



*Fruitfully Yours*

ANNUAL REPORT  
2020

# OUR VISION

*To be known as leader of quality products in the region.*

*Dedication to quality is a way of life at our Company, so much so that it goes far beyond rhetorical slogans. It is the objective of Shezan International Limited to produce and provide products and services of the highest quality. In its activities the Company will pursue goals aimed at the achievement of quality excellence and succeed as a profitable business. These results will be derived from the dedicated efforts of each employee in conjunction with supportive participation from management at all levels of the Company.*

*To play its role in the economic development of the country and to enhance quality of life of its people.*

# OUR MISSION

*Our mission is to provide the highest quality fruit and vegetable related juices and products to retail and food service customers.*

*We want to be the recognized industry leader in quality and service, providing more than expected for our customers, employees and stakeholders.*

*We will accomplish this by maintaining a tradition of pride in our products, growth through innovation, integrity in the management of our business, commitment to Team Management and the Quality Improvement Process.*



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Grown with tender,  
love and care.





# COMPANY INFORMATION

## Board of Directors:

Mr. Muneer Nawaz	Chairman
Mr. Humayun A. Shahnawaz	Chief Executive
Mr. M. Naeem	
Mr. Abid Nawaz	
Mr. Rashed Amjad Khalid	
Ms. Manahil Shahnawaz	
Mr. Shahid Hussain Jatoi	(Independent Director)
Mr. Abdul Hamid Ahmed Dagia	(Independent Director)
Mr. Nauman Khalid	(Independent Director)

## Chief Financial Officer:

Mr. Faisal Ahmad Nisar, FCA

## Company Secretary:

Mr. Khurram Babar

## Audit Committee:

Mr. Shahid Hussain Jatoi	Chairman
Mr. Muneer Nawaz	Member
Mr. M. Naeem	Member
Mr. Rashed Amjad Khalid	Member

## Human Resource & Remuneration Committee:

Mr. Nauman 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.  
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, 4th 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.  
Habib Metropolitan Bank Limited.

# NOTICE OF MEETING

The 57<sup>th</sup> Annual General Meeting of the Company will be held on 27 October 2020 at 11:00 am at the Company's Registered office, 56- Bund Road, Lahore virtually via video-link "Zoom" (as permitted by Securities and Exchange Commission of Pakistan). Instructions with regard to participation appear in the notes below. While convening the AGM through video-link, the Company will observe the quorum provisions and will comply with all the requirements. The AGM is being held to transact the following businesses:

## A. ORDINARY BUSINESS

1. To confirm the minutes of the Extra Ordinary General Meeting of the Company held on 26 June 2020.
2. To receive and adopt the Audited Financial Statements of the Company for the year ended 30 June 2020 together with the Directors' and Independent Auditors' Report thereon.
3. To appoint External Auditors of the Company for the financial year ending 2020-21 and to fix their remuneration.

## B. SPECIAL BUSINESS

4. To consider, and if thought fit, to pass the following resolution as a Special Resolution:
  - a) **"RESOLVED THAT** the transaction(s)/agreement(s)/contract(s) carried out by the Company in the normal course of business with related parties for the period from 01 July 2019 to 30 June 2020 be and hereby ratified, approved and confirmed."
  - b) **"FURTHER RESOLVED THAT** the Chief Executive Officer of the Company be and is hereby authorized to approve all the transaction(s)/agreement(s)/contract(s) carried out and to be carried out in the normal course of business with related parties till the next Annual General Meeting of the Company and in this connection the Chief Executive Officer of the Company be and is hereby authorized to take any and all necessary actions and sign/execute any and all such documents/indentures as may be required in this regard on behalf of the Company."

## C. ANY OTHER BUSINESS

5. To transact any other business with the permission of the Chair.

## STATEMENT OF MATERIAL FACTS

Under section 134(3) of the Companies Act, 2017

A Statement required under this section relating to Special Business of agenda item No. 4 is annexed.

By Order of the Board



**Khurram Babar**  
Company Secretary

Lahore:  
25 September 2020.

## For attending the meeting through video link due to COVID-19 Pandemic:

Shareholders interested in attending the Annual General Meeting (AGM) through video link facility ("Zoom" which can be downloaded from Google Play or Apple App Store) are requested to get themselves registered with the Company Secretary's office at least two (02) working days before the holding of the time of AGM at meetings@shezan.com by providing the following details:-

Name of Shareholder	CNIC No.	Folio No.	Cell No.	Email Address

- Upon receipt of the above information from interested shareholders, the Company will send the login details at their email addresses.
- On the AGM day, the shareholders will be able to login and participate in the AGM proceedings through their smart phone or computer devices from their any convenient location.
- The login facility will be opened thirty (30) minutes before the meeting time to enable the participants to join the meeting after identification and verification process.

### Notes:

1. Share transfer books of the Company will remain closed from 21 October 2020 to 27 October 2020 (both days inclusive). Physical/CDC transfers received in order at the Shares Registrar, M/s. Corplink (Private) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore and email corplink786@gmail.com by the close of business on 20 October 2020 will be treated in time for determining the transferees to attend, speak and vote at the meeting.
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on his/her behalf. Form of proxies, in order to be valid, must be received at the Registered Office of the Company, Shezan International Limited, 56 Bund Road, Lahore, not less than forty eight (48) hours before the meeting.
3. No person shall act as proxy unless he/she is a member of the Company, except that a corporation may appoint a person who is not a Member.
4. Signature of the shareholder on proxy form must agree with the specimen signature registered with the Company. For the convenience of the shareholders, a proxy form is attached with this annual report.
5. Shareholders are requested to immediately notify the Company of any change in their address to our Share Registrar, M/s. Corplink (Private) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore and email corplink786@gmail.com.
6. CDC Account Holders will further have to follow the under mentioned guidelines as laid down by the Securities & Exchange Commission of Pakistan.

### (A) For attending the meeting:

- i. In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate identity by showing their original National Identity Card (CNIC) or original passport at the time of attending the meeting.
- ii. In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature of the nominee shall be produced (unless, it has been provided earlier) at the time of attending the meeting.

### (B) For appointing proxies:

- i. In case of individuals, the account holder or sub-account holder and / or the persons whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- ii. Attested copies of CNIC or the Passport of the beneficial owners and the proxy shall be furnished with the Proxy Form.
- iii. The proxy shall produce his/her original CNIC or Passport at the time of the meeting.
- iv. In case of Corporate entity, the Board of Directors' Resolution / Power of Attorney with Specimen signature of the person nominated to present any vote on behalf of corporate entity, shall be submitted (unless, it has been provided earlier) along with the Proxy Form to the Company.

7. In order to comply with the requirement of Securities & Exchange Commission of Pakistan (SECP) SRO 19(l) / 2014 dated 10 January 2014 & SRO 275(l) / 2016 dated 31 March 2016, those Shareholders who have not yet submitted attested copy of their valid CNIC, are once again requested to provide the same with their folio number to the Company's Share Registrar.
8. According to Companies (Postal Ballot) Regulations 2018 and subject to the requirements of Section 143-145 of Companies Act, 2017, members will be allowed to exercise their right to vote through postal ballot, that is voting by post, in accordance with the requirements and procedure contained in the aforesaid Regulations.
9. If the Company receives consent from the members holding at least 10% shareholding in a city, to participate in the meeting through video-link at least Seven (07) days before the date of the meeting, the Company will arrange facility of video-link in that city subject to availability of such facility in that city.  
  
The Company will intimate respective members regarding the venue of the video-link facility before the date of the Meeting along with complete information necessary to enable them to access the facility.
10. The audited financial statements of the Company for the year ended 30 June 2020 have been made available on the Company's website (www.shezan.com) in addition to annual and quarterly financial statements for the current and prior periods.

## STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

This statement sets out material facts concerning the Special Business to be transacted at the Annual General Meeting of Shezan International Limited to be held on 27 October 2020.

### 1. SPECIAL BUSINESS AT AGENDA ITEM NO. 4a.

The transaction(s) / agreement(s) / contract(s) carried out in the normal course of business with related parties are approved by the Board of Directors of the Company as recommended by the Audit Committee on quarterly basis pursuant to clause 15 of Listed Companies (Code of Corporate Governance) Regulations, 2019. In the case of related parties, as mentioned below, a majority of the Directors were common and/or shareholder in related parties and in accordance with the provisions of section 207 of the Companies Act, 2017, the quorum of the directors could not be formed for approval of these transaction(s) / agreement(s) / contract(s). Therefore, these transaction(s) / agreement(s) / contract(s) are being placed before the shareholders of the Company for their approval through a special resolution proposed to be passed in the Annual General Meeting.

In view of the above, the normal business transaction(s) / agreement(s) / contract(s) conducted for the period from 01 July 2019 to 30 June 2020 with related parties as per following detail are being placed before the shareholders of the Company for their consideration and approval/ratification.

### TRANSACTIONS

Nature of Transaction	Shahtaj Sugar Mills Limited	Shahtaj Textile Limited	Shezan Services (Private) Limited	Shahnawaz Engineering (Private) Limited	Shahnawaz (Private) Limited	Shezan Ampis Restaurant
	Rupees in thousand					
Purchase of sugar	637,148	-	-	-	-	-
Sales of finished goods	-	-	-	1	3	46
Royalty charged	-	-	78,300	-	-	-
Purchases/repair of electric equipment/ vehicles	-	-	-	-	20	-

### AGREEMENT

The Company buys sugar from M/s. Shahtaj Sugar Mills Limited (a related party on the basis of common directorship) in the normal course of business. These purchases are based on purchase order and delivery of sugar happened after raising of purchase order. Sugar is one of the main ingredients of our products and our whole production scheduling revolves around availability of high quality and timely delivery of sugar. The management of the Company has evaluated that it would be more appropriate to buy the sugar from Shahtaj on the basis of a binding purchase agreement to ensure smooth and reliable supply.



Accordingly, the Company has entered into a purchase agreement with Shahtaj Sugar Mills Limited. The brief details of the agreement are given below:

Time Period:	24 January 2020 to 30 June 2020
Quantity:	5,000 Metric Ton
Total Price:	PKR 316,239,300 (excluding sales tax)
Per KG Price:	PKR 63.247/kg excluding sales tax and PKR 74/kg including sales tax
Payment Terms:	75% advance payment
Delivery Terms:	As and when required

Price and other terms were negotiated after obtaining quotations from other parties to ensure that the agreement is on arm's length basis.

These have resulted in following benefits:

- Smooth and reliable supply;
- Delivery as per our schedule;
- Consistent quality; and
- Proper production scheduling.

Moreover, an addendum dated 19 May 2020 to the above said agreement was also executed, brief particulars of which are as follows:

Particulars	Original Agreement	Changes through addendum
Time Period	24 January 2020 to 30 June 2020	Extended from 30 June 2020 to 30 September 2020
Quantity	5,000 Metric Ton	No Change
Total Price	PKR 316,239,300 (excluding sales tax)	No Change
Advance	PKR 237,179,475 (excluding sales tax)	Further advance PKR 50,000,000 (excluding sales tax)
Per KG Price	PKR 63.247 /kg excluding sales tax and PKR 74/kg including sales tax	No change
Payment Terms	75% advance payment	90.81% advance payment
Delivery Terms	As and when required	No change

The name of Directors and nature of their interest in the proposed resolution is as under:

Name of Directors	Shahtaj Sugar Mills Limited	Shahtaj Textile Limited	Shezan Services (Private) Limited	Shahnawaz Engineering (Private) Limited	Shahnawaz (Private) Limited	Information Systems Associate Limited	Shezan Ampis Restaurant
Mr. Muneer Nawaz	Chief Executive	Chairman	Chairman	Shareholder	Director	Chairman	-
Mr. Humayun A. Shahnawaz	-	Shareholder	-	-	Shareholder	Shareholder	-
Mr. M. Naeem	Director	Chief Executive	Chief Executive	Shareholder	Chief Executive	Director	-
Mr. Rashed Amjad Khalid	Director	Shareholder	Director	Director	Shareholder	Shareholder	-
MS. Manahil Shahnawaz	Shareholder	-	-	-	-	-	-
Mr. Abid Nawaz	Shareholder	Director	-	-	Shareholder	-	Sole Proprietor

## 2. SPECIAL BUSINESS AT AGENDA ITEM NO. 4b

The Company would be conducting transaction(s) / agreement(s) / contract(s) with related parties in the normal course of business. The majority of the Directors are common and/or shareholder in related parties as detailed herein above (Agenda item no. 4a) and in accordance with the provisions of section 207 of the Companies Act, 2017, the quorum of the Directors would not be forming for approval of related party transaction(s) / agreement(s) / contract(s). Therefore, in order to comply with the provisions of clause 15 of Listed Companies (Code of Corporate Governance) Regulations, 2019, the Shareholders of the Company may authorize the Chief Executive to approve transaction(s) / agreement(s) / contract(s) already carried out and to be carried out in the normal course of business with related parties till the next Annual General Meeting of the Company.

The names of Directors and nature and extent of their interest in the proposed resolution is the same as detailed in statement under Agenda item no. 4a above.

# REVIEW REPORT BY THE CHAIRMAN

The financial year ended on 30 June 2020, proved to be a challenging and difficult year for the Company and the country as well. The sudden outbreak of the Covid-19 pandemic spread all over the world, including Pakistan, paused the economic progress everywhere. This pandemic coupled with the recession, has not only shaken the world economies but also claimed thousands of lives. The Government of Pakistan countered this pandemic through smart lockdowns.

In the days of pandemic production activities of the Company were effectively planned and adjusted to cater to the market demand. Emphasis on quality control at all stages of the production process was implemented with great vigour for further strengthening the quality standards of the products of our Company.

The Board comprises of directors with varied backgrounds having rich experience in the fields of business, finance, and investment. The Board sets the overall strategy and direction for the management to manage the Company. The Board oversees the conduct of the business and takes on the role of governance to make decisions about the direction of the Company, oversight of the business, strategic planning, decision-making, risk, and control framework, regulatory compliance, and financial planning to protect and enhance Company's long-term and strategic value. The Board has an evaluation process to assess its performance as well as governance areas as required under the Code of Corporate Governance.

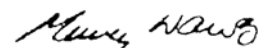
The Board is assisted by its various committees. The Audit Committee reviews the financial statements and ensures that the financial statements fairly represent the financial position of the Company. It also ensures the effectiveness of internal controls. The Human Resource Committee overviews the human resource policy framework and recommends the selection and compensation of senior management.

During the year, the fresh election of Directors of the Company was held on 26 June 2020 in pursuance of the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the new Board has been elected for the next term of three years starting from 28 June 2020.

I would like to appreciate the overall performance of the outgoing members of the Board during their term. They provided strategic directions to the management and always remained available for guidance. I also acknowledge the commitment and diligence of fellow Directors during the year under review and thank our Chief Executive Officer and his team for their concerted efforts.

I would like to extend my gratitude to Honourable Mr. Mahmood Nawaz, (Senior Board Member), who passed away on 07 March 2020. He will be remembered for his entrepreneurship, professionalism, integrity, patriotism, and hard work. His personality and legacy of relationships helped in building the Company into a dynamic and respected organization. He will be missed by all those who had the opportunity to work with him.

In the end, I welcome the new Board of Directors and wish to extend my prayers to Almighty Allah to guide/help the Board members to achieve the desired objectives to take the Company to new levels of excellence.



**Muneer Nawaz**

Chairman

Lahore:  
25 September 2020.



## چیئرمین جائزہ رپورٹ

30 جون 2020ء کو ختم ہونے والا مالی سال کمپنی اور ملک کے لئے ایک مشکل سال ثابت ہوا۔ پاکستان سمیت دنیا بھر میں کوویڈ-19 وبا کے اچانک پھیلنے سے ہر طرف معاشی پیشرفت جمود کا شکار ہو گئی۔ اس وبا اور اسکے ساتھ ساتھ معاشی مندی نے نہ صرف عالمی معشتیوں کو برباد کر دیا بلکہ ہزاروں افراد بھی لقمہ اجل بن گئے۔ حکومت پاکستان نے سارٹ لاک ڈاؤن کے ذریعے اس وبا کا مقابلہ کیا۔

وبا کے ان ایام میں مارکیٹ کی طلب کو پورا کرنے کے لئے کمپنی نے اپنی پیداوار اور سرگرمیوں کی موثر منصوبہ بندی کی۔ پیداواری عمل کے تمام مراحل پر کوالٹی کے معیار پر زور دیا گیا تاکہ کمپنی کی مصنوعات کے معیار کو مزید بہتر بنایا جاسکے۔

بورڈ آف ڈائریکٹرز میں نہایت تجربہ کار ڈائریکٹرز شامل ہیں جو کاروباری، مالیاتی اور سرمایہ کاری کے میدان میں وسیع مہارت رکھتے ہیں۔ بورڈ کمپنی کو چلانے کے لئے انتظامیہ کی مجموعی حکمت عملی اور سمت کا تعین کرتا ہے۔ بورڈ کاروبار کے امور کی نگرانی کرتا ہے اور کمپنی کی سمت، کاروبار کی نگرانی، منصوبہ بندی، فیصلہ سازی، رسک اور کنٹرول فریم ورک، قانونی تقاضوں کی تکمیل اور مالی منصوبہ بندی کے لئے سرپرست اعلیٰ کا کردار ادا کرتا ہے۔ کوڈ آف کارپوریٹ گورننس کے تحت بورڈ نے اپنی کارکردگی اور گورننس کا جائزہ لینے کے لئے ایک مربوط نظام وضع کیا ہوا ہے۔

بورڈ کی سربراہی میں مختلف کمیٹیاں کام کرتی ہیں۔ آڈٹ کمیٹی مالیاتی گوشواروں کا جائزہ لیتی ہے اور اس بات کو یقینی بناتی ہے کہ مالیاتی رپورٹس کمپنی کی مالیاتی حیثیت کو بہتر انداز میں ظاہر کریں۔ یہ کمیٹی انٹرنل کنٹرولز کی افادیت کو بھی یقینی بناتی ہے۔ ہیومن ریسورس کی کمیٹی ہیومن ریسورس کی پالیسی کے فریم ورک کا جائزہ لیتی ہے اور سینئر انتظامیہ کے چناؤ اور معاوضہ کی سفارشات دیتی ہے۔

دوران سال کوڈ آف کارپوریٹ گورننس کے قوانین 2019ء کے مطابق مورخہ 26 جون 2020ء کو نئے بورڈ آف ڈائریکٹرز کا انتخاب کیا گیا۔ یہ انتخاب 28 جون 2020ء سے شروع ہو کر اگلے تین سال کی مدت کیلئے کیا گیا۔ میں بورڈ کے سبکدوش ہونے والے مہران کی اگلی مدت کے دوران مجموعی کارکردگی کو سراہتا ہوں۔ انھوں نے انتظامیہ کو سٹرٹیجک ہدایات فراہم کیں اور ہمیشہ رہنمائی کے لئے دستیاب رہے۔ میں زیر غور سال کے دوران اپنے ساتھی ڈائریکٹرز کے عزم اور تہنہ کی کا بھی اعتراف کرتا ہوں اور ہمارے چیف ایگزیکٹو آفیسر اور ان کی ٹیم کی شب و روز کاوشوں کا شکریہ ادا کرتا ہوں۔

میں عزت مآب جناب محمود نواز صاحب، (سینئر بورڈ ممبر) کو خراج تحسین پیش کرنا چاہتا ہوں، جو 07 مارچ 2020ء کو رحلت فرما گئے۔ انھیں بورڈ کی خدمات ان کی پیشہ ورانہ صلاحیت، مہارت، حب الوطنی اور محنت کے لئے ہمیشہ یاد رکھا جائے گا۔ ان کی شخصیت اور تعلقات کی میراث نے کمپنی کو ایک متحرک اور قابل احترام ادارہ بنانے میں مدد دی۔ وہ اپنے حلقہ احباب میں ہمیشہ یاد رکھے جائیں گے۔

آخر میں، میں نئے بورڈ آف ڈائریکٹرز کا خیر مقدم کرتا ہوں اور اللہ رب العزت سے دعا گو ہوں کہ وہ میری اور نئے بورڈ ممبران کی رہنمائی فرمائے تاکہ ہم کمپنی کو نئی سطح پر لے جانے کے مطلوبہ مقاصد کو حاصل کرنے میں کامیاب ہو سکیں۔

*Muhammad Nواز*

میر نواز  
چیئرمین

لاہور:  
25 ستمبر 2020ء

# DIRECTORS' REPORT to the Members

On behalf of the Board of Directors of Shezan International Limited, we are pleased to present the Directors' Report together with Audited Financial Statements of the Company for the year ended 30 June 2020.

The Covid-19 pandemic has affected the entire world, disrupting supply chains and crippling the global economy. The pandemic has caused many industries to become stagnant including tourism and business travel, recreation, hospitality, and transportation of goods and services. The world in lockdown changed the dynamics of ongoing and future economic activities, and obliterated any mentionable economic performance of even the largest economies.

The rapid spread of the Covid-19 virus almost froze economic activities in Pakistan since March 2020. Only the agriculture sector showed positive growth of 2.7% during the year, while the manufacturing sector marked a negative growth of 5.6%. Pakistan's overall GDP decreased by 0.38% as compared to 3.3% growth recorded in the previous year.

To minimize the negative impact of the pandemic, various governments, including the Government of Pakistan, have taken measures and issued directives to support businesses at large. In particular, extension of deadlines, easing pressure on credit and liquidity, and facilitating the continuity of essential businesses under strict SOPs. The Government of Pakistan has announced a Rs. 1,200 billion financial package during the last quarter of FY 2020 to support the economic activities in the country. The State Bank of Pakistan has brought down the policy rate from 13.25% to 7% and introduced a refinance scheme for payment of salaries and wages at low interest rates to discourage unemployment in the country.

## BUSINESS OVERVIEW

To stabilize the vulnerable economy of the country, the Government of Pakistan took various measures from July 2019 to February 2020. In particular, increase in policy rate which led to higher borrowing costs and inflation, raise in import duties, increase in energy prices and drive for documentation of economy. These unprecedented anti-business measures, withdrawal of various subsidies on utilities and imposition of additional surcharges and duties increased the cost of doing business in Pakistan. In addition to above, eruption of the pandemic in March 2020 affected the entire corporate sector severely.

Despite the challenging operating environment, our Company has been able to continue its operations with strict SOPs ensuring the safety of its employees as well as its products' availability in the market. The Company's strategy remained to boost margins by improving the quality of products, achieving efficiencies, and expanding the product base to achieve the economies of scale and optimize the production capacity. The management laid its efforts to strengthen the consumer base and for further penetration launched a new juice drink packaging line of 125ml.

## OPERATIONAL OVERVIEW

During the year, revenue of the Company reduced by 5% as compared to the corresponding year. The drop in the revenue was a result of various factors mainly an extraordinarily prolonged cold winter season and countrywide lockdown. Due to the lock down all social activities were frozen, in particular, closure of educational institutions, amusement/recreational parks, cinemas, shopping malls; which are big spheres for our revenue. It is mentionable that due to pandemic in the last four months of the FY 2019-20 our sales dropped by 510 million as compared to the same period of FY 2018-19.

The Company has reported a loss due to higher cost of revenue, resulting from the exceptional increase in the cost of direct materials, utilities, and wages. The imposition of 5% federal excise duty in the fiscal budget of 2019-20 on our juices, squashes, syrups placed an additional burden on the profitability of the Company. The Company had to absorb all these inflated costs and federal excise duty but could not increase its product prices accordingly, due to stiff competition.

