



## Fruitfully Yours

CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED  
31 MARCH 2020



# Happy farms



# COMPANY INFORMATION

## Board of Directors:

Mr. Muneer Nawaz	Chairman
Mr. Humayun A. Shahnawaz	Chief Executive
Mr. Mahmood Nawaz*	
Mr. M. Naeem	
Mr. Rashed Amjad Khalid	
Ms. Manahil Shahnawaz	
Mr. Muhammad Khalid	(Independent Director)
Mr. Shahid Hussain Jatoi	(N.I.T. Nominee)

## Chief Financial Officer:

Mr. Faisal Ahmad Nisar, FCA

## Company Secretary:

Mr. Khurram Babar

## Audit Committee:

Mr. Muhammad Khalid	Chairman
Mr. Muneer Nawaz	Member
Mr. M. Naeem	Member
Mr. Rashed Amjad Khalid	Member

## Human Resource & Remuneration Committee:

Mr. Muhammad Khalid	Chairman
Mr. Muneer Nawaz	Member
Mr. M. Naeem	Member
Mr. Humayun A. Shahnawaz	Member

## Registered Office / Head Office:

56 - Bund Road, Lahore-54500.

Phones: (042) 37466900-04.

Faxes: (042) 37466899 & 37466895.

E-mail: shezan@brain.net.pk

## Factories:

- 56 - Bund Road, Lahore - 54500.  
Phones: (042) 37466900-04.  
Faxes: (042) 37466899 & 37466895.  
E-mail: shezan@brain.net.pk
- Plot No. L-9, Block No. 22,  
Federal "B", Industrial Area, Karachi-75950.  
Phones: (021) 36344722-23.  
Fax: (021) 36313790.  
E-mail: shezan@cyber.net.pk
- Plot No. 33-34, Phase III,  
Hattar Industrial Estate, Hattar-22610.  
Phones: (0995) 617158 & 617343.  
Fax: (0995) 617342.  
E-mail: sil-htr@shezan.com

## Website:

www.shezan.pk

## Auditors:

EY Ford Rhodes,  
Chartered Accountants,  
96-B-1, 4<sup>th</sup> Floor, Pace Mall Building,  
M. M. Alam Road, Gulberg II, Lahore.

## Share Registrar:

Corplink (Private) Limited,  
Wings Arcade, 1-K, Commercial,  
Model Town, Lahore.

## Legal Advisors:

Cornelius, Lane & Mufti,  
Nawa-e-Waqt Building,  
Shahrah-e-Fatima Jinnah, Lahore.

## Bankers:

United Bank Limited.  
MCB Bank Limited.  
National Bank of Pakistan.  
The Bank of Khyber.  
Bank Al-Habib Limited.  
Habib Bank Limited.  
Bank Alfalah Limited.  
Allied Bank Limited.

\* Mr. Mahmood Nawaz passed away on 07 March 2020

# DIRECTORS' REPORT

## to the members

On behalf of the Board of Directors, we present condensed Interim Financial Statements (Un-audited) of the Company for the nine month period ended 31 March 2020.

### ECONOMIC OVERVIEW

The Economic situation of Pakistan remained critical due to the various macroeconomic challenges faced by the government coupled with outbreak of COVID-19 pandemic.

Average inflation increased to 11.8% during Jul-Mar 2020 (as compared to 6.8% in Jul-Mar 2019). The State Bank of Pakistan maintained a tight monetary stance during this period, keeping the policy rate at 13.25% to dampen the inflationary pressures. The sudden spread of the global COVID-19 pandemic, since February 2020, has brought economic activity to a near-halt in the country. This resulted in the closure of businesses and domestic/ international supply chain disruptions that are having a significant impact on our wholesale and retail sales.

### FINANCIAL PERFORMANCE

Summarized operating performance of the Company for the nine month period ended 31 March 2020 is as follows:

Particulars	2020	2019
	Rupees in thousand	
Revenue from contracts with customers-net	4,898,010	5,011,792
Gross profit	573,271	959,291
Net (loss) / profit after tax for the period	(463,134)	71,392
(Loss) / earnings per share (Rs.)	(52.72)	8.13

During the period, the Company recorded lower sales by 2.27 % as compared to the corresponding period of the last year. This was mainly due to countrywide lockdown along with a prolonged and an extraordinarily cold winter season. The Company has reported losses due to higher cost of sales from an increase in cost of direct materials, utilities and wages etc. Moreover, imposition of a new 5% federal excise duty in the fiscal budget of 2019-20 on our juices, squashes and syrups placed an unexpected burden on the company's profit margin.

