements.



 Chief Executive Officer



 Director



 Chief Financial Officer

Unconsolidated Statement of Changes in Equity


As at June 30, 2021

	Issued, subscribed and paid-up capital	Capital reserves Share premium account	Revenue reserves Unappropriated profit	Revaluation surplus on property, plant and equipment	Total
	----- (Rupees in '000) -----				
Balance as at June 30, 2019	1,421,175	1,507,705	844,912	824,194	4,597,986
Net income for the year	-	-	172,775	-	172,775
Other comprehensive loss	-	-	(11,101)	-	(11,101)
Total comprehensive income for the year	-	-	161,674	-	161,674
Issuance of right shares	578,418	-	-	-	578,418
Issue cost on right shares	-	-	(19,399)	-	(19,399)
Revaluation surplus on property, plant and equipment realised on account of incremental depreciation - net of deferred tax	-	-	36,145	(36,145)	-
Balance as at June 30, 2020	1,999,593	1,507,705	1,023,332	788,049	5,318,679
Net income for the year	-	-	113,037	-	113,037
Other comprehensive loss	-	-	(4,433)	-	(4,433)
Total comprehensive income for the year	-	-	108,604	-	108,604
Issuance of right shares	999,796	-	-	-	999,796
Issue cost on right shares	-	-	(29,169)	-	(29,169)
Revaluation surplus on property, plant and equipment realised on account of incremental depreciation - net of deferred tax	-	-	20,172	(20,172)	-
Balance as at June 30, 2021	2,999,389	1,507,705	1,122,939	767,877	6,397,910

The annexed notes 1 to 44 form an integral part of these unconsolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

Unconsolidated Statement of Cash Flows

As at June 30, 2021


	2021	2020
Note	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	111,956	152,465
Adjustments for:		
Depreciation	63,619	69,342
Amortisation	734	955
Depreciation on right-of-use assets	61,383	62,817
Provision for defined benefit plan	14,836	20,630
Allowance for expected credit loss	5,031	11,596
Loss on disposal of property, plant and equipment	2,509	4,205
Unwinding interest on sales tax bonds	-	(8,607)
Gain on disposal of short-term investment	-	(19)
Finance cost	181,400	297,877
	329,512	458,796
Operating profit before working capital changes	441,468	611,261
(Increase) / decrease in current assets:		
Fuels and lubricants	(125)	107
Stock-in-trade	(107,914)	(56,271)
Trade debts	(55,326)	(505,254)
Loans and advances	(55,125)	(29,932)
Trade deposits and short-term prepayments	(568)	4,240
Other receivables	(139,824)	(48,574)
	(358,882)	(635,684)
(Decrease) / increase in current liabilities:		
Trade and other payables	(18,128)	54,677
Due to a related party	(27,511)	(47,756)
	(45,639)	6,921
Cash generated from operations	36,947	(17,502)
Taxes paid	(34,099)	(33,223)
Lease rentals paid	(71,320)	(60,125)
Gratuity paid	(12,937)	(36,126)
Net cash used in operating activities	(81,409)	(146,976)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
- Property, plant and equipment	(641,597)	(11,097)
Redemption of long term investment	-	83,200
Short term investments encashed	-	645
Sale proceeds from disposal of property, plant and equipment	4,505	29,262
Net cash (used in) / generated from investing activities	(637,092)	102,010
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received form issuance of right shares - net	970,627	559,019
Long-term financing - net	159,728	(180,527)
Short term borrowings - net	(312,972)	(50,426)
Long term financing - government grant	113,638	39,991
Finance cost paid	(182,006)	(298,483)
Net cash generated from financing activities	749,015	69,574
Net increase in cash and cash equivalents	30,514	24,608
Cash and cash equivalents at the beginning of the year	44,343	19,735
Cash and cash equivalents at the end of the year	74,857	44,343

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The annexed notes 1 to 44 form an integral part of these unconsolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2021

1. THE COMPANY AND ITS OPERATIONS

1.1 Al Shaheer Corporation Limited (the Company) was incorporated on June 30, 2012 and is quoted on Pakistan Stock Exchange. The Company is principally engaged in trading of different kinds of halal meat including goat, cow, chicken and fish, both for export market and local sales through chain of retail stores.

1.2 Geographical location and address of all the business units are as under:

Location	Business Unit
Karachi Suit # G/5/5, 3rd Floor, Mansoor Tower, Block-8, Shahrah-e-Roomi, Clifton, Karachi	Registered office
Gadap Plot Bearing Survey No. 348, Deh Shah Mureed, Tappo, Songal, Gadap Town, Karachi	Slaughter house
Raiwand 3.5km Manga Road Raiwand, Lahore	Poultry plant

1.3 These are the separate financial statements of the Company in which investment in subsidiary is stated at cost less impairment loss, if any.

2. STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Act; and
- Provisions of and directives issued under the Act.

Where provisions of and directives issued under the Act and IFAS differ from the IFRSs, the provision of and directives issued under the Act and IFAS have been followed.

3. BASIS OF MEASUREMENT

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

- certain items of property, plant and equipment that are stated at revalued amount; and
- defined benefit plan is measured at present value.

3.2 These unconsolidated financial statements have been presented in Pakistani rupees, which is the Company's functional and presentation currency.

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2021

4. STANDARDS, INTERPRETATIONS, IMPROVEMENTS AND AMENDMENTS APPLICABLE TO FINANCIAL STATEMENTS

4.1 New standards, amendments to approved accounting standards and new interpretations

The Company has adopted the following standards, amendments, interpretation and improvements to International Financial Reporting Standards (IFRSs) which became effective for the current year:

Improvements to Accounting Standards Issued by the IASB in December 2017

IFRS 3 - Business Combinations - Previously held Interests in a joint operation

IFRS 11 - Joint Arrangements - Previously held Interests in a joint operation

IAS 12 - Income Taxes - Income tax consequences of payments on financial instruments classified as equity

IAS 23 - Borrowing Costs - Borrowing costs eligible for capitalisation

Standard, Amendment or Interpretation

Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16

Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The adoption of the above improvements and amendments did not have any impact on these unconsolidated financial statements.

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

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

Standard or Interpretation	Effective date
IFRS 3 Reference to the Conceptual Framework (Amendments)	01 January 2022
IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (Amendments)	01 January 2022
IAS 37 Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	01 January 2022
IAS 1 Classification of Liabilities as Current or Non-current (Amendments)	01 January 2023
IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies (Amendments)	01 January 2023
IAS 8 Definition of Accounting Estimates (Amendments)	01 January 2023
IAS 12 Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments)	01 January 2023
IFRS 10 / IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised

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

IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter	01 January 2022
IFRS 9 Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities	01 January 2022
IAS 41 Agriculture – Taxation in fair value measurements	01 January 2022
IFRS 16 Leases: Lease incentives	01 January 2022

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

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

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2021

IASB effective date
(annual periods
beginning
on or after)

Standard or Interpretation

IFRS 1 First-time Adoption of International Financial Reporting Standards
IFRS 17 Insurance Contracts

01 January 2004
01 January 2023

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of unconsolidated financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the unconsolidated financial statements:

Property, plant and equipment

The Company reviews the appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with the Company. Any change in estimates in future might affect the carrying amount of respective classes of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

Revaluation surplus on property, plant and equipment

The Company reviews the appropriateness of the revaluation of property, plant and equipment (carried at revalued amounts) periodically for the purpose of ensuring that the carrying amount of the same does not differ materially from its fair value. In making this assessment, the Company uses the technical resources available with the Company. The revaluation exercise is carried out by independent professional valuers using various significant assumptions. Any change in assessment in future might affect the carrying amount of respective classes of fixed assets, with corresponding effect on surplus on revaluation of fixed assets.

Determination of the lease term for lease contracts with extension and termination options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation of the leased asset).

Estimating the incremental borrowing rate.

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Estimating the Net Realizable value for inventories

NRV signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provision is made for slow moving and obsolete items as and when identified.

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2021

Impairment of financial assets

The Company uses a provision matrix to calculate ECLs for trade debts and other receivables. The provision rates are based on days past due for Company's various customer that have similar loss patterns.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's financial assets exposed to credit risk is disclosed in note 41.2.

Taxation

In applying the estimate for income tax payable, the Company takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past. Instance where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingency.

Post retirement employee benefits

The cost of defined benefit plan is determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rate and future salary increases. Due to long-term nature of the plan, such estimates are subject to significant uncertainty.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

6.1 Property, plant and equipment

Operating fixed assets

Except for computer and accessories all items of property, plant and equipment are stated at revalued amount less accumulated depreciation and impairment, if any. Computers and accessories are stated at cost less accumulated depreciation and impairment, if any.

Depreciation is charged to unconsolidated statement of profit or loss applying the reducing balance method at the rates mentioned in note 7 to the unconsolidated financial statements. Depreciation is charged from the month in which an asset is available for use, while no depreciation is charged in the month on which an asset is disposed off.

Maintenance and repairs are charged to profit or loss as and when incurred. Major renewals and improvements which increase the asset's remaining useful economic life or the performance beyond the current estimated levels are capitalized and the assets so replaced, if any, are retired.

Gains or losses on disposals of operating fixed assets, if any, are recognized in the unconsolidated statement of profit or loss. The assets residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate, at each financial year end.

Increases in the carrying amounts arising on revaluation of certain items of property plant and equipment are recognized, in unconsolidated statement of comprehensive income and accumulated in reserves in unconsolidated statement of changes in equity. To the extent that the increase reverses a decrease previously recognized in unconsolidated statement of profit or loss, the increase is first recognized in unconsolidated statement of profit or loss.

Decreases that reverse previous increases of the same asset are first recognized in unconsolidated statement of comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to unconsolidated statement of profit or loss.

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2021

The carrying values of property, plant and equipment are reviewed at each unconsolidated statement of financial position date for impairment when events or changes in circumstances indicate that carrying values may not be recoverable.

If such indication exists where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amounts.

Right-of-use (RoU) assets

The Company recognises a right-of-use asset at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

Capital work-in-progress

Capital work-in-progress is stated at cost less impairment, if any, and consists of expenditure incurred and advances made in respect of operating fixed assets and intangible assets in the course of their acquisition, erection, construction and installation. The assets are transferred to relevant category of operating fixed assets or intangible assets when they are available for use.

6.2 Intangible asset

These are stated at cost less accumulated amortization and impairment. Amortization is charged on reducing balance method over the useful lives of the assets at the rates specified in note 8 of these unconsolidated financial statements. Amortisation is charged from the month the asset is available for use upto the month of derecognition. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

6.3 Investment in subsidiary

These are stated at cost less accumulated impairment losses, if any. Provision is made for permanent impairment in the value of investment, if any.

6.4 Stock-in-trade

These are valued at the lower of cost or net realisable value. Cost is determined as follows:

- | | |
|-------------------------------|---|
| - Raw and packaging materials | - invoice price of specific items |
| - Stock-in-transit | - at weighted average cost of purchases |
| - Finished Goods (Raw meat) | - at weighted average cost of purchases |

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Provision is recorded for slow moving and expired stock where necessary.

6.5 Cash and cash equivalents

These are stated at cost. For the purpose of unconsolidated statement of cash flows, cash and cash equivalents comprise of cash in hand and bank balances net off book overdrafts.

6.6 Financial instruments

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

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2021

Financial assets

The Company classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial asset.

Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding. The Company includes in this category trade debts, short-term loans and advances and other receivables.

Financial assets measured at fair value through profit or loss (FVPL)

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding;
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss, if any.

Impairment

Financial assets at fair value through profit or loss are not subject to impairment under IFRS 9.

The Company only considers expected credit losses for bank balances, trade and other receivables and measures expected credit losses using the probability of default (PD) and loss given default (LGD) estimates using the published information about these risk parameters.

For trade and other receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, the Company has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its trade and other receivables. The Company uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Company has:

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2021

- (a) Transferred substantially all of the risks and rewards of the asset; or
- (b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is only offset and the net amount is reported in the unconsolidated statement of financial position if the Company has legally enforceable right to set off the recognized amount and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also offset accordingly.

6.7 Impairment

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised, as an expense in unconsolidated statement of profit or loss. The recoverable amount is the higher of an asset's fair value less cost to disposal and value in use. Value in use is ascertained 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 risk specific to the assets for which the estimate of future cash flow have not been adjusted. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there is 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 amortisation, if no impairment loss had been recognised previously. Reversal of an impairment loss is recognised immediately in unconsolidated statement of profit or loss.

6.8 Staff retirement benefits

The Company operates an un-approved and unfunded defined gratuity scheme for all permanent employees who have completed the minimum qualifying year of service for entitlement of gratuity. The contributions to the scheme are made in accordance with the independent actuarial valuation. The actuarial valuation is carried out as of reporting using Projected Unit Credit method.

An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These includes the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

6.9 Taxation

Current

Provision for current tax is based on the taxable income in accordance with Income Tax Ordinance, 2001.

Deferred

Deferred income tax is provided using the liability method for all temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2021

Deferred income tax assets are recognised for all deductible temporary differences, unused tax losses and tax credits, if any, to the extent that it is probable that taxable profits will be available against which such temporary differences and tax losses can be utilized.

Deferred income tax assets and liabilities are measured at the tax rate that is expected to apply to the year when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

6.10 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.

6.11 Foreign currency translations

Foreign currency transactions are translated into Pak Rupees (functional currency) using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are retranslated into Pak Rupees using the exchange rate at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to unconsolidated statement of profit or loss.

6.12 Revenue recognition

Revenue is recognised at amounts that reflect the consideration that the Company expects to be entitled to in exchange for transferring goods. Revenue is measured at the fair value of the consideration received or receivable.

The Company recognises revenue at a point in time when control of product is transferred to customer either on dispatch/ acceptance of goods for local sales or issuance of the bill of lading in case of export sales. Control, depending on contractual terms, is considered to be transferred either when the product is directly uplifted by customer from Company premises or when it is delivered by the Company at customer premises.

The Company generally enters into an agreement with its customers for supply of its products, including delivery of product. As the transportation of product coincides with actual delivery, sale of product and transportation is considered single performance obligation. The credit limits in contract with customers varies depending on the terms of specific contract.

6.13 Borrowing costs

Borrowing and other related costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

6.14 Dividend and appropriation of reserves

Dividends and appropriation to reserves are recognised to the unconsolidated financial statement in the period in which these are approved. However, if these are approved after the reporting period but before the financial statements are authorised for issue, they are disclosed in the notes to the unconsolidated financial statements.

6.15 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decisionmaker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. The management has determined that the Company has a single reportable segment as the Board of Directors views the Company's operations as one reportable segment.

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2021

6.16 Government Grant

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

6.17 Lease liabilities

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the termination option is reasonably certain to be exercised. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments at the lease commencement date, the Company uses the interest rate implicit in the lease. In case where the interest rate implicit in the lease is not readily determinable, the Company uses its incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases of premises (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Determining the lease term of contracts with renewal and termination options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate.

Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

7. PROPERTY, PLANT AND EQUIPMENT

	Note	2021 ----- (Rupees in '000) -----	2020 -----
Operating fixed assets	7.1	1,672,010	1,645,488
Right-of-use assets	7.6	91,433	158,851
Capital work-in-progress	7.5	3,789,624	3,245,180
		<u>5,553,067</u>	<u>5,049,519</u>

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2021

7.1 Operating fixed assets

	COST / REVALUED AMOUNT			As at June 30, 2021
	As at July 01, 2020	Additions/ transfers	(Disposals)	
----- (Rupees in '000) -----				
Freehold land	572,880	-	-	572,880
Leasehold land	442,499	41,330	-	483,829
Buildings on freehold land	211,526	11,143	-	222,669
Plant and machinery	237,222	4,678	-	241,900
Furniture and fixture	200,147	6,391	(728)	205,810
Motor vehicles	111,611	25,061	(10,397)	126,275
Office equipment	168,566	1,689	-	170,255
Tools and equipment	26,894	-	-	26,894
Computers and accessories	48,323	6,861	-	55,184
2021	2,019,668	97,153	(11,125)	2,105,696

	COST / REVALUED AMOUNT			As at June 30, 2020
	As at July 01, 2019	Additions	(Disposals)	
----- (Rupees in '000) -----				
Freehold land	597,840	-	(24,960)	572,880
Leasehold land	442,499	-	-	442,499
Buildings on freehold land	211,526	-	-	211,526
Plant and machinery	228,050	9,172	-	237,222
Furniture and fixture	199,697	450	-	200,147
Motor vehicles	122,730	975	(12,094)	111,611
Office equipment	168,593	41	(68)	168,566
Tools and equipment	26,894	-	-	26,894
Computers and accessories	48,420	459	(556)	48,323
2020	2,046,249	11,097	(37,678)	2,019,668

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2021

Rate	ACCUMULATED DEPRECIATION			NET BOOK VALUE	
	As at July 01, 2020	Charge for the year	(On disposals)	As at June 30, 2021	As at June 30, 2021
	----- (Rupees in '000) -----				
-	-	-	-	-	572,880
-	-	-	-	-	483,829
10%	41,711	17,059	-	58,770	163,899
5% - 20%	72,940	9,037	-	81,977	159,923
10%	81,780	12,077	-	93,857	111,953
15%	43,221	10,486	(4,111)	49,596	76,679
15%	96,922	10,727	-	107,649	62,606
10%	11,807	1,549	-	13,356	13,538
10%	25,799	2,682	-	28,481	26,703
	374,180	63,617	(4,111)	433,686	1,672,010

Rate	ACCUMULATED DEPRECIATION			NET BOOK VALUE	
	As at July 01, 2019	Charge for the year	(On disposals)	As at June 30, 2020	As at June 30, 2020
	----- (Rupees in '000) -----				
-	-	-	-	-	572,880
-	-	-	-	-	442,499
10%	22,865	18,846	-	41,711	169,815
5% - 20%	64,263	8,677	-	72,940	164,282
10%	68,678	13,102	-	81,780	118,367
15%	35,252	11,923	(3,954)	43,221	68,390
15%	84,514	12,448	(40)	96,922	71,644
10%	10,130	1,677	-	11,807	15,087
10%	23,349	2,669	(219)	25,799	22,524
	309,051	69,342	(4,213)	374,180	1,645,488

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2021

7.1.1 The Company carries its freehold land, leasehold land, buildings, furniture and fixtures, office equipment, motor vehicles and tools and equipment on revalued amount. The latest revaluation was conducted by an independent valuer namely Sadruddin Associates (Private) Limited on June 30, 2018. Had there been no revaluation, the book value of freehold land would have been Rs.268.682 million (2020: Rs.268.682 million), leasehold land Rs.211.746 million (2020: Rs.170.416 million), building Rs.132.797 million (2020: Rs.121.654 million), plant and machinery Rs.189.644 million (2020: Rs.184.996 million), furniture and fixtures Rs.140.666 million (2020: Rs.135.003 million), office equipment Rs.88.963 million (2020: Rs.87.274 million), tools and equipments Rs.16.764 million (2020: Rs.16.764 million) and motor vehicles Rs.67.622 million (2020: Rs.52.958 million).

