



**THIRD QUARTER
REPORT**
(Un-Audited)



31 MARCH
2023



At-Tahur Limited



Company Information

Board of Directors

Mr. Ijaz Nisar (Chairman)
Mr. Rasikh Elahi (Chief Executive Officer)
Mr. Abid Sattar
Mr. Amar Zafar Khan
Mr. Aurangzeb Firoz
Dr. Farzana Firoz
Mr. Shabbi Zahid Ali

Audit Committee

Mr. A. J. Zaheer (Chairman)
Mr. A. J. Zaheer (Member)
Mr. Shabbi Zahid Ali (Member)

HR & R Committee

Mr. Ijaz Nisar (Chairman)
Mr. Rasikh Elahi (Member)
Mr. Shabbi Zahid Ali (Member)

Company Secretary & Chief Financial Officer

Mr. Humza Chaudhry

Head of Internal Audit

Mr. Usman Yousaf

Share Registrar

Corplink (Pvt.) Ltd.
Wings Arcade, 1- K Commercial, Model Town, Lahore

Auditors

Riaz Ahmad & Company
Chartered Accountants

Bankers

Shariah Compliant Islamic Banks

Al-Baraka Bank (Pakistan) Limited
Bank Islamic Pakistan Limited
Dubai Islamic Bank Pakistan Limited
MCB Islamic Bank Limited

Conventional Banks

Askari Bank Limited
Allied Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
National Bank of Pakistan
Silk Bank Limited

Registered Office

182 Abu Bakar Block,
New Garden Town, Lahore
Ph: +92-42- 111 666 647
Fax: +92-423-5845525
Email: info@at-tahur.com
Web: www.at-tahur.com

Project Locations

Kotli Rai Abubakar, Distirct Kasur

AT-TAHUR LIMITED

DIRECTORS' REPORT

It gives me immense pleasure to present on behalf of the Board of Directors of **At-Tahur Limited**, (hereinafter referred to as "the Company"), financial statements of At-Tahur Limited for the nine months ended March 31, 2023. Your Company continued its journey of success and is poised for growth.

Farm milk production showed stellar growth on account of our timely expansion of farm animals and the ancillary infrastructure. The financial performance for the nine months ended is summarized below:

Description	NINE MONTHS ENDED			QUARTER ENDED		
	July – Mar 2023 PKR million	July – Mar 2022 PKR million	Change	Jan – Mar 2023 PKR million	Jan – Mar 2022 PKR million	Change
Sales	3,569.15	2,325.01	53.51%	1,305.56	844.63	54.57%
Gross Profit	2,459.83	1,340.91	83.44%	1,202.10	418.16	187.47%
% of sales	68.92%	57.67%		92.08%	49.51%	
Operating Profit	1,331.98	640.69	107.90%	842.55	160.36	425.41%
% of sales	37.32%	27.56%		64.54%	18.99%	
Net Profit after tax	1,151.50	536.78	114.52%	778.35	126.27	516.42%
% of sales	32.26%	23.09%		59.62%	14.95%	
Earnings per share*	5.27	2.46		3.56	0.58	

* Earning per share of comparative period has been restated due to issue of bonus.

BOARD & ITS COMMITTEES:

The total number of directors are 7 as per following:

- a. Male 06
- b. Female 01

The Composition of Board of Directors is as follows:

a. Independent Directors:

1. Mr. Ijaz Nisar (Justice Rtd.)
2. Mr. Aurangzeb Firoz
3. Mr. Amar Zafar Khan
4. Dr. Farzana Firoz
5. Mr. Abid Sattar

b. Other Non-Executive Directors:

1. Mr. Shabbi Zahid Ali

c. Executive Director:

1. Mr. Rasikh Elahi

AT-TAHUR LIMITED

AUDIT COMMITTEE

In Compliance of Listing Companies (Code of Corporate Governance) Regulation, 2019 the names of members of Audit Committee members are as under:

Sr. No.	Name of Directors
1	Mr. Amar Zafar Khan
2	Mr. Abid Sattar
3	Mr. Shabbi Zahid Ali

HUMAN RESOURCE & REMUNERATION COMMITTEE

In Compliance of Listing Companies (Code of Corporate Governance) Regulation, 2019 the names of members of Human Resource & Remuneration Committee members are as under:

Sr. No.	Name of Directors
1	Mr. Ijaz Nisar
2	Mr. Shabbi Zahid Ali
3	Mr. Rasikh Elahi

DIRECTORS' REMUNERATION

The Board of Directors has approved Directors' Remuneration Policy. The features of the policy are as follows:

- The Company shall not pay remuneration to its non-executive directors including independent directors except for meeting fee for attending Board meetings;
- The Company will reimburse or incur expenses of travelling and accommodation of Directors for attending Board meetings;
- The Directors' Remuneration policy will be reviewed and approved by the Board of Directors from time to time.