Finance costs for the period under review has also significantly increased owing to higher interest rates, long-term borrowings for capital expenditure and increase in short term borrowings to meet the working capital requirements. Recently, however, as a result of COVID-19 outbreak, the interest rates dropped globally owing to drastic decrease in economic activities. The State Bank of Pakistan has also reduced policy rate to 9% in April 2020. This reduction in markup rates will positively affect our finance costs in the next quarters.

### FUTURE OUTLOOK

The devastating impact of COVID-19 pandemic on the economy of the country began during the quarter under review. The government's imposed lockdown has been extended until May 2020, resulting in suspension of most economic activities. We are unable at this time to assess how the prevailing situation will impact the Company's operations during the ensuing quarter and how long this situation will last. April to June is our peak sales season and we were hopeful that we could overcome our sales deficiencies. However, due to the COVID-19 pandemic, uncertainty has increased. In the absence of economic activity, many businesses, including ours, are facing serious liquidity issues. As world economies begin to reopen, and the lockdown in Pakistan is lifted, the management is well prepared to overcome this challenging situation. With relentless energy, marketing strategies and cost-cutting measures, we are optimistic that we will rebound stronger than ever.

### CHANGES IN THE BOARD

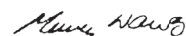
Mr. Mahmood Nawaz, (Senior Board Member), passed away on 07 March 2020. His invaluable contributions towards the progress of the company will be remembered. He was associated with Shezan since 1988 as the Executive Director. He was a visionary and versatile person. He worked with devotion, loyalty and contributed immensely towards the success of the Company. He will be missed by all those who had the opportunity to work with him.

Casual vacancy arising due to sad demise of Mr. Mahmood Nawaz will be filled in due course of time.

### ACKNOWLEDGMENT


We take this opportunity to express gratitude to our valued shareholders and customers who have continued to place trust in our products and provided sustained support. We are thankful to our fellow directors as well, for their leadership and continuous guidance at all times.

For and on behalf of the Board



Muneer Nawaz  
Chairman

Lahore:  
27 April 2020.



Humayun A. Shah Nawaz  
Chief Executive

## ڈائریکٹرز رپورٹ

برائے ممبران

ہم بورڈ آف ڈائریکٹرز کی جانب سے اختتام شدہ نو ماہی 31 مارچ 2020ء کیلئے کمپنی کے غیر آڈٹ شدہ عبوری مالیاتی نتائج پیش کرتے ہیں۔

### معاشی جائزہ

پاکستان کی معاشی صورتحال حکومت پاکستان کو درپیش معاشی چیلنجز اور کوورونا جیسی وبائی بیماری کے پھیلنے کی وجہ سے نازک رہی۔ افراط زر کی شرح جولائی سے مارچ کے دوران اوسطاً 11.8 فی صد رہی جبکہ گزشتہ برس اسی عرصے کے دوران یہ شرح 6.8 فی صد تھی۔ بینک دولت پاکستان نے اپنے سخت مالیاتی پالیسی کو جاری رکھتے ہوئے شرح سود کو 13.25 فی صد پر برقرار رکھا تاکہ بڑھتے ہوئے افراط زر پر قابو پایا جاسکے۔ فروری سے لے کر اب تک کوورونا جیسی وباء کے عالمی سطح پر پانچ ایک تیزی سے پھیل جانے کی وجہ سے کئی معاشی سرگرمیاں جوڈ کا شکار ہو گئیں۔ جس کے نتیجے میں کاروبار بند ہو گئے اور کئی وین الاقوامی سطح پر سپلائی چین تھکنگ کا شکار ہو گئی۔ جس نے ہماری ٹھوک اور بچوں کی سطح پر فروخت کو انتہائی متاثر کیا۔

### مالیاتی کارکردگی

اختتام شدہ نو ماہی 31 مارچ 2020ء کے لئے کمپنی کے عبوری مالیاتی نتائج مختصر درج ذیل ہیں۔

2019	2020	تفصیل
	روپے ہزاروں میں	
5,011,792	4,898,010	مجموعی فروخت
959,291	573,271	مجموعی منافع
71,392	(463,134)	خالص (نقصان) / منافع بعد از ٹیکس
8.13	(52.72)	فی شخص (نقصان) / آمدنی۔ روپوں میں

