

ALSHAHEER

FOODS

Annual Report for the year 2019 - 20

A CUT OF
EXCELLENCE





ALSHAHEER
FOODS

Contents

06	Our Story	27	Directors' Report
08	Timeline	33	Management Team
10	Chairman's Review	37	Business Channels Export Retail Meat One Retail Khaas Meat Delivery & E-commerce Al Shaheer Foods Professional Line
12	Our Motto	48	Factory
14	Core values	50	Geographical Reach
15	Code of Conduct	52	Corporate Governance
18	Purpose of Existence	55	Statement of Compliance
20	Board of Directors	57	Review Report on Statement of Compliance

Financial Statements

58	Standalone Financial Statements 2018-19
59	Auditor's Report on Unconsolidated Financial Statements to the Members
64	Unconsolidated Statement of Financial Position
65	Unconsolidated Statement of Profit or Loss
66	Unconsolidated Statement of Comprehensive Income
67	Unconsolidated Statement of Changes in Equity
68	Unconsolidated Statement of Cash Flows
69	Notes to the Unconsolidated Financial Statements
98	Consolidated Financial Statements 2018-19
99	Auditor's Report on Consolidated Financial Statements to the Members
104	Consolidated Statement of Financial Position
105	Consolidated Statement of Profit or Loss
106	Consolidated Statement of Comprehensive Income
107	Consolidated Statement of Changes in Equity
108	Consolidated Statement of Cash Flows
109	Notes to the Unconsolidated Financial Statements
138	Pattern of Shareholding/Categories of Shareholders
139	Notice of Annual General Meeting
141	Form of Proxy Annual General Meeting
142	Minutes of Extra Ordinary General Meeting
145	Annexure - A

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 is in its final stages of completion 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

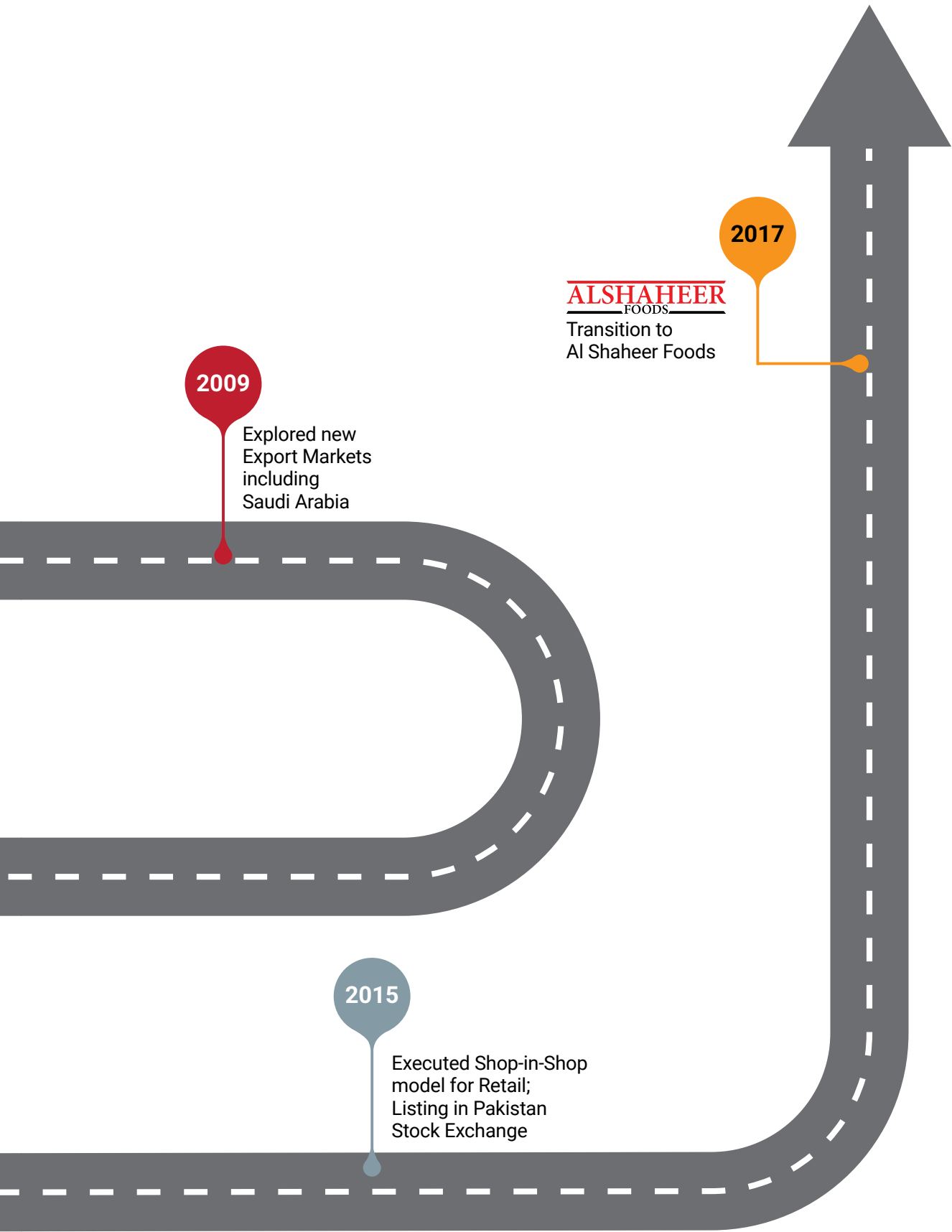
ALSHAHEER
FOODS
Professional Line

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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Transition to Al Shaheer Foods

Chairman's Review

Year 2020 will be remembered as the year of unprecedented events. Covid-19 has changed the way of doing businesses across the world, exposing us to many uncertainties, however, it has brought opportunities as well.

Our company has also gone through these challenges. Our struggle was to manage people safety along with running our operations in sales, factory and export.

The biggest challenge was the discontinuation of air cargo across the



world. But we managed to fulfil our export commitments by delivering our products to the customers by sea.

We also noticed during these days consumer's increasing interest in buy hygienic meat in a clean environment and this, we took as an opportunity for Meat One. Our meat outlets across the country offered people a safer meat-buying experience where they could buy hygienic and best quality products. In the face of pandemic, our brand has continued to prioritise hygiene and convenience for the customers. This has translated into a positive impact on our retail business and we hope to continue this upward trend in our sales.

This is very evident that the future is online and there is immense potential in e-commerce opportunities. However, this pandemic has fast forwarded online journey. Consequently, we have increased our speed of work on e-commerce channels to satisfy our online consumer demand.

Despite these unprecedented circumstances, where businesses across the world have experienced a sharp decline in demand for their products, we have managed to keep the decline only at around 6% v/s last year.

We are happy to share with you that the board is now reviewing to reactivate our work on Lahore project, which is aimed at providing ready to cook and ready to eat food products. We hope this project will add value to our business and will offer to Pakistanis, a new experience in processed food.

We have also done major restructuring work to bring simplification in the business and reduce cost. This is an on-going process to keep pace with the new future challenges.

I would like to take this opportunity to thank Company's staff and management who have worked resiliently through these difficult times and played a pivotal role in our progress. I hope that we will continue to drive towards prosperity and the success of this company.

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.



By the grace of Allah, Al Shaheer Corporation has completed its first year as a publicly listed entity. The start of the year saw an overwhelming response to its IPO, which fuelled strong growth in all SBUs of the company despite negative trends in both the domestic and international meat markets.

During this period, the management and the Board of Directors of the company, to counter any short term pressures on our margins, has put considerable effort into carving out sustainable growth models aimed at bringing about long term value for our shareholders. To this end, we have made significant progress in three key areas:

Talent Development: We have fortified human resources at all levels by hiring the top talent from diversified professional backgrounds and experiences, and invested 4,112 man hours of training across the organization. Employer branding, talent attraction, retention and development will remain a priority in the coming years as well.

Capability Enhancement: We increased production and storage capacity at our Karachi plant and have achieved peak production levels of 90 tons per day versus 60 tons a year ago. This makes us capable of adequately meeting the growing demand in our local retail, institutional and export channels.

In our upcoming poultry plant in Lahore we will have one of the largest cold storage and processed meat production capacities in the country. Our retail expansion opportunities have been significantly augmented by MoUs signed with Shell Pakistan Limited to host Meat One shops and Meat One product dispensers at suitable fuel retail sites. This association of Meat One with one of the world's most iconic brands is expected to add tremendous value to Meat One brand. We have also obtained approval from the UAE government to export frozen & vacuum packed meat, in addition to our existing chilled and fresh meat

Long-term Profitable Growth: We have identified additional value drivers in the foods segment in both domestic and international markets. The unprofitable Khaas Meat sites were closed down during the year without loss of volume growth, while our presence has increased in Sindh and Punjab through shop-in-shop partnerships with leading grocery stores in Karachi, Lahore & Islamabad. A flagship store has also been opened in Hyderabad for Meat One.

Going forward the scope of business is being expanded into higher margin products, i.e. poultry, as well as fruits and vegetables business through IQF technology.

I am confident that INSHALLAH these efforts will carve out a strong future for Al Shaheer Corporation. I would like to thank our customers, suppliers, employees, agencies, bankers and most importantly our shareholders for their tremendous support.

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.

Jamil Akbar



Mr. Akbar has over 20 years multinational experience in General Management, Strategy, Real Estate Development, Private Equity and Turnarounds. His most recent role was Country Head and COO, Emaar Pakistan. Previously, he worked with the Abraaj Group on Pakistan investments, including an operational and turnaround role at K-Electric. He has also been Chief Internal Auditor at GlaxoSmithKline Pakistan, and began his career with KPMG UK. Mr. Akbar holds an MBA from INSEAD, is a Chartered Accountant (ICAEW) and holds a BEng. (Mechanical) from Imperial College (UK).

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



The Directors of your Company are pleased to present the audited financial results of the Company for the year ended June 30, 2020.

Operational Performance

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

	Year Ended	
	June 30, 2020	June 30, 2019
	----- (Rupees 000) -----	
Turnover	3,912,006	4,188,673
Cost of sales	(2,629,815)	(2,951,079)
Gross profit	1,282,191	1,237,594
Expenses	(1,222,774)	(1,298,828)
Other income	93,048	294,005
Taxation	20,310	(41,840)
Profit / (loss) for the period	172,775	190,931

Financial performance of the company during FY 19-20 can be divided in two periods; 1st eight months and next four months. This is because after the company floated Right shares in February 2020, it was able to fulfill market demand, which earlier was not being met due to cash flow crunch. A major sales spike was experienced by the company across all major channels post Right shares, as depicted in the table below.

	QE June'20 v/s QE March'20	
	June 30, 2020	March 31, 2020
	----- (Rupees 000) -----	
Turnover	1,302,548	1,050,017
Cost of Sales	(886,160)	(750,189)
Gross Profit	416,388	299,828
Expenses	(286,551)	(246,955)
Operating Profit	129,837	52,872

Export Performance

Exports improved by around 3% versus last year. Major growth in sales was achieved in last 4 months of the year, as the company was able to meet international demand, post Right shares. However, challenge was faced in logistics arrangements due to pandemic, where availability of Airlines was badly impacted. Nonetheless, the Company managed to fulfill its commitments by routing the shipments by Sea. Revised exchange rates, coupled with continuous internal cost efficiency exercise, have resulted in delivering better operating profits for the year.

Meat One

Meat one was faced with a challenging period during first eight months, mainly due to cash flow pressures. However, sales started improving around the end of 3rd quarter, post Right shares, and due to increasing awareness and need of hygienic products by consumers during Covid-19 Pandemic. The management took immediate steps to meet sudden rising demand, resulting in a much positive results during last four months of the year. The coming year's focus will be on increasing penetration within existing network, as well as through strategic expansions. Further, considering the spike in online/ecommerce usage, the management has started working actively on providing online sales platforms, including the mobile application.

Khaas Meat

Similar dynamics were faced by Khaas Meat in local retail. Lower pricing and margins model of Khaas made it even more challenging. 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 B2B business has stayed under pressure throughout the year, as this channel continued to be highly price competitive, and competition is coming entirely from the unorganized sector. A major dent was faced by this channel due to Covid-19 pandemic, where all offices, restaurants, and event management companies, who are our customers, were closed. Given the current pandemic scenario globally, the demand for this channel remains uncertain. However, the Company will make all possible efforts to optimize the opportunity.

Poultry & Processed Foods Business

The poultry and processed food plant in Lahore is almost complete. In context of the significant change in the industry's external business environment, the Board of Directors decided to focus Company's resources and energies on current businesses last year. However, the Board is now reviewing to reactivate Lahore project, and have advised the management to plan for the same.

Future Outlook

Liquidity of the Company remained under stress through first eight months. Company's capacity to buy livestock was reduced, thereby affecting volumes. This was addressed through the cost-cutting and efficiency-building exercises at one end, and issuance of Right shares on the other. The company's efforts resulted in leaner business operations and improved margins. Cash flow position has started improving and the Company should arrive at normal levels before the close of the financial year ending June, 2021.

The company is on its track to increase topline by strategically increasing profitable export and local b2b customer base as market demand comes back to normal; and expanding local retail network through strategic alliances with modern trade. Further, the company will continue to work with optimized resources to ensure efficiencies and positive results. Given the post-covid scenario, opportunities in local retail have grown, both in brick-and-mortar and ecommerce channel, which will be materialized through careful planning and execution.

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. Policies covering all aspects of Human Resource management 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. 33.223 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.
- j) During the year, six 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 2019-20	6	4	2	2
Mr. Kamran Ahmed Khalili	6	4	2	2
Ms. Ayesha Aziz	1			
Mr. Rizwan Jamil	1	1		1
Mr. M. Qaysar Alam	6	4	2	1
Ms. Rukhsana Asghar	1			
Mr. Sarfaraz Rehman	1	1		1
Mr. Umair Ahmed Khalili	6	3	2	
Mr. Adeeb Ahmad	6			1
Mr. Tariq Husain	1	-	-	
Mr. Jamil Akbar	5	3		1
Mr. Zillay A Nawab	4	-	2	1

- 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 2020 is Rs. 28.6 million.
- Pattern of shareholding is annexed with the report.
- Transactions with related parties are presented in note number 38 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. The remuneration was revised during the year.

Sales Tax Refunds

During the year, sales tax refunds of Rs. 7.3 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

57,841,793 right shares have been issued during the year.

Appointment of Auditors

The present auditors M/s. EY Ford Rhodes Chartered Accountants, retire and being eligible, offer themselves for re-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

Management Team



Kamran Khalili
CEO



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.

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 7 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.

Shahnawaz Akbar
Head of Factory Operations



Mr. Shahnawaz looks after the factory of Alshaheer Foods. Prior to joining the Company, he has worked in various concerns in Administration, Production and Procurement, for a period accumulating to twenty years.

He has been with the Company since its inception where he started his career as Procurement Manager.

Mahmood Khuram
Company Secretary



Mahmood Khuram is the Head of Sales & Marketing at Al Shaheer Foods. He is an MBA in Marketing from Bahauddin Zakariya University, Multan.

He is an accomplished business leader with a vast experience of Marketing, Sales and Business Management in top-notch global FMCG companies (Unilever, Dabur, Best Foods/Rafhan, Sucral). He has proven skills in strategic planning, P&L management, strategic revenue management, brand management, developing holistic brand campaigns, innovation design, media mix planning with high ROI, digital marketing, in-store/shopper marketing, trade marketing and distributor management.

He has a consistent track record of leading cross-functional teams (finance, sales, communication, supply chain, marketing, people and corporate) and iconic brands across markets (West Asia, East Africa). He was a Marketing Manager (West Asia) at Dabur in his last assignment.

Osama Javed
Head of Local Business
& Head of HR



Mr. Osama Javed Usmani is the Head of Local Business and Human Resource 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.

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 Search Basket Login

meat one

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

SHOP PRODUCTS

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

Chicken Gorma 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

All Beef Mutton Chicken Fish

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.