7.2 Depreciation for the year has been allocated as follows:

	Note	2021 ---- (Rupees in '000) ----	2020
Cost of sales	31	27,744	29,290
Administrative and distribution costs	32	35,875	40,052
		63,619	69,342

7.3 Particulars of Immovable Assets in the name of the Company are as follows:

Location	Addresses	Total Area
Karachi	Suite G/5/5, 3rd Floor, Mansoor Tower, Block-8, Clifton.	5,000 Sq. Fts
Karachi	Survey No. 348, Deh Shah Mureed, Tapu Songle.	18.22 Acres
Karachi	Banglow # D-143 KDA Scheme No. 5 Clifton.	983.33 Sq. Yards
Karachi	Plot No.GA-55, 56-A6, 57-A9, Korangi Creek Industrial Park.	6,780.84 Sq. Yards
Lahore	Rohinala Bypass, 3.5KMs Manga Raiwind Road.	11 Acres

7.4 The details of operating fixed assets disposed off during the year are as follows:

	Cost / Revaluation	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchasers
----- Rupees in '000 -----							
Motor vehicles							
Suzuki Cultus BFL-730	1,129	351	778	496	(282)	As per company policy	Amir Pervaiz - Employee
Toyota Corolla - XLI	1,667	518	1,149	708	(441)	As per company policy	Maryam Ali - Employee
Toyota Corolla - XLI	1,667	561	1,106	821	(285)	As per company policy	Tehseen Ahmed - Employee
Toyota Vigo	2,920	1,100	1,820	1,173	(647)	As per company policy	Shahnawaz Akber - Employee
Toyota Corolla - XLI	1,628	632	996	651	(345)	As per company policy	Muhammad Junaid - Employee
Honda Aria	1,071	735	336	428	92	As per company policy	Haris Sarani - Employee
Aggregate amount of assets disposed having book value less than Rs. 500,000	315	214	101	228	127	Exchange transaction	
	10,397	4,111	6,286	4,505	(1,781)		
Furnitures and fixtures							
Aggregate amount of assets disposed having book value less than Rs. 500,000	728	-	728	-	(728)	Various	Various
2021	11,125	4,111	7,014	4,505	(2,509)		
2020	37,679	4,212	33,467	29,262	(4,205)		

* None of the directors or the Company have any relationship with the purchaser.

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2021

2021	2020
----- (Rupees in '000) -----	

7.5 Capital work-in-progress

Land	-	31,329
Civil works	288,081	76,340
Plant and machinery	1,922,137	1,586,969
Advance to suppliers and contractors	1,541,527	1,526,729
Intangible asset under development	37,879	23,813
	3,789,624	3,245,180

7.5.1 The movement in capital work-in-progress is as follows:

	Land	Civil works	Plant and machinery	Advance to suppliers and contractors	Intangible asset under development	Total
	----- Rupees in '000 -----					
Opening balance	31,330	76,340	1,586,968	1,526,729	23,813	3,245,180
Addition during the year	10,000	217,091	335,169	14,798	14,066	591,124
Transfers during the year	(41,330)	(5,350)	-	-	-	(46,680)
Closing balance	-	288,081	1,922,137	1,541,527	37,879	3,789,624

2021	2020
----- (Rupees in '000) -----	

7.6 Right-of-use assets

Opening net book value	158,851	221,668
Additions during the year	5,032	-
Modification impact	(3,260)	-
Disposal during the year	(7,807)	-
Depreciation for the year	(61,383)	(62,817)
Closing net book value	91,433	158,851

8. INTANGIBLE ASSET

	COST			Rate	ACCUMULATED AMORTISATION		WRITTEN DOWN VALUE	
	As at 01 July 2020	Additions	As at 30 June 2021		As at 01 July 2020	For the year	As at 30 June 2021	As at 30 June
	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Computer software	12,281	-	12,281	25%	9,323	734	10,057	2,224
2021	12,281	-	12,281		9,323	734	10,057	2,224
2020	12,281	-	12,281	25%	8,368	955	9,323	2,958

9. LONG-TERM INVESTMENTS

Subsidiary Company - unquoted
 Al Shaheer Farms (Private) Limited
 5,570,000 ordinary shares of Rs.10 each
 Equity held: 51% (2020: 51%)
 At cost
 Accumulated impairment

Note	2021	2020
	----- (Rupees in '000) -----	

	55,700	55,700
	(36,651)	(36,651)
9.1	19,049	19,049

9.1 Investment in a subsidiary has been made in accordance with the requirement of the Act.

10. LONG-TERM LOAN

This includes loan extended to an executive amounting to Rs. 9.161 million (2020: Rs.12.261 million). The loan is secured against his personal property. This loan is recoverable in 200 monthly installments and is interest free.

Long term loans have been carried at cost as the effect of carrying these balances at amortised cost would not be material in the overall context of these unconsolidated financial statements.

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2021

		2021	2020
		----- (Rupees in '000) -----	
11. DEFERRED TAX ASSET - NET			
Deferred tax asset on deductible temporary differences:			
Unused tax losses / credits		272,148	234,091
Provisions		33,868	38,417
		<u>306,016</u>	<u>272,508</u>
Deferred tax liability on taxable temporary differences:			
Accelerated tax depreciation		(14,832)	(14,443)
Revaluation surplus on property, plant and equipment		(9,807)	(11,275)
		<u>(24,639)</u>	<u>(25,718)</u>
	11.1	<u>281,377</u>	<u>246,790</u>
11.1 Movement in deferred tax asset - net is as follows:			
Balance at beginning of the year		246,790	179,295
- recognised in profit or loss		36,774	64,562
- recognised in other comprehensive income		(2,187)	2,933
Balance at end of the year		<u>281,377</u>	<u>246,790</u>
12. STOCK-IN-TRADE			
Livestock		180,629	91,096
Raw and packaging materials		12,255	8,095
Stock in transit		42,487	34,543
Finished goods		13,267	6,990
		<u>248,638</u>	<u>140,724</u>
13. TRADE DEBTS			
Considered good - unsecured			
Overseas	13.1	1,936,712	1,885,288
Local		104,040	100,138
		<u>2,040,752</u>	<u>1,985,426</u>
Considered doubtful			
Allowance for expected credit loss	13.2	46,396	41,365
		(46,396)	(41,365)
		<u>-</u>	<u>-</u>
		<u>2,040,752</u>	<u>1,985,426</u>
13.1 Particulars of export sales in respect of outstanding debts:		Contract	Total
		----- (Rupees in '000) -----	
Asia			
2021		1,936,712	1,936,712
Asia			
2020		1,885,288	1,885,288
There are no defaulting parties as of June 30, 2021.			
13.2 Allowance for expected credit loss		2021	2020
		----- (Rupees in '000) -----	
The movement in expected credit loss during the year is as follows:			
Opening balance		41,365	29,769
Charge for the year	32	5,031	11,596
Closing balance		<u>46,396</u>	<u>41,365</u>

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2021

	2021	2020
Note	----- (Rupees in '000) -----	
14. LOANS AND ADVANCES		
Loans - considered good - secured		
Executives	4,114	444
Other employees	4,595	3,215
Add: Current portion of long-term loan	1,200	1,200
	<u>9,909</u>	<u>4,859</u>
Advances		
Suppliers	356,115	285,637
Service providers and other vendors	5,723	25,665
Employees	97	558
	<u>361,935</u>	<u>311,860</u>
	<u>371,844</u>	<u>316,719</u>
15. TRADE DEPOSITS AND PREPAYMENTS		
Trade deposits	15,540	15,075
Prepayments		
- takaful	109	-
- others	-	6
	<u>109</u>	<u>6</u>
	<u>15,649</u>	<u>15,081</u>
16. OTHER RECEIVABLES		
Sales tax receivables	182,321	164,692
Receivable from shareholders	1,496	1,496
Receivable against export rebate	253,667	134,155
Others	4,603	1,920
	<u>442,087</u>	<u>302,263</u>

16.1 Represents amount receivable from shareholders on account of tax on bonus shares issued during the year 2015.

	2021	2020
Note	----- (Rupees in '000) -----	
17. CASH AND BANK BALANCES		
Cash in hand	33,095	8,209
With banks:		
Saving accounts	105	842
Current accounts	41,657	35,292
	<u>41,762</u>	<u>36,134</u>
	<u>74,857</u>	<u>44,343</u>

17.1 These carry profit at the rates ranging between 3.54% to 6.54% (2020: 3.7% to 5.5%) per annum.

17.2 Included herein are balances amounting to Rs.28.306 million (2020: Rs. 22.619 million) which are held in accounts maintained under Islamic banking.

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2021

18. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2021		2020				2021	2020
Number of shares in thousands		Ordinary shares of Rs. 10 each		Note	----- (Rupees in '000) -----		
187,762	87,782	Issued for cash	18.3	1,877,621		877,825	
26,000	26,000	Issued for consideration other than cash	18.1	260,000		260,000	
86,177	86,177	Issued as bonus shares		861,768		861,768	
299,939	199,959		18.2	2,999,389		1,999,593	

18.1 Represents shares issued at a face value of Rs.10 each against transfer of net assets from the amalgamated firms namely, 'Al Shaheer Corporation' and 'MeatOne'.

18.2 As at June 30, 2021, institutions and others held 61,925,689 and 238,013,141 shares, respectively (June 30, 2020: 30,876,462 and 169,082,758). Voting rights, board selection, right of first refusal and block voting are in proportion to their shareholding.

18.3 During the year, the Company has issued 99,979,610 (2020: 57,841,793) right ordinary shares having face value of Rs.10 each at par. The right issue was conducted in order to raise funds to enable the Company to invest further in the Poultry Plant and Food Processing Facility at Lahore so as to energize the project, initiate its activities and generate revenue therefrom, as well as for the working capital requirements of the Company's operations and activities to, inter alia, enhance the profitability of the Company, and consequentially, the returns of the shareholders.

2021		2020				2021	2020
Number of shares in thousands		Ordinary Share Capital at the beginning of the year		Note	----- (Rupees in '000) -----		
199,959	142,118	Ordinary Share Capital at the beginning of the year		1,999,593		1,421,175	
99,980	57,841	Right shares issued during the year		999,796		578,418	
299,939	199,959			2,999,389		1,999,593	

19. REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT

Opening balance	800,358	836,503
Transferred to unappropriated profit in respect of incremental depreciation during the year	(19,830)	(23,361)
Disposal of fixed assets during the year	(1,743)	(12,784)
	778,785	800,358

Related deferred tax liability

Opening balance	(12,309)	(12,309)
Incremental depreciation charged during the year	1,401	-
	(10,908)	(12,309)
	767,877	788,049

20. LONG-TERM FINANCING

Secured

Diminishing musharaka

Askari Bank Limited	20.1	79,167	83,333
Dubai Islamic Bank Pakistan Limited	20.2	491,944	677,611
Sindh Bank Limited	20.3	220,000	-
First Habib Modaraba	20.4	32,286	-
Faysal Bank Limited	20.5	100,000	-
Habib Metropolitan Bank Limited		-	2,725
		923,397	763,669
Less: current maturity shown under current liabilities		(363,052)	(196,728)
		560,345	566,941

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2021

- 20.1** Represents diminishing musharaka facility in respect of purchase of various fixed assets for a period of 5 years including 1 year grace period. It carries profit at the rate of 3 month KIBOR + 2% per annum (June 30, 2020: 3 month KIBOR + 2% per annum) and having revised maturity till June 2024 (June 30, 2020: June 2024). The facility is secured by exclusive charge of Rs.134 million over plant and machinery and Rs.100 million ranking charge over fixed assets of the Company.

The Company obtained 12 month deferral against principal repayment effective from June 2020 under SBP Regulatory Relief to dampen the effects of Covid-19 - Prudential Regulations for Corporate / Commercial Banking through its circular BPRD Circular Letter No. 13 of 2020 dated March 26, 2020.

- 20.2** This includes the following facilities:

a) Diminishing musharaka facility amounting to Rs.200 million in respect of procurement and installation of chicken processing plant for a period of 4 years including 1 year grace period and having maturity till January 2024 (June 30, 2020: January 2024). It carries profit at the rate of 3 months KIBOR + 2.5% per annum (June 30, 2020: 3 months KIBOR + 2.5% per annum). The facility is secured by exclusive charge over land and building and plant and machinery of the Company's chicken plant located in Lahore.

The Company obtained 12 month deferral against principal repayment effective from June 2020 under SBP Regulatory Relief to dampen the effects of Covid-19 - Prudential Regulations for Corporate / Commercial Banking through its circular BPRD Circular Letter No. 13 of 2020 dated March 26, 2020.

b) Diminishing musharaka facility amounting to Rs.400 million in respect of procurement and installation of chicken processing plant for a period of 4 years including 1 year grace period. It carries profit at the rate of 3 months KIBOR + 1.5% (June 30, 2020: 3 months KIBOR + 1.5%) per annum and having maturity till June 2021. The facility is secured by equitable mortgage charge over the Company's building.

c) Diminishing musharaka facility amounting to Rs.350 million in respect of procurement and installation of chicken processing plant for a period of 4.5 years including 1.5 years grace period. It carries profit at the rate of 6 months KIBOR + 2% (June 30, 2020: 6 months KIBOR + 2%) per annum and having maturity till July 2023 and January 2024 (June 30, 2020: July 2023 and January 2024). The facility is secured by exclusive charge over land and building and plant and machinery of the Company's chicken plant located in Lahore.

The Company obtained 12 month deferral against principal repayment effective from June 2020 under SBP Regulatory Relief to dampen the effects of Covid-19 - Prudential Regulations for Corporate / Commercial Banking through its circular BPRD Circular Letter No. 13 of 2020 dated March 26, 2020.

d) Diminishing musharaka facility amounting to Rs.150 million in respect of improvement, replacement and expansion of existing slaughtering house for a period of 2 years. It carries profit at the rate of 3 months KIBOR + 2.5% per annum (June 30, 2020: 3 months KIBOR + 2.5%) and having maturity till November 30, 2021 (June 30, 2020: November 30, 2021). The facility is secured by exclusive charge over land and building and plant and machinery of chicken plant located in Lahore processing unit with 25% margin.

The Company obtained 12 month deferral against principal repayment effective from June 2020 under SBP Regulatory Relief to dampen the effects of Covid-19 - Prudential Regulations for Corporate / Commercial Banking through its circular BPRD Circular Letter No. 13 of 2020 dated March 26, 2020.

- 20.3** Represents diminishing Musharika facility carrying profit at the rate of 1 year KIBOR + 5.55% per annum for local facility. Rs.145.04 million is secured by specific charge over plant and machinery. The remaining facility is secured by first mortgage charge over Gadap Land amounting to Rs.367 million.

- 20.4** Represents diminishing musharaka facility in respect of purchase of motor vehicles for a period of 5 years. It carries profit at the rate of 3 months KIBOR + 2% per annum. The facility is secured by registration of vehicles in the name of a bank and 10% Company's share for diminishing musharaka.

- 20.5** Represents diminishing musharaka carrying profit at the rate of KIBOR + 4% per annum. The facility is secured against residential Land (Musharaka Asset) for Rs. 106 million admeasuring 1000 sq. yards situated at Plot no. 156/l, Street No. 2, DHA Phase VIII-A, Karachi. The facility is secured against hypothecation charge of Rs.53 million over receivables of the Company and Rs.115 million exclusive charge over plant and machinery of the Company. Letter of Hypothecation over current assets of Rs.86.0 million and Letter of Hypothecation over receivables of Rs.85.700 million.

21. LONG-TERM FINANCING - GOVERNMENT GRANT

Represents financing obtained from a commercial bank under the refinance scheme for payment of wages and salaries introduced by State Bank of Pakistan carrying mark-up at the rate of SBP rate + 1% (June 30, 2020: SBP rate + 1%) per annum. The loan along with the mark-up is repayable in 8 equal quarterly installments commencing from January 2021. The facility is secured by way of equitable mortgage charge over commercial property (Head Office) located at 5th Floor, of Al Mansoor Tower, Plot # G/5/5, Block No. 8, KDA Scheme No. 5, Kehkashan, Clifton, Karachi of PKR 70 million (June 30, 2020: PKR 70 million). The total facility of the loan amounted to Rs.120.2 million (2020: Rs.60.2 million) out of which Rs. Nil (2020: Rs.20.1 million) remained unutilized as at the statement of financial position date.

