

**GHANI DAIRIES (PRIVATE)
LIMITED**

FOR THE YEAR ENDED JUNE 30, 2025

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GHANI DAIRIES (PRIVATE) LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **GHANI DAIRIES (PRIVATE) LIMITED (the Company)**, which comprise the statement of financial position as at June 30, 2025 and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information 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, 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 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, 2025 and of the profit, 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 the 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 (the code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017 (XIX of 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.

Board of directors of the Company 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 other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

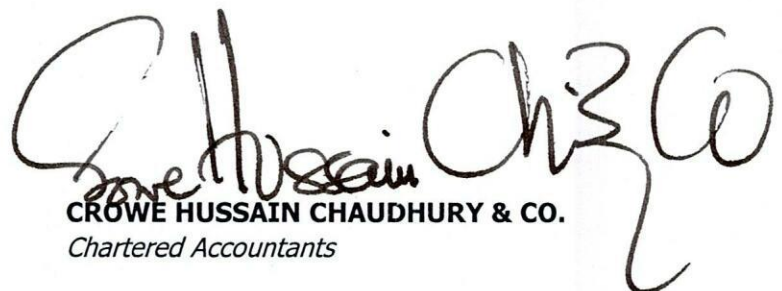
Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the 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, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Amin Ali.

Lahore
Dated: September 12, 2025
UDIN: : AR2025100516EK1ygQDa



CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

GHANI DAIRIES (PRIVATE) LIMITED**STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2025**

	Note	2025 Rupees	2024 Rupees
ASSETS			
Non Current Assets			
Property, plant and equipment	5	839,133,816	719,219,469
Biological assets	6	784,619,083	406,741,428
Intangible assets	7	1,017,471	1,387,460
Long term deposits	8	3,493,729	3,493,729
		1,628,264,099	1,130,842,086
Current Assets			
Stock-in-trade	9	242,320,513	180,282,705
Stores and spares	10	45,565,039	13,168,734
Biological assets	11	507,476	-
Trade debts	12	36,723,210	25,791,838
Advances, deposits, prepayments and other receivables	13	207,865,817	223,588,010
Cash and bank balances	14	176,939,206	15,127,663
		709,921,261	457,958,950
		<u>2,338,185,360</u>	<u>1,588,801,036</u>
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital: 32,500,000 (2024: 32,500,000) ordinary shares of Rs. 10 each		<u>325,000,000</u>	<u>325,000,000</u>
Issued, subscribed and paid up capital	15	325,000,000	325,000,000
Unappropriated profit		587,879,704	143,729,832
Loan from sponsors	16	574,340,496	634,322,580
Shareholder's Equity		1,487,220,200	1,103,052,412
Non Current Liabilities			
Long term financing	17	263,169,968	117,581,997
Deferred tax liability	18	30,282,810	42,187,978
		293,452,778	159,769,975
Current Liabilities			
Trade and other payables	19	369,853,884	263,854,212
Security deposit	20	12,480,000	12,480,000
Accrued mark up		1,023,786	998,049
Current portion of long term financing	17	86,956,028	27,683,137
Provision for taxation and levy	21	87,198,684	20,963,251
		557,512,382	325,978,649
Contingencies and Commitments	22	-	-
		<u>2,338,185,360</u>	<u>1,588,801,036</u>

The annexed notes from 1 to 39 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

GHANI DAIRIES (PRIVATE) LIMITED

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
Revenue from contract with customers	23	1,777,875,838	1,495,146,049
Gain arising on initial recognition of milk at fair value less costs to sell at the time of milking	24.1	1,963,098,400	1,591,616,928
Gain arising from changes in fair value less costs to sell of dairy livestock	6.2	370,975,077	58,172,181
Cost of revenue	24	<u>(3,491,961,857)</u>	<u>(2,979,101,021)</u>
Gross Profit		619,987,458	165,834,137
Administrative expenses	25	<u>(52,261,813)</u>	<u>(30,919,127)</u>
Operating Profit		567,725,645	134,915,010
Other operating expenses	26	<u>(52,807,509)</u>	<u>(47,255,663)</u>
Finance cost	27	<u>(6,213,659)</u>	<u>(4,385,200)</u>
Other income	28	<u>10,738,911</u>	<u>40,039,093</u>
		<u>(48,282,257)</u>	<u>(11,601,770)</u>
Profit before Levy and Taxation		519,443,388	123,313,240
Levy	29	<u>(36,299,434)</u>	<u>(10,198,988)</u>
Profit before Taxation		483,143,954	113,114,252
Taxation	30	<u>(38,994,082)</u>	<u>(39,409,122)</u>
Net Profit for the Year		<u><u>444,149,872</u></u>	<u><u>73,705,130</u></u>

The annexed notes from 1 to 39 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

GHANI DAIRIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024
	Rupees	Rupees
Net Profit for the Year	444,149,872	73,705,130
Other comprehensive income		
<i>Items that will not be re-classified subsequently to profit or loss</i>	-	-
<i>Items that may be re-classified subsequently to profit or loss</i>	-	-
Total other comprehensive income	-	-
Total Comprehensive Income for the Year	<u>444,149,872</u>	<u>73,705,130</u>

The annexed notes from 1 to 39 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

GHANI DAIRIES (PRIVATE) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2025

Particulars	Issued, subscribed and paid up capital	Unappropriated Profit	Loan from Sponsors	Total
	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2023	125,000,000	70,024,702	292,100,000	487,124,702
Net profit for the year	-	73,705,130	-	73,705,130
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	73,705,130	-	73,705,130
Loan from sponsors - net	-	-	342,222,580	342,222,580
Transactions with owners				
Issuance of shares	200,000,000	-	-	200,000,000
Balance as at June 30, 2024	325,000,000	143,729,832	634,322,580	1,103,052,412
Net profit for the year	-	444,149,872	-	444,149,872
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	444,149,872	-	444,149,872
Loan from sponsors - net	-	-	(59,982,084)	(59,982,084)
Balance as at June 30, 2025	<u>325,000,000</u>	<u>587,879,704</u>	<u>574,340,496</u>	<u>1,487,220,200</u>

The annexed notes from 1 to 39 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR

GHANI DAIRIES (PRIVATE) LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
Profit before Levy and Taxation		519,443,388	123,313,240
Adjustments for:			
- Depreciation on property, plant and equipment	5.2	61,048,965	45,925,191
- Amortization on intangible asset	7.1	369,989	369,989
- Loss on sale of calves/heifers		(3,274,896)	-
- Gain arising from changes in fair value less costs to sell of dairy livestock	6.2	(370,975,077)	(58,172,181)
- Fair value gain on male calves		(507,476)	-
- Mortality expense	26	14,751,477	36,166,871
- Loss on sale of calves/heifers	26	-	1,949,572
- Workers' (profit) participation fund expense	26	27,874,971	6,622,623
- Interest on Workers' (profit) participation fund	26	1,655,656	-
- Workers' welfare fund expense	26	8,525,405	2,516,597
- Finance cost	27	6,003,659	4,212,118
		<u>(254,527,327)</u>	<u>39,590,780</u>
Operating profit before working capital changes		264,916,061	162,904,020
Decrease / (Increase) in current assets:			
- Stock in trade	9	(62,037,808)	21,664,564
- Stores and spares	10	(32,396,305)	9,543,265
- Trade debts	12	(10,931,372)	(25,791,838)
- Advances, deposits, prepayments and other receivables	13	15,722,193	(39,512,319)
(Decrease) / increase in current liabilities:			
- Trade and other payables	19	35,797,811	(30,492,921)
- Security deposit payable	20	-	12,480,000
		<u>(53,845,481)</u>	<u>(52,109,249)</u>
Cash Generated from Operations		211,070,580	110,794,771
Finance cost paid		(5,977,922)	(4,498,049)
Workers' (profit) participation fund paid		-	(5,283,796)
Income tax paid		<u>(20,963,251)</u>	<u>(11,373,692)</u>
Net Cash Generated from Operating Activities		184,129,407	89,639,234
Cash Flows from Investing Activities			
Purchase of operating fixed assets	5.1	(4,480,107)	(130,748,046)
Additions in capital work in progress	5.1	(150,083,205)	(142,776,282)
Advance against machinery		(26,400,000)	-
Additions in biological assets	6.2	(33,796,055)	(5,944,203)
Sale proceeds on disposal of biological assets	6.2	15,416,896	10,241,200
Insurance claim on death of biological assets	6.2	-	11,040,000
		<u>(199,342,471)</u>	<u>(258,187,331)</u>
Net Cash Used in Investing Activities			
Cash Flows from Financing Activities			
Issuance of shares	15	-	200,000,000
Advance from related parties - net	19	32,145,829	(449,996,807)
Long term financing - net	17	204,860,862	48,826,908
Loan from sponsors obtained		10,000,000	994,539,332
Loan from sponsors repayment	16	(69,982,084)	(652,316,752)
		<u>177,024,607</u>	<u>141,052,681</u>
Net Cash Generated from Financing Activities			
Net Increase / (Decrease) in Cash and Cash Equivalents		161,811,543	(27,495,416)
Cash and cash equivalents at the beginning of the year		15,127,663	42,623,079
Cash and Cash Equivalents at the End of the Year		<u>176,939,206</u>	<u>15,127,663</u>