Finance cost for the year under review has also significantly increased. Mainly owing to higher interest rates from July 2019 to March 2020, long-term / short term borrowings to meet the working capital requirements.

Regardless of all the tough economic conditions and the assaults of pandemic, our management put their best efforts to bring down the losses and took various measures like effective cost controls and austerity drives.

The summarized financial results of the Company for the FY-2020 are as follows:

	2020	2019
	Rupees in thousand	
Revenue from contracts with customers	7,313,042	7,704,097
Gross profit	1,099,209	1,531,339
(Loss) / profit before taxation	(302,670)	151,934
Net (loss) / profit after tax	(235,784)	113,074
(Loss) / earnings per share (Rs.)	(26.84)	12.87

Due to loss in current year, the Board has not declared dividend for the FY-2020.

## CONTRIBUTION TO NATIONAL EXCHEQUER

During the year, the Company has paid Rs. 2.151 billion to the national exchequer on account of different levies, including sales tax, federal excise duty and income tax reflecting our participation in the national economy.



## MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments affecting the financial position of the Company were observed between the end of the financial year of the Company to which the financial statements relate and the date of the report.

## FUTURE PROSPECTS

We will continue to seek every opportunity to improve operational efficiency during the year ahead while investing in the innovation. With the ease out of lockdown and revival efforts for businesses in Pakistan, we are hopeful for the restoration of our exports as well as local business. The management is reviewing the situation on continuous basis and will take all the necessary measures for continuity of business in wake of the developments arising from the pandemic. Further, the Company foresees considerable reduction in the area of finance cost in the FY 2020-21 due to reduction in interest rates.

The Company's prospects are promising as the management will utilize its best potential towards increasing the Company's market share in all its sales segments. The Company is striving to attain volumetric growth from its existing customers and will continue to explore local and foreign markets as well to broaden its customer base. The Company intends to include new products in its existing product line by augmenting the Company's high-quality research and development. The Company's focus on R&D and product management will strengthen its product portfolio enabling sustainable growth in the future.

## RISKS AND UNCERTAINTIES

The Company is exposed to the following risks and uncertainties: -

- The Covid-19 continues to spread as a global pandemic, it has unprecedented impacts including concerns over supply chain disruptions and numerous strategic and operational concerns impacting both the short and long-term plans of the Company.
- Due to the urban and rural flooding in the country this year, the agriculture crops have been severely affected and the shortage of various crops of fruits and vegetables can be faced in the year ahead. On the other hand, there are some upside risks from potential food-price shocks associated with adverse agricultural conditions arising out due to floods in the country.
- Inflation could increase further if economic activity fails to pick up due to pandemic as projected for the next fiscal year, this will further decrease the buying power of the consumers.
- The persisting decline in the rupee value against the U.S dollar will enhance our import cost.
- Increase in oil, gas, and electricity prices.
- Potential water charge of Rs. 1/- per liter on the extraction of ground or use of surface water:

Subsequent to the decision of the Honourable Supreme Court of Pakistan in Suo Moto case no. 26 of 2018 regarding the use of ground or surface water by bottling and beverage companies, the Company is subject to a potential water charge of Rs. 1/- per liter on the extraction of ground or surface water. The Company is actively contesting this decision of the Honourable Supreme Court of Pakistan and has filed a review petition.

Since this water charge has a significant financial impact therefore, on the representations of various affected companies, the Supreme Court of Pakistan has issued an interim order for the payment of 25% of the bills, based on the production data of each company. In the current year's financial statements, the Company has recognized an expense of Rs. 30 million based on 25% of production volume of beverages for the period from July 2019 to June 2020 in line with the Honourable Supreme Court's order. However, the remaining potential charge, the amount of which cannot be quantified since the matter is subjudice, has been recognized as a contingency as disclosed in note 23 of the financial statements.

The Company takes these risks and uncertainties as a challenge with the confidence that it has the ability and trained professional workforce to mitigate the impact of these risks and uncertainties.

## INTERNAL FINANCIAL CONTROLS

A system of sound internal control is established and prevailing in the Company. The system of internal control is designed in a manner to ensure the achievement of Company's business objectives and operational efficiency, reliable financial reporting and compliance with various statutory laws.

## FINANCIAL AND CORPORATE REPORTING FRAMEWORK

The Directors are pleased to state that the Company is complying with the provisions of the Code of Corporate Governance as required by the Securities and Exchange Commission of Pakistan (SECP).

- The financial statements prepared by the management of the Company present its state of affairs fairly, the results of its operations, cash flows, and changes in equity.
- The Company has maintained proper books of accounts.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International reporting standards, as applicable in Pakistan, have been followed in the preparation of financial statements.
- There are no doubts about the Company's ability to continue as a going concern.

- Summary of key operational and financial data for the last six years annexed in this annual report.
- Information about taxes and levies is given in the notes to and forming part of financial statements.
- The fair value of investments of provident fund as at 30 June 2020 was Rs. 214.941 million.
- The Directors, Chief Executive, Chief Financial Officer, Company Secretary, and their spouses and minor children shareholding, and changes therein during the year are disclosed in "Categories of Shareholders".

## CORPORATE INFORMATION

### Composition of the Board

- The total number of Directors are as follows:
  - Male: Eight (08) (Seven (07) up till 27 June 2020)
  - Female: One (01)
- The composition of the Board is as follows:
 

Independent Directors	Mr. Shahid Hussain Jatoi <sup>1</sup> Mr. Nauman Khalid <sup>2</sup> Mr. Abdul Hamid Ahmed Dagia <sup>2</sup> Mr. Muhammad Khalid <sup>4</sup>
Other Non-Executive Directors	Mr. Muneer Nawaz <sup>1</sup> Mr. M. Naeem <sup>1</sup> Mr. Rashed Amjad Khalid <sup>1</sup> Mr. Abid Nawaz <sup>2</sup> Mr. Toqueer Nawaz <sup>3&amp;4</sup>
Executive Directors	Mr. Mahmood Nawaz <sup>3</sup> Mr. Humayun A. Shahnawaz <sup>5</sup> Ms. Manahil Shahnawaz <sup>1</sup>
Female Director	Ms. Manahil Shahnawaz <sup>1</sup>

### Composition of the Committees

The Board has formed the following committees comprising of members as given below:

#### Audit Committee

Mr. Shahid Hussain Jatoi*	Chairman
Mr. Muhammad Khalid*	Chairman
Mr. Muneer Nawaz	Member
Mr. M. Naeem	Member
Mr. Rashed Amjad Khalid	Member

#### Human Resource & Remuneration Committee

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

Terms of Reference of Audit Committee and Human Resource and Remuneration Committee has been approved by the Board in line with the requirement at Code of Corporate Governance and advised to the committees for compliance.

\* Consequent to Election of Directors held on 26 June 2020, the Board of Directors in their meeting held on 09 July 2020 has reconstituted Audit Committee, wherein Mr. Shahid Hussain Jatoi, an Independent Director, has been appointed as the Chairman of Audit Committee replacing Mr. Muhammad Khalid who retired on 27 June 2020 after completion of his term as the Independent Director.

\*\* Consequent to Election of Directors held on 26 June 2020, the Board of Directors in their meeting held on 09 July 2020 has reconstituted Human Resource and Remuneration Committee, wherein Mr. Nauman Khalid, an Independent Director, has been appointed as the Chairman of Human Resource and Remuneration Committee replacing Mr. Muhammad Khalid who retired on 27 June 2020 after completion of his term as the Independent Director.

### Changes in the Board

The following changes have taken place in the Board:

- Mr. Muneer Nawaz, Mr. M. Naeem, Mr. Rashed Amjad Khalid, Mr. Shahid Hussain Jatoi, and Ms. Manahil Shahnawaz have been re-elected by the shareholders as Directors in the election held on 26 June 2020 for a term of three (03) years commencing from 28 June 2020.
- Mr. Nauman Khalid, Mr. Abid Nawaz, and Mr. Abdul Hamid Ahmed Dagia have been elected by the shareholders as Directors in the election held on 26 June 2020 for a term of three years commencing from 28 June 2020.
- 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. To fill the casual vacancy Mr. Toqueer Nawaz was co-opted by the Board with effect from 21 May 2020.
- Mr. Muhammad Khalid and Mr. Toqueer Nawaz have retired on 27 June 2020 after completion of their term.
- The Board of Directors in their meeting held on 09 July 2020 has re-appointed Mr. Humayun A. Shahnawaz as the Chief Executive for a term of three years commencing from 09 July 2020.



### Frequency of The Meetings

During the year, four (04) Board of Directors meetings were held. Attendance of these meetings was as follows:

<b>Name of Director</b>	<b>Number of Meetings Attended</b>
Mr. Muneer Nawaz	4
Mr. Mahmood Nawaz	-
Mr. M. Naeem	2
Mr. Rashed Amjad Khalid	-
Ms. Manahil Shahnawaz	1
Mr. Humayun A. Shahnawaz	4
Mr. Muhammad Khalid	3
Mr. Shahid Hussain Jatoi	4
Mr. Toqueer Nawaz	-

Leave of the absence was granted to the Directors, who could not attend the Board meetings.

During the year, the Audit Committee met four (04) times. These meetings were held prior to the approval of the interim results of the Company by the Board of Directors and before and after completion of external audits. Attendance by each Director was as follows:

<b>Name of Director</b>	<b>Number of Meetings Attended</b>
Mr. Muhammad Khalid	4
Mr. Muneer Nawaz	4
Mr. M. Naeem	2
Mr. Rashed Amjad Khalid	1

Leave of absence was granted to the Directors, who could not attend the Audit Committee meetings.

During the year, two (02) meetings of the Human Resource and Remuneration Committee were held. Attendance by each director was as follows:

<b>Name of Director</b>	<b>Number of Meetings Attended</b>
Mr. Muhammad Khalid	1
Mr. Muneer Nawaz	2
Mr. M. Naeem	2
Mr. Humayun A. Shahnawaz	2

Leave of absence was granted to the Directors, who could not attend the Human Resource and Remuneration Committee meetings.

### RELATED PARTY TRANSACTIONS

The Directors confirm the following regarding related party transactions:

That the transactions undertaken with related parties during the year ended 30 June 2020 have been reviewed by the Audit Committee and recommended by the Board of Directors for consideration and approval by the Shareholders in the upcoming AGM.

1. That the amounts or appropriate proportions of outstanding, items pertaining to related parties and receivables / payables from the related parties as on 30 June 2020 are as follows:

<b>Name of Related Party</b>	<b>Payable</b>	<b>Receivable</b>
	Rupees in thousand	
Shezan Services (Private) Limited	41,554	Nil
Shahtaj Sugar Mills Limited	Nil	90,749
Shahnawaz (Pvt.) Limited	20	Nil
Shezan Ampis Restaurant	4	Nil

2. The Company purchases sugar from M/s. Shahtaj Sugar Mills Limited (Shahtaj) in the normal course of business. These supplies are delivered based on purchase orders. Sugar is one of the main ingredients of our finished products and our whole production schedule revolves around the availability of high-quality sugar.

The management of the Company has evaluated that it would be more appropriate to buy the sugar from Shahtaj based on a binding purchase agreement to ensure smooth and reliable supply; delivery as per pre-determined schedule; consistent quality and proper production scheduling.

Accordingly, a purchase agreement was signed between the Company and Shahtaj for a period from 24 January 2020 to 30 June 2020 for the supply of 5,000 Metric Ton (R-1 grade) sugar at a total price of Rs. 316 million (excluding sales tax). Per Kg price was Rs. 63,247/- excluding sales tax and Rs. 74/- including sales tax. 75% of the total price was paid in advance and the delivery term was as and when required.

Moreover, an addendum dated 19 May 2020 to the above said agreement was also executed, brief particulars of which are as follow:

Particulars	Original Agreement	Changes through addendum
Time Period	24 January 2020 to 30 June 2020	Extended from 30 June 2020 to 30 September 2020
Quantity	5,000 Metric Ton	No change
Total Price	PKR 316,239,300 (excluding sales tax)	No change
Advance	PKR 237,179,475 (excluding sales tax)	Further advance PKR 50,000,000 (excluding sales tax)
Per KG Price	PKR 63.247 /kg excluding sales tax and PKR 74/kg including sales tax	No change
Payment Terms	75% advance payment	90.81% advance payment
Delivery Terms	As and when required	No change

3. The Company has a five years' royalty agreement with M/s. Shezan Services (Pvt.) Limited starting from 01 January 2016 and ending on 31 December 2020. The royalty is to be paid at 1% on the net sales and payable on a quarterly basis.

## FINANCIAL STATEMENTS

An Independent Auditor's report to the members, issued by external auditors Messrs. EY Ford Rhodes, Chartered Accountants after due audit of financial statements of the Company, is annexed.

## EVALUATION OF BOARD'S PERFORMANCE

The Board has developed a mechanism of annual performance evaluation. Every member of the Board ensures his active participation in the meetings of the Board. Detailed discussions are held on strategic matters and clear directions are provided to the management, which are regularly monitored by the Board and its committees. The Board ensures that the Company adopts the best practices of the Code of Corporate Governance. The Board also reviews the performance of business segments at each quarter to improve the low performing segments and at the same time, further opportunities of growth are emphasized in all profitable segments. Details of Directors' training program have been disclosed in the Statement of Compliance with the Code of Corporate Governance.

## ELECTION OF DIRECTORS

During the year, fresh election of Directors of the Company was held on 26 June 2020 in pursuance of the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the new Board has been elected for the next term of three years starting from 28 June 2020.

Mr. Muneer Nawaz has been re-appointed as the Chairman of the Board of Directors and Mr. Humayun A. Shahnawaz has also been re-appointed as the Chief Executive Officer of the Company for the next term of three years in the Board of Directors' meeting held on 09 July 2020.

The Board of Directors wishes to assure its respectable stakeholders for the dedicated efforts to achieve success with better planning to overcome, the difficult situation being faced presently by the Company. Please extend your prayers to Almighty Allah to guide/help us to achieve the desired goals. (Ameen)

A statement under section 134(3) of the Companies Act, 2017 regarding payment of remuneration of the Chief Executive and full-time working Director as approved by the Board and shareholders has already been circulated to all the shareholders of the Company.

The Chief Executive and Executive Director, being the Directors of the company are interested in this matter to the extent of the remuneration payable to them.

## PATTERN OF SHAREHOLDING

The Pattern of Shareholding as on 30 June 2020 and its disclosure according to the requirement of Code of Corporate Governance is annexed to this report.

## EXTERNAL AUDITORS

Messrs. EY Ford Rhodes, Chartered Accountants have completed their assignment for the year 2019-20 and will retire at the conclusion of the 57th Annual General Meeting. Being eligible, they have offered themselves for re-appointment. The Board of Directors, on recommendations of the Audit Committee, proposes the appointment of Messrs. EY Ford Rhodes, Chartered Accountants, for the year ending 30 June 2021.

## REMUNERATION POLICY FOR NON-EXECUTIVE DIRECTORS

The Board from time to time reviews and determines the fee of non-executive and independent directors for attending the Board and different committees' meetings, which are subsequently presented before the shareholders in the annual general meeting for approval.

## REMUNERATION OF EXECUTIVE DIRECTORS

The Remuneration of Chief Executive and Directors of the Company for the year ended 30 June 2020 is disclosed in note 34 of the financial statements. During the year, Mr. Mahmood Nawaz passed away on 07 March 2020, whose remuneration of Rs. 9.513 million is included in the "Directors remuneration" as disclosed in note 34 of the financial statements.



## CORPORATE SOCIAL RESPONSIBILITIES

Disclosure as required by the Corporate Social Responsibility General Order, 2009 is annexed and forms an integral part of this report.

## HEALTH, SAFETY, AND ENVIRONMENT

Shezan places special emphasis on health, safety, and environment (HSE) and all our plants strive to ensure strict compliance with our HSE policies. In the wake of the Covid-19 pandemic, the Federal and Provincial Governments imposed partial to full-scale lockdowns across the country to limit the spread. Shezan being a food sector company, has been categorized in Essential Services and for the continuity of food supply, our plants needed to remain operational.

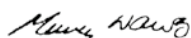
The Company responded to the situation by implementing a combination of protective and preventive measures at its offices and plants to ensure a safe working environment for employees. In this regard, a Special Task Team was constituted by the CEO for immediate preventive actions, continuous evaluation of the situation, and making necessary recommendations to the Management for ensuring employee safety and business continuity. Subsequently, a strategy of work with optimal staff at the plants for safe operation and maintenance was devised and implemented. Furthermore, a regime of disinfecting the offices and plants has been established, rigorously implemented, and continuously monitored.

The Company complies with all applicable rules and regulations in the formulation, manufacture, labeling, and marketing of its products and also takes active measures to reduce the discharge of hazardous waste in the environment. To remain environment friendly, the Company encourages its employees to identify potentially hazardous conditions, incorporates health and safety considerations into their daily activities, and provides training on work safety and sound environmental practices.

## VOTE OF THANKS

We take this opportunity to thank our shareholders for their confidence, valued customers for the trust they continue to place in us, the management team for its sincere efforts, the employees for their commendable services, the Board of Directors for their continuous guidance, and all stakeholders - Bankers, Dealers, Vendors, Associates.

For and on behalf of the Board

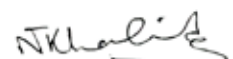


**Muneer Nawaz**

Chairman

Lahore:

25 September 2020.



**Nauman Khalid**

Director

The Chief Executive is out of Pakistan and in his absence, the Director's Report has been signed by the Chairman and a Director as authorized by the Board.



From our family  
to yours.



حلال  
HALAL

An ISO 9001, ISO 22000  
& HACCP Certified Company

بورڈ آف ڈائریکٹرز اپنے معزز حصص داران کو یقین دہانی کراتا ہے کہ کامیابی کے حصول کیلئے بھرپور کاوشوں اور بہتر منصوبہ بندی کے ذریعے کمپنی موجودہ مشکل صورتحال پر قابو پالے گی۔ آپ اللہ تعالیٰ سے دعا کریں کہ وہ ہماری رہنمائی مدد فرمائیں۔ (آئین)

کمپنی ایکٹ کی شق (3) 134 کے مطابق چیف ایگزیکٹو اور تمام کل وقتی ڈائریکٹران کو کی جانے والی ادائیگیوں کے بارے میں جو ایک بورڈ اور حصص داران سے منظور شدہ ہیں، کمپنی کے تمام حصص داران کو پہلے ہی آگاہ کر دیا گیا ہے۔

اس بابت میں چیف ایگزیکٹو اور ایگزیکٹو بورڈ ایگزیکٹو کیلئے کمپنی کے ڈائریکٹران خود کو کی جانے والی ادائیگیوں کی حد تک ہی دلچسپی رکھتے ہیں۔

### حصص داران کی تفصیل:

اس رپورٹ کے ساتھ حصص داران کی تفصیلات بھی بورڈ آف کارپوریٹ گورننس کے مطابق منسلک کی گئی ہے۔

### بیرونی آڈیٹرز:

میسری ای وائے نورڈ روڈز چارٹرڈ اکاؤنٹینٹس 57 واں سالانہ اجلاس عام کے اختتام پر ریٹائر ہو جائیں گے۔ اہل ہونے کے باعث انہوں نے اپنے آپکو دوبارہ انتخاب کے لئے پیش کیا ہے۔ بورڈ آف ڈائریکٹرز آڈٹ کمیٹی کی سفارشات پر اگلی دوبارہ تقرری برائے سال 30 جون 2021ء کیلئے تجویز کرتے ہیں۔

### نان ایگزیکٹو ڈائریکٹرز کے معاوضہ کی پالیسی:

بورڈ نان ایگزیکٹو ڈائریکٹرز کی بورڈ اور کمیٹیوں میں شمولیت کرنے پر ادا کی جانے والی فیس کا وقتاً فوقتاً جائزہ لیتا اور تعین کرتا ہے۔ جو کہ بعد میں منظوری کے لئے سالانہ اجلاس عام میں حصص داران کے سامنے پیش کیا جاتا ہے۔

### ایگزیکٹو ڈائریکٹرز کے معاوضے:

کمپنی کے چیف ایگزیکٹو اور ڈائریکٹرز کے معاوضے کی تفصیل 30 جون 2020ء کے مالیاتی گوشواروں کے نوٹ نمبر 34 میں بیان کی گئی ہے۔ سال کے دوران جناب محمود اوزمورخ 07 مارچ 2020ء کو رحلت فرمائے ان کے معاوضے 9.513 ملین روپے، کی تفصیل بھی 30 جون 2020ء کو مالیاتی گوشواروں کے نوٹ نمبر 34 میں شامل ہے۔

### سامی ذمہ داریاں:

جزل آرڈر 2009ء کے مطابق تمام تفصیلات کو اس رپورٹ کا لازمی حصہ بنایا گیا ہے۔

### صحت، تحفظ اور ماحول:

شیران صحت، حفاظت اور ماحولیات (انجی ایس ای) پر خصوصی زور دیتا ہے اور ہمارے تمام کارخانے ہماری (انجی ایس ای) پالیسیوں کے ساتھ مکمل تعمیل کو یقینی بنانے کی کوشش کرتے ہیں۔ کوویڈ-19 وبائی بیماری کے تناظر میں، وفاقی اور صوبائی حکومتوں نے اس پھیلاؤ کو محدود کرنے کے لئے پورے ملک میں مکمل طور پر اجزوی طور پر لاک ڈاؤن کو نافذ کر دیا۔ شیران کی فوڈیکلٹی کی ایک کمپنی ہونے کے ناطے ضروری خدمات میں درجہ بندی کی گئی اور خوراک کی فراہمی کے تسلسل کے لئے ہمارے کارخانوں کو چلانے کی ضرورت رہی۔


کمپنی نے اپنے دفاتر اور کارخانوں میں احتیاطی اور حفاظتی اقدامات کے استخراج کو نافذ کر کے ملازمین کے لئے کام کرنے کے محفوظ ماحول کو یقینی بناتے ہوئے اس صورتحال کا سامنا کیا۔ اس سلسلے میں، سی ای او کی طرف سے فوری طور پر ورک تمام کے اقدامات، صورتحال کی مستقل تشخیص اور ملازمین کی حفاظت اور کاروباری تسلسل کو یقینی بنانے کے لئے انتظامیہ کو ضروری سفارشات دینے کے لئے ایک خصوصی ٹاسک ٹیم تشکیل دی گئی۔ اس کے نتیجے میں، محفوظ آپریشن اور پلانٹس کی بحالی کے لئے مناسب عملے کے ساتھ مل کر کام کرنے کے حکمت عملی وضع کی گئی اور اس پر عمل درآمد کیا گیا۔ مزید برآں، دفاتر اور کارخانوں کو جراثیم کش بنانے کی حکمت عملی ترتیب دی گئی۔

ادارہ اپنی مصنوعات کی تشکیل، تیاری، لمبائیگ اور مارکیٹنگ میں تمام قابل اطلاق تمام قوانین کی تعمیل کرتا ہے اور فضا میں مضر فضلہ کے اخراج کو کم سے کم کرنے کیلئے بھرپور اقدامات کرتا ہے کمپنی اپنے ملازمین کو مکمل طور پر خطرناک حالات کی نشاندہی کرنے کی ترغیب دیتی ہے اس کے ساتھ (اپنے ملازمین) کو روزمرہ کی سرگرمیوں میں حفظان صحت پر توجہ دینے کی بھی ترغیب دیتی ہے، اور اپنے ملازمین کی کام کے دوران حفاظت اور ماحولیاتی طریقوں سے متعلق تربیت فراہم کرتی ہے۔

