



Fruitfully Yours

CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTH PERIOD ENDED
31 MARCH 2021



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.
Bank Al-Habib Limited.
Habib Bank Limited.
Bank Alfalah Limited.
Allied Bank Limited.
Habib Metropolitan Bank Limited.

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 condensed Interim Financial Statements (Un-audited) of the Company for the nine month period ended 31 March 2021.

During the quarter under review, the Company posted sales growth of almost 18% despite unfavorable conditions. Shezan also succeeded in increasing exports and achieved a healthy 81% growth in exports during the quarter. With this increase in total sales, our Company showed a turnaround and posted a profit compared to the corresponding quarter in the previous year.

OPERATIONAL OVERVIEW

The Company's performance during the 9 month period under review remained satisfactory as summarized below:

| Particulars | 2021 | 2020 |
|--|--------------------|-----------|
| | Rupees in thousand | |
| Revenue from contracts with customers–net | 4,428,415 | 4,898,010 |
| Gross profit | 921,292 | 573,271 |
| Net profit / (loss) after tax for the period | 103,125 | (463,134) |
| Earnings / (loss) per share - (Rupees) | 11.74 | (52.72) |

The Company's total revenue dropped during this 9 month period as compared to the corresponding period of the last year. The pandemic persists and has continued to halt economic activity in Pakistan, especially our target markets like school/college canteens, parks and zoos, restaurants and other recreational activities. Additionally, as travel has come to a minimum, our sales from the transport sector have dwindled. In spite of decreased sales, the Company showed encouraging results and good growth in the gross profit due to price rationalization and cost efficiency measures.

The finance cost for the period under review significantly decreased as compared to the corresponding period because the State Bank of Pakistan reduced the discount rate in aggregate by 6.25%. In addition, the Company has obtained a long-term loan against the refinance scheme for salaries and wages introduced by the State Bank of Pakistan at a very marginal rate of 0.45% per annum through effective negotiations.

FUTURE PROSPECTS

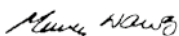
Pakistan is currently experiencing the third wave of Covid-19 which is being seen as deadlier than the first two waves and a sharp spike in the Covid positivity rate is being observed. The vaccination process of the Covid-19 has also been started. We are hopeful that things will be under control when the vaccination process will move further.

Although the last 9 months have shown a decrease in sales, this past quarter Q3 has shown a positive sales growth. As the global pandemic normalizes, the economic effect from Covid-19 will get some relief when educational institutions, parks, etc reopen. We are confident we will be able to continue this momentum of increased sales into Q4 and will recover the revenue deficit of July – Dec 2020. This upcoming quarter is our peak season and, continuing precedent, we expect robust sales and profit. We are also concentrating on finding new export avenues to introduce our products and have found success in partnering with distributors in new countries.

VOTE OF THANKS

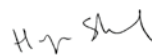
We take this opportunity to thank our shareholders for their confidence, valued customers for the trust they continue to place in us, the management team for its sincere efforts, the employees for their commendable services, the Board of Directors for their continuous guidance, and all stakeholders -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

For and on behalf of the Board



Muneer Nawaz
Chairman

Lahore:
27 April 2021.



Humayun A. Shah Nawaz
Chief Executive Officer

ڈائریکٹرز رپورٹ برائے ممبران

ہم شیوران انٹرپرائسز کے بورڈ آف ڈائریکٹرز کی جانب سے ڈائریکٹرز رپورٹ اور اختتام شدہ نو ماہی 31 مارچ 2021 کیلئے کمپنی کے غیر آڈٹ شدہ عبوری مالیاتی نتائج پیش کرتے ہیں۔

زیر جائزہ سہ ماہی کے دوران، نامناسب حالات کے باوجود کمپنی کی فروخت میں تقریباً 18 فیصد اضافہ ہوا۔ شیوران نے برآمدات بڑھانے میں بھی کامیابی حاصل کی اور اس سہ ماہی کے دوران برآمدات میں مستحکم 81 فیصد اضافہ حاصل کیا۔ کل فروخت میں اس اضافے کے ساتھ، ہماری کمپنی نے پچھلے سال کے مقابلے میں خاطر خواہ نتائج کے ساتھ منافع کمایا۔

عملی جائزہ:

زیر جائزہ نو ماہی کے دوران کمپنی کی کارکردگی تسلی بخش رہی۔ جو کہ درج ذیل ہے۔

| 2020 | 2021 | تفصیلات |
|-----------|-----------------|------------------------------------|
| | روپے ہزاروں میں | |
| 4,898,010 | 4,428,415 | فروخت |
| 573,271 | 921,292 | مجموعی منافع |
| (463,134) | 103,125 | خالص منافع (تقصان) بعد از خصوصیات |
| (52.72) | 11.74 | فی شخص آمدنی / (تقصان) - روپوں میں |

پچھلے سال کے اسی عرصے کے مقابلے میں 19 ماہ کے عرصے کے دوران کمپنی کی کل آمدنی میں کمی واقع ہوئی ہے۔ کوویڈ-19 نے پاکستان میں معاشی سرگرمیوں کو محدود کئے رکھا، خاص طور پر ہمارے ٹارگٹ مارکیٹ خصوصاً سکول، کالج، کینیڈین، پارکس اور چڑیا گھر، ریسٹوران اور دیگر تفریحی سرگرمیاں شامل ہیں چونکہ سترم سے کم ہو چکا ہے، ٹرانسپورٹ کے شعبے سے ہماری فروخت کم ہوتی گئی ہے۔ فروخت میں کمی کے باوجود، کمپنی نے حوصلہ افزا نتائج اور قیمت منافع اور لاگت کی کارکردگی کے اقدامات کی وجہ سے مجموعی منافع میں اچھی نمو دیکھی۔

گزشتہ مالی سال کی اسی نو ماہی کے مقابلے میں سرمائے کی لاگت میں نمایاں کمی واقع ہوئی کیونکہ بینک دولت پاکستان نے شرح سود میں مجموعی طور پر 6.25 فی صد کی کمی کر دی۔ علاوہ ازیں، کمپنی نے بینک دولت پاکستان کی جانب سے تنخواہ اور اجرت کی ادائیگی کیلئے متعارف کردہ ری فنانس سیکم سے فائدہ اٹھاتے ہوئے مالیاتی اداروں سے بہترین مذاکرات کے نتیجے میں 0.45 فی صد کے انتہائی مناسب شرح سود پر اڑھائی سال کیلئے قرضہ حاصل کیا۔

مستقبل کے امکانات:

پاکستان کو اس وقت کوویڈ-19 کی تیسری لہر کا سامنا ہے جو کہ پہلی دو لہروں کے مقابلے میں زیادہ جان لیوا ہے۔ مثبت کوویڈ کیسز کی تعداد میں تیزی سے اضافہ دیکھا جا رہا ہے۔ کوویڈ-19 کی ویکسینیشن کے عمل کا آغاز کر دیا گیا ہے ہمیں امید ہے کہ ویکسینیشن کے اس عمل کے آگے بڑھنے کے ساتھ حالات قابو میں آجائیں گے۔

اگرچہ پچھلے نو ماہ میں فروخت میں کمی واقع ہوئی ہے، لیکن گزشتہ سہ ماہی میں فروخت میں مثبت نمو دیکھی گئی ہے۔ جیسے جیسے عالمی وبائی حالت معمول پر آ رہی ہے، کوویڈ-19 کے معاشی اثر کو اس وقت کچھ طبعیاتی مٹانے کے لیے ایک تعلیمی ادارے، پارکس وغیرہ دوبارہ کھل جائیں گے۔ ہمیں یقین ہے کہ ہم آخری سہ ماہی میں بڑھتی ہوئی فروخت کی اس رفتار کو جاری رکھنے میں کامیاب ہوں گے اور جولائی تا دسمبر 2020 کے فروخت کے خسارے کو پورا کر لیں گے۔ آئندہ سہ ماہی ہمارا مزوں ترین سیزن ہے اور موجودہ کارکردگی کو جاری رکھتے ہوئے ہم مضبوط فروخت اور منافع کی توقع کرتے ہیں۔ ہم اپنی مصنوعات کو متعارف کرانے کے لئے برآمدات کی نئی راہیں تلاش کرنے پر بھی توجہ دے رہے ہیں اور ہمیں نئے ممالک میں ترقی کاروں کے ساتھ شراکت میں بھی کامیابی ملی ہے۔

اظہار تشکر:

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

بورڈ کی جانب سے

H. S. Shah

ہاپوں اے شاہ نواز

چیف ایگزیکٹو

Muhammad

منیر نواز

چیئر مین

لاہور:

27 اپریل 2021ء

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

| | | (Un-Audited) 31 March 2021 | (Audited) 30 June 2020 |
|---|------|---|------------------------------|
| | Note | Rupees in thousand | |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 6 | 1,640,447 | 1,863,439 |
| Long-term investment | 7 | 3,120 | 2,650 |
| Long-term receivable | | 29,644 | 27,930 |
| Long-term deposits | | 3,330 | 4,388 |
| Deferred taxation | | 165,537 | 181,028 |
| | | 1,842,078 | 2,079,435 |
| CURRENT ASSETS | | | |
| Stores and spares | | 125,126 | 119,002 |
| Stock-in-trade | | 1,497,256 | 1,527,152 |
| Right to recover asset | | 15,551 | 16,162 |
| Trade debts | | 546,650 | 156,598 |
| Loans and advances | | 227,700 | 125,595 |
| Trade deposits and short term prepayments | | 11,523 | 6,823 |
| Interest accrued | | - | 159 |
| Income tax recoverable | | 589,211 | 535,670 |
| Cash and bank balances | | 112,322 | 202,541 |
| | | 3,125,339 | 2,689,702 |
| TOTAL ASSETS | | 4,967,417 | 4,769,137 |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Share capital | | 87,846 | 87,846 |
| Capital reserve | | 5,000 | 5,000 |
| Revenue reserves | | 1,960,402 | 1,856,807 |
| TOTAL EQUITY | | 2,053,248 | 1,949,653 |
| NON-CURRENT LIABILITIES | | | |
| Long-term loan | 8 | 205,113 | 291,300 |
| Lease liability | | 46,899 | 54,165 |
| Deferred grant | | 1,628 | 2,709 |
| | | 253,640 | 348,174 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 657,975 | 738,534 |
| Contract liabilities | | 49,621 | 108,878 |
| Unclaimed dividend | | 4,845 | 4,880 |
| Interest accrued on borrowings | | 27,364 | 42,011 |
| Current portion of long-term loan | 8 | 393,513 | 233,871 |
| Current portion of lease liability | | 10,649 | 6,049 |
| Current portion of deferred grant | | 9,015 | 5,045 |
| Short-term borrowings | 9 | 920,804 | 744,035 |
| Refund liability | | 103,687 | 108,370 |
| Provision for taxation | | 483,056 | 479,637 |
| | | 2,660,529 | 2,471,310 |
| CONTINGENCIES AND COMMITMENTS | 10 | 2,914,169 | 2,819,484 |
| TOTAL EQUITY AND LIABILITIES | | 4,967,417 | 4,769,137 |


The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTH PERIOD ENDED 31 MARCH 2021

| | Note | Nine month period ended 31 March | | Three month period ended 31 March | |
|--|------|-------------------------------------|-----------|--------------------------------------|-----------|
| | | 2021 | 2020 | 2021 | 2020 |
| | | Rupees in thousand | | Rupees in thousand | |
| Revenue from contracts with customers-net | | 4,428,415 | 4,898,010 | 1,590,204 | 1,352,685 |
| Cost of revenue | | 3,507,123 | 4,324,739 | 1,292,144 | 1,239,402 |
| Gross profit | | 921,292 | 573,271 | 298,060 | 113,283 |
| Distribution costs | | 480,701 | 600,084 | 163,144 | 186,931 |
| Administrative expenses | | 200,211 | 241,091 | 61,265 | 70,682 |
| Other operating expenses | | 57,001 | 73,570 | 20,504 | 25,292 |
| Other income | | (29,045) | (41,275) | (9,115) | (10,095) |
| | | 708,868 | 873,470 | 235,798 | 272,810 |
| Operating profit / (loss) | | 212,424 | (300,199) | 62,262 | (159,527) |
| Finance costs | | 90,389 | 159,720 | 30,327 | 62,867 |
| Profit / (loss) before taxation | | 122,035 | (459,919) | 31,935 | (222,394) |
| Taxation | | 18,910 | 3,215 | (8,509) | 1,113 |
| Net profit / (loss) for the period | | 103,125 | (463,134) | 40,444 | (223,507) |
| Other comprehensive income / (loss) | | | | | |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax): | | | | | |
| Unrealized profit / (loss) on remeasurement of investments-available for sale | | 470 | 265 | (580) | 219 |
| Total comprehensive income / (loss) | | 103,595 | (462,869) | 39,864 | (223,288) |
| Earnings / (loss) per share - basic and diluted (Rupees) | 11 | 11.74 | (52.72) | 4.60 | (25.44) |

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.