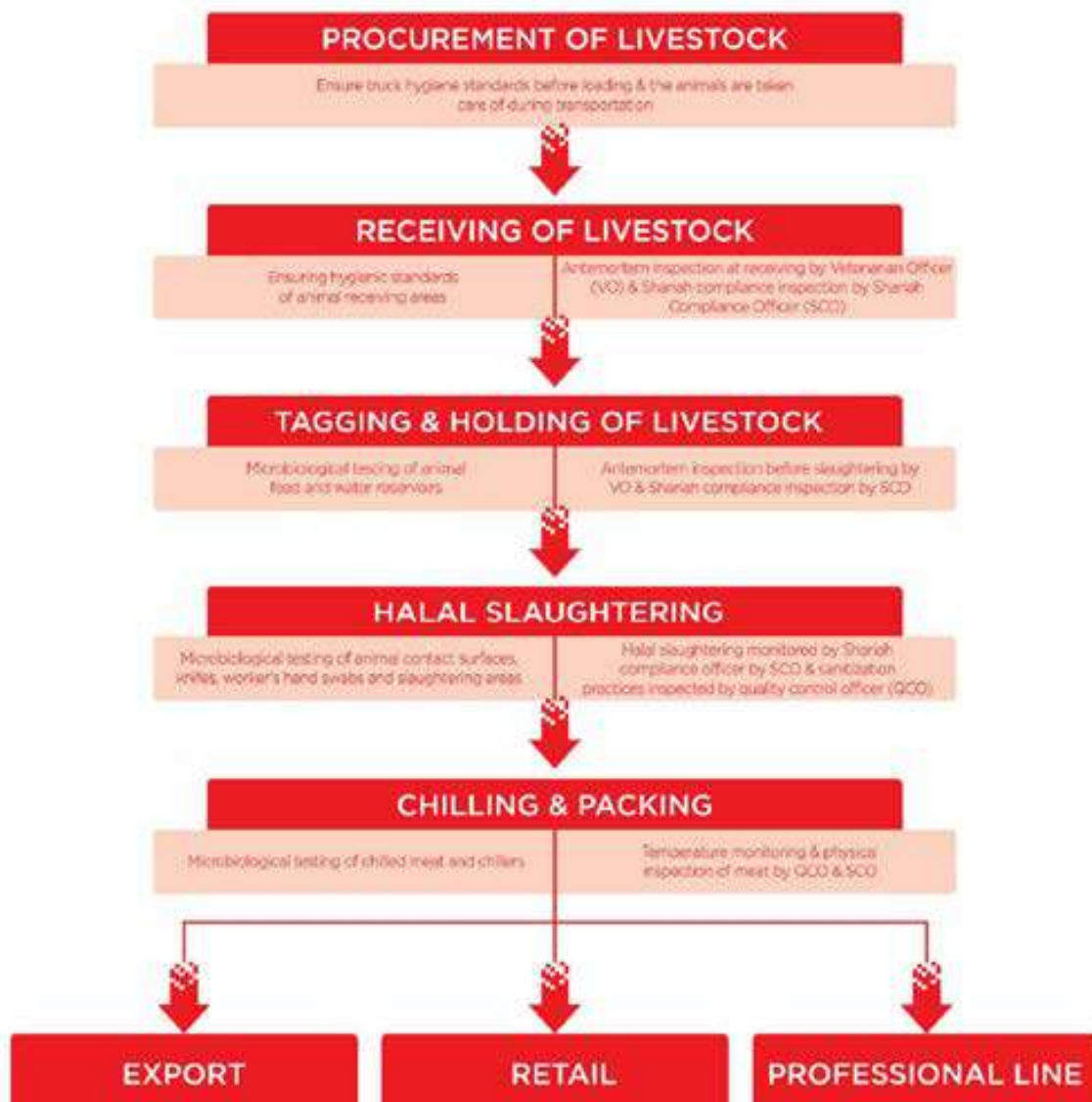
Certificates & Accreditations

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

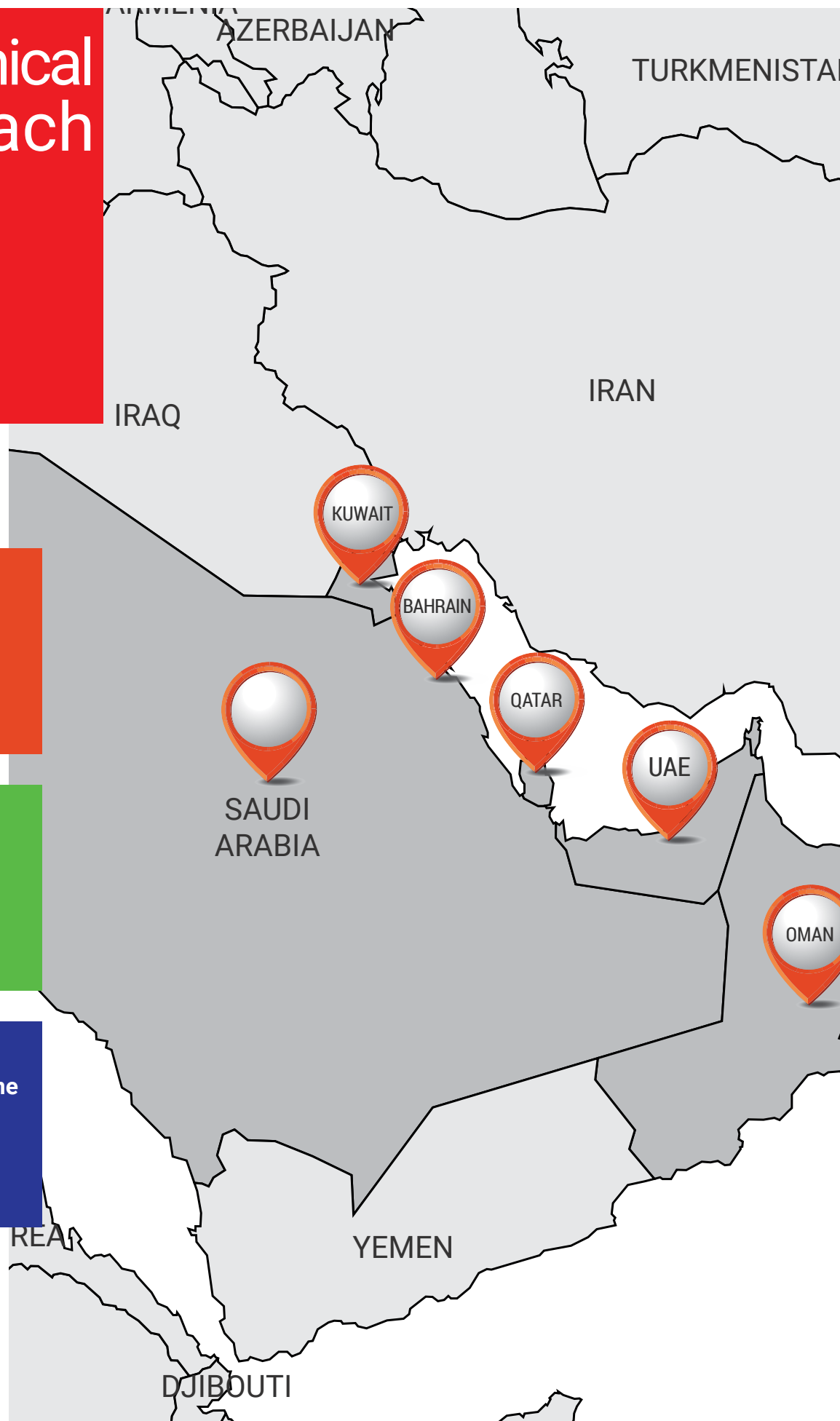
- UAE
- Saudi Arabia
- Oman
- Kuwait
- Bahrain
- Qatar

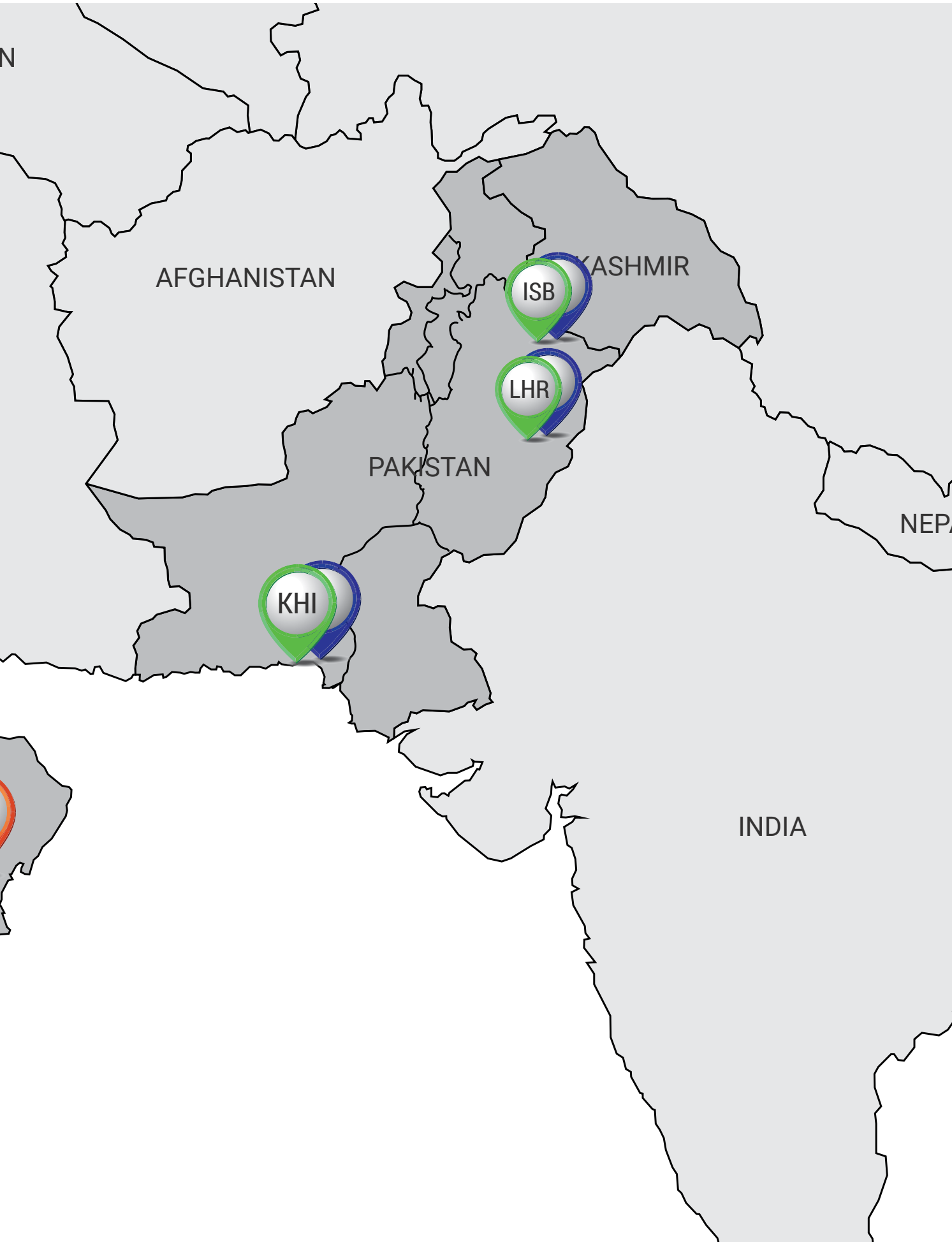
Retail

- 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. Jamil Akbar	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 2019-20, 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	Chairperson
Mr. Kamran Ahmed Khalili	Member
Mr. Muhammad Qaysar Alam	Member
Mr. Umair Ahmed Khalili	Member

The HRC comprises two 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 2019-2020. 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.



Jamil Akbar
Chairman - Audit Committee

ALSHAHEER FOODS

Statement of Compliance

With the Code of Corporate Governance Regulations, 2019

Al Shaheer Corporation Ltd.

Year ended 30th June 2020

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. Jamil Akbar Mr. Zillay A Nawab 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. Zillay A. Nawab	Independent Director
Ms. Sabeen Fazli Alavi	Independent Director

10. Acting Head of Internal Audit resigned during the year and internal Audit Function was outsourced to Parker Randall-A.J.S. The Board has appointed acting Company Secretary as Company Secretary on 10 January 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. Jamil Akbar (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 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 with effect from 1st June 2020 to Parker Randall-A.J.S., who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company. Prior to outsourcing internal audit function, there was an internal audit department, however, there was no head of internal audit function from 1st December 2019 till 31st May 2020.

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: 02 November, 2020

Dated:

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 2020** 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.

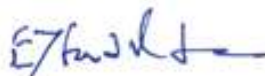
As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control 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 2020.

Further, we highlighted below instance of non-compliance with the requirement of the Regulations as reflected in the paragraph reference where it is stated in the statement of compliance:

<u>Reference</u>	<u>Description</u>
i. 15	There was no head of internal audit for a certain period during the year.



Chartered Accountants

Place: Karachi

Date: 4 November 2020



Standalone Financial Statements 2019-20

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 2020**, 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 2020 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.

EY

Following are the key audit matters:

S No.	Key audit matters	How the matter was addressed in our audit
1.	<p>First time adoption of IFRS 16 - 'Leases' (IFRS 16)</p> <p>Effective 30 June 2019, the Company has changed its accounting policies due to the adoption of the following new accounting standard:</p> <p>As referred to in note 4.4.1 to the unconsolidated financial statements - IFRS 16 'Leases' (IFRS 16) sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model with corresponding recognition of right-of-use asset (ROUA). Lessor accounting under IFRS 16 is substantially unchanged from accounting under IAS 17 'Leases' i.e. operating and finance leases. For lessees all leases will be classified as finance leases only.</p> <p>We have considered the first time application of IFRS 16 as a key audit matter due to the change in accounting methodology, involvement of significant estimates and judgments, presentation and incremental quantitative and qualitative disclosures.</p>	<p>Our key audit procedures amongst others, includes obtaining of an understanding of the analysis performed by management to identify all significant differences between previous accounting standard and the new accounting standard which can impact the financial statements. We also reviewed management's assessment of the impact of new accounting standard on the Company's financial statements.</p> <p>We further considered the key decisions made by the Company with respect to accounting policies, estimates and judgments in relation to adoption of new accounting standard and assessed it's appropriateness based on our understanding of the Company's business and its operations.</p> <p>Our audit procedures to review the application of IFRS 16, amongst others, included the following;</p> <ul style="list-style-type: none"> - Review of managements' impact assessment of all operating lease contracts with lessor in light of application of the new standard. - Considered the completeness, by testing the reconciliation to the Company's operating lease commitments (if any) and by inspecting terms; - Inspecting terms for a sample of operating lease contracts to determine whether the same are in scope of IFRS 16 and are also subject to recognition exemption under IFRS 16 for short-term and low value leases. We also reviewed contracts to identify whether it is a lease contract, and if so its various component, lease term, extended period, company historical experience, rental amount, payment terms, lease modifications terms, etc.; - Reviewed discount rate used by the Company to determine the present value of lease obligation and right of use Right of Use Asset (ROUA); - Reviewed and checked the period considered for depreciating ROUA;

S No.	Key audit matters	How the matter was addressed in our audit
		<ul style="list-style-type: none"> - Tested calculation of PV of liability and ROUA and its related finance cost and depreciation charge for the period; and - We also assessed the adequacy and appropriateness of financial statements presentation and disclosures in respect of IFRS 16 in accordance with the applicable financial reporting framework.
2.	<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.

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.