اس عرصے کے دوران کمپنی نے گزشتہ سال کے اسی عرصے کے مقابلے میں 2.27 فی صد کم فروخت ریکارڈ کی۔ اس کی بنیادی وجہ ملک میں وسیع پیمانے پر لاک ڈاؤن اور موسم سرما کی شدت اور طوالت ہے۔ خام مال، پمپٹیر اور اجرت کی لاگت میں اضافے کے نتیجے میں فروخت کی لاگت میں نمایاں اضافہ ہوا ہے جس کی وجہ سے کمپنی کو نقصان اٹھانا پڑا۔ مزید برآں سال 20-2019ء کے مالیاتی بجٹ میں ہمارے مشروبات، سکواٹرز اور شربت پر پانچ فی صد فیڈرل ایکسائز ڈیوٹی ٹیکس کم کردی گئی جس کی وجہ سے ہمارے کاروبار کے منافع غیر متوقع طور پر بڑھے۔ شرح سود میں بے پناہ اضافہ طویل مدتی قرضے اور کاروباری سرمائے کی ضروریات کو پورا کرنے کیلئے قلیل مدتی قرضوں کے باعث سرمائے کی لاگت میں نمایاں اضافہ ہوا ہے۔ تاہم کوورونا وائرس جیسی وبائی مرض کے پھیلنے کی وجہ سے معاشی سرگرمیوں میں نمایاں کمی ہوئی ہے جس کی وجہ سے بین الاقوامی سطح پر شرح سود میں کمی آئی ہے۔ بینک دولت پاکستان نے بھی شرح سود کو کم کر کے اپریل میں 9 فی صد کر دیا ہے۔ شرح سود میں کمی کے باعث اگلی سہ ماہی میں ہمارے سرمائے کی لاگت میں نمایاں کمی ہوگی۔

### مستقبل کے امکانات

زیر غور سہ ماہی کے دوران کئی معیشت پر کوورونا جیسی وبائی بیماری کے تاح کن اثرات نمودار ہونا شروع ہوئے۔ حکومت نے نافذ کردہ لاک ڈاؤن کی معیاد میں مئی 2020ء تک اضافہ کر دیا ہے۔ جس کے نتیجے میں تمام معاشی سرگرمیاں تھکنگ کا شکار رہیں گی۔ ہم اس وقت پر اندازہ نہیں کرسکتے کہ آنے والی سہ ماہی کے دوران موجود صورتحال کمپنی کے معاملات کو کس طرح متاثر کرے گی اور کتنے عرصہ تک قائم رہے گی۔ اپریل سے جون دورانیہ ہمارے کاروبار کی فروخت کیلئے موزوں ترین ہوتا ہے اور ہم پر امید تھے کہ ہم اپنی فروخت میں موجود خامیوں کو دور کر لیں گے تاہم کوورونا جیسی وبائی بیماری نے صورتحال کو مزید غیر یقینی بنا دیا ہے۔ معاشی سرگرمیوں میں تھکنگ کی وجہ سے تمام صنعتوں کو، بشمول ہمارے کاروبار کو ایکویٹیٹی کے سنگین مسائل کا سامنا کرنا پڑا ہے۔ جیسے ہی بین الاقوامی معیشت کا دوبارہ آغاز ہوگا اور پاکستان میں بھی لاک ڈاؤن اٹھایا جائے گا انتظامیہ اس مشکل صورتحال سے نبرداز ماہوں کیلئے تیار ہے اور ہمیں یقین ہے کہ ہم انتھک محنت، مارکیٹنگ کی حکمت عملی اور لاگت کو کم کرنے جیسے اقدامات سے مزید مضبوط بن کر ابھریں گے۔


### بورڈ میں تبدیلی

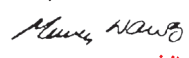
جناب محمود نواز صاحب، (بورڈ کے سینیئر ممبر)، 07 مارچ 2020ء کو رحلت فرما گئے۔ انکی ادارے کی ترقی میں انمول کاوشوں کو ہمیشہ یاد رکھا جائے گا۔ وہ شیزان کے ساتھ 1988ء سے بطور ایگزیکٹو ڈائریکٹر کے وابستہ تھے وہ ایک ذور اندیش اور پرکشش شخصیت کے مالک تھے۔ انہوں نے کمپنی کی ترقی میں بے پناہ جذبہ اور وفاداری کے ساتھ کام کیا۔ جنکو اسکے ساتھ کام کرنے کا موقع ملا وہ انہیں ہمیشہ یاد رکھیں گے۔

جناب محمود نواز صاحب کے انتقال کے باعث خالی ہونے والی نشست کو بقتلہ وقت میں پُر کر دیا جائے گا۔

### اظہار تشکر

ہم اس موقع پر اپنے شخص داران کے اعتماد، معزز صارفین کے انتخاب پر ان کا شکر یہ ادا کرتے ہیں۔ جنہوں نے ہماری مصنوعات پر اعتماد جاری رکھا۔ ہم اپنے معزز ساتھی ڈائریکٹرز کو بھی انکی قیادت اور مستقبل رہنمائی کرنے پر شکر یہ ادا کرتے ہیں۔

