

**Audited Financial Statements of Wahdat Poultry Farm (Private)
Limited for the year ended June 30, 2023**



RSM Avais Hyder Liaquat Nauman
Chartered Accountants

Plot# 18 –B-1, 1st Floor,
Chohan Plaza, G-8, Markaz
Islamabad, Pakistan.

T: +92 (51) 2340490 & 93
F: +92 (51) 2340476

islamabad@rsm-pakistan.pk
www.rsm.global/pakistan

Independent Auditors' Report

To the Members of Wahdat Poultry Farm (Private) Limited

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and statement of comprehensive income, the statement of changes in equity, and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2023, and of the profit and its comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan 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.

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

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

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

We communicate with the board of directors regarding, among others, 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.

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditures 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),

Other Matter

The financial statements of the Company for the year ended June 30, 2022, were audited by another auditor who expressed an unmodified opinion on those financial statements on September 22, 2022.

The engagement partner on the audit resulting in this independent auditor's report is Syed Naveed Abbas.



RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS

Place: Islamabad

Date: 01 SEP 2023

UDIN: AR202310239ME0DH2W9i

WAHDAT POULTRY FARM (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

| | Note | 2023 Rupees | 2022 Rupees |
|-----------------------------------------|------|-----------------------------|-----------------------------|
| ASSETS | | | |
| NON CURRENT ASSETS | | | |
| Property, plant and equipment | 5 | 698,290,770 | 661,910,773 |
| Intangible assets | 6 | 13,292,000 | 16,283,734 |
| | | <u>711,582,770</u> | <u>678,194,507</u> |
| CURRENT ASSETS | | | |
| Trade debts | 7 | 284,958,261 | 233,330,282 |
| Stock in trade | 8 | 342,639,734 | 243,645,174 |
| Biological assets | 9 | 438,490,048 | 303,884,160 |
| Deposits, advances and other receivable | 10 | 93,380,925 | 87,605,514 |
| Loan to related party | 11 | 12,708,079 | 64,151,654 |
| Advance income tax | | 16,288,075 | 15,225,930 |
| Cash and bank balances | 12 | 22,339,005 | 15,512,216 |
| | | <u>1,210,804,127</u> | <u>963,354,930</u> |
| TOTAL ASSETS | | <u><u>1,922,386,897</u></u> | <u><u>1,641,549,437</u></u> |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Issued, subscribed and paid up capital | 13 | 570,442,510 | 570,442,510 |
| Share premium - capital reserve | 14 | 345,980,520 | 345,980,520 |
| Unappropriated profit | | 145,723,286 | 60,810,078 |
| | | <u>1,062,146,316</u> | <u>977,233,108</u> |
| NON CURRENT LIABILITIES | | | |
| Long term financing | 15 | 42,045,307 | 83,113,204 |
| Employee retirement benefits | 16 | 9,910,680 | 7,465,223 |
| Deferred taxation | 17 | 12,381,506 | 28,767,257 |
| | | <u>64,337,493</u> | <u>119,345,684</u> |
| CURRENT LIABILITIES | | | |
| Short term borrowings | 18 | 554,549,441 | 384,279,190 |
| Trade and other payables | 19 | 141,649,323 | 79,071,003 |
| Current portion of long term financing | 15 | 84,444,080 | 65,238,541 |
| Provision for taxation | 27 | 15,260,244 | 16,381,910 |
| | | <u>795,903,088</u> | <u>544,970,645</u> |
| TOTAL EQUITY AND LIABILITIES | | <u><u>1,922,386,897</u></u> | <u><u>1,641,549,437</u></u> |
| CONTINGENCIES AND COMMITMENTS | 20 | | |

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



CHIEF EXECUTIVE





DIRECTOR

WAHDAT POULTRY FARM (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2023

| | Note | 2023 Rupees | 2022 Rupees |
|-----------------------------------|------|--------------------|--------------------|
| Sales | 21 | 2,007,097,667 | 1,581,844,449 |
| Cost of sales | 22 | (1,649,078,933) | (1,295,234,639) |
| Gross profit | | 358,018,734 | 286,609,810 |
| Administrative expenses | 23 | (73,798,774) | (60,678,870) |
| Selling and distribution expenses | 24 | (238,485,327) | (187,088,004) |
| Operating profit | | 45,734,633 | 38,842,936 |
| Other income | 25 | 145,847,421 | 111,865,027 |
| Finance cost | 26 | (109,818,974) | (57,729,128) |
| Profit before taxation | | 81,763,080 | 92,978,835 |
| Taxation | 27 | 2,101,472 | (28,487,333) |
| Profit after taxation | | 83,864,552 | 64,491,502 |

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



CHIEF EXECUTIVE





DIRECTOR

Rsm

WAHDAT POULTRY FARM (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023

| | 2023 Rupees | 2022 Rupees |
|---------------------------------------------------------------------------------|-------------------|-------------------|
| Profit after taxation | 83,864,552 | 64,491,502 |
| Items that will not be subsequently reclassified in profit or loss (net of tax) | | |
| Remeasurement gain/(loss) on retirement benefit | 1,048,657 | (100,470) |
| Total comprehensive income | 84,913,208 | 64,391,032 |

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



CHIEF EXECUTIVE



DIRECTOR



WAHDAT POULTRY FARM (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

| | Note | 2023 Rupees | 2022 Rupees |
|--------------------------------------------------------|------|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before taxation | | 81,763,080 | 92,978,835 |
| <i>Adjustment for non cash items:</i> | | | |
| Provision for gratuity | 16.2 | 3,922,438 | 3,456,558 |
| Gain on disposal of vehicles | 25 | - | (675,740) |
| Allowance for expected credit loss | 7.1 | 855,863 | 525,842 |
| Finance cost | 26 | 109,818,974 | 56,962,778 |
| Depreciation | 5.1 | 34,779,095 | 31,250,366 |
| Loss on disposal of biological assets | 25 | 11,524,240 | 42,548,843 |
| Amortization on intangibles | 6 | 2,991,734 | 2,991,733 |
| Fair value gain on remeasurement of biological assets | 25 | (140,105,758) | (129,080,071) |
| Operating profit before working capital changes | | 105,549,666 | 100,959,144 |
| Working Capital Changes: | | | |
| <i>(Increase)/decrease in current assets</i> | | | |
| Stock in trade | | (98,994,560) | (23,543,639) |
| Trade debts | | (52,483,842) | (54,211,262) |
| Deposits, advances and other receivable | | (5,775,411) | (22,861,941) |
| Loan to related party | | 51,443,575 | 24,954,000 |
| <i>Increase/(decrease) in current liabilities</i> | | | |
| Trade and other payables | | 45,739,938 | 35,721,923 |
| Cash used in operations | | 45,479,366 | 61,018,225 |
| Income tax paid | | (16,896,415) | (22,767,494) |
| Finance cost paid | | (92,980,591) | (58,021,251) |
| Net cash used in operating activities | | (64,397,640) | (19,770,520) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Addition to property, plant and equipment | | (71,159,092) | (26,031,680) |
| Proceeds from sale of property, plant and equipment | | - | 3,290,000 |
| Addition to work in process | | - | (10,172,146) |
| Acquisition of biological assets | | (19,419,920) | (23,196,003) |
| Proceeds from disposal of biological assets | | 13,395,550 | 18,267,194 |
| Net cash used in investing activities | | (77,183,462) | (37,842,635) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Long term financing | | (21,862,358) | 18,589,151 |
| Short term borrowings | | 170,270,251 | 36,433,309 |
| Net cash generated from financing activities | | 148,407,893 | 55,022,460 |
| Net decrease in cash and cash equivalents | | 6,826,789 | (2,590,695) |
| Cash and cash equivalents at the beginning of the year | | 15,512,216 | 18,102,911 |
| Cash and cash equivalents at the end of the year | 12 | 22,339,005 | 15,512,216 |