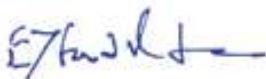
From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation 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);
- 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: 4 November 2020

Unconsolidated Statement of Financial Position


As at June 30, 2020

ASSETS	Note	2020 ----- (Rupees in '000) -----	2019
NON-CURRENT ASSETS			
Property, plant and equipment	7	5,049,519	4,987,659
Intangible asset	8	2,958	3,913
Long-term investment	9	19,049	93,642
Long-term loan	10	12,261	15,947
Deferred tax asset - net	11	246,790	179,295
		<u>5,330,577</u>	<u>5,280,456</u>
CURRENT ASSETS			
Stock-in-trade	12	140,724	84,453
Fuel and lubricants		379	486
Trade debts	13	1,985,426	1,480,172
Loans and advances	14	316,719	283,101
Trade deposits and prepayments	15	15,081	19,321
Short-term investment	16	-	626
Other receivables	17	302,263	253,689
Taxation - net		147,357	150,714
Cash and bank balances	18	44,343	19,735
		<u>2,952,292</u>	<u>2,292,297</u>
TOTAL ASSETS		<u><u>8,282,869</u></u>	<u><u>7,572,753</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 200,000,000 (2019: 150,000,000) ordinary shares of Rs.10 each		2,000,000	1,500,000
Issued, subscribed and paid-up capital	19	1,999,593	1,421,175
Share premium		1,507,705	1,507,705
Unappropriated profit		1,023,333	844,912
Revaluation surplus on property, plant and equipment	20	788,049	824,194
		<u>5,318,679</u>	<u>4,597,986</u>
NON-CURRENT LIABILITIES			
Long-term financing	21	566,941	590,780
Long term financing - government grant	22	26,457	-
Deferred income - government grant	23	2,080	-
Lease liabilities	24	117,445	-
Deferred liabilities	25	71,924	73,386
		<u>784,847</u>	<u>664,166</u>
CURRENT LIABILITIES			
Trade and other payables	26	799,533	744,856
Short-term borrowings	27	1,023,934	1,074,360
Accrued mark-up	28	59,914	60,520
Due to a related party	29	29,693	77,449
Current portion of long term financing - government grant	22	10,018	-
Current portion of deferred income - government grant	23	1,436	-
Current portion of lease liabilities	24	58,087	-
Current portion of long-term financing	21	196,728	353,416
		<u>2,179,343</u>	<u>2,310,601</u>
TOTAL EQUITY AND LIABILITIES		<u><u>8,282,869</u></u>	<u><u>7,572,753</u></u>
COMMITMENTS	30		

The annexed notes 1 to 45 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, 2020

		2020	2019
	Note	----- (Rupees in '000) -----	
Turnover - net	31	3,912,006	4,188,673
Cost of sales	32	(2,629,815)	(2,951,079)
Gross profit		1,282,191	1,237,594
Administrative and distribution costs	33	(910,000)	(1,066,589)
Operating profit		372,191	171,005
Other expenses	34	(14,897)	(75,998)
Other income	35	93,048	294,005
Finance costs	36	(297,877)	(156,241)
Profit before taxation		152,465	232,771
Taxation	37	20,310	(41,840)
Net profit for the year		172,775	190,931
Earnings per share – basic and diluted	38	1.01	(Restated) 1.12

The annexed notes 1 to 45 form an integral part of these unconsolidated financial statements.



Chief Executive Officer



Director



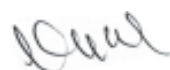
Chief Financial Officer

Unconsolidated Statement of Comprehensive Income

For the Year Ended June 30, 2020

		2020	2019
	Note	----- (Rupees in '000) -----	
Net profit for the year		172,775	190,931
Other comprehensive income/(loss):			
Items not to be reclassified to statement of profit or loss account in subsequent years			
Remeasurement (gain) / loss on defined benefit plan	25.1	(14,034)	1,624
Related tax		2,933	(2,068)
		(11,101)	(444)
Total comprehensive income for the year		161,674	190,487

The annexed notes 1 to 45 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, 2020

	Issued, subscribed and paid-up capital	Capital reserves	Revenue reserves	Revaluation surplus on property, plant and equipment	Total
		Share premium account	Unappropriated profit		
----- (Rupees in '000) -----					
Balance as at June 30, 2018	1,421,175	1,507,705	634,687	852,139	4,415,706
Impact of adoption of IFRS 9 - net of tax	-	-	(8,207)	-	(8,207)
Adjusted balance as on June 30, 2018	1,421,175	1,507,705	626,480	852,139	4,407,499
Net income for the year	-	-	190,931	-	190,931
Other comprehensive loss	-	-	(444)	-	(444)
Total comprehensive income for the year	-	-	190,487	-	190,487
Revaluation surplus on property, plant and equipment realised on account of incremental depreciation	-	-	27,945	(27,945)	-
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
Issuance cost on right shares	-	-	(19,399)	-	(19,399)
Revaluation surplus on property, plant and equipment realised on account of incremental depreciation	-	-	36,145	(36,145)	-
Balance as at June 30, 2020	1,999,593	1,507,705	1,023,332	788,049	5,318,679

The annexed notes 1 to 45 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, 2020

	2020	2019
Note	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	152,465	232,771
Adjustments for:		
Depreciation	69,342	80,825
Amortisation	955	1,306
Depreciation on Right-of-use assets	62,817	-
Provision for defined benefit plan	20,630	26,599
Allowance for expected credit losses	11,596	9,818
Provision for impairment	-	36,651
Loss on remeasurement of long-term investment	-	9,444
Loss on disposal of property, plant and equipment	4,205	576
Profit on long-term investment	-	(837)
Unwinding interest on sales tax bonds	(8,607)	-
Loss / (Gain) on disposal of short-term investment	(19)	-
Gain on remeasurement of short-term investment	-	(36)
Finance costs	297,877	156,241
	458,796	320,587
Operating profit before working capital changes	611,261	553,358
(Increase) / decrease in current assets:		
Fuels and lubricants	107	(200)
Stock-in-trade	(56,271)	23,506
Trade debts	(505,254)	(278,020)
Loans and advances	(29,932)	286,215
Trade deposits and short-term prepayments	4,240	3,131
Other receivables	(48,574)	(19,779)
	(635,684)	14,853
Increase / (decrease) in current liabilities:		
Trade and other payables	54,677	179,819
Due to a related party	(47,756)	(191,698)
	6,921	(11,879)
Cash generated from operations	(17,502)	556,332
Taxes paid	(33,223)	(39,290)
Lease rentals paid	(60,125)	-
Gratuity paid	(36,126)	(11,228)
Net cash generated from operating activities	(146,976)	505,814
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
- Property, plant and equipment	(11,097)	(351,322)
- Long-term investment	-	(83,200)
Redemption of Long term investment	83,200	-
Short term investments encashed	645	-
Sale proceeds from disposal of property, plant and equipment	29,262	13,703
Net cash used in investing activities	102,010	(420,819)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received form issuance of right shares	559,019	-
Long-term financing - net	(180,527)	56,936
Short term borrowings - net	(50,426)	(49,014)
Long term financing - government grant	39,991	-
Finance costs paid	(298,483)	(125,276)
Net cash (used in) / flows from financing activities	69,574	(117,354)
Net increase in cash and cash equivalents	24,608	(32,359)
Cash and cash equivalents at the beginning of the year	19,735	52,094
Cash and cash equivalents at the end of the year	44,343	19,735

18

The annexed notes 1 to 45 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, 2020

1. THE COMPANY AND ITS OPERATIONS

Al Shaheer Corporation Limited (the Company) was incorporated on June 30, 2012 and is quoted on Pakistan Stock Exchange.

1.1 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.

1.4 Impact of COVID-19 pandemic on these financial statements

The COVID-19 pandemic caused significant and unprecedented curtailment in economic and social activities during the period from March 2020 in line with the directives of the Government. This situation posed a range of business and financial challenges to the businesses globally and across various sectors of the economy in Pakistan. The lockdown, however, excluded companies involved in the business of necessary consumer supplies.

Being in an essential industry, the Company's production and distribution facilities have been permitted by the Government to operate with strict compliance of SOPs issued. The management has adopted all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowed down economic activity.

According to management's assessment, there are no material implications of COVID-19 that require specific disclosure in these unconsolidated financial statements.

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 (IFRS) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 (the Act);

- Provisions of and directives issued under the Act.

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

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2020

3. BASIS OF MEASUREMENT

3.1 These unconsolidated 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;
- b) short term investments that are carried at fair value;
- c) 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.

4. STANDARDS, INTERPRETATIONS AND AMENDMENTS APPLICABLE TO FINANCIAL STATEMENTS

4.1 New Standards, Interpretations and Amendments

The accounting policies adopted in the preparation of these unconsolidated financial statements are consistent with those of the previous financial year except that the Company has adopted the following amendments of IFRS which became effective for the current year:

IFRS 9 Prepayment Features with Negative Compensation (Amendments)

IFRS 14 Regulatory Deferral Accounts

IFRS 16 Leases

IFRS 16 COVID 19 Related Rent Concessions (Amendments)

IAS 19 Plan Amendment, Curtailment or Settlement (Amendments)

IAS 28 Long-term Interests in Associates and Joint Ventures (Amendments)

IFRIC 23 Uncertainty over income tax treatments

Improvements to Accounting Standards Issued by the IASB (2015-2017 cycle)

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

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the Company's unconsolidated financial statements except stated below:

4.1.1 IFRS 16 - Leases

During the year, the Company have adopted IFRS 16 as issued by the International Accounting Standards Board (IASB) in January 2016.

IFRS 16 supersedes IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases-Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2020

Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Company is the lessor.

The Company has lease contracts for its shops. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as an operating lease. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in statement of profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Trade deposits, short term prepayments and other receivables, respectively.

Upon adoption of IFRS 16, the Company initially recognized a lease liability for the obligation to make lease payments and a right-of-use (RoU) asset for the right to use the underlying asset for the lease term against a consideration. The lease liability is measured at the present value of the consideration (lease payments) to be made over the lease term. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use the incremental rate of borrowing. The RoU asset is initially measured at the present value of lease liability, adjusted for lease prepayments and borrowing costs.

As permitted by the transitional provisions of IFRS 16, the Company elected not to restate the comparative figures and not to adjust the opening unappropriated profit. Accordingly, adjustment to the carrying amount of assets and liabilities were recognised in the current period.

The effect of adoption of IFRS 16 as at July 01, 2019 is as follows:

	July 01, 2019 (Rupees in '000)
Increase in RoU asset	221,668
(Decrease) in trade deposits, short term prepayments and other receivables	(2,325)
Increase in total assets	219,343
Increase in lease liability against assets subject to finance lease	227,705
(Decrease) in rent payable	(8,362)
Increase in total liabilities	219,343
Increase in net assets -	-

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

The lease liabilities as at July 01, 2019 can be reconciled to the operating lease commitments as of June 30, 2019 as follows:

	(Rupees in '000)
Operating lease commitments as at June 30, 2019	156,931
Weighted average incremental borrowing rate as at July 01, 2019	13.80%
Discounted operating lease commitments as at July 01, 2019	123,587
Less: Commitments relating to short-term leases -	-
Add: Lease payments relating to renewal periods not included in operating lease commitments as at June 30, 2019	104,118
Lease liabilities as July 01, 2019	227,705

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2020

Set out below, are the carrying amounts of the Company's right-of-use assets, lease liabilities and interest liability and the movements during the year:

	RoU asset	Lease liability	Interest liability
	----- (Rupees in '000) -----		
As at July 01, 2019	221,668	219,344	-
Depreciation expense	(62,817)	-	-
Interest expense	-	-	25,817
Payments	-	(69,629)	-
As at June 30, 2020	158,851	149,715	25,817

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

The following standards, amendments and interpretations with respect 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 (annual periods beginning on or after)
IFRS 3 Definition of a Business (Amendments)	January 01, 2020
IFRS 3 Business Combinations: Reference to the conceptual framework (Amendments)	January 01, 2022
IFRS 9 / IAS 39 and IFRS 7 - Interest rate benchmark reform (Amendments)	January 01, 2020
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised
IFRS 16 'Leases' - Covid-19 related rent concessions	January 01, 2020
IAS 1 / IAS 8 Definition of Material (Amendments)	January 01, 2020
IAS 1 - Classification of liabilities as current or non-current (Amendments)	January 01, 2022*
IAS 16 'Property, Plant and Equipment' - Proceeds before intended use (Amendments)	January 01, 2022
IAS 37 - Onerous Contracts – cost of fulfilling a contract (Amendments) financial instruments classified as equity	January 01, 2022

* The IASB has issued an exposure draft proposing to defer the effective date of the Amendments to IAS 1 to January 01, 2023.

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

IFRS 9 - Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities

IAS 41 - Agriculture – Taxation in fair value measurements

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2020

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of unconsolidated financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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

**IASB Effective date
(annual periods
beginning on or
after)**

Standards

IFRS 1 – First Time adoption of IFRSs	January 01, 2014
IFRS 17 – Insurance Contracts	January 01, 2021

The Company expects that above new standards will not have any material impact on the Company's unconsolidated financial statements in the period of initial application.

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.

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.

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2020

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 40.2.

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 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 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.

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2020

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:

- (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.

6.2 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. Computers and accessories are stated at cost less accumulated depreciation and impairment.

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2020

Depreciation is charged to unconsolidated statement of profit or loss applying the reducing balance method at the rates mentioned in note 9 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 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.

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

At the commencement date of the lease. Right-of-use assets is measured at preset value of lease liability. Subsequently, RoU asset is measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any pre measurement of lease liabilities. RoU are depreciated on a straight-line basis over the shorter of its estimated useful life and lease term.

Capital work-in-progress

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

6.3 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 10 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.

6.4 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.

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2020

6.5 Stock-in-trade

These are valued at lower of cost and net realizable value. The cost is determined on weighted average basis and is computed by using the average cost for the last month of the reporting period. The cost of stock comprises of cost of purchase, cost of conversion and other cost incurred in bringing the stock to their present location and condition.

6.6 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.

6.7 Impairment

The carrying values of non financials assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or related cash-generating units are written down to their recoverable amount.

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.

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.

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 date and adjusted to reflect the current best estimate.

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2020

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

The Company recognises revenue at a point in time when control of product is transferred to customer. 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.

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.

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2020

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.

		2020	2019
	Note	----- (Rupees in '000) -----	-----
7. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	1,645,488	1,737,198
Right-of-use assets	7.6	158,851	-
Capital work-in-progress	7.5	3,245,180	3,250,461
		<u>5,049,519</u>	<u>4,987,659</u>

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2020

7.1 Operating fixed assets

	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 feehold 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

	COST / REVALUED AMOUNT			As at June 30, 2019
	As at July 01, 2018	Additions	(Disposals)	
	----- (Rupees in '000) -----			
Freehold land	597,840	-	-	597,840
Leasehold land	442,499	-	-	442,499
Buildings on freehold land	205,526	6,000	-	211,526
Plant and machinery	227,115	935	-	228,050
Furniture and fixture	197,043	2,654	-	199,697
Motor vehicles *	140,420	135	(17,825)	122,730
Office equipment	168,641	469	(517)	168,593
Tools and equipment	26,894	-	-	26,894
Computers and accessories	48,722	-	(302)	48,420
2019	2,054,700	10,193	(18,644)	2,046,249

* Include assets costing Rs.10.797 million (2018: Rs.39.547 million) under Diminishing Musharaka Arrangements.

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2020

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

Rate	ACCUMULATED DEPRECIATION			NET BOOK VALUE	
	As at July 01, 2018	Charge for the year	(On disposals)	As at June 30, 2019	As at June 30, 2019
	----- (Rupees in '000) -----				
-	-	-	-	-	597,840
-	-	-	-	-	442,499
10%	2,492	20,373	-	22,865	188,661
5% - 20%	54,970	9,293	-	64,263	163,787
10%	54,224	14,454	-	68,678	131,019
15%	21,997	17,183	(3,928)	35,252	87,478
15%	70,233	14,607	(326)	84,514	84,079
10%	8,267	1,863	-	10,130	16,764
10%	20,408	3,052	(111)	23,349	25,071
	232,591	80,825	(4,365)	309,051	1,737,198

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2020

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 (2019: Rs.283.227) million, leasehold land Rs.170.416 (2019: Rs.170.416) million, building Rs.121.654 (2019: Rs.121.654) million, plant and machinery Rs.184.966 (2019: Rs.175.794) million, furniture and fixtures Rs.135.003 (2019: Rs.134.553) million, office equipment Rs.87.274 (2019: Rs.87.233) million, tools and equipments Rs.16.764 million (2019: Rs.16.764) million and motor vehicles Rs.52.958 (2019: Rs.61.707) million.