  
 ہمایوں اے شاہ نواز  
 چیف ایگزیکٹو

بورڈ آف ڈائریکٹرز کی ایما پر  
  
 منیر نواز  
 چیئرمین  
 لاہور:

27 اپریل 2020ء۔



# ثمرقند سُرور بہر پور



www.shezan.pk  
/Shezan.pk @ShezanIntLtd

حلال  
HALAL

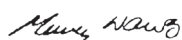
An ISO 9001, ISO 22000  
& HACCP Certified Company

# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

## AS AT 31 MARCH 2020

	Note	(Un-Audited) 31 March <b>2020</b>	(Audited) 30 June 2019
Rupees in thousand			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	1,913,358	1,929,317
Long-term investment	8	2,742	2,478
Long-term receivable		28,955	35,340
Long-term deposits		4,687	4,838
Deferred taxation		63,701	3,670
		<b>2,013,443</b>	1,975,643
<b>CURRENT ASSETS</b>			
Stores and spares		142,486	126,326
Stock-in-trade		1,719,302	1,645,062
Right-to-recover asset		17,128	18,123
Trade debts		263,193	136,615
Loans and advances		296,486	28,032
Trade deposits and short-term prepayments		14,667	11,856
Interest accrued		–	637
Income tax recoverable		702,905	629,126
Cash and bank balances		63,511	233,723
		<b>3,219,678</b>	2,829,500
<b>TOTAL ASSETS</b>		<b>5,233,121</b>	4,805,143
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		87,846	87,846
Reserves		2,005,368	2,005,103
(Accumulated loss) / unappropriated profits		(370,818)	140,631
<b>TOTAL EQUITY</b>		<b>1,722,396</b>	2,233,580
<b>NON-CURRENT LIABILITIES</b>			
Long-term-loan	9	211,441	422,882
Lease liability		69,908	–
		<b>281,349</b>	422,882
<b>CURRENT LIABILITIES</b>			
Trade and other payables		575,154	869,963
Contract liabilities		54,216	106,331
Interest accrued on borrowings		74,577	27,724
Current portion of long-term loan	9	211,441	105,720
Current portion of lease liability		6,314	–
Short term borrowings	10	1,583,658	376,383
Refund liability		109,974	112,539
Unclaimed dividend		4,880	4,105
Provision for taxation		609,161	545,916
		<b>3,229,375</b>	2,148,681
<b>TOTAL LIABILITIES</b>		<b>3,510,724</b>	2,571,563
<b>CONTINGENCIES AND COMMITMENTS</b>	11		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,233,121</b>	4,805,143

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.



Director



Chief Executive





Chief Financial Officer

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTH PERIOD ENDED 31 MARCH 2020

	Note	Nine month period ended		Three month period ended	
		2020	2019	2020	2019
		Rupees in thousand		Rupees in thousand	
Revenue from contracts with customers-net		4,898,010	5,011,792	1,352,685	1,573,957
Cost of sales		4,324,739	4,052,501	1,239,402	1,288,722
Gross profit		573,271	959,291	113,283	285,235
Distribution costs		600,084	585,366	186,931	186,746
Administrative expenses		241,091	239,336	70,682	81,967
Other operating expenses		73,570	86,359	25,292	21,776
Other income		(41,275)	(60,052)	(10,095)	(15,517)
		873,470	851,009	272,810	274,972
Operating (loss) / profit		(300,199)	108,282	(159,527)	10,263
Finance costs		159,720	38,623	62,867	19,399
(Loss) / profit before taxation		(459,919)	69,659	(222,394)	(9,136)
Taxation		3,215	(1,733)	1,113	5,023
Net (loss) / profit for the period		(463,134)	71,392	(223,507)	(14,159)
<b>Other comprehensive income / (loss)</b>					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):					
Unrealized gain / (loss) on remeasurement of investment designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition					
		265	(389)	219	(180)
<b>Total comprehensive (loss) / income</b>		<b>(462,869)</b>	<b>71,003</b>	<b>(223,288)</b>	<b>(14,339)</b>
 (Loss) / earnings per share - basic and diluted (Rupees)					
	12	(52.72)	8.13	(25.44)	(1.61)

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

  
Director

  
Chief Executive

  
Chief Financial Officer



# CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

## FOR THE NINE MONTH PERIOD ENDED 31 MARCH 2020

Nine month period ended  
31 March

**2020** 2019  
Rupees in thousand

### CASH FLOWS FROM OPERATING ACTIVITIES

#### Cash generated from operations

(Loss) / profit before taxation	(459,919)	69,659
Adjustments to reconcile (loss) / profit before tax to net cash:		
Depreciation	244,600	181,079
Interest / markup expense	157,038	36,041
Profit on bank deposits	(4,389)	(2,262)
Provision for doubtful debts	5,115	4,171
Loss on disposal of property, plant and equipment	2,937	12,337
	<b>405,301</b>	<b>231,366</b>