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

CHIEF EXECUTIVE



DIRECTOR

Signature

Signature

WAHDAT POULTRY FARM (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2023

| | Issued, subscribed and paid up capital | Share premium | Unappropriated Profit / (loss) | Total |
|--------------------------------------------------|-------------------------------------------------|------------------|-----------------------------------|---------------|
| -----Rupees----- | | | | |
| Balance as at July 1, 2021 | 570,442,510 | 345,980,520 | (3,580,954) | 912,842,076 |
| Total comprehensive income for the year | | | | |
| Profit after taxation | - | - | 64,491,502 | 64,491,502 |
| Other comprehensive loss - net of deferred tax | - | - | (100,470) | (100,470) |
| Balance as at June 30, 2022 | 570,442,510 | 345,980,520 | 60,810,078 | 977,233,108 |
| Total comprehensive income for the year | | | | |
| Profit after taxation | - | - | 83,864,552 | 83,864,552 |
| Other comprehensive income - net of deferred tax | - | - | 1,048,657 | 1,048,657 |
| Balance as at June 30, 2023 | 570,442,510 | 345,980,520 | 145,723,286 | 1,062,146,316 |

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



CHIEF EXECUTIVE




DIRECTOR

Rsm

WAHDAT POULTRY FARM (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1 LEGAL STATUS AND OPERATIONS

Wahdat Poultry Farm (Private) Limited (the Company) was incorporated in Pakistan on February 07, 2019 as private limited company under the Companies Act, 2017. The principal activity of the Company is the poultry layer farming, egg and feed processing, marketing, branding, distribution, buying and selling, export and import of their related products.

During the year ended June 30, 2020, Karandaaz Pakistan injected equity amounting to Rs. 500 million by acquiring 15,401,948 ordinary shares at a price of Rs. 32.46343 per share which resulted in its 27% shareholding in the Company. The mutually agreed period of this shareholding lasts till December 31, 2025.

1.1 GEOGRAPHICAL LOCATION AND ADDRESS OF BUSINESS UNITS

The registered office of the Company is situated at Compound No. 26, Chak 24, Bhagtanwala, Sargodha, Pakistan.

The Company has the following sales centers.

- Islamabad sales center
- Lahore sales center
- Karachi sales center
- Faisalabad sales center

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards

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

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention unless otherwise specifically mentioned.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with the accounting and reporting standards, as applicable in Pakistan, require management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are continually evaluated and based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

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WAHDAT POULTRY FARM (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

2.4 Use of estimates and judgments (Continued..)

- 1) Employee retirement benefits (Note 4.14)
- 2) Estimate of useful life of property and equipment (Note 4.1)
- 3) Estimate of useful life of intangible assets (Note 4.2)
- 4) Impairment of non-financial assets (Note 4.3)
- 5) Provision for taxation (Note 4.16)
- 6) Expected credit loss allowance (Note 4.6/(iv))
- 7) Provisions and contingencies (Note 4.13)
- 8) Fair value of biological assets and biological products.(Note 4.5)

3 STATUS OF STANDARDS AND INTERPRETATIONS

a) Standards and amendments to approved accounting standards that are effective

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 01, 2022. However, these do not have any significant impact on the Company's financial reporting.

b) Standards and amendments to approved accounting standards that are not yet effective

There is a standard and certain other amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 01, 2023. However, these are considered either not to be relevant or to have any significant impact on the Company's financial statements and operations and, therefore, have not been disclosed in these financial statements.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

4.1 Property, plant and equipment

Items included in property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses, except land and capital work in progress. Land and capital work in progress is stated at cost less accumulated impairment losses, if any. Advance for capital expenditure is stated at cost less accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance expenses are recognized in the statement of profit or loss during the financial period in which they are incurred.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

The assets' residual value and useful lives are reviewed, and adjusted if significant, at each balance sheet date. Gains and losses on disposals of property, plant and equipment are recognized in the statement of profit or loss.

The completed or acquired capital work in progress and advances for capital expenditure is transferred to the respective item of operating fixed assets when it becomes available for intended use.

Depreciation on operating assets is provided on reducing balance method at rates mentioned in note 5.1 to the financial statements. Full year depreciation on additions is charged while no depreciation is charged in the year the asset is disposed of. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the financial statements and any gain or loss resulting from their disposal is included in profit or loss.



WAHDAT POULTRY FARM (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

4.2 Intangible assets

Cost associated with ERP software program is recognized as an expense when incurred. However, costs that are directly attributable to identifiable software and have probable economic benefits exceeding the cost beyond one year, are recognized as an intangible asset. Direct costs include the purchase cost of software and its implementation cost. Intangible assets are amortized from the date they are put to use.

Omega 3 and Docosahexaenoic acid (DHA) products and ERP is amortized over the useful life of 10 years and 3 years respectively.

4.3 Impairment of non-financial assets other than inventories

The Company assesses at each reporting date whether there is any indication that assets other than stores and spares may be impaired. If such an indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss, if any. Where carrying values exceed the estimated recoverable amount, assets are written down to the recoverable amounts and the resulting impairment loss is recognized as expense in the statement of profit or loss, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease.

4.4 Stock in trade

Stocks are valued at lower of cost and net realizable value except for stock in transit, which is valued at invoice price and related expenses incurred up to the reporting date.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sales.

The cost is determined as follows:

- Raw materials and packing materials at weighted average cost.
- Biological product is recorded at fair value at the time of harvest and at the same time is then recorded as finished good.
- Finished goods at weighted average cost of purchase, raw materials and applicable manufacturing expenses.
- Cost of raw material, work in process and finished goods comprises of direct materials, labor and appropriate manufacturing overheads. Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated Cost of completion and the estimated costs necessary to make the sale.

4.5 Biological assets

Biological assets comprise of parent flocks of birds. These are measured at fair value less estimated cost to sell with any resultant gain/loss being recognized in the statement of profit or loss. Fair value of parent flocks of birds is determined on the basis of birds of similar age, breed and genetic merit. Cost to sale includes all costs necessary to sell the assets, excluding finance cost and income taxes.

4.6 Financial instruments

Recognition and initial measurement

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

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WAHDAT POULTRY FARM (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Classification of financial assets:

(i) Debt instruments designated at amortized cost

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Debt instrument designated at other comprehensive income

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

For financial instruments other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

Amortized cost and effective interest rate method:

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognizes interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognized in profit or loss and is included in the "finance income - interest income" line item.







WAHDAT POULTRY FARM (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

(iii) Equity instruments designated as at FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'finance income' line item in profit or loss.

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in EQUITY instruments are classified as at FVTPL, unless the Company designates an EQUITY investment that IS neither held for trading nor A contingent consideration arising from A business combination as at FVTOCI ON initial recognition.

- Debt instruments that do not meet the amortized COST Criteria or the FVTOCI Criteria are classified as at FVTPL. In addition, Debt instruments that meet either the amortized COST Criteria or the FVTOCI Criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces A measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring ASSETS or LIABILITIES or recognizing the gains and losses on them on different bases. The Company has not designated any Debt instruments as at FVTPL.

- Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss.

Impairment of financial assets:

The Company recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, lease receivables, trade receivables, contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognizes lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.







WAHDAT POULTRY FARM (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the company's core operations.

a) Financial assets at FVTPL

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its Debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

(i) Definition of default:

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor, or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 360 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(ii) Credit-impaired financial assets:

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event

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WAHDAT POULTRY FARM (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

(ii) Credit-impaired financial assets: (Continued..)

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or

(e) the disappearance of an active market for that financial asset because of financial difficulties

(iii) Write-off policy:

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

(iv) Measurement and recognition of expected credit losses:

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16 Leases.