7.1.2 Forced Sale value as per the latest valuation of freehold and lease hold land is Rs.448.38 million and Rs.331.87 million, respectively.

7.2 Depreciation for the year has been allocated as follows:	Note	2020	2019
		---- (Rupees in '000) ----	
Cost of sales	32	29,290	31,673
Administrative and distribution costs	33	40,052	49,154
		<u>69,342</u>	<u>80,827</u>

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 -----						
Land							
Plot No.4, Road No.N-4, RCCI Rawat Industrial Estate.	24,960	-	24,960	22,000	(2,960)	Negotiation	Muhammad Sarfraz Iqbal
Motor vehicles							
Toyota Corolla - BEJ-864	1,628	305	1,323	1,143	(180)	Negotiation	M.Namood Ali Qabil
Suzuki Mehran BEN-961	693	174	519	368	(151)	Negotiation	M.Ghyaas Uddin
Toyota Xli - BGB-137	1,667	316	1,351	1,102	(249)	Negotiation	M.Sooifan Akhtar
Toyota Altis - BGB-308	2,054	492	1,562	1,049	(513)	Negotiation	Adnan Budhani
Toyota Vitz - AYZ-837	1,163	566	597	575	(22)	Negotiation	Junaid Sarfraz
Toyota Corolla - BDN-487	2,003	902	1,101	976	(125)	As per Company Policy	Osama Javed
Toyota Vitz - AWR-769	1,010	432	578	404	(174)	As per Company Policy	Muhammad Safdar
Toyota Vitz - AYA-648	1,005	496	509	825	316	External Sale in exchange	Junaid vehicle motor
Aggregate amount of assets disposed having book value less than Rs. 500,000	872	270	602	444	(158)	Negotiation	Various
	12,095	3,953	8,142	6,886	(1,256)		
Office Equipment							
Aggregate amount of assets disposed having book value less than Rs. 500,000	68	40	28	16	(12)	Various	Various
	68	40	28	16	(12)		
Computers and accessories							
Aggregate amount of assets disposed off having book value less than Rs. 500,000	556	219	337	360	23	Various	Various
2020	<u>37,679</u>	<u>4,212</u>	<u>33,467</u>	<u>29,262</u>	<u>(4,205)</u>		
2019	<u>18,644</u>	<u>4,365</u>	<u>14,279</u>	<u>13,703</u>	<u>(576)</u>		

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

7.5 Capital work-in-progress	2020	2019
	---- (Rupees in '000) ----	
Land	65,610	65,610
Civil works	42,059	42,059
Plant and machinery	1,586,969	1,586,969
Advance to suppliers and contractors	1,526,729	1,532,010
Intangible asset under development	23,813	23,813
	<u>3,245,180</u>	<u>3,250,461</u>

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2020

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	65,610	42,059	1,586,969	1,532,010	23,813	3,250,461
Addition during the year	-	-	-	-	-	-
Adjustments during the year	-	-	-	(5,281)	-	(5,281)
Closing balance	<u>65,610</u>	<u>42,059</u>	<u>1,586,969</u>	<u>1,526,729</u>	<u>23,813</u>	<u>3,245,180</u>

7.6 Right-of-use assets

As at July 01, 2019

Cost (Impact of initial application of IFRS 16)
Accumulated depreciation
Net book value

	2020	2019
	----- (Rupees in '000) -----	
Cost (Impact of initial application of IFRS 16)	221,668	-
Accumulated depreciation	-	-
Net book value	<u>221,668</u>	<u>-</u>
Year ended June 30, 2020		
Opening net book value	221,668	-
Additions during the year	-	-
Depreciation for the year	(62,817)	-
Closing net book value	<u>158,851</u>	<u>-</u>
As at June 30, 2020		
Cost	221,668	-
Accumulated depreciation	(62,817)	-
Net book value	<u>158,851</u>	<u>-</u>

8. INTANGIBLE ASSET

	COST			Rate	ACCUMULATED AMORTISATION			WRITTEN DOWN VALUE
	As at 01 July	Additions	As at 30 June		As at 01 July	For the year	As at 30 June	As at 30 June
	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Computer software	12,281	-	12,281	25%	8,368	955	9,323	2,958
2020	<u>12,281</u>	<u>-</u>	<u>12,281</u>		<u>8,368</u>	<u>955</u>	<u>9,323</u>	<u>2,958</u>
2019	12,281	-	12,281	25%	7,062	1,306	8,368	3,913

9. LONG-TERM INVESTMENTS

Subsidiary Company - unquoted

Al Shaheer Farms (Private) Limited
5,570,000 ordinary shares of Rs.10 each
Less: Provision for impairment

	Note	----- (Rupees in '000) -----	
	9.1	19,049	55,700
		-	(36,651)
		<u>19,049</u>	<u>19,049</u>
At amortised cost			
Sales tax refund bonds		-	73,756
Add: Accrued profit		-	837
		-	74,593
		<u>19,049</u>	<u>93,642</u>

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.12.261 million (2019: Rs.15.947 million) which is in the nature of house loan. 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, 2020

	2020	2019
Note	----- (Rupees in '000) -----	
11. DEFERRED TAX ASSET - NET		
Deferred tax assets on deductible temporary differences:		
Unused tax losses / credits	234,091	173,318
Provisions	38,417	33,363
	<u>272,508</u>	<u>206,681</u>
Deferred tax liabilities on taxable temporary differences:		
Accelerated tax depreciation	(14,443)	(15,077)
Revaluation surplus on property, plant and equipment	(11,275)	(12,309)
	<u>(25,718)</u>	<u>(27,386)</u>
11.1	<u>246,790</u>	<u>179,295</u>
11.1 Movement in deferred tax asset - net is as follows:		
Balance at beginning of the year	179,295	192,815
Impact of change in accounting policy	-	(163)
Balance at beginning of the year	179,295	192,652
- recognized in profit or loss	64,562	(11,289)
- recognized in other comprehensive income	2,933	(2,068)
Balance at end of the year	<u>246,790</u>	<u>179,295</u>
12. STOCK-IN-TRADE		
Livestock	91,096	63,159
Raw and packaging materials	8,095	10,657
Stock in transit	34,543	-
Finished goods	6,990	10,637
	<u>140,724</u>	<u>84,453</u>
13. TRADE DEBTS		
Considered good - unsecured		
Overseas	1,885,288	1,391,389
Local	100,138	88,783
	<u>1,985,426</u>	<u>1,480,172</u>
Considered doubtful	41,365	29,769
Provision for doubtful debts	(41,365)	(29,769)
	<u>-</u>	<u>-</u>
	<u>1,985,426</u>	<u>1,480,172</u>
13.1 Particulars of export sales in respect of outstanding debts:	Contract	Total
	----- (Rupees in '000) -----	
Asia		
2020	<u>1,885,288</u>	<u>1,885,288</u>
Asia		
2019	<u>1,391,389</u>	<u>1,391,389</u>

There are no defaulting parties as of June 30, 2020.

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2020

		2020	2019
	Note	----- (Rupees in '000) -----	
13.2 Movement of provision for doubtful debts:			
Opening balance		29,769	11,907
Impact of change in accounting policy		-	8,044
Opening balance - restated		29,769	19,951
Charge for the year		11,596	9,818
Closing balance		<u>41,365</u>	<u>29,769</u>
14. LOANS AND ADVANCES			
Loans - considered good - secured			
Executives		444	1,935
Employees		3,215	3,548
Add: Current portion of long-term loan		1,200	1,200
		<u>4,859</u>	<u>6,683</u>
Advances			
Suppliers		285,637	230,561
Service providers and other vendors		25,665	45,211
Employees		558	646
		<u>311,860</u>	<u>276,418</u>
		<u>316,719</u>	<u>283,101</u>
15. TRADE DEPOSITS AND PREPAYMENTS			
Trade deposits		15,075	14,790
Prepayments			
- takaful		-	263
- others		6	4,268
		<u>6</u>	<u>4,531</u>
		<u>15,081</u>	<u>19,321</u>
16. SHORT-TERM INVESTMENT			
Investment at fair value through profit or loss			
Mutual fund units		-	626
17. OTHER RECEIVABLES			
Sales tax receivables		164,692	156,261
Receivable from shareholders	17.1	1,496	1,496
Receivable against export rebate		134,155	94,272
Others		1,920	1,660
		<u>302,263</u>	<u>253,689</u>
17.1		Represents amount receivable from shareholders on account of tax on bonus shares issued during the year 2015.	
18. CASH AND BANK BALANCES			
Cash in hand		8,209	4,513
With banks:			
Saving accounts	18.1	842	3,684
Current accounts	18.2	35,292	11,538
		<u>36,134</u>	<u>15,222</u>
Book overdraft		-	-
		<u>44,343</u>	<u>19,735</u>
18.1		These carry profit at the rates ranging between 3.7% to 5.5% (2019: 4.5% to 6%) per annum.	
18.2		Included herein are balances amounting to Rs.22.619 million (2019: Rs.3.911) million which are held in accounts maintained under islamic banking.	

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2020

19. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2020	2019		Note	2020	2019
Number of shares in thousands				----- (Rupees in '000) -----	
		Ordinary shares of Rs. 10 each			
87,782	29,941	Issued for cash		877,825	299,407
26,000	26,000	Issued for consideration other than cash	19.1	260,000	260,000
86,177	86,177	Issued as bonus shares		861,768	861,768
<u>199,959</u>	<u>142,118</u>		19.2	<u>1,999,593</u>	<u>1,421,175</u>

19.1 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'.

19.2 As at June 30, 2020, institutions and others held 30,876,462 and 169,082,758 shares, respectively (June 30, 2019: 29,574,487 and 112,542,541). Voting rights, board selection, right of first refusal and block voting are in proportion to their shareholding.

19.3 During the year, the Company has issued 57,841,793 right ordinary shares having face value of Rs.10 each at par. The right issue was conducted in order to expand the existing business in order to enhance the profitability of the Company.

2020	2019		Note	2020	2019
Number of shares in thousands				----- (Rupees in '000) -----	
142,118	142,118	Ordinary Share Capital at the beginning of the year		1,421,175	1,421,175
57,841	-	Right shares Issued during the year		578,418	-
<u>199,959</u>	<u>142,118</u>			<u>1,999,593</u>	<u>1,421,175</u>

20. REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT

Opening balance		836,503	866,498
Transferred to unappropriated profit in respect of incremental depreciation during the year		(23,361)	(27,239)
Disposal of fixed assets during the year		(12,784)	(2,756)
		<u>800,358</u>	<u>836,503</u>
Related deferred tax liability			
Opening balance		(12,309)	(14,359)
Incremental depreciation charged during the year		-	1,906
Adjustment due to change in tax rate		-	144
		<u>(12,309)</u>	<u>(12,309)</u>
		<u>788,049</u>	<u>824,194</u>

21. LONG-TERM FINANCING

Secured

Diminishing musharaka

Askari Bank Limited	21.1	83,333	100,000
Dubai Islamic Bank Pakistan Limited	21.2	677,611	835,975
Habib Metropolitan Bank Limited	21.3	2,725	6,492
Al baraka Bank		-	1,729
		<u>763,669</u>	<u>944,196</u>
Less: current maturity shown under current liabilities		<u>(196,728)</u>	<u>(353,416)</u>
		<u>566,941</u>	<u>590,780</u>

21.1 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 and having revised maturity till June 2024 (Earlier Maturity: June 23). 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.

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2020

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.

21.2 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. It carries profit at the rate of 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.258.41 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% 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% per annum and having maturity till 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 and having maturity till 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.

21.3 Represents diminishing musharaka facility in respect of purchase of motor vehicles for a period of 3 years. It carries profit at the rate of 6 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.

22. 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 1% per annum. The loan along with the markup is repayable in 8 equal quarterly installments commencing from January 2021. The facility is secured by way of EM 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. The total facility of the loan amounted to Rs.60.2 million (2019: Rs.Nil) out of which Rs.20.1 million (2019: Rs.Nil) remained unutilized as at the statement of financial position date.

This loan is initially recorded at present value discounted at the effective interest rate i.e. 3 month KIBOR + 2% and the difference of the actual proceeds and present value is recognized 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:

	2020 ----- Rupees in '000 -----	2019 -----
Not later than one year	10,018	-
Later than one year and not later than five years	26,457	-
	<u>36,475</u>	-
Current maturity shown under current liabilities	(10,018)	-
	<u>26,457</u>	-

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2020

	2020	2019
	----- Rupees in '000 -----	
23. DEFERRED INCOME - GOVERNMENT GRANT		
Balance at beginning of the year	-	-
Recognized during the year	3,595	-
Amortization of deferred income - government grant	(79)	-
Balance at end of the year	<u>3,516</u>	<u>-</u>
Less: Current portion of deferred income - government grant	<u>(1,436)</u>	<u>-</u>
	<u>2,080</u>	<u>-</u>
24. LEASE LIABILITIES		
Lease liabilities	175,532	-
Current portion of lease liabilities	<u>(58,087)</u>	<u>-</u>
	<u>117,445</u>	<u>-</u>
24.1 Reconciliation of the carrying amount is as follows:		
Initial application of IFRS 16 on July 01, 2019	219,344	-
Additions during the year	-	-
Accretion of interest	25,817	-
Lease rental payments made during the year	<u>(69,629)</u>	<u>-</u>
Lease Liability as at June 30, 2020	175,532	-
Current portion of lease liabilities	<u>(58,087)</u>	<u>-</u>
Long-term lease liabilities as at June 30, 2020	<u>117,445</u>	<u>-</u>
24.2 Maturity analysis		
Gross lease liabilities - minimum lease payments:		
Not later than one year	79,065	-
Later than one year but not later than five years	<u>131,809</u>	<u>-</u>
	210,874	-
Future finance charge	<u>(35,341)</u>	<u>-</u>
Present value of finance lease liabilities	<u>175,533</u>	<u>-</u>

25. DEFERRED LIABILITIES

The latest actuarial valuation was carried out on June 30, 2020 by an appointed actuary using "Projected Unit Credit Actuarial Cost Method".

	2020	2019
Note	----- (Rupees in '000) -----	
Defined benefit plan - gratuity	<u>71,924</u>	<u>73,386</u>
25.1 Amount recognised in unconsolidated statement of financial position		
Opening balance	73,386	59,639
Charge for the year	20,630	26,599
Recognised in other comprehensive income	14,034	(1,624)
Benefits paid	<u>(36,126)</u>	<u>(11,228)</u>
Closing balance	<u>71,924</u>	<u>73,386</u>
25.2 Expense recognised in unconsolidated statement of profit or loss		
Current service cost	14,583	22,007
Net interest cost	<u>6,047</u>	<u>4,592</u>
	<u>20,630</u>	<u>26,599</u>

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2020

25.3 Principal actuarial assumptions

The following are the significant actuarial assumptions used in the actuarial valuation:

The number of employees covered under the defined benefit scheme are:

2020	2019
Number of Employees	
369	412

Expected rate of increase in salary
Valuation discount rate
Average expected remaining working life of employees

2020	2019
7.50%	13.00%
7.50%	13.00%
70% of EFU 61-66 mortality table	70% of EFU 61-66 mortality table
Age Dependent	Age Dependent

Expected withdrawal rate

25.4 Sensitivity analysis

Present value of defined benefit obligations

2020			
Discount rate		Salary increase	
+100 bps	-100 bps	+100 bps	-100 bps
(Rupees in '000)			
(1,484)	1,589	1,574	(1,497)
2019			
Discount rate		Salary increase	
+100 bps	-100 bps	+100 bps	-100 bps
(Rupees in '000)			
(1,480)	1,578	1,564	(1,493)

Present value of defined benefit obligations

26. TRADE AND OTHER PAYABLES

Creditors:

Trade
Non-trade

Note

2020	2019
(Rupees in '000)	

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

55,155	61,860
482,510	520,216
537,665	582,076
71,555	60,947
69,809	10,000
41,160	33,523
20,556	17,501
2,520	2,520
56,268	38,289
799,533	744,856

27. 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

27.1
27.2
27.3
27.4
27.5

220,000	350,000
199,374	264,400
290,909	199,975
99,950	100,000
99,967	100,000
910,200	101,4375

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

27.6
27.7

49,734	59,985
64,000	-
1,023,934	1,074,360

27.1 It carries profit at the rate of 6 months KIBOR + 3.5% to 6% per annum for local facility. Rs.145.04 million is secured by specific charge over plant and machinery and Rs.467 million is secured against ranking charge on the current assets of the Company. The remaining facility is secured by first mortgage charge over Gadap Land amounting to Rs.367 million.