The annexed notes from 1 to 39 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR

GHANI DAIRIES (PRIVATE) LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Note 1

Corporate and General Information

Legal status and operations

Ghani Dairies (Private) Limited ("the Company") was incorporated in Pakistan as a private limited Company under the Companies Ordinance, 1984 (Now the Companies Act, 2017) on October 21, 2020.

The Company is domiciled in Pakistan and is principally engaged in the business of milk production from cows.

The geographical location and address of the Company's offices/ other premises are as under:

Business unit	Geographical Location
Head office	45-Aurangzeb Block, New Garden Town, Lahore.
Dairy farm	Noorpur, district Khushab

- 1.1** The Company is a subsidiary of Ghani Halal Feeds (Private) Limited, which holds 92.31% shareholding in the Company. Ghani Halal Feeds (Private) Limited is a private Company incorporated in Pakistan and is principally engaged in the service sector, generating income primarily through rental of property and profit on bank deposits.

Note 2

Basis of Preparation

2.1 Statement of compliance

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

- International Financial Reporting Standard (IFRS) 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, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention unless otherwise stated in respective notes.

2.3 Functional and presentation currency

These financial statements are prepared and presented in Pak Rupees (Rs.) which is the Company's functional and presentation currency. All the figures are rounded off to the nearest rupee, unless otherwise stated.

2.4 Key judgements and estimates

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- Useful lives, residual values and depreciation method of operating fixed assets – Note 3.1 & 5
- Current income tax expense, provision for current tax and recognition of deferred tax– Note 3.7, 18, 21, 29 & 30

Note 2, Basis of Preparation- Continued...

- Biological assets 3.6, 6 & 11
- Estimation of contingent liabilities – Note 4.2 & 22
- Useful life and amortization of intangible asset – Note 4.1 & 7
- Provision for expected credited losses, liquidity damages - Note 3.5 and 12
- Impairment loss of Non financial assets other than stock in trade - Note 3.15

The revisions to accounting estimates (if any) are recognised in the period in which the estimate is 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.

2.5 Changes in accounting standards, interpretations and pronouncements

2.5.1 Standards, interpretations and amendments to approved accounting standards which became effective during the year

The following standards, amendments, and interpretations are effective for the year ended June 30, 2025. These standards, amendments and interpretations are either irrelevant to the Company's operations or are not expected to significantly impact the Company's financial statements other than certain additional disclosures.

Standards, interpretations and amendments	Effective Date - Annual periods beginning on or after
IAS 1 Presentation of Financial Statements (Amendments)	January 1, 2024
IAS 7 Amendments to IAS 7 "Statement of Cash Flows"	January 1, 2024
IFRS 7 Amendments to IFRS 7 "Financial Instruments Disclosures" - Supplier Finance Arrangements	January 1, 2024
IFRS 16 Amendments to IFRS 16 "Leases" - Clarification on how seller-lessee subsequently measures sale and lease back transaction	January 1, 2024

2.5.2 Standards, interpretation and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Standards, interpretations and amendments	Effective Date - Annual periods beginning on or after
IAS 21 Amendments to lack of exchangeability	January 1, 2025
IFRS 7 & 9 Amendments to Classification and Measurement of Financial Instruments - Amendments to IFRS 7 and IFRS 9	January 1, 2026
IFRS 7 & 9 Contracts referencing Nature-dependent Electricity	January 1, 2026
IFRS 1, 7, 9, 10 and IAS 7 Annual Improvements to IFRS Accounting Standards	January 1, 2026

Other than the aforementioned standards, interpretations, and amendments, IASB has also issued the following standards, which have not been notified locally, in relation to the Company, by the Securities and Exchange Commission of Pakistan (SECP) as at June 30, 2025:

Note 2, Basis of Preparation- Continued...

- IFRS 01 - First Time Adoption of IFRS
- IFRS 18 - Presentation and Disclosure in Financial Statements
- IFRS 19 - IFRS 19 'Subsidiaries Without Public Accountability - Disclosures'
- IFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information
- IFRS S2 - Climate-Related Disclosures

The management believes that adoption of the new standards, amendments and interpretations, which are in issue but not yet effective, is not likely to have any material impact, on the recognition, measurement, presentation and disclosure of items in the financial statements for current and future periods and foreseeable future transactions.

Note 3

Material Accounting Policies Information

Material accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented.

3.1 Property, Plant and Equipment

Initial recognition

All items of operating fixed assets are initially recorded at cost.

Subsequent measurement

These are stated at cost less accumulated depreciation and any identified impairment loss except freehold land and capital work-in-progress which are stated at cost less any identified impairment loss. Cost of property, plant and equipment consists of historical cost and other directly attributable costs of bringing the assets to working condition.

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 benefit associated with the item will flow to the company and cost of the item can be measured reliably. All other repair and maintenance costs are charged to statement of profit or loss during the period in which they are incurred.

Depreciation

Depreciation on property, plant and equipment is charged to the statement of profit or loss applying the reducing balance method so as to write off the cost / depreciable amount of the assets over their estimated useful lives. The Company charges the depreciation on additions from the day when the asset is available for use till the day asset is disposed off. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

Disposal

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and carrying value of the asset) is included in the statement of profit or loss in the year the asset is derecognized.

Judgment and estimates

Useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any change in estimate is accounted for on a prospective basis.

3.2 Capital Work in Progress

Capital work in progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred are charged to capital work in progress. These are transferred to property, plant and equipment as and when these are available for use.

Note 3, Material Accounting Policies Information - Continued...

3.3 Inventories

Inventories are stated at lower of cost and net realizable value. Cost is determined as follows:

Stores and spares

Useable stores and spare parts are valued principally at weighted average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Stock-in-trade

Cost of raw milk is the fair value less cost to sell at the time of milking of agriculture produce in accordance with the provisions of IAS 41. Cost of feed for cows comprises of invoice values plus other charges paid thereon. Cost of feed is based on weighted average cost.

The Company estimates the net realizable value of stock-in-trade to assess any diminution in the respective carrying values. Net realizable value is determined with reference to estimated selling price less estimated expenditure to make sale.

3.4 Method of preparation of statement of cash flow

The statement of cash flow is prepared using indirect method.

3.5 Trade and other receivables

Measurement

Trade and other receivables are recognised at transaction price less any allowance for impairment.

Impairment

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Trade debts are carried at original invoice amount less provision for doubtful debt. The expected credit loss is determined using a simplified approach and is calculated on a lifetime basis. Bad debts are written off when identified. The amount of the provision is recognised in the statement of profit or loss. Bad debts are written-off in the statement of profit or loss on identification.