For a financial guarantee contract, as the Company is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Company expects to receive from the holder, the debtor or any other party.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(v) Derecognition of financial assets:

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

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WAHDAT POULTRY FARM (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

(v) **Derecognition of financial assets: (Continued..)**

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

b) **Financial liabilities**

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

(i) **Financial liabilities at FVTPL**

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognized in the statement of profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognized in the statement profit or loss incorporates any interest paid on the financial liability.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in statement of other comprehensive income, unless it would create or enlarge an accounting mismatch in statement of profit or loss. The remaining amount of change in the fair value of liability is recognized in statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in statement of other comprehensive income are not subsequently reclassified to statement of profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Company that are designated by the Company as at FVTPL are recognized in profit or loss.

(ii) **Financial liabilities measured subsequently at amortized cost**

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

(iii) **Derecognition of financial liabilities:**

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

4.7 **Offsetting of financial assets and liabilities**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet, if the Company has a legally enforceable right to set-off the recognized amounts and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

4.8 **Related party transactions**

Related party transactions arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes as admissible unless the Directors determine the otherwise to be beneficial for the Company.

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WAHDAT POULTRY FARM (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

4.9 Trade debts

Trade debts are recognized and carried at original invoice amount less an allowance for any uncollectable amounts.

4.10 Foreign currency transactions and translation

Transactions in foreign currencies are translated into functional currency at exchange rates at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at reporting date are translated to the functional currency at the exchange rates at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at beginning of the year, adjusted for effective interest and payments during the year, and amortized cost in foreign currency translated at the exchange rate at reporting date. Exchange differences are included in the statement of profit or loss.

4.11 Cash and bank balances

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Short term finance facilities availed by the Company, which are payable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of statement of cash flows.

4.12 Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are determined by discounting future cash flows at appropriate discount rate where ever required. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

4.13 Contingencies

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

4.14 Employee retirement benefits

The Company operates an unfunded gratuity scheme. The scheme provides for terminal benefits for all its permanent employees whose period of service exceeds one year. Employees are entitled to gratuity on the basis of one gross salary for each completed one year of service after the minimum qualifying period. Annual charge is based on actuarial valuation using Projected Unit Credit Method. The latest actuarial valuation is carried out on June 30, 2023

4.15 Revenue recognition

Revenue comprises the fair value for the sale of goods net of sales taxes and discounts. Revenue from the sale of goods is recognized when control of the goods passes to customers and the customers can direct the use of and substantially obtain all the benefits from the goods i.e. when the Company has transferred control of the products to the customers and there is no unfulfilled performance obligation at part of the Company that could affect the customer's acceptance of the products.

4.16 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in statement of profit or loss except to the extent that it relates to items recognized in other comprehensive income or directly in equity in which case it is recognized in other comprehensive income or directly in equity respectively.

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WAHDAT POULTRY FARM (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Current

Provision for current taxation is based on taxable income on current rates of taxation after taking into account the rebates and tax credits available, if any, or one percent of turnover, whichever is higher in accordance with the provisions of the Income Tax Ordinance, 2001.

The Company recognizes tax liabilities for pending tax assessments using estimates based on expert opinion obtained from tax/legal advisors. Differences, if any, between the income tax provision and the tax liability finally determined is recorded when such liability is so determined.

Deferred

Deferred tax is accounted for using the statement of financial position liability method on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax. Deferred tax is calculated based on tax rates that have been enacted or substantively enacted up to the reporting date and are expected to apply to the periods when the differences reverse. Deferred tax for the year is charged or credited to the statement of profit or loss.

4.17 Borrowing cost

Borrowings are recognized initially at fair value and are subsequently carried at amortized cost.

Borrowing costs are recognized as an expense in the period in which these are incurred except in cases where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalized as part of the cost of that asset.

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WAHDAT POULTRY FARM (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

| | Note | 2023 Rupees | 2022 Rupees |
|-------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|--------------------|
| 5.2 CAPITAL WORK IN PROGRESS | | | |
| Opening balance at the beginning of the year | | 10,172,146 | - |
| Additions during the year | | - | 13,476,184 |
| Transfer to owned assets | 5.2.1 | (10,172,146) | (3,304,038) |
| Closing balance at the end of the year | | - | <u>10,172,146</u> |
| 5.2.1 | The represents the cost of construction of building and the allied machinery for manufacturing of pulp trays. | | |
| 6 INTANGIBLE ASSETS | | | |
| | Omega 3 (Note 7.1) | ERP Software (Note 7.2) | Total |
| | -----Rupees----- | | |
| Cost | | | |
| Balance as at July 01, 2022 | 26,584,000 | 1,000,000 | 27,584,000 |
| Additions | - | - | - |
| Disposal | - | - | - |
| Balance as at June 30, 2023 | <u>26,584,000</u> | <u>1,000,000</u> | <u>27,584,000</u> |
| Accumulated Amortization | | | |
| Balance as at July 01, 2022 | 10,633,600 | 666,666 | 11,300,266 |
| Amortization for the year | 2,658,400 | 333,334 | 2,991,734 |
| Balance as at June 30, 2023 | <u>13,292,000</u> | <u>1,000,000</u> | <u>14,292,000</u> |
| WDV as at June 30, 2023 | <u>13,292,000</u> | - | <u>13,292,000</u> |
| Cost | | | |
| Balance as at July 01, 2021 | 26,584,000 | - | 26,584,000 |
| Additions | - | 1,000,000 | 1,000,000 |
| Disposal | - | - | - |
| Balance as at June 30, 2022 | <u>26,584,000</u> | <u>1,000,000</u> | <u>27,584,000</u> |
| Accumulated Amortization | | | |
| Balance as at July 01, 2021 | 7,975,200 | 333,333 | 8,308,533 |
| Amortization for the year | 2,658,400 | 333,333 | 2,991,733 |
| Balance as at June 30, 2022 | <u>10,633,600</u> | <u>666,666</u> | <u>11,300,266</u> |
| WDV as at June 30, 2022 | <u>15,950,400</u> | <u>333,334</u> | <u>16,283,734</u> |
| 6.1 | This represents development cost of Omega 3 and Docosahexaenoic acid (DHA) products. The estimated useful life of intangible asset is estimated to be 10 years (2022: 10 years). | | |
| 6.2 | This represents the cost of ERP with estimated useful life of 3 years (2022: 3 years). | | |
| 7 TRADE DEBTS | | | |
| Trade debts | | 293,899,472 | 241,415,630 |
| Allowance for expected credit losses | 7.1 | (8,941,211) | (8,085,348) |
| | | <u>284,958,261</u> | <u>233,330,282</u> |
| 7.1 Allowance for expected credit losses | | | |
| Balance at beginning of the year | | 8,085,348 | 7,559,506 |
| Charge during the year | | 855,863 | 525,842 |
| Balance at end of the year | | <u>8,941,211</u> | <u>8,085,348</u> |