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2021

This loan is initially recorded at present value discounted at the effective interest rate i.e. 3 month KIBOR + 2% (June 30, 2020: 3 month KIBOR + 2%) and the difference of the actual proceeds and present value is recognised as a deferred income - government grant. The purpose of the government grant is to facilitate the Company in making timely payments of salaries and wages to their employees in light of the COVID-19 pandemic. The grant is conditional upon the fact that the Company would not lay off, terminate employee or other wise dismiss any employee for a period of atleast three months from the date of receipt of the first tranche, except in the event of disciplinary action. The maturity analysis of the financing under refinance scheme for salaries and wages is as follows:

	2021	2020
	----- Rupees in '000 -----	
Not later than one year	87,653	10,018
Later than one year and not later than five years	19,553	26,457
	<u>107,206</u>	<u>36,475</u>
Current maturity shown under current liabilities	<u>(87,653)</u>	<u>(10,018)</u>
	<u>19,553</u>	<u>26,457</u>
22. DEFERRED INCOME - GOVERNMENT GRANT		
Balance at beginning of the year	2,080	-
Recognised during the year	8,341	3,595
Amortisation of deferred income - government grant	(3,989)	(79)
Balance at end of the year	<u>6,432</u>	<u>3,516</u>
Less: Current portion of deferred income - government grant	<u>(4,399)</u>	<u>(1,436)</u>
	<u>2,033</u>	<u>2,080</u>
23. LEASE LIABILITIES		
Lease liabilities	110,828	175,532
Current portion of lease liabilities	23.1 <u>(63,935)</u>	<u>(58,087)</u>
	<u>46,893</u>	<u>117,445</u>
23.1 Reconciliation of the carrying amount is as follows:		
Opening	175,532	219,344
Reassessment of lease during the year	(10,884)	-
Accretion of finance cost	35 17,501	25,817
Lease rental payments made during the year	<u>(71,321)</u>	<u>(69,629)</u>
Lease liability as at June 30,	110,828	175,532
Current portion of lease liabilities	<u>(63,935)</u>	<u>(58,087)</u>
Long-term lease liabilities as at June 30,	<u>46,893</u>	<u>117,445</u>
23.2 Maturity analysis		
Gross lease liabilities - minimum lease payments:		
Not later than one year	73,843	79,064
Later than one year but not later than five years	52,330	131,809
	<u>126,173</u>	<u>210,873</u>
Future finance charge	<u>(15,345)</u>	<u>(35,341)</u>
Present value of finance lease liabilities	<u>110,828</u>	<u>175,532</u>

24. DEFERRED LIABILITIES

The latest actuarial valuation was carried out on June 30, 2021 by an appointed actuary using "Projected Unit Credit Actuarial Cost Method".

	2021	2020
	--- Number of Employees ---	
The number of employees covered under the defined benefit scheme are:	<u>426</u>	<u>369</u>

The following principal actuarial assumptions were used for the valuation of above mentioned scheme:

Financial assumptions		
- Discount rate (per annum compounded)	9.00%	7.50%
- Salary increase per annum	9.00%	7.50%

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2021

Demographic assumptions

- Normal retirement
- Mortality rate

Liability in statement of financial position

Present value of defined benefit obligations

Movement in liability during the year

Opening balance
Charged to profit or loss account
Benefits paid during the year
Actuarial loss recognised in other comprehensive income
Closing balance

Reconciliation of the present value of defined benefit obligations

Present value of defined benefit obligations as at July 01,
Current service cost
Finance cost
Benefits paid
Actuarial loss on obligation
Present value of defined benefit obligations as at June 30,

Charge for the defined benefit plan

Cost recognised in profit or loss

Current service cost
Finance cost

Actuarial loss on defined benefit obligation recognised in other comprehensive income

Actuarial loss on defined benefit obligation
- Loss due to change in financial assumptions
- Loss due to change in demographic assumptions
- Loss due to change in experience adjustments

Expected benefit payments to retirees in the following year

Sensitivity analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations on various employee benefit schemes. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarized below:

	2021	2020
	60 years 70% of the EFU (61-66)	60 years 70% of the EFU (61-66)
	2021	2020
	----- (Rupees in '000) -----	-----
Present value of defined benefit obligations	76,069	71,924
	2021	2020
	----- (Rupees in '000) -----	-----
Opening balance	71,924	73,386
Charged to profit or loss account	14,836	20,630
Benefits paid during the year	(12,937)	(36,126)
Actuarial loss recognised in other comprehensive income	2,246	14,034
Closing balance	76,069	71,924
	2021	2020
	----- (Rupees in '000) -----	-----
Present value of defined benefit obligations as at July 01,	71,924	73,386
Current service cost	11,168	14,583
Finance cost	3,668	6,047
Benefits paid	(12,937)	(36,126)
Actuarial loss on obligation	2,246	14,034
Present value of defined benefit obligations as at June 30,	76,069	71,924
	2021	2020
	----- (Rupees in '000) -----	-----
Current service cost	11,168	14,583
Finance cost	3,668	6,047
	14,836	20,630
	2021	2020
	----- (Rupees in '000) -----	-----
Actuarial loss on defined benefit obligation	2,246	14,034
- Loss due to change in financial assumptions	-	-
- Loss due to change in demographic assumptions	-	-
- Loss due to change in experience adjustments	2,246	14,034
	2,246	14,034
Expected benefit payments to retirees in the following year	20,853	36,740
	2021	2020
	----- (Rupees in '000) -----	-----
Increase in discount rate by 1%	(1,794)	(1,484)
Decrease in discount rate by 1%	1,918	1,589
Increase in expected future increment in salary by 1%	1,900	1,574
Decrease in expected future increment in salary by 1%	(1,810)	(1,497)

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2021

Comparison for Five Years

As at June 30,

	2021	2020	2019	2018	2017
Defined benefit obligation	76,069	71,924	73,386	59,639	43,526
Experience adjustment loss / (gain) on obligation (as percentage of plan obligations)	2.95%	19.51%	-2.21%	18.23%	21.57%

Maturity Profile

	2021	2020
	----- (Rupees in '000) -----	
Year 1	20,853	36,740
Year 2	19,450	14,463
Year 3	20,062	13,370
Year 4	19,316	12,939
Year 5	17,044	11,864
Year 6 to Year 10	63,720	39,075

25. TRADE AND OTHER PAYABLES

Creditors:

	2021	2020
	----- (Rupees in '000) -----	
Trade	20,953	55,155
Non-trade	523,795	482,510
	<u>544,748</u>	<u>537,665</u>
Accrued liabilities	38,476	71,555
Advance from customers	86,030	69,809
Workers' Profit Participation Fund	47,182	41,160
Workers' Welfare Fund	22,842	20,556
Retention money	2,520	2,520
Other payables	39,607	56,268
	<u>781,405</u>	<u>799,533</u>

26. SHORT-TERM BORROWINGS - Secured

Murabaha - Islamic banking

	2021	2020
Sindh Bank Limited	-	220,000
Habib Metropolitan Bank Limited	174,578	199,374
Dubai Islamic Bank Pakistan Limited	322,700	290,909
Askari Bank Limited	99,950	99,950
Faysal Bank Limited	-	99,967
	<u>597,228</u>	<u>910,200</u>
Running Musharaka - Summit Bank Limited	49,734	49,734
Running Musharaka - Faysal Bank Limited	64,000	64,000
	<u>710,962</u>	<u>1,023,934</u>

26.1 It carries profit at the rate of relevant KIBOR + 2.5% (June 30, 2020: LIBOR / KIBOR + 2.5%) per annum. The facility is secured by first pari passu charge over receivables for Rs.334 million and first exclusive charge over specific plant and machinery of the Company for Rs.87 million and Rs.50 million respectively, duly insured in bank's favor.

26.2 This includes local as well as foreign currency facility carrying profit at the rate of KIBOR + 2% and LIBOR + 2% (June 30, 2020: KIBOR + 2% and LIBOR + 2%) per annum respectively. The facility is secured by the first registered pari passu hypothecation charge over receivables including trade receivables for Rs.400 million & Rs.600 million (June 30, 2020: 257 million) and the remaining facility is secured against exclusive charge over specific plant and machinery of Rs.43 million and Rs.64.29 million.

26.3 It carries profit at the rate of KIBOR + 1% (June 30, 2020: KIBOR + 1 to 2.5%) per annum. The facility is secured against 1st pari passu hypothecation charge of Rs.134 million over receivables of the Company.

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2021

26.4 It carries profit at the rate of 3 months KIBOR + 3% (June 30, 2020: 3 months KIBOR + 3%) per annum for the facility. The facility is secured by exclusive charge over plant and machinery of the Company amounting to Rs.239.650 million (June 30, 2020:194.237 million).

26.5 It carries profit at the rate of 1 month KIBOR + 4% (June 30, 2020: 1 month KIBOR + 4%) per annum. The facility is secured against residential Land (Musharaka Asset) for Rs. 106 million (June 30, 2020: Rs.106 million) and measuring 1,000 sq. yards situated at Plot no. 156/1, Street no.2, DHA Phase VIII-A, Karachi. The facility is secured against hypothecation charge of Rs.53 million (June 30, 2020: Rs.53 million) over receivables of the Company and Rs.115 million ((June 30, 2020: 115 million) exclusive charge over plant and machinery of the Company. Letter of Hypothecation over current assets of Rs.86.0 million (June 30, 2020: Rs.86 million) and Letter of Hypothecation over receivables of Rs.85.7 million (June 30, 2020: 85.7 million).

27. ACCRUED MARK-UP	2021	2020
	----- (Rupees in '000) -----	
Accrued mark-up on:		
- Long-term financing	61,505	15,397
- Short-term borrowings	23,209	44,327
- Long term financing - government grant	6,054	190
	90,768	59,914

28. DUE TO A RELATED PARTY

Includes Rs.2.182 million (2020: Rs.29.693 million) interest free loan obtained from Chief Executive Officer of the Company. The loan is unsecured and is repayable on demand.

29. CONTINGENCIES AND COMMITMENTS

29.1 CONTINGENCIES

There have been no contingencies as at the balance sheet date.

29.2 COMMITMENTS

Capital commitments

30. TURNOVER - net	2021	2020
	----- (Rupees in '000) -----	
Sales	5,445,970	3,944,225
Trade discount	(78,463)	(32,219)
	5,367,507	3,912,006
31. COST OF SALES		
Live stock consumed		
Opening stock	91,096	63,159
Purchases	4,179,569	2,619,704
Recovery against livestock residuals - net	(223,998)	(94,660)
Closing stock	(180,629)	(91,096)
	3,866,038	2,497,107
Conversion cost		
Salaries, wages and other benefits	43,634	35,311
Electricity, diesel and related expenses	36,448	22,182
Repairs and maintenance	8,202	4,375
Depreciation	27,744	29,290
Clearing and forwarding	20,930	28,735
Packing material	53,527	35,346
Marination	5,943	4,266
Others	6,014	1,430
	202,442	160,935
Cost of goods available for sale	4,068,480	2,658,042
Finished goods and fuels and lubricants		
Opening stock	50,007	21,780
Closing stock	(68,512)	(50,007)
	(18,505)	(28,227)
	4,049,975	2,629,815

7.2

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2021

		2021	2020
	Note	----- (Rupees in '000) -----	
32. ADMINISTRATIVE AND DISTRIBUTION COSTS			
Salaries, wages and other benefits	32.1	225,173	256,163
Electricity, diesel and related expenses		31,759	26,561
Repair and maintenance		9,865	6,638
Fuel and vehicle maintenance		13,957	11,403
Travelling and conveyance		4,348	3,357
Telephone and communication		6,790	6,229
Cargo		364,118	415,694
Marketing and advertisement		21,473	1,649
Rent, rates and taxes		31,400	24,405
Food		8,341	7,205
Depreciation	7.2	35,875	40,052
Depreciation on Right-of-use assets	7.6	61,383	62,817
Amortization	8	734	955
Legal and professional		17,976	5,758
Software maintenance and development cost		5,689	1,198
Donation		-	670
Office supplies		2,585	1,522
Takaful		10,039	7,038
Staff welfare		643	535
Allowance for expected credit loss	13.2	5,031	11,596
Cleaning		1,938	1,580
Commission on credit card facilities		9,698	3,468
Auditors' remuneration	32.2	4,078	3,912
Others		21,549	9,595
		<u>894,442</u>	<u>910,000</u>
32.1	Include Rs.14.836 million (2020: Rs.20.630 million) in respect of staff retirement benefits.		
32.2 Auditors' remuneration			
Audit fee		2,210	1,925
Half yearly review		650	590
Certifications and other services		820	1,004
Out of pocket expenses		398	393
		<u>4,078</u>	<u>3,912</u>
33. OTHER EXPENSES			
Workers' Profit Participation Fund		6,013	7,637
Workers' Welfare Fund		2,285	3,055
Loss on disposal of property, plant and equipment	7.4	2,509	4,205
Exchange loss		119,489	-
		<u>130,296</u>	<u>14,897</u>
34. OTHER INCOME			
Income from financial assets			
Profit on saving accounts		43	29
Gain on remeasurement of short-term investments		-	19
Exchange gain - net		-	81,412
Unwinding of interest on sales tax bonds		-	8,607
Others		-	79
		<u>43</u>	<u>90,146</u>
Income from non - financial assets - others		<u>519</u>	<u>563</u>
		<u>562</u>	<u>90,709</u>
35. FINANCE COST			
Profit on financing		138,685	248,652
Bank charges		23,264	20,879
Lease liability	23.1	17,501	25,817
Mark-up on long term financing - government grant		1,950	190
		<u>181,400</u>	<u>295,538</u>

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2021

	2021	2020
	----- (Rupees in '000) -----	
36. TAXATION		
Current	(46,594)	(42,426)
Prior	10,901	(1,826)
	(35,693)	(44,252)
Deferred	36,774	64,562
	1,081	20,310

36.1 As the charge for current year taxation is based on Final Tax Regime in case of export sales and minimum tax in case of local sales, therefore, tax reconciliation is not presented.

36.2 The return of income for the tax year 2020 has been filed which is deemed to be an assessment order in view of the provisions of Section 120 of the Income Tax Ordinance, 2001.

36.3 The Company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the demand created under Section 122 5(A) of the Income Tax Ordinance, 2001 of Rs 362,546,905 for the tax year 2016. The order was confirmed by the Commissioner Inland Revenue Appeals (CIRA). Such demand was mainly in respect of disallowance of cash purchases and status of Large Trading House. The Learned ATIR remanded the order back to CIRA for fresh consideration of issues and the CIRA confirmed that the Company does not qualify as Large Trading House, while remanded back all issues to the DCIR. The Company again preferred an appeal before ATIR, against order of CIRA, which is pending and the management of the Company expects a favorable outcome of the same based on opinion of its tax advisor.

36.4 An income tax appeal was pending before the Commissioner Inland Revenue (Appeals IV) against order passed by Additional Commissioner under section 122(5A) of ITO for tax year 2018 increasing the tax liability thereby reducing the tax refund by Rs. 28,406,436/-. The issue relating to livestock residual was decided in favour of the Company and the other issue relating to 'Trading House' was confirmed by the CIRA.

36.5 ASCL has preferred an appeal before Appellate Tribunal Inland Revenue ("ATIR"), against order of CIRA, which is still pending and chance of an adverse outcome for ASCL are remote. Further, no appeal was made by the department against the favorable outcome.

36.6 The Company has filed appeals against orders passed by income tax and sales tax authorities for aggregate demands of Rs.137,285,737 which are pending at CIR and ATIR levels pertaining to tax years 2012-2019 and the management of the Company expects a favorable outcome of the same based on opinion of its tax advisor.

	2021	2020
	(Restated)	
37. EARNINGS PER SHARE - basic		
Net profit for the year - (Rupees in '000)	113,037	172,775
Weighted average ordinary shares of Rs.10/- each - (Number in '000)	255,334	233,756
Earning per share (Rupees) – basic and diluted	0.44	0.74

38. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2021	2020	2021	2020	2021	2020
	----- (Rupees in '000) -----					
Managerial remuneration	30,000	29,882	-	12,128	72,319	49,450
Gratuity	-	-	-	6,930	6,500	10,193
Board meeting fees	-	-	6,300	4,390	-	-
	30,000	29,882	6,300	23,448	78,819	59,643
Number of persons	1	1	7	10	34	17

39. RELATED PARTY TRANSACTIONS

Related parties of the Company comprise associates, directors and key management personnel. Transactions with related parties during the year, other than those which have been disclosed elsewhere in these unconsolidated financial statements are as follows:

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2021

Transaction during the year

Nature of transaction	Relationship	2021	2020
		----- (Rupees in '000) -----	
(Repayment to) / Settlement of liabilities by CEO of the company	Key Management Personnel	(27,511)	24,774
Loan received / (paid to) from CEO during the year		-	(72,530)
Sales during the year	Associate	957	-
Balance as at year end			
Nature of balance	Relationship	2021	2020
		----- (Rupees in '000) -----	
Due to Related Party	Key Management Personnel	2,182	29,693

40. OPERATING SEGMENTS

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

All non-current assets of the Company as at June 30, 2021 are located in Pakistan.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks such as market risk, credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company's Board of Directors oversees the management of these risks which are summarized below:

41.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk.