Judgments and estimates

The provision for doubtful debts of the Company is based on the ageing analysis and the management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realization of these receivables, the management considers, among other factors, the creditworthiness and the past collection history of each customer.

3.6 Biological

Dairy livestock are measured on initial recognition and at end of each reporting period at their fair value less costs to sell. Fair value of dairy livestock is determined by independent valuers on the basis of best available estimates for livestock dairy of similar attributes. Costs to sell are the incremental costs directly attributable to the disposal of an asset mainly comprises of transportation costs.

Gains or losses arising from changes in fair value less costs to sell of dairy livestock are recognized in the statement of profit or loss.

Dairy livestock are categorized as mature or immature. Mature dairy livestock are those that have attained harvestable specifications. Immature dairy livestock have not yet reached that stage.

3.7 Taxation

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

Note 3, Material Accounting Policies Information - Continued...

Current

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting date.

The charge for current tax is higher of corporate tax (higher of tax based on taxable income and minimum tax) and alternative corporate tax. Super tax applicable on company is also calculated as per applicable tax rates as per Income Tax Ordinance, 2001.

Corporate tax is based on taxable income for the year determined in accordance with the prevailing laws of taxation. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years. However, in case of loss for the year, income tax expense is recognized as minimum tax liability on turnover of the Company in accordance with the provisions of the Income Tax Ordinance, 2001.

Alternative corporate tax is calculated at 17% of accounting profit, after taking into account the required adjustments. The Company offsets current tax assets and current tax liabilities if, and only if, it has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognized as an asset.

When minimum tax is higher than tax calculated on taxable profits, excess amount is recognized as levy under IFRIC 21. Further, the Company also charges tax expense under levy when tax is calculated under final tax regime.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary timing differences arising from the difference between the carrying amount of the assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are recognized for all major taxable temporary differences.

Deferred tax assets are recognized for deductible temporary differences and unused tax losses and credits only if it is probable that future taxable amounts will be available to utilize those temporary differences and unused tax losses and credits.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent of probable future taxable profit available that will allow deferred tax asset to be recovered.

Deferred tax is calculated at rates that are expected to apply to the period when the differences reverse based on the tax rates and tax laws that have been enacted or have been notified for subsequent enactment by the reporting date.

Judgment and estimates

Significant judgment is required in determining the income tax expenses and corresponding provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain as these matters are being contested at various legal forums. The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Note 3, Material Accounting Policies Information - Continued...

Further, the carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognized deferred tax asset to be utilized. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Off-setting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity is a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.8 Provisions

Recognition and measurement

Provisions for legal claims, service warranties and make good obligations are recognized when the entity has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

Judgement and estimates

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognized provision is recognized in the statement of profit or loss unless the provision was originally recognized as part of cost of an asset.

3.9 Revenue recognition

The Company follows IFRS 15 for the recognition of revenue from all its revenue streams. The Company determines revenue recognition using the following step wise approach:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, a performance obligation is satisfied

When recognizing revenue in relation to sale of goods to customers, the key performance obligation of the Company is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access. Revenue from the sale of agriculture produce is measured at fair value of the consideration received or receivable at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

3.10 Related party transactions

Transactions with related parties are based on the transfer pricing policy that all transactions between the Company and the related party are at arm's length prices determined as per the Company policy except in circumstances where it is not in the interest of the Company to do so.

Note 3, Material Accounting Policies Information - Continued...

3.11 Contingent assets

Contingent assets are disclosed when the Company has a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization becomes certain.

3.12 Financial instruments

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

3.13 Financial assets

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchase and sales of financial instruments are recognised and derecognised, as applicable using trade-date accounting or settlement date accounting

Classification

Financial assets are classified in either of the three categories: at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss. The management determines the classification of its financial assets at the time of initial recognition.

Initial recognition and measurement

Except for trade receivables, financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Trade receivables are initially measured at the transaction price if these do not contain a significant financing component in accordance with IFRS 15.

Subsequent measurement

Financial assets carried at amortized cost are subsequently measured using the effective interest method. The amortized cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss account. The company's financial statements includes trade receivable, long term loans and recoverable from employees at amortised cost.

Financial assets measured at fair value through profit or loss are subsequently measured at fair value prevailing at the reporting date. The difference in fair value and dividend arising on equity is charged to the profit or loss account.

Financial assets at fair value through other comprehensive income are marked to market using the closing market rates and are carried in the statement of financial position at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognized in other comprehensive income. Interest calculated using the effective interest rate method is credited to the statement of profit or loss account. Dividends on equity instruments are credited to the statement of profit or loss account when the Company's right to receive payments is established.

Derecognition

Financial assets are derecognized when:

- The contractual rights to receive cash flows from the assets have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - a) the Company has transferred substantially all the risks and rewards of the asset; or
 - b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The difference between the carrying amount and the consideration received is recognized in profit or loss account.

If the Company transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognizes either a servicing asset or a servicing liability for that servicing contract.

Note 3, Material Accounting Policies Information - Continued...

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability which cannot be offset with the related asset. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

If the Company's continuing involvement is in only a part of a financial asset, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the consideration received for the part no longer recognized is recognized in statement of profit or loss.

Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all financial assets which are measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

3.14 Financial liabilities

Initial recognition and measurement

Financial liabilities are initially classified at amortized cost. Such liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and include trade and other payables, loans or borrowings and accrued mark up etc.

The Company does not reclassify any of its financial liabilities.

Financial liabilities are initially recognized at fair value minus transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities carried at fair value through profit or loss are initially recognized at fair value and transaction costs are credited in the statement of profit or loss.

Subsequent measurement

The Company measures its financial liabilities subsequently at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss account. Difference between carrying amount and consideration paid is recognized in the statement of profit or loss account when the liabilities are derecognized.

3.15 Off-setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Note 3, Material Accounting Policies Information - Continued...

3.16 Impairment of non-financial assets other than inventories

The assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. If there is an indication of possible impairment, the recoverable amount of the asset is estimated and compared with its carrying amount.

An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The Company recognises the reversal immediately in the statement of profit or loss.

An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The Company recognises the reversal immediately in the statement of profit or loss.

3.17 Staff Retirement Benefits

The Company operates a defined contributory provident fund for its full-time permanent employees. Contributions are made equally by the Company and the employee at 8.33% of basic salary in the Provident Fund on monthly basis. Company's contribution is recognized as a cost in profit or loss. To be eligible for the provident fund, the employee should have salary above forty five thousand rupees and must complete a probation period of three months.

The Company is in the process of registering a separate provident fund. Meanwhile all the funds are held within the Company.

3.18 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at book value which approximates their fair value. For the purposes of the cash flow statement, cash equivalents comprise cash in hand, cash at banks and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

3.19 Trade and other payables

Trade payables are obligations under normal short-term credit terms. These are measured at the undiscounted amount of cash to be paid.

Note 4

Summary of Other Accounting Policies

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

4.1 Intangible asset

Acquired

An intangible asset is recognized as an asset if it is probable that future economic benefits attributable to the asset will flow to the Company and the cost of such asset can be measured reliably. Cost of intangible assets includes purchase cost and directly attributable expenses incidental to bring the software to its intended use.

Costs that are directly associated with identifiable software and have probable economic benefits beyond one year, are recognized as an intangible asset. However, costs associated with the maintenance of software are recognized as an expense.

Note 3, Material Accounting Policies Information - Continued...

Measurement and amortisation

All intangible assets are measured initially at cost and subsequently stated at cost less accumulated amortization and identified impairment losses, if any. Amortization is charged to profit or loss using the straight line method so as to write off the cost of an asset over its estimated useful life. The amortization period and the amortization method for intangible assets are reviewed, at each reporting date, and adjusted if impact on the amortization is significant.

Judgment and estimates

The useful lives, residual values and amortization method are reviewed on a regular basis. The effect of any change in estimate is accounted for on a prospective basis.

4.2 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence 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.