Chief Executive


Chief Financial Officer


Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE NINE MONTH PERIOD ENDED 31 MARCH 2021

| Share Capital | Capital Reserve | Revenue Reserve | | | Total | |
|--|-----------------|-----------------|---|--------------------------------|-----------------|------------------|
| | Merger Reserve | General Reserve | Unrealized Gain on remeasurement of AFS Investments | Unappropriated profit / (loss) | | |
| Rupees in thousand | | | | | | |
| Balance as at 01 July 2019 | 87,846 | 5,000 | 2,000,000 | 103 | 140,631 | 2,233,580 |
| Final dividend @ Rs. 5.5/- per share for the year ended 30 June 2019 | - | - | - | - | (48,315) | (48,315) |
| Loss for the nine month period ended 31 March 2020 | - | - | - | - | (463,134) | (463,134) |
| Other comprehensive income | - | - | - | 265 | - | 265 |
| Total comprehensive loss | - | - | - | 265 | (463,134) | (462,869) |
| Balance as at 31 March 2020 | 87,846 | 5,000 | 2,000,000 | 368 | (370,818) | 1,722,396 |
| Balance as at 01 July 2020 | 87,846 | 5,000 | 2,000,000 | 275 | (143,468) | 1,949,653 |
| Profit for the nine month period ended 31 March 2021 | - | - | - | - | 103,125 | 103,125 |
| Other comprehensive income | - | - | - | 470 | - | 470 |
| Total comprehensive income | - | - | - | 470 | 103,125 | 103,595 |
| Balance as at 31 March 2021 | 87,846 | 5,000 | 2,000,000 | 745 | (40,343) | 2,053,248 |

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE NINE MONTH PERIOD ENDED 31 MARCH 2021

Nine month period ended
31 March

2021 2020

Rupees in thousand

CASH FLOWS FROM OPERATING ACTIVITIES

Cash generated from operations:

| | | |
|--|---------|-----------|
| Profit / (loss) before taxation | 122,035 | (459,919) |
| Adjustments to reconcile profit / (loss) before tax to net cash: | | |
| Depreciation | 209,546 | 244,600 |
| Finance costs | 91,935 | 157,038 |
| Profit on bank deposits | (257) | (4,389) |
| Un-winding of interest on long-term receivables | (3,904) | - |
| Provision for doubtful debts | 1,663 | 5,115 |
| Loss on disposal of property, plant and equipment | 21,378 | 2,937 |
| | 320,361 | 405,301 |
| Operating profit / (loss) before working capital changes | 442,396 | (54,618) |

(Increase) / decrease in current assets:

| | | |
|---|-----------|-----------|
| Stores and spares | (6,124) | (16,160) |
| Stock-in-trade | 29,896 | (74,240) |
| Right-to-recover asset | 611 | 996 |
| Trade debts | (391,715) | (131,693) |
| Loans and advances | (102,105) | (268,454) |
| Trade deposits and short-term prepayments | (4,700) | (2,811) |
| | (474,137) | (492,362) |

Increase / (decrease) in current liabilities:

| | | |
|--------------------------|-----------|-----------|
| Trade and other payables | (80,559) | (294,809) |
| Contract liabilities | (59,257) | (52,115) |
| Refund liability | (4,683) | (2,565) |
| | (144,499) | (349,489) |

| | | |
|---------------------------------------|-----------|-------------|
| Cash generated from operations | (176,240) | (896,469) |
| Interest / markup paid | (106,581) | (110,185) |
| Profit on bank deposits received | 416 | 5,026 |
| Income tax paid | (53,541) | (73,779) |
| Long-term receivables received | 2,190 | 6,385 |
| Long-term deposits paid | 1,058 | 151 |
| Net cash used in operating activities | (332,698) | (1,068,871) |

CASH FLOWS FROM INVESTING ACTIVITIES

| | | |
|--|----------|-----------|
| Purchase of property, plant and equipment | (31,190) | (290,308) |
| Sale proceeds from disposal of property, plant and equipment | 23,257 | 58,730 |
| Net cash used in investing activities | (7,933) | (231,578) |

