



# ANNUAL RE PO RT 2021



# 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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Happy  
mornings  
Pakistan

# 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.

# NOTICE OF ANNUAL GENERAL MEETING

The 58<sup>th</sup> Annual General Meeting of the Company will be held on 25 October 2021 at 11:00 am at Company's Registered Office, 56-Bund Road; Lahore and virtually via video-link "zoom". Instructions with regard to participation appear in the notes below. The AGM is being held to transact the following businesses:

## A. ORDINARY BUSINESS

1. To confirm the minutes of the Annual General Meeting of the Company held on 27 October 2020.
2. To receive and adopt the Audited Financial Statements of the Company for the year ended 30 June 2021 together with the Directors' and Independent Auditor's Report thereon.
3. To consider and, if thought fit, approve the cash dividend @ Rs. 5.5/- per share, i.e., 55%, and 10% bonus shares, i.e., one (01) ordinary share for every ten (10) ordinary shares held by existing shareholders, as recommended by the Board of Directors, for the year ended 30 June 2021.
4. To appoint External Auditors of the Company for the financial year ending 2021-22 and to fix their remuneration.

## B. SPECIAL BUSINESS

5. To give effect to the issue of bonus shares, as recommended by the Board of Directors, consider and, if thought fit, pass, with or without modification/amendment, the following resolution as an Ordinary Resolution:
  - a) **"RESOLVED THAT** a sum of Rs. 8,784,600/- be capitalized out of the free reserves of the Company and applied towards issue of 878,460 ordinary shares of Rs. 10/- each as fully paid bonus shares in the proportion of the one (01) ordinary share for every ten (10) ordinary shares held by the members whose names appear in the Members Register at the close of the business on 18 October 2021."
  - b) **"FURTHER RESOLVED THAT** the bonus shares shall rank pari passu in all respects with the existing shares of the Company as regards the future entitlements, however, these shares shall not be eligible for any final dividend declared by the Company for the year ended 30 June 2021."
  - c) **"FURTHER RESOLVED THAT** member's fractional entitlement till date, as a result of their entitlement to a fraction of a bonus share due to their respective shareholdings, shall be consolidated in to whole shares. The Directors of the Company be and are hereby authorized to sell such shares in open market and pay the net proceeds of sale to a charitable institution as approved by the Board."
  - d) **"FURTHER RESOLVED THAT** the Chief Executive Officer and Company Secretary be and are hereby jointly and/or severally authorized to give effect to these resolutions and to do and cause to be done all acts, deeds and things that may be necessary or required for issue, allotment and distribution of the said bonus shares and pay net proceeds of the fractions to a charitable institution."
6. To consider, and if thought fit, to pass the following resolutions as Special Resolutions:
  - 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 2020 to 30 June 2021 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."



7. To consider, and if thought fit, with or without modification pass the Special Resolution to make special alteration in the Memorandum and Articles of Association of the Company in order to align the same as per the Companies Act, 2017.
- a) **“RESOLVED THAT** the approval of shareholders be and is hereby accorded for making suitable alteration in the Memorandum and Articles of Association of Shezan International Limited in order to align the same as per the Companies Act, 2017.”
- b) **“FURTHER RESOLVED THAT** Chief Executive Officer, Chief Financial Officer and Company Secretary be are hereby authorized to do all acts, deeds and things, take any or all necessary actions to complete all legal formalities and file all necessary documents as may be necessary or incidental for the purpose of implementing the aforesaid resolution, as well as carry out any other act or step which may be ancillary and / or incidental to do the above and necessary to fully achieve the object of the aforesaid resolution.”
8. To consider, and if thought fit, to pass with or without modification the following as a Special Resolution:
- “RESOLVED THAT** Article 65 of the Article of Association of the Company be amended to increase the remuneration of non-executive Directors for attending the meetings of the Board of Directors and any Committees of the Board to Rs. 50,000/- per meeting from existing Rs. 40,000/- per meeting.”

### C. ANY OTHER BUSINESS

9. 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 items No.5 to No.8 are appended to the Notice of this Meeting being sent to the shareholders of the Company by post.

By order of the Board



**Khurram Babar**  
Company Secretary

Lahore:  
27 September 2021.

## 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 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 process and verification process.

## Notes:

1. Share transfer books of the Company will remain closed from 19 October 2021 to 25 October 2021 (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 18 October 2021 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 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 Computerised 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 pursuance of applicable tax laws with regards to deduction of income tax for cash dividend, the rates of deduction of the income tax, under section 150 of the Income Tax Ordinance, 2001 are as follows:
- i. Rate of tax deduction for filer of income tax returns is 15%.
  - ii. Rate of tax deduction for non-filer of income tax returns is 30%.

All the shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of the Federal Board of Revenue (FBR), despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date of issuance of dividend warrants, otherwise tax on their dividend will be deducted @ 30% instead of 15%.

As per FBR's clarification, the valid Exemption Certificate under Section 159 of the Income Tax Ordinance, 2001 is mandatory to claim exemption of withholding tax under Clause 47B of Part-IV of Second Schedule to the Ordinance. Those who fall in the category mentioned in above clause must provide valid Income Tax Exemption Certificate to our Share Registrar; otherwise income tax will be deducted on dividend amount as per rates prescribed in Section 150 of the Ordinance.

In case of joint account, each account holder is to be treated individually as either a filer or a non-filer and income tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing as follows, to the Company by sending following details on the registered address of the Company and the members who have deposited their shares into Central Depository Company of Pakistan Limited (CDC) are requested to send a copy of detail regarding income tax payment status also to the relevant member of stock exchange and CDC, if maintaining CDC investor account, or if no notification, each joint holder shall be assumed to have equal number of shares.

Company Name	Folio / CDS Account No.	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

The CNIC number / NTN detail is now mandatory and is required for checking the income tax status as per the Active Taxpayers List (ATL) issued by the Federal Board of Revenue (FBR) from time to time.

8. In order to comply with the requirement of Securities & Exchange Commission of Pakistan (SECP) SRO 19(I) / 2014 dated 10 January 2014 & SRO 275(I) / 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 Share Registrar.
9. In accordance with the provisions of Section 242 of the Companies Act, 2017 and the Companies (Distribution of Dividends) Regulations, 2017, it is mandatory for a listed company to pay cash dividend to its shareholders ONLY through electronic mode directly into the bank account designated by the entitled shareholders. In compliance with the said law, in order to receive your future dividends directly in your Bank account, you are required to provide the information mentioned on the Form placed on the Company's website [www.shezan.com](http://www.shezan.com) and send the same to your brokers/the Central Depository Company Limited, if the shares are held in the electronic form or to the Company's Shares Registrar if the shares are held in paper certificate form. The Company's Share Registrars address is: M/s. Corplink (Private) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore and email: [corplink786@gmail.com](mailto:corplink786@gmail.com).
10. The audited financial statements of the Company for the year ended 30 June 2021 have been made available on the Company's website ([www.shezan.com](http://www.shezan.com)) in addition to annual and quarterly financial statements for the current and prior periods.

# REVIEW REPORT BY THE CHAIRMAN

As we ushered in 2020, excited by the potential of a new decade, with new opportunities and outlooks, none of us anticipated the life-changing events that were about to unfold. Seemingly overnight, a devastating virus swept the globe, weakening economies, disrupting governments, displacing businesses, and dramatically changing, perhaps forever, the ways we live, work and think.

In response to COVID-19, and consistent with our Safety Promise, we pivoted quickly to take immediate action. We implemented aggressive new health and safety measures to protect our people, while continuing to safely deliver nutritious products.

We are committed to this critical work, with several initiatives underway, rooted in our desire to create diverse and inclusive teams at all levels. As we embark on 2022, we know that there is much left to do.

As an organization, we remain committed to the path of building an enduring company, a leader in the fruit processing sector. Our mission is to be best sustainable juice Company in Pakistan by providing the highest quality fruit and vegetable related juices. This year, our clear strategic vision enabled us to move forward meaningfully.

The pandemic has revealed our foundational strength, our ability to adapt and our resilience. As a result, we have kept our people safe, maintained operational stability and delivered profitable growth.

Our 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.

I would like to appreciate the overall performance of the members of the Board. They provided strategic directions to the management and always remain 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.