Moreover, the Board acknowledge the valuable contributions being made by the Non-Executive directors, and currently a meeting fee is being offered for attendance and participation in Board meeting, while this does not reflect compensation of their contributions and just represents a token of appreciation.

Future Outlook:

Despite the tough economic environment, the management remains fully committed and optimistic about the future potential of the business and will continue to delight consumers and fulfil their needs with high quality products and consumer centric innovation & renovation of portfolio while remaining focused on optimization of the value chain.



Rasikh Elahi
Chief Executive
April 27, 2023



Shabbi Zahid Ali
Director

ڈائریکٹرز رپورٹ

میں بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ 2022 کو ختم ہونے والے نو ماہی کے مالی جائزہ کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتا ہوں۔ آپ کی کمپنی نے کامیابی کا سفر جاری رکھا ہے اور مزید ترقی کی طرف کوشاں ہے۔ فارم کے دودھ میں اضافہ، بروقت جانوروں کی تعداد میں اضافے اور ذیلی انفراسٹرکچر کی بہتری کی وجہ سے ہوا۔

نو ماہی مالیاتی کارکردگی ذیل میں دی گئی ہے:

سہ ماہی (ملین روپے)			نوماہی (ملین روپے)			
تبدیلی	جنوری - مارچ 2022	جنوری۔ مارچ 2023	تبدیلی	جولائی - مارچ 2022	جولائی مارچ 2023	
54.57%	844.63	1,305.56	53.51%	2325.01	3,569.15	آمدنی
187.47%	418.16	1,202.10	83.44%	1340.91	2,459.83	مجموعی منافع مارجن
	49.51	92.08		57.67	68.92	فروخت کا فیصد
425.41%	160.36	842.55	107.90%	640.69	1,331.98	اپریٹنگ منافع مارجن
	18.99	64.54		27.56	37.32	فروخت کا فیصد
516.42%	126.27	778.35	114.52%	536.78	1,151.50	بعد ٹیکس خالص منافع
	14.95	59.62		23.09	32.26	فروخت کا فیصد
	0.58	3.56		2.46	5.27	فی شیئر آمدنی

بورڈ اور اس کی کمیٹیز

ڈائریکٹرز کی کل تعداد حسب ذیل ہے:

- a. مرد 06
b. خاتون 01

بورڈ آف ڈائریکٹرز کی ترکیب حسب ذیل ہے:

a. آزاد ڈائریکٹرز

1. محترم اعجاز نثار (جسٹس ریٹائرڈ)
2. محترم اورنگزیب فیروز
3. محترم عامر ظفر خان
4. ڈاکٹر فرزانه فیروز
5. محترم عابد ستار

b. نان ایگزیکٹو ڈائریکٹر

1. محترم شبلی زاہد علی

c. ایگزیکٹو ڈائریکٹر

1. محترم راسخ الہی

آڈٹ کمیٹی

کوڈ آف کارپوریٹ گورننس 2019 کی تعمیل میں بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی تشکیل دی ہے۔ جس کے ارکان کے نام درج ذیل ہیں۔

نمبر شمار	نام ڈائریکٹر
1.	محترم عامر ظفر خان
2.	محترم عابد ستار
3.	محترم شبلی زاہد علی

بیومن ریسورس اینڈ ریمونریشن کمیٹی

کوڈ آف کارپوریٹ گورننس 2019 کی تعمیل میں بورڈ آف ڈائریکٹرز نے بیومن ریسورس اینڈ ریمونریشن کمیٹی تشکیل دی ہے۔ جس کے ارکان کے نام درج ذیل ہیں۔

نمبر شمار	نام ڈائریکٹر
1.	محترم اعجاز ناصر
2.	محترم شبلی زاہد علی
3.	محترم راسخ الہی

ڈائریکٹرز کامشاہیرہ

بورڈ آف ڈائریکٹرز نے ڈائریکٹرز کا مشاہیرہ طے کرنے کی پالیسی مرتب کی ہے۔ پالیسی کی خصوصیات حسب ذیل ہیں:

1. کمپنی اپنے نان ایگزیکٹو اور آزاد ڈائریکٹرز کو بورڈ اجلاس میں شرکت کے لئے اجلاس فیس کے علاوہ مشاہیرہ ادا نہیں کرے گی۔
2. بورڈ اجلاس میں شرکت کی غرض سے ڈائریکٹرز کی جانب سے رہائش اور سفر پر برداشت کئے جانے والے اخراجات کمپنی ادا کرے گی۔
3. ڈائریکٹرز کی مشاہیرہ پالیسی پر ہمہ وقت نظر ثانی کی جائے گی اور بورڈ آف ڈائریکٹرز اس کی منظوری دیں گے۔