41.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term and short-term financing arrangement at floating interest rates to meet its business operations and working capital requirements. The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant:

	Increase / decrease in basis points	Effect on (loss) / profit before tax Rupees in '000
2021	+100	(13,868)
	-100	13,868
2020	+100	(24,865)
	-100	24,865

41.1.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to change in a foreign exchange rates. The Company's exposure to the risk of changes in foreign currency exchange rates risk primarily relates to the Company's operating activities i.e. bank accounts and receivables / payables in foreign currencies. The Company manages its foreign currency risk by effective fund management and taking forward contracts. The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar exchange rate:

	Increase / decrease in US Dollar to Pak Rupees	Effect on profit / (loss) before tax Rupees in '000
2021	10%	182,152
	-10%	(182,152)
2020	10%	176,997
	-10%	(176,997)

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2021

41.2 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. Concentrations of credit risk arise 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. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company's management is regularly conducting detailed analysis on Sectors/Industries and identify the degree by which the Companies' customers and their businesses have impacted amid COVID-19.

The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

	Carrying value	
	2021	2020
	----- (Rupees in '000) -----	
Trade debts	2,040,752	1,985,426
Loans	19,070	17,120
Trade deposits	15,540	15,075
Bank balances	41,762	36,134
	<u>2,117,124</u>	<u>2,053,755</u>

41.2.1 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates as shown below:

		2021	2020
		----- (Rupees in '000) -----	
Trade debts			
Customers with no defaults in the past one year		<u>642,897</u>	<u>606,105</u>
Bank balances			
Ratings			
	AAA	6,485	5,467
	AA+	29,196	7,545
	AA	6,003	23,044
	AA-	-	-
	A+	46	10
	A	29	28
	A-	-	-
	BBB-	3	40
		<u>41,762</u>	<u>36,134</u>

41.3 Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations with the financial liabilities. The Company's objective is to maintain a balance between continuity of funding and flexibility by maintaining sufficient bank balances and committed credit lines. The table below summarises the maturity profile of the Company's financial liabilities at 30 June 2021 based on contractual undiscounted payment dates and present market interest rates:

	On demand	Less than 3 months	3 to 12 months	1 to 5 Years	Total
	----- (Rupees in '000) -----				
2021					
Long-term financing	-	158,180	205,212	560,005	923,397
Long term financing - government grant	-	42,574	45,079	19,553	107,206
Lease liabilities	-	16,152	47,782	46,894	110,828
Deferred income - government grant	-	1,100	3,299	2,033	6,432
Short-term borrowings	200,232	468,650	42,080	-	710,962
Trade and other payables	26,230	182,740	201,525	214,856	625,351
Accrued mark-up	7,049	80,872	2,847	-	90,768
Due to a related party	2,182	-	-	-	2,182
	<u>235,693</u>	<u>950,268</u>	<u>547,824</u>	<u>843,341</u>	<u>2,577,126</u>

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2021

	On demand	Less than 3 months	3 to 12 months	1 to 5 Years	Total
2020					
Long-term financing	-	46,275	150,453	566,941	763,669
Long term financing - government grant	-	-	10,018	26,457	36,475
Lease liabilities	-	-	58,087	117,445	175,532
Deferred income - government grant	-	-	1,436	2,080	3,516
Short-term borrowings	351,212	473,348	199,374	-	1,023,934
Trade and other payables	26,234	218,715	190,071	232,986	668,006
Accrued mark-up	26,643	32,992	279	-	59,914
Due to a related party	29,693	-	-	-	29,693
	<u>433,782</u>	<u>771,330</u>	<u>609,718</u>	<u>945,909</u>	<u>2,760,739</u>

41.4 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investment in a subsidiary are carried at cost. The carrying values of all other financial assets and liabilities reflected in the unconsolidated financial statements approximate their fair values.

41.4.1 Fair value hierarchy

Financial Instruments carried at fair value are categorised as follows:

- Level 1: Quoted market price.
- Level 2: Valuation techniques (market observable)
- Level 3: Valuation techniques (non-market observables)

41.4.2 The Company held the following financial instruments measured at fair value:

	Total	Level 1	Level 2	Level 3
	----- (Rupees in '000) -----			
June 30, 2021				
Financial assets				
Short-term investments	-	-	-	-
Non-financial assets				
Property, plant and equipment	<u>1,672,010</u>	-	-	<u>1,672,010</u>
June 30, 2020				
Financial assets				
Short-term investments	-	-	-	-
Non-financial assets				
Property, plant and equipment	<u>1,645,488</u>	-	-	<u>1,645,488</u>

41.5 Capital risk management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investments projects to support its business sustainability and future development and maximise its shareholders value.

The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. The Company monitors capital using a debt equity ratio, which is net debt divided by total capital plus net debt. Equity comprises of share capital, reserves and revaluation surplus on property, plant and equipment. The gearing ratio as at June 30, 2021 is as follows:

	2021	2020
	----- (Rupees in '000) -----	
Long-term financing	923,397	763,669
Short-term borrowings	710,962	1,023,934
Accrued mark-up	90,768	59,914
Total debt	<u>1,725,127</u>	<u>1,847,517</u>
Less: Cash and bank balances	<u>(74,857)</u>	<u>(44,343)</u>
Net debt	<u>1,650,270</u>	<u>1,803,174</u>
Share capital	2,999,389	1,999,593
Share premium account		
Reserves	2,630,644	2,531,037
Revaluation surplus on property, plant and equipment	767,877	788,049
Total equity	<u>6,397,910</u>	<u>5,318,679</u>
Equity and net debt	<u>8,048,180</u>	<u>7,121,853</u>
Gearing ratio		
Including revaluation surplus on property, plant and equipment	21%	25%
Excluding revaluation surplus on property, plant and equipment	23%	28%

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2021

	2021	2020
42. NUMBER OF EMPLOYEES		
Total number of employees as at the reporting date	426	373
Average number of employees during the year	393	387
Total number of factory employees as at the reporting date	87	86
Average number of factory employees during the year	89	89

43. GENERAL


43.1 Figures have been rounded off to the nearest rupee.

43.2 Certain prior year figures have been reclassified for better presentation. However, there are no material reclassifications to report.

44. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on 20 October, 2021 by the Board of Directors of the Company.



Chief Executive Officer

Director

Chief Financial Officer



Consolidated Financial Statements 2020-21

INDEPENDENT AUDITOR'S REPORT

To the members of Al Shaheer Corporation Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **Al Shaheer Corporation Limited** and its subsidiary (the Group), which comprise the consolidated statement of financial position as at **30 June 2021**, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at **30 June 2021**, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of the Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



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Following are the key audit matters:

S No.	Key audit matters	How the matter was addressed in our audit
1.	<p>Revenue recognition</p> <p>The Group's revenue comprise of both local and export sales. Local sales are generated through both retail outlets and the corporate customers involving large volume of transactions.</p> <p>We identified revenue recognition and its reporting in the consolidated financial statements as a key audit matter due to large volume of transactions, and the amount of audit efforts in relation to this area.</p> <p>Please refer to note 29 for relevant disclosures in respect of revenue.</p>	<p>We performed audit procedures in relation to revenue including the following:</p> <ul style="list-style-type: none"> - We inspected the terms and conditions of sale transactions for both export and local sales and assessed the appropriateness of revenue recognition policies and practices followed by the Group. - We tested controls over revenue recognition and reporting process within export and local sales including sales to retail and corporate customers. - We performed analytical review procedures and other test of details for export and local sales including procedures ensure that revenue has been recognized in the appropriate accounting period. - We also assessed the adequacy of the disclosures made in respect of revenue in accordance with the financial reporting standards.
2.	<p>Capital work in progress</p> <p>As disclosed in note 7.5 to the accompanying consolidated financial statements, the Group has incurred significant amount of capital expenditure for its new Processing Plant, The expenditure capitalized to date in relation to this new Processing Plant has been classified in capital work-in-progress as of 30 June 2021.</p> <p>Further, as disclosed in note 19 to the accompanying consolidated financial statements, the Group has obtained long-term financing facilities from commercial banks amounting to Rs. 1.2 billion to finance the capital expenditure.</p> <p>We considered material additions in capital work-in-progress and long-term financing as key area of focus during our audit as the amounts reported are material to the consolidated statement of financial position and therefore, we have identified these as a key audit matter.</p>	<p>Our key audit procedures in these areas included, amongst others, obtaining an understanding of the Group's process with respect to capital expenditure and controls relevant to such process.</p> <p>We performed substantive audit procedures through inspection of related contracts and documents supporting various components of the capitalized costs.</p> <p>We also considered whether the items of cost capitalized, including borrowing costs, meet the recognition criteria of an asset in accordance with the applicable financial reporting standards.</p> <p>In relation to the long-term financing facility, we reviewed the significant terms and conditions contained in the financing agreement executed during the year.</p> <p>We also inquired management in respect of future compliance with the loan covenants and any challenges expected in this regard.</p> <p>We circularized and received confirmation from the banks financing the Group. We have also reviewed the maturity analysis of the financing</p>

S No.	Key audit matters	How the matter was addressed in our audit
		<p>to ascertain the classification of loan as per the remaining maturity.</p> <ul style="list-style-type: none"> - We also assessed the adequacy of related disclosures in the consolidated financial statement in accordance with the applicable financial reporting framework.

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

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.


- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Shaikh Ahmed Salman.



Chartered Accountants

Place: Karachi

Date: 27 October 2021

Consolidated Statement of Financial Position


As at June 30, 2021

ASSETS	Note	2021 ----- (Rupees in '000) -----	2020 -----
NON-CURRENT ASSETS			
Property, plant and equipment	7	5,600,100	5,096,569
Intangible asset	8	2,224	2,958
Long-term loan	9	9,161	12,261
Deferred tax asset - net	10	281,377	246,790
		5,892,862	5,358,578
CURRENT ASSETS			
Stock-in-trade	11	248,638	140,724
Fuel and lubricants		504	379
Trade debts	12	2,040,752	1,985,426
Loans and advances	13	371,904	316,779
Trade deposits and prepayments	14	15,649	15,081
Other receivables	15	442,087	302,263
Taxation - net		147,950	147,357
Cash and bank balances	16	74,884	44,515
		3,342,368	2,952,524
TOTAL ASSETS		9,235,230	8,311,102
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
300,000,000 (2020: 200,000,000) ordinary shares of Rs.10 each		3,000,000	2,000,000
Issued, subscribed and paid-up capital	17	2,999,389	1,999,593
Share premium		1,507,705	1,507,705
Unappropriated profit		1,126,849	1,027,424
Revaluation surplus on property, plant and equipment	18	767,877	788,049
		6,401,820	5,322,771
Non-controlling interest		6,725	6,902
		6,408,545	5,329,673
NON-CURRENT LIABILITIES			
Long-term financing	19	560,345	566,941
Long term financing - government grant	20	19,553	26,457
Deferred income - government grant	21	2,033	2,080
Lease liabilities	22	46,893	117,445
Deferred liabilities	23	76,069	71,924
		704,893	784,847
CURRENT LIABILITIES			
Trade and other payables	24	782,187	800,418
Short-term borrowings	25	710,962	1,023,934
Accrued mark-up	26	90,768	59,914
Due to a related party	27	18,836	46,047
Current portion of long term financing - government grant	20	87,653	10,018
Current portion of deferred income - government grant	21	4,399	1,436
Current portion of lease liabilities	22	63,935	58,087
Current portion of long-term financing	19	363,052	196,728
		2,121,792	2,196,582
TOTAL EQUITY AND LIABILITIES		9,235,230	8,311,102
CONTINGENCIES AND COMMITMENTS			
	28		

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

Consolidated Statement of Profit or Loss


For the Year Ended June 30, 2021

		2021	2020
	Note	----- (Rupees in '000) -----	----- (Rupees) -----
Turnover - net	29	5,367,507	3,912,006
Cost of sales	30	(4,049,971)	(2,629,815)
Gross profit		<u>1,317,536</u>	<u>1,282,191</u>
Administrative and distribution costs	31	(894,805)	(910,386)
Other expenses	32	(130,296)	(14,898)
Other income	33	562	90,709
Operating profit		<u>292,997</u>	<u>447,616</u>
Finance cost	34	(181,400)	(295,539)
Profit before taxation		<u>111,597</u>	<u>152,077</u>
Taxation	35	1,081	20,310
Net profit for the year		<u>112,678</u>	<u>172,387</u>
Attributable to			
Owners of the Holding Company		112,855	172,575
Non controlling interest		(177)	(188)
		<u>112,678</u>	<u>172,387</u>
			(Restated)
		----- (Rupees) -----	
Earnings per share - basic and diluted	36	<u>0.44</u>	<u>0.74</u>

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.



 Chief Executive Officer



 Director



 Chief Financial Officer

Consolidated Statement of Comprehensive Income


For the Year Ended June 30, 2021

	2021	2020
Note	----- (Rupees in '000) -----	-----
Net profit for the year	112,678	172,387
Other comprehensive income / (loss):		
Items not to be reclassified to statement of profit or loss in subsequent years		
Remeasurement loss on defined benefit plan	23 (2,246)	(14,034)
Related tax	(2,187)	2,933
	(4,433)	(11,101)
Total comprehensive income for the year	108,245	161,286
Attributable to		
Owners of the Holding Company	108,422	161,474
Non controlling interest	(177)	(188)
	108,245	161,286

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.



 Chief Executive Officer



 Director



 Chief Financial Officer

Consolidated Statement of Changes in Equity


For the Year Ended June 30, 2021

	Issued, subscribed and paid-up capital	Capital reserves Share premium account	Revenue reserves Unappropriated profit	Non-Controlling Interest	Revaluation surplus on property, plant and equipment	Total
	----- (Rupees in '000) -----					
Balance as at June 30, 2019	1,421,175	1,507,705	849,204	7,090	824,194	4,609,368
Net income for the year	-	-	172,575	(188)	-	172,387
Other comprehensive loss	-	-	(11,101)	-	-	(11,101)
Total comprehensive income for the year	-	-	161,474	(188)	-	161,286
Issuance of right shares	578,418	-	-	-	-	578,418
Issue cost on right shares	-	-	(19,399)	-	-	(19,399)
Revaluation surplus on property, plant and equipment realised on account of incremental depreciation - net of deferred tax	-	-	36,145	-	(36,145)	-
Balance as at June 30, 2020	1,999,593	1,507,705	1,027,424	6,902	788,049	5,329,673
Net income for the year	-	-	112,855	(177)	-	112,678
Other comprehensive loss	-	-	(4,433)	-	-	(4,433)
Total comprehensive income for the year	-	-	108,422	(177)	-	108,245
Issuance of right shares	999,796	-	-	-	-	999,796
Issue cost on right shares	-	-	(29,169)	-	-	(29,169)
Revaluation surplus on property, plant and equipment realised on account of incremental depreciation - net of deferred tax	-	-	20,172	-	(20,172)	-
Balance as at June 30, 2021	2,999,389	1,507,705	1,126,849	6,725	767,877	6,408,545

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

Consolidated Statement of Cash Flows

For the Year Ended June 30, 2021


	2021	2020
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	111,597	152,077
Adjustments for:		
Depreciation	63,634	69,362
Amortisation	734	955
Depreciation on Right-of-use assets	61,383	62,817
Provision for defined benefit plan	14,836	20,630
Allowance for expected credit loss	5,031	11,596
Loss on disposal of property, plant and equipment	2,509	4,206
Unwinding interest on sales tax bonds	-	(8,607)
Loss on disposal of short-term investment	-	(19)
Finance cost	181,400	297,878
	329,527	458,818
Operating profit before working capital changes	441,124	610,895
(Increase) / decrease in current assets:		
Fuels and lubricants	(125)	107
Stock-in-trade	(107,914)	(56,271)
Trade debts	(55,326)	(505,254)
Loans and advances	(55,122)	(29,932)
Trade deposits and short-term prepayments	(568)	4,240
Other receivables	(139,824)	(48,574)
	(358,879)	(635,684)
Decrease / (increase) in current liabilities:		
Trade and other payables	(18,231)	54,899
Due to a related party	(27,211)	(47,756)
	(45,442)	7,143
Cash generated from operations	36,803	(17,646)
Taxes paid	(34,099)	(33,223)
Lease rentals paid	(71,321)	(60,126)
Gratuity paid	(12,937)	(36,126)
Net cash used in operating activities	(81,554)	(147,121)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
- Property, plant and equipment	(641,597)	(11,097)
Redemption of long term investment	-	83,200
Short term investments encashed	-	645
Sale proceeds from disposal of property, plant and equipment	4,505	29,262
Net cash (used in) / generated from investing activities	(637,092)	102,010
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received form issuance of right shares - net	970,627	559,019
Long-term financing - net	159,728	(180,527)
Short term borrowings - net	(312,972)	(50,426)
Long term financing - government grant	113,638	39,991
Finance cost paid	(182,006)	(298,483)
Net cash generated from financing activities	749,015	69,574
Net increase in cash and cash equivalents	30,369	24,463
Cash and cash equivalents at the beginning of the year	44,515	20,052
Cash and cash equivalents at the end of the year	74,884	44,515

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The annexed notes 1 to 43 form an integral part of these consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2021

1. LEGAL STATUS AND OPERATIONS OF THE GROUP

The Group consists of Al Shaheer Corporation Limited (the Holding Company) and its subsidiary company Al Shaheer Farms (Private) Limited (the subsidiary company) that have been consolidated in these consolidated financial statements. Brief profiles of the Holding Company and its subsidiary company are as follows:

1.1 Holding company

Al Shaheer Corporation Limited (the holding company) was incorporated on June 30, 2012 and is quoted on Pakistan Stock Exchange. The group is engaged in trading of different kinds of halal meat including goat, cow, chicken and fish, both for export market and local sales through chain of retail stores. The registered office of the group is situated at Suite No. G/5/5, 3rd floor, Mansoor Tower, Block-8, shahrah-e-roomi, Clifton, Karachi.