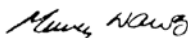
### اظہار تشکر:

ہم اس موقع پر اپنے حصص داران کے بھروسے کا، معزز صارفین کے غیر متزلزل اعتماد کا، انتظامیہ کی مخلصانہ کاوشوں کا، اپنے ملازمین کی قابل ستائش خدمات کا، بورڈ آف ڈائریکٹرز مستقل رہنمائی کا اور تمام متعلقہ ذیلیکٹرز، ڈیلرز، وینڈرز، ایسوسی ایٹس کا شکر ادا کرتے ہیں۔

بورڈ کی جانب سے



نعمان خالد  
ڈائریکٹر



منیر نواز  
چیئرمین

لاہور:

25 ستمبر 2020ء

چیف ایگزیکٹو اس وقت ملک سے باہر ہیں۔ ان کی غیر موجودگی میں چیئرمین اور ایک ڈائریکٹر نے ڈائریکٹرز رپورٹ کو بورڈ کی ایما پر دستخط کیے۔



اس سال کے دوران ہیومن ریسورس اور معاوضہ کمیٹی کا ایک اجلاس منعقد ہوا، جس میں حاضری کی تفصیل درج ذیل ہے۔

ڈائریکٹر کا نام	اجلاس میں شرکت کی تعداد
جناب منیر نواز	2
جناب ایم نعیم	2
جناب ہمایوں اے شاہ نواز	2
جناب محمد خالد	1

ہیومن ریسورس اور معاوضہ کمیٹی کے اجلاس میں شرکت نہ کرنے والے ڈائریکٹر کو رخصت دے دی گئی۔

### متعلقہ پارٹیوں سے لین دین:

ڈائریکٹر نے متعلقہ پارٹیوں سے متعلق لین دین کے درج ذیل معاملات کی توثیق کی۔

1۔ 30 جون 2020ء کو ختم ہونے والے مالی سال کے دوران متعلقہ پارٹیوں کے ساتھ لین دین کے معاملات کی آڈٹ کمیٹی نے توثیق کی جو بورڈ آف ڈائریکٹرز کی سفارش پر منظوری کے لئے آنے والے سالانہ اجلاس عام (AGM) میں حصص داران کے سامنے پیش کی جائے گی۔

30 جون 2020ء کو متعلقہ پارٹیوں کو قابل ادا / قابل وصول رقم درج ذیل ہیں۔

متعلقہ پارٹی کا نام	قابل ادا رقم (روپے ہزاروں میں)	قابل وصول رقم
شیراز سرو سز (پرائیویٹ) لمیٹڈ	41,554	NIL
شاہ تاج شوگر ملز لمیٹڈ	NIL	90,749
شاہ نواز (پرائیویٹ) لمیٹڈ	20	NIL

2۔ کمیٹی عام کاروباری حالات میں شاہ تاج شوگر ملز لمیٹڈ سے چینی خریدتی ہے۔ چینی کی ترسیل آرڈر کی بنیاد پر ہوتی ہے۔ چینی ہماری مصنوعات کا اہم جز ہے۔ اور پیداوار کا تمام جدول اعلیٰ معیار کی چینی کی موجودگی کے گرد گھومتا ہے۔ انتظامیہ نے نتیجہ اخذ کیا کہ چینی کی مسلسل اور قابل بھروسہ ترسیل کے لئے شاہ تاج شوگر ملز کے ساتھ خریداری معاہدہ کر لینا زیادہ مناسب ہے اور اسی وجہ سے ایک معاہدہ کر لیا گیا ہے۔

یہ معاہدہ 24 جنوری 2020ء تا 30 جون 2020ء برائے ترسیل 5,000 میٹرک ٹن چینی (R1) جس کی کل مالیت 316 ملین روپے سبز ٹیکس کے علاوہ ہے۔ فی کلو قیمت 63.25 روپے قبل از سبز ٹیکس اور 74 روپے بعد از سبز ٹیکس طے پایا ہے۔ معاہدے کی پوری مالیت کا 75 فیصد پیشگی ادا کر دی گئی ہے اور ترسیل جب اور جیسے چاہیے ہوگی کی شرائط پر ہے۔

علاوہ ازیں 19 مئی 2020ء کو ایک ضمیمہ اوپر بیان کئے گئے معاہدے سے متعلق جاری کیا گیا جسکی تفصیل درج ذیل ہے۔

تفصیلات	اصل معاہدہ	ضمیمہ کے مطابق تبدیلیاں
دورانیہ:	24 جنوری 2020ء سے 30 جون 2020ء	30 جون 2020ء سے بڑھ کر 30 ستمبر 2020ء
مقدار:	5,000 میٹرک ٹن	کوئی تبدیلی نہیں
مکمل مالیت:	316,239,300 روپے قبل از سبز ٹیکس	کوئی تبدیلی نہیں
پیشگی ادائیگی:	237,179,475 روپے قبل از سبز ٹیکس	50,000,000 روپے قبل از سبز ٹیکس مزید پیشگی ادائیگی

فی کلو قیمت: 63.247 روپے قبل از سبز ٹیکس 74 روپے بعد از سبز ٹیکس کوئی تبدیلی نہیں  
ادائیگی کی شرائط: 75% پیشگی ادائیگی 90.81% پیشگی ادائیگی  
ترسیل کی شرائط: جب اور جیسے چاہیے کوئی تبدیلی نہیں  
3۔ کمیٹی نے شیراز سرو سز (پرائیویٹ) لمیٹڈ کے ساتھ رائٹ کی مد میں پانچ سال کا معاہدہ کیا ہے جو کہ یکم جنوری 2016ء سے شروع ہو کر 31 دسمبر 2020ء میں ختم ہوگا۔ یہ رائٹ خالص فروخت کا ایک فیصد ہوگی اور ہر تین ماہ بعد قابل ادا ہوگی۔

### مالیاتی گوشوارے:

کمیٹی کے مالیاتی نتائج غیر جانبدار آڈٹ جو کہ بیرونی آڈیٹر زیمسز رازی وائے فورڈ رھوڈز چارٹرڈ اکاؤنٹنٹس نے غیر جانبدار آڈیٹر رپورٹ حصص داران کے لئے جاری کی ہے جو کہ سالانہ رپورٹ کے ساتھ منسلک ہیں۔

### بورڈ کی کارکردگی کا جائزہ:

بورڈ نے سالانہ کارکردگی کے جائزہ کے لئے ایک طریقہ کار بنایا ہوا ہے۔ بورڈ کا ہر عہدیدار بورڈ مینٹلز میں فعال شمولیت کو یقینی بناتا ہے۔ اسٹریٹجک معاملات پر تفصیلی بات چیت ہوتی ہے اور انتظامیہ کو واضح ہدایات دی جاتی ہیں۔ جنکی بورڈ اور اسکی کمیٹیاں تسلسل کے ساتھ گرائی کرتی ہیں۔ بورڈ اس بات کو یقینی بناتا ہے کہ کمیٹی کارپوریٹ گورننس کے بہترین اصول اپنائے۔ بورڈ ہر سہ ماہی پر اس مقصد کے ساتھ کم کارکردگی دکھانے والے کاروباری شعبوں کو بہتر کیا جاسکے، تمام کاروباری شعبوں کی کارکردگی کا جائزہ لینا ہے۔ اس کے ساتھ تمام منافع بخش (کاروباری) شعبوں میں مزید نمو کے مواقع تلاش کرنے پر زور دیتا ہے۔ کوڈ آف کارپوریٹ گورننس کی وضع کردہ سٹیٹ منیٹ آف کمپلائنس میں ڈائریکٹرز کی تربیت کی تفصیلات دی گئی ہیں۔

### ڈائریکٹرز کا انتخاب:

سال کے دوران لسٹڈ کمپنیوں کے (کوڈ آف کارپوریٹ گورننس) قوانین کے مطابق 26 جون 2020ء کو ڈائریکٹرز کا انتخاب کیا گیا جس کے نتیجے میں 28 جون 2020ء سے اگلے تین سال کے لئے ڈائریکٹرز منتخب ہو گئے۔

09 جولائی 2020ء کو بورڈ آف ڈائریکٹرز کے اجلاس میں محترم منیر نواز کو دوبارہ بورڈ آف ڈائریکٹرز کا چیئر مین مقرر کیا گیا ہے اسی اجلاس میں محترم ہمایوں اے شاہ نواز کو بھی اگلے تین سال کے لئے چیف ایگزیکٹو آفیسر مقرر کیا گیا ہے۔



### کمپنیز کی ترمیم:

بورڈ نے درج ذیل ممبران پر مشتمل کمیٹی تشکیل دی ہے۔

#### آڈٹ کمیٹی

جناب شاہد حسین چٹوٹی*	چیئر مین
جناب محمد خالد*	چیئر مین
جناب منیر نواز	ممبر
جناب ایم نعیم	ممبر
جناب راشد امجد خالد	ممبر

#### ایچ آر اور معاوضہ کمیٹی

جناب نعمان خالد**	چیئر مین
جناب محمد خالد**	چیئر مین
جناب منیر نواز	ممبر
جناب ایم نعیم	ممبر
جناب ہمایوں اے شاہ نواز	ممبر

بورڈ نے کوڈ آف کارپوریٹ گورننس کے وضع کردہ اصولوں کی روشنی میں آڈٹ کمیٹی اور ایچ آر اور معاوضہ کمیٹی کے ضابطہ کار کی منظوری دی ہے اور کمیٹیوں کو ان پر عمل درآمد کرنے کی ہدایت کی ہے۔

\* 26 جون 2020ء کو ہونے والے ڈائریکٹرز کے انتخاب کے نتیجے میں، بورڈ آف ڈائریکٹرز نے اپنے 9 جولائی 2020ء کو منعقد ہونے والے اجلاس میں آڈٹ کمیٹی کی تشکیل نو کی جس میں جناب شاہد حسین چٹوٹی، ایک آزاد ڈائریکٹر، جناب محمد خالد کی جگہ آڈٹ کمیٹی کے چیئر مین مقرر ہوئے ہیں، جناب محمد خالد 27 جون 2020ء کو آزاد ڈائریکٹر کی حیثیت سے اپنی مدت پوری ہونے کے بعد ریٹائر ہوئے۔

\*\* 26 جون 2020ء کو ہونے والے ڈائریکٹرز کے انتخاب کے نتیجے میں، بورڈ آف ڈائریکٹرز نے اپنے 9 جولائی 2020ء کو منعقد ہونے والے اجلاس میں ہیومن ریسورس اور معاوضے کی کمیٹی کی تشکیل نو کی، جناب نعمان خالد، ایک آزاد ڈائریکٹر، جناب محمد خالد کی جگہ ہیومن ریسورس اور معاوضے کی کمیٹی کے چیئر مین مقرر ہوئے ہیں، جناب محمد خالد 27 جون 2020ء کو آزاد ڈائریکٹر کی حیثیت سے اپنی مدت پوری ہونے کے بعد ریٹائر ہوئے۔

1 جناب منیر نواز، جناب ایم نعیم، جناب راشد امجد خالد، جناب شاہد حسین چٹوٹی، اور محترمہ منال شاہ نواز کو 26 جون 2020ء کو منعقد ہونے والے ڈائریکٹرز کے انتخاب میں حصہ داران نے 28 جون 2020ء سے شروع ہونے والی تین سالہ مدت کیلئے دوبارہ منتخب کر لیا ہے۔

2 جناب نعمان خالد، جناب عابد نواز اور جناب عبدالحمید احمد ڈاگیا کو 26 جون 2020ء کو منعقد ہونے والے ڈائریکٹرز کے انتخاب میں حصہ داران نے 28 جون 2020ء سے شروع ہونے والی تین سالہ مدت کیلئے منتخب کر لیا ہے۔

3 جناب محمود نواز صاحب (بورڈ کے سینئر ممبر) 07 مارچ 2020ء کو رحلت فرما گئے۔ انکی ادارے کی ترقی میں اموال کاوشوں کو ہمیشہ یاد رکھا جائے گا۔ وہ شیراز کے ساتھ 1988ء سے بطور ایگزیکٹو ڈائریکٹر وابستہ تھے وہ ایک دورانہ پیش اور پرکشش شخصیت کے مالک تھے۔ انہوں نے کمپنی کی ترقی میں بے پناہ جذبے اور وفاداری کے ساتھ کام کیا۔ جن کو ان کے ساتھ کام کرنے کا موقع ملا وہ انہیں ہمیشہ یاد رکھیں گے۔

جناب محمود نواز کے انتقال کے باعث خالی ہونے والی نشست کو بورڈ آف ڈائریکٹرز کے 21 مئی 2020ء کے اجلاس میں جناب توقیر نواز کو بطور ڈائریکٹر کے منتخب کر کے پُر کر دیا۔

4 جناب محمد خالد اور جناب توقیر نواز اپنی مدت کی تکمیل کے بعد مورخہ 27 جون 2020ء کو ریٹائر ہو گئے ہیں۔

5 بورڈ آف ڈائریکٹرز نے اپنے 09 جولائی 2020ء کو منعقد ہونے والے اجلاس میں جناب ہمایوں اے شاہ نواز کو بطور چیف ایگزیکٹو تین (3) سال کی مدت کیلئے منتخب کر لیا ہے اور اس مدت کا آغاز 09 جولائی 2020ء سے ہو رہا ہے۔

### اجلاس کی تفصیل:

اس سال کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ اجلاس میں حاضرین کی تفصیل درج ذیل ہے۔

ڈائریکٹر کا نام	اجلاس میں شرکت کی تعداد
جناب منیر نواز	4
جناب محمود نواز	-
جناب ایم نعیم	2
جناب راشد امجد خالد	-
محترمہ منال شاہ نواز	1
جناب ہمایوں اے شاہ نواز	4
جناب محمد خالد	3
جناب شاہد حسین چٹوٹی	4
جناب توقیر نواز	-

بورڈ کے اجلاس میں شرکت نہ کرنے والوں کو رخصت دے دی گئی۔

اس سال کے دوران آڈٹ کمیٹی کے چار اجلاس ہوئے۔ یہ اجلاس وسط مدتی نتائج کی تصدیق بورڈ آف ڈائریکٹرز کی طرف سے اور بیرونی آڈٹ کے مکمل ہونے سے پہلے اور بعد میں منعقد ہوئے۔

حاضرین کی اجلاس میں شرکت کی تفصیل درج ذیل ہے:

ڈائریکٹر کا نام	اجلاس میں شرکت کی تعداد
جناب منیر نواز	4
جناب ایم نعیم	2
جناب راشد امجد خالد	1
جناب محمد خالد	4

آڈٹ کمیٹی کے اجلاس میں شرکت نہ کرنے والوں کو رخصت دے دی گئی۔

کمپنی کا مستقبل روشن ہے کیونکہ انتظامیہ اپنی فروخت کے سبھی حصوں میں کمپنی کا مارکیٹ شیئر بڑھانے کے لئے اپنی بہترین صلاحیت کو بروئے کار لائے گی۔ کمپنی اپنے موجودہ صارفین سے حجم میں اضافے کے لئے کوشاں ہے اور اپنے صارفین کو بڑھانے بنانے کے لئے مقامی اور غیر ملکی منڈیوں کی تلاش جاری رکھے گی۔

### خطرات اور غیر یقینی حالات:

کمپنی کو مندرجہ ذیل خطرات اور غیر یقینی حالات کا سامنا ہے۔

- کوویڈ-19 عالمی وبائی مرض کے طور پر پھیلتا جا رہا ہے، اس کے انتہائی بڑے اثرات مرتب ہوئے ہیں جن میں ترسیل کی رکاوٹیں اور کمپنی کے مختصر اور طویل مدتی منصوبوں پر اس کے اثرات شامل ہیں۔
- رواں سال ملک میں شہری اور دیہی علاقوں میں سیلاب کی وجہ سے، زراعت کی فصلیں بری طرح متاثر ہوئی ہیں اور اگلے سال میں پھلوں اور سبز پھلوں کی قلت کا سامنا کرنا پڑ سکتا ہے۔ دوسری طرف، ملک میں سیلاب کی وجہ سے پیدا ہونے والی صورتحال کے نتیجے میں ایشیا خوردنوش کی قیمتوں میں اضافہ ہو سکتا ہے۔
- اگلے مالی سال کے دوران اگر وہاں کی وجہ سے معاشی سرگرمیاں بحال نہیں ہوئیں جیسا کہ اندازہ لگایا جا رہا ہے تو افراط زر میں مزید اضافہ ہو سکتا ہے جسکی وجہ سے صارفین کی قوت خرید میں کمی واقع ہو سکتی ہے۔
- امریکی ڈالر کے مقابلے میں روپے کی قدر میں مسلسل کمی ہماری درآمدی لاگت کو بڑھا دے گی۔
- تیل، گیس اور بجلی کی لاگت میں اضافہ۔
- زیر زمین یا سطحی پانی کے استعمال پر عمل پانے جاری ایک روپے فی لیٹر،

ادارے کو سپریم کورٹ آف پاکستان کے ازخود نوٹس نمبر 26/2018 کے کیس جو کہ سطحی اور زیر زمین پانی کے استعمال سے متعلق تھا کے فیصلے کے بعد مکمل طور پر 1 روپے فی لیٹر کے حساب سے زیر زمین اور سطحی پانی کے استعمال پر ادا کرنا پڑ سکتا ہے، لیکن ادارہ سپریم کورٹ آف پاکستان کے اس فیصلے کو فعال طور پر دفاع کر رہا ہے اور اس پر نظر ثانی کی درخواست دائر کر دی ہے چونکہ وائر چارج سے بہت زیادہ مالی اثر پڑتا ہے، اس لیے متاثرہ کمپنیوں کی گزارشات پر سپریم کورٹ آف پاکستان نے ہر کمپنی کے پیداواری اعداد و شمار کی بنیاد پر 25 فی صد بلوں کی ادائیگی کا عبوری حکم جاری کیا ہے۔ موجودہ مالیاتی نتائج میں ادارے نے 30 ملین روپے کے اخراجات ظاہر کیے ہیں۔ جو کہ سپریم کورٹ آف پاکستان کے عبوری حکم کے مطابق لائی 2019ء سے جون 2020ء تک کی مشروبات کی 25 فی صد کے پیداواری حجم پر مبنی ہے۔ تاہم بقایا جن جن کے حجم کا تعین ابھی ممکن نہیں کیونکہ معاملہ ابھی زیر غور ہے۔ لیکن ادارے نے اپنے مالیاتی نتائج کے نوٹ نمبر 23.1 میں حد شدہ کے طور پر ظاہر کر دیا ہے۔

کمپنی ان خطرات کو اس اعتماد کے ساتھ ایک چیلنج کے طور پر قبول کرتی ہے کہ ہمارے پاس ان خطرات کے اثرات کو کم کرنے کے لئے صلاحیت اور تربیت یافتہ پیشہ وارانہ افرادی قوت ہے۔

### اندرونی مالیاتی کنٹرول:

کمپنی میں ایک مضبوط اندرونی محاسبہ کا نظام قائم کیا گیا ہے جو کہ کمپنی میں ہر شعبے میں رائج ہے۔ اندرونی کنٹرول کا یہ نظام کمپنی کے مقاصد کے حصول، کام میں بہتری، قابل اعتماد مالیاتی رپورٹنگ اور مختلف قوانین کے ساتھ مطابقت کو یقینی بنانے کیلئے بنایا گیا ہے۔

### مالیاتی اور کارپوریٹ گورننس فریم ورک:

- ڈائریکٹرز کو انتہائی مسرت کے ساتھ مطلع کرتے ہیں کہ کمپنی، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے تقاضوں کے مطابق کوڈ آف کارپوریٹ گورننس کے ضوابط کی تعمیل کرتی ہے۔
- کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے، اسکے معاملات، اسکی کاروباری سرگرمیوں کے نتائج، ترسیلات زر اور ایکویٹی میں تبدیلی کی منصفانہ عکاس کرتے ہیں۔

- کمپنی نے باضابطہ طور پر اکاؤنٹس کے کھاتوں کو تیار کر رکھا ہے۔
- ان مالیاتی گوشواروں کی تیاری میں ضروری اور مخصوص اکاؤنٹنگ پالیسیوں کی پیروی کی گئی ہے اور اکاؤنٹنگ کے تخمینے انتہائی منطقی اور محتاط اندازوں پر مبنی ہیں۔
- مالیاتی گوشواروں کی تیاری میں پاکستان میں قابل اطلاق بین الاقوامی مالیاتی رپورٹنگ کے اسٹینڈرڈز کی پیروی کی گئی ہے۔

- بطور ادارہ کمپنی کے کام جاری رکھنے کی اہلیت میں کوئی شکوک و شبہات نہیں ہیں۔

- گزشتہ چھ سال کے اہم کاروباری اور مالیاتی حسابات اس سالانہ رپورٹ میں درج ہیں۔

- محصولات سے متعلق معلومات اس سالانہ رپورٹ کا حصہ ہیں۔

- پراویڈنٹ فنڈ کی سرمایہ کاری کی جائز مالیت (فیئر ویلیو) 30 جون 2020ء کو 214.941 ملین روپے ہے۔

- ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانشل آفیسر، کمپنی سیکریٹری اور انکے اہل و عیال کی شیئر ہولڈنگ اور اس میں تبدیلی کی تفصیل کو شیئر ہولڈرز کی مدد میں ظاہر کیا گیا ہے۔

### کارپوریٹ معلومات:

بورڈ کی ترتیب:

بورڈ کے ڈائریکٹرز کی کل تعداد نو (09) ہے جو کہ درج ذیل ہے۔

مرد آٹھ (08) (27 جون 2020ء تک سات (07) تھے)

خاتون ایک (01)

### بورڈ کی تفصیل درج ذیل ہے:

جناب شاہد حسین جتوئی <sup>1</sup>	غیر جانبدار ڈائریکٹر
جناب نعمان خالد <sup>2</sup>	
جناب عبدالحمید احمد ڈاگیا <sup>2</sup>	
جناب محمد خالد <sup>4</sup>	
جناب منیر نواز <sup>1</sup>	نان ایگزیکٹو ڈائریکٹر
جناب ایم نعیم <sup>1</sup>	
جناب راشد امجد خالد <sup>1</sup>	
جناب عابد نواز <sup>2</sup>	
جناب توقیر نواز <sup>3 &amp; 4</sup>	
جناب محمود نواز <sup>3</sup>	ایگزیکٹو ڈائریکٹر
جناب ہمایوں اے شاہ نواز <sup>5</sup>	
محترمہ منال شاہ نواز <sup>1</sup>	
محترمہ منال شاہ نواز <sup>1</sup>	خاتون ڈائریکٹر



## ڈائریکٹرز رپورٹ برائے ممبران

ہم ممبران انٹرنیشنل لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے ڈائریکٹرز رپورٹ اور مالی سال 30 جون 2020ء کیلئے کمپنی کے آڈٹ شدہ مالیاتی نتائج پیش کرتے ہیں۔

خام مال، پوٹاش اور اجرت کی لاگت میں اضافے کے نتیجے میں فروخت کی لاگت میں نمایاں اضافہ ہوا جس کی وجہ سے کمپنی کو نقصان اٹھانا پڑا۔ سال 20-2019ء کے مالیاتی بجٹ میں ہمارے مشروبات، سکوا انٹرا اور شربت پراچ فیلڈ ریل ایکسٹرنڈیوٹی عائد کردی گئی جس کی وجہ ہمارے کاروبار پر اضافی بوجھ پڑا۔ کمپنی کو ان تمام اضافی اخراجات اور فیلڈ ریل ایکسٹرنڈیوٹی کو برداشت کرنا پڑا کیونکہ سخت مقابلے کی وجہ سے کمپنی اپنی مصنوعات کی قیمتوں میں اضافہ نہ کر سکی۔