مزید برآں بورڈ نان ایگزیکٹو ڈائریکٹرز کی گراں قدر خدمات کو تسلیم کرتا ہے اور حال میں بورڈ اجلاس میں حاضری اور شرکت کے لئے اجلاس فیس ادا کی جائے گی جب کہ یہ ان کے معاوضہ کی عکاسی نہیں کرتا بلکہ یہ ان کی خدمات کا اعتراف ہے۔

مستقبل پر نظر

غیر یقینی معاشی حالات کے باوجود انتظامیہ کاروبار کے مستقبل کے بارے میں پوری پر اُمید اور پر عزم ہے اور اپنے گاہکوں کو خوش رکھے گی۔ ان کی ضروریات کو اعلیٰ معیار کی چیزوں اور اپنی مصنوعات میں جدت اور بہتری لاکر اور اس کے ساتھ ویلیو چین کو بہتر بنائے گی۔

شبلی زاہد علی
ڈائریکٹر

بورڈ آف ڈائریکٹرز کی جانب سے
راسخ الہی
چیف ایگزیکٹو ڈائریکٹر
27 اپریل 2023

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	UN-AUDITED 31 MARCH 2023	AUDITED 30 JUNE 2022		UN-AUDITED 31 MARCH 2023	AUDITED 30 JUNE 2022
NOTE	(Rupees in '000')		NOTE	(Rupees in '000')	
EQUITY AND LIABILITIES			ASSETS		
SHARE CAPITAL AND RESERVES			NON-CURRENT ASSETS		
Authorized share capital			Property, plant and equipment		
220,000,000 (30 June 2022: 200,000,000) ordinary shares of Rupees 10 each			Right-of-use assets		
	2,200,000	2,000,000	Biological assets		
			Long term security deposits		
Issued, subscribed and paid-up share capital	2,186,394	1,987,631	Deferred income tax asset - net		
Capital contribution	42,628	-			
Reserves	2,480,412	1,527,681			
Total equity	4,709,435	3,515,312			
LIABILITIES			CURRENT ASSETS		
NON-CURRENT LIABILITIES			Stores		
Employees' retirement benefit			Inventories		
	143,997	113,818	Biological assets		
Lease liabilities	176,185	126,464	Trade debts		
Long term financing	382,022	491,748	Short term advances and prepayments		
Deferred income - Government grant	29,291	27,263	Short term deposits and other receivables		
	731,495	759,293	Advance income tax - net of provision for taxation		
			Cash and bank balances		
CURRENT LIABILITIES					
Trade and other payables					
	692,398	522,914			
Short term borrowings					
	456,368	439,620			
Accrued mark-up / profit					
	25,056	40,799			
Current portion of non-current liabilities					
	221,684	157,919			
Unclaimed dividend					
	35	35			
	1,395,541	1,161,287			
Total liabilities	2,127,036	1,920,580			
CONTINGENCIES AND COMMITMENTS					
	6,836,471	5,435,892			
TOTAL EQUITY AND LIABILITIES	6,836,471	5,435,892	TOTAL ASSETS		
	6,836,471	5,435,892			

The annexed notes form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2023 (UN-AUDITED)**

NOTE	NINE MONTH PERIOD ENDED		THREE MONTH PERIOD ENDED	
	31 MARCH 2023	31 MARCH 2022	31 MARCH 2023	31 MARCH 2022
	----- (Rupees in '000') -----		----- (Rupees in '000') -----	
REVENUE FROM CONTRACTS WITH CUSTOMERS	3,569,157	2,325,010	1,305,559	844,628
GAIN ARISING ON INITIAL RECOGNITION OF MILK AT FAIR VALUE LESS COSTS TO SELL AT THE TIME OF MILKING	2,441,005	1,540,394	936,937	584,772
GAINS ARISING FROM CHANGES IN FAIR VALUE LESS COSTS TO SELL OF DAIRY LIVESTOCK	1,768,802	694,961	896,616	144,745
	7,778,964	4,560,365	3,139,112	1,574,145
OPERATING COSTS	11 (5,319,135)	(3,219,458)	(1,937,013)	(1,155,983)
	2,459,829	1,340,907	1,202,099	418,162
ADMINISTRATIVE AND GENERAL EXPENSES	(203,657)	(210,264)	(71,478)	(98,994)
SELLING AND MARKETING EXPENSES	(403,972)	(250,253)	(131,158)	(89,424)
OTHER EXPENSES	(537,370)	(249,238)	(168,483)	(74,753)
	(1,144,999)	(709,755)	(371,119)	(263,171)
	1,314,830	631,152	830,980	154,991
OTHER INCOME	17,154	9,540	11,565	5,371
PROFIT FROM OPERATIONS	1,331,984	640,692	842,545	160,362
FINANCE COST	(150,454)	(68,188)	(47,219)	(21,452)
PROFIT BEFORE TAXATION	1,181,530	572,504	795,326	138,910
TAXATION	(30,035)	(35,720)	(16,976)	(12,639)
PROFIT AFTER TAXATION	1,151,495	536,784	778,350	126,271
		(Restated)		(Restated)
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	5.27	2.46	3.56	0.58