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WAHDAT POULTRY FARM (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

| | Note | 2023 Rupees | 2022 Rupees |
|----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| 8 STOCK IN TRADE | | | |
| Raw material | | 323,121,944 | 213,324,752 |
| Packing material | | 5,867,640 | 17,302,162 |
| Finished goods | | 13,650,150 | 13,018,260 |
| | | <u>342,639,734</u> | <u>243,645,174</u> |
| 9 BIOLOGICAL ASSETS | | | |
| Opening balance | | 303,884,160 | 215,760,508 |
| Acquisition during the year | | 19,419,920 | 23,196,003 |
| Disposed during the year | | (24,919,790) | (60,816,037) |
| Change in fair value | | 140,105,758 | 125,743,686 |
| Closing balance | | <u>438,490,048</u> | <u>303,884,160</u> |
| Number of birds at year end | | <u>356,119</u> | <u>497,500</u> |
| Matured | | <u>257,893</u> | <u>402,500</u> |
| Immature | | <u>9 8,226</u> | <u>9 5,000</u> |
| 10 DEPOSITS, ADVANCES AND OTHER RECEIVABLES | | | |
| Deposits | | | |
| Security deposits | | 1,892,617 | 1,792,617 |
| Advances | | | |
| Advances to suppliers - unsecured | | 53,707,184 | 49,155,799 |
| Staff advances - Personal | | 1,796,357 | 3,145,158 |
| Staff advances - Official | 10.1 | 9,811,484 | 9,032,220 |
| Other receivables | | | |
| Interest receivable - related party | 11.1 | 26,173,283 | 24,479,720 |
| | | <u>93,380,925</u> | <u>87,605,514</u> |
| 10.1 | These represent advances for meeting official expenditures while they are on distribution offices of the Company. | | |
| 11 LOAN TO RELATED PARTY - UNSECURED | | | |
| Opening balance | | 64,151,654 | 89,105,654 |
| Adjusted during the year | | (51,443,575) | (24,954,000) |
| Repayment during the year | | - | - |
| Closing balance | 11.1 | <u>12,708,079</u> | <u>64,151,654</u> |
| 11.1 | This represents the subordinated loan to the Wahdat Dairy Farm (WDF), an associated undertaking. During the year the principal amount is adjusted against the loan payable to director amounting Rs. 51.44 million. This carry markup at the rate 13.33% (2022: 9.62%) per annum. | | |
| 12 CASH AND BANK BALANCES | | | |
| Cash in hand | | 2,791,338 | 4,579,045 |
| Cash at bank: | | | |
| Local currency | | | |
| - Current accounts | | 19,547,667 | 10,933,171 |
| | | <u>22,339,005</u> | <u>15,512,216</u> |

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WAHDAT POULTRY FARM (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

| | Note | 2023 Rupees | 2022 Rupees |
|-------------------------------------------------------------------------------------------|------|----------------|----------------|
| 13 SHARE CAPITAL | | | |
| Authorized share capital | | | |
| 60,000,000 (2022: 60,000,000) Ordinary shares of Rs. 10/- each | | 600,000,000 | 600,000,000 |
| Issued, subscribed and paid up capital | | | |
| 15,421,948 (2022: 15,421,948) Ordinary shares of Rs. 10/- each fully paid in cash | | 154,219,480 | 154,219,480 |
| 41,622,303 (2022: 41,622,303) Ordinary shares of Rs. 10/- each fully paid other than cash | | 416,223,030 | 416,223,030 |
| | | 570,442,510 | 570,442,510 |

The Company has only one class of ordinary shares which carries no right to fixed income. The shareholders are entitled to receive dividend as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

14 SHARE PREMIUM

This represents premium on issue of 12,383,165 and 3,018,783 shares to Karandaaz Pakistan on January 09, 2020 and March 19, 2020 respectively, at a premium of Rs. 22.46343 per share. Share premium cannot be utilized except for the purposes mentioned under section 81 of Companies Act 2017.

| | Note | 2023 Rupees | 2022 Rupees |
|---------------------------------|------|----------------|----------------|
| 15 LONG TERM FINANCING | | | |
| From related parties: | | | |
| Karandaaz Pakistan | 15.1 | 37,500,002 | 47,916,667 |
| From un-related parties: | | | |
| Diminishing musharakah I & II | 15.2 | 79,200,011 | 86,805,550 |
| Diminishing musharakah | 15.3 | 9,789,374 | 13,629,528 |
| | | 126,489,387 | 148,351,745 |
| Less: Current portion | | (84,444,080) | (65,238,541) |
| | | 42,045,307 | 83,113,204 |

15.1 In 2021, a Rs. 50 million facility was acquired from Karandaaz Pakistan (an affiliate). Interest is 3-month KIBOR plus 200 basis points annually (2022: same), paid monthly. Initially due in 6 months, an addendum extended it to 36 months, with 12 months grace. Repayment starts in the 13th month, in equal installments over 24 months. Secured by a promissory note to Karandaaz Pakistan.

15.2 The company has obtained loan from OLP Modaraba at the rate of 6 month KIBOR plus 4% for acquisition of plant and machinery. The loan is secured by specific charge on diminishing musharakah assets, personal guarantees of all director except director nominated by Karandaaz Pakistan, postdated cheques for entire diminishing musharakah tenure and equitable plus token mortgage of company land and building located at Sargodha.

15.3 The company has obtained loan from different financial institutions for purchased of vehicles. The loan carry markup at the rate of 6 month KIBOR plus 2.5% to 4%. The loan is secured by personal guarantees of all director except director nominated by Karandaaz Pakistan, postdated cheques for entire diminishing musharakah tenure and registration of vehicle in favor of lender.

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WAHDAT POULTRY FARM (PRIVATE) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

| | Note | 2023 Rupees | 2022 Rupees |
|------------------------------------------------------------------------------|------|--------------------------|--------------------------|
| 16 EMPLOYEE RETIRMENT BENEFITS | | | |
| Employees gratuity | | 9,910,680 | 7,465,223 |
| 16.1 Reconciliation of net liability is as follows: | | | |
| Present value of defined obligations | | 9,910,680 | 7,465,223 |
| Fair value of plan assets | | - | - |
| | | 9,910,680 | 7,465,223 |
| 16.2 Movement in the net liability is as follows: | | | |
| Opening balance | | 7,465,223 | 3,867,158 |
| Charge during the year - P/L | | 3,922,438 | 3,456,558 |
| Other comprehensive income | | (1,476,981) | 141,507 |
| Payments made during the year | | - | - |
| Closing balance | | 9,910,680 | 7,465,223 |
| 16.3 Movement in present value of defined obligation | | | |
| Present value of defined obligations at beginning of the year | | 7,465,223 | 3,867,158 |
| Current service cost | | 2,933,296 | 3,069,842 |
| Interest cost | | 989,142 | 386,716 |
| Benefit paid | | - | - |
| Experience adjustment | | (1,476,981) | 141,507 |
| Obligation at end of the year | | 9,910,680 | 7,465,223 |
| 16.4 Allocation of gratuity charge: | | | |
| Cost of goods sold | | 5,10,452 | 547,015 |
| Administrative expenses | | 1,313,392 | 1,051,920 |
| Selling and distribution expense | | 2,098,594 | 1,857,623 |
| | | 3,922,438 | 3,456,558 |
| 16.5 Actuarial assumptions | | | |
| Valuation discount rate used for present value of defined benefit obligation | | 16.25% | 13.25% |
| Salary increase rate | | 16.25% | 13.25% |
| Normal retirement age | | 60 years | 60 years |
| Average expected remaining working lifetime of members | | 5 Years | 5 Years |
| Average duration of liability | | 4 Years | 4 Years |
| Mortality table | | As per SLIC 2001-2005 | As per SLIC 2001-2005 |

16.6 Sensitivity analysis

The sensitivity analysis is based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied, as applied when calculating the gratuity liability recognized within the statement of financial position.

| Present value of defined benefit obligation - 2023 | | | |
|----------------------------------------------------|------------|----------------|------------|
| Discount rate | Rupees | Rate of salary | Rupees |
| +1% | 9,523,852 | +1% | 10,313,220 |
| -1% | 10,312,967 | -1% | 9,523,969 |

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WAHDAT POULTRY FARM (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