کوویڈ-19 کے وبائی مرض نے پوری دنیا کو متاثر کیا جس کی وجہ سے ایشیا کی ترسیل اور عالمی معیشت مفلوج ہو کر رہ گئی۔ اس وبائی مرض کی وجہ سے بہت ساری صنعتیں جمود کا شکار ہو گئی ہیں جن میں سیاحتی اور کاروباری، تفریح، مہمان نوازی اور سامان کی نقل و حمل اور خدمات کا شعبہ شامل ہے۔ لاک ڈاؤن نے دنیا میں موجودہ اور مستقبل کی معاشی سرگرمیوں کی ہیبت کو تبدیل کر دیا، اور یہاں تک کہ بڑی بڑی معیشتوں کی قابل ذکر معاشی کارکردگی کو بھی ختم کر دیا۔

زیرو گروسال کیلئے سرمائے کی لاگت میں بھی نمایاں اضافہ ہوا ہے۔ جس کی بنیادی وجہ جولائی 2019ء سے مارچ 2020ء تک شرح سود میں بے پناہ اضافہ اور کاروباری سرمایہ کی ضروریات کو پورا کرنے کیلئے طویل/ قلیل مدتی قرضوں میں اضافہ ہے۔

کوویڈ-19 وائرس کے تیز پھیلاؤ نے مارچ 2020ء سے پاکستان میں معاشی سرگرمیاں تقریباً منجمد کر دیں۔ صرف زراعت کے شعبے میں سال کے دوران 2.7 فیصد کی مثبت شرح نمو دیکھنے میں آئی ہے، جبکہ پیداواری شعبہ میں منفی نمو 5.6 فیصد رہی۔ پاکستان کی مجموعی قومی پیداوار میں 0.38 فیصد کمی واقع ہوئی ہے جبکہ گزشتہ سال میں اس کی شرح نمو 3.3 فیصد تھی۔

تمام سخت معاشی حالات اور وبائی مرض سے قطع نظر، ہماری انتظامیہ نے نقصانات کو کم کرنے کے لئے اپنی پوری کوشش کی اور قیمتوں پر قابو پانے اور کفایت شعاری جیسے مختلف اقدامات کئے۔

مالی سال 2019ء کی عملی کارکردگی مختصر اُردو جزیل ہے:

تفصیلات	2020	2019
		(روپے ہزاروں میں)
فروخت	7,313,042	7,704,097
مجموعی منافع	1,099,209	1,531,339
خالص (نقصان) / منافع قبل از محصولات	(302,670)	151,934
خالص (نقصان) / منافع بعد از محصولات	(235,784)	113,074
فی حصص (نقصان) / آمدنی - روپوں میں	(26.84)	12.87

دوران سال خسارے کے باعث بورڈ مالی سال 2020ء کے لیے منافع کی تقسیم کا اعلان نہ کر سکا۔

### قومی خزانے کو ادائیگی:

دوران سال قومی خزانے کو ادائیگی محصولات میں اضافہ ہوا اور کمپنی نے محصولات کی مدد میں 2,151 ارب روپے ادا کئے جن میں سیلز ٹیکس، فیلڈ ریل ایکسٹرنڈیوٹی اور ایکسٹرنڈیوٹی شامل ہیں جو کہ قومی معیشت میں ہماری بھرپور شرکت کا آئینہ دار ہے۔

### نمایاں تبدیلیاں اور کاروباری ذمہ داریاں:

مالیاتی سال کے اختتام اور رپورٹ کی تاریخ کے دوران کوئی بڑی تبدیلی اور معاہدے نہیں ہوئے جن کا کمپنی کی مالیاتی پوزیشن پر اثر ہوا ہو۔

### مستقبل کے امکانات:

ہم جدید رجحانات کو متعارف کراتے ہوئے اگلے سال میں اپنی آپریشنل کارکردگی کو بہتر بنانے کا کوئی موقع ہاتھ سے نہیں جانے دیں گے۔ پاکستان میں کاروباری اداروں کے لئے لاک ڈاؤن میں آسانی اور بحالی کی کوششوں کی بدولت، ہم اپنی برآمدات کی بحالی کے ساتھ ساتھ مقامی کاروبار میں بہتری کے لئے بھی پر امید ہیں۔ انتظامیہ اس صورتحال کا مستقل جائزہ لے رہی ہے اور باسٹے پیدا ہونے والی صورتحال کے پیش نظر کاروبار کے تسلسل کے لئے تمام ضروری اقدامات کرے گی۔ مزید کمپنی شرح سود میں کمی وجہ سے مالی سال 2020-21ء میں مالیاتی لاگت کے شعبے میں خاطر خواہ کمی کے لئے پُر امید ہے۔

وبائے منفی اثرات کو کم کرنے کے لئے، حکومت پاکستان سمیت مختلف حکومتوں نے اقدامات اٹھائے ہیں اور بڑے پیمانے پر کاروباری اداروں کو سہارا دینے کے لئے ہدایات دیں۔ خصوصاً ڈیڈ لائن میں توسیع قرضہ جات اور ایکویٹیٹی پر دباؤ کم کرنا اور سخت ایس او بیز کے تحت ضروری کاروباری اداروں کے تسلسل کو آسان بنایا۔ حکومت پاکستان نے مالی سال 2020ء کی آخری سہ ماہی کے دوران ملک میں اقتصادی سرگرمیوں کو سہارا دینے کے لئے 1,200 ارب روپے کے مالی پیکج کا اعلان کیا۔ اسٹیٹ بینک آف پاکستان نے شرح سود کو 13.25 فیصد سے کم کر کے 7 فیصد کر دیا اور ملک میں بے روزگاری کی حوصلہ شکنی کے لئے کم شرح سود پر تنخواہوں اور اجرت کی ادائیگی کے لئے ایک ری فنانس اسکیم متعارف کرائی ہے۔

### کاروباری جائزہ:

ملک کو ڈوٹھی ہوئی معیشت کو سہارا دینے کے لئے حکومت پاکستان نے جولائی 2019ء سے فروری 2020ء تک مختلف اقدامات اٹھائے۔ خصوصاً شرح سود میں بے پناہ اضافہ جو قرضوں کی لاگت اور افراط زر میں بے پناہ اضافہ کی وجہ سے، درآمدی محصولات اور توانائی کی قیمتوں میں اضافے اور معیشت کو دستاویزی بنانے کے لئے اقدامات اٹھائے، ان تاریخی کاروبار مخالف اقدامات، پوٹاش کی لاگت میں دی گئی چھوٹ کو ختم کرنے اور اضافی سرچارجز اور ڈیوٹیوں لگانے سے پاکستان میں کاروبار کرنے کی لاگت میں اضافہ ہوا، مزید برآں مارچ 2020ء میں وبائے چھوٹنے کی وجہ سے کاروباری سیکٹر انتہائی بری طرح متاثر ہوا۔

انتہائی نامساعد حالات کے باوجود، کمپنی اپنے ملازمین کے تحفظ کے ساتھ ساتھ مارکیٹ میں اپنی مصنوعات کی دستیابی کو یقینی بنانے کے لئے سخت ایس او بیز کے تحت اپنی سرگرمیاں جاری رکھنے میں کامیاب رہی۔ کمپنی اپنے مصنوعات کی بہتر معیار، اہداف کے حصول، اکاؤنٹنٹس آف سکیل کے حصول کے لئے اپنی مصنوعات کی وسیع پیمانے پر دستیابی اور مکمل پیداواری صلاحیت کے استعمال کی پالیسی پر گامزن رہی۔ انتظامیہ نے صارفین کے زیادہ سے زیادہ اعتماد کے حصول کے لئے اپنی کاوشیں جاری رکھیں اور مارکیٹ میں اپنی زیادہ سے زیادہ موجودگی کے لئے جس ڈرنک کی لائن میں 125 ملی لیٹر کی پیکنگ متعارف کرائی۔

### عملی جائزہ:

سال کے دوران، کمپنی کی آمدن میں گزشتہ سال کے مقابلہ میں 5 فیصد کمی واقع ہوئی۔ آمدن میں کمی مختلف عوامل کا نتیجہ تھی جن میں موسم سرما کی شدت اور طوالت اور ملک بھر میں لاک ڈاؤن تھا۔ لاک ڈاؤن کی وجہ سے تمام معاشرتی سرگرمیاں منجمد ہو گئیں، خصوصاً تعلیمی اداروں، تفریحی پارکوں، سینما گھر، شاپنگ مالز کی بندش، جو ہماری فروخت کا ایک بڑا حصہ ہیں۔ یہ بات قابل ذکر ہے کہ مالی سال 2019-20ء کے آخری چار مہینوں میں وبائے سبب ہماری فروخت میں مالی سال 2018-19ء کی اسی مدت کے مقابلہ میں 510 ملین روپے کمی واقع ہوئی۔

# CORPORATE SOCIAL RESPONSIBILITY



**The Company believes that Corporate Social Responsibility is the continuing commitment to behave ethically and contribute to the economic development of the workforce and their families as well as of the local community and society at large.**

## **Business Ethics and Anti-Corruption Measures**

Business Ethics which include the practice of honesty and integrity are considered an essential part in everyday operations of the Company. Since the Company's business is to deal with food and juice products, so it is the policy of the Company to provide not only healthy products to its customers but also ensures a clear and coherent view of its product range in all its advertisement campaigns.

Further, the Statement of Ethics and Business Practices is circulated among all employees of the Company for compliance purposes. It proved very helpful in maintaining the level of credibility of each employee in the organization.

Along with all these, the Company has developed a procedure and system regarding all key positions to avoid the impact of any corruption and bribery.

## **Industrial Relations**

Cordial industrial relations and a harmonious working environment prevailed at all locations of the Company. The management enjoys a good relationship with the employees. CBA elections are held in time and without any hurdles. The basic purpose of this practice is to secure maximum cordiality between the workers and the management and to establish a climate of mutual understanding where-by the workers may be able to contribute their best for the growth and development of the Company. The Company has a Hajj Scheme and sent three workers to perform Hajj at the Company's expense. The Company also has good relations with its suppliers.

## **Employment of Special Persons**

To ensure the welfare and rehabilitation of special persons, the Company has especially stressed upon the induction of differently abled in accordance with "Employment and Rehabilitation Ordinance, 1981". The Company has established a policy regarding the hiring of differently abled persons with assigning a special quota in compliance with the said Ordinance to ensure the protection of deserving persons.

## **Occupational Safety, Health, Environmental Protection And Energy Conservations**

Safety and health protection of our employees as well as the protection of the environment are the principal concerns of the Company. We firmly believe that commitment to safety, health and environmental protection (SHE) is an indispensable part of our main objective of efficiently producing and distributing quality products. Matters of SHE are integral parts of the





business planning processes and decision making. They are handled with the same sense of responsibility and just as other operations like quality, productivity, and cost-efficiency.

We ensure all technical, organizational, and personnel measures for the prevention of potentially hazardous situations and to manage incidents or accidents which might occur nevertheless.

We strive to achieve eco-efficiency by optimizing resource utilization, conserve energy, and avoid damage to the environment, employees, and public.

### Corporate Philanthropy

Shezan management is well aware of the fact that corporate philanthropy is a social responsibility, which is performed by donating to various organizations and associations.

### National-Cause Donation

The Company is committed towards helping distressed communities as and when required. For this purpose, the Company has made donations to various educational and charitable organizations including Marie Adelaide Leprosy Centre, Care Foundation, SOS Children Village, Chhipa Welfare Association, Shaukat Khanum Memorial Cancer Hospital, LRBT, Edhi Foundation, Fatimid Foundation, Lady Wallington Hospital, Pakistan Association of the Blind, Cancer Care Hospital, Children Hospital, Ansar Burney Trust Hospital, Lahore General Hospital, Aziz Jehan Begum Trust of Blind, Jinnah Hospital, Sahara for Life Trust, Markaz-e-Umeed for special children, Sindh Institute of Urology & Transplantation, Roshni Homes Trust, Hijaz Hospital, Abeer Welfare Trust, Mayo Hospital, Sir Ganga Ram Hospital, Rising Sun Institute for special children, Foundation for the rehabilitation and education for special children, Eye donors organization, Sundas Foundation, The Society for Preservation & Restoration of vision, Shalamar Hospital, Clapp Trust Hospital, Marvi Social Welfare Organization, Leprosy Patients Welfare Trust, FC College, Depilex Smile-again Foundation, The Diabetic Centre, The Trust School and Pink Ribbon Pakistan.



### Community Investment And Welfare Spending For Under-Privileged Classes

The Company has a complete focus on the welfare of the community as its mandatory role. Since the incorporation of the Company in 1964, it has contributed to its maximum in different welfare schemes of the society.

### Consumer Protection Measures

Since the product line of Shezan mainly consists of Foods & Beverages which are considered among the category of FMCG (Fast Moving Consumer Goods) products, therefore, its key focus is on healthy products. For this purpose, our Research and Development department is very much active in regular testing of our product range for their quality conformance. Further, the management is very keen on the implementation and execution of ISO rules and regulations for quality maintenance.





# PATTERN OF SHAREHOLDING

AS AT 30 JUNE 2020

- 1 Incorporation Number: 0001883
- 2 Name of Company: Shezan International Limited
- 3 Pattern of holding of the shares held by the shareholders as at 30 June 2020.

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
240	1	100	5,707
195	101	500	50,804
88	501	1,000	69,272
84	1,001	5,000	176,662
14	5,001	10,000	93,738
3	10,001	15,000	41,848
3	15,001	20,000	53,354
3	20,001	25,000	65,182
1	25,001	30,000	25,176
1	30,001	35,000	34,579
1	35,001	40,000	36,435
1	40,001	45,000	42,150
2	45,001	50,000	95,896
2	50,001	55,000	104,384
1	75,001	80,000	75,896
1	80,001	85,000	81,590
2	85,001	90,000	172,713
2	110,001	115,000	221,476
1	125,001	130,000	125,915
1	140,001	145,000	143,805
2	150,001	155,000	306,444
2	155,001	160,000	313,084
3	160,001	165,000	481,790
1	175,001	180,000	178,915
1	205,001	210,000	207,889
1	285,001	290,000	289,990
1	300,001	305,000	302,800
1	305,001	310,000	310,000
2	365,001	370,000	736,996
1	655,001	660,000	659,259
2	815,001	820,000	1,636,071
1	1,640,001	1,645,000	1,644,780
<b>664</b>			<b>8,784,600</b>

4	Categories of Shareholders	Shares held	Percentage
4.1	Directors, Chief Executive Officers, and their spouse and minor children	2,030,714	23.1167%
4.2	Associated Companies, undertakings and related parties.	25,842	0.2942%
4.3	NIT and ICP	—	—
4.4	Banks Development Financial Institutions, Non-Banking Financial Institutions.	936	0.0107%
4.5	Modarabas and Mutual Funds	1,885,190	21.4602%
4.6	Insurance Companies	78,008	0.8880%
4.7	General Public		
	a. Local	4,236,799	48.2298%
	b. Foreign	110	0.0013%
4.8	Others		
4.8.1	Joint Stock Companies	3,160	0.0360%
4.8.2	Pension Funds	165,310	1.8818%
4.8.3	Foreign Companies	344,579	3.9225%
4.8.4	Government Holding	5,911	0.0673%
4.8.5	Others	7,588	0.0864%
4.8.6	Executives	453	0.0052%
		<b>8,784,600</b>	<b>100.00%</b>
	Shareholders holding 10% or more	1,644,780	18.7234%
	Shareholders holding 5% or more	3,976,545	45.2672%

Sr. No.	Name	Shares Held	Percentage
<b>4.1 Directors, Chief Executive Officers, and their Spouses and Minor Children</b>			
1	Mr. Muneer Nawaz	659,259	7.5047%
2	Mrs. Abida Muneer Nawaz W/o Mr. Muneer Nawaz	87,628	0.9975%
3	Mr. Humayun A. Shahnawaz	368,498	4.1948%
4	Mr. M. Naeem	53,894	0.6135%
5	Mrs. Amtul Bari Naeem W/o Mr. M. Naeem	400,755	4.5620%
6	Mr. Rashed Amjad Khalid	160,653	1.8288%
7	Mrs. Sajda Amjad Khalid W/o Mr. Rashed Amjad Khalid	2,272	0.0259%
8	Mr. Abid Nawaz	117,494	1.3375%
9	Ms. Manahil Shahnawaz	178,915	2.0367%
10	Mr. Abdul Hamid Ahmed Dagia	500	0.0057%
11	Mr. Nauman Khalid	673	0.0077%
12	Mrs. Ayesha Khalid W/o Mr. Nauman Khalid	173	0.0020%
13	Mr. Shahid Hussain Jatoi	-	0.0000%
		2,030,714	23.1168%
<b>4.2 Associated Companies, undertakings and related parties</b>			
1	Shezan Services (Private) Limited	25,842	0.2942%
		25,842	0.2942%
<b>4.3 NIT &amp; ICP</b>			
		-	-
<b>4.4 Banks, Development Financial Institutions, Non-Banking Financial Institutions</b>			
1	National Bank of Pakistan	936	0.0107%
		936	0.0107%
<b>4.5 Modarabas &amp; Mutual Funds</b>			
1	CDC - Trustee National Investment (UNIT) Trust	1,644,780	18.7234%
2	CDC - Trustee NIT Islamic Equity Fund	85,085	0.9686%
3	CDC - Trustee NIT-Equity Market Opportunity Fund	14,170	0.1613%
4	CDC - Trustee Al-Ameen Islamic Asset Allocation Fund	1,100	0.0125%
5	CDC - Trustee MCB Pakistan Asset Allocation Fund	5,115	0.0582%
6	CDC - Trustee Pakistan Capital Market Fund	2,860	0.0326%
7	CDC - Trustee UBL Retirement Savings Fund - Equity Sub Fund	50,490	0.5748%
8	CDC - Trustee Al-Ameen Islamic Retirement Savings Fund - Equity Sub Fund	81,590	0.9288%
		1,885,190	21.4602%
<b>4.6 Insurance Companies</b>			
1	Adamjee Life Assurance Company Limited - IMF	800	0.0091%
2	Habib Insurance Company Limited	1,312	0.0149%
3	State Life Insurance Corporation of Pakistan	75,896	0.8640%
		78,008	0.8880%
<b>4.7 General Public</b>			
	Local	4,236,799	48.2298%
	Foreign	110	0.0013%
		4,236,909	48.2311%

# CATEGORIES OF SHARE HOLDERS

AS AT 30 JUNE 2020

Sr. No.	Name	Shares Held	Percentage
<b>4.8</b>	<b>Others</b>		
<b>4.8.1</b>	<b>Joint Stock Companies</b>		
1	Burma Oil Mills Limited	731	0.0083%
2	Darson Securities (Private) Limited	1,800	0.0205%
3	ISPI Corporation (Private) Limited	4	0.0000%
4	Magnus Investment Advisors Limited	145	0.0017%
5	Murree Brewery Company Limited	173	0.0020%
6	NCC - Pre Settlement Delivery Account	200	0.0023%
7	NH Capital Fund Limited	2	0.0000%
8	UHF Consulting (Private) Limited	105	0.0012%
		3,160	0.0360%
<b>4.8.2</b>	<b>Pension Funds</b>		
1	Trustee National Bank of Pakistan Employees Pension Fund	152,055	1.7309%
2	CDC - Trustee Pakistan Pension Fund - Equity Sub Fund	13,255	0.1509%
		165,310	1.8818%
<b>4.8.3</b>	<b>Foreign Companies</b>		
1	Tundra Pakistan Fund	344,579	3.9225%
		344,579	3.9225%
<b>4.8.4</b>	<b>Government Holding</b>		
1	Federal Board of Revenue	5,911	0.0673%
		5,911	0.0673%
<b>4.8.5</b>	<b>Others</b>		
1	Trustee National Bank of Pakistan Employees Benevolent Fund Trust	5,333	0.0607%
2	Trustee of Nimir Resins Limited - Employees Gratuity Fund Trust	55	0.0006%
3	Getz Pharma (Private) Limited Employees Provident Fund	2,200	0.0250%
		7,588	0.0864%
<b>4.8.6</b>	<b>Executives</b>		
1	Mr. Waseem Amjad Mehmood	453	0.0052%
		453	0.0052%
<b>SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL</b>			
1	CDC - Trustee National Investment (UNIT) Trust	1,644,780	18.7234%
		1,644,780	18.7234%
<b>SHAREHOLDERS HOLDING 5% OR MORE OF TOTAL CAPITAL</b>			
1	CDC - Trustee National Investment (UNIT) Trust	1,644,780	18.7234%
2	Mst. Amina Wadawala	819,500	9.3288%
3	Mr. Mahmood Nawaz (Late)	853,006	9.7102%
4	Mr. Muneer Nawaz	659,259	7.5047%
		3,976,545	45.2672%

During the financial year the trading in shares of the Company by the Directors, CEO, CFO, Company Secretary and their spouses and minor children is as follows:

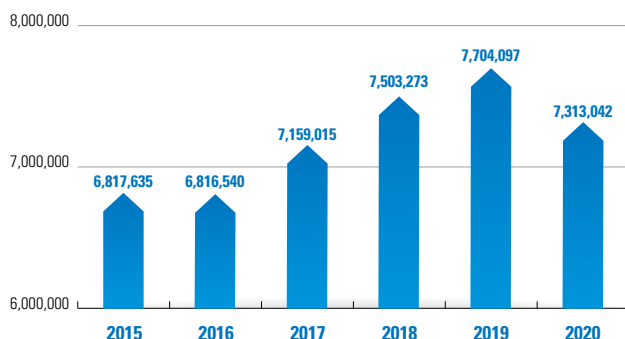
S. No.	Name	Sale	Purchase
1	Mr. Abdul Hamid Ahmed Dagia	-	500
2	Mr. Nauman Khalid	-	500

# SIX YEARS REVIEW

## AT A GLANCE

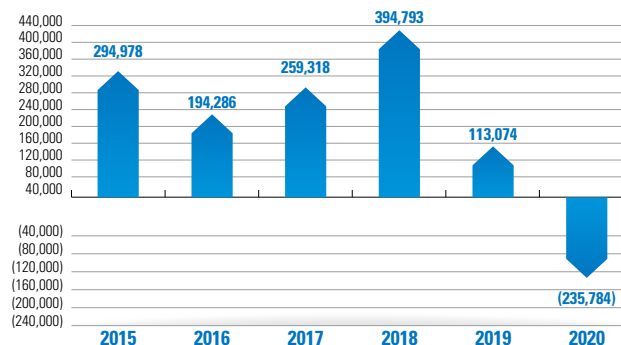
### NET REVENUE

Rupees in thousand



### PROFIT / LOSS AFTER TAXATION

Rupees in thousand



Year	Year	Year	Year	Year	Year
2015	2016	2017	2018	2019	2020
Rupees in thousand					

### Incomes

Revenue from contracts with customers	6,817,635	6,816,540	7,159,015	7,503,273	7,704,097	7,313,042
Other operating income	59,796	51,859	38,321	51,480	91,264	59,501
	6,877,431	6,868,399	7,197,336	7,554,753	7,795,361	7,372,543

### Expenditure

Cost of revenue	4,877,580	4,931,776	5,083,750	5,405,841	6,172,758	6,213,833
Distribution cost and administrative expenses	1,463,397	1,494,151	1,508,915	1,387,042	1,282,210	1,133,360
Finance cost	60,967	52,178	36,419	39,188	68,195	206,986
Other operating expenses	161,177	186,818	206,309	233,450	120,264	121,034
	6,563,121	6,664,923	6,835,393	7,065,521	7,643,427	7,675,213

Profit / (loss) before taxation	314,310	203,476	361,943	489,232	151,934	(302,670)
Taxation	19,332	9,190	102,625	94,439	38,860	(66,886)
Profit / (loss) after Taxation	294,978	194,286	259,318	394,793	113,074	(235,784)

Paid-up capital	79,860	79,860	79,860	79,860	87,846	87,846
Reserves & unappropriated profits	1,647,774	1,754,742	1,942,089	2,229,827	2,145,923	1,861,635
Unrealized gain / (loss) on remeasurement of investments available for sale	528	(237)	756	(210)	(189)	172

<b>Shareholders equity</b>	1,728,162	1,834,365	2,022,705	2,309,477	2,233,580	1,949,653
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Breakup value per share in Rupees	216.40	229.70	253.28	289.19	254.25	221.93
Earnings per share in Rupees	36.94	24.33	32.47	44.94*	12.87	(26.84)
Price Earning Ratio	24.72	18.56	14.63	12.68*	32.83	(8.34)
Dividend declared in Rupees	11.00	9.00	13.50	15.00	5.50	-
Bonus per share	-	-	-	10%	-	-

\* Figures have been restated.