Operating (loss) / profit before working capital changes **(54,618)** 301,025

#### (Increase) / decrease in current assets:

Stores and spares	(16,160)	(4,891)
Stock-in-trade	(74,240)	(46,960)
Right to recover asset	996	673
Trade debts	(131,693)	(90,371)
Loans and advances	(268,454)	(9,181)
Trade deposits and short-term prepayments	(2,811)	(72,190)
	<b>(492,362)</b>	<b>(222,920)</b>

#### Increase / (decrease) in current liabilities

Trade and other payables	(294,809)	(197,670)
Contract liabilities	(52,115)	(46,668)
Refund liability	(2,565)	(14,769)
Short-term borrowings	1,207,275	291,562
	<b>857,786</b>	<b>32,455</b>

Cash generated from operations **310,806** 110,560

Interest / markup paid	(110,185)	(16,985)
Profit on bank deposits received	5,026	2,616
Income tax paid	(73,779)	(78,088)
Long-term receivable received	6,385	2,317
Long-term deposits received / (paid)	151	(79)

Net cash generated from operating activities **138,404** 20,341

### CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	(290,308)	(431,136)
Sale proceeds from disposal of property, plant and equipment	58,730	29,403

Net cash used in investing activities **(231,578)** (401,733)

### CASH FLOWS FROM FINANCING ACTIVITIES

New leases acquired during the period	79,870	-
Repayment of lease liabilities	(3,648)	-
Long term loan obtained / (re-paid)	(105,720)	492,880
Dividends paid	(47,540)	(118,306)

Net cash (used in) / generated from financing activities **(77,038)** 374,574

Net decrease in cash and cash equivalents **(170,212)** (6,818)

Cash and cash equivalents at the beginning of the period **233,723** 152,949

**CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD** **63,511** 146,131

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.



Director



Chief Executive

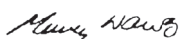


Chief Financial Officer

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTH PERIOD ENDED 31 MARCH 2020

	Capital Reserve		Revenue Reserve			Total	
	Share Capital	Merger Reserve	Reserve for Issue of bonus Shares	General reserve	Unrealized gain/(loss) on remeasurement of investments		Unappropriated profits / (Accumulated loss)
Rupees in thousand							
<b>Balance as at 01 July 2018</b>	79,860	5,000	-	1,800,000	292	332,500	2,217,652
Transfer to General Reserve	-	-	-	200,000	-	(200,000)	-
Final dividend @ Rs. 15/- per share for the year ended 30 June 2018	-	-	-	-	-	(119,790)	(119,790)
Transfer to reserve for issue of bonus shares	-	-	7,986	-	-	(7,986)	-
Issue of bonus shares @ 10% for the year ended 30 June 2018	7,986	-	(7,986)	-	-	-	-
Profit for the nine month period ended 31 March 2019	-	-	-	-	-	71,392	71,392
Other comprehensive loss	-	-	-	-	(389)	-	(389)
Total comprehensive income	-	-	-	-	(389)	71,392	71,003
<b>Balance as at 31 March 2019</b>	87,846	5,000	-	2,000,000	(97)	76,116	2,168,865
<b>Balance as at 01 July 2019</b>	87,846	5,000	-	2,000,000	103	140,631	2,233,580
Final dividend @ Rs. 5.5/- per share for the year ended 30 June 2019	-	-	-	-	-	(48,315)	(48,315)
Loss for the nine month period ended 31 March 2020	-	-	-	-	-	(463,134)	(463,134)
Other comprehensive income	-	-	-	-	265	-	265
Total comprehensive loss	-	-	-	-	265	(463,134)	(462,869)
<b>Balance as at 31 March 2020</b>	<b>87,846</b>	<b>5,000</b>	<b>-</b>	<b>2,000,000</b>	<b>368</b>	<b>(370,818)</b>	<b>1,722,396</b>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.