CASH FLOWS FROM FINANCING ACTIVITIES

| | | |
|--|-----------|-----------|
| New leases acquired during the period | - | 79,870 |
| Repayment of long-term loan | (144,562) | - |
| Long-term loan obtained | 220,906 | (105,720) |
| Repayment of lease liability | (2,666) | (3,648) |
| Short-term borrowings obtained-net | 176,769 | 1,207,275 |
| Dividends paid | (35) | (47,540) |
| Net cash generated from financing activities | 250,412 | 1,130,237 |


Net decrease in cash and cash equivalents (90,219) (170,212)

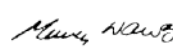
Cash and cash equivalents at the beginning of the period 202,541 233,723

CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD 112,322 63,511

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.


Chief Executive


Chief Financial Officer


Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTH PERIOD ENDED 31 MARCH 2021

1. THE COMPANY AND ITS OPERATIONS

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

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

1.2 Impact of COVID-19 on the condensed interim 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 condensed interim financial statements and believes that the revenue of the Company has shown a decrease in comparison to the prior period due to COVID-19. Accordingly, the management has taken measures to reduce the expenses during the period. Further, the Company has obtained loans 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 carry mark-ups at below market rate as further explained in Note 8 to these condensed interim 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

2.1 These condensed interim financial statements of the Company for the nine month period ended 31 March 2021 have been prepared in accordance with the Accounting and Reporting Standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTH PERIOD ENDED 31 MARCH 2021

2.2 These condensed interim financial statements do not include all the information and the disclosures required in the annual audited financial statements and should be read in conjunction with annual audited financial statements of the Company for the year ended 30 June 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements for the year ended 30 June 2020, except as follows:

3.1 New standards, interpretations, amendments and improvements effective during current period

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 2020, 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 3 | Business combinations - Definition of a business (Amendments) |
| IFRS 9, IAS 39 and IFRS 7 | Interest rate benchmark reform (Amendments) |
| IAS 1 and IAS 8 | Definition of material (Amendments) |
| IFRS 16 | COVID-19 related rent concessions (Amendments) |

The adoption of the above standards, amendments and interpretations to the accounting standards did not have any material effect on the Company's condensed interim financial statements.

In addition to the above new standards and amendments to standard and interpretations, the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) issued by IASB has also become effective during the period 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.

3.2 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, Interpretation and Amendment | Effective date (annual periods beginning on or after) | |
|--|--|-------------------|
| IFRS 3 | Reference to the conceptual framework (Amendments) | 01 January 2022 |
| IFRS 10 and IAS 28 | Sale or contribution of assets between an investor and its associate or joint venture (Amendments) | Not yet finalised |
| IAS 1 | Classification of liabilities as current or non-current (Amendments) | 01 January 2023 |
| IAS 16 | Proceeds before intended use (Amendments) | 01 January 2022 |
| IAS 37 | Onerous contracts – Cost of fulfilling a contract (Amendments) | 01 January 2022 |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTH PERIOD ENDED 31 MARCH 2021

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, 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 2022. 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.

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

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

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

5. SEASONALITY OF OPERATIONS

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

6. PROPERTY, PLANT AND EQUIPMENT

The additions / (deletions) / transfers (at cost), made during the nine month period ended 31 March 2021 (un audited) are as follows:

| | Additions | Deletions/ Transfers |
|--|--------------------|-------------------------|
| | Rupees in thousand | |
| Owned assets | | |
| Plant and machinery | 17,088 | (13,525) |
| Motor vehicles | - | (7,701) |
| Electric equipment | 2,267 | (1,844) |
| Computers and accessories | - | (464) |
| Empty bottles, shells, pallets and barrels | 15,502 | (88,779) |
| | 34,857 | (112,313) |
| Capital work in progress | | |
| Plant and machinery | 10,839 | (14,677) |
| Buildings on freehold land | 773 | (602) |
| | 11,612 | (15,279) |
| | 46,469 | (127,592) |

| | Note | (Un-Audited) 31 March 2021 | (Audited) 30 June 2020 |
|---|------|---|------------------------------|
| Rupees in thousand | | | |
| 7. LONG TERM INVESTMENT - AVAILABLE FOR SALE | | | |
| Quoted - Modaraba | | | |
| BRR Guardian Modaraba - Credit rating 'A' | | | |
| 305,000 (30 June 2020: 305,000) certificates of Rs. 10/- each | 7.1 | 2,375 | 2,375 |
| Gain on remeasurement | | 745 | 275 |
| | | 3,120 | 2,650 |