## چیئرمین جائزہ رپورٹ

جب ہم نے 2020ء میں قدم رکھا، ہم ایک نئی دہائی میں داخل ہونے کے لئے بہت پر جوش اور پُر عزم تھے، نئے مواقعوں اور نئی جہتوں کے لئے بہت پر جوش تھے، کسی کو بھی اندازہ نہیں تھا کہ زندگیوں کے رخ بدلنے والا ایک واقعہ رونما ہونے والا ہے۔ یکا یک ایک تباہ کن وائرس نے دنیا کو اپنی لپیٹ میں لے لیا، جس نے بڑی بڑی معیشتوں کو کمزور کر دیا، حکومتوں کو ہلا کر رکھ دیا، کاروبار اور خطا کا شکار ہو گئے اور ڈرامائی طور پر ہمارے رہنے، کام کرنے اور سوچنے کے طور طریقوں کو شاید ہمیشہ کے لئے تبدیل کر کے رکھ دیا۔

کوویڈ-19 کا مقابلہ کرنے اور حفاظت کے عزم کو پورا کرنے کے لئے ہم نے فوری اقدامات اٹھائے، ہم نے اپنے لوگوں کو محفوظ بنانے کے لئے سخت اور مشکل اقدامات کو نافذ کیا جبکہ انتہائی محفوظ طریقے سے اپنی غذائیت بخش مصنوعات کی فراہمی کو بھی جاری رکھا۔

ہم اس کٹھن وقت میں پُر عزم رہے اور مختلف اقدامات اٹھائے ہم نے ہر سطح پر کام کرنے کے لئے جامع ٹیمیں تشکیل دیں۔ جیسا کہ ہم 2022 کے دہانے پر کھڑے ہیں اور ہم جانتے ہیں کہ ابھی بہت کچھ کرنا باقی ہے۔ ایک ادارہ کے طور پر ہم بھلوں کی پراسیسنگ کے شعبے میں لیڈر بننے کے راستے پر گامزن رہے ہمارا مقصد بہترین معیار کے پھلوں کے جوس مہیا کر کے پاکستان کی ایک بہترین پائیدار کمپنی بننا ہے، ہمارے اس واضح مقصد نے ہمیں باہمی طور پر آگے بڑھنے میں مدد فراہم کی۔

وہاں سے ہمیں اپنی قوت اور مشکلات سے نکلنے کی صلاحیتوں کا پتہ لگا جسکے نتیجے میں ہم اپنے لوگوں کو محفوظ رکھنے، کاروبار کو جاری رکھنے اور منافع بخش نمودینے میں کامیاب رہے۔

ہمارے 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 کمپنیاں 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 سیکرٹری انتظامیہ کے چناؤ اور معاوضہ کی سفارشات دیتی ہے۔

میں بورڈ کے ممبران کی مجموعی کارکردگی کو سراہتا ہوں۔ انھوں نے انتظامیہ کو ماہرانہ ہدایات فراہم کیں اور ہمیشہ رہنمائی کے لئے دستیاب رہے۔ میں زیر غور سال کے دوران اپنے ساتھی ڈائریکٹرز کے عزم اور تہذیب کا بھی اعتراف کرتا ہوں اور ہمارے چیف ایگزیکٹو آفیسر اور ان کی ٹیم کی شب و روز کاوشوں کا شکر یہ ادا کرتا ہوں۔

Muhammad Nawaz

منیر نواز

چیئرمین

لاہور:

27 ستمبر 2021ء

# 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 2021.

Amid the continued worldwide pandemic, the economic outlook remains uncertain. The pandemic continues to cast downside risk, and global prospects remain highly uncertain. The pandemic has already induced shocks like lockdowns, border closures, the collapse of international trade, travel bans, and financial market volatility globally.

For Pakistan, this pandemic has also become a severe challenge as the country was already under pressure to stabilize the Balance of Payments crisis. The pandemic started in Pakistan in March 2020 and has continued to depress much of the economic activity in the country.

Despite numerous challenges, the economy of Pakistan rebounded in the fiscal year 2021 better than anticipated and is moving progressively on a growth path due to various monetary and fiscal measures taken by the Government of Pakistan. The State Bank of Pakistan (SBP) kept the policy rate at 7.0 percent, signaling a pro-growth policy of SBP, and also introduced refinancing facilities at a lower interest rate to boost economic activity.

## BUSINESS OVERVIEW

Our Company has been able to continue its operations with strict SOPs ensuring the safety of its employees as well as our products' availability in the market. The Company's strategy remained to boost margins by enhancing the quality of products, improving efficiency, and expanding the product base to achieve the economies of scale and optimize the production capacity. The management strengthened the consumer base and widened its product portfolio by adding new product lines.

Exports showed encouraging results with an increase of 45% in revenue as compared to the last year. Our cooked food range, Juicepack, bottled juices, squashes, and ketchup are the main contributors to this healthy growth. Our exports were made mainly to the Middle East and Europe. We put emphasis on finding new export avenues for the introduction and sales of our products. We are confident that we will maintain this growth momentum in export sales throughout the next year and years to come.

## OPERATIONAL OVERVIEW

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

The finance cost for the period under review significantly decreased by 40 percent 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 marginal rate ranging from 0.45% to 1.95% per annum through effective negotiations.

The summarized financial results of the Company for the financial year 2021 are as follows:

Particulars	2021	2020
	Rupees in thousand	
Revenue from contracts with customers – net	6,584,452	7,313,042
Gross profit	1,397,807	1,099,209
Profit / (loss) before taxation	180,905	(302,670)
Net profit / (loss) after tax	122,979	(235,784)
Earnings / (loss) per share (Rs.)	14.00	(26.84)

## APPROPRIATIONS

Keeping in view the satisfactory financial results, the Board of Directors has proposed a cash dividend of 55% i.e., Rs. 5.50/- per share and 10% bonus shares.

## CONTRIBUTION TO NATIONAL EXCHEQUER

During the year, the Company has paid Rs. 1.873 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

With increased vaccinations across the country, life is slowly returning to normal with the opening up of many sectors of public life. Our main products juices are an impulse buy and as schools and public transport return, we are confident that we will be able to recapture these lost sales.

One particularly positive aspect in relation to our industry is that the Government of Pakistan has waived off the Federal Excise Duty on juices in the federal Budget of 2021-22. This

windfall gain will be beneficial for the growth of the juice industry and our Company.

Devaluation of the PKR and the overall macro-economic indicators will play a pivotal role in the future performance of the Company.

While the pandemic shook the world, the Company successfully steered through the uncertain times with emphasis on health & safety, yet ensuring business continuity. 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.

The Company intends to include new products in its existing product line by augmenting the Company's high-quality research and development. Shezan is currently working on launching mayonnaise family of sauces in the upcoming months. 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:

- Going forward, continued uncertainty about the length of the Covid -19 health crisis will affect all aspects of the recovery path.
- The persisting decline in the rupee value against the U.S dollar.
- The rising trend in inflation will increase the cost of locally available raw and packaging materials and may lead to increased cost of production in the future.
- Supply chain disruption due to closure of borders and increased freight cost will be a big challenge for our business.
- Record increase in sugar price, a main ingredient in our products.
- Continuous 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 Honorable 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 Honorable Supreme Court of Pakistan and has filed a review petition.

Since this water charge has a huge 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. 25.56 million based on 25% of the production volume of beverages for the period from July 2020 to June 2021 in line with the Honorable 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 24.1(xv) 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 the 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 is annexed in this annual report.
- Information about taxes and levies is given in the notes to and forming part of the financial statements.
- The fair value of investments of provident fund as at 30 June 2021 was Rs. 211.376 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)
  - Female: One (01)
- The composition of the Board is as follows:

Independent Directors	Mr. Shahid Hussain Jatoi Mr. Abdul Hamid Ahmed Dagia Mr. Nauman Khalid
Other Non-Executive Directors	Mr. Muneer Nawaz Mr. M. Naeem Mr. Abid Nawaz Mr. Rashed Amjad Khalid
Executive Directors	Mr. Humayun A. Shahnawaz Ms. Manahil Shahnawaz
Female Director	Ms. Manahil Shahnawaz

### 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. 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

#### Frequency of The Meetings

During the year, five (05) Board of Directors meetings were held. Attendance of these meetings was as follows:

Name of Director	Number of Meetings Attended
Mr. Muneer Nawaz	5
Mr. Humayun A. Shahnawaz	5
Mr. M. Naeem	4
Mr. Abid Nawaz	5
Mr. Rashed Amjad Khalid	-
Ms. Manahil Shahnawaz	5
Mr. Shahid Hussain Jatoi	5
Mr. Abdul Hamid Ahmed Dagia	4
Mr. Nauman Khalid	4

Leave of 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 before the approval of the interim results of the Company by the Board of Directors and before and after completion of the external audit. Attendance by each director was as follows:

Name of Director	Number of Meetings Attended
Mr. Shahid Hussain Jatoi	4
Mr. Muneer Nawaz	4
Mr. M. Naeem	2
Mr. Rashed Amjad Khalid	2

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

During the year, one (01) meeting of the Human Resource and Remuneration Committee was held. Attendance by each director was as follows:

Name of Director	Number of Meetings Attended
Mr. Nauman Khalid	1
Mr. Muneer Nawaz	1
Mr. Humayun A. Shahnawaz	1
Mr. M. Naeem	1

#### Changes in the Board

The Board of Directors in their meeting held on 09 July 2020 has re-elected Mr. Muneer Nawaz as the Chairman for the current term of the Board.

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 starting from 09 July 2020.

## 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 2021 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.

- That the amounts or appropriate proportions of outstanding, items pertaining to related parties and receivables/payables from the related parties as on 30 June 2021 are as follows:

Name of Related Party	Payable	Receivable
	Rupees in thousand	
Shezan Services (Private) Limited	57,744/-	Nil
Shahtaj Sugar Mills Limited	Nil	80,128/-

- II. 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, the Company has entered into the following contracts with the related party:

Particulars	Agreement No.1	Agreement No.2
Time Period	17 June 2021 to 31 July 2021	24 June 2021 to 24 September 2021
Quantity	1,000 Metric Ton	1,000 Metric Ton
Total Price	Rs. 80,381,880 (Excluding sales tax)	Rs. 80,128,205 (Excluding sales tax)
Advance	Rs. 60,256,410 (Excluding sales tax)	Rs. 80,128,205 (Excluding sales tax)
Per KG Price	Rs. 80.342 excluding sales tax and Rs. 94 including sales tax	Rs. 80.128 excluding sales tax and Rs. 93.75 including sales tax
Payment Terms	75% advance payment	100% advance payment
Delivery Terms	As and when required	As and when required

- III. The Company has a five years royalty agreement with M/s. Shezan Services (Pvt.) Limited starting from 01 January 2021 and ending on 31 December 2025. 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 a 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 is 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 for growth are emphasized in all profitable segments. Details of the Directors' training program have been disclosed in the Statement of Compliance with the Code of Corporate Governance.