# INDEPENDENT AUDITOR'S REVIEW REPORT

## TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Shezan International Limited (the Company) for the year ended 30 June, 2020 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017 (the Act). We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June, 2020.

Lahore:  
25 September 2020.



Chartered Accountants  
Engagement Partner  
**Sajjad Hussain Gill**

# STATEMENT OF COMPLIANCE

## WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 FOR THE YEAR ENDED 30 JUNE 2020

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of Directors are as follows:
  - a. Male: Eight (08) (Seven (07) up till 27 June 2020)
  - b. Female: One (01)

2. The composition of Board is as follows:

Independent Directors      Mr. Shahid Hussain Jatoi <sup>1</sup>  
   Mr. Nauman Khalid <sup>2</sup>  
   Mr. Abdul Hamid Ahmed Dagia <sup>2</sup>  
   Mr. Muhammad Khalid <sup>4</sup>

Other Non-executive Directors  
   Mr. Muneer Nawaz <sup>1</sup>  
   Mr. M. Naeem <sup>1</sup>  
   Mr. Rashed Amjad Khalid <sup>1</sup>  
   Mr. Abid Nawaz <sup>2</sup>  
   Mr. Toqueer Nawaz <sup>3&4</sup>

Executive Directors  
   Mr. Mahmood Nawaz <sup>3</sup>  
   Mr. Humayun A. Shahnawaz <sup>5</sup>  
   Ms. Manahil Shahnawaz <sup>1</sup>

Female Director  
   Ms. Manahil Shahnawaz <sup>1</sup>

3. The Directors have confirmed that none of them is serving as a Director on more than seven (07) listed companies, including this Company;
4. The Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board;
8. The Board has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;
9. Four (04) Directors of the Company have minimum

(fourteen) 14 years of education and fifteen (15) years of experience on the Board of a listed Company and they are exempt from Directors' Training Program. Three (03) Directors have acquired certification under the Directors' Training Program. The Company, however, intends to facilitate further training for the remaining Directors in near future as defined in these Regulations;

10. There were no new appointments of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year, however, all such appointments including their remuneration and terms and conditions of employment are duly approved by the Board;

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below:

#### Audit Committee

Mr. Shahid Hussain Jatoi*	Chairman
Mr. Muhammad Khalid*	Chairman
Mr. Muneer Nawaz	Member
Mr. M. Naeem	Member
Mr. Rashed Amjad Khalid	Member

#### Human Resource and Remuneration Committee

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

\*Consequent to Election of Directors held on 26 June 2020, the Board of Directors in their meeting held on 09 July 2020 has reconstituted Audit Committee, wherein Mr. Shahid Hussain Jatoi, an Independent Director, has been appointed as the Chairman of Audit Committee replacing Mr. Muhammad Khalid who retired on 27 June 2020 after completion of his term as the Independent Director.

\*\*Consequent to Election of Directors held on 26 June 2020, the Board of Directors in their meeting held on 09 July 2020 has reconstituted Human Resource and Remuneration Committee, wherein Mr. Nauman Khalid, an Independent Director, has been appointed as the Chairman of Human Resource and Remuneration Committee replacing Mr. Muhammad Khalid who retired on 27 June 2020 after completion of his term as the Independent Director.

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance;

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
  - a) Audit Committee      Four (04)
  - b) Human Resource and Remuneration Committee      Two (02)

15. The Board has set up an effective internal audit function with suitably qualified and experienced staff conversant with the policies and procedures of the Company;

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of

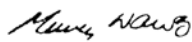
Internal Audit, Company Secretary or Directors of the Company;

17. The statutory auditors or the persons associated with them, have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

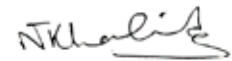
18. We confirm that all other requirements of the regulations 3, 6, 7, 8, 27, 32, 33, and 36 of the Regulations have been complied with;

19. Explanation for non-compliance with requirements, other than 3, 6, 7, 8, 27, 32, 33, and 36 are below:

Non-Mandatory Requirement	Regulation. No.	Explanation
Nomination Committee: The Board may constitute a separate committee, designated as the Nomination Committee, of such number and class of directors, as it may deem appropriate in its circumstances.	29(1)	Currently, the Board has not constituted a separate Nomination Committee and the functions are being performed by the Human Resource and Remuneration Committee.
Risk Management Committee: The Board may constitute the risk management committee, of such numbers and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	30(1)	Currently, the Board has not constituted a Risk Management Committee and the Company's Risk Manager performs the requisite functions and apprise the Board accordingly.



**Muneer Nawaz**  
Chairman



**Nauman Khalid**  
Director

Lahore:  
25 September 2020.

The Chief Executive is out of Pakistan and in his absence, the Director's Report has been signed by the Chairman and a Director as authorized by the Board.

- 1 Mr. Muneer Nawaz, Mr. M. Naeem, Mr. Rashed Amjad Khalid, Mr. Shahid Hussain Jatoi and Ms. Manahil Shahnawaz have been re-elected by the shareholders as Directors in election held on 26 June 2020 for a term of three (03) years commencing from 28 June 2020.
- 2 Mr. Nauman Khalid, Mr. Abid Nawaz and Mr. Abdul Hamid Ahmed Dagia have been elected by the shareholders as Directors in election held on 26 June 2020 for a term of three years commencing from 28 June 2020.
- 3 Mr. Mahmood Nawaz passed away on 08 March 2020 and Mr. Toqueer Nawaz was co-opted as Director by the Board with effect from 21 May 2020.
- 4 Mr. Muhammad Khalid and Mr. Toqueer Nawaz have retired on 27 June 2020 after completion of their term.
- 5 The Board of Directors in their meeting held on 09 July 2020 has re-appointed Mr. Humayun A. Shahnawaz as the Chief Executive for a term of three years commencing from 09 July 2020.

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the annexed financial statements of Shezan International Limited (the Company), which comprise the statement of financial position as at 30 June 2020, 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 a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, 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 30 June 2020 and of the profit or loss, the comprehensive income, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' 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.

### Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Key audit matters	How our audit addressed the key audit matter
<p><b>1. Tax contingencies</b></p> <p>As disclosed in Note 23 to the financial statements, certain tax matters are pending adjudication at various levels with the taxation authorities and other legal forums.</p> <p>Such disputes and uncertain tax positions require management to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Company for disclosure, recognition and measurement of any provision that may be required against such contingencies.</p> <p>Due to significance of the amounts involved, inherent uncertainties with respect to outcome of the matters and use of significant management judgments and estimates to assess the same including related financial impacts, we have considered tax contingencies, a Key Audit Matter.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> <li>• Obtained and reviewed details of the pending tax matters and discussed the same with the Company's management;</li> <li>• Analyzed significant changes from prior period;</li> <li>• Assessed key technical tax issues and legislative developments and focused on the judgements made by management in assessing the quantification and likelihood of significant exposures and the level of liability required for specific cases. In particular, we focused on the impact of recent tax rulings and the status of on-going inspections by local tax authorities;</li> <li>• Obtained explanations from management and corroborative evidences that include communications with local tax authorities and gained an understanding of the current status of tax assessments and investigations to monitor developments in on-going disputes;</li> <li>• Analyzed and challenged management's key assumptions, in particular on cases where there had been significant developments with local tax authorities, based on our knowledge and experience of the application of the tax legislation by the relevant authorities and courts. We also evaluated whether the liabilities and exposures for uncertain tax positions were appropriately disclosed in the financial statements;</li> </ul>



Key audit matters	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> <li>• Involved internal tax experts to assess and review the reasonableness of management’s conclusions on contingent tax matters; and</li> <li>• Reviewed appropriateness of the disclosures made in the financial statements in respect of such contingent liabilities.</li> </ul>

### Information Other than the Financial Statements and Auditors’ 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 auditors’ 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 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 are responsible for overseeing the Company’s financial reporting process.

### Auditors’ 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 auditors’ 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 auditors' 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 auditors' 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 auditors' 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:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, 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;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditors' report is Sajjad Hussain Gill.

Lahore:  
25 September 2020.

  
Chartered Accountants  
Engagement Partner  
**Sajjad Hussain Gill**

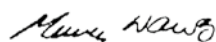
# STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Note	Rupees in thousand	
		2020	2019
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	1,863,439	1,929,317
Long-term investment	7	2,650	2,478
Long-term receivables	8	27,930	35,340
Long-term deposits	9	4,388	4,838
Deferred taxation	10	181,028	3,670
		<b>2,079,435</b>	1,975,643
<b>CURRENT ASSETS</b>			
Stores and spares	11	119,002	126,326
Stock-in-trade	12	1,527,152	1,645,062
Right to recover asset		16,162	18,123
Trade debts	13	156,598	136,615
Loans and advances	14	125,595	28,032
Trade deposits, prepayments and other receivables	15	6,982	12,493
Income tax recoverable		535,670	629,126
Cash and bank balances	16	202,541	233,723
		<b>2,689,702</b>	2,829,500
<b>TOTAL ASSETS</b>		<b>4,769,137</b>	4,805,143
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital			
10,000,000 (2019: 10,000,000) ordinary shares of Rs. 10 each		100,000	100,000
Share capital	17	87,846	87,846
Capital reserve	18	5,000	5,000
Revenue reserve	18	1,856,807	2,140,734
<b>TOTAL EQUITY</b>		<b>1,949,653</b>	2,233,580
<b>NON-CURRENT LIABILITIES</b>			
Long term loans	19	291,300	422,882
Lease liabilities	20	54,165	-
Deferred grant		2,709	-
		<b>348,174</b>	422,882
<b>CURRENT LIABILITIES</b>			
Trade and other payables	21	738,534	869,963
Contract liabilities		108,878	106,331
Unclaimed dividend		4,880	4,105
Interest accrued on borrowings		42,011	27,724
Current portion of long-term loan	19	233,871	105,720
Current portion of lease liabilities	20	6,049	-
Current portion of deferred grant		5,045	-
Short-term borrowings	22	744,035	376,383
Refund liability		108,370	112,539
Provision for taxation		479,637	545,916
		<b>2,471,310</b>	2,148,681
<b>TOTAL LIABILITIES</b>		<b>2,819,484</b>	2,571,563
<b>CONTINGENCIES AND COMMITMENTS</b>	23		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,769,137</b>	4,805,143

The annexed notes from 1 to 42 form an integral part of these financial statements.

The Chief Executive is out of Pakistan and in his absence these annual financial statements have been signed by two Directors, as required under section 232(1) of the Companies Act, 2017.



Director



Director



Chief Financial Officer



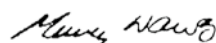
# STATEMENT OF PROFIT OR LOSS

## FOR THE YEAR ENDED 30 JUNE 2020

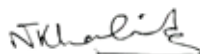
	Note	Rupees in thousand	
		2020	2019
Revenue from contracts with customers - net	24	<b>7,313,042</b>	7,704,097
Cost of revenue	25	<b>6,213,833</b>	6,172,758
<b>Gross profit</b>		<b>1,099,209</b>	1,531,339
Distribution costs	26	<b>799,910</b>	939,875
Administrative expenses	27	<b>333,450</b>	342,335
Other operating expenses	28	<b>121,034</b>	120,264
Other income	29	<b>(59,501)</b>	(91,264)
		<b>1,194,893</b>	1,311,210
<b>Operating (loss) / profit</b>		<b>(95,684)</b>	220,129
Finance costs	30	<b>206,986</b>	68,195
<b>(Loss) / profit before taxation</b>		<b>(302,670)</b>	151,934
Taxation	31	<b>(66,886)</b>	38,860
<b>Net (loss) / profit for the year</b>		<b>(235,784)</b>	113,074
<b>(Loss) / earnings per share - basic and diluted (Rupees)</b>	32	<b>(26.84)</b>	12.87

The annexed notes from 1 to 42 form an integral part of these financial statements.

The Chief Executive is out of Pakistan and in his absence these annual financial statements have been signed by two Directors, as required under section 232(1) of the Companies Act, 2017.



Director



Director



Chief Financial Officer

# STATEMENT OF COMPREHENSIVE INCOME

## FOR THE YEAR ENDED 30 JUNE 2020

	Rupees in thousand	
	2020	2019
Net (loss) / profit for the year	(235,784)	113,074
Other comprehensive income		
Items that will not be reclassified to profit or loss in subsequent periods:		
Unrealized gain / (loss) on remeasurement of investment designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition	172	(189)
Items that will be reclassified to profit or loss in subsequent periods	-	-
<b>Total comprehensive (loss) / income for the year</b>	<b>(235,612)</b>	<b>112,885</b>

The annexed notes from 1 to 42 form an integral part of these financial statements.

The Chief Executive is out of Pakistan and in his absence these annual financial statements have been signed by two Directors, as required under section 232(1) of the Companies Act, 2017.

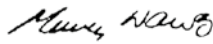
# STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 30 JUNE 2020

Share Capital	Capital Reserve		Revenue Reserve			Total	
	Merger Reserve	Reserve for issue of bonus shares	General Reserve	Unrealized gain/(loss) on Remeasurement of Investments	Unappropriated Profits / (loss)		
Rupees in thousand							
<b>Balance as on 01 July 2018</b>	79,860	5,000	-	1,800,000	292	355,333	2,240,485
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 year	-	-	-	-	-	113,074	113,074
Other comprehensive loss	-	-	-	-	(189)	-	(189)
Total comprehensive income	-	-	-	-	(189)	113,074	112,885
<b>Balance as on 30 June 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 year	-	-	-	-	-	(235,784)	(235,784)
Other comprehensive income	-	-	-	-	172	-	172
Total comprehensive loss	-	-	-	-	172	(235,784)	(235,612)
<b>Balance as at 30 June 2020</b>	<b>87,846</b>	<b>5,000</b>	<b>-</b>	<b>2,000,000</b>	<b>275</b>	<b>(143,468)</b>	<b>1,949,653</b>

The annexed notes from 1 to 42 form an integral part of these financial statements.

The Chief Executive is out of Pakistan and in his absence these annual financial statements have been signed by two Directors, as required under section 232(1) of the Companies Act, 2017.

  
Director

  
Director

  
Chief Financial Officer



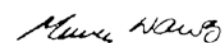
# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	Note	Rupees in thousand	
		2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations			
(Loss) / profit before taxation		<b>(302,670)</b>	151,934
Adjustments to reconcile (loss) / profit before tax to net cash flows:			
Depreciation	6.1	<b>327,166</b>	260,499
Finance costs	30	<b>206,986</b>	64,822
Dividend income	29	<b>(73)</b>	(104)
Profit on bank deposits	29	<b>(4,780)</b>	(4,313)
Un-winding of financial charges	29	<b>(4,456)</b>	-
Unrealized foreign exchange loss	28	<b>1,913</b>	-
Unwinding of deferred grant	29	<b>(449)</b>	-
Allowance for credit losses / (reversal)	28	<b>9,179</b>	(9,794)
Loss on disposal of property, plant and equipment	29.1	<b>6,999</b>	19,012
		<b>542,485</b>	330,122
<b>Operating profit before working capital changes</b>		<b>239,815</b>	482,056
Working capital changes:			
Decrease in current assets:			
Stores and spares		<b>7,324</b>	(1,887)
Stock-in-trade		<b>117,910</b>	75,827
Right to recover asset		<b>1,961</b>	(278)
Trade debts		<b>(29,351)</b>	(14,656)
Loans and advances		<b>(97,563)</b>	147,063
Trade deposits and short-term prepayments		<b>1,333</b>	37,212
		<b>1,614</b>	243,281
Increase / (decrease) in current liabilities:			
Trade and other payables		<b>(131,429)</b>	37,494
Contract liabilities		<b>2,547</b>	106,331
Refund liability		<b>(4,169)</b>	2,869
		<b>(133,051)</b>	146,694
<b>Cash generated from operations</b>		<b>108,378</b>	872,031
Finance costs paid		<b>(185,399)</b>	(41,542)
Profit on bank deposits received		<b>4,780</b>	4,030
Income tax paid		<b>(83,295)</b>	(115,667)
Long-term receivables		<b>10,143</b>	8,271
Long-term deposits		<b>450</b>	(80)
<b>Net cash flows (used in) / generated from operating activities</b>		<b>(144,943)</b>	727,043
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		<b>(262,196)</b>	(912,124)
Dividend received	29	<b>73</b>	104
Sale proceeds from disposal of property, plant and equipment		<b>63,066</b>	32,334
<b>Net cash flows used in investing activities</b>		<b>(199,057)</b>	(879,686)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of lease liability		<b>(12,066)</b>	-
Short term borrowings obtained / repaid		<b>367,652</b>	(176,879)
Long term loan obtained		<b>110,492</b>	-
Repayment of long term loan		<b>(105,720)</b>	528,602
Dividend paid		<b>(47,540)</b>	(118,306)
<b>Net cash flows used in financing activities</b>		<b>312,818</b>	233,417
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(31,182)</b>	80,774
<b>Cash and cash equivalents at beginning of the year</b>		<b>233,723</b>	152,949
<b>Cash and cash equivalents at end of the year</b>	16	<b>202,541</b>	233,723

The annexed notes from 1 to 42 form an integral part of these financial statements.

The Chief Executive is out of Pakistan and in his absence these annual financial statements have been signed by two Directors, as required under section 232(1) of the Companies Act, 2017.

  
Director

  
Director

  
Chief Financial Officer

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020

### 1 THE COMPANY AND ITS OPERATIONS

- 1.1** 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:

<b>BUSINESS UNIT</b>	<b>ADDRESS</b>
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

### 1.2 Impact of COVID-19 on the financial statements

The World Health Organization declared COVID-19 a global pandemic on 11 March 2020. Accordingly, on 20 March 2020, the Government of Pakistan announced temporary lock down as a measure to reduce the spread of COVID-19. The outbreak of COVID-19 has had a distressing impact on overall demand in the global economy with notable downgrade in growth forecast.

The Company's management is fully cognizant of the business challenges posed by the COVID-19 outbreak and closely monitoring the possible impacts on the Company's operations and liquidity positions and believes that its current policies for managing credit, liquidity and market risk are adequate in response to current situation.

Further, subsequent to year end, the situation has improved with the easing of lock down and re-opening of the businesses.

The management has assessed the impact of the COVID-19 on the financial statements and believes that the revenue of the Company has shown a decrease in comparison to the prior year due to COVID-19. Accordingly, the management has taken measures to reduce the expenses during the year. Further, the Company has also obtained a loan under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns offered by State Bank of Pakistan to mitigate the effect of COVID-19 on employment in Pakistan which carries mark-up at SBP rate plus 1.95% per annum as further explained in Note 19 to these financial statements.

A part from the above, the management believes that there is no significant financial impact of COVID-19 on the carrying amounts of assets, liabilities, income or expenses which may require specific disclosures.

### 2 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 Standards (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.

### 2.1 New standards, interpretations, amendments and improvements effective during current year

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended standards and interpretations effective for annual period beginning on 01 July 2019, as listed below. The Company has not early-adopted any other standard, interpretation, amendment and improvement that has been issued but is not yet effective.

Standard, Interpretation and Amendment

IFRS 9	-	Prepayment features with negative compensation (Amendments)
IFRS 14	-	Regulatory deferral accounts
IFRS 16	-	Leases
IFRS 16	-	COVID-19 related rent concessions (Amendments)

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020

IAS 19	-	Plan amendment, curtailment or settlement (Amendments)
IFRIC 23	-	Uncertainty over income tax treatments

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

IFRS 3	-	Business combinations - Previously held interests in a joint operation
IFRS 11	-	Joint arrangements - Previously held interests in a joint operation
IAS 12	-	Income taxes - Income tax consequences of payments on financial instruments classified as equity
IAS 23	-	Borrowing costs - Borrowing costs eligible for capitalisation

The adoption of the above standards, amendments, interpretations and improvements to the accounting standards did not have any material effect on the Company's financial statements except for IFRS 16. The impact of adoption of IFRS 16 is described below:

#### 2.1.1 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. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 01 July 2019 and applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

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. Refer to Note 5.2 for the accounting policy for leases beginning 01 July 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Company.

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.

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 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 as the implicit rate of interest is not available for respective leases.

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

	<b>01 July 2019</b>
	<b>Rupees in thousand</b>
<b>Statement of financial position</b>	
Right of use asset	59,798
Prepayment	(4,178)
<b>Total assets</b>	<b>55,620</b>
Lease liabilities	55,620
<b>Total lease liabilities</b>	<b>55,620</b>

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognized in the statement of financial position at the date of initial application of IFRS 16 is 3 months KIBOR + 0.25%.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020

**30 June 2020**  
**Rupees in thousand**

The effect of adoption of IFRS 16 during the period ended 30 June 2020 is as follows:

### Statement of profit or loss

Lease rentals not recorded due to adoption of IFRS 16	(12,066)
Depreciation on right of use asset	9,198
Mark-up on lease liabilities	7,300
Impact on profit before taxation	4,432
Taxation	-
Impact on profit after taxation	4,432
Impact on earnings per share basic and diluted (Rupees)	0.50

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

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard, interpretation and amendment:

Standard or Interpretation	Effective date (annual periods beginning on or after)	
IFRS 3	Definition of a Business (Amendments)	01 January 2020
IFRS 3	Reference to the Conceptual Framework (Amendments)	01 January 2022
IFRS 9 / IAS 39 / IFRS 7	Reference to the Conceptual Framework (Amendments)	01 January 2020
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised
IAS 1 / IAS 8	Definition of Material (Amendments)	01 January 2020
IAS 1	Classification of Liabilities as Current or Non-current (Amendments)	01 January 2020*
IAS 16	Proceeds before Intended Use (Amendments)	01 January 2022
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	01 January 2022

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

The above new amendments to standards and interpretations are not expected to have any material impact on the Company's financial statements in the period of initial application.