7.1 The above investment represents 0.32% (30 June 2020: 0.35%) of the issued certificate capital of the Modaraba.

7.2 This investment is placed under a shariah permissible arrangement.

| | Note | (Un-Audited) 31 March 2021 | (Audited) 30 June 2020 |
|--|------|---|------------------------------|
| Rupees in thousand | | | |
| 8. LONG TERM LOAN - SECURED | | | |
| Long-term loan | 8.1 | 598,626 | 525,171 |
| Less: Current maturity shown under current liabilities | | (393,513) | (233,871) |
| | | 205,113 | 291,300 |

8.1 Loans from banking institutions - secured

| | Note | Opening | Loan Amount | | Closing |
|--------------------|-------|---------|-------------|---------|---------|
| | | | Received | Repaid | |
| Rupees in thousand | | | | | |
| Loan I | 8.1.1 | 422,882 | - | 105,721 | 317,161 |
| Loan II | 8.1.2 | 102,289 | 62,267 | 21,250 | 143,306 |
| Loan III | 8.1.3 | - | 158,639 | 20,480 | 138,159 |
| | | 525,171 | 220,906 | 147,451 | 598,626 |

8.1.1 This represents long term loan obtained from a commercial bank, payable in five equal semi annual installments with a grace period of six months. The rate of markup is 3 months KIBOR plus 0.25% per annum (30 June 2020: 3 months KIBOR plus 0.25% per annum) payable semiannually. The facility is secured against a first exclusive registered charge on the plant and machinery up to Rs. (thousand) 733,334 (30 June 2020: Rs. (thousand) 733,334).

8.1.2 This represents loan obtained from a commercial bank 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. (thousand) 170,000 (30 June 2020: Rs. (thousand) 170,000). The rate of markup is SBP plus 1.95% per annum (30 June 2020: SBP plus 1.95% per annum) payable quarterly. The facility is secured against initial ranking charge on plant and machinery upto Rs. (thousand) 227,000 (30 June 2020: Rs. (thousand) 227,000). The difference between cash received and present value of cash outflow upon

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTH PERIOD ENDED 31 MARCH 2021

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.

8.1.3 This represents loan obtained from a commercial bank 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. (thousand) 170,000 (30 June 2020: Rs. (thousand) 170,000). The rate of markup is SBP plus 0.45% per annum payable quarterly. The facility is secured against initial ranking charge on plant and machinery upto Rs. (thousand) 227,000 (30 June 2020: Rs. (thousand) 227,000). 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.

9. SHORT TERM BORROWINGS - SECURED

The aggregate short-term borrowings available from commercial banks under mark-up / interest arrangements are Rs. (thousand) 2,625,000 (30 June 2020: Rs. (thousand) 2,625,000). The un-utilized portion of the said facility amounts to Rs. (thousand) 1,704,196 (30 June 2020: Rs. (thousand) 1,880,965).

The rate of mark-up / interest on short-term borrowings ranges between 3 months KIBOR plus 0.05% to 1 month / 3 months KIBOR plus 0.50% (30 June 2020: 1 month / 3 months KIBOR plus 0.05% to 1 month / 3 months KIBOR plus 0.50%), payable quarterly.

The facilities are secured against first registered joint pari passu hypothecation and ranking charge on current assets of the Company up to Rs. (thousand) 3,848,000 (30 June 2020: Rs. (thousand) 3,848,000) and Rs. (thousand) Nil (30 June 2020: Rs. (thousand) 1,067,000).

The un-utilized facility for opening letters of credit and for guarantees amounts to Rs. (thousand) 520,600 (30 June 2020: Rs. (thousand) 528,414) and Rs. (thousand) 185,162 (30 June 2020: Rs. (thousand) 80,692), respectively.

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

There has been no change in the status of the contingencies reported in the annual audited financial statements for the year ended 30 June 2020.