The annexed notes form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2023 (UN-AUDITED)**

	NINE MONTH PERIOD ENDED		THREE MONTH PERIOD ENDED	
	31 MARCH 2023	31 MARCH 2022	31 MARCH 2023	31 MARCH 2022
	----- (Rupees in '000') -----		----- (Rupees in '000') -----	
PROFIT AFTER TAXATION	1,151,495	536,784	778,350	126,271
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Items that will not be reclassified to profit or loss	-	-	-	-
Other comprehensive income for the period	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,151,495	536,784	778,350	126,271


The annexed notes form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2023 (UN-AUDITED)

	SHARE CAPITAL	CAPITAL CONTRIBUTION	RESERVES			TOTAL
			CAPITAL RESERVE	REVENUE RESERVE	TOTAL RESERVES	
			SHARE PREMIUM	UN-APPROPRIATED PROFIT		
----- (Rupees in '000') -----						
Balance as at 30 June 2021 - audited	1,774,671	-	48,138	837,542	885,680	2,660,351
Transaction with owners - Issue of 1.2 bonus shares for every 10 ordinary shares for the year ended 30 June 2021	212,960	-	(48,138)	(164,822)	(212,960)	-
<u>Total comprehensive income for the nine months ended March 31, 2022</u>						-
Profit after taxation	-	-	-	536,784	536,784	536,784
Other comprehensive income	-	-	-	-	-	-
	-	-	-	536,784	536,784	536,784
Balance as at 31 March 2022 - un-audited	1,987,631	-	-	1,209,504	1,209,504	3,197,135
<u>Total comprehensive income for the three months ended June 30, 2022</u>						
Profit after taxation	-	-	-	324,357	324,357	324,357
Other comprehensive loss	-	-	-	(6,180)	(6,180)	(6,180)
	-	-	-	318,177	318,177	318,177
Balance as at 30 June 2022 - audited	1,987,631	-	-	1,527,681	1,527,681	3,515,312
Received from chief executive during the period	-	42,628	-	-	-	42,628
Transaction with owners - Issue of 1 bonus share for every 10 ordinary shares for the year ended 30 June 2022	198,763	-	-	(198,763)	(198,763)	-
<u>Total comprehensive income for the nine months ended March 31, 2023</u>						
Profit after taxation	-	-	-	1,151,495	1,151,495	1,151,495
Other comprehensive income	-	-	-	-	-	-
	-	-	-	1,151,495	1,151,495	1,151,495
Balance as at 31 March 2023 - un-audited	2,186,394	42,628	-	2,480,412	2,480,412	4,709,435

The annexed notes form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2023 (UN-AUDITED)**

	NOTE	NINE MONTH PERIOD ENDED	
		31 MARCH 2023	31 MARCH 2022
----- (Rupees in '000') -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	12	400,115	143,449
Finance cost paid		(145,180)	(49,644)
Income tax paid		(45,008)	(34,930)
Net increase in security deposits		699	(6,193)
Net cash generated from operating activities		210,626	52,682
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(144,744)	(183,267)
Purchase of dairy livestock		-	(192,964)
Proceeds from sale of operating fixed assets		-	-
Proceeds from sale of dairy livestock		37,060	46,810
Return on bank deposits		41	1,337
Net cash used in investing activities		(107,643)	(328,084)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		16,748	110,821
Capital contribution		42,628	-
Repayment of lease liabilities		(32,751)	(10,798)
Long term financing obtained		12,966	242,815
Long term financing repaid		(89,432)	(49,865)
Dividend paid		-	(8)
Net cash from / (used in) financing activities		(49,841)	292,965
Net increase in cash and cash equivalents		53,142	17,563
Cash and cash equivalents at the beginning of the period		27,496	114,232
Cash and cash equivalents at the end of the period		80,638	131,795

The annexed notes form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

AT-TAHUR LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTH PERIOD ENDED 31 MARCH 2023

1. THE COMPANY AND ITS OPERATIONS

1.1 At-Tahur Limited (“the Company”) is a public limited Company incorporated in Pakistan on 16 March 2007 under the Companies Ordinance, 1984 (Now Companies Act, 2017). The Company was incorporated as a private limited Company and subsequently converted into a public limited Company with effect from 28 September 2015. On 23 July 2018, the Company was listed on Pakistan Stock Exchange Limited. The principal activity of the Company is to run dairy farm for the production and processing of milk and dairy products. The registered office of the Company is situated at 182-Abu Bakar Block, New Garden Town, Lahore.

2. BASIS OF PREPARATION

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, 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 the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2022. These condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Section 237 of the Companies Act, 2017.

3. ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of these condensed interim financial statements are the same as applied in the preparation of the preceding annual audited published financial statements of the Company for the year ended 30 June 2022.

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding annual audited published financial statements of the Company for the year ended 30 June 2022.

- 4 This is from chief executive / director of the company. The chief executive / director has provided interest free loan that is to be repaid at the Company's discretion. Hence, this loan is treated as capital contribution in accordance with The Institute of Chartered Accountants of Pakistan's (ICAP) Technical Release 32 'Accounting Directors' Loan'.

UN-AUDITED	AUDITED
31 MARCH	30 JUNE
2023	2022
----- (Rupees in '000') -----	

5 LEASE LIABILITIES

Total lease liabilities	239,581	157,327
Less: Current portion shown under current liabilities	<u>(63,396)</u>	<u>(30,863)</u>
	<u>176,185</u>	<u>126,464</u>

- 5.1 The interest expense on lease liabilities for the period is Rupees 16.908 million (31 March 2022 : Rupees 6.711 million). The total cash outflow for leases for the period ended 31 March 2023 amounted to Rupees 44.653 million (31 March 2022: Rupees 11.238 million).
- 5.2 Implicit rates against lease liabilities range from 17.32% to 22.18% (30 June 2022: Rupees 10.27% to 20.77%) per annum.
- 5.3 Leases from banking companies are secured against the leased assets, specific hypothecation charge over leased assets, demand promissory notes, personal guarantee of chief executive of the Company and security deposits of Rupees 22.461 million (30 June 2022: Rupees 22.972 million).

UN-AUDITED	AUDITED
31 MARCH	30 JUNE
2023	2022
----- (Rupees in '000') -----	

6 LONG TERM FINANCING

Opening balance	612,095	377,888
Add: Loan obtained during the period / year	<u>12,966</u>	<u>323,530</u>
Less: Effect of discounting during the period / year	<u>(3,016)</u>	<u>(19,276)</u>
Present value of loan obtained during the period / year	9,950	304,254
Less: Payments made during the period / year	<u>(89,432)</u>	<u>(70,047)</u>
Closing balance	532,613	612,095
Less: Current portion shown under current liabilities	<u>(150,591)</u>	<u>(120,347)</u>
	<u>382,022</u>	<u>491,748</u>

7 CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

There is no significant change in the status of contingencies as disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2022 except for the following:

- 7.1.1 On 31 March 2022, Deputy Commissioner Inland Revenue (DCIR) passed an order under section 11 of the Sales Tax Act, 1990 for the tax periods from July 2017 to June 2018 and established that the Company has claimed excess input sales tax thereby creating a demand of Rupees 5.993 million including penalty and default surcharge. Being aggrieved, the Company filed an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)] on 21 May 2022. On 20 June 2022, CIR(A) upheld the order of DCIR. Being aggrieved with the order of CIR(A), the Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR) on 27 June 2022. On 25 August 2022, ATIR has decided the case in favor of the Company and deleted the tax demand. The tax department has not filed any reference against the order passed by ATIR. Hence, no provision has been recognized in these condensed interim financial statements.
- 7.1.2 On 16 December 2021, DCIR issued a show cause notice under section 11 of the Sales Tax Act, 1990 for tax periods from July 2020 to June 2021 for disallowance of input sales tax amounting to Rupees 32.056 million. The Company submitted various replies to DCIR against the show cause notice issued. However, on 05 July 2022, the DCIR passed an adverse order creating sales tax demand of Rupees 26.190 million. Being aggrieved with the order of DCIR, the Company has preferred an appeal before CIR(A). On 05 October 2022, CIR(A) passed an order under section 45B of the Sales Tax Act, 1991 and the matter has been remanded back to the tax department. These remand back proceedings have not been initiated yet by the tax department. Based on the advice of legal counsel, the management is confident of favorable outcome of these remand back proceedings. Hence, no provision has been recognized in these condensed interim financial statements.

7.1.3 On 16 January 2023, subsequent to the reporting date, the Deputy Commissioner Inland Revenue (DCIR) has passed an order under section 170(3) of the Income Tax Ordinance, 2001 wherein tax credit of Rupees 4.112 million claimed by the Company and credit of tax already paid amounting to Rupees 0.459 million under various sections of the Income Tax Ordinance, 2001 has been disallowed. Being aggrieved with the order passed by DCIR, the Company has filed an appeal before CIR(A) on 02 February 2023 which is yet to be heard. The Company, based on the advise of tax advisor, is confident of favorable outcome of the appeal. Therefore, no provision has been made in these condensed interim financial statements.