4.3 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

4.4 Foreign currency transactions and translations

Transactions in foreign currencies are translated into Pak Rupees by applying the foreign exchange rate ruling on the date of transaction. Monetary assets and liabilities denominated in foreign currencies as at the reporting date are retranslated into Pak Rupees at the exchange rate prevailing at that date. Differences between translated amounts and recorded amounts are recognized in the statement of profit or loss account.

4.5 Borrowing cost

Interest, mark-up and other charges on long-term finances are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such long-term finances. All other interest, mark-up and other charges are recognized in statement of profit or loss.

4.6 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date in an orderly transaction between market participants in the principal, or in its absence, the most advantageous market to which the Company has access at that date. There are three levels which are as under:

Level 1

The Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2

When there is no quoted price in an active market, the Company determines transaction price by applying valuation techniques. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received.

Level 3

If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is credited or charged to profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

Note 5

Property, Plant and Equipment

	Note	2025 Rupees	2024 Rupees
Operating fixed assets	5.1	731,323,570	613,804,827
Capital work in progress	5.3	81,410,246	105,414,642
Advance against plant and machinery	5.5	26,400,000	-
		<u>839,133,816</u>	<u>719,219,469</u>

5.1 Operating fixed assets

Year Ended June 30, 2025

Particulars	Cost			Rate	Depreciation			Net Book Value as at June 30, 2025
	As at July 01, 2024	Additions / Transfers	As at June 30, 2025		As at July 01, 2024	For the year	As at June 30, 2025	
	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees
Freehold land	15,399,184	-	15,399,184	-	-	-	-	15,399,184
Building and sheds	356,021,756	157,574,242	513,595,998	5	31,693,342	18,873,632	50,566,974	463,029,024
Plant and machinery	175,526,680	16,513,359	192,040,039	15	34,819,762	21,801,330	56,621,092	135,418,947
Furniture and fixtures	1,283,920	-	1,283,920	15	376,788	136,070	512,858	771,062
Vehicles	108,674,672	-	108,674,672	15	9,548,190	14,868,972	24,417,162	84,257,510
Office and electrical equipment	44,968,035	4,480,107	49,448,142	15	11,933,727	5,278,244	17,211,971	32,236,171
Computers	419,590	-	419,590	30	117,201	90,717	207,918	211,672
Balance as at June 30, 2025	<u>702,293,837</u>	<u>178,567,708</u>	<u>880,861,545</u>		<u>88,489,010</u>	<u>61,048,965</u>	<u>149,537,975</u>	<u>731,323,570</u>

Year Ended June 30, 2024

Particulars	Cost			Rate	Depreciation			Net Book Value as at June 30, 2024
	As at July 01, 2023	Additions / Transfers	As at June 30, 2024		As at July 01, 2023	For the year	As at June 30, 2024	
	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees
Freehold land	4,025,184	11,374,000	15,399,184	-	-	-	-	15,399,184
Building and sheds	337,466,953	18,554,803	356,021,756	5	14,923,894	16,769,448	31,693,342	324,328,414
Plant and machinery	111,773,542	63,753,138	175,526,680	15	17,367,553	17,452,209	34,819,762	140,706,918
Furniture and fixtures	1,156,420	127,500	1,283,920	15	228,632	148,156	376,788	907,132
Vehicles	38,345,296	70,329,376	108,674,672	15	3,415,137	6,133,053	9,548,190	99,126,482
Office and electrical equipment	41,258,147	3,709,888	44,968,035	15	6,562,021	5,371,706	11,933,727	33,034,308
Computers	158,609	260,981	419,590	30	66,582	50,619	117,201	302,389
Balance as at June 30, 2024	<u>534,184,151</u>	<u>168,109,686</u>	<u>702,293,837</u>		<u>42,563,819</u>	<u>45,925,191</u>	<u>88,489,010</u>	<u>613,804,827</u>

Note 5, Property, Plant and Equipment - Continued...

5.1.1 Particulars of immovable property (i.e. land and building) in the name of Company are as follows:

Location / Address	Usage of immovable property	Covered Area (Sq. ft.)
Rakh Rahdari, Tehsil Noorpur Thal, District Khushab	Dairy farm operations	2,374,020

5.2 Depreciation charge for the year has been allocated as under:

	Note	2025 Rupees	2024 Rupees
Cost of revenue	24	45,953,206	39,593,363
Administrative expenses	25	15,095,759	6,331,828
		<u>61,048,965</u>	<u>45,925,191</u>

5.3 Capital work in progress

	Building		Plant and Machinery		Total	
	2025	2024	2025	2024	2025	2024
Opening balance	61,274,164	-	44,140,478	-	105,414,642	-
Additions during the year	96,300,078	79,828,967	53,783,127	62,947,315	150,083,205	142,776,282
	157,574,242	79,828,967	97,923,605	62,947,315	255,497,847	142,776,282
Transferred to operating fixed assets	(157,574,242)	(18,554,803)	(16,513,359)	(18,806,837)	(174,087,601)	(37,361,640)
Closing balance	-	61,274,164	81,410,246	44,140,478	81,410,246	105,414,642

5.4 Capital work in progress includes solar panel and TMR machine.

5.5 This represents the advance given to Valley Irrigation Pakistan for purchase of center pivot irrigation system.

5.6 A vehicle with carrying value amounting to Rs. 4,344,031 (2024: Rs. 5,110,625) acquired with the funds of the Company, is registered in the name of Ghani Hilal Feed Mills (Private) Limited (Parent).

Note 6

Biological Assets

	Note	2025 Rupees	2024 Rupees
Dairy Livestock			
Mature		603,450,000	396,622,526
Immature		<u>181,169,083</u>	<u>10,118,902</u>
		<u><u>784,619,083</u></u>	<u><u>406,741,428</u></u>

6.1 As at June 30, 2025, the company held 1,341 mature cows (2024: 1,095 mature cows) which were able to produce milk and 1,071 immature cows (2024: 890 immature cows) which are being raised to produce milk in the future. During the year, the Company produced 12.269 million gross liters of milk from the mature cows (2024: 10.47 million gross liters).

6.2 Reconciliation of carrying amount of dairy livestock

Opening balance		406,741,428	402,022,687
Purchases during the year		33,796,055	5,944,203
Fair value gain on young heifers	6.2.1	370,975,077	58,172,181
Loss due to death of dairy livestock		(14,751,477)	(47,206,871)
Disposed off during the year		<u>(12,142,000)</u>	<u>(12,190,772)</u>
Closing balance		<u><u>784,619,083</u></u>	<u><u>406,741,428</u></u>

6.2.1 The valuation of dairy livestock as at June 30, 2025, 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 June 30, 2025.

Note 7

Intangible Assets

	2025 Rupees	2024 Rupees
Software	<u>1,017,471</u>	<u>1,387,460</u>
7.1 Software		
Opening balance	<u>1,387,460</u>	<u>1,757,449</u>
Additions during the year	<u>-</u>	<u>-</u>
Amortization for the year	<u>(369,989)</u>	<u>(369,989)</u>
Net carrying value as at June 30	<u><u>1,017,471</u></u>	<u><u>1,387,460</u></u>
7.2 Gross carrying value		
Cost	1,849,946	1,849,946
Accumulated amortization	<u>(832,475)</u>	<u>(462,486)</u>
Net book value	<u><u>1,017,471</u></u>	<u><u>1,387,460</u></u>
7.3 Accumulated amortization		
Opening balance	462,486	92,497
Charge for the year	<u>369,989</u>	<u>369,989</u>
Closing balance	<u><u>832,475</u></u>	<u><u>462,486</u></u>
Amortization rate per annum (%)	<u>20%</u>	<u>20%</u>

7.4 The Company has implemented ODOO, which has a finite useful life of 5 years. Amortization charge for the year has been allocated to administrative expenses.