27.2 It carries profit at the rate of relevant 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.

27.3 This includes local as well as foreign currency facility carrying profit at the rate of 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.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.

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2020

- 27.4** It carries profit at the rate of 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.
- 27.5** It carries profit at the rate of KIBOR + 1% to 2.5% per annum. The facility is secured against 1st pari passu hypothecation charge of Rs.34 million over receivables of the Company and Rs.115 million exclusive charge over plant and machinery of the Company.
- 27.6** It carries profit at the rate of 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.194.237 million.
- 27.7** It carries profit at the rate of 1 month KIBOR + 4% per annum for the facility. The facility is secured against residential Land (Musharaka Asset) for Rs. 106 million admeasuring 1000sq. yards situated at Plot no. 156/I, Street no.2, DHA Phase VIII-A, Karachi.

28. ACCRUED MARK-UP

Accrued mark-up on:

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

2020 ----- (Rupees in '000) -----	2019 ----- (Rupees in '000) -----
15,397	13,195
44,327	47,325
190	-
59,914	60,520

29. DUE TO A RELATED PARTY

Includes Rs.29.693 million (2019: Rs.77.449 million) interest free loan obtained from Chief Executive Officer of the Company. The loan is unsecured and is repayable on demand.

30. COMMITMENTS

30.1 CONTINGENCIES

There have been no contingencies during the year.

30.2 COMMITMENTS

Capital commitments

2020 ----- (Rupees in '000) -----	2019 ----- (Rupees in '000) -----
10,000	112,453

31. TURNOVER - net

Sales
Trade discount

3,944,225	4,257,769
(32,219)	(69,096)
3,912,006	4,188,673

32. COST OF SALES

Live stock consumed

Opening stock
Purchases
Recovery against livestock residuals - net
Closing stock

63,159	63,403
2,619,704	2,862,346
(94,660)	(121,367)
(91,096)	(63,159)
2,497,107	2,741,223

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

35,311	52,046
22,182	26,288
4,375	4,475
29,290	31,673
28,735	24,247
35,346	34,946
4,266	5,367
1,430	7,752
160,935	186,794

Cost of goods available for sale

2,658,042	2,928,017
------------------	------------------

Finished goods and fuels and lubricants

Opening stock
Closing stock

21,780	44,842
(50,007)	(21,780)
(28,227)	23,062
2,629,815	2,951,079

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2020

		2020	2019
	Note	----- (Rupees in '000) -----	
33. ADMINISTRATIVE AND DISTRIBUTION COSTS			
Salaries, wages and other benefits	33.1	256,163	292,083
Electricity, diesel and related expenses		26,561	40,043
Repair and maintenance		6,638	15,023
Fuel and vehicle maintenance		11,403	9,878
Travelling and conveyance		3,357	4,963
Telephone and communication		6,229	8,617
Cargo		415,694	379,697
Marketing and advertisement		1,649	32,366
Rent, rates and taxes		24,405	141,137
Food		7,205	7,979
Depreciation	7.2	40,052	49,154
Depreciation on Right-of-use assets	7.6	62,817	-
Amortization	8	955	1,306
Legal and professional		5,758	11,804
Software maintenance and development cost		1,198	6,414
Donation		670	9,268
Office supplies		1,522	3,743
Takaful		7,038	11,564
Staff welfare		535	1,105
Allowance for expected credit loss	13.2	11,596	9,818
Cleaning		1,580	3,908
Commission on credit card facilities		3,468	6,094
Auditors' remuneration	33.2	3,912	3,159
Others		9,595	17,466
		<u>910,000</u>	<u>1,066,589</u>

33.1 Include Rs.20.630 million (2019: Rs.26.599 million) in respect of staff retirement benefits.

33.2 Auditors' remuneration

	2020	2019
	----- (Rupees in '000) -----	
Audit fee	1,925	1,733
Half yearly review	590	550
Certifications and other services	1,004	589
Out of pocket expenses	393	287
	<u>3,912</u>	<u>3,159</u>

34. OTHER EXPENSES

Workers' Profit Participation Fund	7,637	12,501
Workers' Welfare Fund	3,055	4,750
Loss on disposal of property, plant and equipment	4,205	576
Provision for impairment of investment in subsidiary	-	36,651
Others	-	21,520
	<u>14,897</u>	<u>75,998</u>

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2020

	2020 ----- (Rupees in '000) -----	2019 ----- (Rupees in '000) -----
35. OTHER INCOME		
Income from financial assets		
Profit on saving accounts	29	62
Gain on remeasurement of short-term investments	19	19
Exchange gain - net	83,751	289,350
Dividend income	-	21
Unwinding of interest on sales tax bonds	8,607	-
Others	79	-
	92,485	289,452
Income from non - financial assets - others	563	4,553
	93,048	294,005
36. FINANCE COSTS		
Profit on financing	248,652	139,299
Bank charges	20,879	15,290
Loss on forward contracts	2,339	-
Right of use assets	25,817	-
Markup on long term financing - government grant	190	-
Others	-	1,652
	297,877	156,241
37. TAXATION		
Current	42,426	34,013
Prior	1,826	(3,462)
	44,252	30,551
Deferred	(64,562)	11,289
	(20,310)	41,840

37.1 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.

37.2 The return of income for the tax year 2019 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.

37.3 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 million 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.

37.4 The Company has filed appeals against orders passed by income tax and sales tax authorities for aggregate demands of Rs. 158,073,381 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.

	2020 ----- (Rupees in '000) -----	(Restated) 2019 ----- (Rupees in '000) -----
38. EARNINGS / (LOSS) PER SHARE - basic and diluted		
Net profit for the year	172,775	190,931
Weighted average ordinary shares of Rs.10/- each - (Number in '000)	170,515	170,515
Earning per share (Rupees) – basic and diluted	1.01	1.12

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2020

39. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2020	2019	2020	2019	2020	2019
	----- (Rupees in '000) -----					
Managerial remuneration	29,882	28,080	12,128	21,178	49,450	77,089
Gratuity	-	-	6,930	-	10,193	4,368
Board meeting fees	-	-	4,390	2,775	-	-
	<u>29,882</u>	<u>28,080</u>	<u>23,448</u>	<u>23,953</u>	<u>59,643</u>	<u>81,457</u>
Number of persons	<u>1</u>	<u>1</u>	<u>10</u>	<u>10</u>	<u>17</u>	<u>28</u>

40. 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:

Transaction for the period

Nature of transaction	Relationship	2020	2019
		----- (Rupees in '000) -----	
Settlement of liabilities by / (Repayment to)	Key Management Personnel	24,774	(13,533)
CEO of the company			
Loan received / (paid to) from CEO during the period		<u>(72,530)</u>	<u>(178,165)</u>

Balance as at year end

Nature of balance	Relationship	2020	2019
		----- (Rupees in '000) -----	
Due to Related Party	Key Management Personnel	<u>29,693</u>	<u>77,449</u>

41. OPERATING SEGMENTS

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

All non-current assets of the Company at June 30, 2020 are located in Pakistan.

42. 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:

42.1 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.

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2020

42.1.1 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
2020	+100	(24,876)
	-100	24,876
2019	+100	(20,186)
	-100	20,186

42.1.2 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	Effect on loss / profit before tax Rupees in '000
2020	10%	176,997
	-10%	(176,997)
2019	10%	106,631
	-10%	(106,631)

42.2 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	
	2020	2019
	----- (Rupees in '000) -----	
Investment	-	626
Trade debts	1,985,426	1,480,172
Loans	17,120	22,630
Trade deposits	15,075	14,790
Bank balances	36,134	15,222
	<u>2,053,755</u>	<u>1,533,440</u>

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2020

42.2.1 Credit quality of financial assets

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

		2020	2019
		----- (Rupees in '000) -----	
Trade debts			
Customers with no defaults in the past one year		<u>606,105</u>	<u>380,489</u>
Bank balances			
Ratings			
AAA		5,467	1,378
AA+		7,545	12,718
AA		23,044	1,052
AA-		-	-
A+		10	52
A		28	11
A-		-	-
BBB-		40	11
		<u>36,134</u>	<u>15,222</u>

42.3 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 2019 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) -----				
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 borrow- ings	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>
2019					
Long-term financing	22,460	75,395	255,561	590,780	944,196
Short-term borrow- ings	422,000	203,700	448,660	-	1,074,360
Trade and other payables	2,521	227,798	241,013	138,226	609,558
Accrued mark-up	43,968	9,265	7,287	-	60,520
Due to a related party	77,449	-	-	-	77,449
	<u>568,398</u>	<u>516,158</u>	<u>952,521</u>	<u>729,006</u>	<u>2,766,083</u>

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2020

42.4 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.

42.4.1 Fair value hierarchy

Financial Instruments carried at fair value are categorized as follows:

Level 1: Quoted market price.

Level 2: Valuation techniques (market observable)

Level 3: Valuation techniques (non-market observables)

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

	Total	Level 1	Level 2	Level 3
June 30, 2020	----- (Rupees in '000) -----			
Financial assets				
Short-term investments	-	-	-	-
Non-financial assets				
Property, plant and equipment	<u>1,645,488</u>	<u>-</u>	<u>-</u>	<u>1,645,488</u>
June 30, 2019	----- (Rupees in '000) -----			
Financial assets				
Short-term investments	<u>626</u>	<u>-</u>	<u>626</u>	<u>-</u>
Non-financial assets				
Property, plant and equipment	<u>1,737,198</u>	<u>-</u>	<u>-</u>	<u>1,737,198</u>

42.5 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 maximize 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, 2020 is as follows:

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2020

	2020	2019
	----- (Rupees in '000) -----	
Long-term financing	763,669	944,196
Short-term borrowings	1,023,934	1,074,360
Accrued markup	59,914	60,520
Total debt	<u>1,847,517</u>	<u>2,079,076</u>
Less: cash and bank balances	<u>(44,343)</u>	<u>(19,735)</u>
Net debt	<u>1,803,174</u>	<u>2,059,341</u>
Share capital	1,999,593	1,421,175
Reserves	2,531,037	2,594,355
Revaluation surplus on property, plant and equipment	788,049	796,249
Total equity	<u>5,318,679</u>	<u>4,811,779</u>
Equity and net debt	<u>7,121,853</u>	<u>6,871,120</u>
Gearing ratio		
Including revaluation surplus on property, plant and equipment	<u>25%</u>	<u>30%</u>
Excluding revaluation surplus on property, plant and equipment	<u>28%</u>	<u>34%</u>

42.6 Foreign Currency Risk

Foreign currency risk is the risk that the value of financial assets or a financial liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in foreign currency. As at the reporting date, the Company is not materially exposed to such risk.

43. NUMBER OF EMPLOYEES

	30 June 2020	30 June 2019
Total number of employees as at the reporting date	<u>373</u>	<u>420</u>
Average number of employees during the year	<u>387</u>	<u>616</u>
Total number of factory employees as at the reporting date	<u>86</u>	<u>101</u>
Average number of factory employees during the year	<u>89</u>	<u>108</u>

44. GENERAL

44.1 Figures have been rounded off to the nearest rupee.


44.2 Certain prior year figures have been reclassified for better presentation. However, there are no material reclassifications to report other than mentioned below

45. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on 02 November, 2020 by the Board of Directors of the Company.



Chief Executive Officer



Director



Chief Financial Officer



Consolidated Financial Statements 2019-20

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 2020**, 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 2020**, 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.



Following are the key audit matters:

S No.	Key audit matters	How the matter was addressed in our audit
1.	<p>First time adoption of IFRS 16 - 'Leases' (IFRS 16)</p> <p>Effective 30 June 2019, the Group has changed its accounting policies due to the adoption of the following new accounting standard:</p> <p>As referred to in note 4.4.1 to the Consolidated financial statements - IFRS 16 'Leases' (IFRS 16) sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model with corresponding recognition of right-of-use asset (ROUA). Lessor accounting under IFRS 16 is substantially unchanged from accounting under IAS 17 'Leases' i.e. operating and finance leases. For lessees all leases will be classified as finance leases only.</p> <p>We have considered the first time application of IFRS 16 as a key audit matter due to the change in accounting methodology, involvement of significant estimates and judgments, presentation and incremental quantitative and qualitative disclosures.</p>	<p>Our key audit procedures amongst others, includes obtaining of an understanding of the analysis performed by management to identify all significant differences between previous accounting standard and the new accounting standard which can impact the financial statements. We also reviewed management's assessment of the impact of new accounting standard on the Groups's financial statements.</p> <p>We further considered the key decisions made by the Group with respect to accounting policies, estimates and judgments in relation to adoption of new accounting standard and assessed it's appropriateness based on our understanding of the Group's business and its operations.</p> <p>Our audit procedures to review the application of IFRS 16, amongst others, included the following;</p> <ul style="list-style-type: none"> - Review of managements' impact assessment of all operating lease contracts with lessor in light of application of the new standard. - Considered the completeness, by testing the reconciliation to the Group's operating lease commitments (if any) and by inspecting terms; - Inspecting terms for a sample of operating lease contracts to determine whether the same are in scope of IFRS 16 and are also subject to recognition exemption under IFRS 16 for short-term and low value leases. We also reviewed contracts to identify whether it is a lease contract, and if so its various component, lease term, extended period, Group historical experience, rental amount, payment terms, lease modifications terms, etc.; - Reviewed discount rate used by the Group to determine the present value of lease obligation and right of use Right of Use Asset (ROUA); - Reviewed and checked the period considered for depreciating ROUA;

S No.	Key audit matters	How the matter was addressed in our audit
		<ul style="list-style-type: none"> - Tested calculation of PV of liability and ROUA and its related finance cost and depreciation charge for the period; and - We also assessed the adequacy and appropriateness of financial statements presentation and disclosures in respect of IFRS 16 in accordance with the applicable financial reporting framework.
2.	Revenue recognition	
	<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 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 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.

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.