7.1.4 The Competition Commission of Pakistan ("CCP") initiated a formal enquiry under the provisions of the Competition Act, 2010 ("the Act") on complaint against the Company by Pakistan Dairy Association ("Association") for adopting deceptive marketing practices in contravention of section 10 of the Act. It was prayed by Association to CCP to impose a penalty of 10% of the annual turnover of the Company or Rupees 75 million, as CCP may deem appropriate. The Company submitted a detail reply before the CCP through their advocates, rejecting the contents of filed complaint. On 27 December 2019, CCP has passed an order against the Company and imposed a penalty of Rupees 35 million (the "main penalty"). CCP also directed the Company to make public announcement clarifying that the market campaign was false and file a compliance report within 60 days from the date of the order failing which a penalty of Rupees 250,000 per day (the "daily penalty") would be imposed. The Company filed writ petition against the order of CCP before the Honourable Lahore High Court, Lahore. The Company also filed an appeal before Competition Appellate Tribunal ("CAT") against the CCP order. On 02 March 2020, the Honourable Lahore High Court, Lahore through its order suspended the order of CCP. During the year ended 30 June 2021, Full bench of Honourable Lahore High Court, Lahore held, inter-alia that the CCP was validly constituted. However, it also held that the CAT was not validly constituted in accordance of law, and suspended it from functioning. On 29 March 2022, the Company received a notice from CCP for recovery of main penalty amounting to Rupees 35 million. In April 2022, CCP recovered Rupees 31.356 million from the banks of the Company against the main penalty amount. The Company deposited remaining amount of Rupees 3.636 million against the main penalty amount. As a matter of prudence, the amount of main penalty recovered by CCP has been recognized as an expense during the year ended 30 June 2022. On 07 June 2022, CCP issued another notice amounting to Rupees 157.500 million on account of the daily penalty for failing to file a compliance report as stated above. The Company filed a writ petition before Honourable Lahore High Court, Lahore challenging the notice for recovery of daily penalty. On 22 June 2022, Honourable Lahore High Court, Lahore has granted stay by directing the CCP to refrain from undertaking any coercive action against the Company till the disposal of the petition. Further, the Company and PDA have amicably resolved all disputes in relation to complaint filed before the CCP. PDA has requested the CCP to withdraw its order against the Company vide its letter dated 09 March 2022. Based on the fact stated above, the Company filed an application before CAT seeking permission to admit the PDA letter sent to CCP in the appeal. On 07 February 2023, subsequent to the reporting date, CAT has suspended the daily penalty amount against the Company, pending adjudication of the appeal. The legal counsel of the Company is confident that there are meritorious grounds to defend the case. Hence, the provision for daily penalty has not been recognized in these condensed interim financial statements.

7.2 Commitments

	UN-AUDITED 31 MARCH 2023	AUDITED 30 JUNE 2022
	----- (Rupees in '000') -----	
7.2.1 Letters of credit other than for capital expenditures	24,534	46,693

7.2.2 The Company obtained vehicles under Ijarah arrangements from Askari Bank Limited for a period of five years and ijarah rentals are payable on monthly basis. Future Ujrah payments under ijarah are as follows:

	UN-AUDITED 31 MARCH 2023	AUDITED 30 JUNE 2022
	----- (Rupees in '000') -----	
Not later than one year	13,195	12,292
Later than one year but not later than five years	29,881	36,728
	43,076	49,020

8 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 8.1)	1,628,188	1,524,814
Capital work-in-progress (Note 8.2)	45,518	91,324
	1,673,706	1,616,138

	UN-AUDITED 31 MARCH 2023	AUDITED 30 JUNE 2022
	----- (Rupees in '000') -----	
8.1 Operating fixed assets		
Opening net book value	1,524,814	1,312,073
Add: Cost of additions during the period / year (Note 8.1.1)	190,548	330,156
Less: Book value of deletions during the period / year (Note 8.1.2)	-	(20,184)
Less: Depreciation charged during the period / year	(87,174)	(97,231)
Closing net book value	<u>1,628,188</u>	<u>1,524,814</u>
8.1.1 Cost of additions during the period / year		
Freehold land	-	-
Buildings on freehold land	81,007	113,829
Plant and machinery	40,632	117,933
Electric installations	14,717	21,236
Tools and equipment	-	719
Office equipment	2,790	4,202
Vehicles	50,408	69,815
Furniture	156	219
Computers	838	2,203
	<u>190,548</u>	<u>330,156</u>
8.1.2 Book value of deletions during the period / year		
Vehicles	-	20,000
Electric installations	-	184
	<u>-</u>	<u>20,184</u>
8.2 Capital work-in-progress		
Building on freehold land	35,805	15,984
Plant and machinery	-	39,257
Advances for purchase of plant and machinery	2,365	-
Advances to contractors against civil work	7,348	21,787
Advances against electric installations	-	1,448
Advances for purchase of vehicle	-	12,848
	<u>45,518</u>	<u>91,324</u>
9. RIGHT-OF-USE ASSETS		
Opening book value	136,572	100,126
Add: Additions during the period / year (Note 9.1)	115,005	59,725
Less: Depreciation expense for the period / year	(23,303)	(23,279)
Less: Other adjustment	(8,677)	-
Closing book value	<u>219,597</u>	<u>136,572</u>
9.1 Cost of additions during the period / year		
Building	16,499	-
Plant and machinery	98,506	59,725
	<u>115,005</u>	<u>59,725</u>
10. BIOLOGICAL ASSETS		
Dairy livestock:		
Mature	2,619,069	1,786,662
Immature	1,320,158	884,730
	<u>3,939,227</u>	<u>2,671,392</u>
Non-current	3,938,257	2,670,928
Current	970	464
	<u>3,939,227</u>	<u>2,671,392</u>