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

In addition to the above new standards and amendments to standard and interpretations, improvements to various accounting standards have also been issued by the IASB in May 2020. Such improvements are generally effective for accounting periods beginning on or after 01 January 2020. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

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



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

<b>Standard or Interpretation</b>		<b>Effective date (annual periods beginning on or after)</b>
IFRS 1	First time adoption of International Financial Reporting Standards	01 January 2009
IFRS 17	Insurance Contracts	01 January 2023

## 3 BASIS OF PREPARATION

### 3.1 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except that long term investments are recognized on the basis mentioned in Note 5.6.1 to these financial statements.

### 3.2 PRESENTATION CURRENCY

These financial statements are presented in Pak Rupees, which is the Company's functional currency. Figures have been rounded off to the nearest thousand of Rupees, unless otherwise stated.

## 4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on the historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

### 4.1 Impairment of financial assets

The Company assesses the impairment of its financial assets based on the Expected Credit Loss ("ECL") model. Under the expected credit loss model, the Company accounts for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition of the financial assets. The Company measures the loss allowance at an amount equal to lifetime ECL for its financial instruments.

The Company measures the expected credit losses of a financial instrument in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money, if applicable; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Expected credit losses are measured for the maximum contractual period over which the entity is exposed to credit risk. The significant estimates relating to the measurement of ECL relate to the fair value of the collaterals in place, the expected timing of the collection and forward looking economic factors.

### 4.2 Useful life and residual values of property, plant and equipment

The Company reviews appropriateness of the rate of depreciation, useful lives and residual values used in the calculation of depreciation. In making these estimates, the Company uses the technical resources available with the Company and its history in relation to actual useful lives and residual values of similar assets disposed in the past. Any change in the estimates in the future might affect the carrying amount of the respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

### 4.3 Provision for taxation and deferred tax

In making the estimates for income tax payable, the Company takes into account the applicable laws and the decisions by appellate authorities on certain issues in the past.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020

A deferred tax liability is recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

#### 4.4 Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are also tested for impairment when there are indicators that the carrying amounts may not be recoverable. For assets which can generally be sold in the market, the prevailing market price is used as an indicator of current recoverable amount. Technical analysis and market data is used to arrive at the recoverable amount for specialized assets.

#### 4.5 Provision for compensated absences

The Company accounts for compensated absences on the basis of the un-availed earned leave balance of each employee at the end of the year. The employees have the option to encash their leave balance at any time during the year.

### 5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with prior year except for the changes as stated in Note 2.1 to these financial statements.

#### 5.1 Property, plant and equipment

##### Owned assets

Property, plant and equipment except for freehold land and leasehold land held on 99 years lease, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Free hold and lease hold land are stated at cost.

Depreciation is calculated using the reducing balance method at rates disclosed in Note 6, which are considered appropriate to write off the cost of the assets over their useful lives.

Depreciation on additions is charged from the month in which an asset is available for use while no depreciation is charged for the month in which the asset is disposed off.

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment is recognized in the statement of profit or loss. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted for the future periods to allocate the asset's revised carrying amount over its estimated useful life.

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

The gain or loss on disposal or retirement of an asset represents the difference between the sale proceeds and the carrying amount of the asset and is recognized as an income or expense in the period it relates.

##### Capital Work In Progress

This is stated at cost including capitalization of borrowing costs. It consists of expenditures incurred and advances made, in respect of fixed assets, in the course of their construction and installation.

#### 5.2 Leases

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets, if any. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

## 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 over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased 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

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the 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 in the period in which these are incurred.

## c) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of retail shops, if any (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are of low value. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

## d) Determining the lease term of contracts

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

## 5.3 Stores, spares and stock-in-trade

Stocks, stores and spares are valued at lower of cost or net realizable value except those in transit, which are valued at invoice values including other charges, if any, incurred thereon. The basis of determining cost is as follows:

Raw material	- Quarterly average
Packing material	- Monthly average
Finished goods	- Quarterly average
Pulps, concentrates etc.	- Manufacturing cost according to annual average method
Stores and spares	- Monthly average
Stock-in-transit	- Cost

Net realizable value is determined on the basis of estimated selling price of the product in the ordinary course of business, less costs of completion and costs necessary to be incurred for its sale.

## 5.4 Trade debts

Trade debts represent the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 5.6.1.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020

### 5.5 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cheques in hand, cash at bank in current, savings and deposit accounts, and other short-term highly liquid instruments that are readily convertible into known amounts of cash, and which are subject to an insignificant risk of changes in value.

### 5.6 Financial instruments - initial recognition and subsequent measurement

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.

#### 5.6.1 Financial assets

##### Financial assets - initial recognition

Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade debts and bank balance that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade debts that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policy in revenue recognition in Note 5.12 to these financial statements.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding.

This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include long-term and short term deposits, long term investment, long term receivables, trade debts, loans and advances, other receivables and bank balances.

##### Financial assets - subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- a) Financial assets at fair value through profit or loss
- b) Financial assets at amortized cost (debt instruments)
- c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- d) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

#### a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020

through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

The Company does not have any financial assets designated at fair value through profit or loss.

### **b) Financial assets at amortized cost (debt instruments)**

This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

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

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized costs includes long-term receivables, trade debts, other receivables, deposits, loans and advances and interest accrued.

### **c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)**

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company's financial assets designated at fair value through OCI includes long-term investment.

### **d) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)**

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Company does not have debt instruments recorded at fair value through OCI with recycling of cumulative gains and losses.

### Financial assets - Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and 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.

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 the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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.

### Financial assets - Impairment

The Company recognizes an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss. 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. The shortfall is then discounted at an approximation to the asset's 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).

The Company considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For trade debts, the Company applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected credit losses are recognized in the statement of profit or loss.

For bank balances, the Company applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Company reviews internal and external information available for each bank balance to assess expected credit loss and the likelihood to receive the outstanding contractual amount. The expected credit losses are recognized in the statement of profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

## 5.6.2 Financial liabilities

### Financial liabilities - initial recognition

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include long term loans, short term borrowings utilized under mark-up arrangements, creditors, liabilities against assets subject to finance lease, accrued and other liabilities.

### Financial liabilities - subsequent measurement

#### Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

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.

This category applies to long term loans, short term borrowings utilized under mark-up arrangements, creditors, deposits, accrued and other liabilities.

### Financial liabilities - derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of profit or loss.

## 5.7 Offsetting of financial assets and financial liabilities

A financial asset and 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 set off the recognized amounts and intends either to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

## 5.8 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

## 5.9 Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

## 5.10 Taxation

### Current

Provision for the current tax is based on the taxable income for the year determined in accordance with the provisions of the Income Tax Ordinance, 2001. 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020

### Deferred

Deferred tax is provided using the financial position method for all temporary differences at the reporting date between tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liability is recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, if any, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax credits and unused tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled based on tax rates that have been enacted or substantially enacted at the reporting date.

### 5.11 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

### 5.12 Revenue recognition

The Company is in the business of selling Fast Moving Consumer Goods (FMCG) (i.e. juices, pickles, jams, ketchups etc.). Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Specific revenue recognition details are as follows:

#### Sale of goods

Revenue from the sale of goods is recognized upon the transfer of control of the goods to the buyer when performance obligation is satisfied. The Company's contracts with customers for the sale of goods generally include one performance obligation for both local and export sales i.e. provision of goods to the customers.

#### Local sales

The Company recognizes that revenue from sale of goods at the point in time when control of the goods is transferred to the customer, generally on dispatch of products from the factory (ex-factory).

Amount of revenue recognized is impacted due to expected returns as follows:

- a) a refund liability is recognized for the received consideration from a customer against the products that are expected to be returned;
- b) a right to recover asset is recognized (with the corresponding adjustment in cost of revenue) for Company's right to recover products from customer on settling refund liability; and
- c) no revenue for the expected returned goods is recognized in the financial statements.

#### Export sales

The Company recognizes revenue from sale of goods at the point in time when control of the goods is transferred to the customer, i.e. on the related receipt of shipment document.

#### Interest income

Return on bank deposits is recognized using effective interest rate method.

#### Dividend income

Dividend income is recognized when the Company's right to receive the payment is established.

### 5.13 Staff retirement benefits

The Company operates a recognized provident fund scheme (defined contribution plan) for all permanent employees. Equal monthly contributions are made both by the Company and the employees to the fund at the rate of 8.33% (2019: 8.33%).



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

## 5.14 Compensated absences

The Company accounts for compensated absences on the basis of the un-availed earned leave balance of each employee at the end of the year.

## 5.15 Foreign currency translation

Foreign currency transactions are converted into rupees at the rates prevailing on the date of the transactions. Monetary assets and liabilities in foreign currencies are translated into rupees at the rates of exchange prevailing at reporting date.

Gains or losses arising on translation are recognized in the statement of profit or loss.

## 5.16 Borrowing costs

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use. Such borrowing costs are capitalized as part of the cost of the qualifying asset.

## 5.17 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized as a liability in the Company's financial statements in the period in which these are approved.

## 5.18 Operating segments

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 Chief Executive.

	Note	Rupees in thousand	
		2020	2019
<b>6 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	6.1	<b>1,724,758</b>	1,789,939
Capital work in progress	6.2	<b>138,681</b>	139,378
		<b>1,863,439</b>	1,929,317

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020

### 6.1 Operating fixed assets

		2020										
		COST				DEPRECIATION				NET BOOK VALUE		
Note	As at 01 July 2019	Additions	Disposals	As at 30 June 2020	Accumulated as at 01 July 2019	Disposals	Charge for the year	Accumulated as at 30 June 2020	As at 30 June 2020	Depreciation Rate		
Rupees in thousand												
Owned assets												
	Freehold land	7,091	-	-	7,091	-	-	-	7,091	-		
	Leasehold land	2,646	-	-	2,646	-	-	-	2,646	-		
	Buildings on freehold land	118,132	7,813	-	125,945	55,951	-	6,283	62,234	10		
	Buildings on leasehold land	40,287	-	-	40,287	25,329	-	1,496	26,825	10		
	Plant and machinery	1,711,946	48,263	(36,333)	1,723,876	638,071	(30,439)	136,487	744,119	12.5		
	Furniture and fixtures	33,387	602	-	33,989	16,535	-	2,594	19,129	15		
	Motor vehicles	204,867	3,904	(13,263)	195,508	133,886	(11,491)	14,585	136,980	20		
	Electric fittings and tools	6,255	-	-	6,255	4,729	-	159	4,888	10-25		
	Electric equipment	6.1.1	335,242	11,466	(1,700)	345,008	212,138	(1,428)	29,606	240,316	104,692	15-33.33
	Laboratory equipment	7,239	-	-	7,239	1,345	-	590	1,935	5,304	10	
	Forklifts	55,604	3,652	-	59,256	36,306	-	4,585	40,891	18,365	20	
	Computers and accessories	25,611	1,044	-	26,655	20,938	-	1,780	22,718	3,937	33.33	
	Arms and ammunitions	94	-	-	94	94	-	-	94	-	20	
	Empty bottles, shells-pallets and barrels	6.1.2	600,746	186,148	(148,496)	638,398	213,886	(86,369)	119,803	247,320	391,078	25
	<b>Total</b>	<b>3,149,147</b>	<b>262,892</b>	<b>(199,792)</b>	<b>3,212,247</b>	<b>1,359,208</b>	<b>(129,727)</b>	<b>317,968</b>	<b>1,547,449</b>	<b>1,664,798</b>		
	<b>Right of use assets</b>											
	(recognized due to adoption of IFRS 16)											
	Buildings	-	*69,158	-	69,158	-	-	9,198	9,198	59,960	12.5 - 34	
	<b>Total</b>	<b>3,149,147</b>	<b>332,050</b>	<b>(199,792)</b>	<b>3,281,405</b>	<b>1,359,208</b>	<b>(129,727)</b>	<b>327,166</b>	<b>1,556,647</b>	<b>1,724,758</b>		

\* This includes additions during the year amounting to Rs. (thousand) 9,360.

		2019										
		COST				DEPRECIATION				NET BOOK VALUE		
Note	As at 01 July 2018	Additions / Transfers	Disposals	As at 30 June 2019	Accumulated as at 01 July 2018	Disposals	Charge for the year	Accumulated as at 30 June 2019	As at 30 June 2019	Depreciation Rate		
Rupees in thousand												
Owned assets												
	Freehold land	7,091	-	-	7,091	-	-	-	7,091	-		
	Leasehold land	2,646	-	-	2,646	-	-	-	2,646	-		
	Buildings on freehold land	98,807	19,325	-	118,132	50,085	-	5,866	55,951	62,181	10	
	Buildings on leasehold land	36,692	3,595	-	40,287	23,966	-	1,363	25,329	14,958	10	
	Plant and machinery	1,103,682	609,849	(1,585)	1,711,946	544,237	(1,290)	95,124	638,071	1,073,875	12.5	
	Furniture and fixtures	23,609	9,778	-	33,387	14,260	-	2,275	16,535	16,852	15	
	Motor vehicles	193,392	18,921	(7,446)	204,867	125,589	(6,842)	15,139	133,886	70,981	20	
	Electric fittings and tools	5,913	342	-	6,255	4,578	-	151	4,729	1,526	10-25	
	Electric equipment	6.1.1	301,028	34,599	(385)	335,242	179,943	(290)	32,485	212,138	123,104	15-33.33
	Laboratory equipment	1,808	5,431	-	7,239	1,131	-	214	1,345	5,894	10	
	Forklifts	49,978	5,626	-	55,604	32,073	-	4,233	36,306	19,298	20	
	Computers and accessories	23,389	2,222	-	25,611	18,905	-	2,033	20,938	4,673	33.33	
	Arms and ammunitions	94	-	-	94	94	-	-	94	-	20	
	Empty bottles, shells-pallets and barrels	6.1.2	554,205	194,279	(147,738)	600,746	209,656	(97,386)	101,616	213,886	386,860	25
	<b>Total</b>	<b>2,402,334</b>	<b>903,967</b>	<b>(157,154)</b>	<b>3,149,147</b>	<b>1,204,517</b>	<b>(105,808)</b>	<b>260,499</b>	<b>1,359,208</b>	<b>1,789,939</b>		

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

**6.1.1** Visi coolers costing Rs. (thousand) 175,431 (2019: Rs. (thousand) 175,034), are in the possession of shopkeepers for the sale of Company's products.

**6.1.2** These include bottles and shells costing Rs. (thousand) 111,682 (2019: Rs. (thousand) 186,179) held by distributors of the Company in the normal course of business.

## 6.2 Capital Work In Progress

	COST					2019
	Land*	Furniture and fixtures	Plant and machinery	Buildings	2020	
Rupees in thousand						
<b>Balance as at 01 July</b>	70,507	–	19,948	48,923	<b>139,378</b>	131,221
Additions during the year	–	186	26,136	21,226	<b>47,548</b>	639,592
Transferred to operating fixed assets	–	(186)	(40,246)	(7,813)	<b>(48,245)</b>	(627,280)
Transferred to advances	–	–	–	–	<b>–</b>	(4,155)
<b>Balance as at 30 June</b>	70,507	–	5,838	62,336	<b>138,681</b>	139,378

\*This represents amount paid to Punjab Industrial Estate (PIE) for the acquisition of 9.4 acre land to be utilized for future construction of processing and storage facilities by the Company. The possession and title will be transferred to the Company in due course.

**6.2.1** Plant and machinery includes borrowing cost capitalized during the year amounting to Rs. (thousand) Nil (2019: Rs. (thousand) 7,798).

	Note	Rupees in thousand	
		2020	2019
<b>6.3 Depreciation charge for the year has been allocated as follows:</b>			
Cost of revenue	25.1	<b>216,190</b>	162,627
Distribution costs	26	<b>80,367</b>	70,090
Administrative expenses	27	<b>12,295</b>	12,248
Other operating expenses	28	<b>18,314</b>	15,534
		<b>327,166</b>	260,499

## 6.4 Particulars of immovable property in the name of the Company are as follows:

	Location	Usage of immovable property	Total Area (Square ft.)	*Covered Area (Square ft.)
a)	56 - Bund Road Lahore	Head Office and Manufacturing	330,570	321,771
b)	Plot L-9, Block Number 22, Federal 'B' Area, Karachi	Manufacturing	90,000	73,160
c)	Plot number 33, 34 phase III Hattar Industrial Estate, Hattar KPK (Property on leasehold land)	Manufacturing	175,790	61,273

\* The covered area includes multi storey buildings.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020

	Note	Rupees in thousand	
		2020	2019
<b>7 LONG-TERM INVESTMENT</b>			
<b>Quoted Modaraba - Fair value through OCI</b>			
BRR Guardian Modaraba			
305,000 (2019: 305,000) certificates of Rs. 10/- each	7.1	2,375	2,375
Gain on remeasurement		275	103
		<b>2,650</b>	2,478

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

	Note	Rupees in thousand	
		2020	2019
<b>8 LONG-TERM RECEIVABLES</b>			
Opening balance	8.1	35,340	43,611
Received during the year		(10,143)	(15,285)
Un-winding of financial charges	29	4,456	4,361
Reversal of discounting adjustment	29	-	2,653
Allowance for expected credit losses		(1,723)	-
		<b>27,930</b>	35,340

**8.1** This represents receivable from Utility Stores Corporation against sales made in prior years which has been classified as long term, based on expected pattern of recovery. In compliance with IFRS, this receivable has been discounted to present value.

		Rupees in thousand	
		2020	2019
<b>9 LONG-TERM DEPOSITS</b>			
Utility companies		2,548	2,548
Others		1,840	2,290
		<b>4,388</b>	4,838

### 10 DEFERRED TAXATION

**This comprises:**

#### Deferred tax liabilities on taxable temporary differences

Accelerated tax depreciation	133,302	150,617
Right to recover assets	4,455	5,091
Lease liability	6	-
	<b>137,763</b>	155,708

#### Deferred tax assets on deductible temporary differences

Allowance for expected credit losses	(8,680)	(6,752)
Long term receivables	(1,526)	(2,085)
Provision for employee's compensated absences	(25,619)	(27,158)
Provision for bonuses to staff and agents	-	(10,968)
Carried forward minimum tax credit	(170,171)	(64,300)
Unabsorbed tax depreciation	(82,926)	(16,503)
Refund liability	(29,869)	(31,612)
	<b>(318,791)</b>	(159,378)

<b>Deferred tax asset</b>	<b>(181,028)</b>	(3,670)
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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

		Rupees in thousand	
		2020	2019
		Note	
<b>11</b>	<b>STORES AND SPARES</b>		
	Stores		6,877
	Spares		119,449
			<b>119,002</b>
<b>12</b>	<b>STOCK-IN-TRADE</b>		
	Raw materials		117,887
	Packing materials		389,806
	Finished goods		197,899
	Pulps, concentrates etc.	12.1	894,551
	Goods in transit		44,919
			<b>1,527,152</b>

**12.1** These include pulps amounting to Rs. (thousand) 201,736 (2019: Rs. (thousand) 378,446), held with third parties in the normal course of business.

		Rupees in thousand	
		2020	2019
		Note	
<b>13</b>	<b>TRADE DEBTS</b>		
	<b>Due from customers - unsecured, considered good</b>	13.1	136,615
	Considered doubtful		24,037
	Allowance for expected credit losses	13.4	24,037
			-
			<b>156,598</b>

**13.1** These customers have no recent history of default. For age analysis of these trade debts, refer to Note 38.1.1.

**13.2** Maximum aggregate amount due from Shezan Ampis Restaurant (associated undertaking) at the end of any month in the year was Rs. (thousand) 20 (2019: Rs. (thousand) 133). No interest has been charged on the amounts due from associated undertakings.

**13.3** No amount is receivable from the Chief Executive, Directors and Executives of the Company (2019: Rs. (thousand) Nil).

		Rupees in thousand	
		2020	2019
		Note	
<b>13.4</b>	<b>Allowance for expected credit losses</b>		
	Balance as at 01 July		29,776
	Adjustment due to adoption of IFRS 9		4,055
	Charge for the year		
	- Addition	28	2,228
	- Reversal		(12,022)
			<b>7,456</b>
			<b>7,456</b>
			(9,794)
			<b>31,493</b>
			24,037

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020

	Note	Rupees in thousand	
		2020	2019
<b>14 LOANS AND ADVANCES</b>			
Advances to distributors - secured, considered good		-	1,397
Advances - unsecured, considered good			
- Staff	14.1	3,854	6,009
- Suppliers	14.2	121,732	20,626
- Provident fund		9	-
		<b>125,595</b>	28,032

**14.1** No advances were given to the Chief Executive, Directors and Executives of the Company (2019: Rs. (thousand) Nil).

**14.2** This includes interest free advance amounting to Rs. (thousand) 90,749 (2019: Rs. (thousand) Nil) paid to Shahtaj Sugar Mills Limited (associated company) for the purchase of raw material in the normal course of business.

**14.3** Maximum aggregate amount due from associated undertakings at the end of any month in the year was Rs. (thousand) 277,770 (2019: Rs. (thousand) 174,170). No interest has been charged on the amounts due from associated undertakings.

	Note	Rupees in thousand	
		2020	2019
<b>15 TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>			
Short-term deposits		5,765	3,570
Short-term prepayments:			
- Rent		-	6,123
- Others		1,058	2,163
Interest accrued		159	637
		<b>6,982</b>	12,493

<b>16 CASH AND BANK BALANCES</b>			
Cash in hand		42,730	92,582
Cheques in hand		17,565	24,436
Cash at banks			
- Current accounts		69,885	75,481
- PLS savings accounts	16.1	72,361	41,224
		<b>202,541</b>	233,723

**16.1** The balances in the PLS savings accounts carry mark-up at the rate ranging from 5.5% to 11.50% (2019: 8% to 10.25%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

## 17 SHARE CAPITAL

	Note	Number of Shares		Rupees in thousand	
		2020	2019	2020	2019
<b>Authorized share capital:</b>					
Ordinary shares of Rs. 10/- each		<u>10,000,000</u>	<u>10,000,000</u>	<u>100,000</u>	<u>100,000</u>
<b>Issued, subscribed and paid-up share capital</b>					
Ordinary shares of Rs. 10/- each					
<b>Opening as at 01 July</b>					
- Fully paid in cash		<u>237,500</u>	237,500	<u>2,375</u>	2,375
- Issued as fully paid bonus shares	17.1	<u>8,547,100</u>	<u>7,748,500</u>	<u>85,471</u>	<u>77,485</u>
		<u>8,784,600</u>	<u>7,986,000</u>	<u>87,846</u>	<u>79,860</u>
<b>Issued during the year</b>					
- Fully paid bonus shares		<u>-</u>	<u>798,600</u>	<u>-</u>	<u>7,986</u>
<b>Closing as at 30 June</b>					
- Fully paid in cash		<u>237,500</u>	237,500	<u>2,375</u>	2,375
- Issued as fully paid bonus shares		<u>8,547,100</u>	<u>8,547,100</u>	<u>85,471</u>	<u>85,471</u>
		<u>8,784,600</u>	<u>8,784,600</u>	<u>87,846</u>	<u>87,846</u>

### 17.1 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 Honourable Sindh High Court, challenging the levy of tax under the above referred section. Since the matter is sub-judice before the Honourable Sindh High Court, the Company has retained 5% of the bonus shares issued to the plaintiff shareholders.