EY

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: 4 November 2020

Consolidated Statement of Financial Position


As at June 30, 2020

ASSETS	Note	2020	2019
		----- (Rupees in '000) -----	
NON-CURRENT ASSETS			
Property, plant and equipment	7	5,096,569	5,034,729
Intangible asset	8	2,958	3,913
Long-term investment	9	-	74,593
Long-term loan	10	12,261	15,947
Deferred tax asset - net	11	246,790	179,295
		5,358,578	5,308,477
CURRENT ASSETS			
Stock-in-trade	12	140,724	84,453
Fuel and lubricants		379	486
Trade debts	13	1,985,426	1,480,172
Loans and advances	14	316,779	283,161
Trade deposits and prepayments	15	15,081	19,321
Short-term investment	16	-	626
Other receivables	17	302,263	253,689
Taxation - net		147,357	150,714
Cash and bank balances	18	44,515	20,052
		2,952,524	2,292,674
TOTAL ASSETS		8,311,102	7,601,151
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
200,000,000 (2019: 150,000,000) ordinary shares of Rs.10 each		2,000,000	1,500,000
Issued, subscribed and paid-up capital	19	1,999,593	1,421,175
Share premium		1,507,705	1,507,705
Unappropriated profit		1,027,424	849,204
Revaluation surplus on property, plant and equipment	20	788,049	824,194
		5,322,771	4,602,278
Non-controlling interest		6,902	7,090
		5,329,673	4,609,368
NON-CURRENT LIABILITIES			
Long-term financing	21	566,941	590,780
Long term financing - government grant	22.	26,457	-
Deferred income - government grant	23.	2,080	-
Lease liabilities	24.	117,445	-
Deferred liabilities	25	71,924	73,386
		784,847	664,166
CURRENT LIABILITIES			
Trade and other payables	26	800,418	745,518
Short-term borrowings	27	1,023,934	1,074,360
Accrued mark-up	28	59,914	60,520
Due to a related party	29	46,047	93,803
Current portion of long term financing - government grant	22	10,018	-
Current portion of deferred income - government grant	23	1,436	-
Current portion of lease liabilities	24	58,087	-
Current portion of long-term financing	21	196,728	353,416
		2,196,582	2,327,617
TOTAL EQUITY AND LIABILITIES		8,311,102	7,601,151
CONTINGENCIES AND COMMITMENTS			
	30		

The annexed notes 1 to 45 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, 2020

		2020	2019
	Note	----- (Rupees in '000) -----	----- (Rupees) -----
Turnover - net	31	3,912,006	4,188,673
Cost of sales	32	(2,629,815)	(2,951,079)
Gross profit		<u>1,282,191</u>	<u>1,237,594</u>
Administrative and distribution costs	33	(910,386)	(1,067,340)
Operating profit		<u>371,805</u>	<u>170,254</u>
Other expenses	34	(14,898)	(66,183)
Other income	35	93,048	294,005
Finance costs	36	(297,878)	(156,281)
Profit before taxation		<u>152,077</u>	<u>241,795</u>
Taxation	37	20,310	(41,840)
Net profit for the year		<u><u>172,387</u></u>	<u><u>199,955</u></u>
Attributable to:			
Owners of the Holding Company		172,575	213,474
Non controlling interests		(188)	(13,519)
		<u><u>172,387</u></u>	<u><u>199,955</u></u>
			(Restated)
		----- (Rupees) -----	
Earnings per share – basic and diluted	38	<u><u>1.01</u></u>	<u><u>1.25</u></u>

The annexed notes 1 to 45 form an integral part of these consolidated financial statements.



 Chief Executive Officer



 Director



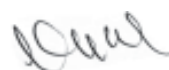
 Chief Financial Officer

Consolidated Statement of Comprehensive Income

For the Year Ended June 30, 2020

		2020	2019
		----- (Rupees in '000) -----	
	Note	----	----
Net profit for the year		172,387	199,955
Other comprehensive income / (loss):			
Items not to be reclassified to statement of profit or loss account in subsequent years			
Remeasurement loss on defined benefit plan	25.1	(14,034)	1,624
Related tax		2,933	(2,068)
		(11,101)	(444)
Total comprehensive income for the year		161,286	199,511
Attributable to:			
Owners of the Holding Company		161,474	213,030
Non controlling interests		(188)	(13,519)
		161,286	199,511

The annexed notes 1 to 45 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, 2020

	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, 2018	1,421,175	1,507,705	616,436	20,609	852,139	4,418,064
Impact on adoption of IFRS 9 - net of tax	-	-	(8,207)	-	-	(8,207)
Adjusted balance as on June 30, 2018	<u>1,421,175</u>	<u>1,507,705</u>	<u>608,229</u>	<u>20,609</u>	<u>852,139</u>	<u>4,409,857</u>
Net income for the year	-	-	213,474	(13,519)	-	199,955
Other comprehensive loss	-	-	(444)	-	-	(444)
Total comprehensive income for the year	-	-	213,030	(13,519)	-	199,511
Revaluation surplus on property, plant and equipment realised on account of incremental depreciation	-	-	27,945	-	(27,945)	-
Balance as at June 30, 2019	<u>1,421,175</u>	<u>1,507,705</u>	<u>849,204</u>	<u>7,090</u>	<u>824,194</u>	<u>4,609,368</u>
Net income for the year	-	-	172,575	(188)	-	172,390
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
Issuance cost on right shares	-	-	(19,399)	-	-	(19,399)
Revaluation surplus on property, plant and equipment realised on account of incremental depreciation	-	-	36,145	-	(36,145)	-
Balance as at June 30, 2020	<u>1,999,593</u>	<u>1,507,705</u>	<u>1,027,424</u>	<u>6,902</u>	<u>788,049</u>	<u>5,329,673</u>

The annexed notes 1 to 45 form an integral part of these consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

Consolidated Statement of Cash Flows

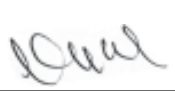
For the Year Ended June 30, 2020

	2020		2019	
	----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation		152,077		241,795
Adjustments for:				
Depreciation		69,362		80,848
Depreciation on Right-of-use assets		62,817		
Amortisation		955		1,304
Provision for defined benefit plan		20,630		26,599
Allowance for expected credit loss		11,596		9,818
Provision for impairment on capital work-in-progress		-		26,836
Loss on initial recognition of long-term investment		-		9,444
Loss on disposal of property, plant and equipment		4,206		576
Profit on long-term investment		-		(837)
Unwinding interest on sales tax bonds		(8,607)		
Gain on disposal of short-term investment		(19)		(36)
Gain on remeasurement of short-term investment		-		
Finance costs		297,878		156,281
		458,818		310,833
Operating profit before working capital changes		610,895		552,628
Decrease / (Increase) in current assets:				
Fuels and lubricants		107		82
Stock-in-trade		(56,271)		23,506
Trade debts		(505,254)		(278,020)
Loans and advances		(29,932)		286,714
Trade deposits and short-term prepayments		4,240		3,134
Other receivables		(48,574)		(23,475)
		(635,684)		11,941
Increase / (Decrease) in current liabilities:				
Trade and other payables		54,899		179,132
Due to a related party		(47,756)		(187,378)
		7,143		(8,246)
Cash generated from operations		(17,646)		556,323
Taxes paid		(33,223)		(39,290)
Lease rentals paid		(60,126)		(11,228)
Gratuity paid		(36,126)		
Net cash (used in) / generated from operating activities		(147,121)		505,805
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
- Property, plant and equipment		(11,097)		(351,322)
- Intangible asset		-		-
Redemption of Long term investment		83,200		(83,200)
Short term investments encashed		645		-
Sale proceeds from disposal of property, plant and equipment		29,262		13,703
Net cash generated / (used in) investing activities		102,010		(420,819)
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash received form issuance of right shares		559,019		-
Long-term financing - net		(180,527)		56,936
Short term borrowings - net		(50,426)		(49,014)
Long term financing - government grant		39,991		
Finance costs paid		(298,483)		(125,318)
Net cash generated / (used in) flows from financing activities		69,574		(117,396)
Net increase / (decrease) in cash and cash equivalents		24,463		(32,410)
Cash and cash equivalents at the beginning of the year		20,052		52,462
Cash and cash equivalents at the end of the year		44,515		20,052

Note

18

The annexed notes 1 to 45 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, 2020

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 Company 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 Company 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.

1.5 Impact of COVID-19 pandemic on these financial statements

The COVID-19 pandemic caused significant and unprecedented curtailment in economic and social activities during the period from March 2020 in line with the directives of the Government. This situation posed a range of business and financial challenges to the businesses globally and across various sectors of the economy in Pakistan. The lockdown, however, excluded companies involved in the business of necessary consumer supplies.

Being in an essential industry, the Company's production and distribution facilities have been permitted by the Government to operate with strict compliance of SOPs issued. The management has adopted all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowed down economic activity.

According to management's assessment, there are no material implications of COVID-19 that require specific disclosure in these unconsolidated financial statements.

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:

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 (the Act);

- Provisions of and directives issued under the Act.

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

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;
- b) short term investments that are carried at fair value;
- c) 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 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 company is 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 Group, 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, Interpretations and Amendments

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of the previous financial year except that the Group has adopted the following amendments of IFRS which became effective for the current year:

IFRS 9	Prepayment Features with Negative Compensation (Amendments)
IFRS 14	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendment)
IFRS 14	Regulatory Deferral Accounts
IFRS 16	Leases
IFRS 16	COVID 19 Related Rent Concessions (Amendments)
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments)
IFRIC 23	Uncertainty over income tax treatments

Improvements to Accounting Standards Issued by the IASB (2015-2017 cycle)

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

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the Company's consolidated financial statements except stated below:

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

4.1.1 IFRS 16 - Leases

During the year, the Company have adopted IFRS 16 as issued by the International Accounting Standards Board (IASB) in January 2016.

IFRS 16 supersedes IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases-Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Company is the lessor.

The Company has lease contracts for its shops. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as an operating lease. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in statement of profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Trade deposits, short term prepayments and other receivables, respectively.

Upon adoption of IFRS 16, the Company initially recognized a lease liability for the obligation to make lease payments and a right-of-use (RoU) asset for the right to use the underlying asset for the lease term against a consideration. The lease liability is measured at the present value of the consideration (lease payments) to be made over the lease term. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use the incremental rate of borrowing. The RoU asset is initially measured at the present value of lease liability, adjusted for lease prepayments and borrowing costs.

As permitted by the transitional provisions of IFRS 16, the Company elected not to restate the comparative figures and not to adjust the opening unappropriated profit. Accordingly, adjustment to the carrying amount of assets and liabilities were recognised in the current period.

The effect of adoption of IFRS 16 as at July 01, 2019 is as follows:

	July 01, 2019 (Rupees in '000)
Increase in RoU asset	221,668
(Decrease) in trade deposits, short term prepayments and other receivables	(2,325)
Increase in total assets	219,343
Increase in lease liability against assets subject to finance lease	227,705
(Decrease) in rent payable	(8,362)
Increase in total liabilities	219,343
Increase in net assets -	-

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

The lease liabilities as at July 01, 2019 can be reconciled to the operating lease commitments as of June 30, 2019 as follows:

	(Rupees in '000)
Operating lease commitments as at June 30, 2019	156,931
Weighted average incremental borrowing rate as at July 01, 2019	13.80%
Discounted operating lease commitments as at July 01, 2019	123,587
Less: Commitments relating to short-term leases -	-
Add: Lease payments relating to renewal periods not included in operating lease commitments as at June 30, 2019	104,118
Lease liabilities as July 01, 2019	227,705

Set out below, are the carrying amounts of the Company's right-of-use assets, lease liabilities and interest liability and the movements during the year:

	RoU asset	Lease liability	Interest liability
	----- (Rupees in '000) -----		
As at July 01, 2019	221,668	219,344	-
Depreciation expense	(62,817)	-	-
Interest expense	-	-	25,817
Payments	-	(69,629)	-
As at June 30, 2020	158,851	149,715	25,817

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

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

The following standards, amendments and interpretations with respect 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 (annual periods beginning on or after)
IFRS 3 Definition of a Business (Amendments)	January 01, 2020
IFRS 3 Business Combinations: Reference to the conceptual framework (Amendments)	January 01, 2022
IFRS 9 / IAS 39 and IFRS 7 - Interest rate benchmark reform (Amendments)	January 01, 2020
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised
IFRS 16 'Leases' - Covid-19 related rent concessions	January 01, 2020
IAS 1 / IAS 8 Definition of Material (Amendments)	January 01, 2020
IAS 1 - Classification of liabilities as current or non-current (Amendments)	January 01, 2022*
IAS 16 'Property, Plant and Equipment' - Proceeds before intended use (Amendments)	January 01, 2022
IAS 37 - Onerous Contracts – cost of fulfilling a contract (Amendments) financial instruments classified as equity	January 01, 2022

* The IASB has issued an exposure draft proposing to defer the effective date of the Amendments to IAS 1 to January 01, 2023.

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

IFRS 9 - Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities

IAS 41 - Agriculture – Taxation in fair value measurements

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of unconsolidated financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 1 – First Time adoption of IFRSs	January 01, 2014
IFRS 17 – Insurance Contracts	January 01, 2021

The Company expects that above new standards will not have any material impact on the Company's unconsolidated financial statements in the period of initial application.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

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:

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.

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 42.2.

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 Financial instruments

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 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.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

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 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 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:

- (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 unconsolidated 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, 2020

6.2 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. Computers and accessories are stated at cost less accumulated depreciation and impairment.

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 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 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

At the commencement date of the lease. Right-of-use assets is measured at preset value of lease liability. Subsequently, RoU asset is measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any pre measurement of lease liabilities. RoU are depreciated on a straight-line basis over the shorter of its estimated useful life and lease term.

Capital work-in-progress

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

6.3 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 9 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.

6.4 Stock-in-trade

These are valued at lower of cost and net realizable value. The cost is determined on weighted average basis and is computed by using the average cost for the last month of the reporting period. The cost of stock comprises of cost of purchase, cost of conversion and other cost incurred in bringing the stock to their present location and condition.

6.5 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.

6.6 Impairment

The carrying values of non financials assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or related cash-generating units are written down to their recoverable amount.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

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.

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.

6.10 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.

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 consolidated statement of profit or loss.

6.12 Revenue recognition

The Group recognises revenue at a point in time when control of product is transferred to customer. 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.

6.13 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 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.

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.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

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.

6.15 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.

6.16 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 Group has a single reportable segment as the Board of Directors views the Group's operations as one reportable segment.

6.17 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.

7. PROPERTY, PLANT AND EQUIPMENT	Note	2020	2019
		----- (Rupees in '000) -----	
Operating fixed assets	7.1	1,645,606	1,737,336
Right-of-use assets	7.5	158,851	-
Capital work-in-progress	7.6	3,292,112	3,297,393
		<u>5,096,569</u>	<u>5,034,729</u>

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

7.1 Operating fixed assets

	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
2019	2,046,471	11,097	(37,678)	2,019,890

	COST / REVALUED AMOUNT			As at June 30, 2019
	As at July 01, 2018	Additions	(Disposals)	
	----- (Rupees in '000) -----			
Freehold land	597,840	-	-	597,840
Leasehold land	442,499	-	-	442,499
Buildings on freehold land	205,526	6,000	-	211,526
Plant and machinery	227,115	935	-	228,050
Furniture and fixture	197,043	2,654	-	199,697
Motor vehicles *	140,420	135	(17,825)	122,730
Office equipment	168,830	469	(517)	168,782
Tools and equipment	26,894	-	-	26,894
Computers and accessories	48,755	-	(302)	48,453
2019	2,054,922	10,193	(18,644)	2,046,471

* Include assets costing Rs.10.797 million (2019: Rs.39.547 million) under Diminishing Musharaka Arrangements.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

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%	84,585	12,466	(40)	97,011	71,744
10%	10,130	1,677	-	11,807	15,087
10% - 15%	23,362	2,671	(219)	25,814	22,542
	309,135	69,362	(4,213)	374,284	1,645,606

Rate	ACCUMULATED DEPRECIATION			NET BOOK VALUE	
	As at July 01, 2018	Charge for the year	(On disposals)	As at June 30, 2019	As at June 30, 2019
	----- (Rupees in '000) -----				
-	-	-	-	-	597,840
-	-	-	-	-	442,499
10%	2,492	20,373	-	22,865	188,661
5% - 20%	54,970	9,293	-	64,263	163,787
10%	54,224	14,454	-	68,678	131,019
15%	21,997	17,183	(3,928)	35,252	87,478
15%	70,285	14,626	(326)	84,585	84,197
10%	8,267	1,863	-	10,130	16,764
10% - 15%	20,417	3,056	(111)	23,362	25,091
	232,652	80,848	(4,365)	309,135	1,737,336

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

7.1.1 The Group 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 (2019: Rs.283.227) million, leasehold land Rs.170.416 (2019: Rs.170.416) million, building Rs.121.654 (2019: Rs.121.654) million, plant and machinery Rs.184.966 (2019: Rs.175.794) million, furniture and fixtures Rs.135.003 (2019: Rs.134.553) million, office equipment Rs.87.274 (2019: Rs.87.233) million, tools and equipments Rs.16.764 million (2019: Rs.16.764) million and motor vehicles Rs.52.958 (2019: Rs.61.707) million.

7.1.2 Forced Sale value as per the latest valuation of freehold and lease hold land is Rs.448.38 million and Rs.331.87 million, respectively.