UN-AUDITED 31 MARCH 2023	AUDITED 30 JUNE 2022
--------------------------------	----------------------------

----- (Rupees in '000') -----

10.1 Reconciliation of carrying amount of dairy livestock:

Carrying amount at the beginning of the period / year	2,671,392	1,660,109
Purchases during the period / year	-	236,307
Fair value gain due to new births	43,390	41,223
Gain arising from changes in fair value less costs to sell attributable to physical and price changes	1,751,769	1,124,162
	1,795,159	1,165,385
Loss due to deaths of dairy livestock	(240,507)	(135,976)
Decrease due to sales of dairy livestock	(286,817)	(254,433)
Carrying amount at the end of the period / year, which approximates the fair value less costs to sell	3,939,227	2,671,392

10.2 As at 31 March 2023, the Company held 2,936 (30 June 2022: 2,874) mature assets able to produce milk and 2,406 (30 June 2022: 2,178) immature assets that are being raised to produce milk in the future. During the period ended 31 December 2022, the Company produced approximately 19.529 million (30 June 2022: 22.911 million) gross liters of milk from these biological assets. As at 31 March 2023, the Company also held 11 (30 June 2022: 11) immature male calves.

10.3 The valuation of dairy livestock as at 31 December 2022 has been carried out by independent valuers. In this regard, the valuers examined the physical condition of the livestock, assessed the key assumptions and estimates and relied on the representations made by the Company as at 31 December 2022. Further, in the absence of an active market of the Company's dairy livestock in Pakistan, market and replacement values of similar livestock from active markets in Europe and Australia, have been used as basis of valuation by the independent valuers. The cost of transportation to Pakistan is also considered.

UN-AUDITED			
NINE MONTH PERIOD ENDED		THREE MONTH PERIOD ENDED	
31 MARCH 2023	31 MARCH 2022	31 MARCH 2023	31 MARCH 2022

----- (Rupees in '000') -----

11. OPERATING COSTS

Raw milk consumed	2,443,293	1,548,287	937,128	585,507
Forage consumed	1,814,972	973,300	648,904	342,538
Packing materials consumed	282,754	201,908	99,425	69,105
Stores consumed	5,139	2,720	1,041	1,052
Salaries, wages and other benefits	133,897	92,447	45,298	33,102
Oil and lubricants	199,775	90,823	59,161	30,249
Utilities	112,398	66,039	28,798	21,201
Insurance	1,312	1,256	369	419
Repair and maintenance	72,048	64,882	20,701	24,733
Artificial insemination supplies consumed	9,743	8,495	1,394	3,137
Dairy livestock medication consumed	71,670	56,014	28,095	19,110
Dairy supplies consumed	73,708	43,363	26,912	12,270
Chemicals consumed	67	641	26	539
Vehicles' running	7,690	7,501	2,149	1,949
Depreciation on operating fixed assets	55,656	45,431	25,525	12,170
Depreciation on right-of-use assets	15,380	1,428	6,003	1,427
Rent, rates and taxes	7,851	9,612	1,212	2,186
Miscellaneous	15,185	6,547	7,696	2,664
	5,322,538	3,220,694	1,939,837	1,163,358
Finished / manufactured goods				
Opening inventory	13,304	14,436	13,883	8,297
Closing inventory	(16,707)	(15,672)	(16,707)	(15,672)
	(3,403)	(1,236)	(2,824)	(7,375)
	5,319,135	3,219,458	1,937,013	1,155,983