	Note	Rupees in thousand	
		2020	2019
<b>18 RESERVES</b>			
<b>Capital</b>			
Merger Reserve	18.1	<u>5,000</u>	5,000
<b>Revenue</b>			
General Reserve			
- At the beginning of the year		<u>2,000,000</u>	1,800,000
- Transferred from unappropriated profits		<u>-</u>	200,000
		<u>2,000,000</u>	2,000,000
Unrealized gain on remeasurement of investment - fair value through OCI			
- At the beginning of the year		<u>103</u>	292
- Additions during the year		<u>172</u>	(189)
		<u>275</u>	103
Accumulated unappropriated (loss) / profits		<u>(143,468)</u>	140,631
		<u>1,856,807</u>	2,140,734

**18.1** This reserve can be utilized by the Company, only for the purposes specified in the Companies Act, 2017.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020

	Note	Rupees in thousand	
		2020	2019
<b>19 LONG-TERM LOANS</b>			
Loans from banking institutions - secured	19.1	<b>525,171</b>	528,602
Less: Current portion shown under current liabilities		<b>(233,871)</b>	(105,720)
		<b>291,300</b>	422,882

### 19.1 Loans from banking institutions - secured

Banking Companies	Note	Limit (Rs. in million)	Loan Amount				Rate of interest
			Opening	Received	Repaid	Closing	
Rupees in thousand							
MCB Bank Limited	19.2	550	528,602	-	105,720	422,882	3 months KIBOR + 0.25%
Habib Metropolitan Bank	19.3	170	-	102,289	-	102,289	SBP + 1.95%
			528,602	102,289	105,720	525,171	

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

**19.3** This represents loan obtained under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns (the Scheme) offered by State Bank of Pakistan to mitigate the effect of COVID-19 on employment in Pakistan. The facility has an aggregate sanctioned limit of Rs. 170 million. The facility is secured against initial ranking charge on plant and machinery upto Rs. 227 million. The difference between cash received and present value of cash outflow upon initial recognition has been recognised as deferred grant in accordance with the Circular No. 11 / 2020 dated 17 August 2020 issued by the Institute of Chartered Accountants of Pakistan.

	Rupees in thousand	
	2020	2019
<b>20 LEASE LIABILITIES</b>		
Opening balance	-	-
Effect of adoption IFRS-16	<b>55,620</b>	-
As at 01 July - restated	<b>55,620</b>	-
Additions during the year	<b>9,360</b>	-
Accretion of interest	<b>7,300</b>	-
Payments	<b>(12,066)</b>	-
As at 30 June	<b>60,214</b>	-
Present value of lease payments	<b>60,214</b>	-
Less: Current portion shown under current liabilities	<b>6,049</b>	-
	<b>54,165</b>	-



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020

Lease payment and their present value are regrouped as below:

	2020		
	Lease payments	Finance cost for future periods	Present value of lease payments
Rupees in thousand			
Not later than one year	13,253	7,204	6,049
Later than one year but not later than five years	58,815	19,028	39,787
Later than five years	16,508	2,130	14,378
	<b>88,576</b>	<b>28,362</b>	<b>60,214</b>

	Note	2020	2019
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### 21 TRADE AND OTHER PAYABLES

Due to related parties	21.1	41,578	47,050
Creditors		335,260	485,687
Deposits	21.2	44,290	61,309
Accrued expenses		58,735	100,418
Provision for compensated absences		92,950	96,685
Payable to staff provident fund		-	215
Sales tax payable		136,307	56,012
Workers' Profit Participation Fund	21.3	-	7,997
Workers' Welfare Fund	21.4	-	250
Taxes and other payables		12,306	11,040
Other liabilities	21.5	17,108	3,300
		<b>738,534</b>	869,963

**21.1** The amounts due to related parties are in the normal course of business and relate to:

Shezan Services (Private) Limited	21.1.1	41,554	47,050
Shahnawaz (Private) Limited		20	-
Shezan Ampis Restaurant		4	-
		<b>41,578</b>	47,050

**21.1.1** This represents the royalty payable to Shezan Services (Private) Limited (an associated undertaking on the basis of common directorship) having registered office at 19, West Wharf, Dockyard Road, Karachi, Pakistan.

**21.2** Agreements with the distributors give the Company the right to utilize these deposits in the normal course of business. The deposits are unsecured and repayable on demand.

	Note	2020	2019
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### 21.3 Workers' Profit Participation Fund

<b>Balance as at 01 July</b>		<b>7,997</b>	26,328
Allocation for the year	28	-	7,997
		<b>7,997</b>	34,325
Interest on funds utilized in the Company's business	30	86	509
		<b>8,083</b>	34,834
Less: amount paid to the fund's trust		<b>8,083</b>	26,837
<b>Balance at 30 June</b>		<b>-</b>	7,997

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020

	Note	Rupees in thousand	
		2020	2019
<b>21.4 Workers' Welfare Fund</b>			
<b>Balance as at 01 July</b>		<b>250</b>	14,857
Allocation for the year		-	-
Less: amount paid with annual return		-	11,025
Less: reversal	29	<b>(250)</b>	(3,582)
<b>Balance at 30 June</b>		<b>-</b>	250

**21.5** This includes Rs. (thousand) 1,421 (2019: Rs. (thousand) 2,627) payable to various executives.

		Rupees in thousand	
		2020	2019
<b>22 SHORT-TERM BORROWINGS - secured</b>		<b>744,035</b>	376,383

The aggregate short term borrowings available from commercial banks under mark-up / interest arrangements are Rs. (thousand) 2,625,000 (30 June 2019: Rs. (thousand) 2,125,000). The un-utilized portion of the said facility amounts to Rs. (thousand) 1,880,965 (30 June 2019: Rs. (thousand) 1,748,617).

The rate of mark-up / interest on short-term borrowings ranges between 1 month KIBOR / 3 months 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 quarterly.

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) 3,848,000 (30 June 2019: Rs. (thousand) 2,314,000) and Rs. (thousand) 1,067,000 (30 June 2019: Rs. (thousand) 400,000), respectively.

The un-utilized facility for opening letters of credit and for guarantees amounts to Rs. (thousand) 528,414 (30 June 2019: Rs. (thousand) 204,544) and Rs. (thousand) 80,692 (30 June 2019: Rs. (thousand) 64,569), respectively.

## 23 CONTINGENCIES AND COMMITMENTS

### 23.1 Contingencies

The Company has following contingencies outstanding as at year end. No provision has been made in these financial statements, since management of the Company based on its advisors' opinion, is confident that the outcome of the cases will be in the favor of the Company.

Tax matters - Aggregate exposure of the following tax cases amounts to Rs. (thousand) 507,176.

- i. The Company filed its income tax return by claiming income tax refunds of Rs. (thousand) 9,737 for the tax year 2003. The Deputy Commissioner Inland Revenue (the DCIR), vide amended order dated 31 May 2007 under section 122(1) of the Income Tax Ordinance, 2001 (the Ordinance), reduced income tax refunds to Rs. (thousand) 6,062 for the tax year 2003. The Company challenged the said order before the Commissioner Inland Revenue (Appeals) [the CIR(A)], who vide the appellate order dated 31 January 2008 confirmed the amended order of the DCIR. The Company filed appeal before the Appellate Tribunal Inland Revenue (the ATIR), which vide the appellate order dated 25 September 2017 deleted some additions made by the CIR(A) and confirmed the remaining additions made by the DCIR. Against the said order of the ATIR, the Company has filed a reference application before the Honourable Lahore High Court, Lahore (LHC) to contest the additions confirmed by the ATIR, which is pending adjudication.
- ii. The Company filed its income tax return by claiming tax refunds of Rs. (thousand) 2,565 for the tax year 2004. The Additional Commissioner Inland Revenue (the ADCIR), vide amended order dated 30 December 2009 under section 122(5A) of the Ordinance, created tax demand of Rs. (thousand) 39,788 for tax Year 2004. The Company challenged the said order before the CIR(A), who vide order dated 13 June 2011, deleted and confirmed certain additions made by the ADCIR. Against the order of the CIR(A), the Company filed appeal before the ATIR, who vide Order dated 14 December 2012, allowed the desired relief and decided the case in the Company's favour. Accordingly, the refunds of the Company were established to be Rs. (thousand) 16,403, however the Commissioner Inland Revenue (the CIR) has filed a reference application pertaining to case of capital gain on

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

merger of wholly owned subsidiary, M/s. Hattar Fruit Products Limited (now merged into the Company) before the Honourable Lahore High Court, Lahore, which is pending adjudication.

- iii. The Company filed its income tax return by claiming tax refunds of Rs. (thousand) 19,319 for the tax year 2010. The Additional Commissioner Inland Revenue (the ADCIR), vide amended assessment order dated 30 June 2016 under section 122(5A) of the Ordinance, created tax demand of Rs. (thousand) 12,392 for tax Year 2010. The Company has challenged the said order before the CIR(A), who vide order dated 19 March 2020, deleted the additions on four (4) heads out of the total five (5) heads and confirmed the addition in one head i.e. addition in respect of WPPF Allowance. Against the order of the CIR(A), the Company filed appeal before the ATIR, which is pending adjudication.
- iv. The Company filed its income tax returns by claiming tax refunds of Rs. (thousand) 5,879 and Rs. (thousand) 17,329 for the tax year 2012 and 2016 respectively. The ADCIR, vide amended assessment orders dated 28 February 2018 and 30 December 2017 under section 122(5A) of the Ordinance, created tax demand of Rs. (thousand) 28,129 and Rs. (thousand) 5,785 for tax years 2012 and 2016 respectively. The Company has challenged the said orders before the CIR(A), which are pending adjudication.
- v. The Company filed its income tax return by claiming tax refunds of Rs. (thousand) 71,211 for the tax year 2015. The DCIR, vide amended assessment order dated 30 November 2018 under section 122(5) of the Ordinance, reduced refunds to Rs. (thousand) 19,975 for tax year 2015. The Company challenged the said order before the CIR(A), who vide order dated 23 January 2020 deleted and confirmed additions under certain accounts / heads. Against the order of the CIR(A), the Company filed appeal before the ATIR, which is pending adjudication.
- vi. The Company filed its income tax return by claiming tax refunds of Rs. (thousand) 4,591 for the tax year 2018. The ADCIR, vide amended assessment order dated 11 February 2020 under section 122(5A) of the Ordinance, created tax demand of Rs. (thousand) 141,357 for tax Year 2018. The Company challenged the said order before the CIR(A), who vide order dated 08 June 2020, deleted and confirmed the additions on certain heads in the original assessment order. The Company as well as the tax department contested the appellate order of the CIR(A) before the ATIR, which is pending adjudication.
- vii. The DCIR, vide order dated 25 January 2016 under section 161/205 of the Ordinance, created tax demand of Rs. (thousand) 1,137 for tax Year 2010. The Company challenged the said order before the CIR(A) who vide Order dated 20 December 2019 annulled the said order with the direction to the DCIR to issue order by properly examine the record. However, so far, the DCIR has not issued any notice to initiate the remand back proceedings.
- viii. The DCIR, vide order dated 23 April 2015 issued under section 161/205 of the Ordinance, created tax demand of Rs. (thousand) 1,005 for tax Year 2012. The Company challenged the said order before the CIR(A) who vide Order dated 29 November 2017 reduced the tax demand to Rs. (thousand) 673 from Rs. (thousand) 1,005. Again, the Company has contested the appellate Order of the CIR(A) before the ATIR, which is pending adjudication.
- ix. The DCIR, vide order dated 23 April 2015 under section 161/205 of the Ordinance, created tax demand of Rs. (thousand) 991 for tax Year 2013. The Company challenged the said order before the CIR(A) who vide order dated 22 December 2017 deleted the tax demand levied by the DCIR. The tax department has contested the appellate order of the CIR(A) before the ATIR, which is pending adjudication.
- x. The DCIR, vide order dated 30 November 2015 under section 161/205 of the Ordinance, created tax demand of Rs. (thousand) 1,054 for tax Year 2014. The Company challenged the said order before the CIR(A) who vide order dated 26 November 2018 remanded back the case for denovo consideration. However, so far the DCIR has not issued any notice to initiate remand back proceedings.
- xi. The DCIR, vide order dated 29 September 2016 under section 161/205 of the Ordinance, created tax demand of Rs. (thousand) 839 for tax Year 2015. The Company challenged the said order before the CIR(A) who vide appellate order dated 06 April 2020 annulled the order dated 29 September 2016 with the direction to the DCIR to issue order after properly examining the record. However, so far, the DCIR has not issued any notice to initiate the remand back proceedings.
- xii. The DCIR, vide order dated 27 May 2017 under section 161/205 of the Ordinance, created tax demand of Rs. (thousand) 812 for tax Year 2016. The Company has challenged the said order before the CIR(A), which is pending adjudication.
- xiii. The DCIR, vide order dated 14 December 2018 under section 161/205 of the Ordinance, created tax demand of



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020

Rs. (thousand) 1,313 for tax Year 2017. The Company has filed appeal before the CIR(A) who vide Order dated 24 October 2019 deleted the impugned tax demand. Further, the tax authorities have also filed appeal before the ATIR, which is pending adjudication.

- xiv.** The DCIR, vide order in Original No. 02/2017 dated 26 July 2020 under section 48 of the Sales Tax Act, 1990 (the Act), created sales tax demand of Rs. (thousand) 3,886 and penalty of Rs. (thousand) 116 relating to the tax period July 2013 to June 2014. Against the said order, the Company has filed appeal before the CIR(A) which is pending adjudication. The Company has paid 10% of the sales tax demand amounting to Rs. (thousand) 388 in order to obtain automatic stay under section 48 of the Act against recovery of the sales tax demand.
- xv.** The ADCIR, vide order dated 11 April 2018 under section 14 & 19 of Punjab Sales Tax on Services Act, 2012, created tax demand of Rs. (thousand) 229,838. Against the said order, the Company has filed appeal before Commissioner Appeals, Punjab Revenue Authority, which is pending adjudication. Further, the Company has paid Rs. (thousand) 15,000 out of the total tax demand of Rs. (thousand) 229,838. Additionally, the Company approached the Honourable Lahore High Court, Lahore (LHC) by filing writ petition to challenge the constitution of Punjab Revenue Authority, however, the LHC decided writ petition against the Company. Against the said decision, the Company has filed intra court appeal before the Division Bench of Lahore High Court, which is pending adjudication.

### Other matters

- xvi.** Claim of Punjab Employees Social Security Institution (PESSI) for Rs. (thousand) 2,379 (2019: Rs. (thousand) 2,379) is not acknowledged as debt by the Company.
- xvii.** Subsequent to the decision of the Honourable Supreme Court of Pakistan in suo moto case no. 26 of 2018 regarding use of ground or surface water by bottling and beverage companies, the Company is subject to a potential water charge of Rs. 1/- per liter on extraction of ground or surface water. The Company is actively contesting this decision of the Honourable Supreme Court of Pakistan and has filed a review petition.

Meanwhile, the implementation bench of the Honourable Supreme Court of Pakistan in the above suo moto case has conducted various hearings during the year. Since this water charge has a significant impact therefore on the representations of various affected companies, the Honourable Supreme Court of Pakistan has issued an interim order for the payment of 25% of the bills, based on production data of each company, issued by various Government agencies in this regard till the installation of water flow meters by the respective Government agencies and also framing of legislation by all the federal and provincial authorities. During the year, the Company has recognised an expense of Rs. (thousand) 30,013 based on 25% of production volume of beverages for the period from July 2019 to June 2020 in line with the Honourable Supreme Court's order. However, remaining potential charge, the amount of which cannot be quantified since the matter is subjudice, has been recognised as a contingency.

### 23.2 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) 21,586 (30 June 2019: Rs. (thousand) 45,456).
- ii.** Guarantees issued by the banks in favor of the Company in the ordinary course of business, amounted to Rs. (thousand) 52,089 (30 June 2019: Rs. (thousand) 45,431).

	Note	Rupees in thousand	
		2020	2019
<b>24 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET</b>			
Domestic		<b>9,306,713</b>	9,396,630
Export		<b>367,842</b>	251,934
		<b>9,674,555</b>	9,648,564
Less: Discounts and incentives		<b>311,993</b>	313,832
Sales tax		<b>1,626,657</b>	1,630,635
Federal excise duty		<b>422,863</b>	-
	24.1	<b>7,313,042</b>	7,704,097

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

**24.1** This includes sales relating to trading activities amounting to Rs. (thousand) 9,378 (2019: Rs. (thousand) 8,836).

**24.2** All the revenue is recognized at a point in time.

**24.3** The Company's net revenue disaggregated by major product lines is as follows:

	Note	Rupees in thousand	
		2020	2019
Juices and drinks		6,024,616	6,411,493
Others		1,288,426	1,292,604
		<b>7,313,042</b>	7,704,097

#### 24.4 The Company's continent wise export sales are as follows:

Europe		207,657	136,166
America		116,798	79,070
Asia		22,527	14,362
Australia		20,860	19,072
Africa		-	3,264
		<b>367,842</b>	251,934

#### 25 COST OF REVENUE

Manufacturing	25.1	6,206,280	6,165,164
Trading	25.3	7,553	7,594
		<b>6,213,833</b>	6,172,758

#### 25.1 Cost of revenue - Manufacturing

##### Raw materials consumed:

Opening stock		117,887	134,289
Add: Purchases during the year		1,763,922	1,980,013
Less: Production of pulps, concentrates		475,541	721,271
Closing stock		93,461	117,887
		<b>1,312,807</b>	1,275,144

##### Pulps, concentrates etc. consumed:

Opening stock		894,551	860,270
Add: Purchases during the year		340,107	411,920
Production/processing during the year		475,541	721,271
Less: Transferred to other spoilages		167	7,078
Closing stock		729,515	894,551
		<b>980,517</b>	1,091,832

##### Packing materials consumed:

Opening stock		389,806	466,152
Add: Purchases during the year		2,812,239	2,556,213
Less: Cost transferred to expenses		12,293	18,063
Closing stock		500,818	389,806
		<b>2,688,934</b>	2,614,496

##### Factory expenses:

Salaries, wages and amenities	25.2	313,108	333,381
Stores and spares consumed		70,147	88,081
Travelling and conveyance		3,705	3,488
Repairs and maintenance		172,253	180,127
Insurance		3,717	3,355
Fuel and power		343,648	297,973
Inward freight and loading/unloading		11,683	8,913
Utilities		53,305	51,519
Loss on disposal of empties	29.1	11,722	15,761
General expenses		7,985	11,455
Depreciation	6.3	216,190	162,627
		<b>1,207,463</b>	1,156,680

##### Cost of production

Add: Finished goods - opening stock		195,339	222,351
Less: Finished goods - closing stock		178,780	195,339
		<b>6,206,280</b>	6,165,164



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020

**25.2** This include Company's contribution to provident fund amounting to Rs. (thousand) 1,736 (2019: Rs. (thousand) 1,617).

	Note	Rupees in thousand	
		2020	2019
<b>25.3 Cost of revenue - Trading</b>			
Finished goods - Opening stock		2,560	1,382
Add: Purchases during the year		6,120	8,772
Less: Finished goods - Closing stock		1,127	2,560
		<b>7,553</b>	7,594

### 26 DISTRIBUTION COSTS

Salaries, wages and amenities	26.1	328,412	344,470
Postage and telephone		2,773	3,237
Travelling and conveyance		48,836	47,327
Repairs and maintenance	26.2	41,368	48,657
Insurance		5,782	7,780
Utilities		9,821	8,984
Stationery and printing		955	1,230
Rent, rates and taxes		29,457	28,072
Advertising and promotions		21,475	93,535
Outward freight and distribution		130,586	162,411
Staff sales incentive		9,654	11,295
Petrol, oil and lubricants		86,406	104,675
General expenses		4,018	8,112
Depreciation	6.3	80,367	70,090
		<b>799,910</b>	939,875

**26.1** This include Company's contribution to provident fund amounting to Rs. (thousand) 2,203 (2019: Rs. (thousand) 2,205).

**26.2** This include loss on disposal of shells amounting to Rs. (thousand) 5,992 (2019: Rs. (thousand) 10,634).

	Note	Rupees in thousand	
		2020	2019
<b>27 ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and amenities	27.1	239,226	235,788
Postage and telephone		5,047	5,354
Travelling and conveyance		8,507	7,199
Repairs and maintenance		8,199	12,922
Insurance		10,206	8,792
Utilities		5,463	5,806
Stationery and printing		4,039	6,439
Rent, rates and taxes		26,535	28,568
Auditors' remuneration	27.2	3,624	3,339
Legal and professional		3,095	4,777
Donations	27.3	712	1,685
General expenses		6,502	9,418
Depreciation	6.3	12,295	12,248
		<b>333,450</b>	342,335

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020

**27.1** This include Company's contribution to provident fund amounting to Rs. (thousand) 2,615 (2019: Rs. (thousand) 2,544).

	Note	Rupees in thousand	
		2020	2019
<b>27.2 Auditor's remuneration</b>			
Audit fee		<b>1,250</b>	1,250
Tax consultancy services		<b>1,185</b>	985
Miscellaneous certification and limited review charges etc.		<b>875</b>	872
Out of pocket expenses		<b>314</b>	232
		<b>3,624</b>	3,339

**27.3** None of the Directors or their spouses had any interest in any of the donees.

### 28 OTHER OPERATING EXPENSES

Miscellaneous spoilage		<b>13,095</b>	13,303
Barrel depreciation	6.3	<b>18,314</b>	15,534
Royalty to related party - Shezan Services (Private) Limited	21.1.1	<b>78,300</b>	83,039
Workers' Profit Participation Fund	21.3	-	7,997
Loss on disposal of property, plant and equipment	29.1	<b>233</b>	391
Unrealized foreign exchange loss		<b>1,913</b>	-
Allowance for expected credit losses	13.4 & 8	<b>9,179</b>	-
		<b>121,034</b>	120,264

### 29 OTHER INCOME

#### Income from financial assets

Profit on bank deposits		<b>4,780</b>	4,313
Dividend income		<b>73</b>	104
Realized foreign exchange gain		<b>3,604</b>	9,778
		<b>8,457</b>	14,195

#### Income from non-financial assets

Gain on disposal of property, plant and equipment	29.1	<b>10,948</b>	7,774
Expected credit losses of trade debts - reversal	13.4	-	9,794
Un-winding of interest on long term receivables	8	<b>4,456</b>	4,361
Reversal of discounting adjustment	8	-	2,653
Reversal of Workers Welfare Fund - excess provision	21.4	<b>250</b>	3,582
Unwinding of deferred grant		<b>449</b>	-
Sale of scrap		<b>34,941</b>	48,905
		<b>51,044</b>	77,069
		<b>59,501</b>	91,264

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020

### 29.1 Gain / (loss) on disposal of property, plant and equipment

Description	Cost	Net Book Value	Sale Proceeds	Gain / (loss)	Purchaser	Mode
	Rupees in thousand					
Tetra Pak machine TBA-8	35,631	5,846	12,000	6,154	Dairy Engineering	Negotiation
Empty bottles, shells, pallets and barrels with book value less than Rs. (thousand) 500	99,697	44,178	40,897	(3,281)	Various parties	Negotiation
Other assets with book value less than Rs. (thousand) 500	15,666	2,094	10,169	8,075	Various parties	Negotiation
<b>30 June 2020</b>	<b>150,994</b>	<b>52,118</b>	<b>63,066</b>	<b>10,948</b>		
30 June 2019	77,084	24,560	32,334	7,774		

#### Less: Loss on disposal of empty bottles, shells and pallets transferred to:

Cost of revenue	29,046	11,722	-	(11,722)
Distribution cost	18,055	5,992	-	(5,992)
Other operating expenses	1,697	233	-	(233)
	48,798	17,947	-	(17,947)
<b>30 June 2020</b>	<b>199,792</b>	<b>70,065</b>	<b>63,066</b>	<b>(6,999)</b>
30 June 2019	157,154	51,346	32,334	(19,012)

	Note	Rupees in thousand	
		2020	2019

### 30 FINANCE COSTS

#### Interest / mark-up on:

Short-term borrowings	21.3	129,780	48,576
Workers' Profit Participation Fund		86	509
Accretion of interest on lease liabilities		7,300	-
Long-term loan		66,160	15,737
		203,326	64,822
Bank charges		3,660	3,373
		206,986	68,195

### 31 TAXATION

#### Current tax:

- Current year	109,643	67,108
- Prior years	829	-
	110,472	67,108

#### Deferred tax:

- Relating to origination and reversal of temporary differences	(177,358)	(28,248)
	(66,886)	38,860

**31.1** The numerical reconciliation between the average tax rate and applicable tax rate has not been presented in these financial statements as the total income of the Company attracts minimum tax under section 113 of the Income Tax Ordinance, 2001 and its export sales fall under final tax regime.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

	Note	Rupees in thousand	
		2020	2019
<b>32 (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED</b>			
Net (loss) / profit after tax		<b>(235,784)</b>	113,074
		Number of shares	
Weighted average number of ordinary shares at the end of the year (in thousand)		<b>8,785</b>	8,785
		Rupees per share	
(Loss) / earnings per share - (basic / diluted)		<b>(26.84)</b>	12.87

**32.1** Diluted earnings per share has not been disclosed, as the Company has not issued an instrument which would have an impact on earnings per share, when exercised.