1.2 Subsidiary company

The Subsidiary company was incorporated in Pakistan as a private limited company. The principal activity of the Subsidiary company is to carry on all kinds of farming including agricultural, poultry, horticultural and dairy and to purchase, acquire, keep, maintain, breed, sell or otherwise dispose of all kinds of cattle and other form of live stocks. The registered office of the Subsidiary company is situated at Suite No. G/5/5, 3rd Floor, Mansoor Tower, Block-8, Shahrah-e-Roomi, Clifton, Karachi, Pakistan. As of the reporting date, the Holding company has 51% shareholding in the Subsidiary company.

1.3 Geographical location and address of all the business units are as under:

Location	Business Unit
Karachi Suit # G/5/5, 3rd Floor, Mansoor Tower, Block-8, Shahrah-e-Roomi, Clifton, Karachi	Registered office
Gadap Plot Bearing Survey No. 348, Deh Shah Mureed, Tappo, Songal, Gadap Town, Karachi	Slaughter house
Raiwand 3.5km Manga Road Raiwand, Lahore	Poultry plant
Badin Mirza Farm, Hasnainabad, Morjhar Shaakh, Golarchi, District Badin.	Farm

1.4 These financial statements denote the consolidated financial statements of the Group. Unconsolidated financial statements of the Holding Company and its subsidiary have been presented separately.

2. STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Act; and
- Provisions of and directives issued under the Act.

Where provisions of and directives issued under the Act and IFAS differ from the IFRSs, the provision of and directives issued under the Act and IFAS have been followed.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2021

3. BASIS OF MEASUREMENT

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

- a) certain items of property, plant and equipment that are stated at revalued amount; and
- b) defined benefit plan is measured at present value.

3.2 These consolidated financial statements have been presented in Pakistani rupees, which is the Group's functional and presentation currency.

4. STANDARDS, INTERPRETATIONS, IMPROVEMENTS AND AMENDMENTS APPLICABLE TO FINANCIAL STATEMENTS

4.1 Basis of consolidation

These consolidated financial statements include the financial statements of the holding company and its subsidiary company, here-in-after referred to as "the Group".

A group includes a subsidiary, if an entity (the Holding Company) directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to elect and appoint more than fifty percent of its directors.

Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting year as the Holding Company, using consistent accounting policies. The accounting policies of the subsidiaries have been changed to conform with accounting policies of the Holding Company, where required.

All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Where the ownership of a subsidiary is less than 100% and therefore, a non controlling interest (NCI) exists, the NCI is allocated its share of the total comprehensive income of the period, even if that results in a deficit balance.

The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against the subsidiary companies' shareholders' equity in the consolidated financial statements.

4.2 New standards, amendments to approved accounting standards and new interpretations

The Group has adopted the following standards, amendments, interpretation and improvements to International Financial Reporting Standards (IFRSs) which became effective for the current year:

Improvements to Accounting Standards Issued by the IASB in December 2017

IFRS 3 - Business Combinations - Previously held Interests in a joint operation

IFRS 11 - Joint Arrangements - Previously held Interests in a joint operation

IAS 12 - Income Taxes - Income tax consequences of payments on financial instruments classified as equity

IAS 23 - Borrowing Costs - Borrowing costs eligible for capitalisation

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2021

Standard, Amendment or Interpretation

Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16
Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The adoption of the above improvements and amendments did not have any impact on these consolidated financial statements.

4.3 Standards, interpretations and amendments to approved accounting standards that are not yet effective

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

Standard or Interpretation	Effective date	
IFRS 3	Reference to the Conceptual Framework (Amendments)	01 January 2022
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)	01 January 2022
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	01 January 2022
IAS 1	Classification of Liabilities as Current or Non-current (Amendments)	01 January 2023
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies (Amendments)	01 January 2023
IAS 8	Definition of Accounting Estimates (Amendments)	01 January 2023
IAS 12	Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments)	01 January 2023
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised

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

IFRS 1	First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter	01 January 2022
IFRS 9	Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities	01 January 2022
IAS 41	Agriculture – Taxation in fair value measurements	01 January 2022
IFRS 16	Leases: Lease incentives	01 January 2022

The above standards and amendments are not expected to have any material impact on the Group's financial statements in the period of initial application.

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

Standard or Interpretation	IASB effective date (annual periods beginning on or after)	
IFRS 1	First-time Adoption of International Financial Reporting Standards	01 January 2004
IFRS 17	Insurance Contracts	01 January 2023

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of consolidated financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In the process of applying the Group's accounting policies, management has made the following estimates and judgments which are significant to the consolidated financial statements:

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2021

Property, plant and equipment

The group reviews the appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the group uses the technical resources available with the group. Any change in estimates in future might affect the carrying amount of respective classes of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

Revaluation surplus on property, plant and equipment

The group reviews the appropriateness of the revaluation of property, plant and equipment (carried at revalued amounts) periodically for the purpose of ensuring that the carrying amount of the same does not differ materially from its fair value. In making this assessment, the group uses the technical resources available with the group. The revaluation exercise is carried out by independent professional valuers using various significant assumptions. Any change in assessment in future might affect the carrying amount of respective classes of fixed assets, with corresponding effect on surplus on revaluation of fixed assets.

Determination of the lease term for lease contracts with extension and termination options

The group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The group has several lease contracts that include extension and termination options. The group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation of the leased asset).

Estimating the incremental borrowing rate.

The group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Estimating the Net Realizable value for inventories

NRV signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provision is made for slow moving and obsolete items as and when identified.

Impairment of financial assets

The group uses a provision matrix to calculate ECLs for trade debts and other receivables. The provision rates are based on days past due for group's various customer that have similar loss patterns.

The provision matrix is initially based on the group's historical observed default rates. The group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the group's financial assets exposed to credit risk is disclosed in note 40.2.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2021

Taxation

In applying the estimate for income tax payable, the group takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past. Instance where the group's view differs from the view taken by the income tax department at the assessment stage and where the group considers that its view on items of material nature is in accordance with law, the amounts are shown as contingency.

Post retirement employee benefits

The cost of defined benefit plan is determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rate and future salary increases. Due to long-term nature of the plan, such estimates are subject to significant uncertainty.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

6.1 Property, plant and equipment

Operating fixed assets

Except for computer and accessories all items of property, plant and equipment are stated at revalued amount less accumulated depreciation and impairment, if any. Computers and accessories are stated at cost less accumulated depreciation and impairment, if any.

Depreciation is charged to consolidated statement of profit or loss applying the reducing balance method at the rates mentioned in note 7 to the consolidated financial statements. Depreciation is charged from the month in which an asset is available for use, while no depreciation is charged in the month on which an asset is disposed off.

Maintenance and repairs are charged to consolidated statement of profit or loss as and when incurred. Major renewals and improvements which increase the asset's remaining useful economic life or the performance beyond the current estimated levels are capitalized and the assets so replaced, if any, are retired.

Gains or losses on disposals of operating fixed assets, if any, are recognized in the consolidated statement of profit or loss. The assets residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate, at each financial year end.

Increases in the carrying amounts arising on revaluation of certain items of property plant and equipment are recognized, in consolidated statement of comprehensive income and accumulated in reserves in consolidated statement of changes in equity. To the extent that the increase reverses a decrease previously recognized in consolidated statement of profit or loss, the increase is first recognized in consolidated statement of profit or loss.

Decreases that reverse previous increases of the same asset are first recognized in consolidated statement of comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to consolidated statement of profit or loss.

The carrying values of property, plant and equipment are reviewed at each consolidated statement of financial position date for impairment when events or changes in circumstances indicate that carrying values may not be recoverable.

If such indication exists where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amounts.

Right-of-use (RoU) assets

The group recognises a right-of-use asset at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2021

Capital work-in-progress

Capital work-in-progress is stated at cost less impairment, if any, and consists of expenditure incurred and advances made in respect of operating fixed assets and intangible assets in the course of their acquisition, erection, construction and installation. The assets are transferred to relevant category of operating fixed assets or intangible assets when they are available for use.

6.2 Intangible asset

These are stated at cost less accumulated amortization and impairment. Amortization is charged on reducing balance method over the useful lives of the assets at the rates specified in note 8 of these consolidated financial statements. Amortisation is charged from the month the asset is available for use upto the month of derecognition. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

6.3 Stock-in-trade

These are valued at the lower of cost or net realisable value. Cost is determined as follows:

- Raw and packaging materials
- Stock-in-transit
- Finished Goods (Raw meat)
- invoice price of specific items
- at weighted average cost of purchases
- at weighted average cost of purchases

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Provision is recorded for slow moving and expired stock where necessary.

6.4 Cash and cash equivalents

These are stated at cost. For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise of cash in hand and bank balances net off book overdrafts.

6.5 Financial instruments

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

Financial assets

The group classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial asset.

Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding. The group includes in this category trade debts, short-term loans and advances and other receivables.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2021

Financial assets measured at fair value through profit or loss (FVPL)

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding;
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss, if any.

Impairment

Financial assets at fair value through profit or loss are not subject to impairment under IFRS 9.

The group only considers expected credit losses for bank balances, trade and other receivables and measures expected credit losses using the probability of default (PD) and loss given default (LGD) estimates using the published information about these risk parameters.

For trade and other receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, the group has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its trade and other receivables. The group uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the group has:

- (a) Transferred substantially all of the risks and rewards of the asset; or
- (b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the group has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the group has retained. The group derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is only offset and the net amount is reported in the consolidated statement of financial position if the group has legally enforceable right to set off the recognized amount and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also offset accordingly.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2021

6.6 Impairment

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised, as an expense in profit or loss. The recoverable amount is the higher of an asset's fair value less cost to disposal and value in use. Value in use is ascertained 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 risk specific to the assets for which the estimate of future cash flow have not been adjusted. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there is 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 amortisation, if no impairment loss had been recognised previously. Reversal of an impairment loss is recognised immediately in profit or loss.

6.7 Staff retirement benefits

The group operates an un-approved and unfunded defined gratuity scheme for all permanent employees who have completed the minimum qualifying year of service for entitlement of gratuity. The contributions to the scheme are made in accordance with the independent actuarial valuation. The actuarial valuation is carried out as of reporting using Projected Unit Credit method.

An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These includes the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

6.8 Taxation

Current

Provision for current tax is based on the taxable income in accordance with Income Tax Ordinance, 2001.

Deferred

Deferred income tax is provided using the liability method for all temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, unused tax losses and tax credits, if any, to the extent that it is probable that taxable profits will be available against which such temporary differences and tax losses can be utilized.

Deferred income tax assets and liabilities are measured at the tax rate that is expected to apply to the year when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

6.9 Provisions

Provisions are recognized when the group 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.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2021

6.10 Foreign currency translations

Foreign currency transactions are translated into Pak Rupees (functional currency) using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are retranslated into Pak Rupees using the exchange rate at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to consolidated statement of profit or loss.

6.11 Revenue recognition

Revenue is recognised at amounts that reflect the consideration that the group expects to be entitled to in exchange for transferring goods. Revenue is measured at the fair value of the consideration received or receivable.

The group recognises revenue at a point in time when control of product is transferred to customer either on dispatch/ acceptance of goods for local sales or issuance of the bill of lading in case of export sales. Control, depending on contractual terms, is considered to be transferred either when the product is directly uplifted by customer from group premises or when it is delivered by the group at customer premises.

The group generally enters into an agreement with its customers for supply of its products, including delivery of product. As the transportation of product coincides with actual delivery, sale of product and transportation is considered single performance obligation. The credit limits in contract with customers varies depending on the terms of specific contract.

6.12 Borrowing costs

Borrowing and other related costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

6.13 Dividend and appropriation of reserves

Dividends and appropriation to reserves are recognised to the consolidated financial statement in the period in which these are approved. However, if these are approved after the reporting period but before the financial statements are authorised for issue, they are disclosed in the notes to the consolidated financial statements.

6.14 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. The management has determined that the group has a single reportable segment as the Board of Directors views the group's operations as one reportable segment.

6.15 Government Grant

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

6.16 Lease liabilities

The group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2021

Group as a lessee

The group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Lease liabilities

At the commencement date of the lease, the group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the group and payments of penalties for terminating the lease, if the termination option is reasonably certain to be exercised. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments at the lease commencement date, the group uses the interest rate implicit in the lease. In case where the interest rate implicit in the lease is not readily determinable, the group uses its incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases

The group applies the short-term lease recognition exemption to its short-term leases of premises (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Determining the lease term of contracts with renewal and termination options

The group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The group has several lease contracts that include extension and termination options. The group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate.

Estimating the incremental borrowing rate

The group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

		2021	2020
	Note	----- (Rupees in '000)	-----
7. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	1,672,111	1,645,606
Right-of-use assets	7.6	91,433	158,851
Capital work-in-progress	7.5	3,836,556	3,292,112
		<u>5,600,100</u>	<u>5,096,569</u>

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2021

7.1 Operating fixed assets

	COST / REVALUED AMOUNT			As at June 30, 2021
	As at July 01, 2020	Additions/ transfers	(Disposals)	
----- (Rupees in '000) -----				
Freehold land	572,880	-	-	572,880
Leasehold land	442,499	41,330	-	483,829
Buildings on freehold land	211,526	11,143	-	222,669
Plant and machinery	237,222	4,678	-	241,900
Furniture and fixture	200,147	6,391	(728)	205,810
Motor vehicles	111,611	25,061	(10,397)	126,275
Office equipment	168,755	1,689	-	170,444
Tools and equipment	26,894	-	-	26,894
Computers and accessories	48,356	6,861	-	55,217
2021	2,019,890	97,153	(11,125)	2,105,918

	COST / REVALUED AMOUNT			As at June 30, 2020
	As at July 01, 2019	Additions	(Disposals)	
----- (Rupees in '000) -----				
Freehold land	597,840	-	(24,960)	572,880
Leasehold land	442,499	-	-	442,499
Buildings on freehold land	211,526	-	-	211,526
Plant and machinery	228,050	9,172	-	237,222
Furniture and fixture	199,697	450	-	200,147
Motor vehicles	122,730	975	(12,094)	111,611
Office equipment	168,782	41	(68)	168,755
Tools and equipment	26,894	-	-	26,894
Computers and accessories	48,453	459	(556)	48,356
2020	2,046,471	11,097	(37,678)	2,019,890

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2021

Rate	ACCUMULATED DEPRECIATION			NET BOOK VALUE
	As at July 01, 2020	Charge for the year	(On disposals)	As at June 30, 2021
	----- (Rupees in '000) -----			
-	-	-	-	572,880
-	-	-	-	483,829
10%	41,711	17,059	-	163,899
5% - 20%	72,940	9,037	-	159,923
10%	81,780	12,077	-	111,953
15%	43,221	10,486	(4,111)	76,679
15%	97,011	10,742	-	62,691
10%	11,807	1,549	-	13,538
10%	25,814	2,684	-	26,719
	374,284	63,634	(4,111)	1,672,111

Rate	ACCUMULATED DEPRECIATION			NET BOOK VALUE
	As at July 01, 2019	Charge for the year	(On disposals)	As at June 30, 2020
	----- (Rupees in '000) -----			
-	-	-	-	572,880
-	-	-	-	442,499
10%	22,865	18,846	-	169,815
5% - 20%	64,263	8,677	-	164,282
10%	68,678	13,102	-	118,367
15%	35,252	11,923	(3,954)	68,390
15%	84,585	12,466	(40)	71,744
10%	10,130	1,677	-	15,087
10%	23,362	2,671	(219)	22,542
	309,135	69,362	(4,213)	1,645,606

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2021

7.1.1 The group carries its freehold land, leasehold land, buildings, furniture and fixtures, office equipment, motor vehicles and tools and equipment on re-valued amount. The latest revaluation was conducted by an independent valuer namely Sadruddin Associates (Private) Limited on June 30, 2018. Had there been no revaluation, the book value of freehold land would have been Rs.268.682 million (2020: Rs.268.682 million), leasehold land Rs.211.746 million (2020: Rs.170.416 million), building Rs.132.797 million (2020: Rs.121.654 million), plant and machinery Rs.189.644 million (2020: Rs.184.996 million), furniture and fixtures Rs.140.666 million (2020: Rs.135.003 million), office equipment Rs.88.963 million (2020: Rs.87.274 million), tools and equipments Rs.16.764 million (2020: Rs.16.764 million) and motor vehicles Rs.67.622 million (2020: Rs.52.958 million).