UN-AUDITED UN-AUDITED
31 MARCH 31 MARCH
2023 2022
----- (Rupees in '000') -----

12. CASH GENERATED FROM OPERATIONS

Profit before taxation	1,181,530	572,505
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	87,176	68,839
Depreciation on right-of-use assets	23,303	15,437
Gain on sale of operating fixed assets	-	-
Gains arising from changes in fair value less costs to sell of dairy live stock	(1,768,802)	(694,961)
Loss on sale of dairy livestock - net	223,400	127,282
Loss due to death of dairy livestock	240,507	115,131
Profit on bank deposits	(41)	(1,337)
Deferred income - Government grant	(5,731)	(3,742)
Allowance for expected credit losses	72,050	3,679
Provision for expired / damaged stock	1,413	-
Provision for employees' retirement benefit	30,179	19,896
Finance cost	150,454	68,188
Working capital changes (Note 12.1)	164,677	(147,468)
	<u>400,115</u>	<u>143,449</u>
12.1 Working capital changes		
(Increase) / decrease in current assets:		
- Stores	(3,143)	(9,656)
- Inventories	211,486	74,122
- Trade debts	(94,710)	(53,028)
- Short term advances and prepayments	9,356	(22,612)
- Short term deposits and other receivables	(111,097)	(96,956)
	11,892	(108,130)
Increase / (decrease) in trade and other payables	152,785	(39,338)
	<u>164,677</u>	<u>(147,468)</u>

13. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS**(i) Fair value hierarchy**

Certain financial assets and financial liabilities are not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts. Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company classifies its financial instruments into the following three levels. However, as at the reporting date, the Company has no such type of financial instruments which are required to be grouped into these levels. These levels are explained as under:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

14. RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

Judgements and estimates are made for non-financial assets that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels.

AT 31 March 2023	Level 1	Level 2	Level 3	Total
----- (Rupees in '000') -----				
Biological assets	-	3,939,227	-	3,939,227
Total non-financial assets	-	3,939,227	-	3,939,227

At 30 June 2022	Level 1	Level 2	Level 3	Total
----- (Rupees in '000') -----				
Biological assets	-	2,671,392	-	2,671,392
Total non-financial assets	-	2,671,392	-	2,671,392

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the period. Further, there was no transfer in and out of level 3 measurements.

(ii) Valuation techniques used to determine level 2 fair values

The fair value of these assets is determined by independent valuers. Fair value of biological assets has been determined using a replacement cost approach, whereby, current cost of similar dairy cattle in the international market has been adjusted for transportation costs to arrive at fair value.

Valuation processes

The Company engages external and independent valuers to determine the fair value of the Company's biological assets at the end of reporting period. As at 31 December 2022, the fair value of the biological assets was determined by M/s Happy Cattle Dairy Farm Pvt. Ltd. Inc. and M/s Anderson Consulting (Private) Limited.

Changes in fair values are analysed between the chief financial officer and the valuer. As part of this discussion the team presents a report that explains the reason for the fair value movements.

15 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise associated companies, other related parties and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Details of transactions with related parties are as follows:

(i) Transactions:

		UN-AUDITED			
		NINE MONTH PERIOD ENDED		THREE MONTH PERIOD ENDED	
		31 MARCH 2023	31 MARCH 2022	31 MARCH 2023	31 MARCH 2022
Associated company					
Purchase of goods	Rupees in thousand	1,832	-	1,141	-
Other related parties					
Bonus shares issued	Number of shares	15,090,080	16,069,935	-	-
Remuneration of chief executive officer and executives	Rupees in thousand	82,113	52,588	30,385	16,800
				UN-AUDITED	AUDITED
				31 MARCH	30 JUNE
				2023	2022
				----- (Rupees in '000') -----	

(ii) Period end balances**Bahera (Private) Limited - associated company**

Short term advances

82	-
UN-AUDITED	AUDITED
31 MARCH	30 JUNE
2023	2022
----- (Rupees in '000') -----	

16 DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX**Description****Loan / advances obtained as per Islamic mode:**Loans 661,462 684,706**Shariah compliant bank deposits / bank balances**Bank balances 39,615 8,880

UN-AUDITED	UN-AUDITED
31 MARCH	31 MARCH
2023	2022
----- (Rupees in '000') -----	

Profit earned from shariah compliant bank deposits / bank balancesProfit on deposits with banks 41 39**Revenue earned from shariah compliant business**3,569,157 2,325,010**Gain or dividend earned from shariah complaint investments**- -**Exchange loss**- -**Mark-up paid on Islamic mode of financing**60,677 9,407**Profits earned or interest paid on any conventional loan / advance**Interest paid on loans 57,017 40,237Mark-up on lease liabilities 15,528 6,711Interest on workers' profit participation fund 15,286 4,987Profit earned on deposits with banks - 1,298

Relationship with shariah compliant banks

Name	Relationship
BankIslami Pakistan Limited	Bank balance
Dubai Islamic Bank Pakistan Limited	Bank balance
MCB Islamic Bank Limited	Bank balance, long term and short term borrowings
First Habib Modaraba	Long tern financing
Al Baraka Bank (Pakistan) Limited	Bank balance

17 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding annual audited published financial statements of the Company for the year ended 30 June 2022.

18 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on April 27, 2023.

19 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 34 'Interim Financial Reporting', the condensed interim statement of financial position and the condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison, however, no significant re-arrangements have been made.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

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