Director



Chief Executive



Chief Financial Officer

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTH PERIOD ENDED 31 MARCH 2020

## 1. THE COMPANY AND ITS OPERATIONS

The Company is a Public Limited Company incorporated in Pakistan and is listed on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at 56 - Bund Road, Lahore, Pakistan. It is engaged in the manufacturing, trading and sale of juices, pickles, jams, ketchups etc., based upon or derived from fruits and vegetables. Following are the business units of the Company along with their respective locations:

Business Unit	Address
Production Plant and Head Office	56-Bund Road, Lahore
Production Plant	Plot No. 33-34, Phase III, Hattar Industrial Estate, Hattar
Production Plant	Plot L-9, Block No. 22, Federal B Industrial Area, Karachi

## 2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

**2.1** These condensed interim financial statements of the Company for the nine month period ended 31 March 2020 have been prepared in accordance with the Accounting and Reporting Standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2** These condensed interim financial statements do not include all the information and the disclosures required in the annual audited financial statements and should be read in conjunction with annual audited financial statements of the Company for the year ended 30 June 2019.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended 30 June 2019, except as follows:

### 3.1 New / Revised Standards, Interpretations and Amendments

The Company has adopted the following standards, amendments and interpretation of IFRSs which became effective for the current period:

#### New Standards, Interpretations and amendments

IFRS 14	Regulatory Deferral Accounts
IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
IFRS 9	Prepayment Features with Negative Compensation — (Amendments)
IAS 28	Long-term Interests in Associates and Joint Ventures — (Amendments)
IAS 19	Plan Amendment, Curtailment or Settlement — (Amendments)
IFRS 3	Business Combinations - Previously held Interests in a joint operation — (AIP)
IFRS 11	Joint Arrangements - Previously held Interests in a joint operation — (AIP)
IAS 12	Income Taxes - Income tax consequences of payments on financial instruments classified as equity — (AIP)
IAS 23	Borrowing Costs - Borrowing costs eligible for capitalization — (AIP)

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTH PERIOD ENDED 31 MARCH 2020

The nature and effect of the changes as a result of adoption of IFRS 16 are described below. The adoption of other standards, interpretations and amendments applied for the first time in the period did not have any material impact on the condensed interim financial statements of the Company.

### 3.2 IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the statement of financial position.

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 01 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application.

The effect of adoption of IFRS 16 as at 01 July 2019 (increase / (decrease) is as follows:

	31 March <b>2020</b>	01 July 2019
	Rupees in thousand	
<b>Condensed Interim statement of financial position (un-audited)</b>		
<b>Assets</b>		
Property, plant and equipment-right-of-use assets	71,393	74,894
Deferred taxation	1,505	-
<b>Liabilities</b>		
Lease liabilities	(76,222)	(74,894)
	<b>(3,324)</b>	-

The effect of adoption of IFRS 16 during the period ended 31 March 2020 is as follows:

	31 March <b>2020</b>
	Rupees in thousand
<b>Condensed Interim statement of comprehensive income (un-audited)</b>	
Lease rental expense not booked	(9,846)
Depreciation - right-of-use assets	8,477
Mark-up on lease liabilities	6,198
Impact on profit before taxation	4,829
Taxation	(1,505)
Impact on profit after taxation	3,324
Impact on earnings per share - basic and diluted (Rupees)	<u>0.38</u>

The Company has lease contracts for various buildings. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTH PERIOD ENDED 31 MARCH 2020

Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Company.

### Leases previously accounted for as operating leases

The Company recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognized based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

### The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

### 3.3 Summary of new accounting policies

Set out below are the new accounting policies of the Company upon adoption of IFRS 16, which have been applied from the date of initial application:

#### a) Right-of-use assets

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

If ownership of the leases asset transfers to the company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

#### b) Lease liabilities - rented premises

At the commencement of the lease, the Company recognizes lease liabilities measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentive receivable, variable lease payments that depend on an index or a rate, and amount expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTH PERIOD ENDED 31 MARCH 2020

the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### 4. TAXATION, WORKERS' WELFARE FUND AND WORKERS' PROFIT PARTICIPATION FUND

Provisions in respect of Workers' Welfare Fund, Workers' Profit Participation Fund and Taxation are estimated based on management judgment and prevailing laws, these are subject to final adjustments in the annual audited financial statements.

#### 5. SEASONALITY OF OPERATIONS

The quarterly results of the Company are subject to seasonal fluctuations due to variation in demand of the main products (juices, squashes and syrups).

#### 6. RISKS AND UNCERTAINTIES

The Company is exposed to risks associated with quick emergence of COVID-19 pandemic in the country. The Government imposed a lock down across the Country in the month of March which was further extended and currently imposed. The lockdown brought the economic activities near to halt throughout the Country. We are unable to assess how long it will prolong and its full impact on future cannot be determined at this point of time.

As we are in food business, with relentless energy, marketing strategies and cost-cutting measures, we are optimistic that we will rebound stronger than ever.