16.6 Sensitivity analysis (Continued..)

| Discount rate | Present value of defined benefit obligation - 2022 | | |
|---------------|----------------------------------------------------|----------------|-----------|
| | Rupees | Rate of salary | Rupees |
| +1% | 7,173,844 | +1% | 7,768,436 |
| -1% | 7,768,246 | -1% | 7,173,933 |

| | Note | 2023 | 2022 |
|-----------------------------------------------------------------------------------------|------|-------------------|-------------------|
| | | Rupees | Rupees |
| 17 DEFERRED TAXATION | | | |
| Deferred tax liability-opening | | 28,767,257 | 16,702,871 |
| Charged to profit & loss | | (16,814,076) | 12,105,423 |
| Charged to other comprehensive income | | 428,324 | (41,037) |
| | | 12,381,506 | 28,767,257 |
| Deferred tax assets arising due to taxable temporary timing differences are as follows: | | | |
| Accelerated depreciation | | 198,339,699 | 175,917,219 |
| Allowance for expected credit losses | | (2,592,951) | (2,344,751) |
| Stock in trade | | - | 967,552 |
| Employee retirement benefits | | (2,874,097) | (2,164,915) |
| Unused tax losses | | (130,794,563) | (112,166,796) |
| Unused tax credit | | (49,696,581) | (31,441,052) |
| | | 12,381,506 | 28,767,257 |

17.1 Deferred tax computed at the rate of 29% (2022: 29%).

17.2 The deferred tax asset arising from unused tax losses as of June 30, 2023, is calculated on tax depreciation and amortization amounting Rs. 126.233 million, & will be available for the adjustment for foreseeable future and Rs. 2.796 million on business losses for tax year 2020 and will be available for adjustment till tax year 2025.

| 18 SHORT TERM BORROWINGS | Note | 2023 | 2022 |
|------------------------------------------|------|--------------------|--------------------|
| | | Rupees | Rupees |
| Running finance - Askari Bank Limited | 18.1 | 109,175,120 | 106,004,250 |
| Cash finance - Askari Bank Limited | 18.2 | 246,027,033 | 148,935,692 |
| FATR - Askari Bank Limited | 18.3 | 49,997,288 | 50,000,000 |
| Short term finance - Askari Bank Limited | 18.4 | 24,450,000 | 15,000,000 |
| Running finance - JS-Bank Limited | 18.5 | - | 54,770,097 |
| Short term finance - JS-Bank Limited | 18.6 | - | 9,472,979 |
| SBP salary financing - JS Bank Limited | 18.7 | - | 96,172 |
| Short term finance - National Bank | 18.8 | 50,000,000 | - |
| Short term finance - National Bank | 18.9 | 74,900,000 | - |
| | | 554,549,441 | 384,279,190 |

18.1 This represents the outstanding balance of Rs. 110 million (same in 2022) from running finance at 3-month KIBOR plus 200 basis points yearly (same in 2022), paid monthly. Secured by:

1st Pari Pasu charge on current assets worth Rs. 2.35 million, registered at SECP.

1st exclusive charge of Rs. 66 million at SECP through TRM of Rs. 0.1 million and equitable mortgage on land and building owned by the Company, along with EM and unregistered GPA.

18.2 This represents the outstanding balance: Rs. 150 million (same in 2022) from Cash Finance-Pledge (CF) at 3-month KIBOR plus 200 basis points yearly (same in 2021), paid monthly. Pledged goods released upon cash payment/fund realization within 180 days through Bank's Delivery Order. Secured by:

1st exclusive charge of Rs. 167 million at SECP over pledged assets with raw materials stored at separate farm premises with a 10% margin under Bank's approved mucaddam's arrangement.

1st exclusive charge of Rs. 92 million at SECP over fixed assets, including industrial land and building (Poultry Farm Shed/Phase-I), owned by the Company.

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WAHDAT POULTRY FARM (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

- 18.3 This represents the outstanding balance: Rs. 50 million (same in 2022) from Finance Against Trust Receipts (FATR) at 3-month KIBOR plus 200 basis points yearly (same in 2022), paid monthly. Principal settled by Wahdat Poultry Farm (Private) Limited within 180 days. Secured by:
1st Pari Pasu charge on current assets valued at Rs. 235 million.
TRM of Rs. 0.1 million and EM (with un-registered GPA) on agricultural land measuring 322 Kanals, owned by a Company director, at Chak #24 Janoobi Tehsil and District Sargodha.
- 18.4 This represents the outstanding balance: Rs. 15 million (same in 2022) from Short Term Finance (STF) at 3-month KIBOR plus 200 basis points yearly (same in 2022), paid monthly. Revolving STF, adjusted within 90 days from own sources. Secured by:
Accepted bills from customers/companies for sales.
TRM of Rs. 0.5 million (with un-registered GPA) on a property owned by the Company's chief executive at House No#244, Street#23, F-11/2, Islamabad, measuring 666.66 sq. yards.
- 18.5 This represents the outstanding balance: Rs. 55 million (same in 2022) from running finance at 3-month KIBOR plus 250 basis points yearly (same in 2022), paid quarterly. Secured by:
1st Pari Pasu hypothecation charge on current assets for Rs. 100 million (30% Margin), registered at SECP.
Token registered mortgage (TRM) of Rs. 100,000 and EM on a director's property at House No. 259-B, Margalla Road, Sector F-11/2, Islamabad.
Personal guarantees and net worth statements from all directors except one nominated by Karandaaz Pakistan.
- 18.6 This represents the outstanding balance: Rs. 10 million (same in 2022) from short-term finance (STF) at 3 month KIBOR plus 250 basis points annually (same in 2022), paid quarterly. Revolving STF, adjusted within 90 days from own sources. Secured by: 1st Pari Pasu hypothecation charge on present and future current assets, including receivables, for Rs. 100 million (30% Margin), registered at SECP. Token registered mortgage (TRM) of Rs. 100,000 and EM on director's property at House No. 259-B, Margalla Road, Sector F-11/2, Islamabad.
Personal guarantees and net worth statements from all directors except one nominated by Karandaaz Pakistan.
- 18.7 This represent the outstanding balance of Rs. 50M from Fresh agricultural non-farm facilities at 3MK + 1.75% p.a. if paid within 10 days from due date; else, 3MK + 2.5% p.a. Recovered within three years via revolving credit scheme. Secured by: 1st Pari Passu Hypothecation Charge on current assets, including stocks & receivables, registered with SECP up to Rs. 67M.
1st Pari Passu charge on present & future fixed assets, including land and buildings, registered with SECP up to Rs. 41M. Mortgage of Agriculture Land measuring 63 Kanals, Chak 24, Sargodha, up to Rs. 50M, owned by Mrs. Shabana Muhammad Shahid. Personal Guarantees of Directors and property owners, excluding nominee director Mr. Syed Hassan Ali Khan appointed by Karandaaz Pakistan.
- 18.8 This represents outstanding balance of Rs. 50M Fresh agricultural non-farm facility at 3MK + 1.75% p.a. if paid within 10 days; else, 3MK+2.5% p.a. Recovered in 3 years via revolving Credit Scheme. Secured by 1st Pari Passu Hypothecation on all current assets, incl. stocks & receivables, up to PKR 67.00M, registered with SECP. 1st Pari Passu charge on all fixed assets, incl. land, building, commercial property, up to PKR 41.00M, registered with SECP. Mortgage of 63 Kanals Agriculture Land, Chak 24, Sargodha, up to Rs. 50M, owned by Mrs. Shabana Muhammad Shahid. Personal Guarantees of Directors and property owners, except Mr. Syed Hassan Ali Khan, Karandas nominee.