7.2 Depreciation for the year has been allocated as follows:

	Note	2021 ---- (Rupees in '000) ----	2020
Cost of sales	30	27,740	29,290
Administrative and distribution costs	31	35,894	40,072
		63,634	69,362

7.3 Particulars of Immovable Assets in the name of the group are as follows:

Location	Addresses	Total Area
Karachi	Suite G/5/5, 3rd Floor, Mansoor Tower, Block-8, Clifton.	5,000 Sq. Fts
Karachi	Survey No. 348, Deh Shah Mureed, Tapu Songle.	18.22 Acres
Karachi	Banglow # D-143 KDA Scheme No. 5 Clifton.	983.33 Sq. Yards
Karachi	Plot No.GA-55, 56-A6, 57-A9, Korangi Creek Industrial Park.	6,780.84 Sq. Yards
Lahore	Rohinala Bypass, 3.5KMs Manga Raiwind Road.	11 Acres

7.4 The details of operating fixed assets disposed off during the year are as follows:

	Cost / Revaluation	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchasers
----- Rupees in '000 -----							
Motor vehicles							
Suzuki Cultus BFL-730	1,129	351	778	496	(282)	As per group policy	Amir Pervaiz - Employee
Toyota Corolla - XLI	1,667	518	1,149	708	(441)	As per group policy	Maryam Ali - Employee
Toyota Corolla - XLI	1,667	561	1,106	821	(285)	As per group policy	Tehseen Ahmed - Employee
Toyota Vigo	2,920	1,100	1,820	1,173	(647)	As per group policy	Shahnawaz Akber - Employee
Toyota Corolla - XLI	1,628	632	996	651	(345)	As per group policy	Muhammad Junaid - Employee
Honda Aria	1,071	735	336	428	92	As per group policy	Haris Sarani - Employee
Aggregate amount of assets disposed having book value less than Rs. 500,000	315	214	101	228	127	Exchange transaction	
	10,397	4,111	6,286	4,505	(1,781)		
Furnitures and fixtures							
Aggregate amount of assets disposed having book value less than Rs. 500,000	728	-	728	-	(728)	Various	Various
2021	11,125	4,111	7,014	4,505	(2,509)		
2020	37,679	4,212	33,467	29,261	(4,206)		

* None of the directors or the group have any relationship with the purchaser.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2021

7.5 Capital work-in-progress

	2021	2020
	---- (Rupees in '000) ----	
Land	34,243	65,573
Civil works	302,545	90,804
Plant and machinery	1,921,160	1,585,991
Advance to suppliers and contractors	1,540,743	1,525,945
Intangible asset under development	37,865	23,799
	3,836,556	3,292,112

7.5.1 The movement in capital work-in-progress is as follows:

	Land	Civil works	Plant and machinery	Advance to suppliers and contractors	Intangible asset under development	Total
	----- Rupees in '000 -----					
Opening balance	65,573	90,804	1,585,991	1,525,945	23,799	3,292,112
Addition during the year	10,000	217,091	335,169	14,798	14,066	591,124
Transfers during the year	(41,330)	(5,350)	-	-	-	(46,680)
Closing balance	34,243	302,545	1,921,160	1,540,743	37,865	3,836,556

7.6 Right-of-use assets

	2021	2020
	---- (Rupees in '000) ----	
Opening net book value	158,851	221,668
Additions during the year	5,032	-
Modification impact	(3,260)	-
Disposal during the year	(7,807)	-
Depreciation for the year	(61,383)	(62,817)
Closing net book value	91,433	158,851

8. INTANGIBLE ASSET

	COST			Rate	ACCUMULATED AMORTISATION			WRITTEN DOWN VALUE
	As at 01 July 2020	Additions	As at 30 June 2021		As at 01 July 2020	For the year	As at 30 June 2021	As at 30 June
	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Computer software	12,281	-	12,281	25%	9,323	734	10,057	2,224
2021	12,281	-	12,281		9,323	734	10,057	2,224
2020	12,281	-	12,281	25%	8,368	955	9,323	2,958

9. LONG-TERM LOAN

This includes loan extended to an executive amounting to Rs. 9.161 million (2020: Rs.12.261 million). The loan is secured against his personal property. This loan is recoverable in 200 monthly installments and is interest free.

Long term loans have been carried at cost as the effect of carrying these balances at amortised cost would not be material in the overall context of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2021

	2021	2020
Note	----- (Rupees in '000) -----	
10. DEFERRED TAX ASSET - NET		
Deferred tax asset on deductible temporary differences:		
Unused tax losses / credits	272,148	234,091
Provisions	33,868	38,417
	<u>306,016</u>	<u>272,508</u>
Deferred tax liability on taxable temporary differences:		
Accelerated tax depreciation	(14,832)	(14,443)
Revaluation surplus on property, plant and equipment	(9,807)	(11,275)
	<u>(24,639)</u>	<u>(25,718)</u>
	<u>281,377</u>	<u>246,790</u>
10.1		
10.1 Movement in deferred tax asset - net is as follows:		
Balance at beginning of the year	246,790	179,295
- recognised in profit or loss	36,774	64,562
- recognised in other comprehensive income	(2,187)	2,933
Balance at end of the year	<u>281,377</u>	<u>246,790</u>
11. STOCK-IN-TRADE		
Livestock	180,629	91,096
Raw and packaging materials	12,255	8,095
Stock in transit	42,487	34,543
Finished goods	13,267	6,990
	<u>248,638</u>	<u>140,724</u>
12. TRADE DEBTS		
Considered good - unsecured		
Overseas	1,936,712	1,885,288
Local	104,040	100,138
	<u>2,040,752</u>	<u>1,985,426</u>
Considered doubtful		
Allowance for expected credit loss	46,396	41,365
	<u>(46,396)</u>	<u>(41,365)</u>
	<u>-</u>	<u>-</u>
	<u>2,040,752</u>	<u>1,985,426</u>
12.1		
12.1 Particulars of export sales in respect of outstanding debts:	Contract	Total
	----- (Rupees in '000) -----	
Asia		
2021	<u>1,936,712</u>	<u>1,936,712</u>
Asia		
2020	<u>1,885,288</u>	<u>1,885,288</u>
There are no defaulting parties as of June 30, 2021.		
12.2		
12.2 Allowance for expected credit loss	2021	2020
	----- (Rupees in '000) -----	
The movement in expected credit loss during the year is as follows:		
Opening balance	41,365	29,769
Charge for the year	5,031	11,596
Closing balance	<u>46,396</u>	<u>41,365</u>
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Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2021

	2021	2020
Note	----- (Rupees in '000) -----	
13. LOANS AND ADVANCES		
Loans - considered good - secured		
Executives	4,114	444
Other employees	4,655	3,275
Add: Current portion of long-term loan	1,200	1,200
	9,969	4,919
Advances		
Suppliers	356,115	285,637
Service providers and other vendors	5,723	25,665
Employees	97	558
	361,935	311,860
	371,904	316,779
14. TRADE DEPOSITS AND PREPAYMENTS		
Trade deposits	15,540	15,075
Prepayments		
- takaful	109	-
- others	-	6
	109	6
	15,649	15,081
15. OTHER RECEIVABLES		
Sales tax receivables	182,321	164,692
Receivable from shareholders	15.1 1,496	1,496
Receivable against export rebate	253,667	134,155
Others	4,603	1,920
	442,087	302,263
15.1	Represents amount receivable from shareholders on account of tax on bonus shares issued during the year 2015.	
16. CASH AND BANK BALANCES		
Cash in hand		
	33,096	8,355
With banks:		
Saving accounts	16.1 105	842
Current accounts	41,683	35,318
	16.2 41,788	36,160
	74,884	44,515
16.1	These carry profit at the rates ranging between 3.54% to 6.54% (2020: 3.7% to 5.5%) per annum.	
16.2	Included herein are balances amounting to Rs.28.306 million (2020: Rs.22.619 million) which are held in accounts maintained under Islamic banking.	

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2021

17. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2021	2020		Note	2021	2020
Number of shares in thousands		Ordinary shares of Rs. 10 each		----- (Rupees in '000) -----	
187,762	87,782	Issued for cash	17.3	1,877,621	877,825
26,000	26,000	Issued for consideration other than cash	17.1	260,000	260,000
86,177	86,177	Issued as bonus shares		861,768	861,768
299,939	199,959		17.2	2,999,389	1,999,593

17.1 Represents shares issued at a face value of Rs.10 each against transfer of net assets from the amalgamated firms namely, 'Al Shaheer Corporation' and 'MeatOne'.

17.2 As at June 30, 2021, institutions and others held 61,925,689 and 238,013,141 shares, respectively (June 30, 2020: 30,876,462 and 169,082,758). Voting rights, board selection, right of first refusal and block voting are in proportion to their shareholding.

17.3 During the year, the group has issued 99,979,610 (2020: 57,841,793) right ordinary shares having face value of Rs.10 each at par. The right issue was conducted in order to raise funds to enable the group to invest further in the Poultry Plant and Food Processing Facility at Lahore so as to energize the project, initiate its activities and generate revenue therefrom, as well as for the working capital requirements of the group's operations and activities to, inter alia, enhance the profitability of the group, and consequentially, the returns of the shareholders.

2021	2020		Note	2021	2020
Number of shares in thousands				----- (Rupees in '000) -----	
199,959	142,118	Ordinary Share Capital at the beginning of the year		1,999,593	1,421,175
99,980	57,841	Right shares issued during the year		999,796	578,418
299,939	199,959			2,999,389	1,999,593

18. REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT

Opening balance		800,358	836,503
Transferred to unappropriated profit in respect of incremental depreciation during the year		(19,830)	(23,361)
Disposal of fixed assets during the year		(1,743)	(12,784)
		778,785	800,358
Related deferred tax liability			
Opening balance		(12,309)	(12,309)
Incremental depreciation charged during the year		1,401	-
		(10,908)	(12,309)
		767,877	788,049

19. LONG-TERM FINANCING

Secured

Diminishing musharaka

Askari Bank Limited	19.1	79,167	83,333
Dubai Islamic Bank Pakistan Limited	19.2	491,944	677,611
Sindh Bank Limited	19.3	220,000	-
First Habib Modaraba	19.4	32,286	-
Faysal Bank Limited	19.5	100,000	-
Habib Metropolitan Bank Limited		-	2,725
		923,397	763,669
Less: current maturity shown under current liabilities		(363,052)	(196,728)
		560,345	566,941

19.1 Represents diminishing musharaka facility in respect of purchase of various fixed assets for a period of 5 years including 1 year grace period. It carries profit at the rate of 3 month KIBOR + 2% per annum (June 30, 2020: 3 month KIBOR + 2% per annum) and having revised maturity till June 2024 (June 30, 2020: June 2024). The facility is secured by exclusive charge of Rs.134 million over plant and machinery and Rs.100 million ranking charge over fixed assets of the group.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2021

The group obtained 12 month deferral against principal repayment effective from June 2020 under SBP Regulatory Relief to dampen the effects of Covid-19 - Prudential Regulations for Corporate / Commercial Banking through its circular BPRD Circular Letter No. 13 of 2020 dated March 26, 2020.

19.2 This includes the following facilities:

a) Diminishing musharaka facility amounting to Rs.200 million in respect of procurement and installation of chicken processing plant for a period of 4 years including 1 year grace period and having maturity till January 2024 (June 30, 2020: January 2024). It carries profit at the rate of 3 months KIBOR + 2.5% per annum (June 30, 2020: 3 months KIBOR + 2.5% per annum). The facility is secured by exclusive charge over land and building and plant and machinery of the group's chicken plant located in Lahore.

The group obtained 12 month deferral against principal repayment effective from June 2020 under SBP Regulatory Relief to dampen the effects of Covid-19 - Prudential Regulations for Corporate / Commercial Banking through its circular BPRD Circular Letter No. 13 of 2020 dated March 26, 2020.

b) Diminishing musharaka facility amounting to Rs.400 million in respect of procurement and installation of chicken processing plant for a period of 4 years including 1 year grace period. It carries profit at the rate of 3 months KIBOR + 1.5% (June 30, 2020: 3 months KIBOR + 1.5%) per annum and having maturity till June 2021. The facility is secured by equitable mortgage charge over the group's building.

c) Diminishing musharaka facility amounting to Rs.350 million in respect of procurement and installation of chicken processing plant for a period of 4.5 years including 1.5 years grace period. It carries profit at the rate of 6 months KIBOR + 2% (June 30, 2020: 6 months KIBOR + 2%) per annum and having maturity till July 2023 and January 2024 (June 30, 2020: July 2023 and January 2024). The facility is secured by exclusive charge over land and building and plant and machinery of the group's chicken plant located in Lahore.

The group obtained 12 month deferral against principal repayment effective from June 2020 under SBP Regulatory Relief to dampen the effects of Covid-19 - Prudential Regulations for Corporate / Commercial Banking through its circular BPRD Circular Letter No. 13 of 2020 dated March 26, 2020.

d) Diminishing musharaka facility amounting to Rs.150 million in respect of improvement, replacement and expansion of existing slaughtering house for a period of 2 years. It carries profit at the rate of 3 months KIBOR + 2.5% per annum (June 30, 2020: 3 months KIBOR + 2.5%) and having maturity till November 30, 2021 (June 30, 2020: November 30, 2021). The facility is secured by exclusive charge over land and building and plant and machinery of chicken plant located in Lahore processing unit with 25% margin.

The group obtained 12 month deferral against principal repayment effective from June 2020 under SBP Regulatory Relief to dampen the effects of Covid-19 - Prudential Regulations for Corporate / Commercial Banking through its circular BPRD Circular Letter No. 13 of 2020 dated March 26, 2020.

19.3 Represents diminishing Musharika facility carrying profit at the rate of 1 year KIBOR + 5.55% per annum for local facility. Rs.145.04 million is secured by specific charge over plant and machinery. The remaining facility is secured by first mortgage charge over Gadap Land amounting to Rs.367 million.

19.4 Represents diminishing musharaka facility in respect of purchase of motor vehicles for a period of 5 years. It carries profit at the rate of 3 months KIBOR + 2% per annum. The facility is secured by registration of vehicles in the name of a bank and 10% group's share for diminishing musharaka.

19.5 Represents diminishing musharaka carrying profit at the rate of KIBOR + 4% per annum. The facility is secured against residential Land (Musharaka Asset) for Rs. 106 million admeasuring 1000 sq. yards situated at Plot no. 156/I, Street no.2, DHA Phase VIII-A, Karachi. The facility is secured against hypothecation charge of Rs.53 million over receivables of the group and Rs.115 million exclusive charge over plant and machinery of the group. Letter of Hypothecation over current assets of Rs.86.0 million and Letter of Hypothecation over receivables of Rs.85.700 million

20. LONG-TERM FINANCING - GOVERNMENT GRANT

Represents financing obtained from a commercial bank under the refinance scheme for payment of wages and salaries introduced by State Bank of Pakistan carrying mark-up at the rate of SBP rate + 1% (June 30, 2020: SBP rate + 1%) per annum. The loan along with the mark-up is repayable in 8 equal quarterly installments commencing from January 2021. The facility is secured by way of equitable mortgage charge over commercial property (Head Office) located at 5th Floor, of Al Mansoor Tower, Plot # G/5/5, Block No. 8, KDA Scheme No. 5, Kehkashan, Clifton, Karachi of PKR 70 million (June 30, 2020: PKR 70 million). The total facility of the loan amounted to Rs.120.2 million (2020: Rs.60.2 million) out of which Rs. Nil (2020: 20.1 million) remained unutilized as at the statement of financial position date.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2021

This loan is initially recorded at present value discounted at the effective interest rate i.e. 3 month KIBOR + 2% (June 30, 2020: 3 month KIBOR + 2%) and the difference of the actual proceeds and present value is recognised as a deferred income - government grant. The purpose of the government grant is to facilitate the group in making timely payments of salaries and wages to their employees in light of the COVID-19 pandemic. The grant is conditional upon the fact that the group would not lay off, terminate employee or other wise dismiss any employee for a period of atleast three months from the date of receipt of the first tranche, except in the event of disciplinary action. The maturity analysis of the financing under refinance scheme for salaries and wages is as follows:

	2021	2020
	----- Rupees in '000 -----	
Not later than one year	87,653	10,018
Later than one year and not later than five years	19,553	26,457
	<u>107,206</u>	<u>36,475</u>
Current maturity shown under current liabilities	<u>(87,653)</u>	<u>(10,018)</u>
	<u>19,553</u>	<u>26,457</u>

	2021	2020
	----- Rupees in '000 -----	
21. DEFERRED INCOME - GOVERNMENT GRANT		
Balance at beginning of the year	2,080	-
Recognised during the year	8,341	3,595
Amortisation of deferred income - government grant	(3,989)	(79)
Balance at end of the year	<u>6,432</u>	<u>3,516</u>
Less: Current portion of deferred income - government grant	<u>(4,399)</u>	<u>(1,436)</u>
	<u>2,033</u>	<u>2,080</u>
22. LEASE LIABILITIES		
Lease liabilities	110,828	175,532
Current portion of lease liabilities	(63,935)	(58,087)
	<u>46,893</u>	<u>117,445</u>
22.1 Reconciliation of the carrying amount is as follows:		
Opening	175,532	219,344
Reassessment of lease during the year	(10,884)	-
Accretion of finance cost	17,501	25,817
Lease rental payments made during the year	(71,321)	(69,629)
Lease liability as at June 30,	<u>110,828</u>	<u>175,532</u>
Current portion of lease liabilities	<u>(63,935)</u>	<u>(58,087)</u>
Long-term lease liabilities as at June 30,	<u>46,893</u>	<u>117,445</u>
22.2 Maturity analysis		
Gross lease liabilities - minimum lease payments:		
Not later than one year	73,843	79,064
Later than one year but not later than five years	52,330	131,809
	<u>126,173</u>	<u>210,873</u>
Future finance charge	<u>(15,345)</u>	<u>(35,341)</u>
Present value of finance lease liabilities	<u>110,828</u>	<u>175,532</u>

23. DEFERRED LIABILITIES

The latest actuarial valuation was carried out on June 30, 2021 by an appointed actuary using "Projected Unit Credit Actuarial Cost Method".