#### 7. PROPERTY, PLANT AND EQUIPMENT

The additions / (disposals) / transfers (at cost), made during the nine month period ended 31 March 2020 are as follows:

	Additions	Deletions/ Transfers
	Rupees in thousand	
<b>Owned assets</b>		
Plant and machinery	22,345	(36,191)
Motor vehicles	3,904	(9,825)
Electric equipment	10,796	(1,700)
Furniture and fixtures	602	-
Forklifts	3,652	-
Computers and accessories	1,043	-
Empty bottles, shells, pallets and barrels	147,961	(130,126)
Buildings - leased *	79,870	-
	270,173	(177,842)

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTH PERIOD ENDED 31 MARCH 2020

	Additions Rupees in thousand	Deletions/ Transfers
<b>Capital work in progress</b>		
Furniture and fixtures	186	(186)
Plant and machinery	17,800	(17,000)
Buildings on freehold land	19,584	(249)
	37,570	(17,435)
	307,743	(195,277)

\* This represents initial recognition of right-of-use asset on rented buildings for period ranging from three to eight years.

	(Un-Audited) 31 March <b>2020</b>	(Audited) 30 June 2019
Note	Rupees in thousand	

## 8. LONG TERM INVESTMENT

### Quoted Modaraba - Fair value through OCI

BRR Guardian Modaraba - Credit rating - A

305,000 (30 June 2019: 305,000) certificates of Rs. 10/- each	8.1	<b>2,375</b>	2,375
Gain on remeasurement		<b>367</b>	103
		<b>2,742</b>	2,478

**8.1** The above investment represents 0.35% (30 June 2019: 0.35%) of the issued certificate capital of the Modaraba.

**8.2** This investment is placed under a shariah permissible arrangement.

	(Un-Audited) 31 March <b>2020</b>	(Audited) 30 June 2019
Note	Rupees in thousand	

## 9. LONG TERM LOAN - SECURED

Long term loan	9.1	<b>422,882</b>	528,602
Less: Current maturity shown under current liabilities		<b>(211,441)</b>	(105,720)
		<b>211,441</b>	422,882

**9.1** This represents long term loan obtained from a commercial bank, payable in 5 equal semi annual instalments with a grace period of six months. The rate of mark-up / interest is 3 months KIBOR + 0.25% per annum payable semiannually. The facility is secured against a first exclusive registered charge on the plant and machinery up to Rs. (thousand) 733,334.

## 10. SHORT TERM BORROWINGS - SECURED

The aggregate short term borrowings available from commercial banks under mark-up / interest arrangements are Rs. (thousand) 2,225,000 (30 June 2019: Rs. (thousand) 2,125,000). The un-utilized portion of the said facility amounts to Rs. (thousand) 641,342 (30 June 2019: Rs. (thousand) 1,748,617).

The rate of mark-up / interest on short-term borrowings ranges between 1 month KIBOR plus 0.05% to 1 month KIBOR / 3 months KIBOR plus 0.50% (30 June 2019: 1 month KIBOR plus 0.08% to 1 month KIBOR / 3 months KIBOR plus 0.25%), payable monthly / quarterly.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTH PERIOD ENDED 31 MARCH 2020

These facilities are secured against a first registered joint pari passu hypothecation and ranking charge on current assets of the Company up to Rs. (thousand) 2,314,000 (30 June 2019: Rs. (thousand) 2,314,000) and Rs. (thousand) 1,067,000 (30 June 2019: Rs. (thousand) 400,000).

The un-utilized facility for opening letters of credit and for guarantees amounts to Rs. (thousand) 329,369 (30 June 2019: Rs. (thousand) 204,544) and Rs. (thousand) 130,692 (30 June 2019: Rs. (thousand) 64,569), respectively.

### 11. CONTINGENCIES AND COMMITMENTS

#### 11.1 CONTINGENCIES

There has been no change in the status of the contingencies reported in the annual audited financial statements for the year ended 30 June 2019.

#### 11.2 COMMITMENTS

- (i) Commitments in respect of letters of credit established for the import of raw, packing materials and plant and machinery amounted to Rs. (thousand) 20,631 (30 June 2019: Rs. (thousand) 45,456).
- (ii) Counter-guarantees in favor of banks in the ordinary course of business, amounted to Rs. (thousand) 49,308 (30 June 2019: Rs. (thousand) 45,431).

	(Un-Audited)			
	Nine month period ended 31 March		Three month period ended 31 March	
	<b>2020</b>	2019	<b>2020</b>	2019
	Rupees in thousand		Rupees in thousand	
<b>12. (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED</b>				
(Loss) / profit after taxation attributable to ordinary shareholders (Rupees in thousand)	(463,134)	71,392	(223,507)	(14,159)
Weighted average number of ordinary shares at the end of the period (in thousand)	8,785	8,785	8,785	8,785
(Loss) / earnings per share - Basic and diluted (Rupees)	(52.72)	8.13	(25.44)	(1.61)

**12.1** No fully diluted earnings per share has been disclosed as the Company has not issued any instrument which would have an impact on earnings per share, when exercised.