WAHDAT POULTRY FARM (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

- 18.9 Outstanding: Rs. 75M Cash finance (Hip) at 3 Months KIBOR + 1.73% p.a. (if paid within 15 days of due, else regular bank policy markup). Expires September 30, 2023. Secured by:
Hypothecation of present & future stock/work in process.
Token registered mortgage of Rs. 100,000/- on residential house, House #259-B Margalla Road, Sector F-11/2, Islamabad, owned by Mr. Muhammad Shahid Zaman & Mrs. Shabana Muhammad. Market value Rs. 127.635M, forced sale value Rs. 107.441M, valued by Messer Harvester Services Private Limited.
Personal guarantees of firm's director and property owner, except Mr. Sayyed Hassan Ali, Karandas nominee.

| | Note | 2023 Rupees | 2022 Rupees |
|------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| 19 TRADE AND OTHER PAYABLES | | | |
| Accrued liabilities | | 10,551,762 | 9,692,881 |
| Markup payable | | 23,406,418 | 6,568,035 |
| Income tax withheld | | 9,651,602 | 5,462,778 |
| Trade creditors | | 93,414,546 | 56,138,852 |
| Other payables | | 4,624,995 | 1,208,457 |
| | | <u>141,649,323</u> | <u>79,071,003</u> |
| 20 CONTINGENCIES AND COMMITMENTS | | | |
| 20.1 Contingencies | | | |
| There were no contingencies at year end (2022: Nil). | | | |
| 20.2 Commitments | | | |
| There were no commitments at year end (2022: Nil). | | | |
| 21 SALES | | | |
| Local | | 1,924,293,087 | 1,534,003,775 |
| Export | | 82,804,580 | 47,840,674 |
| | | <u>2,007,097,667</u> | <u>1,581,844,449</u> |
| 21.1 | The Company is not charging sales tax as eggs are exempted from charge in terms of section 13(1) read with entry number 11 of Table of 6th schedule of the Sales Tax Act, 1990. | | |
| 22 COST OF SALES | | | |
| Raw material consumed | 22.1 | 1,212,467,841 | 854,366,430 |
| Outsourced eggs | 22.2 | 71,865,052 | 157,826,998 |
| Salaries, wages and other benefits | | 56,784,649 | 44,250,593 |
| Mess & uniform | | 8,557,095 | 6,702,112 |
| Office entertainment | | 19,360 | 16,221 |
| Electricity & other utilities | | 46,805,138 | 30,464,337 |
| Fuel - generator | | 18,345,705 | 9,485,455 |
| Petrol oil and lubricants | | 768,672 | 401,702 |
| Carriage, freight and toll taxes | | 27,715,083 | 14,355,191 |
| Travelling and conveyance | | 2,696,498 | 1,043,164 |
| Repair and maintenance | | 12,827,405 | 5,548,296 |
| Telephone and postage | | 455,050 | 378,960 |
| Printing and stationery | | 4,234,036 | 5,418,379 |
| Subscription fees | | 36,980 | 70,880 |
| Medicines | | 9,322,006 | 9,284,641 |
| Packing | | 138,859,940 | 115,930,097 |
| Depreciation on owned assets | 5.1.1 | 32,432,143 | 29,645,532 |
| Amortization of intangibles | 6 | 2,658,400 | 2,658,400 |
| Miscellaneous | | 2,227,880 | 7,387,251 |
| | 22.3 | <u>1,649,078,933</u> | <u>1,295,234,639</u> |

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WAHDAT POULTRY FARM (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

| | Note | 2023 Rupees | 2022 Rupees |
|--------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|----------------------|--------------------|
| 22.1 Raw material consumed | | | |
| Opening stock | | 213,324,752 | 182,321,277 |
| Add: Purchases | 22.1.1 | 1,322,265,033 | 885,369,905 |
| Less: Closing stock | | (323,121,944) | (213,324,752) |
| | | 1,212,467,841 | 854,366,430 |
| 22.1.1 The breakup of raw material purchased is as follows: | | | |
| Raw material purchased for: | | | |
| - Rearing flock - Old | | 16,845,156 | 45,458,845 |
| - Rearing flock - New | | 56,723,406 | 44,186,156 |
| - Production flock | | 1,248,696,471 | 795,724,905 |
| | | 1,322,265,033 | 885,369,905 |
| 22.2 | This represents the cost of all categories of eggs purchased from third parties for unbranded supply to limited B2B buyers. | | |
| 22.3 | This includes brooding expense of Rs. 8,263,876 (2022: Rs. 14,612,123). | | |
| 23 ADMINISTRATIVE EXPENSES | | | |
| Salaries, wages and other benefits | | 42,635,443 | 41,385,924 |
| Office entertainment | | 2,649,432 | 871,236 |
| Utilities | | 809,588 | 481,037 |
| Rent, rates and taxes | | 1,953,075 | 1,692,194 |
| Petrol, oil and lubricants | | 5,115,802 | 3,018,396 |
| Telephone and postage | | 973,042 | 824,178 |
| Printing and stationery | | 449,455 | 412,116 |
| Office repair and maintenance | | 241,508 | 873,212 |
| Vehicle repair and maintenance | | 1,321,662 | 1,332,366 |
| Travelling and conveyance | | 6,129,065 | 2,036,169 |
| Depreciation on owned assets | 5.1.1 | 1,886,627 | 1,183,776 |
| Amortization of intangibles | 6 | 333,334 | 333,333 |
| Insurance | | 984,074 | 395,095 |
| Fee and subscriptions | | 200,500 | 38,704 |
| Legal and professional charges | | 838,477 | 978,760 |
| Auditors' remuneration - statutory audit fee | | 210,000 | 500,000 |
| Expected credit losses | 7.1 | 855,862 | 525,842 |
| Bad debts written off | | - | 195,807 |
| Miscellaneous | | 6,211,828 | 3,600,724 |
| | | 73,798,774 | 60,678,870 |
| 24 SELLING AND DISTRIBUTION EXPENSES | | | |
| Salaries, wages and other benefits | | 74,491,007 | 65,657,125 |
| Mess and uniform | | 6,170,256 | 4,336,469 |
| Carriage, freight and toll taxes | | 55,484,484 | 34,347,832 |
| Advertisement and promotion | | 26,188,028 | 21,687,890 |
| Packing material | | - | 246,646 |
| Dealers' commission and margin | | 10,836,492 | 12,244,155 |
| Entertainment | | 922,638 | 869,401 |
| Utilities | | 3,675,368 | 2,888,425 |
| Petrol, oil and lubricants | | 16,344,729 | 10,255,212 |
| Travelling and conveyance | | 1,428,920 | 895,121 |

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WAHDAT POULTRY FARM (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

| | Note | 2023 Rupees | 2022 Rupees |
|-----------------------------------------------------------|-------|--------------------|--------------------|
| 24 SELLING AND DISTRIBUTION EXPENSES (CONTINUED..) | | | |
| Vehicles repair and maintenance | | 3,465,299 | 2,741,767 |
| Office repair and maintenance | | 808,473 | 1,065,731 |
| Rent, rates and taxes | | 4,301,073 | 5,408,472 |
| Telephone and postage | | 1,368,698 | 1,307,456 |
| Printing and stationery | | 4,156,039 | 3,834,421 |
| Legal and professional charges | | 60,841 | 21,000 |
| Depreciation on owned assets | 5.1.1 | 460,325 | 421,057 |
| Scrape and wastage | | 23,494,516 | 16,866,779 |
| Miscellaneous | | 4,828,141 | 1,993,045 |
| | | 238,485,327 | 187,088,004 |
| 25 OTHER INCOME | | | |
| Fair value gain on valuation of biological assets/product | | 140,105,758 | 129,080,071 |
| Loss on disposal of biological assets | | (11,524,240) | (42,548,843) |
| Gain on disposal of vehicles | | - | 675,740 |
| Sale of feed bags | | - | 72,234 |
| Sale of manure | | 14,385,140 | 9,438,950 |
| Interest on loan to related party | 11 | 1,693,563 | 6,169,251 |
| Others | | 1,187,200 | 8,977,624 |
| | | 145,847,421 | 111,865,027 |
| 26 FINANCE COST | | | |
| Markup on long term financing | | 36,927,845 | 20,444,421 |
| Markup on short term borrowings | | 71,644,266 | 36,518,357 |
| Bank charges | | 1,246,863 | 766,350 |
| | | 109,818,974 | 57,729,128 |
| 27 TAXATION | | | |
| Provision for taxation | | | |
| Current taxation | | 14,712,604 | 16,381,910 |
| Deferred taxation | | (16,814,076) | 12,105,423 |
| | | (2,101,472) | 28,487,333 |
| Current taxation | | | |
| - Current year | | 15,260,244 | 16,381,910 |
| - Prior year adjustments | | (547,640) | - |
| | | 14,712,604 | 16,381,910 |

27.1 The numerical reconciliation between the average tax rate and applicable tax rate has not been presented because the total income of the company attracted minimum tax under section 113 of the Income Tax Ordinance, 2001.