10.2 Commitments

- (i) Commitments in respect of letters of credit established for the import of raw and packing materials, amounted to Rs. (thousand) 29,400 (30 June 2020: Rs. (thousand) 21,586).
- (ii) Counter-guarantees in favor of banks in the ordinary course of business, amounted to Rs. (thousand) 74,838 (30 June 2020: Rs. (thousand) 52,089).

| | (Un-Audited) | | | |
|---|-------------------------|-----------|--------------------------|-----------|
| | Nine month period ended | | Three month period ended | |
| | 31 March | | 31 March | |
| | 2021 | 2020 | 2021 | 2020 |
| 11. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED | | | | |
| Profit / (loss) after taxation attributable to ordinary shareholders (Rupees in thousand) | 103,125 | (463,134) | 40,444 | (223,507) |
| Weighted average number of ordinary shares at the end of the period (in thousand) | 8,785 | 8,785 | 8,785 | 8,785 |
| Earnings / (loss) per share-basic and diluted (Rupees) | 11.74 | (52.72) | 4.60 | (25.44) |

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

12. NON TRANSFER OF BONUS SHARES TO INDIVIDUAL SHAREHOLDERS

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

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

13. TRANSACTIONS WITH RELATED PARTIES

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

| | (Un-Audited) | |
|--|-------------------------|---------|
| | Nine month period ended | |
| | 2021 | 2020 |
| Rupees in thousand | | |
| Transactions during the period: | | |
| Associated undertakings | | |
| Purchases of raw materials | 274,932 | 428,430 |
| Sales of finished goods | 136 | - |
| Royalty charged | 35,258 | 52,452 |
| Purchases/repairs of electric equipment/vehicles | 26 | 5 |
| Contributions to staff provident fund | 4,410 | 4,924 |
| Remuneration and benefits of directors, Chief Executive and key management personnel | 31,728 | 35,412 |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTH PERIOD ENDED 31 MARCH 2021

| Period / year end balances: | Relationship with the Company | (Un-Audited) | (Audited) |
|--------------------------------|-------------------------------|--------------------|--------------|
| | | 31 March 2021 | 30 June 2020 |
| | | Rupees in thousand | |
| Due to related parties | Associate | 33,897 | 41,578 |
| Due from related parties | Associate | 4 | 90,749 |
| Due to / (from) provident fund | Employees' Fund | 915 | (9) |

14. SEGMENTAL ANALYSIS

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the office of the Chief Executive. The Chief Executive considers the business from the product perspective and evaluates performance on the basis of their gross profit or gross loss. As at 31 March 2021, the Company is organized into following two operating segments based on their products.

Juice drinks

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

Others

Others include pickles, ketchup, sauces, jams etc.

Statement of profit and loss account for the nine month period ended 31 March 2021 (Un-Audited):

| | Juices and Drinks | Others | Total |
|---|-------------------|-----------|----------------|
| Rupees in thousand | | | |
| Revenue from contracts with customers-net | 3,477,519 | 950,896 | 4,428,415 |
| Cost of revenue | (2,806,077) | (701,046) | (3,507,123) |
| Gross profit | 671,442 | 249,850 | 921,292 |
| Unallocated expenses and income | | | |
| Distribution costs | | | (480,701) |
| Administrative expenses | | | (200,211) |
| Other operating expenses | | | (57,001) |
| Other income | | | 29,045 |
| Finance costs | | | (90,389) |
| Taxation | | | (18,910) |
| Profit after taxation | | | 103,125 |

Assets and liabilities as at 31 March 2021 (Un-Audited):

| | Juices and Drinks | Others | Total |
|-------------------------|-------------------|---------|------------------|
| Rupees in thousand | | | |
| Segment assets | 3,415,512 | 580,117 | 3,995,629 |
| Unallocated assets | | | 971,788 |
| Total | | | 4,967,417 |
| Segment liabilities | 1,106,998 | 144,576 | 1,251,574 |
| Unallocated liabilities | | | 1,662,595 |
| Total | | | 2,914,169 |

Statement of profit and loss account for the nine month period ended 31 March 2020 (Un-Audited):

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

Assets and liabilities as at 30 June 2020 (Audited):

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

15. DATE OF AUTHORIZATION FOR ISSUE

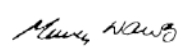
These condensed interim financial statements were authorized for issue by the Board of Directors on 27 April 2021.

16. GENERAL

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


Chief Executive


Chief Financial Officer


Director



From our family
to yours.



حَال
HALAL

An ISO 9001, ISO 22000
& HACCP Certified Company

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