## PATTERN OF SHAREHOLDING

The Pattern of Shareholding as on 30 June 2021 and its disclosure according to the requirement of the Code of Corporate Governance is annexed to this report.

## EXTERNAL AUDITORS

Messrs. EY Ford Rhodes, Chartered Accountants have completed their assignment for the year 2020-21 and will retire at the conclusion of the 58th 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 2022.

## 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 2021 in note 35 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 & RESPONSE TO COVID-19

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.

As an essential service, the Company is focused on protecting the health and well-being of its people, maintaining business continuity, and broadening its social outreach. To manage through this unprecedented environment, the Special Task Force created by the CEO took a number of measures in the business and operating practices that include heightened safety policies and procedures, and close communication and collaboration with public health authorities. These measures increased the Company's cost, including personal protective equipment, sanitation, and other expenses associated with the pandemic. The health and safety of our people are paramount while ensuring the security of our product supply.

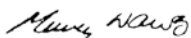
Overall, the Company believes its proactive and comprehensive efforts should mitigate operational impacts. As the COVID-19 situation evolves, Shezan will continue to adapt and adopt best practices that prioritize the health and safety of its employees and the stability of the product supply.

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:  
27 September 2021.



**Humayun A. Shahnawaz**  
Chief Executive



## سماجی ذمہ داریاں:

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

## صحت، تحفظ اور ماحول:

شیزان صحت، حفاظت اور ماحولیات (ایچ ایس ای) پر خصوصی زور دیتا ہے اور ہمارے تمام کارخانے ہماری (ایچ 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۔ شیزان کی فوڈ سیکٹر کی ایک کمپنی ہونے کے ناطے ضروری خدمات میں درجہ بندی کی گئی۔

ایک ضروری خدمت کے طور پر کمپنی اپنے لوگوں کی صحت اور فلاح و بہبود کے تحفظ، کاروباری تسلسل کو برقرار رکھنے اور اپنی سماجی رسائی کو وسیع کرنے پر مرکوز ہے اس بے مثال ماحول کو سنبھالنے کے لئے، سی ای او کی طرف سے بنائی گئی خصوصی ٹاسک فورس نے کاروباری اور آپریٹنگ طریقوں میں متعدد اقدامات کئے جن میں حفاظتی پالیسیوں اور طریقہ کار میں اضافی اور صحت عامہ کے حکام کے ساتھ قریبی روابط اور تعاون شامل ہے۔ ان اقدامات سے کمپنی کی لاگت میں اضافہ ہوا، بشمول ذاتی حفاظتی سامان، صفائی ستھرائی اور وبائی امراض سے وابستہ دیگر اخراجات ہماری مصنوعات کی فراہمی کی حفاظت کو یقینی بناتے ہوئے ہمارے لوگوں کی صحت اور حفاظت بہت اہم ہے

مجموعی طور پر، کمپنی کا خیال ہے کہ اس کی فعال اور جامع کوششوں کو آپریشنل اثرات کو کم کرنا چاہیے جیسا کہ کوویڈ-19 کی صورتحال تیار ہوتی ہے، شیزان اپنے ملازمین کی صحت اور حفاظت اور مصنوعات کی فراہمی کے استحکام کو ترجیح دینے والے بہترین طریقوں کو اپناتا اور اپناتا رہے گا۔

ادارہ اپنی مصنوعات کی تشکیل، تیاری، لمبائنگ 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 کوششوں کا، اپنے ملازمین کی قابل ستائش خدمات کا، بورڈ آف ڈائریکٹرز مستقل رہنمائی کا اور تمام متعلقہ بینکرز، ڈیلرز، ویڈرز، ایسوسی ایٹس کا شکریہ ادا کرتے ہیں۔

بورڈ کی جانب سے

H. V. Shah

ہمایوں اے شاہ نواز

چیف ایگزیکٹو

Muhammad Nawaz

میر نواز

چیرمین

لاہور:

27 ستمبر 2021ء

## بورڈ میں تبدیلی:

مندرجہ ذیل تبدیلیاں بورڈ میں وقوع پذیر ہوئیں۔

3- کمپنی نے شیوان سروسز (پرائیویٹ) لمیٹڈ کے ساتھ رائٹلٹی کی مدتیں پانچ سال کا معاہدہ کیا ہے جو کہ یکم جنوری 2021ء سے شروع ہو کر 31 دسمبر 2025ء میں ختم ہوگا۔ یہ رائٹلٹی خالص فروخت کا ایک فیصد ہوگی اور ہر تین ماہ بعد قابل ادا ہوگی۔

## مالیاتی گوشوارے:

کمپنی کے مالیاتی نتائج غیر جانبدار آڈٹ جو کہ بیرونی آڈیٹر زیمسز ای وائے فورڈ رپورٹ چارٹرڈ اکاؤنٹنٹس نے غیر جانبدار آڈیٹرز پورٹ 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 ممبر بورڈ میٹنگز میں فعال شمولیت کو یقینی بناتا ہے۔ اسٹریٹجک معاملات پر تفصیلی بات چیت ہوتی ہے اور انتظامیہ کو واضح ہدایات دی جاتی ہیں۔ جن کی بورڈ اور اس کی کمیٹیاں تسلسل کے ساتھ نگرانی کرتی ہیں۔ بورڈ اس بات کو یقینی بناتا ہے کہ کمپنی 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 ساتھ تمام منافع بخش (کاروباری) شعبوں میں مزید نمو کے مواقع تلاش کرنے پر زور دیتا ہے۔ کوڈ آف کارپوریٹ گورننس کی وضع کردہ مینٹ میٹ آف کمپلائنس میں ڈائریکٹرز کی تربیت کی تفصیلات دی گئی ہیں۔

## حصص داران کی تفصیل:

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

## بیرونی آڈیٹرز:

بیمسز ای وائے فورڈ رپورٹ چارٹرڈ اکاؤنٹنٹس 58 واں سالانہ اجلاس عام کے اختتام پر ریٹائر ہو جائیں گے۔ اہل ہونے کے باعث انہوں نے اپنے آپ کو دوبارہ انتخاب کے لئے پیش کیا ہے۔ بورڈ آف ڈائریکٹرز آڈٹ کمیٹی کی سفارشات پر انکی دوبارہ تقرری برائے سال 30 جون 2022ء کیلئے تجویز کرتے ہیں۔

## نان ایگزیکٹیو ڈائریکٹرز کے معاوضہ کی پالیسی:

بورڈ نان ایگزیکٹیو ڈائریکٹرز کی بورڈ اور کمیٹیز 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۔

## ایگزیکٹیو ڈائریکٹرز کے معاوضے:

کمپنی کے چیف ایگزیکٹیو اور ڈائریکٹرز کے معاوضے کی تفصیل 30 جون 2021ء کے مالیاتی گوشواروں کے نوٹ نمبر 35 میں بیان کی گئی ہے۔

- 1- بورڈ آف ڈائریکٹرز نے اپنے 09 جولائی 2020ء کو منعقد ہونے والے اجلاس میں جناب منیر نواز کو بطور چیئر مین تین (3) سال کی مدت کیلئے منتخب کر لیا ہے۔
- 2- بورڈ آف ڈائریکٹرز نے اپنے 09 جولائی 2020ء کو منعقد ہونے والے اجلاس میں جناب ہمایوں شاہ نواز کو بطور چیف ایگزیکٹیو تین (3) سال کی مدت کیلئے منتخب کر لیا ہے اور اس مدت کا آغاز 09 جولائی 2020ء سے ہوا ہے۔

## متعلقہ پارٹیوں سے لین دین:

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

- 1- 30 جون 2021ء 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 2021ء کو متعلقہ پارٹیوں کو قابل ادا / قابل وصول رقم درج ذیل ہیں۔

متعلقہ پارٹی کا نام	قابل ادا رقم	قابل وصول رقم
شیوان سروسز (پرائیویٹ) لمیٹڈ	57,744	NIL
شاہ تاج شوگر ملز لمیٹڈ	NIL	80,128

- 2- کمپنی 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 جزو ہے۔ اور پیداوار کا تمام جدول اعلیٰ معیار کی چینی کی موجود 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 بہت مناسب ہے اور اسی وجہ سے معاہدے کر لیے ہیں۔

تفصیلات	معاہدہ نمبر 1	معاہدہ نمبر 2
دورانہ:	17 جون 2021ء سے 31 جولائی 2021ء	24 جون 2021ء سے 24 ستمبر 2021ء
مقدار:	1,000 میٹرک ٹن	1,000 میٹرک ٹن
مکمل مالیت:	80,381,880 روپے قبل از بیلنگس	80,128,205 روپے قبل از بیلنگس
بیٹنگی ادائیگی:	60,256,410 روپے قبل از بیلنگس	80,128,205 روپے قبل از بیلنگس
نی نکلو قیمت:	80,342 روپے قبل از بیلنگس 94 روپے بعد بعد از بیلنگس	80,128 روپے قبل از بیلنگس 93.75 روپے بعد بعد از بیلنگس
ادائیگی کی شرائط:	75% بیٹنگی ادائیگی	100% بیٹنگی ادائیگی
ترسیل کی شرائط:	جب اور جیسے چاہیے	جب اور جیسے چاہیے