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WAHDAT POULTRY FARM (PRIVATE) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

28 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise of associated companies, directors and key management personnel. The company in the normal course of business carries out transactions with various related parties. The company enters into transactions with related parties on the basis of mutually agreed terms. Significant transactions and balances with related parties are as follows.

28.1 TRANSACTIONS WITH RELATED PARTIES

| Name of the Party | Relationship with the Company | Nature of Transaction | 2023 Rupees | 2022 Rupees |
|--------------------|-------------------------------|---------------------------------------|----------------|----------------|
| Mr. Aurangzeb Khan | Chief Executive | Loan received | - | 24,954,000 |
| | | Adjust against wahdat dairy farm loan | 14,473,575 | 24,954,000 |
| Mr. Shahid Zaman | COO/Director | Loan received | 36,970,000 | - |
| | | Adjust against wahdat dairy farm loan | 36,970,000 | - |
| Karandaaz Pakistan | Associated Company | Loan received | - | - |
| | | Repayment of loan | 10,416,665 | 2,083,333 |
| Wahdat Dairy Farm | Associated entity | Loan given | - | - |
| | | Adjustment of loan from CEO loan | 51,443,575 | - |

28.2 BALANCES WITH RELATED PARTIES

| Name of the Party | Relationship with the Company | Nature of Balances | 2023 Rupees | 2022 Rupees |
|--------------------|-------------------------------|-------------------------------------------------|----------------|----------------|
| Wahdat Dairy Farm | Associated entity | Receivable balances in respect of loan provided | 12,708,079 | 64,151,654 |
| Karandaaz Pakistan | Associated Company | Payable balances in respect of loan obtained | 37,500,002 | 47,916,667 |

29 REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES

| Particulars | Chief Executive Officer | Directors | Executive |
|---------------------------|-------------------------|-------------------|-------------------|
| | -----Pak Rupees----- | | |
| 2023 | | | |
| Managerial remuneration | 12,000,000 | 12,000,000 | 14,092,800 |
| Allowances/reimbursements | - | - | 278,321 |
| Gratuity | - | - | 1,765,652 |
| | <u>12,000,000</u> | <u>12,000,000</u> | <u>16,136,773</u> |
| Number of persons | 1 | 1 | 3 |

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WAHDAT POULTRY FARM (PRIVATE) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

29 REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES
 (CONTINUED..)

| 2022 | Chief Executive Officer | Directors | Executive |
|---------------------------|-------------------------|------------|------------|
| | -----Pak Rupees----- | | |
| Managerial remuneration | 12,000,000 | 12,000,000 | 13,777,600 |
| Allowances/reimbursements | - | - | 223,945 |
| Gratuity | - | - | 1,200,326 |
| | 12,000,000 | 12,000,000 | 15,201,871 |
| Number of persons | 1 | 1 | 3 |

30 FINANCIAL RISK MANAGEMENT

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

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

30.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

The Company is exposed to credit risk from its operating and certain investing activities and the Company's credit risk exposures are categorized under the following headings:

| | 2023 Rupees | 2022 Rupees |
|----------------------------------------------------------------|----------------|----------------|
| Exposure to credit risk | | |
| The maximum exposure to credit risk at the reporting date was: | | |
| Deposits, advances and other receivable | 29,862,257 | 29,417,495 |
| Trade debts | 284,958,261 | 233,330,282 |
| Loan to related party | 12,708,079 | 64,151,654 |
| Bank balances | 19,547,667 | 19,202,439 |
| | 347,076,264 | 346,101,870 |

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WAHDAT POULTRY FARM (PRIVATE) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

Exposure to credit risk (Continued..)

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties.

The aging of trade receivable at the reporting date is:

| | 2023 Rupees | 2022 Rupees |
|-------------------------|--------------------|--------------------|
| Past Due 1 - 90 Days | 283,361,882 | 190,826,355 |
| Past Due 91 - 180 Days | 10,245,094 | 40,647,204 |
| Past Due 180 - 365 Days | 292,496 | 8,371,028 |
| Past Due 365 Days | - | 1,571,043 |
| | <u>293,899,472</u> | <u>241,415,630</u> |
| Expected credit losses | (8,941,211) | (8,085,348) |
| | <u>284,958,261</u> | <u>233,330,282</u> |

Credit quality of financial assets

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

| | | |
|---------------------------------------|--------------------|--------------------|
| Counter parties without credit rating | 327,528,597 | 326,899,431 |
| Counter parties with credit rating | 19,547,667 | 19,202,439 |
| | <u>347,076,264</u> | <u>346,101,870</u> |

Bank Balances

The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis. The ratings of banks ranges from A to AAA.

Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

30.2 Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulties in raising funds to meet commitments associated with the financial instruments. The management is closely monitoring the Company's liquidity and cash flow position through its treasury function and ensures availability of funds by maintaining credit facilities available from financial institutions. The liquidity management also involves monitoring of liquidity ratios and maintaining debt financing plans.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

| 2023 | Carrying Amount | Contractual Cash flows | Less than 1 year | More than 1 year |
|--------------------------|--------------------|---------------------------|---------------------|---------------------|
| | | | ----- Rupees ----- | |
| Long term financing | 126,489,387 | 149,213,399 | 93,188,105 | 56,025,294 |
| Short term borrowings | 554,549,441 | 554,549,441 | 554,549,441 | - |
| Trade and other payables | 131,997,721 | 131,997,721 | 131,997,721 | - |
| | <u>813,036,549</u> | <u>835,760,561</u> | <u>779,735,267</u> | <u>56,025,294</u> |

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WAHDAI POULTRY FARM (PRIVATE) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

30.2 Liquidity Risk (Continued..)

| 2022 | Carrying Amount | Contractual Cash flows | Less than 1 year | More than 1 year |
|--------------------------|--------------------|---------------------------|---------------------|---------------------|
| ----- Rupees ----- | | | | |
| Long term financing | 148,351,745 | 208,003,602 | 58,790,203 | 149,213,399 |
| Short term borrowings | 384,279,190 | 384,279,190 | 384,279,190 | - |
| Trade and other payables | 73,608,225 | 73,608,225 | 73,608,225 | - |
| | 606,239,160 | 665,891,017 | 516,677,618 | 149,213,399 |

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

30.3 Market Risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or market rate of foreign currency. The Company incurs financial liabilities to manage its market risk. All such activities are carried out with the approval of the Board. The Company is exposed to interest rate and currency risks.

Market risk management is further analyzed in two categories:

- (a) Interest rate risk management.
- (b) Currency rate risk management.