7.2 Depreciation for the year has been allocated as follows:	Note	2020	2019
		----- (Rupees in '000) -----	
Cost of sales	32	29,290	31,671
Administrative and distribution costs	33	40,072	7,979
		<u>69,362</u>	<u>39,650</u>

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 No. 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) -----						
Land							
Plot No.4, Road No.N-4, RCCI Rawat Industrial Estate.	24,960	-	24,960	22,000	(2,960)	Negotiation	Muhammad Sarfraz Iqbal
Motor vehicles							
Toyota Corolla - BEJ-864	1,628	305	1,323	1,143	(180)	Negotiation	M.Namood Ali Qabil
Suzuki Mehran BEN-961	693	174	519	368	(151)	Negotiation	M.Ghyaas Uddin
Toyota Xli - BGB-137	1,667	316	1,351	1,102	(249)	Negotiation	M.Sofian Akhtar
Toyota Altis - BGB-308	2,054	492	1,562	1,049	(513)	Negotiation	Adnan Budhani
Toyota Vitz - AYZ-837	1,163	566	597	575	(22)	Negotiation	Junaid Sarfraz
Toyota Corolla - BDN-487	2,003	902	1,101	976	(125)	As per Company Policy	Osama Javed
Toyota Vitz - AWR-769	1,010	432	578	404	(174)	As per Company Policy	Muhammad Safdar
Toyota Vitz - AYA-648	1,005	496	509	825	316	External Sale in exchange	Junaid vehicle motor
Aggregate amount of assets disposed having book value less than Rs.500,000	872	270	602	444	(158)	Negotiation	Various
	<u>12,095</u>	<u>3,953</u>	<u>8,142</u>	<u>6,886</u>	<u>(1,256)</u>		
Office Equipment							
Aggregate amount of assets disposed having book value less than Rs.500,000	68	40	28	16	(12)	Various	Various
	<u>68</u>	<u>40</u>	<u>28</u>	<u>16</u>	<u>(12)</u>		
Computers and accessories							
Aggregate amount of assets disposed off having book value less than Rs.500,000	556	219	337	360	23	Various	Various
2020	<u>37,679</u>	<u>4,212</u>	<u>33,467</u>	<u>29,262</u>	<u>(4,205)</u>		
2019	<u>18,644</u>	<u>4,365</u>	<u>14,279</u>	<u>13,703</u>	<u>(576)</u>		

*None of the directors or the Group has any relationship with the purchaser.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

7.5 Right-of-use assets	2020	2019
	----- (Rupees in '000) -----	
As at July 01, 2019		
Cost (Impact of initial application of IFRS 16)	221,668	-
Accumulated depreciation	-	-
Net book value	<u>221,668</u>	<u>-</u>
Year ended June 30, 2020		
Opening net book value	221,668	-
Additions during the year	-	-
Depreciation for the year	(62,817)	-
Closing net book value	<u>158,851</u>	<u>-</u>
As at June 30, 2020		
Cost	221,668	-
Accumulated depreciation	(62,817)	-
Net book value	<u>158,851</u>	<u>-</u>

7.6 Capital work-in-progress	2020	2019
	----- (Rupees in '000) -----	
Land	65,573	65,573
Civil works	90,804	90,804
Plant and machinery	1,585,991	1,585,991
Advance to suppliers and contractors	1,525,945	1,531,226
Intangible asset under development	23,799	23,799
	<u>3,292,112</u>	<u>3,297,393</u>

7.6.1 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	1,531,226	23,799	3,297,393
Addition during the year	-	-	-	-	-	-
Adjustments during the year	-	-	-	(5,281)	-	(5,281)
Closing balance	<u>65,573</u>	<u>90,804</u>	<u>1,585,991</u>	<u>1,525,945</u>	<u>23,799</u>	<u>3,292,112</u>

8. INTANGIBLE ASSET

	COST			Rate	ACCUMULATED AMORTISATION			DOWN VALUE
	As at 01 July 2019	Additions	As at 30 June 2020		As at 01 July 2019	For the year	As at 30 June 2020	As at 30 June 2020
	----- (Rupees in '000) -----							
Computer software	12,281	-	12,281	25%	8,368	955	9,323	2,958
2020	<u>12,281</u>	<u>-</u>	<u>12,281</u>		<u>8,368</u>	<u>955</u>	<u>9,323</u>	<u>2,958</u>
2019	<u>12,281</u>	<u>-</u>	<u>12,281</u>	25%	<u>7,064</u>	<u>1,304</u>	<u>8,368</u>	<u>3,913</u>

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

Note	2020	2019
	----- (Rupees in '000) -----	

9. LONG-TERM INVESTMENT

At amortised cost

Sales tax refund bonds
Add: Accrued profit

-	73,756
-	837
-	74,593

10. LONG-TERM LOAN

This includes loan extended to an executive amounting to Rs.12.261 million (2019: Rs.15.947 million) which is in the nature of house loan. 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.

11. DEFERRED TAX ASSET - NET

Deferred tax assets on deductible temporary differences:

Unused tax losses / credits
Provisions

234,091	173,318
38,417	33,363
272,508	206,681

Deferred tax liabilities on taxable temporary differences:

Accelerated tax depreciation
Revaluation surplus on property, plant and equipment

(14,443)	(15,077)
(11,275)	(12,309)
(25,718)	(27,386)
246,790	179,295

11.1

11.1. Movement in deferred tax asset - net is as follows:

Balance at beginning of the year
Impact of change in accounting policy
Balance at beginning of the year - restated
- recognized in profit or loss
- recognized in other comprehensive income
Balance at end of the year

179,295	192,815
-	(163)
179,295	192,652
64,562	(11,289)
2,933	(2,068)
246,790	179,295

12. STOCK-IN-TRADE

Livestock
Raw and packaging materials
Stock in transit
Finished goods

91,096	63,159
8,095	10,657
34,543	-
6,990	10,637
140,724	84,453

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

		2020	2019
		----- (Rupees in '000) -----	
13. TRADE DEBTS	Note		
Considered good - unsecured			
Overseas	13.1	1,885,288	1,391,389
Local		100,138	88,783
		<u>1,985,426</u>	<u>1,480,172</u>
Considered doubtful		41,365	29,769
Allowance for expected credit loss		<u>(41,365)</u>	<u>(29,769)</u>
		-	-
		<u>1,985,426</u>	<u>1,480,172</u>
		Contract	Total
		----- (Rupees in '000) -----	
13.1 Particulars of export sales in respect of outstanding debts:			
Asia			
2020		<u>1,885,288</u>	<u>1,885,288</u>
Asia			
2019		<u>1,391,389</u>	<u>1,391,389</u>
There are no defaulting parties as of June 30, 2020.			
13.2 Allowance for expected credit loss	Note	2020	2019
		----- (Rupees in '000) -----	
The movement in expected credit loss during the year is as follows:			
Opening balance		29,769	11,907
Impact of change in accounting policy		-	8,044
Opening balance - restated		29,769	19,951
Charge for the year		11,596	9,818
Closing balance		<u>41,365</u>	<u>29,769</u>
14. LOANS AND ADVANCES			
Loans - considered good - secured			
Executives		444	1,935
Other employees		3,275	3,608
Current portion of long-term loan		1,200	1,200
		<u>4,919</u>	<u>6,743</u>
Advances			
Suppliers		285,637	230,561
Service providers and other vendors		25,665	45,211
Employees		558	646
		<u>311,860</u>	<u>276,418</u>
		<u>316,779</u>	<u>283,161</u>

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

	Note	2020 ----- (Rupees in '000) -----	2019
20. REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT			
Opening balance		836,503	866,498
Transferred to unappropriated profit in respect of incremental depreciation during the year		(23,361)	(27,239)
Disposal of fixed assets during the year		(12,784)	(2,756)
		<u>800,358</u>	<u>836,503</u>
Related deferred tax liability			
Opening balance		(12,309)	(14,359)
Incremental depreciation charged during the year		-	1,906
Adjustment due to change in tax rate		-	144
		<u>(12,309)</u>	<u>(12,309)</u>
		<u>788,049</u>	<u>824,194</u>
21. LONG-TERM FINANCING			
Secured			
Diminishing musharaka			
Askari Bank Limited	21.1	83,333	100,000
Dubai Islamic Bank Pakistan Limited	21.2	677,611	835,975
Habib Metropolitan Bank Limited	21.3	2,725	6,492
Al baraka Bank		-	1,729
		<u>763,669</u>	<u>944,196</u>
Less: Current maturity shown under current liabilities		<u>(196,728)</u>	<u>(353,416)</u>
		<u>566,941</u>	<u>590,780</u>

21.1 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 and having revised maturity till June 2024 (Earlier Maturity: June 23). 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.

21.2 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. It carries profit at the rate of 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.258.41 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% 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% per annum and having maturity till 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 and having maturity till 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.

21.3 Represents diminishing musharaka facility in respect of purchase of motor vehicles for a period of 3 years. It carries profit at the rate of 6 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.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

22. 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 1% per annum. The loan along with the markup is repayable in 8 equal quarterly installments commencing from January 2021. The facility is secured by way of EM 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. The total facility of the loan amounted to Rs.60.2 million (2019: Rs.Nil) out of which Rs.20.1 million (2019: Rs.Nil) remained unutilized as at the statement of financial position date.

This loan is initially recorded at present value discounted at the effective interest rate i.e. 3 month KIBOR + 2% and the difference of the actual proceeds and present value is recognized 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:

	2020	2019
	----- Rupees in '000 -----	
Not later than one year	10,018	-
Later than one year and not later than five years	26,457	-
	36,475	-
Current maturity shown under current liabilities	(10,018)	-
	26,457	-

	2020	2019
	----- Rupees in '000 -----	

23. DEFERRED INCOME - GOVERNMENT GRANT

Balance at beginning of the year	-	-
Recognized during the year	3,595	-
Amortization of deferred income - government grant	(79)	-
Balance at end of the year	3,516	-
Less: Current portion of deferred income - government grant	(1,436)	-
	2,080	-

24. LEASE LIABILITIES

Lease liabilities	175,532	-
Current portion of lease liabilities	(58,087)	-
	117,445	-

24.1 Reconciliation of the carrying amount is as follows:

Initial application of IFRS 16 on July 01, 2019	219,344	-
Additions during the year	-	-
Accretion of interest	25,817	-
Lease rental payments made during the year	(69,629)	-
Lease Liability as at June 30, 2020	175,532	-
Current portion of lease liabilities	(58,087)	-
Long-term lease liabilities as at June 30, 2020	117,445	-

24.2 Maturity analysis

Gross lease liabilities - minimum lease payments:		
Not later than one year	79,065	-
Later than one year but not later than five years	131,809	-
	210,874	-
Future finance charge	(35,341)	-
Present value of finance lease liabilities	175,533	-

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

25. DEFERRED LIABILITIES	Note	2020	2019
		----- (Rupees in '000) -----	
Defined benefit plan - gratuity	25.1	<u>71,924</u>	<u>73,386</u>
25.1 Amount recognised in consolidated statement of financial position			
Opening balance		73,386	59,639
Charge for the year		20,630	26,599
Recognised in other comprehensive income		14,034	(1,624)
Benefits paid		<u>(36,126)</u>	<u>(11,228)</u>
Closing balance		<u>71,924</u>	<u>73,386</u>
25.2 Expense recognised in consolidated statement of profit or loss			
Current service cost		14,583	22,007
Net interest cost		<u>6,047</u>	<u>4,592</u>
		<u>20,630</u>	<u>26,599</u>

25.3 Principal actuarial assumptions

The following are the significant actuarial assumptions used in the actuarial valuation:

	2020	2019
	--- Number of Employees ---	
The number of employees covered under the defined benefit scheme are:	<u>369</u>	<u>412</u>
Expected rate of increase in salary	7.50%	13.00%
Valuation discount rate	7.50%	13.00%
Average expected remaining working life of employees	70% of EFU 61-66 mortality table	70% of EFU 61-66 mortality table
Expected withdrawal rate	Age dependent	Age dependent

25.4 Sensitivity analysis

	2020			
	Discount rate		Salary increase	
	+100 bps	-100 bps	+100 bps	-100 bps
	----- (Rupees in '000) -----			
Present value of defined benefit obligations	<u>(1,484)</u>	<u>1,589</u>	<u>1,574</u>	<u>(1,497)</u>
	2019			
	Discount rate		Salary increase	
	+100 bps	-100 bps	+100 bps	-100 bps
	----- (Rupees in '000) -----			
Present value of defined benefit obligations	<u>(1,480)</u>	<u>1,578</u>	<u>1,564</u>	<u>(1,493)</u>

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

26. TRADE AND OTHER PAYABLES	Note	2020	2019
		----- (Rupees in '000) -----	
Creditors:			
Trade		55,155	61,860
Non-trade		482,510	520,303
		537,665	582,163
Accrued liabilities		72,349	61,522
Advance from customers		69,809	10,000
Workers' Profits Participation Fund		41,160	33,523
Workers' Welfare Fund		20,556	17,501
Retention money		2,520	2,520
Other payables		56,359	38,289
		800,418	745,518
27. SHORT-TERM BORROWINGS - Secured			
Murabaha - islamic banking			
Sindh Bank Limited	27.1	220,000	350,000
Habib Metropolitan Bank Limited	27.2	199,374	264,400
Dubai Islamic Bank Pakistan Limited	27.3	290,909	199,975
Askari Bank Limited	27.4	99,950	100,000
Faysal Bank Limited	27.5	99,967	100,000
		910,200	1,014,375
Running Musharaka - Summit Bank Limited	25.6	49,734	-
Running Musharikah - Faysal Bank Limited	25.7	64,000	59,985
		1,023,934	1,074,360

27.1 It carries profit at the rate of 6 months KIBOR + 3.5% to 6% per annum for local facility. Rs.145.04 million is secured by specific charge over plant and machinery and Rs.467 million is secured against ranking charge on the current assets of the Company. The remaining facility is secured by first mortgage charge over Gadap Land amounting to Rs.367 million.

27.2 It carries profit at the rate of relevant 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.

27.3 This includes local as well as foreign currency facility carrying profit at the rate of 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.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.

27.4 It carries profit at the rate of 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.

27.5 It carries profit at the rate of KIBOR + 1% to 2.5% per annum. The facility is secured against 1st pari passu hypothecation charge of Rs.34 million over receivables of the Group and Rs.115 million exclusive charge over plant and machinery of the Group.