Note 8

Long Term Deposits

		2025	2024
	Note	Rupees	Rupees
Security Deposit	8.1	<u>3,493,729</u>	<u>3,493,729</u>

8.1 This represents security deposit with FESCO for the electricity transformer installed at dairy farm.

Note 9

Stock in Trade

		2025	2024
		Rupees	Rupees
Feed		<u>242,320,513</u>	<u>180,282,705</u>

Note 10

Stores and Spares

		2025	2024
		Rupees	Rupees
Stores and spares		10,275,721	4,756,093
Medicine and vaccination		33,439,841	4,368,074
Oil and lubricants		<u>1,849,477</u>	<u>4,044,567</u>
		<u>45,565,039</u>	<u>13,168,734</u>

Note 11

Biological assets

		2025	2024
	Note	Rupees	Rupees
Male calves	11.1	<u>507,476</u>	<u>-</u>

11.1 As at reporting date June 30, 2025 there were 3 (2024: Nil) immature male calves held by the Company.

Note 12

Trade Debts

		2025	2024
	Note	Rupees	Rupees
Local trade debts (unsecured - considered good)	12.1	<u>36,723,210</u>	<u>25,791,838</u>

12.1 These customers have no recent history of default. For ageing analysis of trade debts refer Note 34.1.

Note 13

Advances, Deposits, Prepayments and Other receivables

		2025	2024
		Rupees	Rupees
Advances (unsecured) to:			
- Suppliers		48,311,303	12,175,846
- Employees		500,000	-
Advance income tax		17,107,899	26,354,557
Sales tax receivable		138,574,212	181,304,656
Prepaid insurance		429,330	330,262
Profit receivable on deposit account		675,142	1,406,616
Advance against LC		2,267,931	-
Margins held by bank		-	2,016,073
		<u>207,865,817</u>	<u>223,588,010</u>

Note 14

Cash and Bank Balances

		2025	2024
	Note	Rupees	Rupees
Cash in hand		372,410	2,151,811
Cash at banks:			
- Current accounts		3,522	3,522
- Savings accounts	14.1	<u>176,563,274</u>	<u>12,972,330</u>
		<u>176,939,206</u>	<u>15,127,663</u>

Note 14, Cash and bank balances - Continued...

- 14.1** The savings accounts yield interest at floating rates based on daily bank deposit rates ranging from 8% to 15% (2024: 15% to 22%) per annum.
- 14.2** The above figures of cash and bank balances reconcile to the amount of cash and cash equivalents shown in the statement of cash flows.

Note 15

Issued, Subscribed and Paid up Capital

	2025	2024	2025	2024
	----Number of shares----		Rupees	Rupees
	<u>32,500,000</u>	<u>32,500,000</u>	<u>325,000,000</u>	<u>325,000,000</u>
	Ordinary shares of Rs. 10 each fully paid in cash			

- 15.1** M/s. Ghani Halal Feed Mill (Private) Limited is the parent company holding 92.31% (2024: 92.31%) of the issued share capital of the Company.

- 15.2** Reconciliation of number of shares outstanding:

	2025	2024
	----Number of shares----	
Ordinary shares		
Number of shares outstanding at the beginning of the year	32,500,000	12,500,000
Shares issued during the year	-	20,000,000
Number of shares outstanding at the end of the year	<u>32,500,000</u>	<u>32,500,000</u>

- 15.3** All ordinary shares rank equally with respect to residual assets of the Company. Ordinary shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Company. The voting and other rights are in proportion to the shareholding.

Note 16

Loan from Sponsors

		2025	2024
	Note	Rupees	Rupees
Opening balance		634,322,580	292,100,000
Add: Loan received during the year	16.1	<u>10,000,000</u>	<u>994,539,332</u>
		644,322,580	1,286,639,332
Less: Loan repaid during the year		<u>(69,982,084)</u>	<u>(652,316,752)</u>
Closing balance		<u>574,340,496</u>	<u>634,322,580</u>

- 16.1** This represents interest free, unsecured loan obtained from sponsors of the Company to meet its liquidity / working capital requirements. In line with Technical Release - 32 (TR 32 - Accounting Directors' Loan) issued by the Institute of Chartered Accountants of Pakistan (ICAP), these loans are shown as part of the equity as these loans are repayable at the discretion of the Company.

Note 17

Long term financing

		2025	2024
	Note	Rupees	Rupees
Banking companies - secured			
Habib Metropolitan Bank	17.1	11,129,668	13,917,140
Habib Bank Limited	17.2	34,615,384	42,307,692
Bank Islami Pakistan Limited	17.3	65,870,214	79,664,012
Meezan Bank Limited	17.4	5,966,730	9,376,290
Faysal Bank Limited	17.5 & 17.6	<u>232,544,000</u>	-
		350,125,996	145,265,134
Less: Current portion of long term financing		<u>(86,956,028)</u>	<u>(27,683,137)</u>
		<u>263,169,968</u>	<u>117,581,997</u>

- 17.1** This represents a term finance facility from Habib Metropolitan Bank Limited under the SBP Refinancing Scheme for Renewable Energy (Category II) amounting to Rs. 12.51 million, out of which an amount of Rs. 11.13 million was availed. The facility was obtained for the procurement and installation of a solar power project. It carries markup at 2% SBP rate + 1% per annum (2024: 2% SBP rate plus 1% spread). This loan is secured by an exclusive charge of assets/solar project and personal guarantees of directors.

Note 17, Long term financing - Continued..

- 17.2** This represents an Islamic finance facility from Habib Bank Limited under the SBP Scheme for Storage of Agricultural Products (IFFSAP) amounting to Rs. 48.077 million, out of which Rs. 34.62 million was availed. The facility was obtained to finance the CAPEX requirements for the construction of a storage facility for goods pertaining to dairy farming. It carries markup at SBP rate + 1% per annum (2024: SBP rate plus 1% spread). The loan is secured by a first pari passu charge on fixed assets, agricultural land and building and personal guarantees of directors and a corporate guarantee of M/s. Ghani Halal Feed Mills (Private) Limited.
- 17.3** This includes two facilities obtained from Bank Islami Pakistan Limited under SBP Islamic financing Facility:
-Islamic Temporary Economic Refinance Facility (ITERF) amounting to Rs. 25.57 million, out of which Rs. 24.20 million was availed. The facility was obtained to finance the procurement/import of a milking parlour and carries markup at 1% SBP rate + 2% per annum (2024: 1% SBP rate plus 2% spread). The loan is secured by first pari passu charges over fixed assets, including land, building, plant, and machinery along with personal guarantees of all directors of the Company.
- Islamic Finance for Storage of Agricultural Products (FFSAP) facility amounting to Rs. 50 million, out of which Rs. 41.67 million was availed. The facility was obtained for the construction of storage pits and silos with related accessories and carries markup at 3.5% SBP rate plus 2.5% spread (2024:3.5% SBP rate plus 2.5% spread). The loan is secured by a ranking charge over fixed assets amounting to Rs. 100 million, personal guarantees of all directors, and a corporate guarantee of M/s. Ghani Mines (Private) Limited.
- 17.4** This represents an Islamic Small and Agricultural Finance (ISAAF) facility obtained from Meezan Bank, amounting to Rs. 10 million, of which Rs. 5.97 million was availed. The facility was secured to finance the procurement/import of a milking parlour and carries markup at 3% SBP rate plus 6% per annum (2024: 3% SBP rate plus 6% spread). The loan is secured by a specific charge of along with personal guarantees of all directors.
- 17.5** This represents an Faysal Bank diminishing musharakah facility obtained from Faysal Bank, amounting to Rs. 36.10 million, of which Rs. 33 million was availed. The facility was secured to central pivot irrigation system and carries markup at KIBOR plus 1.5% per annum with floor 2% and cap 30% (2024: Nil). The loan is secured by a specific charge newly purchased complete central pivoy irriagtion system along with personal guarantees of all directors.
- 17.6** This represents an Faysal Bank diminishing musharakah facility obtained from Faysal Bank, amounting to Rs. 250 million, of which Rs. 200 million was availed. The facility was secured to cater requirements of customer in meeting its working capital requirements for dairy farm against sale and lease back arrangement of his agri property and carries markup at KIBOR plus 1.5% per annum (2024: Nil). The loan is secured by a specific charge on 1st pari passu charge with 25% margin over FA & CA of the company i.e measuring 436 kanal 11 Marla bearing khewat No. 17 Khatooni No 93 to 103 Khasra No Salam Khata 157 Qitat situated in Revenue Estate of Rakh Rahdri, tehsil Noor Pur, District Khushab owned by Ghani Dairies (Private) limited along with personal gurrantee of directors.