(a) Interest rate risk management

The interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from long term loan, subordinated loans, lease liabilities and short term borrowings. Interest rates are mostly dependent upon Karachi Inter Bank Offered Rate ("KIBOR") as indicated in respective notes. There were no fixed rate instruments outstanding as at reporting date.

| | 2023 Rupees | 2022 Rupees |
|--------------------------------------------------------|----------------------|----------------------|
| Variable rate instruments | | |
| Financial assets | | |
| Loan to related party | 12,708,079 | 64,151,654 |
| Financial liabilities | | |
| Long term loan | (126,489,387) | (148,351,745) |
| Short term borrowings | (554,549,441) | (384,279,190) |
| Net exposure in statement of financial position | (668,330,749) | (468,479,281) |

Sensitivity analysis for variable rate instruments

Management runs a sensitivity analysis for interest rate risk, if the interest rates at the reporting date had been increased/(decreased) by 100 basis points with all other variables being constant, the profit/(loss) before tax would have decreased/(increased) by Rs. 6,683,307 (2022: 4,684,792). The analysis is prepared assuming that amounts of assets and liabilities outstanding as at the reporting date are outstanding for the entire year.

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

(b) Currency rate risk management

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The company is not engaged in foreign currency transactions.

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WAHDAT POULTRY FARM (PRIVATE) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

| 31 FINANCIAL INSTRUMENTS BY CATEGORY | 2023 | 2022 |
|----------------------------------------------|--------------------|--------------------|
| | Rupees | Rupees |
| Financial assets at amortized cost | | |
| Deposits, advances and other receivable | 29,862,257 | 29,417,495 |
| Trade debts | 284,958,261 | 233,330,282 |
| Due from associated company | 12,708,079 | 64,151,654 |
| Cash and bank balance | 22,339,005 | 15,512,216 |
| | 349,867,602 | 342,411,647 |
| Financial liability at amortized cost | | |
| Long term financing | 126,489,387 | 148,351,745 |
| Short term borrowings | 554,549,441 | 384,279,190 |
| Trade and other payables | 131,997,721 | 73,608,225 |
| | 813,036,549 | 606,239,160 |

32 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 investment projects, to maximize shareholders value and reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and remuneration to key management personnel, require interest free unsecured loans from directors, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as long and short term borrowings offset by cash and bank balances.

The gearing ratios as at June 30, 2023 and 2022 are as follows:

| | 2023 | 2022 |
|----------------------------------------|----------------------|----------------------|
| | Rupees | Rupees |
| Long term financing | 126,489,387 | 148,351,745 |
| Short term borrowings | 554,549,441 | 384,279,190 |
| | 681,038,828 | 532,630,935 |
| Less: Cash and cash equivalents | (22,339,005) | (15,512,216) |
| Net debts | 658,699,823 | 517,118,719 |
| Issued, subscribed and paid up capital | 570,442,510 | 570,442,510 |
| Share premium | 345,980,520 | 345,980,520 |
| Accumulated profits | 145,723,286 | 60,810,078 |
| Equity | 1,062,146,316 | 977,233,108 |
| Total capital and debt | 1,720,846,140 | 1,494,351,827 |
| Gearing ratio | 38% | 35% |

The Company finances its expansion projects through equity, borrowings and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk.

The Board's policy is to maintain a strong capital base so as to maintain stakeholders' confidence and to ensure sustainable future development of the business.

The Board of Directors monitors return on equity and ensures that the company has an appropriate capital mix. Board of Directors monitors the company's performance along with capital and debt costs. There were no changes to the Company's approach to the capital management during the year.

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WAHDAT POULTRY FARM (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

33 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.

Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the Company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset either directly that is, derived from prices.
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is unadjusted) inputs.

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

As of the reporting date, mutual funds of the company are carried at fair value.

The carrying values of all other financial assets and liabilities reflected in the financial statements approximate their fair values.



WAHDAT POULTRY FARM (PRIVATE) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

34 CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

| 2023 | -----Pak Rupees----- | | |
|------------------------------------------|----------------------|-----------------------|--------------------|
| Description | Long term financing | Short term borrowings | Total |
| Balance as at July 01, 2022 | 148,351,745 | 384,279,190 | 532,630,935 |
| Opening accrued markup | 2,954,070 | 3,613,965 | 6,568,035 |
| <i>Changes from financing cash flows</i> | | | |
| Repayment of loan | (21,862,358) | - | (21,862,358) |
| Payment of markup | (35,480,305) | (56,253,423) | (91,733,728) |
| Loan received | - | 170,270,251 | 170,270,251 |
| <i>Other changes</i> | | | |
| Markup expense | 36,927,845 | 71,644,266 | 108,572,111 |
| Closing accrued markup | 4,401,610 | 19,004,808 | 23,406,418 |
| Balance as at June 30, 2023 | <u>126,489,387</u> | <u>554,549,441</u> | <u>681,038,828</u> |

| 2022 | -----Pak Rupees----- | | |
|------------------------------------------|----------------------|-----------------------|--------------------|
| Description | Long term financing | Short term borrowings | Total |
| Balance as at July 01, 2021 | 101,811,205 | 375,797,270 | 477,608,475 |
| Opening accrued markup | 1,625,733 | 6,000,775 | 7,626,508 |
| <i>Changes from financing cash flows</i> | | | |
| Repayment of loan | - | - | - |
| Payment of markup | (19,116,084) | (38,905,167) | (58,021,251) |
| Loan received | 46,540,540 | 8,481,920 | 55,022,460 |
| <i>Other changes</i> | | | |
| Markup expense | 20,444,421 | 36,518,357 | 56,962,778 |
| Closing accrued markup | 2,954,070 | 3,613,965 | 6,568,035 |
| Balance as at June 30, 2023 | <u>148,351,745</u> | <u>384,279,190</u> | <u>532,630,935</u> |

35 INSTALLED CAPACITY AND ACTUAL PRODUCTION

Poultry Feed

Installed capacity (metric ton - per day)

| 2023 Numbers | 2022 Numbers |
|-----------------|-----------------|
| <u>50</u> | <u>50</u> |

Actual production (metric ton - per day)

| | |
|-----------|-----------|
| <u>40</u> | <u>40</u> |
|-----------|-----------|

Birds

Installed capacity (number of birds)

| | |
|----------------|----------------|
| <u>415,360</u> | <u>415,360</u> |
|----------------|----------------|

Actual birds' occupancy (number of birds)

| | |
|----------------|----------------|
| <u>394,800</u> | <u>386,800</u> |
|----------------|----------------|







WAHDAT POULTRY FARM (PRIVATE) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

| | 2023 Numbers | 2022 Numbers |
|------------------------------------------------|-----------------|-----------------|
| 36 NUMBER OF EMPLOYEES | | |
| Number of employees at year end - Permanent | 91 | 152 |
| Number of employees at year end - Daily wagers | 287 | 201 |
| Average during the year - Permanent | 122 | 148 |
| Average during the year - Daily wagers | 244 | 192 |

37 DATE OF AUTHORIZATION

These financial statements were authorized for issue on 01 SEP 2023 by the Board of Directors of the Company.

38 GENERAL

Figures have been rounded off to the nearest Rupee.

Figures of the previous year have been re-arranged and reclassified wherever necessary for the purpose of comparison. Following material rearrangements have been made in these financial statements for better presentation.

| Nature | From | To | 2022 Rupees |
|----------------------------------------|--------------------------------------------------------|-------------------------------------------------------------------------|----------------|
| Staff advances | Staff advances (face of financial position) | Deposits, advances and other receivable (notes to financial statements) | 12,177,378 |
| Advance income tax | Income tax payable (face of financial position) | Advance income tax (face of financial position) | 15,225,930 |
| Current portion of long term financing | Short term borrowings (face of financial position) | Current portion of long term financing (face of financial position) | 27,951,389 |
| Administrative expenses | Operating expenses (face of profit or loss) | Administrative expenses (face of profit or loss) | 60,678,870 |
| Selling and distribution expenses | Operating expenses (face of profit or loss) | Selling and distribution expenses (face of profit or loss) | 187,092,048 |
| Bank charges | Administrative expenses (notes to financial statement) | Finance cost (notes to financial statement) | 766,350 |

[Signature]

CHIEF EXECUTIVE



[Signature]

DIRECTOR