## کارپوریٹ معلومات:

### بورڈ کی ترتیب:

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

مرد آٹھ (08)

خاتون ایک (01)

### بورڈ کی تفصیل درج ذیل ہے:

غیر جانبدار ڈائریکٹر	جناب شاہد حسین چٹوٹی
نان ایگزیکٹو ڈائریکٹر	جناب عبدالحمید احمد ڈاگیا
	جناب نعمان خالد
	جناب منیر نواز
	جناب ایم نعیم
	جناب عابد نواز
	جناب راشد امجد خالد
ایگزیکٹو ڈائریکٹر	جناب ہمایوں اے شاہ نواز
	محترمہ منال شاہ نواز
خاتون ڈائریکٹر	محترمہ منال شاہ نواز

### کمیٹیوں کی ترتیب:

بورڈ نے درج ذیل ممبران پر مشتمل کمیٹیوں تشکیل دی ہیں۔

### آڈٹ کمیٹی:

جناب شاہد حسین چٹوٹی	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 منیر نواز	ممبر
جناب ایم نعیم	ممبر
جناب ہمایوں اے شاہ نواز	ممبر

## اجلاس کی تفصیل:

اس سال کے دوران بورڈ آف ڈائریکٹرز کے پانچ (05) اجلاس منعقد ہوئے۔ اجلاس میں حاضرین کی تفصیل درج ذیل ہے۔

ڈائریکٹر کا نام	اجلاس میں شرکت کی تعداد
جناب منیر نواز	5
جناب ہمایوں اے شاہ نواز	5
جناب ایم نعیم	4
جناب عابد نواز	5
جناب راشد امجد خالد	-
محترمہ منال شاہ نواز	5
جناب شاہد حسین چٹوٹی	5
جناب عبدالحمید احمد ڈاگیا	4
جناب نعمان خالد	4

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

اس سال کے دوران آڈٹ کمیٹی کے چار (04) 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 شاہد حسین چٹوٹی	4
جناب منیر نواز	4
جناب ایم نعیم	2
جناب راشد امجد خالد	2

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

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

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

ہماری صنعت کے حوالے سے ایک خاص طور پر مثبت پہلو یہ ہے کہ حکومت پاکستان نے 2021-22 کے وفاقی بجٹ میں جوسز، سکواٹرز اور سیریب پرفیڈرل ایکسائز ڈیوٹی ختم کر دی ہے۔ یہ قدم جوس انڈسٹری اور ہماری کمپنی کی ترقی کے لئے فائدہ مند ہوگا۔

روپے کی تنزلی اور مجموعی معاشی اشارے کمپنی کی مستقبل کی کارکردگی میں اہم کردار ادا کریں گے۔

اگرچہ وبائی مرض نے دنیا کو ہلا کر رکھ دیا، تاہم کمپنی نے حفظانِ صحت اور حفاظت کے پر زور اقدامات کے ساتھ غیر یقینی حالات میں کامیابی حاصل کی اور کاروباری تسلسل کو یقینی بنایا۔ کمپنی اپنے موجودہ گاہکوں سے حجم میں اضافے کے لئے کوشاں ہے اور مقامی اور غیر ملکی منڈیوں کی تلاش جاری رکھے گی۔

کمپنی کی اعلیٰ معیار کی تحقیق اور ترقی کو بڑھا کر اپنی موجودہ پروڈکٹ لائن میں نئی مصنوعات شامل کرنے کا ارادہ رکھتی ہے۔ شیزان فی الحال آنے والے مہینوں میں مایونیز فیملی کی مصنوعات متعارف کرنے پر کام کر رہا ہے۔ آرائیڈ ڈی اور پروڈکٹس جیسٹ پر کمپنی کی توجہ اس کے پروڈکٹ پورٹ فولیو کو مضبوط کرے گی۔ جو مستقبل میں پائیدار ترقی کو مستحکم کرے گی۔

### خطرات اور غیر یقینی حالات:

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

- آگے بڑھتے ہوئے کوویڈ-19 صحت کے بحران کی طوالت کے بارے میں مسلسل غیر یقینی صورتحال، بحالی کے راستے کے تمام پہلوؤں کو متاثر کرے گی۔
- امریکی ڈالر کے مقابلے میں روپے کی قدر میں مسلسل کمی ہماری درآمدی لاگت کو بڑھا دے گی۔
- مہنگائی میں بڑھتا ہوا رجحان مقامی طور پر دستیاب خام اور پیکیجنگ مواد کی قیمت میں اضافہ کرے گا اور مستقبل میں پیداواری لاگت میں اضافہ کا باعث بن سکتا ہے۔
- سرحدوں کی بندش اور مال کی قیمت میں اضافے کی وجہ سے سپلائی چین میں خلل ہمارے کاروبار کے لئے ایک بڑا چیلنج ہوگا۔
- چینی کی قیمت میں ریکارڈ اضافہ، ہماری مصنوعات کی پیداواری لاگت میں خاطر خواہ اضافہ کرے گا۔
- تیل، گیس اور بجلی کی لاگت میں اضافہ۔
- زیر زمین یا سطحی پانی کے استعمال پر مکندہ پانی چارج 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 ممکنہ 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 25.56 ملین روپے کے اخراجات ظاہر کیے ہیں۔ جو کہ

سپریم کورٹ آف پاکستان کے عبوری حکم کے مطابق جولائی 2020ء سے جون 2021ء تک کی مشروبات کی 25 فی صد کے پیداواری حجم پر پڑی ہے۔ تاہم بقایا جات جن کے حجم کا تعین ابھی ممکن نہیں کیونکہ معاملہ ابھی زیر غور ہے۔ لیکن ادارے نے اپنے مالیاتی نتائج کے نوٹ نمبر (xv) 24.1 میں خدشہ 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 ورانہ افرادی قوت موجود ہے۔

### اندرونی مالیاتی کنٹرول:

کمپنی میں ایک مضبوط اندرونی محاسبے 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 رپورٹنگ فریم ورک:

ڈائریکٹرز کو انتہائی مسرت کے ساتھ مطلع کرتے ہیں کہ کمپنی، سکیورٹیز 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 عکاسی 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 بیرونی کی گئی ہے اور اکاؤنٹنگ کے تخمینے انتہائی منطقی اور مطابقت اندازوں پر مبنی ہیں۔
- مالیاتی گوشواروں کی تیاری میں پاکستان میں قابل اطلاق بین الاقوامی مالیاتی رپورٹنگ کے اسٹینڈرڈز کی بیرونی 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 ماہیت (فیئر ویلیو) 30 جون 2021ء کو 211.376 ملین روپے ہے۔
- ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانس آفیسر، کمپنی سیکریٹری اور اسکے اہل و عیال کی شیئرز ہولڈنگ اور اس میں تبدیلی کی تفصیل کو شیئرز ہولڈرز کیلبر کی مدد میں ظاہر کیا گیا ہے۔

## ڈائریکٹرز رپورٹ برائے ممبران

ہم شیزان انٹرنیشنل کے بورڈ آف ڈائریکٹرز کی جانب سے ڈائریکٹرز رپورٹ اور مالی سال 30 جون 2021ء کیلئے کمپنی کے آڈٹ شدہ مالیاتی نتائج نتائج پیش کرتے ہیں۔

ہوئی کیونکہ اسٹیٹ بینک آف پاکستان نے مجموعی طور پر سود کی شرح 6.25 فیصد کم کر دی۔ اس کے علاوہ کمپنی نے منوٹر حکمت عملی کے ذریعے اسٹیٹ بینک آف پاکستان کی جانب سے سالانہ 0.45 سے 1.95 فیصد کے معمولی شرح سے تنخواہوں اور اجرتوں کے لئے ری فنانس سکیم کے خلاف طویل مدتی قرض حاصل کیا ہے۔

### عملی کارکردگی:

مالی سال 2021ء کی عملی کارکردگی مختصر ادرج ذیل ہے:

تفصیلات	2021	2020
مجموعی فروخت	6,584,452	7,313,042
مجموعی منافع	1,397,807	1,099,209
خالص منافع / (نقصان) قبل از محصولات	180,905	(302,670)
خالص منافع / (نقصان) بعد از محصولات	122,979	(235,784)
فی شخص آمدنی / (نقصان) روپوں میں	14.00	(26.84)

### منافع کی تقسیم:

تسلی بخش مالی نتائج کو مد نظر رکھتے ہوئے، بورڈ آف ڈائریکٹرز نے بڑی مسرت کے ساتھ 55 فیصد فی شخص منافع (یعنی کہ 5.50 روپے فی شخص) اور 10 فیصد بونس حصص تجویز کرتے ہیں۔

### قومی خزانے کو ادا ہوگی:

دوران سال قومی خزانے کو ادا ہوگی محصولات میں اضافہ ہوا اور کمپنی نے محصولات کی مد میں 1.873 ارب روپے ادا کئے جن میں سیلز ٹیکس، فیڈرل ایکسائز ڈیوٹی اور انکم ٹیکس شامل ہیں جو کہ قومی معیشت میں ہماری بھرپور شراکت 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:

ملک بھر میں ویکسینیشن میں اضافے کے ساتھ، عوامی زندگی کے بہت سے شعبوں کے کھلنے کے ساتھ آہستہ آہستہ معمول پر آ رہی ہے۔ ہماری اہم مصنوعات، جوس، ایک تسلسل سے خرید جانے والا پروڈکٹ ہے اور سکولوں اور پبلک ٹرانسپورٹ کی بحالی کی وجہ سے ہمیں امید ہے کہ ہم ان کھوئی ہوئی فروخت کو دوبارہ حاصل کرنے میں کامیاب ہو جائیں گے۔

دنیا بھر میں جاری کوویڈ-19 کے وبائی مرض کی وجہ سے معاشی منظر نامہ غیر یقینی رہا۔ وبائی مرض کے منفی اثرات کی وجہ سے عالمی ترقی غیر یقینی رہی۔ وبائی مرض نے پہلے ہی لاک ڈاؤن، سرحدوں کی بندش، بین الاقوامی تجارت کے خاتمہ، سفری پابندی اور عالمی سطح پر مالیاتی مارکیٹ میں اتار چڑھاؤ جیسے جھٹکے لگائے ہیں۔

پاکستان کے لیے یہ وبائی مرض بھی ایک سخت چیلنج بن گیا ہے کیونکہ ملک پہلے ہی ادائیگیوں کے توازن کو مستحکم کرنے کے لیے دباؤ میں تھا یہ دباؤ مارچ 2020 میں پاکستان میں شروع ہوئی تھی اور اس کی وجہ سے ملک میں بیشتر معاشی سرگرمیاں متزلزل کا شکار رہی ہیں۔

متعدد مشکلات کے باوجود مختلف مالی اور زرعی اقدامات کی وجہ سے پاکستان معاشی ترقی کی راہ پر گامزن رہا۔ بینک دولت پاکستان نے شرح سود کو سات فیصد پر برقرار رکھا جو کہ بینک دولت پاکستان کی ترقی کی حامی پالیسی کی نشاندہی کرتا ہے۔ اس کے علاوہ اقتصادی سرگرمیوں کو فروغ دینے کے لئے کم شرح سود پرری فنانسنگ سہولیات بھی متعارف کرائی ہیں۔

### کاروباری جائزہ:

ہماری کمپنی اپنے ملازمین کی حفاظت کے ساتھ ساتھ مارکیٹ میں ہماری مصنوعات کی دستیابی کو یقینی بناتے ہوئے سخت ایس او بیز کے ساتھ اپنا کام جاری رکھنے میں کامیاب رہی ہے۔ کمپنی نے مصنوعات کے خالص منافع کو بڑھانے کی حکمت عملی پر عمل پیرا ہوتے ہوئے مصنوعات کے معیار کو بڑھانے، کارکردگی کو بہتر بنانے اور پیداوار کی بنیاد کو وسعت دینے اور پیداوار کی گنجائش کو بہتر بنانے جیسے اقدامات کئے ہیں۔

برآمدات نے گزشتہ سال کے مقابلے میں آمدنی میں 45 فیصد اضافہ کے ساتھ حوصلہ افزا نتائج دکھائے۔ ہمارے تیار شدہ یکوان، جوسز، بوتل جوسز، شربت اور کچپ مصنوعات نے برآمدات کے اضافے میں بنیادی کردار ادا کیا۔ ہماری برآمدات بنیادی طور پر مشرق وسطیٰ اور یورپ کو گئیں۔ ہم نے اپنی مصنوعات کے تعارف اور فروخت کے لیے نئے برآمدی راستے تلاش کرنے پر زور دیا اور ہم پر امید ہیں کہ برآمدات میں اضافہ کی یہ شرح آئندہ آنے والے سالوں میں بھی برقرار رہے گی۔

### عملی جائزہ:

گزشتہ سال کے مقابلے میں اس مالی سال کے دوران کمپنی کی کل آمدنی میں کمی آئی ہے۔ وبائی مرض برقرار رہا اور اس نے پاکستان میں معاشی سرگرمیوں کے جمود کو جاری رکھا ہے۔ خاص طور پر ہماری ہدف یافتہ مارکیٹیں جیسے اسکول / کالج کینٹین، پبلک ٹرانسپورٹ، ریسٹوران، پارکس اور چڑیا گھر اور دیگر تفریحی سرگرمیوں میں اس کے اثرات زیادہ تھے۔ جیسا کہ سفر اب کم ہو چکا ہے اس لئے ٹرانسپورٹ کے شعبے سے ہماری فروخت کم ہو گئی ہے۔ فروخت میں کمی کے باوجود کمپنی نے قیمتوں کی معقولیت اور لاگت کی کارکردگی کے اقدامات کی وجہ سے منافع میں حوصلہ افزا نتائج اور نمود کھائی۔

زیر نظر مدت کے لئے مالیاتی لاگت میں اسی مدت کے مقابلے میں نمایاں طور پر 40 فیصد کمی واقع



# 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 of the everyday operations of the Company. Since the Company's business is to deal with food and juice products, 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 on 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 an annual Hajj Scheme according to which it sends three employees for Hajj every year on 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 under the "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's 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 to helping distressed communities as and when required. For this purpose, the Company has made donations to various educational and charitable organizations including Aziz Jehan Begum Trust for the Blind, Sahara for Life Trust, Markaz-E-Umeed, Jinnah Hospital, Sindh Institute of Urology and Transplantation, Lahore General Hospital, Chhipa Welfare Association, Marie

Adelaide Leprosy Centre, Fatimid Foundation, Roshni Homes Trust, Shaukat Khanum Cancer Hospital, Edhi Foundation, SOS Children Village, LRBT Hospital, Hijaz Hospital, Children Hospital, Ansar Burney Trust International, Abeer Welfare Trust, Care Foundation, Mayo Hospital Lahore, Sir Ganga Ram Hospital, Lady Willingdon Hospital, Rising Sun Institute for Special Children, Foundation for Rehabilitation & Education, Eye Donors Organization, Cancer Care Hospital & Research Centre, Sundas Foundation, The Society for Preservation & Restoration of Vision, Shalamar Hospital, Clapp Trust Hospital, Marvi Social Welfare Organization, Pakistan Association Of The Blind, Leprosy Patients Welfare Trust, Forman Christian College, Depilex Smileagain Foundation, The Diabetes Centre, The Trust School, Pink Ribbon Campaign 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 International Limited 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 2021

- 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 2021.

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
246	1	100	6,752
183	101	500	46,948
91	501	1,000	73,479
97	1,001	5,000	216,069
22	5,001	10,000	162,123
4	10,001	15,000	52,878
5	15,001	20,000	89,854
4	20,001	25,000	90,622
4	25,001	30,000	105,018
1	35,001	40,000	36,435
2	40,001	45,000	86,640
2	45,001	50,000	95,896
2	50,001	55,000	106,284
2	75,001	80,000	151,896
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	340,001	345,000	344,579
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>688</b>			<b>8,784,600</b>

4	Categories of Shareholders	Shares held	Percentage
4.1	Directors, Chief Executive Officers, their spouses and minor children	2,031,214	23.1224%
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	1,958,090	22.2900%
4.6	Insurance Companies	77,208	0.8789%
4.7	General Public		
	a. Local	4,061,457	46.2338%
	b. Foreign	110	0.0013%
4.8	Others		
4.8.1	Joint Stock Companies	51,355	0.5846%
4.8.2	Leasing Companies	10,000	0.1138%
4.8.3	Pension Funds	212,510	2.4191%
4.8.4	Foreign Companies	344,579	3.9225%
4.8.5	Government Holding	5,911	0.0673%
4.8.6	Others	5,388	0.0613%
		<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%



# CATEGORIES OF SHAREHOLDERS

AS AT 30 JUNE 2021

Sr. No.	Name	Shares Held	Percentage
<b>4.1 Directors, Chief Executive Officers, 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	1,173	0.0134%
12	Mrs. Ayesha Khalid W/o Mr. Nauman Khalid	173	0.0020%
13	Mr. Shahid Hussain Jatoi	-	-
		2,031,214	23.1224%
<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	21,270	0.2421%
4	CDC - Trustee APF-Equity Sub Fund	5,000	0.0569%
5	CDC - Trustee Atlas Stock Market Fund	76,000	0.8652%
6	CDC - Trustee MCB Pakistan Asset Allocation Fund	5,115	0.0582%
7	CDC - Trustee NBP Sarmaya Izafa Fund	12,500	0.1423%
8	CDC - Trustee Pakistan Capital Market Fund	9,960	0.1134%
9	CDC - Trustee UBL Dedicated Equity Fund	1,500	0.0171%
10	CDC - Trustee UBL Retirement Savings Fund - Equity Sub Fund	44,490	0.5065%
11	CDC - Trustee Al-Ameen Islamic Retirement Saving Fund - Equity Sub Fund	52,390	0.5964%
		1,958,090	22.2900%
<b>4.6 Insurance Companies</b>			
1	Habib Insurance Company Limited	1,312	0.0149%
2	State Life Insurance Corporation of Pakistan	75,896	0.8640%
		77,208	0.8789%
<b>4.7 General Public</b>			
	Local	4,061,457	46.2338%
	Foreign	110	0.0013%
		4,061,567	46.2351%