	2021	2020
	--- Number of Employees ---	
The number of employees covered under the defined benefit scheme are:	<u>426</u>	<u>369</u>
The following principal actuarial assumptions were used for the valuation of above mentioned scheme:		
Financial assumptions		
- Discount rate (per annum compounded)	9.00%	7.50%
- Salary increase per annum	9.00%	7.50%

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2021

	60 years 70% of the EFU (61-66)	60 years 70% of the EFU (61-66)
	2021	2020
	----- (Rupees in '000) -----	
Demographic assumptions		
- Normal retirement		
- Mortality rate		
Liability in statement of financial position		
Present value of defined benefit obligations	76,069	71,924
Movement in liability during the year		
Opening balance	71,924	73,386
Charged to profit or loss account	14,836	20,630
Benefits paid during the year	(12,937)	(36,126)
Actuarial loss recognised in other comprehensive income	2,246	14,034
Closing balance	76,069	71,924
Reconciliation of the present value of defined benefit obligations		
Present value of defined benefit obligations as at July 01,	71,924	73,386
Current service cost	11,168	14,583
Finance cost	3,668	6,047
Benefits paid	(12,937)	(36,126)
Actuarial loss on obligation	2,246	14,034
Present value of defined benefit obligations as at June 30,	76,069	71,924
Charge for the defined benefit plan		
Cost recognised in profit or loss		
Current service cost	11,168	14,583
Finance cost	3,668	6,047
	14,836	20,630
Actuarial loss on defined benefit obligation recognised in other comprehensive income		
Actuarial loss on defined benefit obligation		
- Loss due to change in financial assumptions	-	-
- Loss due to change in demographic assumptions	-	-
- Loss due to change in experience adjustments	2,246	14,034
	2,246	14,034
Expected benefit payments to retirees in the following year	20,853	36,740
Sensitivity analysis		
Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations on various employee benefit schemes. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarized below:		
	2021	2020
	----- (Rupees in '000) -----	
Increase in discount rate by 1%	(1,794)	(1,484)
Decrease in discount rate by 1%	1,918	1,589
Increase in expected future increment in salary by 1%	1,900	1,574
Decrease in expected future increment in salary by 1%	(1,810)	(1,497)

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2021

Comparison for Five Years

As at June 30,

	2021	2020	2019	2018	2017
	----- (Rupees in '000) -----				
Defined benefit obligation	76,069	71,924	73,386	59,639	43,526
Experience adjustment loss / (gain) on obligation (as percentage of plan obligations)	2.95%	19.51%	-2.21%	18.23%	21.57%

Maturity Profile

	2021	2020
	----- (Rupees in '000) -----	
Year 1	20,853	36,740
Year 2	19,450	14,463
Year 3	20,062	13,370
Year 4	19,316	12,939
Year 5	17,044	11,864
Year 6 to Year 10	63,720	39,075

24. TRADE AND OTHER PAYABLES

Creditors:
Trade
Non-trade

Accrued liabilities
Advance from customers
Workers' Profit Participation Fund
Workers' Welfare Fund
Retention money
Other payables

Note

	2021	2020
	----- (Rupees in '000) -----	
	20,953	55,155
	523,795	482,510
	544,748	537,665
	39,073	72,349
	86,030	69,809
	47,182	41,160
	22,842	20,556
	2,520	2,520
	39,792	56,359
	782,187	800,418

25. SHORT-TERM BORROWINGS - Secured

Murabaha - Islamic banking

Sindh Bank Limited
Habib Metropolitan Bank Limited
Dubai Islamic Bank Pakistan Limited
Askari Bank Limited
Faysal Bank Limited

25.1
25.2
25.3

	-	220,000
	174,578	199,374
	322,700	290,909
	99,950	99,950
	-	99,967
	597,228	910,200
	49,734	49,734
	64,000	64,000
	710,962	1,023,934

Running Musharaka - Summit Bank Limited
Running Musharaka - Faysal Bank Limited

25.4
25.5

25.1 It carries profit at the rate of relevant KIBOR + 2.5% (June 30, 2020: LIBOR / KIBOR + 2.5%) per annum. The facility is secured by first pari passu charge over receivables for Rs.334 million and first exclusive charge over specific plant and machinery of the group for Rs.87 million and Rs.50 million respectively, duly insured in bank's favor.

25.2 This includes local as well as foreign currency facility carrying profit at the rate of KIBOR + 2% and LIBOR + 2% (June 30, 2020: KIBOR + 2% and LIBOR + 2%) per annum respectively. The facility is secured by the first registered pari passu hypothecation charge over receivables including trade receivables for Rs.400 million and Rs.600 million (June 30, 2020: Rs.257 million) and the remaining facility is secured against exclusive charge over specific plant and machinery of Rs.43 million and Rs.64.29 million.

25.3 It carries profit at the rate of KIBOR + 1% (June 30, 2020: KIBOR + 1 to 2.5%) per annum. The facility is secured against 1st pari passu hypothecation charge of Rs.134 million over receivables of the group.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2021

25.4 It carries profit at the rate of 3 months KIBOR + 3% (June 30, 2020: 3 months KIBOR + 3%) per annum for the facility. The facility is secured by exclusive charge over plant and machinery of the group amounting to Rs.239.650 million (June 30, 2020: Rs.194.237 million).

25.5 It carries profit at the rate of 1 month KIBOR + 4% (June 30, 2020: 1 month KIBOR + 4%) per annum. The facility is secured against residential Land (Musharaka Asset) for Rs.106 million (June 30, 2020: Rs.106 million) and measuring 1,000 sq. yards situated at Plot no. 156/l, Street No. 2, DHA Phase VIII-A, Karachi. The facility is secured against hypothecation charge of Rs.53 million (June 30, 2020: Rs.53 million) over receivables of the group and Rs.115 million ((June 30, 2020: 115 million) exclusive charge over plant and machinery of the group. Letter of Hypothecation over current assets of Rs.86.0 million (June 30, 2020: Rs.86 million) and Letter of Hypothecation over receivables of Rs.85.7 million (June 30, 2020: Rs.85.7 million).

26. ACCRUED MARK-UP

Accrued mark-up on:

- Long-term financing
- Short-term borrowings
- Long term financing - government grant

	2021	2020
	----- (Rupees in '000) -----	
	61,505	15,397
	23,209	44,327
	6,054	190
	<u>90,768</u>	<u>59,914</u>

27. DUE TO A RELATED PARTY

This represents interest free loan amounting to Rs.18.836 million (2020: Rs.46.047 million) obtained from Chief Executive Officer of the group. The loan is unsecured and is repayable on demand.

28. CONTINGENCIES AND COMMITMENTS

28.1 CONTINGENCIES

There have been no contingencies as at the balance sheet date.

28.2 COMMITMENTS

Capital commitments

	2021	2020
	----- (Rupees in '000) -----	

29. TURNOVER - net

Sales
Trade discount

	<u>20,727</u>	<u>10,000</u>
	5,445,970	3,944,225
	(78,463)	(32,219)
	<u>5,367,507</u>	<u>3,912,006</u>

30. COST OF SALES

Live stock consumed

Opening stock
Purchases
Recovery against livestock residuals - net
Closing stock

	91,096	63,159
	4,179,569	2,619,704
	(223,998)	(94,660)
	(180,629)	(91,096)
	<u>3,866,038</u>	<u>2,497,107</u>

Conversion cost

Salaries, wages and other benefits
Electricity, diesel and related expenses
Repairs and maintenance
Depreciation
Clearing and forwarding
Packing material
Marination
Others

7.2

	43,634	35,311
	36,448	22,182
	8,202	4,375
	27,740	29,290
	20,930	28,735
	53,527	35,346
	5,943	4,266
	6,014	1,430
	<u>202,438</u>	<u>160,935</u>

Cost of goods available for sale

	4,068,476	2,658,042
--	-----------	-----------

Finished goods and fuels and lubricants

Opening stock
Closing stock

	50,007	21,780
	(68,512)	(50,007)
	(18,505)	(28,227)
	<u>4,049,971</u>	<u>2,629,815</u>

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2021

31. ADMINISTRATIVE AND DISTRIBUTION COSTS	Note	2021 ----- (Rupees in '000) -----	2020 -----
Salaries, wages and other benefits	31.1	225,317	256,307
Electricity, diesel and related expenses		31,759	26,561
Repair and maintenance		9,865	6,638
Fuel and vehicle maintenance		13,957	11,403
Travelling and conveyance		4,348	3,357
Telephone and communication		6,790	6,229
Cargo		364,118	415,694
Marketing and advertisement		21,473	1,649
Rent, rates and taxes		31,400	24,405
Food		8,341	7,205
Depreciation	7.2	35,894	40,072
Depreciation on Right-of-use assets	7.6	61,383	62,817
Amortization	8	734	955
Legal and professional		17,976	5,758
Software maintenance and development cost		5,689	1,198
Donation		-	670
Office supplies		2,585	1,522
Takaful		10,039	7,038
Staff welfare		643	535
Allowance for expected credit loss	12.2	5,031	11,596
Cleaning		1,938	1,580
Commission on credit card facilities		9,698	3,468
Auditors' remuneration	31.2	4,278	4,132
Others		21,549	9,595
		<u>894,805</u>	<u>910,386</u>

31.1 Include Rs.14.836 million (2020: Rs.20.630 million) in respect of staff retirement benefits.

31.2 Auditors' remuneration	Note	2021 ----- (Rupees in '000) -----	2020 -----
Audit fee		2,410	2,145
Half yearly review		650	590
Certifications and other services		820	1,004
Out of pocket expenses		398	393
		<u>4,278</u>	<u>4,132</u>
32. OTHER EXPENSES			
Workers' Profit Participation Fund		6,013	7,637
Workers' Welfare Fund		2,285	3,055
Loss on disposal of property, plant and equipment	7.4	2,509	4,206
Exchange loss		119,489	-
		<u>130,296</u>	<u>14,898</u>
33. OTHER INCOME			
Income from financial assets			
Profit on saving accounts		43	29
Gain on remeasurement of short-term investments		-	19
Exchange gain - net		-	81,412
Unwinding of interest on sales tax bonds		-	8,607
Others		-	79
		<u>43</u>	<u>90,146</u>
Income from non - financial assets - others		<u>519</u>	<u>563</u>
		<u>562</u>	<u>90,709</u>
34. FINANCE COST			
Profit on financing		138,685	248,652
Bank charges		23,264	20,880
Lease liability	22.1	17,501	25,817
Mark-up on long term financing - government grant		1,950	190
		<u>181,400</u>	<u>295,539</u>

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2021

35. TAXATION	2021	2020
	(Rupees in '000)	
Current	(46,594)	(42,426)
Prior	10,901	(1,826)
	(35,693)	(44,252)
Deferred	36,774	64,562
	1,081	20,310

35.1 As the charge for current year taxation is based on Final Tax Regime in case of export sales and minimum tax in case of local sales, therefore, tax reconciliation is not presented.

35.2 The return of income for the tax year 2020 has been filed which is deemed to be an assessment order in view of the provisions of Section 120 of the Income Tax Ordinance, 2001.

35.3 The Group filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the demand created under Section 122 5(A) of the Income Tax Ordinance, 2001 of Rs 362,546,905 for the tax year 2016. The order was confirmed by the Commissioner Inland Revenue Appeals (CIRA). Such demand was mainly in respect of disallowance of cash purchases and status of Large Trading House. The Learned ATIR remanded the order back to CIRA for fresh consideration of issues and the CIRA confirmed that the group does not qualify as Large Trading House, while remanded back all issues to the DCIR. The group again preferred an appeal before ATIR, against order of CIRA, which is pending and the management of the group expects a favorable outcome of the same based on opinion of its tax advisor.

35.4 An income tax appeal was pending before the Commissioner Inland Revenue (Appeals IV) against order passed by Additional Commissioner under section 122(5A) of ITO for tax year 2018 increasing the tax liability thereby reducing the tax refund by Rs.28,406,436. The issue relating to livestock residual was decided in favour of the Group and the other issue relating to 'Trading House' was confirmed by the CIRA.

35.5 ASCL has preferred an appeal before Appellate Tribunal Inland Revenue ("ATIR"), against order of CIRA, which is still pending and chance of an adverse outcome for ASCL are remote. Further, no appeal was made by the department against the favorable outcome.

35.6 The Group has filed appeals against orders passed by income tax and sales tax authorities for aggregate demands of Rs.137,285,737 which are pending at CIR and ATIR levels pertaining to tax years 2012-2019 and the management of the Group expects a favorable outcome of the same based on opinion of its tax advisor.

36. EARNINGS PER SHARE - basic	2021	2020
	(Restated)	
Net profit for the year - (Rupees in '000)	112,855	172,575
Weighted average ordinary shares of Rs.10/- each - (Number in '000)	255,334	233,756
Earning per share (Rupees) – basic and diluted	0.44	0.74

37. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2021	2020	2021	2020	2021	2020
	(Rupees in '000)					
Managerial remuneration	30,000	29,882	-	12,128	72,319	49,450
Gratuity	-	-	-	6,930	6,500	10,193
Board meeting fees	-	-	6,300	4,390	-	-
	30,000	29,882	6,300	23,448	78,819	59,643
Number of persons	1	1	7	10	34	17

38. RELATED PARTY TRANSACTIONS

Related parties of the Group comprise associates, directors and key management personnel. Transactions with related parties during the year, other than those which have been disclosed elsewhere in these consolidated financial statements are as follows:

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2021

Transaction during the year

Nature of transaction	Relationship	2021	2020
		----- (Rupees in '000) -----	
(Repayment to) / Settlement of liabilities by CEO of the group	Key Management Personnel	(27,211)	24,774
Loan received / (paid to) from CEO during the year		-	(72,530)
Sales during the year	Associate	957	-
Balance as at year end			
Nature of balance	Relationship	2021	2020
		----- (Rupees in '000) -----	
Due to Related Party	Key Management Personnel	18,836	46,047

39. OPERATING SEGMENTS

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

All non-current assets of the Group as at June 30, 2021 are located in Pakistan.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group's activities expose it to a variety of financial risks such as market risk, credit risk and liquidity risk. The group's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the group's financial performance. The group's Board of Directors oversees the management of these risks which are summarized below:

40.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk.

40.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The group's exposure to the risk of changes in market interest rates relates primarily to the group's long-term and short-term financing arrangement at floating interest rates to meet its business operations and working capital requirements. The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant:

	Increase / decrease in basis points	Effect on (loss) / profit before tax Rupees in '000
2021	+100	(13,868)
	-100	13,868
2020	+100	(24,865)
	-100	24,865

40.1.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to change in a foreign exchange rates. The group's exposure to the risk of changes in foreign currency exchange rates risk primarily relates to the group's operating activities i.e. bank accounts and receivables / payables in foreign currencies. The group manages its foreign currency risk by effective fund management and taking forward contracts. The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar exchange rate:

	Increase / decrease in US Dollar to Pak Rupees	Effect on profit / (loss) before tax Rupees in '000
2021	10%	182,152
	-10%	(182,152)
2020	10%	176,997
	-10%	(176,997)

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2021

40.2 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. Concentrations of credit risk arise 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. Concentrations of credit risk indicate the relative sensitivity of the group's performance to developments affecting a particular industry. The group's management is regularly conducting detailed analysis on Sectors/Industries and identify the degree by which the Companies' customers and their businesses have impacted amid COVID-19.

The group seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

	Carrying value	
	2021	2020
	----- (Rupees in '000) -----	
Trade debts	2,040,752	1,985,426
Loans	19,130	17,180
Trade deposits	15,540	15,075
Bank balances	41,788	36,160
	<u>2,117,210</u>	<u>2,053,841</u>

40.2.1 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates as shown below:

	2021	2020
	----- (Rupees in '000) -----	
Trade debts		
Customers with no defaults in the past one year	642,897	606,105
Bank balances		
Ratings		
AAA	6,485	5,493
AA+	29,222	7,545
AA	6,003	23,044
AA-	-	-
A+	46	10
A	29	28
A-	-	-
BBB-	3	40
	<u>41,788</u>	<u>36,160</u>

40.3 Liquidity risk

Liquidity risk represents the risk that the group will encounter difficulties in meeting obligations with the financial liabilities. The group's objective is to maintain a balance between continuity of funding and flexibility by maintaining sufficient bank balances and committed credit lines. The table below summarises the maturity profile of the group's financial liabilities at 30 June 2021 based on contractual undiscounted payment dates and present market interest rates:

	On demand	Less than 3 months	3 to 12 months	1 to 5 Years	Total
	----- (Rupees in '000) -----				
2021					
Long-term financing	-	158,180	205,212	560,005	923,397
Long term financing - government grant	-	42,574	45,079	19,553	107,206
Lease liabilities	-	16,152	47,782	46,894	110,828
Deferred income - government grant	-	1,100	3,299	2,033	6,432
Short-term borrowings	200,232	468,650	42,080	-	710,962
Trade and other payables	26,230	182,740	190,670	226,493	626,133
Accrued mark-up	7,049	80,872	2,847	-	90,768
Due to a related party	18,836	-	-	-	18,836
	<u>252,347</u>	<u>950,268</u>	<u>536,969</u>	<u>854,978</u>	<u>2,594,562</u>

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2021

	On demand	Less than 3 months	3 to 12 months	1 to 5 Years	Total
	----- (Rupees) -----				
2020					
Long-term financing	-	46,275	150,453	566,941	763,669
Long term financing - government grant	-	-	10,018	26,457	36,475
Lease liabilities	-	-	58,087	117,445	175,532
Deferred income - government grant	-	-	1,436	2,080	3,516
Short-term borrowings	351,212	473,348	199,374	-	1,023,934
Trade and other payables	26,901	218,935	190,071	232,986	668,893
Accrued mark-up	26,643	32,992	279	-	59,914
Due to a related party	46,047	-	-	-	46,047
	<u>450,803</u>	<u>771,550</u>	<u>609,718</u>	<u>945,909</u>	<u>2,777,980</u>

40.4 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investment in a subsidiary are carried at cost. The carrying values of all other financial assets and liabilities reflected in the unconsolidated financial statements approximate their fair values.