27.6 It carries profit at the rate of 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.194.237 million.

27.7 It carries profit at the rate of 1 months KIBOR + 4% per annum for the facility. The facility is secured against residential Land (Musharaka Asset) for Rs. 106 million admeasuring 1000sq. yards situated at Plot no. 156/I, Street no.2, DHA Phase VIII-A, Karachi.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

	2020	2019
	----- (Rupees in '000) -----	
28. ACCRUED MARK-UP		
Accrued mark-up on:		
- Long-term financing	15,397	13,195
- Short-term borrowings	44,327	47,325
- Long term financing - government grant	190	-
	59,914	60,520
29. DUE TO A RELATED PARTY		
Represents Rs.29.693 million (2019: Rs.77.449 million) interest free loan obtained and Rs.16.354 million (2019: Rs.16.354 million) in respect of a current account maintained with Chief Executive Officer of the Group. The loan is unsecured and is repayable on demand.		
30. CONTINGENCIES AND COMMITMENTS		
30.1 CONTINGENCIES		
There have been no contingencies during the year.		
30.2 COMMITMENTS		
Capital commitments	10,000	112,453
31. TURNOVER - net		
Sales	3,944,225	4,257,769
Trade discount	(32,219)	(69,096)
	3,912,006	4,188,673
32. COST OF SALES		
Live stock consumed		
Opening stock	63,159	63,403
Purchases	2,619,704	2,862,346
Recovery against livestock residuals - net	(94,660)	(121,367)
Closing stock	(91,096)	(63,159)
	2,497,107	2,741,223
Conversion cost		
Salaries, wages and other benefits	35,311	52,046
Electricity, diesel and related expenses	22,182	26,288
Repairs and maintenance	4,375	4,475
Depreciation	29,290	31,671
Clearing and forwarding	28,735	24,247
Packing material	35,346	34,946
Marination	4,266	5,367
Others	1,430	7,754
	160,935	186,794
Cost of goods available for sale	2,658,042	2,928,017
Finished goods and fuels and lubricants		
Opening stock	21,780	44,842
Closing stock	(50,007)	(21,780)
	(28,227)	23,062
	2,629,815	2,951,079

7.2

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

		2020	2019
	Note	----- (Rupees in '000) -----	
33. ADMINISTRATIVE AND DISTRIBUTION COSTS			
Salaries, wages and other benefits	33.1	256,307	292,167
Electricity, diesel and related expenses		26,561	40,043
Repair and maintenance		6,638	15,023
Fuel and vehicle maintenance		11,403	9,878
Travelling and conveyance		3,357	4,963
Telephone and communication		6,229	8,617
Cargo		415,694	379,697
Marketing and advertisement		1,649	32,366
Rent, rates and taxes		24,405	141,137
Food		7,205	7,979
Depreciation	7.2	40,072	49,177
Depreciation on Right-of-use assets	7.6	62,817	-
Amortization	8	955	1,304
Legal and professional		5,758	11,814
Software maintenance and development cost		1,198	6,414
Donation		670	9,268
Office supplies		1,522	3,743
Takaful		7,038	11,564
Staff welfare		535	1,105
Allowance for expected credit loss	13.2	11,596	9,818
Cleaning		1,580	3,908
Auditors' remuneration	33.2	4,132	3,489
Others		9,595	17,772
		<u>910,386</u>	<u>1,067,340</u>
33.1	Include Rs.20.630 million (2019: Rs.26.599 million) in respect of staff retirement benefits.		
33.2 Auditor's remuneration			
Audit fee (including Subsidiary Company)		2,145	2,063
Half yearly review		590	550
Certifications and other services		1,004	589
Out of pocket expenses		393	287
		<u>4,132</u>	<u>3,489</u>
34. OTHER EXPENSES			
Workers' Profit Participation Fund		7,637	12,501
Workers' Welfare Fund		3,055	4,750
Loss on disposal of property, plant and equipment		4,206	576
Provision for impairment of investment in subsidiary		-	26,836
Loss on initial recognition of long term investment		-	9,444
Others		-	12,076
		<u>14,898</u>	<u>66,183</u>

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

	2020	2019
	----- (Rupees in '000) -----	
35. OTHER INCOME		
Income from financial assets		
Profit on saving accounts	29	62
Gain on disposal of short-term investment	19	-
Gain on remeasurement of short-term investment	-	19
Exchange gain - net	83,751	289,350
Dividend income	-	21
Unwinding of interest on sales tax bonds	8,607	-
Others	79	-
	92,485	289,452
Income from non - financial assets - others	563	4,553
	93,048	294,005
36. FINANCE COSTS		
Profit on financing	248,652	139,299
Bank charges	20,880	15,330
Loss on forward contracts	2,339	-
Right of use assets	25,817	-
Markup on long term financing - government grant	190	-
Others	-	1,652
	297,878	156,281
37. TAXATION		
Current	42,426	34,013
Prior	1,826	(3,462)
	44,252	30,551
Deferred	(64,562)	11,289
	(20,310)	41,840

37.1 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.

37.2 The return of income for the tax year 2019 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.

37.3 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 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.

37.4 The Company has filed appeals against orders passed by income tax and sales tax authorities for aggregate demands of Rs. 158,073,381 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.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

	(Restated)	
	2020	2019
38. EARNINGS PER SHARE - basic and diluted		
Net profit for the year - (Rupees in '000)	172,575	213,474
Weighted average ordinary shares of Rs.10/- each - (Number in '000)	170,515	170,515
Earning per share (Rupees) – basic and diluted	1.01	1.25

39. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2020	2019	2020	2019	2020	2019
	----- (Rupees in '000) -----					
Managerial remuneration	29,882	28,080	12,128	21,178	49,450	77,089
Gratuity	-	-	6,930	-	10,193	4,368
Board meeting fees	-	-	4,390	2,775	-	-
	29,882	28,080	23,448	23,953	59,643	81,457
Number of persons	1	1	10	10	17	28

40. RELATED PARTY TRANSACTIONS

Related parties of the Group comprise major shareholders, directors, companies under common directorship, key management personnel and staff provident fund. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these consolidated financial statements are as follows:

Transaction for the period

Nature of transaction	Relationship	2020	2019
		----- (Rupees in '000) -----	
Settlement of liabilities by / (Repayment to) CEO of the company	Key Management Personnel	24,774	(13,533)
Loan received / (paid to) from CEO during the period		(72,530)	(178,165)

Balance as at year end

Nature of balance	Relationship	2020	2019
		----- (Rupees in '000) -----	
Due to Related Party	Key Management Personnel	46,047	93,803

41. OPERATING SEGMENTS

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

All non-current assets of the Group at June 30, 2020 are located in Pakistan.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

42. 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:

42.1 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
2020	+100	(24,876)
	-100	24,876
2019	+100	(20,186)
	-100	20,186

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	Effect on loss / profit before tax Rupees in '000
	Pak Rupees	Rupees in '000
2020	10%	176,997
	-10%	(176,997)
2019	10%	106,631
	-10%	(106,631)

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

42.2 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 Groups' 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	
	2020	2019
	----- (Rupees in '000) -----	
Investment	-	626
Trade debts	1,985,426	1,480,172
Loans	17,180	22,690
Trade deposits	15,075	14,790
Bank balances	36,160	15,249
	<u>2,053,841</u>	<u>1,533,527</u>

40.2.1 Credit quality of financial assets

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

	2020	2019
	----- (Rupees in '000) -----	
Trade debts		
Customers with no defaults in the past one year	<u>606,105</u>	<u>380,489</u>
Bank balances		
Ratings		
AAA	5,493	1378
AA+	7,545	12,745
AA	23,044	1,052
AA-	-	-
A+	10	52
A	28	11
A-	-	-
BBB-	40	11
	<u>36,133</u>	<u>15,249</u>

42.3 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 June 30, 2020 based on contractual undiscounted payment dates and present market interest rates:

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

	On demand	Less than 3 months	3 to 12 months	1 to 5 Years	Total
	----- (Rupees in '000) -----				
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	218,935	190,071	232,986	668,226
Accrued mark-up	26,643	32,992	279	-	59,914
Due to a related party	46,047	-	-	-	46,047
	<u>450,136</u>	<u>771,550</u>	<u>609,718</u>	<u>945,909</u>	<u>2,777,313</u>
2019					
Long-term financing	22,460	75,395	255,561	590,780	944,196
Short-term borrowings	422,000	203,700	448,660	-	1,074,360
Trade and other payables	2,521	228,128	238,559	138,511	607,719
Accrued mark-up	43,968	9,265	7,287	-	60,520
Due to a related party	93,803	-	-	-	93,803
	<u>584,752</u>	<u>516,488</u>	<u>950,067</u>	<u>729,291</u>	<u>2,780,598</u>

42.4 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 consolidated financial statements approximate their fair values.

40.4.1 Fair value hierarchy

Financial Instruments carried at fair value are categorized 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 and non-financial assets measured at fair value:

	Total	Level 1	Level 2	Level 3
	----- (Rupees in '000) -----			
June 30, 2020				
Financial assets				
Short-term investments	-	-	-	-
Non-financial assets				
Property, plant and equipment	1,645,606	-	-	1,645,606
June 30, 2019				
Financial assets				
Short-term investments	626	-	626	-
Non-financial assets				
Property, plant and equipment	1,737,336	-	-	1,737,336

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

42.5 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 maximize 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, 2020 is as follows:

	2020	2019
	----- (Rupees in '000) -----	
Long-term financing	763,669	944,196
Short-term borrowings	1,023,934	1,074,360
Accrued mark-up	59,914	60,520
Total debt	<u>1,847,517</u>	<u>2,079,076</u>
Less: Cash and bank balances	<u>(44,515)</u>	<u>(20,052)</u>
Net debt	<u>1,803,002</u>	<u>2,059,024</u>
Share capital	<u>1,999,593</u>	<u>1,421,175</u>
Reserves	<u>2,535,129</u>	<u>2,356,909</u>
Revaluation surplus on property, plant and equipment	<u>788,049</u>	<u>824,194</u>
Total equity	<u>5,322,771</u>	<u>4,602,278</u>
Equity and net debt	<u>7,125,773</u>	<u>6,661,302</u>
Gearing ratio		
Including revaluation surplus on property, plant and equipment	<u>25%</u>	<u>31%</u>
Excluding revaluation surplus on property, plant and equipment	<u>28%</u>	<u>35%</u>

43. NUMBER OF EMPLOYEES

	2020	2019
Total number of employees as at the reporting date	<u>374</u>	<u>421</u>
Average number of employees during the year	<u>388</u>	<u>617</u>
Total number of factory employees as at the reporting date	<u>86</u>	<u>101</u>
Average number of factory employees during the year	<u>89</u>	<u>108</u>

44. GENERAL

44.1 Figures have been rounded off to the nearest rupee.

44.2 Certain prior year figures have been reclassified for better presentation. However, there are no material reclassifications to report other than mentioned below

44.3 The Finance Act 2019, has levied a tax at the rate of 5% to be imposed on every public company that derives profit for a tax year but does not distribute atleast 20% of its after tax profits ('requisite dividend') within six months of the end of the tax year ('requisite time') through cash. Any liability in this respect will be recognised when the requisite time expires without the Holding Company having distributed the requisite dividend.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

45. DATE OF AUTHORISATION FOR ISSUE


These consolidated financial statements were authorised for issue on 02 November, 2020 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, 2020

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
ADEEB AHMAD	2	1,149,635	0.57
MR. UMAIR AHMED KHALILI	2	3,859,402	1.93
QAYSAR ALAM	1	2,301	0.00
KAMRAN AHMED KHALILI	1	48,387,530	24.20
SYED ZILLAY AHMED NAWAB RIZVI	1	703	0.00
JAMIL AKBAR	1	1,407	0.00
Associated Companies, undertakings and related parties	0	-	0
Executives	1	399	0.00
Public Sector Companies and Corporations	1	4,025,000	2.01
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	8	5,170,414	2.59
Mutual Funds			
CDC - TRUSTEE MEEZAN BALANCED FUND	1	1,674	0.00
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1	703	0.00
CDC - TRUSTEE AKD OPPORTUNITY FUND	1	8,031,749	4.02
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	972	0.00
CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	2,496	0.00
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	2,820,630	1.41
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	1	2,452,513	1.23
CDC - TRUSTEE NBP STOCK FUND	1	1,969,453	0.98
CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND	1	262	0.00
CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	1	201	0.00
CDC - TRUSTEE NBP ISLAMIC SARMAYA IZAFI FUND	1	1,554,547	0.78
CDC - TRUSTEE UBL ASSET ALLOCATION FUND	1	96,946	0.05
CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	1	483,157	0.24
CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	1	215,710	0.11
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	1	159,747	0.08
CDC - TRUSTEE NBP ISLAMIC STOCK FUND	1	1,044,044	0.52
CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	1	8,675	0.00
CDC - TRUSTEE NBP ISLAMIC ACTIVE ALLOCATION EQUITY FUND	1	180,417	0.09
CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	1	5,011	0.00
MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	1	139,293	0.07
MCBFSL - TRUSTEE AKD ISLAMIC STOCK FUND	1	1,980,833	0.99
CDC - TRUSTEE UBL DEDICATED EQUITY FUND	1	1,576	0.00
CDC - TRUSTEE GOLDEN ARROW STOCK FUND	1	530,439	0.27
General Public			
a. Local	5291	96,475,000	48.25
b. Foreign	5	6,327,957	3.16
Foreign Companies	0	-	0.00
Others	55	12,878,424	6.44
Totals	5392	199,959,220	100

Share holders holding 10% or more	Shares Held	Percentage
KAMRAN AHMED KHALILI	48,387,530	24.20

NOTICE OF THE ANNUAL GENERAL MEETING OF AL SHAHEER CORPORATION LIMITED

Notice is hereby given that the 6th Annual General Meeting of AlShaheer Corporation Limited (“Company”) will be held on Friday, November 27, 2020, at 09:00 a.m through video-link facility to transact the following business;

Ordinary Business

- 1. To confirm the minutes of last Extra Ordinary General Meeting held on December 21, 2019.**
- 2. To receive, consider and adopt the Stand-alone and Consolidated Audited Financial Statements of the Company for the financial year ended June 30, 2020 together with the Directors’ and Auditors’ Report thereon.**
- 3. To appoint auditors for the ensuing year ending June 30, 2021 and fix their remuneration. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, retire and being eligible have offered themselves for re-appointment.**

Sd.
Company Secretary
November 05, 2020

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, Central Depository Company of Pakistan Limited, CDC House, 99-B, Block B, S.M.C.H.S., Main Shakra-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 25, 2020 to November 27, 2020 (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 Central Depository Company of Pakistan Limited, CDC House, 99-B, Block B, S.M.C.H.S., Main Shakra-e-Faisal, Karachi – 74400 by the close of the Business on November 27, 2020 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. 5 dated March 17, 2020 and Circular No. 25 dated August 31, 2020, has advised companies to modify their usual planning for general meetings for the safety and wellbeing of shareholders and the public at large with minimal physical interaction. 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. Shareholders interested in attending the AGM through Zoom will be requested to get themselves registered with the Company Secretary’s office at least 48 hours before the time of AGM at cs@ascfoods.com by providing

following details:

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

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.

- d. 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 cs@ascfoods.com. Shareholders are requested to mention their full name, CNIC # and Folio/CDC Account # for this purpose.
 - e. Shareholders are encouraged to participate in the AGM to consolidate their attendance and participation through proxies.
4. A member of the Company entitled to attend and vote may appoint any other member as his/her proxy to attend and vote on his/her behalf. PROXIES MUST BE RECEIVED AT THE HEADOFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE MEETING
 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. Any change of address of Members should be immediately notified to the Company's Share Registrars, Central Depository Company of Pakistan Limited, CDC House, 99-B, Block B, S.M.C.H.S., Main Shakra-e-Faisal, Karachi – 74400. CDC Account Holders will further have to follow the under-mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan:

A. For Attending the Meeting:

- i) In case of individuals, the account 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 authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For Appointing Proxies:

- i) In case of individuals, the account 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.
- iv) The proxy shall produce his/her original CNIC or original passport at the time of meeting.
- v) In case of corporate entity, the Board of Directors resolution/ power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted along with proxy form to the Company.

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 27th day of November, 2020 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:

- i. The Proxy form shall be witnessed by two persons whose names, addresses and CNIC Numbers shall be mentioned on the form.
- ii. Attested copies of CNIC or Passport of the beneficial owners and proxy shall be furnished with the proxy form.
- iii. The proxy shall produce his/her original CNIC or original Passport at the time of the meeting.
- iv. 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 Extra Ordinary General Meeting Al Shaheer Corporation Limited

**Saturday December 21, 2019
Royal Rodale, DHA, Karachi**

The Extra Ordinary Annual General Meeting of AlShaheer Corporation Limited (“Company”) was held at Royal Rodale, 34th Street, Phase-V Ext, Defence Housing Authority, Karachi on Saturday, December 21, 2019, at 10:00 a.m.

The proceedings of the meeting started with a welcome note to the shareholders by the Acting 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 29, 2019.

ALSHAHEER FOODS

Ordinary Business

1. To confirm the minutes of 5th Annual General Meeting held on November 27, 2019.

- a. The company secretary read out the minutes of the Annual General Meeting held on November 27, 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 Annual General Meeting held on November 27, 2019 be and are hereby approved.”

2. 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.1,500,000,000 divided into 150,000,000 shares Rs.10 each to Rs.2,000,000,000 divided into 200,000,000 shares of Rs.10 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.2,000,000,000 divided into 200,000,000 shares of Rs.10 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.

ALSHAHEER FOODS

Article [4] of the Article of Association

The Authorized capital of the Company is Rs.2,000,000,000 divided into 200,000,000 shares of Rs.10 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.

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 2019

	SHAREHOLDERS	REPRESENTING SHARES
TOTAL	4,973	142,117,427
PRESENT IN PERSON OR BY PROXY	19	37,958,706

ALSHAHEER FOODS

Head Office:

Suite # G/5/5, 3rd Floor, Mansoor Tower,
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