# CATEGORIES OF SHAREHOLDERS

AS AT 30 JUNE 2021

Sr. No.	Name	Shares Held	Percentage
<b>4.8</b>	<b>Others</b>		
<b>4.8.1</b>	<b>Joint Stock Companies</b>		
1	A.H.M. Securities (Private) Limited	500	0.0057%
2	Al-Habib Capital Markets (Private) Limited - MF	1,000	0.0114%
3	Axis Global Limited - MF	300	0.0034%
4	Burma Oil Mills Limited	731	0.0083%
5	Insight Securities (Private) Limited	27,600	0.3142%
6	ISPI Corporation (Private) Limited	4	–
7	Magnus Investment Advisors Limited	145	0.0017%
8	MRA Securities Limited - MF	16,500	0.1878%
9	Murree Brewery Company Limited	173	0.0020%
10	N.U.A. Securities (Private) Limited - MF	1,400	0.0159%
11	NCC - Pre Settlement Delivery Account	1,000	0.0114%
12	NH Capital Fund Limited	2	–
13	ISPI Corporation (Private) Limited	2,000	0.0228%
		51,355	0.5846%
<b>4.8.2</b>	<b>Leasing Companies</b>		
1	CDC - Capital Assets Leasing Corporation Limited	10,000	0.1138%
		10,000	0.1138%
<b>4.8.3</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%
3	CDC - Trustee NAFA Islamic Pension Fund Equity Account	23,000	0.2618%
4	CDC - Trustee NAFA Pension Fund - Equity Sub Fund	24,200	0.2755%
		212,510	2.4191%
<b>4.8.4</b>	<b>Foreign Companies</b>		
1	Tundra Sustainable Frontier Fund	344,579	3.9225%
		344,579	3.9225%
<b>4.8.5</b>	<b>Government Holding</b>		
1	Federal Board of Revenue	5,911	0.0673%
		5,911	0.0673%
<b>4.8.6</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%
		5,388	0.0613%
<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 its directors, Executives, their spouses and minor children is as follows:

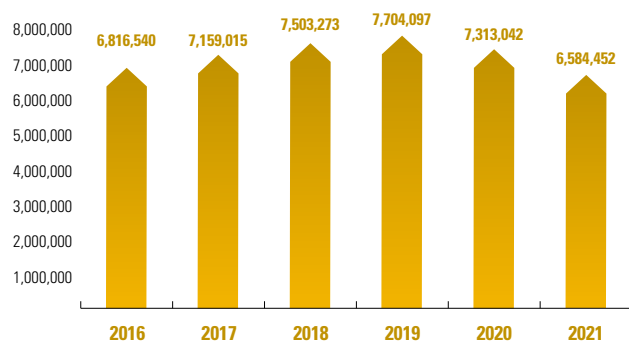
S. No.	Name	Sale	Purchase
1	Mr. Abdul Hamid Ahmed Dagia (Independent Director)	–	500
2	Mr. Nauman Khalid (Independent Director)	–	500
3	Mr. Waseem Amjad Mehmood (Executive)	200	–

# SIX YEARS REVIEW

## AT A GLANCE

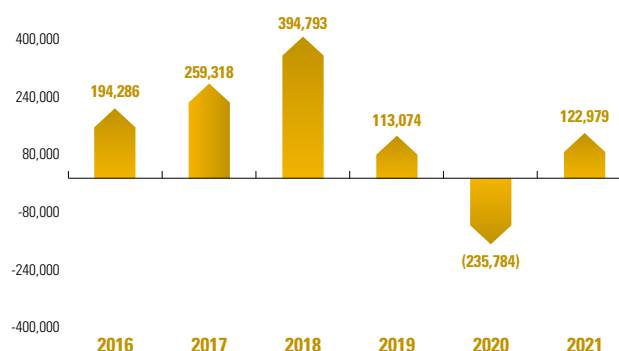
### NET REVENUE

Rupees in thousand



### PROFIT / (LOSS) AFTER TAXATION

Rupees in thousand



Year	Year	Year	Year	Year	Year
2016	2017	2018	2019	2020	2021
Rupees in thousand					

### Incomes

Revenue from contracts with customers - net	6,816,540	7,159,015	7,503,273	7,704,097	7,313,042	<b>6,584,452</b>
Other income	51,859	38,321	51,480	91,264	59,501	<b>51,590</b>
	<b>6,868,399</b>	<b>7,197,336</b>	<b>7,554,753</b>	<b>7,795,361</b>	<b>7,372,543</b>	<b>6,636,042</b>

### Expenditure

Cost of revenue	4,931,776	5,083,750	5,405,841	6,172,758	6,213,833	<b>5,186,645</b>
Distribution and administrative expenses	1,494,151	1,508,915	1,387,042	1,282,210	1,133,360	<b>1,052,423</b>
Finance cost	52,178	36,419	39,188	68,195	206,986	<b>124,320</b>
Other operating expenses	186,818	206,309	233,450	120,264	121,034	<b>91,749</b>
	<b>6,664,923</b>	<b>6,835,393</b>	<b>7,065,521</b>	<b>7,643,427</b>	<b>7,675,213</b>	<b>6,455,137</b>

Profit / (loss) before taxation	203,476	361,943	489,232	151,934	(302,670)	<b>180,905</b>
Taxation	9,190	102,625	94,439	38,860	(66,886)	<b>57,926</b>
Profit / (loss) after Taxation	<b>194,286</b>	<b>259,318</b>	<b>394,793</b>	<b>113,074</b>	<b>(235,784)</b>	<b>122,979</b>

Paid-up capital	79,860	79,860	79,860	87,846	87,846	<b>87,846</b>
Reserves & unappropriated profits	1,754,742	1,942,089	2,229,827	2,145,923	1,861,635	<b>1,984,786</b>
Unrealized gain / (loss) on remeasurement of investments available for sale	(237)	756	(210)	(189)	172	<b>1,386</b>

<b>Shareholders equity</b>	<b>1,834,365</b>	<b>2,022,705</b>	<b>2,309,477</b>	<b>2,233,580</b>	<b>1,949,653</b>	<b>2,074,018</b>
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Break up value per share in Rupees	229.70	253.28	289.19	254.25	221.93	<b>236.09</b>
Earnings / (loss) per share in Rupees	24.33	32.47	44.94*	12.87	(26.84)	<b>14.00</b>
Price Earning Ratio	18.56	14.63	12.68*	32.82	(8.34)	<b>23.67</b>
Dividend declared	9.00	13.50	15.00	5.50	-	<b>5.50</b>
Bonus per share	-	-	10%	-	-	<b>10%</b>

\* Figures have been restated.

# INDEPENDENT AUDITOR'S REVIEW REPORT

## TO THE MEMBERS OF SHEZAN INTERNATIONAL LIMITED

### REVIEW REPORT 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 2021 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. 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.

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 2021.

Lahore:  
29 September 2021.



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 2021

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)
- b. Female: One (01)

2. The composition of Board is as follows:

Independent Directors	Mr. Shahid Hussain Jatoi Mr. Nauman Khalid Mr. Abdul Hamid Ahmed Dagia
Other Non-executive Directors	Mr. Muneer Nawaz <sup>1</sup> Mr. M. Naeem Mr. Rashed Amjad Khalid Mr. Abid Nawaz
Executive Directors	Mr. Humayun A. Shahnawaz <sup>2</sup> Ms. Manahil Shahnawaz
Female Director	Ms. Manahil Shahnawaz

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 fifteen (15) years of education and sixteen (16) 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 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. Muneer Nawaz	Member
Mr. M. Naeem	Member
Mr. Rashed Amjad Khalid	Member

### Human Resource and Remuneration Committee

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

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee 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	One (01)

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;

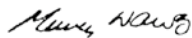
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance 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, 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
<p><b>Nomination Committee:</b></p> <p>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.</p>	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.
<p><b>Risk Management Committee:</b></p> <p>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.</p>	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



**Humayun A. Shahnawaz**  
Chief Executive

Lahore:  
27 September 2021.

- 1 Mr. Muneer Nawaz has been re-elected as the Chairman of the Board by the Board of Directors in their meeting held on 09 July 2020 for the current term of the Board.
- 2 Mr. Humayun A. Shahnawaz has been re-appointed as Chief Executive of the Company by the Board of Directors in their meeting held on 09 July 2020 for a period of three years starting from 09 July 2020.