## 33 CAPACITY AND PRODUCTION

	Normal Annual Capacity		Actual Production	
			2020	2019
Bottling plant	7,800,000	Crates	<b>4,248,004</b>	5,465,328
Tetra Pak plant	70,350,000	Dozens	<b>33,416,941</b>	34,646,986
Squashes and syrups plant	770,000	Dozens	<b>236,169</b>	343,787
Jams and ketchup plant	5,275,000	Dozens	<b>2,088,895</b>	2,270,218
Pickles plant	145,000	Dozens	<b>117,722</b>	99,437
Canning plant	250,000	Dozens	<b>34,167</b>	63,364

The normal annual capacity, as shown above, has been worked out on the basis of 350 working days (2019: 350 working days) except for bottling plant and squashes and syrups plant, which have been worked out on 150 days because of the seasonal nature of the business of the Company.

The variance between normal and actual production is because of the changes in demand and supply conditions along with impact of weather on consumer preferences and impact of COVID-19.

## 34 REMUNERATION OF CHIEF EXECUTIVE, PAID DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2020	2019	2020	2019	2020	2019
<b>Total number</b>	<b>1</b>	1	<b>2</b>	2	<b>6</b>	6
	Rupees in thousand					
Basic salary	<b>3,600</b>	3,600	<b>6,000</b>	6,300	<b>11,772</b>	11,634
Provident fund contribution	<b>300</b>	300	<b>350</b>	350	<b>981</b>	970
Allowances and benefits						
House rent	<b>900</b>	900	<b>900</b>	900	<b>2,700</b>	2,700
Dearness	<b>1,230</b>	948	<b>1,230</b>	948	<b>6,876</b>	5,292
Special	<b>960</b>	780	<b>960</b>	780	<b>816</b>	816
Utilities	<b>648</b>	480	<b>648</b>	480	<b>1,890</b>	1,408
Medical	<b>12</b>	2	-	-	<b>383</b>	352
Bonus	<b>300</b>	900	<b>350</b>	1,050	<b>981</b>	2,897
Ex-gratia	<b>750</b>	300	<b>875</b>	350	<b>2,452</b>	958
	<b>8,700</b>	8,210	<b>11,313</b>	11,158	<b>28,851</b>	27,027

**34.1** Fees amounting to Rs. (thousand) 520, Rs. (thousand) 440 and Rs. (thousand) 200 (2019: Rs. (thousand) 640, Rs. (thousand) 480 and Rs. (thousand) 80) has been paid to non-executive directors for attending Board meetings (No. of Directors: 4 (2019: 5), Audit Committee meetings (No. of Directors: 4 (2019: 4) and Human Resource Committee meetings (No. of Directors: 3 (2019: 2), respectively.

**34.2** The Company also provides the Chief Executive, certain Directors and executives with Company maintained vehicles, partly for personal and partly for business purposes.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

## 35 TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise related group companies, associates, staff provident fund, Directors and key management personnel. Amount due to / from related parties are shown under receivables and payables respectively. Transactions with related parties and associated undertakings, other than remuneration and benefits to key management personnel under the terms of their of employment are as follows (For remuneration and benefits to key management personnel please refer to Note 34):

Name of Related Party	Nature of Transaction	Rupees in thousand	
		2020	2019
<b>Associates</b>			
Shahtaj Sugar Mills Limited	Purchases of raw materials	<b>637,148</b>	801,302
	Sales of finished goods	-	63
Shahtaj Textile Mills Limited	Sales of finished goods	-	258
Shahnawaz Engineering (Private) Limited	Sales of finished goods	<b>1</b>	25
Shezan Services (Private) Limited	Royalty expense	<b>78,300</b>	83,039
Shahnawaz (Private) Limited	Sales of finished goods	<b>3</b>	87
	Purchases/repairs of electric equipment/vehicles	<b>20</b>	114
Shezan Ampis Restaurant	Sales of finished goods	<b>46</b>	55
<b>Staff Provident Fund Trust</b>	Contributions paid	<b>6,553</b>	6,366

**35.1** Following are the details of related parties with whom the Company has entered into transactions or have arrangements / agreements in place during the year:

Name of Related Party	Relationship	Percentage of Shareholding in the Company	
		2020	2019
Shahtaj Sugar Mills Limited	Common Directorship	-	-
Shahtaj Textile Mills Limited	Common Directorship	-	-
Shahnawaz Engineering (Private) Limited	Common Directorship	-	-
Shezan Services (Private) Limited	Common Directorship	<b>0.2942%</b>	0.2942%
Shahnawaz (Private) Limited	Common Directorship	-	-
Mr. Muneer Nawaz	Chairman	<b>7.5047%</b>	7.5047%
Mr. Mahmood Nawaz (Late)	Director	<b>9.7103%</b>	9.7103%
Mr. M. Naeem	Director	<b>0.6135%</b>	0.6135%
Mr. Humayun A. Shahnawaz	Chief Executive	<b>4.1948%</b>	4.1948%
Mr. Rashed Amjad Khalid	Director	<b>1.8288%</b>	1.8288%
Ms. Manahil Shahnawaz	Director	<b>2.0367%</b>	2.0367%
Mr. Muhammad Khalid	Independent Director	<b>0.0063%</b>	0.0063%
Mr. Shahid Hussain Jatoi	Independent Director	-	-
Mr. Waseem Amjad Mehmood	Key Management Personnel	<b>0.0051%</b>	0.0051%
Mr. Abbas Raza	Key Management Personnel	-	-
Mr. Hamid Ijaz	Key Management Personnel	-	-
Mr. Faisal Ahmad Nisar	Key Management Personnel	-	-
Mr. Nasim Tariq	Key Management Personnel	-	-
Mr. Atta Ul Noor	Key Management Personnel	-	-

**35.2** New Board of Directors were elected on 28th June 2020. However, no transaction is carried out with new Board members during the year.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

## 36 PROVIDENT FUND TRUST

The Company has maintained an employees' provident fund trust and investments out of the provident fund has been made in accordance with the provisions of section 218 of the Companies Act, 2017, and the rules formulated for this purpose. The salient information of the fund is as follows:

	Note	Rupees in thousand	
		2020	2019
Size of the fund		<b>213,314</b>	195,928
Percentage of the investments made		<b>100.8%</b>	100.5%
Fair value of investments	36.1	<b>214,941</b>	196,856
Cost of investments made		<b>214,716</b>	198,811

Break-up of the investments in terms of amount and percentage of the size of the provident fund are as follows:

	Investment as a % of size of the fund		Investment Rupees in thousand	
	2020	2019	2020	2019
<b>36.1 Breakup of investment</b>				
Listed securities and mutual fund units	<b>14.8%</b>	15.3%	<b>31,835</b>	30,124
Placements/certificates	<b>82.3%</b>	82.4%	<b>176,824</b>	162,137
Cash at PLS saving accounts	<b>2.9%</b>	2.3%	<b>6,282</b>	4,595
	<b>100%</b>	100%	<b>214,941</b>	196,856

**36.2** Current year figures are based on un-audited financial statements of the Provident Fund Trust (2019: Un-audited).

	No. of Persons	
	2020	2019
<b>37 NUMBER OF EMPLOYEES</b>		
Total number of employees as at the reporting date	<b>289</b>	303
Average number of employees during the year	<b>297</b>	305

## 38 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, foreign currency risk, interest rate risk and equity price risk. The management reviews and agrees policies for managing each of these risks which are summarized below.

### 38.1 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. The Company does not believe it is exposed to major concentration of credit risk, however to manage any possible exposure the Company applies approved credit limits to its customers.

The management monitors and limits Company's exposure to credit risk through monitoring of client's credit exposure review and conservative estimates of allowance for expected credit loss.

The Company is exposed to credit risk on long-term receivables, trade debts, deposits, loans and advances and interest accrued. The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020

	Carrying Values Rupees in thousand	
	2020	2019
Long-term investment	2,650	2,478
Long-term receivables	27,930	35,340
Long-term deposits	4,388	4,838
Trade debts - unsecured	188,091	160,652
Loans and advances	3,854	6,009
Trade deposits and other receivables	5,924	4,207
Bank balances	142,246	116,705
Cheques in hand	17,565	24,436
	<b>392,648</b>	354,665

The credit quality of financial assets can be assessed by reference to external credit ratings or the historical information about counter party defaults as shown below:

	Rupees in thousand	
	2020	2019
<b>38.1.1 Trade Debt</b>		
<b>Geographically:</b>		
Pakistan	124,179	114,512
Europe	37,976	20,020
Africa	17,967	17,967
Asia	7,002	74
America	2,879	5,906
Australia	-	2,173
	<b>190,003</b>	160,652

Breakup of export debts into significant categories is as follows:

Cash against documents	17,967	17,967
Documents against payment	-	28,173
	<b>17,967</b>	46,140

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, 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 maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The letters of credit and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020

Set out below is the information about the credit risk exposure on the Company's trade debts using a provision matrix:

	1 - 30 days	31 - 60 days	61 - 90 days	91 - 120 days	121 - 150 days	Over 150 days	Total
Rupees in thousand							
<b>As at 30 June 2020</b>							
Expected credit loss rate	0.04%	0.39%	1.87%	13.25%	40.71%	85.72%	
Estimated total gross carrying amount at default	115,518	18,405	11,790	6,159	5,208	32,923	190,003
Expected credit loss	42	72	220	816	2,120	28,223	31,493
<b>As at 30 June 2019</b>							
Expected credit loss rate	0.14%	0.82%	4.13%	17.73%	39.19%	81.22%	
Estimated total gross carrying amount at default	63,839	58,189	6,369	4,043	1,013	27,199	160,652
Expected credit loss	89	480	263	717	397	22,091	24,037

As at 30 June 2020, trade debts of Rs. (thousand) 31,493 (2019: Rs. (thousand) 24,037) were impaired and provided for. This includes Rs. (thousand) 17,967 (2019: Rs. (thousand) 13,475) in respect of export sales made to Zara General Trading, Angola.

	Rupees in thousand	
	2020	2019
<b>38.1.2 Loans and advances</b>		
Not due yet	3,854	6,009

### 38.1.3 Bank balances and cheques in hand

Credit risk from balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's Finance Committee. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

Banks	Rating Agency	Category		Rupees in thousand	
		Short term	Long term	2020	2019
United Bank Limited	JCR-VIS	A1+	AAA	9,699	15,634
The Bank of Khyber	PACRA	A1	A	297	15
Bank AL-Habib Limited	PACRA	A1+	AA+	48,255	16,318
National Bank of Pakistan	PACRA	A1+	AAA	25,317	28,304
HBL Pakistan	JCR-VIS	A1+	AAA	58,283	56,422
Bank Alfalah Limited	PACRA	A1+	AA+	395	12
Cheques in hand				17,565	24,436
				<b>159,811</b>	141,141

**38.1.4** With respect to credit risk arising from other financial assets of the Company, the Company's management assesses exposure to such risk to be minimal based on past experience and is restricted to the carrying amount of those assets.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020

### 38.2 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its commitments associated with financial liabilities when they fall due. Liquidity requirements are monitored regularly and management ensures that sufficient liquid funds are available to meet any commitments as they arise.

Financial liabilities are analyzed below, with regard to their remaining contractual maturities:

	2020		
	Maturity Upto One Year	Maturity After One Year	Total
	Rupees in thousand		
Long-term loan - secured - net	233,871	291,300	525,171
Short-term borrowings - secured	744,035	-	744,035
Lease liabilities	6,049	54,165	60,214
Trade and other payables	589,921	-	589,921
Mark up accrued on borrowings	42,011	-	42,011
	<b>1,615,887</b>	<b>345,465</b>	<b>1,961,352</b>

	2019		
	Maturity Upto One Year	Maturity After One Year	Total
	Rupees in thousand		
Long term loan - secured - net	105,720	422,882	528,602
Short-term borrowings - secured	376,383	-	376,383
Trade and other payables	688,027	-	688,027
Mark up accrued on borrowings	27,724	-	27,724
	<b>1,197,854</b>	<b>422,882</b>	<b>1,620,736</b>

### 38.3 Market Risk

#### 38.3.1 Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the export of its products and import of some chemicals. The Company does not view hedging as financially viable considering the materiality of transactions.

#### Sensitivity analysis

With all other variables remain constant, a 1% change in the rupee dollar parity existing at 30 June 2020 would have affected the statement of profit or loss and liabilities and equity by Rs. (thousands) 631 (2019: Rs. (thousands) 461).

#### 38.3.2 Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rate will affect the value of financial instruments. The Company is exposed to interest rate risk for long-term loan, short-term borrowings and bank deposits, which have been disclosed in the relevant note to the financial statements.

#### Sensitivity analysis

If interest rates at the year end, fluctuate by 100 basis points higher / lower, profit for the year would have been Rs. (thousand) 12,046 (2019: Rs. (thousand) 8,638) higher / lower. This analysis is prepared assuming that all other variables held constant and the amounts of liabilities outstanding at the financial position dates were outstanding for the whole year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

## 38.4 Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. Capital includes ordinary share capital and reserves.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue of new shares.

Consistent with industry norms, the Company monitors its capital on the basis of gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings as shown in the statement of financial position less cash and cash equivalent. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt (as defined above).

The Company finances its operations through equity, short-term borrowing and managing working capital.

	Rupees in thousand	
	2020	2019
<b>Gearing ratio</b>		
Net Debt		
Long term loans	525,171	528,602
Short-term borrowings	744,035	376,383
Cash and bank balances	(202,541)	(233,723)
	<b>1,066,665</b>	671,262
<b>Total Equity</b>	<b>1,949,653</b>	2,233,580
<b>Total Capital</b>	<b>3,016,318</b>	2,904,842
<b>Gearing (%)</b>	<b>35%</b>	23%

Under the terms of major borrowing facilities, the Company is required to comply with certain financial covenants in respect of the loans as referred to in Note 19 to these financial statements. The Company has not complied with the debt servicing coverage ratio, interest coverage ratio, current ratio and linkage covenants as at year end. The respective financial institution through its letter dated 16 September 2020 has principally agreed to provide a waiver in respect of these breaches subject to the issuance of the annual financial statements for the year ended 30 June 2020.

## 38.5 Fair value of financial instruments

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Fair value is determined on the basis of objective evidence at each reporting date.

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair values are observable either, directly or indirectly.

Level 3: Techniques which uses inputs that have a significant effect on the recorded fair value that are not based on observable market data.

At 30 June, the Company had following financial instruments with respect to their level of fair value modelling:

Fair value is determined on the basis of objective evidence at each reporting date.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

Level 1	Level 2	Level 3
Rupees in thousand		

## 2020

Investment	2,650	-	-
2019			
Investment	2,478	-	-

## 39 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 Chief Executive. The Chief Executive considers the business from the product perspective and evaluates performance on the basis of their profit or loss. As at 30 June 2020, the Company is organized into two operating segments based on their products.

### Juices and drinks

Juice drinks activities include bottled as well as juices in tetra pak packings.

### Others

Other operating activities include pickles, ketchup, sauces, jams etc.

### Segment analysis of profit and loss account for the year ended 30 June 2020:

	Juices and Drinks	Others	Total
Rupees in thousand			
Revenue from contracts with customers - net	6,024,616	1,288,426	7,313,042
Cost of revenue	(5,092,492)	(1,121,341)	(6,213,833)
Gross profit	932,124	167,085	1,099,209
Unallocated expenses and income			
Corporate expenses			(1,133,360)
Finance costs			(206,986)
Other operating expenses			(121,034)
Other income			59,501
Taxation			66,886
<b>(Loss) after taxation</b>			<b>(235,784)</b>

### Segment analysis of assets and liabilities as at 30 June 2020:

	Juices and Drinks	Others	Total
Rupees in thousand			
Segment assets	3,225,830	522,107	3,747,937
Unallocated assets			1,021,200
<b>Total</b>			<b>4,769,137</b>
Segment liabilities	1,109,851	177,994	1,287,845
Unallocated liabilities			1,531,639
<b>Total</b>			<b>2,819,484</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020

Segment analysis of profit and loss account for the year ended 30 June 2019:

	Juices and Drinks	Others	Total
Rupees in thousand			
Revenue from contracts with customers - net	6,411,493	1,292,604	7,704,097
Cost of revenue	(4,971,626)	(1,201,132)	(6,172,758)
Gross profit	1,439,867	91,472	1,531,339
Unallocated expenses and income			
Corporate expenses			(1,282,210)
Finance costs			(68,195)
Other operating expenses			(120,264)
Other income			91,264
Taxation			(38,860)
Profit after taxation			113,074

Segment analysis of assets and liabilities as at 30 June 2019:

	Juices and Drinks	Others	Total
Rupees in thousand			
Segment assets	3,305,252	509,424	3,814,676
Unallocated assets			990,467
Total			4,805,143
Segment liabilities	1,334,852	234,922	1,569,774
Unallocated liabilities			1,001,789
Total			2,571,563

#### 40 GENERAL

Corresponding figures have been rearranged / reclassified wherever considered necessary for the purpose of better and fair presentation, however, no significant rearrangement / reclassification has been made.

#### 41 EVENTS AFTER THE REPORTING DATE

The Board of Directors have proposed a final dividend of Rs. Nil (2019: Rs. 5.5) per share, amounting to Rs. (thousand) Nil (2019: Rs. (thousand) 48,315) for the year ended 30 June 2020 along with transfer to general reserve amounting to Rs. (thousand) Nil (2019: Rs. (thousand) Nil) in their meeting held on 25 September 2020 for approval of the members at the Annual General Meeting to be held on 27 October 2020. These financial statements do not reflect the effect of these appropriations.

#### 42 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors on 25 September 2020.

The Chief Executive is out of Pakistan and in his absence these annual financial statements have been signed by two Directors, as required under section 232(1) of the Companies Act, 2017.



# SHEZAN INTERNATIONAL LIMITED

## PROXY FORM

I/We, \_\_\_\_\_  
of \_\_\_\_\_  
being a Member(s) of Shezan International Limited holding \_\_\_\_\_  
ordinary shares hereby appoint \_\_\_\_\_  
of \_\_\_\_\_  
or failing him \_\_\_\_\_  
of \_\_\_\_\_

who is also a Member of Shezan International Limited as my/our Proxy in my/our absence to attend and vote for me/ us and on my/our behalf at the 57<sup>th</sup> Annual General Meeting of the Company to be held on 27 October 2020 at 56- Bund Road, Lahore and at any adjournment thereof.

As witness my/our hand/seal this \_\_\_\_\_ day of \_\_\_\_\_ 2020.

Signed by \_\_\_\_\_

in the presence of \_\_\_\_\_

Folio Number / CDC A/C Number

Signature

Affix Rs. 5/- revenue stamp
--------------------------------

This signature should agree with the specimen registered with the Company.

### Important notes:

1. No person shall act as proxy unless he himself is member of the Company, except that a corporation may appoint a person who is not a member.
2. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
3. Proxies, in order to be valid must be received at the Registered Office of the Company, Shezan International Limited, 56 Bund Road, Lahore, not less than forty eight (48) hours before the meeting.
4. CDC Shareholders and their proxies, both are requested to attach an attested photocopy of their Computerized National Identity Card (CNIC) or Passport with the proxy form before submission to the Company (Original CNIC / Passport is required to be produced at the time of the meeting).
5. In case of Corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

# شیزان انٹرنیشنل لمیٹڈ پراکسی فارم

میں رہم \_\_\_\_\_  
برائے \_\_\_\_\_  
بحیثیت حصص یافتگان شیزان انٹرنیشنل لمیٹڈ حامل \_\_\_\_\_ حصص مقرر کرتا کرتی ہوں  
برائے \_\_\_\_\_  
یا انکی عدم موجودگی کی صورت میں \_\_\_\_\_  
برائے \_\_\_\_\_

جو کہ شیزان انٹرنیشنل لمیٹڈ کا حصص دار بھی ہے بطور پراکسی مقرر کرتا کرتی ہوں تاکہ وہ میری رہماری جگہ 27 اکتوبر 2020ء کو 56 بند روڈ، لاہور، میں منعقد ہونے والے 57 ویں سالانہ اجلاس عام میں حق رائے دہی استعمال کر سکے۔

بتاریخ \_\_\_\_\_ بروز \_\_\_\_\_ 2020ء

دستخط کنندہ

گواہان

دستخط

(پانچ روپے کا محصول ٹکٹ)

فولیو نمبر اسی ڈی سی اکاؤنٹ نمبر

یہ دستخط کمپنی میں رجسٹرڈ نمونے سے مطابقت رکھتے ہوئے چاہئے۔

نوٹس:









- 1- کمپنی کا ممبر نہ ہونے کی صورت میں کسی فرد کو بطور پراکسی مقرر نہیں کیا جاسکتا ماسوائے کارپوریشن کے جو ممبر کے علاوہ کسی دوسرے فرد کو بھی پراکسی نامزد کر سکتی ہے۔
- 2- اگر ایک رکن ایک سے زیادہ پراکسی مقرر کرتا ہے اور کمپنی کے پاس رکن کی طرف سے پراکسی فارم کی ایک سے زیادہ دستاویزات جمع کروائی جاتی ہیں تو پراکسی کی ایسی تمام دستاویزات کا عدم تصور ہوگی۔
- 3- پراکسی فارم کمپنی کے رجسٹرڈ آفس، شیزان انٹرنیشنل لمیٹڈ 56- بند روڈ لاہور میں اجلاس کے انعقاد سے کم از کم اڑتالیس (48) گھنٹے قبل جمع کروانا لازمی ہے بصورت دیگر قابل قبول نہ ہوگا۔
- 4- سی ڈی سی اکاؤنٹ ہولڈر پراکسی فارم کے ہمراہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی بھی منسلک کرنی ہوگی (پراکسی کو اجلاس کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ پیش کرنا ہوگا)۔
- 5- کارپوریٹ ادارہ ہونے کی صورت میں بحیثیت ممبر بورڈ آف ڈائریکٹرز کی منظور شدہ قرارداد پر آف انارٹی بمعہ نمونہ دستخط پراکسی فارم کے ہمراہ جمع کرانا ہوں گے۔









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