17.7 Letters of credit and guarantee

The main facilities for opening letters of credit and guarantees aggregate to Rs. 201.773 million (2024: Rs. 90 million). The amount utilized as at June 30, 2025, for letters of credit was 39.40 million (2024: Nil) and for letters of guarantee was Nil (2024: Nil). The amounts unavailed as at the reporting date amount to Rs. 162.20 million (2024: Rs. 90 million). The aggregate facilities for opening letters of credit and letters of guarantee are secured by lien over import documents, 100% cash backed in shape of lien over deposit in the Companys' accounts / directors' account and personal guarantee of all directors of the Company.

Note 18

Deferred Tax Liability

	2025	2024
	Rupees	Rupees
Taxable temporary differences		
Deferred tax liability - net	30,282,810	42,187,978
18.1 Deferred tax liability / (asset) - net		
Taxable temporary difference		
Accelerated tax depreciation	47,083,792	41,008,355
Accelerated tax amortisation	83,248	80,473
Workers' (profit) participation fund	(10,845,975)	1,920,561
Workers' welfare fund	(4,093,183)	1,484,376
Others	(1,945,072)	916,257
Deductible temporary difference		
Carry forward of alternative corporate tax - 2023	-	(264,337)
Carry forward of alternative corporate tax - 2024	-	(2,957,707)
	<u>30,282,810</u>	<u>42,187,978</u>

Note 18, Deferred tax liability - Continued...

18.2 Deferred tax liabilities / (assets) on temporary differences are measured at effective rate of 30% (2024: 29%).

18.3 Reconciliation of deferred tax liability:

	2025	2024
	Rupees	Rupees
Opening balance	42,187,978	13,543,119
Tax recognised in statement of profit or loss	(11,905,168)	28,644,859
Closing balance	<u>30,282,810</u>	<u>42,187,978</u>

	Statement of Financial Position		Recognized in profit or loss	
	2025	2024	2025	2024
	Rupees	Rupees	Rupees	Rupees
18.4 Analysis of change in deferred tax				
Accelerated tax depreciation	47,083,792	41,008,355	6,075,437	27,465,236
Accelerated tax amortisation	83,248	80,473	2,775	80,473
Workers' (profit) participation fund	(10,845,975)	1,920,561	(12,766,536)	1,920,561
Workers' welfare fund	(4,093,183)	1,484,376	(5,577,559)	1,484,376
Others	(1,945,072)	916,257	(2,861,329)	916,257
Carry forward of alternative corporate tax - 2023	-	(264,337)	264,337	(264,337)
Carry forward of alternative corporate tax - 2024	-	(2,957,707)	2,957,707	(2,957,707)
	<u>30,282,810</u>	<u>42,187,978</u>	<u>(11,905,168)</u>	<u>28,644,859</u>

18.5 Deferred tax asset on deductible temporary differences arising due to Alternative Corporate Tax (ACT) available for carry forward under section 113C of the Income Tax Ordinance, 2001 has not been recognised as sufficient taxable profits would not be available for adjustment / utilisation in the foreseeable future.

Note 19

Trade and Other Payables

		2025	2024
	Note	Rupees	Rupees
Trade creditors - unsecured		165,656,686	136,850,659
Accrued liabilities - unsecured		16,227,470	18,331,041
Contract liabilities	19.1	48,333,324	45,833,338
Withholding tax payable		3,730,810	609,506
Provident fund payable		6,483,573	3,159,508
Auditors' remuneration payable		1,200,000	1,050,000
Workers' (profit) participation fund	19.2	36,153,250	6,622,623
Workers' welfare fund	19.3	13,643,942	5,118,537
Advance from related parties - unsecured	19.4	78,424,829	46,279,000
		<u>369,853,884</u>	<u>263,854,212</u>

19.1 This comprises interest fee advance secured from Nestle Pakistan Limited and IRC Dairy Product Limited (a customer), amounting to Rs. 8,333,324 and 40,000,000 (2024: 45,833,338) against supply of milk. This advance is transferred to revenue at a point in time when transfer and control of milk occurred.

Note 19, Trade and other payables - Continued...

19.2 Movement in workers' (profit) participation fund during the year

	2025	2024
	Rupees	Rupees
Opening balance	6,622,623	5,283,796
Add: expense recognized during the year	27,874,971	6,622,623
Add: Interest expense.	1,655,656	-
	<u>36,153,250</u>	<u>11,906,419</u>
Less: payments during the year	-	(5,283,796)
Closing balance	<u>36,153,250</u>	<u>6,622,623</u>

19.3 Movement in workers' welfare fund during the year

Opening balance	5,118,537	2,601,940
Add: expense recognized during the year	8,525,405	2,516,597
	<u>13,643,942</u>	<u>5,118,537</u>
Less: payments during the year	-	-
Closing balance	<u>13,643,942</u>	<u>5,118,537</u>

19.4 This amount relates to interest free advance from the following related parties:

Ghani Halal Feed Mills (Private) Limited	47,324,000	46,279,000
Ghani Mines (Private) Limited	31,100,829	-
	<u>78,424,829</u>	<u>46,279,000</u>

Note 20

Security Deposit

		2025	2024
	Note	Rupees	Rupees
Security deposit payable	20.1	<u>12,480,000</u>	<u>12,480,000</u>

20.1 This includes security deposit from IRC Dairy Products (Private) Limited (a customer), under the terms of agreement.

Note 21

Provision for taxation and levy

		2025	2024
	Note	Rupees	Rupees
Opening balance		20,963,251	11,373,692
Current year provision	21.1	87,198,684	20,963,251
Payments / adjustments against advance tax		<u>(20,963,251)</u>	<u>(11,373,692)</u>
		<u>87,198,684</u>	<u>20,963,251</u>

21.1 The current tax expense for the year is charged under alternate corporate tax on accounting profit under section 113 at rate of 17% (2024: 17%).

Note 22

Contingencies and Commitments

Contingencies

There are no known material contingencies as at the reporting date (2024: Nil).

Commitments

22.1 Banking contracts and Letters of credit other than for capital expenditure amount to Rs. 35.176 million (2024: Rs. Nil).

22.2 Letters of credit for capital expenditure amount to Rs. 33.09 million (2024: Rs. 105.414 million).

Note 23

Revenue from contract with customers

	Note	2025 Rupees	2024 Rupees
Local Sale			
Raw milk	23.1	2,097,893,491	1,495,146,049
Less: Sales tax		(320,017,653)	-
		<u>1,777,875,838</u>	<u>1,495,146,049</u>
23.1	All the revenue is recognised at a point in time.		
23.2	Amount of revenue recognized from opening balance of contract liabilities:		
Opening balance of contract liabilities		45,833,338	92,976,706
Revenue recognized		45,833,338	92,976,706

Note 24

Cost of Revenue

	Note	2025 Rupees	2024 Rupees
Raw milk consumed	24.1	1,963,098,400	1,591,616,928
Feed consumed	24.2	1,127,199,069	1,036,383,940
Store and spares consumed		23,820,286	29,216,001
Medicine consumed		106,783,961	52,161,366
Salaries, wages and other benefits	24.3	86,185,130	74,828,488
Utilities		100,454,643	95,779,870
Repair and maintenance		3,702,497	3,322,485
Travelling and conveyance		2,352,558	4,042,234
Consultancy charges		6,154,000	2,292,855
Commission		960,556	266,433
Entertainment		4,047,894	5,708,506
Freight charges		19,510,932	18,626,121
Miscellaneous		264,854	75,770
Insurance		1,473,871	25,186,661
Depreciation	5.2	45,953,206	39,593,363
		<u>3,491,961,857</u>	<u>2,979,101,021</u>