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF SHEZAN INTERNATIONAL LIMITED REPORT 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 2021, 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 2021 and of the profit, total 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 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 is the key audit matter:

Key audit matter	How our audit addressed the key audit matter
<b>Tax contingencies</b>  As disclosed in Note 24 to the financial statements, certain tax matters are pending adjudication at various levels with the taxation authorities and other legal forums.  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.  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.	 Our audit procedures amongst others included the following: <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 Auditor’s Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

**Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of 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.

**Auditor’s Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

#### **Report on Other Legal and Regulatory Requirements**

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

- 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 profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

# STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Note	Rupees in thousand	
		2021	2020
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	1,618,924	1,863,439
Long-term investment	7	4,036	2,650
Long-term receivables	8	26,429	27,930
Long-term deposits	9	3,331	4,388
Deferred tax asset	10	220,253	181,028
		<b>1,872,973</b>	2,079,435
<b>CURRENT ASSETS</b>			
Stores and spares	11	140,995	119,002
Stock-in-trade	12	1,644,975	1,527,152
Right to recover asset		4,896	16,162
Trade receivables	13	309,119	156,598
Loans and advances	14	247,222	125,595
Trade deposits, prepayments and other receivables	15	9,040	6,982
Tax refunds due from the Government		146,824	165,676
Cash and bank balances	16	154,955	202,541
		<b>2,658,026</b>	2,319,708
<b>TOTAL ASSETS</b>		<b>4,530,999</b>	4,399,143
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital 10,000,000 (2020: 10,000,000) ordinary shares of Rs. 10 each		100,000	100,000
Issued, subscribed and paid up capital	17	87,846	87,846
Capital reserve	18.1	5,000	5,000
Revenue reserve	18.2	1,981,172	1,856,807
<b>TOTAL EQUITY</b>		<b>2,074,018</b>	1,949,653
<b>NON-CURRENT LIABILITIES</b>			
Long-term loans	19	42,052	291,300
Lease liabilities	20	50,037	54,165
Deferred grant		1,071	2,709
		<b>93,160</b>	348,174
<b>CURRENT LIABILITIES</b>			
Trade and other payables	21	733,360	738,534
Contract liabilities		62,910	108,878
Unclaimed dividend	22	4,845	4,880
Interest accrued on borrowings		21,185	42,011
Current portion of long-term loans	19	409,670	233,871
Current portion of lease liabilities	20	8,327	6,049
Current portion of deferred grant		9,026	5,045
Short-term borrowings	23	929,615	744,035
Refund liability		87,732	108,370
Provision for taxation		97,151	109,643
		<b>2,363,821</b>	2,101,316
<b>TOTAL LIABILITIES</b>		<b>2,456,981</b>	2,449,490
<b>CONTINGENCIES AND COMMITMENTS</b>	24		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,530,999</b>	4,399,143

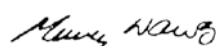
The annexed notes from 1 to 43 form an integral part of these financial statements.

# STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2021

	Note	Rupees in thousand	
		2021	2020
Revenue from contracts with customers - net	25	<b>6,584,452</b>	7,313,042
Cost of revenue	26	<b>5,186,645</b>	6,213,833
<b>Gross profit</b>		<b>1,397,807</b>	1,099,209
Distribution expenses	27	<b>768,107</b>	799,910
Administrative expenses	28	<b>284,316</b>	333,450
		<b>1,052,423</b>	1,133,360
<b>Operating profit / (loss)</b>		<b>345,384</b>	(34,151)
Other operating expenses	29	<b>91,749</b>	121,034
Other income	30	<b>(51,590)</b>	(59,501)
Finance costs	31	<b>124,320</b>	206,986
<b>Profit / (loss) before taxation</b>		<b>180,905</b>	(302,670)
Taxation	32	<b>57,926</b>	(66,886)
<b>Net profit / (loss) for the year</b>		<b>122,979</b>	(235,784)
<b>Earnings / (loss) per share - basic and diluted (Rupees)</b>	33	<b>14.00</b>	(26.84)

The annexed notes from 1 to 43 form an integral part of these financial statements.



Director



Chief Executive



Chief Financial Officer

# STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	Rupees in thousand	
	2021	2020
Net profit / (loss) for the year	122,979	(235,784)
<b>Other comprehensive income</b>		
Items that will not be reclassified to profit or loss in subsequent periods:		
Unrealized gain on remeasurement of investment designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition - net of deferred tax	1,386	172
Items that will be reclassified to profit or loss in subsequent periods	-	-
<b>Total comprehensive income / (loss) for the year</b>	<b>124,365</b>	<b>(235,612)</b>

The annexed notes from 1 to 43 form an integral part of these financial statements.



*Muhammad Nawaz*

Director

*H. J. Shah*

Chief Executive

*Jami*

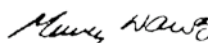
Chief Financial Officer

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	Capital Reserve		Revenue Reserve			Total	
	Share Capital	Merger Reserve	General Reserve	Unrealized gain/(loss) on Remeasurement of Investments	Unappropriated Profits / (loss)		Sub total
Rupees in thousand							
<b>Balance as on 01 July 2019</b>	87,846	5,000	2,000,000	103	140,631	2,140,734	2,233,580
Final dividend @ Rs. 5.5/- per share for the year ended 30 June 2019	-	-	-	-	(48,315)	(48,315)	(48,315)
Loss for the year	-	-	-	-	(235,784)	(235,784)	(235,784)
Other comprehensive income	-	-	-	172	-	172	172
Total comprehensive loss	-	-	-	172	(235,784)	(235,612)	(235,612)
<b>Balance as on 30 June 2020</b>	87,846	5,000	2,000,000	275	(143,468)	1,856,807	1,949,653
Profit for the year	-	-	-	-	122,979	122,979	122,979
Other comprehensive income	-	-	-	1,386	-	1,386	1,386
Total comprehensive income	-	-	-	1,386	122,979	124,365	124,365
<b>Balance as at 30 June 2021</b>	<b>87,846</b>	<b>5,000</b>	<b>2,000,000</b>	<b>1,661</b>	<b>(20,489)</b>	<b>1,981,172</b>	<b>2,074,018</b>

The annexed notes from 1 to 43 form an integral part of these financial statements.

  
Director

  
Chief Executive

  
Chief Financial Officer

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	Note	Rupees in thousand	
		2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations			
Profit / (loss) before taxation		180,905	(302,670)
Adjustments to reconcile profit / (loss) before tax to net cash flows:			
Depreciation	6.1	279,707	327,166
Finance costs	31	124,320	206,986
Dividend income	30	(238)	(73)
Profit on bank deposits	30	(455)	(4,780)
Un-winding of financial charges	30	(1,698)	(4,456)
Unrealized foreign exchange loss	29	2,838	1,913
Unwinding of deferred grant	30	(13,198)	(449)
Allowance for credit losses	29	28	9,179
Loss on disposal of property, plant and equipment	30.1	19,494	6,999
		410,798	542,485
Operating profit before working capital changes		591,703	239,815
Working capital changes:			
(Increase) / decrease in current assets:			
Stores and spares		(21,993)	7,324
Stock-in-trade		(117,823)	117,910
Right to recover asset		11,266	1,961
Trade receivables		(155,378)	(29,351)
Loans and advances		(121,627)	(97,563)
Trade deposits, short-term prepayments and other deposits		(2,058)	1,333
		(407,613)	1,614
Increase / (decrease) in current liabilities:			
Trade and other payables		(5,174)	(131,429)
Contract liabilities		(45,968)	2,547
Refund liability		(20,638)	(4,169)
		(71,780)	(133,051)
Cash generated from operations		112,310	108,378
Profit on bank deposits received		455	4,780
Income tax paid		(90,791)	(83,295)
Long-term receivables		3,190	10,143
Long-term deposits		1,057	450
Net cash flows from operating activities		26,221	40,456
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(84,498)	(262,196)
Dividend received	30	238	73
Sale proceeds from disposal of property, plant and equipment	30.1	32,925	63,066
Net cash flows used in investing activities		(51,335)	(199,057)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of lease liability		(12,964)	(12,066)
Short-term borrowings obtained - net		185,580	367,652
Long-term loans obtained		223,348	110,492
Repayment of long term loans		(294,901)	(105,720)
Finance costs paid		(123,500)	(185,399)
Dividend paid		(35)	(47,540)
Net cash flows (used in) / from financing activities		(22,472)	127,419
Net decrease in cash and cash equivalents		(47,586)	(31,182)
Cash and cash equivalents at beginning of the year		202,541	233,723
Cash and cash equivalents at end of the year	16	154,955	202,541

The annexed notes from 1 to 43 form an integral part of these financial statements.



*Munir Nawaz*

Director

*H. N. Shah*

Chief Executive

*Fazal*

Chief Financial Officer

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

### 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, however, the second and third waves have also impacted the businesses in the country.

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 also obtained a loan in prior and current year 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 0.45% to 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 in the preparation of these financial statements are consistent with those of the previous financial year, except for new standards, interpretation and amendments to following standards as described below:

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## Standard, Interpretation and Amendment

IFRS 3	–	Business Combinations - Definition of a Business (amendments)
IFRS 7 & IFRS 9	–	Financial instruments - Amendments regarding pre-replacement issues in the context of the interest rate benchmark reform (IBOR)
IAS 1 & IAS 8	–	Presentation of Financial Statements & Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material, to clarify the definition of material and its alignment with the definition used in the Conceptual Framework (amendments)
IFRS 16	–	Covid-19-Related Rent Concessions (Amendment to IFRS 16)
IFRS 16	–	Covid-19-Related Rent Concessions beyond 30 June 2021 - Amendment to IFRS 16

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the financial statement.

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

The following amendments to the approved accounting and reporting standards, applicable in Pakistan, would be effective from the dates mentioned below against the respective standards and interpretation have not been adopted early by the Company:

Standard or Interpretation		Effective date (annual periods beginning on or after)
IAS 7 & IAS 9	Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	01 January 2021
IFRS 3	Business Combinations - The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.	01 January 2022
IFRS 16	Property, plant and equipment - Amendment to clarify the prohibition on an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.	01 January 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.	01 January 2022
IAS 1	Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current.	01 January 2023
IAS 1	Presentation of Financial Statements to require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy.	01 January 2023
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (Amendments) - Definition of Accounting Estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty	01 January 2023



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

<b>Standard or Interpretation</b>	<b>Effective date (annual periods beginning on or after)</b>
IFRS 10 & IAS 28 Consolidated Financial Statements & Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – (Amendment)	Not yet finalized

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 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.