### 13. NON TRANSFER OF BONUS SHARES TO INDIVIDUAL SHAREHOLDERS

During the year ended 30 June 2015, the Company issued 726,000 bonus shares @ 10% of its then paid-up capital on the book closure date of 23 October 2014. In accordance with the provisions of section 236M of the Income Tax Ordinance, 2001, the Company was required to collect tax from its shareholders @ 5% on the value of bonus shares, determined on the basis of the end price of the first day of book closure.

However, a number of shareholders of the Company have filed a suit against the Federation of Pakistan, competent authorities and the Company, before the Honorable Sindh High Court, challenging the levy of tax under the above referred section. Since the matter is subjudice before the Honorable Sindh High Court, the Company has retained 5% of the bonus shares issued to plaintiff shareholders.

### 14. TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise related group companies, associates, staff provident fund, directors and key management personnel. Details of transactions with them are as follows:



# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTH PERIOD ENDED 31 MARCH 2020

(Un-Audited)  
Nine month period ended  
31 March  
**2020** 2019  
Rupees in thousand

## Transactions during the period

### Associated companies

Purchases of raw materials	428,430	475,585
Sales of finished goods	–	203
Royalty charged	52,452	53,859
Purchases/repairs of electric equipment/vehicles	5	87
Contributions to staff provident fund	4,924	4,506
Remuneration and benefits of directors, Chief Executive and key management personnel	35,412	31,600

Period/year end balances	Relationship with the Company	(Un-Audited) 31 March <b>2020</b>	(Audited) 30 June 2019
		Rupees in thousand	
Due to related parties	Associate	53,777	47,050
Due from related parties	Associate	223,739	–
Due from provident fund	Employees' Fund	–	215

## 15. SEGMENTAL ANALYSIS

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the office of the Chief Executive. The Chief Executive considers the business from the product perspective and evaluates performance on the basis of their gross profit or gross loss. As at 31 March 2020, the Company is organized into following two operating segments based on their products.

### Juice drinks

Juice drinks segment includes bottled as well as juices in tetra pack packing.

### Others

Others include pickles, ketchup, sauces, jams etc.

### Statement of profit or loss for nine month period ended 31 March 2020 (Un-Audited):

	Juices and Drinks	Others	Total
		Rupees in thousand	
Revenue from contracts with customers-net	4,047,385	850,625	4,898,010
Cost of sales	(3,532,213)	(792,526)	(4,324,739)
Gross profit	515,172	58,099	573,271
<b>Unallocated expenses and income</b>			
Distribution costs			(600,084)
Administrative expenses			(241,091)
Other operating expenses			(73,570)
Other income			41,275
Finance costs			(159,720)
Taxation			(3,215)
<b>Loss after taxation</b>			<b>(463,134)</b>

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTH PERIOD ENDED 31 MARCH 2020

## Assets and liabilities as at 31 March 2020 (Un-Audited):

	Juices and Drinks	Others	Total
	Rupees in thousand		
Segment assets	3,738,136	532,541	4,270,677
Unallocated assets			962,444
<b>Total</b>			<b>5,233,121</b>
Segment liabilities	878,257	120,896	999,153
Unallocated liabilities			2,511,571
<b>Total</b>			<b>3,510,724</b>

## Statement of profit or loss account for the nine month period ended 31 March 2019 (Un-Audited):

	Juices and Drinks	Others	Total
	Rupees in thousand		
Revenue from contracts with customers-net	4,223,313	788,479	5,011,792
Cost of sales	(3,300,949)	(751,552)	(4,052,501)
Gross profit	922,364	36,927	959,291
<b>Unallocated expenses and income</b>			
Distribution costs			(585,366)
Administrative expenses			(239,336)
Other operating expenses			(86,359)
Other income			60,052
Finance costs			(38,623)
Taxation			1,733
<b>Profit after taxation</b>			<b>71,392</b>

## Assets and liabilities as at 30 June 2019 (Audited):


Segment assets	3,305,252	509,424	3,814,676
Unallocated assets			990,467
<b>Total</b>			<b>4,805,143</b>
Segment liabilities	1,334,852	234,922	1,569,774
Unallocated liabilities			1,001,789
<b>Total</b>			<b>2,571,563</b>

## 16. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue by the Board of Directors on 27 April 2020.

## 17. GENERAL

Figures in these condensed interim financial statements have been rounded off to the nearest thousand of rupees unless otherwise stated.



Director



Chief Executive



Chief Financial Officer



*Happiness  
in every sip*



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