24.1 Raw milk consumed

Inventory at the beginning of the year	-	-
Gain arising on initial recognition of milk at fair value less costs to sell at the time of milking	1,963,098,400	1,591,616,928
Inventory at the end of the year	-	-
	<u>1,963,098,400</u>	<u>1,591,616,928</u>

24.2 Feed consumed

Inventory at the beginning of the year	180,282,705	201,947,269
Add: purchases during the year	1,189,236,877	1,014,719,376
Available for consumption	1,369,519,582	1,216,666,645
Less: inventory at the end of the year	(242,320,513)	(180,282,705)
Feed consumed	<u>1,127,199,069</u>	<u>1,036,383,940</u>

24.3 Salaries, wages and benefits include Rs. 1,141,395 (2024: Rs. 927,159) in respect of retirement benefits.

Note 25

Administrative Expenses

		2025	2024
	Note	Rupees	Rupees
Salaries, wages and other benefits	25.1	18,561,168	18,803,900
Traveling and conveyance		196,266	239,008
Fees and subscription		2,748,146	422,800
Printing and stationery		166,070	61,800
Communication		1,242,190	1,218,900
Legal and professional charges		213,348	1,225,335
Auditors' remuneration		1,200,000	735,000
Entertainment		402,072	671,856
Utilities		2,066,805	838,711
Charity and donation	25.2	10,000,000	-
Amortization	7.3	369,989	369,989
Depreciation	5.2	15,095,759	6,331,828
		<u>52,261,813</u>	<u>30,919,127</u>

25.1 Salaries, wages and benefits include Rs. 520,637 (2024: Rs. 652,295) in respect of retirement benefits.

25.2 During the year, donation was paid to M/s Ghani Welfare Works, related party due to common directorship.

Note 26

Other Operating Expenses

	2025	2024
	Rupees	Rupees
Mortality expense	14,751,477	36,166,871
Workers' (profit) participation fund	27,874,971	6,622,623
Interest on Workers' (profit) participation fund	1,655,656	-
Workers' welfare fund	8,525,405	2,516,597
Loss on sale of calves/heifers	-	1,949,572
	<u>52,807,509</u>	<u>47,255,663</u>

Note 27

Finance Cost

	2025	2024
	Rupees	Rupees
Markup on long-term financing	6,003,659	4,212,118
Bank charges	210,000	173,082
	<u>6,213,659</u>	<u>4,385,200</u>

Note 28

Other Income

	2025	2024
	Rupees	Rupees
Profit on savings accounts	6,956,539	26,982,093
Subsidy from Nestle Pakistan	-	13,057,000
Fair value gain on male calves	507,476	-
Gain on sale of calves	3,274,896	-
	<u>10,738,911</u>	<u>40,039,093</u>

Note 29

Levy

	2025	2024
	Rupees	Rupees
Current year	<u>36,299,434</u>	<u>10,198,988</u>

29.1 This represents portion of alternative corporate tax paid under section 113C of Income Tax Ordinance, 2001, representing levy in terms of requirements of IFRIC 21/IAS 37.

Note 30

Taxation

	2025	2024
	Rupees	Rupees
Income tax - current year	49,105,942	10,764,263
Super tax	1,793,308	-
Deferred tax	<u>(11,905,168)</u>	<u>28,644,859</u>
	<u>38,994,082</u>	<u>39,409,122</u>
30.1 Reconciliation of Levy and Income tax under IAS-12		
Current tax liability as per applicable tax laws	85,405,376	20,963,251
Portion of current tax liability representing income tax as per IAS -12	(49,105,942)	(10,764,263)
Portion of current tax liability representing levy as per IFRIC 21 / IAS 37	<u>(36,299,434)</u>	<u>(10,198,988)</u>
Difference	<u>-</u>	<u>-</u>

30.2 Income tax return has been filed to the income tax authorities up to and including tax year 2024 under the provisions of the Income Tax Ordinance, 2001.

30.3 The current tax expense for the year is calculated using alternative corporate tax @ 17% (2024: 17%). Therefore no tax reconciliation has been given.

Note 31

Liabilities Arising from Financing Activities

	As at June 30, 2024	Non-cash changes	Cash flows (net)	As at June 30, 2025
	Rupees	Rupees	Rupees	Rupees
Long term financing	145,265,134	-	204,860,862	350,125,996
Loan from sponsor	634,322,580	-	(59,982,084)	574,340,496
Total liabilities from financing activities	<u>779,587,714</u>	<u>-</u>	<u>144,878,778</u>	<u>924,466,492</u>
	As at June 30, 2023	Non-cash changes	Cash flows (net)	As at June 30, 2024
	Rupees	Rupees	Rupees	Rupees
Long term financing	96,438,226	-	48,826,908	145,265,134
Loan from sponsor	292,100,000	-	342,222,580	634,322,580
Total liabilities from financing activities	<u>388,538,226</u>	<u>-</u>	<u>391,049,488</u>	<u>779,587,714</u>

Note 32

Remuneration to Chief Executive Officer, Directors and Executive

The aggregate amounts charged in these financial statements for the year as remuneration and benefits to the executives of the Company are as follows:

	Executives	
	2025	2024
	Rupees	Rupees
Managerial remuneration	<u>21,967,570</u>	<u>19,655,000</u>
Number of persons	<u>9</u>	<u>9</u>

32.1 No remuneration was paid to the chief executive officer or directors of the Company.

32.2 An executive is defined as an employee, other than the chief executive officer and directors, whose basic salary exceeds 1.2 million in a financial year.

32.3 Mr. Shoaib Ghani (Director) is provided with a company maintained car.

Note 33

Transactions and Balances with Related Parties

Related parties comprise associated companies due to common directorship, directors and key management personnel. Transactions with related parties and associated companies, other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

Transactions during the year

Nature of Transactions	Related Party	2025	2024
		Rupees	Rupees
Transactions at Arm's Length Price			
Advance for routine expenditure	Al-Muhandus	-	20,000,000
Advance for routine expenditure	Ghani Hilal Feed Mills (Private) Limited	183,725,000	178,890,000
Advance for routine expenditure	Ghani Himalayan Salt (Private) Limited	79,400,000	12,500,000
Advance for routine expenditure	Ghani Mines (Private) Limited	43,100,829	7,491,207
Advance for routine expenditure	Ghani Layer Farms (Private) Limited	43,000,000	72,500,000
Advance for routine expenditure	AS Builder	-	10,000,000
Purchase of land	Hafiz Avais Ghani (Chief Executive Officer/ Director)	-	11,374,000
		<u>349,225,829</u>	<u>312,755,207</u>
Repayment of advances	Al-Muhandus	-	20,000,000
Repayment of advances	Ghani Hilal Feed Mills (Private) Limited	182,680,000	533,700,000
Repayment of advances	Ghani Himalayan Salt (Private) Limited	79,400,000	79,400,000
Repayment of advances	Ghani Mines (Private) Limited	12,000,000	35,778,014
Repayment of advances	Ghani Layer Farms (Private) Limited	43,000,000	72,500,000
Repayment of advances	AS Builder	-	10,000,000
		<u>317,080,000</u>	<u>751,378,014</u>
Balance outstanding as at June 30,			
Due to related parties:			
-	Ghani Hilal Feed Mills (Private) Limited	47,324,000	46,279,000
-	Ghani Mines (Private) Limited	31,100,829	-
		<u>78,424,829</u>	<u>46,279,000</u>

33.1 Following are the related parties with whom the Company has arrangements / agreements in place.

Sr. No.	Company Name	Relationship	Aggregate % of Shareholding
1	Al-Muhandus	Common directorship	No direct shareholding
2	Ghani Hilal Feed Mills (Private) Limited	Parent company	92% direct shareholding
3	Ghani Himalayan Salt (Private) Limited	Common directorship	No direct shareholding
4	Ghani Mines (Private) Limited	Common directorship	No direct shareholding
5	Ghani Layer Farms (Private) Limited	Common directorship	No direct shareholding
6	AS Builder	Common directorship	No direct shareholding

Note 34

Financial Risk Management

34.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on having cost efficient funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

Risk management is carried out by the company's finance department under guidelines approved by the Board of Directors (the Board). The Board provides principles for overall risk management as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

Note 34, Financial Risk Management - Continued...