40.4.1 Fair value hierarchy

Financial Instruments carried at fair value are categorised as follows:

Level 1: Quoted market price.

Level 2: Valuation techniques (market observable)

Level 3: Valuation techniques (non-market observables)

40.4.2 The group held the following financial instruments measured at fair value:

	Total	Level 1	Level 2	Level 3
	----- (Rupees in '000) -----			
June 30, 2021				
Financial assets				
Short-term investments	-	-	-	-
Non-financial assets				
Property, plant and equipment	1,672,111	-	-	1,672,111
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
June 30, 2020	----- (Rupees in '000) -----			
Financial assets				
Short-term investments	-	-	-	-
Non-financial assets				
Property, plant and equipment	1,645,606	-	-	1,645,606

40.5 Capital risk management

The primary objective of the group's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investments projects to support its business sustainability and future development and maximise its shareholders value.

The group manages its capital structure and makes adjustment to it in the light of changes in economic conditions. The group monitors capital using a debt equity ratio, which is net debt divided by total capital plus net debt. Equity comprises of share capital, reserves and revaluation surplus on property, plant and equipment. The gearing ratio as at June 30, 2021 is as follows:


Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2021

	2021 ----- (Rupees in '000) -----	2020 ----- (Rupees in '000) -----
Long-term financing	923,397	763,669
Short-term borrowings	710,962	1,023,934
Accrued mark-up	90,768	59,914
Total debt	1,725,127	1,847,517
Less: Cash and bank balances	(74,884)	(44,515)
Net debt	1,650,243	1,803,002
Share capital	2,999,389	1,999,593
Reserves	2,634,554	2,535,129
Revaluation surplus on property, plant and equipment	767,877	788,049
Total equity	6,401,820	5,322,771
Equity and net debt	8,052,063	7,125,773
Gearing ratio		
Including revaluation surplus on property, plant and equipment	20%	25%
Excluding revaluation surplus on property, plant and equipment	23%	28%
41. NUMBER OF EMPLOYEES	2021	2020
Total number of employees as at the reporting date	427	374
Average number of employees during the year	394	388
Total number of factory employees as at the reporting date	87	86
Average number of factory employees during the year	89	89
42. GENERAL		
42.1 Figures have been rounded off to the nearest rupee.		
42.2 Certain prior year figures have been reclassified for better presentation. However, there are no material reclassifications to report.		
43. DATE OF AUTHORISATION FOR ISSUE		
These consolidated financial statements were authorised for issue on 20 October 2021 by the Board of Directors of the group.		



Chief Executive Officer



Director



Chief Financial Officer

AL SHAHEER CORPORATION LIMITED

Pattern of Shareholding as at June 30, 2021

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
ADEEB AHMAD	2	1,724,452	0.57
KAMRAN AHMED KHALILI	2	72,585,447	24.20
MR. UMAIR AHMED KHALILI	2	5,789,102	1.93
SYED ZILLAY AHMED NAWAB RIZVI	1	1,054	0.00
QAYSAR ALAM	1	3,451	0.00
SABEEN FAZLI ALAVI	1	750	0.00
MUHAMMAD ZUBAIR HAIDER SHEIKH	1	750	0.00
Associated Companies, undertakings and related parties			
OSAMA JAVED USMANI	1	399	0.00
NIT and ICP			
	0	-	0.00
Banks Development Financial Institutions, Non-Banking Financial Institutions			
	1	4,025,000	1.34
Insurance Companies			
	8	18,036,350	6.01
Modarabas and Mutual Funds			
	28	39,864,339	13.29
General Public			
a. Local	6133	126,030,096	42.02
b. Foreign	87	5,922,380	1.97
Foreign Companies	0	-	0.00
Others	77	25,955,260	8.65
Totals	6345	299,938,830	100.00

Share holders holding 10% or more	Shares Held	Percentage
KAMRAN AHMED KHALILI	72,585,447	24.20

NOTICE OF THE ANNUAL GENERAL MEETING OF AL SHAHEER CORPORATION LIMITED

Notice is hereby given that the 7th Annual General Meeting of AlShaheer Corporation Limited (“Company”) will be held on Thursday, November 25, 2021, at 09:00 a.m. through video-link facility to transact the following business;

Ordinary Business

1. To confirm the minutes of last Annual General Meeting held on November 27, 2020 and last Extra Ordinary General Meeting held on December 09, 2020.
2. To receive, consider and adopt the Stand-alone and Consolidated Audited Financial Statements of the Company for the financial year ended June 30, 2021 together with the Directors’ and Auditors’ Report thereon.
3. To appoint auditors for the ensuing year ending June 30, 2022 and fix their remuneration. EY Ford Rhodes, Chartered Accountants retire and M/s. Grant Thornton Anjum Rahman being eligible, offer themselves for appointment.

Sd
Company Secretary
November 03, 2021

Notes:

1. The individual Members who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to the Company/ Share Registrar, are once again reminded to send the same at the earliest directly to Company’s Share Registrar, CDC Share Registrar Services Limited, CDC House, 99-B, Block B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi – 74400.

The Corporate Entities are requested to provide their National Tax Number (NTN). Please give Folio Number with the copy of CNIC/ NTN details. Reference is also made to the Securities and Exchange Commission of Pakistan (SECP) Notifications SRO 779(I) dated August 18, 2011, and SRO 831 (I)

2012 dated July 05, 2012, which mandates that the dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members.

2. Share Transfer Books will be closed from November 19, 2021 to November 25, 2021 (both days inclusive) when no transfer of shares will be accepted for registration. Transfers in good order, received at the office of Company’s Share Registrar, CDC Share Registrar Services Limited, CDC House, 99-B, Block B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi – 74400 on November 18, 2021 by 5:00 p.m. will be considered for entitlement.
3. In light of the COVID-19 situation, the Securities and Exchange Commission of Pakistan (“SECP”), in term of its Circular No. 6 dated March 03, 2021 the Company will be taking measures of managing the AGM of the company in consonance with the Governments restrictions on public gatherings. Hence, the proceedings of the meeting will be carried out through video-link facility. In this regard, special arrangements have been made for the AGM which are as under:
 - a. AGM will be held through Zoom application – a video link facility.
 - b. The notice will also be uploaded on the website of the Company.
 - c. The Members are requested to attend and participate in the AGM through video link facility. To attend through video link, Members can download the app/software through <https://zoom.us/download> and login via video-link to participate in the AGM proceedings.

- d. Shareholders are requested to get themselves registered with the CDC Share Registrar Services Limited at least two working days before the AGM by email or WhatsApp at cdcsl@cdcsl.com & 0321-8200864 by providing the following details:

Folio/CDC A/c No.	Company	Name of Shareholder	CNIC Number	Cell Number	Email Address
	Al Shaheer Corporation Limited				

Video-link for the meeting will be sent to members at their provided email addresses enabling them to attend the meeting on the given date and time.

Login facility will be opened thirty minutes before the meeting time to enable the participants to join the meeting after identification process. Shareholders will be able to login and participate in the AGM proceedings their devices after completing all the formalities required for their identification and verification of the shareholders.

All members, entitled to attend the meeting, are entitled to appoint another person in writing as their proxy to attend on their behalf. A proxy must be a member of the Company.

- e. Shareholders may send their comments and suggestions relating to the agenda items of the AGM to the Company Secretary's office at least two (2) working days before the AGM at the given email address cdcsl@cdcsl.com. Shareholders are requested to mention their full name, CNIC # and Folio/ CDC Account # for this purpose.
- f. Shareholders are encouraged to participate in the AGM to consolidate their attendance and participation through proxies.
4. In case of individuals, the account holders or sub-account holders whose registration details are uploaded as per the Regulations shall submit the proxy form as per above requirements.
5. Duly completed instrument of proxy, and the other authority under which it is signed, or a notarially certified copy thereof, must be lodged with the Company Secretary at the Company's Registered Office (Suite # G/5/5, 3rd Floor, Mansoor Tower, Shahrah e Roomi, Block 8, Clifton) at least 48 hours before the time of the meeting.
6. Members having physical shareholding are requested to notify the change in address if any to the Company's Share Registrars, , CDC Share Registrar Services Limited, CDC House, 99-B, Block B, S.M.C.H.S., Main Shakra-e-Faisal, Karachi – 74400.
7. In case share are held CDC, then the request notify the change of address must be submitted directly to broker / participant / CDC investor account Services
8. CDC Account Holders will further have to follow the under-mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan:

For Appointing Proxies:

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form accordingly.
- ii) The proxy form shall be witnessed by two person whose names, addresses and CNIC number shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- v) In case of corporate entity, the Board of Directors resolution/ power of attorney with specimen signature of the person nominated by the corporate entity shall be submitted.

FORM OF PROXY

ANNUAL GENERAL MEETING

I / We _____ of _____
in the district of _____ being a member of "AL SHAHEER CORPORATION LIMITED" and
holder of
_____ ordinary shares as per Registration Folio No./CDC Participant I.D. No./Sub-Account
No. _____ CNIC No./ Passport No. _____ entitled to vote, hereby appoint
Mr./Mrs./Miss _____ of (full address) _____ (being
member of the Company) as my/our proxy to attend, act and vote for me/us and on behalf at the
Annual General Meeting of the Company to be held on 25th day of November, 2021 and/or at any
adjournment thereof.

Dated: _____

Signature _____

Presence of:

1. _____

2. _____

Important Note:

1. This form of proxy, duly completed and signed, must be deposited at the registered office of the company situated at Suite # G/5/5, 3rd Floor, Mansoor Tower, Block 8, Shahrah e Roomi, Clifton, Karachi.
2. This form should be signed by the Member or by his/her attorney duly authorized in writing. If the member is a Corporation, its common seal should be affixed to the instrument.
3. A member entitled to attend and vote at the meeting may appoint any other Member as his/her proxy to attend and vote on his/her behalf except that a corporation may appoint a person who is a Member.

For CDC Account Holders/Corporate Entities:

In addition to the above, following requirements have to be met:

1. The Proxy form shall be witnessed by two persons whose names, addresses and CNIC Numbers shall be mentioned on the form.
2. Attested copies of CNIC or Passport of the beneficial owners and proxy shall be furnished with the proxy form.
3. The proxy shall produce his/her original CNIC or original Passport at the time of the meeting.
4. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted along with proxy form.



Minutes of 6th Annual General Meeting Al Shaheer Corporation Limited Friday, November 27, 2020

The 6th Annual General Meeting of Al Shaheer Corporation Limited (“Company”) was held through video link facility on Friday, November 27, 2020 at 09:00 a.m.

The proceedings of the meeting started with a welcome note to the shareholders by the Company Secretary.

Recitation

The proceedings began with recitation of verses from the Holy Quran.

Permission from Chair

The Company Secretary informed the Chair that the Quorum is Complete¹ and requested to proceed.

Presentation of Resolutions

The Company Secretary proceeded with the resolutions as per the pre-circulated agenda sent to the members through the notice dated November 05, 2020.

Ordinary Business

1. **To confirm the minutes of Extra Ordinary General Meeting held on December 21, 2019.**
 - a. The company secretary read out the minutes of the Extra Ordinary General Meeting held on December 21, 2019 and requested the members for their approval.
 - b. After discussions, the following resolution was unanimously passed by the house,

“Resolved that the minutes of the Extra Ordinary General Meeting held on December 21, 2019 be and are hereby approved.”

2. **To receive, consider and adopt the Stand alone and Consolidated Audited Financial Statements of Al Shaheer Corporation Limited for the financial year ended June 30, 2020 together with the Directors’ and Auditors’ Report thereon.**

1 Annexure - A

ALSHAHEER FOODS

- a. The Stand alone and Consolidated Audited Financial Statements of the Company were presented and members were invited to discuss.
- b. The members asked various questions on the financial statements and the general functioning of the Company.
- c. The Chairman of the meeting responded to the comments of the members and provided satisfactory and detailed responses.
- d. After due discussion and on receiving satisfactory responses, the following resolution was passed by the house:

“Resolved that the Stand alone and Consolidated Audited Financial Statements of Al Shaheer Corporation Limited for the financial year ended June 30, 2020 together with the Directors’ and Auditors’ Report thereon are duly adopted.”

- 3. To appoint auditors for the ensuing year ending June 30, 2021, EY Ford Rhodes Chartered Accountants, retire and being eligible have offered themselves for reappointment.**

The following resolution was unanimously approved by the house:

“Resolved that EY Ford Rhodes Chartered Accountants, be and are hereby reappointed on retirement as the statutory auditors of the Company for the year ending June 30, 2021”.

“Further resolved that CFO & Company Secretary of the Company be and are hereby authorized to sign necessary documents, proposal and engagement letters etc. necessary for appointment of EY Ford Rhodes Chartered, Accountants as auditors for the year ending June 30, 2021”.

Vote of Thanks

There being no other item on agenda, the meeting concluded with a vote of thanks to the Chair.

Sd/-

Chairman

Sd/-

Company Secretary



Annexure-A

Attendees and Proxy Shareholders in the Annual General Meeting 2020

	SHAREHOLDERS	REPRESENTING SHARES
TOTAL	5,699	199,959,220
PRESENT IN PERSON OR BY PROXY	21	53,736,401



Minutes of Extra Ordinary General Meeting Al Shaheer Corporation Limited

Wednesday December 09, 2020

The Extra Ordinary Annual General Meeting of AlShaheer Corporation Limited (“Company”) was held on Wednesday, December 09, 2020 at 10:00 a.m. at Zoom Video Communications.

The proceedings of the meeting started with a welcome note to the shareholders by the Company Secretary.

Recitation

The proceedings began with recitation of verses from the Holy Quran.

Permission from Chair

The Company Secretary informed the Chair that the Quorum is Complete¹ and requested to proceed.

Presentation of Resolutions

The Company Secretary proceeded with the resolutions as per the pre-circulated agenda sent to the members through the notice dated November 17, 2020.

¹ Annexure - A

ALSHAHEER FOODS

Special Business

1. To consider and if thought fit approve an increase in the authorized share capital of the Company and for this purpose pass the following special resolution, with or without any amendments and to approve the consequent amendments in the Memorandum and Articles of Association of the Company, subject to requisite approvals, if any:

“RESOLVED THAT the authorized share capital of the company be and is hereby increased from Rs. 2,000,000,000 (Rupees Two Thousand Million Only) divided into 200,000,000 (Two Hundred Million Only) ordinary shares at Rs. 10 (Rupees Ten) each to Rs. 3,000,000,000 (Rupees Three Billion Only) divided into 300,000,000 (Three Hundred Million Only) ordinary shares of Rs. 10 (Rupees Ten) each ranking pari passu in every respect with the existing ordinary shares of the Company.

RESOLVED FURTHER THAT, in consequence of the said increase in the Authorized Share Capital of the Company, the existing Clause V of the Memorandum of Association of the Company and Article [4] of the Articles of Association of the Company be and hereby replaced accordingly, to read as follows;

Clause V of the Memorandum of Association

The Authorized capital of the Company is Rs. 3,000,000,000 (Rupees Three Billion Only) divided into 300,000,000 (Three Hundred Million Only) ordinary shares of Rs.10 (Rupees Ten) each with power to increase the capital or any portion thereof and to consolidate, reorganize or alter the share capital of the Company; and to divide and/or sub-divide whole or any part of its share capital into several classes as may be determined by or in accordance with the regulations of the Company or subject to the provisions of the Companies Act, 2017.

Article [4] of the Article of Association

The Authorized capital of the Company is Rs. 3,000,000,000 (Rupees Three Billion Only) divided into 300,000,000 (Three Hundred Million Only) ordinary shares of Rs.10 (Rupees Ten) each with

ALSHAHEER FOODS

power to increase the capital or any portion thereof and to consolidate, reorganize or alter the share capital of the Company; and to divide and/or sub-divide whole or any part of its share capital into several classes as may be determined by or in accordance with the regulations of the Company or subject to the provisions of the Companies Act, 2017.

FURTHER RESOLVED THAT the Chief Executive Officer and the Chief Financial Officer and the Company Secretary of the Company be and is hereby singly authorized to take all necessary steps and execute documents including legal and corporate formalities and file all requisite documents with Securities & Exchange Commission of Pakistan as may be necessary or expedient for the purpose of giving effect to the spirit and intent of the above resolutions.”

“Resolved that the increase in the authorized share capital of the Company and amendments in the Memorandum and Articles of Association of the Company be and are hereby approved.”

Vote of Thanks

There being no other item on agenda, the meeting concluded with a vote of thanks to the Chair.

Sd/-

Chairman

Sd/-

Company Secretary

Annexure-A

Attendees and Proxy Shareholders in the Extra Ordinary General Meeting 2020

	SHAREHOLDERS	REPRESENTING SHARES
TOTAL	5,589	199,959,220
PRESENT IN PERSON OR BY PROXY	11	52,248,850

ALSHAHEER FOODS

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Karachi-Pakistan.

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