(a) Market risk

(i) Currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

This exists due to the Company's exposure resulting from outstanding import payments. As at the reporting date the Company was not exposed to currency risk as there were no letter of credit commitments or any other foreign payable or receivable (2024: Nil).

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk arises from long-term borrowings. These are benchmarked to fixed rates which does not expose the Company to cash flow interest rate risk.

As the Company has no significant floating interest rate assets, the Company's income is substantially independent of changes in market interest rates. The interest rate profile of the Company's interest-bearing financial instruments as at the reporting date is as follows:

	<u>2025</u>	<u>2024</u>
	Rupees	Rupees
Fixed rate instruments - Financial liabilities		
Long term financing	<u>150,581,996</u>	<u>145,265,134</u>
Floating rate instruments - Financial liabilities		
Long term financing	<u>199,544,000</u>	<u>-</u>
Floating rate instruments - Financial assets		
Bank balances in savings account	<u>176,563,274</u>	<u>12,972,330</u>

Sensitivity analysis for fixed rate instruments

The Company has certain financial liabilities at fixed rate. Therefore, no impact on profit or loss of the Company is expected

Cash flow sensitivity analysis for variable rate instruments

As at June 30, 2025 if interest rates on the Company's saving accounts had been 1% higher / lower with all other variable held constant, profit before tax for the year would have been lower / higher by Rs. 0.23 million (2024: 0.12 million), mainly as a result interest exposure on variable rate saving accounts.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Credit risk of the Company arises from deposits with banks, trade receivables and other receivables. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The utilization of credit limits is regularly monitored. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings, if any. As at June 30, 2025, the maximum exposure to credit risk is equal to the carrying amount of the financial assets as detailed below:

Note 34, Financial Risk Management - Continued...

	2025	2024
	Rupees	Rupees
Long term deposits	3,493,729	3,493,729
Trade debts	36,723,210	25,791,838
Bank balances	<u>176,566,796</u>	<u>12,975,852</u>
	<u>216,783,735</u>	<u>42,261,419</u>

The aging of trade debts as at reporting date is as follows:

Past due 1 - 90 days	<u>36,723,210</u>	<u>25,791,838</u>
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Customer credit risk is managed by each business unit subject to the Company's established policies, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The Company does not hold collateral as security.

The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are large multinational corporations with no previous history of default. The credit risk on liquid funds is limited because the counter parties are either banks (with reasonably high credit ratings) and trade receivables (with low probability of default).

The credit quality of bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Credit Rating		Rating Agency	2025	2024
	Short term	Long term			
				Rupees	Rupees
Habib Bank Limited	A-1+	AAA	VIS	1,788,005	293,458
Bank Islami Pakistan Limited	A1	AA-	PACRA	168,820	2,328,533
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	73,026,931	10,351,239
Dubai Islamic Bank Limited	A-1+	AA	VIS	3,945	-
United Bank Limited	A-1+	AAA	VIS	1,149,453	-
Meezan Bank Limited	A1+	AAA	VIS	20,551	218
Faysal Bank Limited	A-1+	AA	VIS	100,409,091	2,404
				<u>176,566,796</u>	<u>12,975,852</u>

(c) Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business, the Company maintains flexibility in funding by maintaining committed credit lines available. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios and maintaining debt financing plans. The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

Description	Carrying Amount	Contractual Cash Flows	Within 1 year	1-2 Years	2-5 Years	Above 5 Years
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees

Contractual maturities of financial liabilities as at June 30, 2025:

Long term financing	350,125,996	360,629,776	89,564,709	88,686,736	172,666,903	9,711,428
Trade and other payables	369,853,884	369,853,884	369,853,884	-	-	-
Security deposit	12,480,000	12,480,000	12,480,000	-	-	-
Accrued mark up	1,023,786	1,023,786	1,023,786	-	-	-
	<u>733,483,666</u>	<u>743,987,446</u>	<u>472,922,379</u>	<u>88,686,736</u>	<u>172,666,903</u>	<u>9,711,428</u>

Note 34, Financial Risk Management- Continued...

Description	Carrying Amount Rupees	Contractual Cash Flows Rupees	Within 1 year Rupees	1-2 Years Rupees	2-5 Years Rupees	Above 5 Years Rupees
Contractual maturities of financial liabilities as at June 30, 2024:						
Long term financing	145,265,134	145,265,134	27,683,137	30,460,914	82,634,766	4,486,317
Trade and other payables	263,854,212	263,854,212	263,854,212	-	-	-
Security deposit payable	12,480,000	12,480,000	12,480,000	-	-	-
Accrued mark up	998,049	998,049	998,049	-	-	-
	<u>422,597,395</u>	<u>422,597,395</u>	<u>305,015,398</u>	<u>30,460,914</u>	<u>82,634,766</u>	<u>4,486,317</u>

(d) Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. Fair value is determined on the basis of objective evidence at each reporting date. The management believes that the fair values of financial assets and financial liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments.

34.2 Financial instruments by categories

Financial Assets - at amortized cost	2025 Rupees	2024 Rupees
- Long term security deposit	3,493,729	3,493,729
- Trade debts	36,723,210	25,791,838
- Accrued profit and advance to employees	1,175,142	-
- Cash and Bank balances	176,939,206	15,127,663
	<u>218,331,287</u>	<u>44,413,230</u>

The Company did not possess any financial assets designated as fair value through profit or loss and fair value through other comprehensive income categories.

Financial Liabilities - at amortized cost

- Long term financing	350,125,996	145,265,134
- Trade and other payables	321,520,560	218,020,874
	<u>671,646,556</u>	<u>363,286,008</u>

Note 35

Capital Risk Management

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide return for shareholders and benefits for other stakeholders and to maintain optimal capital structure to reduce the cost of capital. The Company manages its capital structure and makes adjustments to in the light of changes in economic conditions to maintain and adjust the capital structure, the company may adjust the dividend payment to share holders or issue new shares or sell assets to reduce debts. The management seeks to maintain a balance between higher returns that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. The Company finances its operations through equity, borrowings and management of working capital with the view to maintaining an appropriate mix between various sources of finance to minimize risk. The Company monitors the capital structure on the basis of gearing ratio which is calculated by dividing total borrowings by total capital employed. Gearing ratio is calculated as below:

	2025 Rupees	2024 Rupees
Total borrowings	350,125,996	145,265,134
Cash and bank balances	(176,939,206)	(15,127,663)
Net debt	173,186,790	130,137,471
Equity	1,487,220,200	1,103,052,412
Total Capital Employed	<u>1,833,593,780</u>	<u>1,363,327,354</u>
Gearing Ratio	9.45%	9.55%

Note 36
Number of Employees

	2025	2024
	Numbers	Numbers
Total employees as at June 30	<u>205</u>	<u>186</u>
Average number of employees during the year	<u>195</u>	<u>157</u>

Note 37
Plant Capacity and Production

	2025	2024
	Liters	Liters
Production capacity	<u>12,275,000</u>	<u>10,500,000</u>
Actual production	<u>12,269,365</u>	<u>10,471,164</u>

Note 38
Authorization of Financial Statements

These financial statements were approved and authorized by the Board of Directors of the Company for issuance on 11.2 SEP 2025.

Note 39
General

Corresponding figures are rearranged / reclassified for better presentation and comparison. No material re-arrangement / reclassification has been made in these financial statements.

CH


CHIEF EXECUTIVE OFFICER


DIRECTOR