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

The Company expects that the adoption of the above revision, amendments and interpretation of the standards will not affect the Company's financial statements in the period of initial application.

### 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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

### 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.

##### 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 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

Useable stores and spares except for in-transit, are valued principally at moving weighted average cost basis, while items considered obsolete are carried at nil value. Provision is made against slow moving or obsolete stores and spares on a systematic basis.

Value in relation to raw materials, packing materials and pulps and concentrates etc. except for in-transit is arrived at using moving weighted average cost basis. Provision for unusable raw and packing material is made on an estimated basis, wherever required.

Value of finished goods and work in process both manufactured and purchased, is determined on weighted average cost basis, except for in-transit goods. In-transit goods and materials are valued at cost comprising invoice value plus other charges thereon. Cost in relation to work-in-process and finished goods includes an appropriate portion of production overheads. Finished goods are valued at cost or net realizable value, whichever is lower. Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and cost necessary to be incurred in order to make a 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.

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

### 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
- 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

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.

### 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.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

### 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.

#### 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 sales) 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 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% (2020: 8.33%).

### 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.

		Rupees in thousand		
		2021	2020	
		Note		
<b>6</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>			
	Operating fixed assets	6.1	1,483,910	1,724,758
	Capital work in progress	6.2	135,014	138,681
			<b>1,618,924</b>	1,863,439

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

### 6.1 Operating fixed assets

		2021								
		COST			DEPRECIATION				NET BOOK VALUE	
Note	As at 01 July 2020	Additions / Transfers	Disposals	As at 30 June 2021	Accumulated as at 01 July 2020	Disposals	Charge for the year	Accumulated as at 30 June 2021	As at 30 June 2021	Depreciation Rate
Rupees in thousand										
<b>Owned assets</b>										
	7,091	-	-	7,091	-	-	-	-	7,091	-
	2,646	-	-	2,646	-	-	-	-	2,646	-
	125,945	-	-	125,945	62,234	-	6,371	68,605	57,340	10
	40,287	-	-	40,287	26,825	-	1,346	28,171	12,116	10
	1,723,876	22,038	(13,525)	1,732,389	744,119	(8,778)	123,405	858,746	873,643	12.5
	33,989	-	-	33,989	19,129	-	2,229	21,358	12,631	15
	195,508	-	(7,701)	187,807	136,980	(6,252)	11,482	142,210	45,597	20
	6,255	-	-	6,255	4,888	-	142	5,030	1,225	10-25
	345,008	6,124	(1,844)	349,288	240,316	(1,732)	22,942	261,526	87,762	15-33.33
	7,239	-	-	7,239	1,935	-	530	2,465	4,774	10
	59,256	-	-	59,256	40,891	-	3,673	44,564	14,692	20
	26,655	53	(680)	26,028	22,718	(574)	1,291	23,435	2,593	33.33
	94	-	-	94	94	-	-	94	-	20
	-	-	-	-	-	-	-	-	-	-
	638,398	59,950	(106,507)	591,841	247,320	(60,502)	95,281	282,099	309,742	25
	<b>3,212,247</b>	<b>88,165</b>	<b>(130,257)</b>	<b>3,170,155</b>	<b>1,547,449</b>	<b>(77,838)</b>	<b>268,692</b>	<b>1,738,303</b>	<b>1,431,852</b>	
	69,158	3,113	-	72,271	9,198	-	11,015	20,213	52,058	12.5 - 34
	<b>Total</b>	<b>3,281,405</b>	<b>91,278</b>	<b>(130,257)</b>	<b>3,242,426</b>	<b>1,556,647</b>	<b>(77,838)</b>	<b>279,707</b>	<b>1,758,516</b>	<b>1,483,910</b>

\* The additions represent adjustment made during the year.

		2020								
		COST			DEPRECIATION				NET BOOK VALUE	
Note	As at 01 July 2019	Additions / Transfers	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										
<b>Owned assets</b>										
	7,091	-	-	7,091	-	-	-	-	7,091	-
	2,646	-	-	2,646	-	-	-	-	2,646	-
	118,132	7,813	-	125,945	55,951	-	6,283	62,234	63,711	10
	40,287	-	-	40,287	25,329	-	1,496	26,825	13,462	10
	1,711,946	48,263	(36,333)	1,723,876	638,071	(30,439)	136,487	744,119	979,757	12.5
	33,387	602	-	33,989	16,535	-	2,594	19,129	14,860	15
	204,867	3,904	(13,263)	195,508	133,886	(11,491)	14,585	136,980	58,528	20
	6,255	-	-	6,255	4,729	-	159	4,888	1,367	10-25
	335,242	11,466	(1,700)	345,008	212,138	(1,428)	29,606	240,316	104,692	15-33.33
	7,239	-	-	7,239	1,345	-	590	1,935	5,304	10
	55,604	3,652	-	59,256	36,306	-	4,585	40,891	18,365	20
	25,611	1,044	-	26,655	20,938	-	1,780	22,718	3,937	33.33
	94	-	-	94	94	-	-	94	-	20
	600,746	186,148	(148,496)	638,398	213,886	(86,369)	119,803	247,320	391,078	25
	3,149,147	262,892	(199,792)	3,212,247	1,359,208	(129,727)	317,968	1,547,449	1,664,798	
	-	69,158	-	69,158	-	-	9,198	9,198	59,960	12.5 - 34
	3,149,147	332,050	(199,792)	3,281,405	1,359,208	(129,727)	327,166	1,556,647	1,724,758	-

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

**6.1.1** Visi coolers costing Rs. (thousand) 175,034 (2020: Rs. (thousand) 175,431), are in the possession of shopkeepers for the sale of Company's products.

**6.1.2** These include bottles and shells costing Rs. (thousand) 126,104 (2020: Rs. (thousand) 111,682) held by distributors of the Company in the normal course of business.

## 6.2 Capital Work In Progress

	COST				
	Land*	Plant and machinery	Buildings	2021	2020
Rupees in thousand					
Balance as at 01 July	70,507	5,838	62,336	<b>138,681</b>	139,378
Additions during the year	–	11,613	–	<b>11,613</b>	47,548
Transferred to operating fixed assets	–	(15,280)	–	<b>(15,280)</b>	(48,245)
<b>Balance as at 30 June</b>	70,507	2,171	62,336	<b>135,014</b>	138,681

\*This represents amount paid as advance 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.

	Note	Rupees in thousand	
		2021	2020
<b>6.3 Depreciation charge for the year has been allocated as follows:</b>			
Cost of revenue	26.1	<b>190,033</b>	216,190
Distribution costs	27	<b>65,053</b>	80,367
Administrative expenses	28	<b>10,559</b>	12,295
Other operating expenses	29	<b>14,062</b>	18,314
		<b>279,707</b>	327,166

## 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 2021

	Note	Rupees in thousand	
		2021	2020
<b>7 LONG-TERM INVESTMENT</b>			
Quoted Modaraba - Fair value through OCI			
BRR Guardian Modaraba			
305,000 (2020: 305,000) certificates of Rs. 10/- each	7.1	2,375	2,375
Gain on remeasurement		1,661	275
		<b>4,036</b>	2,650

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

	Note	Rupees in thousand	
		2021	2020
<b>8 LONG-TERM RECEIVABLES</b>			
Opening balance	8.1	27,930	35,340
Received during the year		(3,190)	(10,143)
Un-winding	30	1,698	4,456
Allowance for expected credit losses	29	(9)	(1,723)
		<b>26,429</b>	27,930

**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	
		2021	2020
<b>9 LONG-TERM DEPOSITS</b>			
Utility companies		2,548	2,548
Others		783	1,840
		<b>3,331</b>	4,388

### 10 DEFERRED TAX ASSET

This comprises:

Deferred tax assets on deductible temporary differences

Allowance for expected credit losses	9,372	10,206
Lease liability	15,746	–
Provision for employee's compensated absences	21,619	25,619
Provision for bonuses to staff and agents	11,466	–
Carried forward minimum tax credit	180,053	170,171
Unabsorbed tax depreciation	82,926	82,926
Refund liability	25,442	29,869
	<b>346,624</b>	318,791

Deferred tax liabilities on taxable temporary differences

Accelerated tax depreciation	(124,951)	(133,302)
Right to recover assets	(1,420)	(4,455)
Lease liability	–	(6)
	<b>(126,371)</b>	(137,763)
	<b>220,253</b>	181,028

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

		Rupees in thousand		
		Note	2021	2020
<b>11</b>	<b>STORES AND SPARES</b>			
	Stores		6,859	7,592
	Spares		134,136	111,410
			<b>140,995</b>	119,002
<b>12</b>	<b>STOCK-IN-TRADE</b>			
	Raw materials		165,881	93,461
	Packing materials		526,647	500,818
	Finished goods		269,559	179,907
	Pulps and concentrates etc.	12.1	674,008	729,515
	Goods in transit		8,880	23,451
			<b>1,644,975</b>	1,527,152

**12.1** These include pulps amounting to Rs. (thousand) 223,668 (2020: Rs. (thousand) 201,736), held with third parties in the normal course of business.

		Rupees in thousand		
		Note	2021	2020
<b>13</b>	<b>TRADE DEBTS</b>			
	Due from customers - unsecured, considered good	13.1	309,119	156,598
	Considered doubtful		31,512	31,493
	Allowance for expected credit losses	13.4	(31,512)	(31,493)
			-	-
			<b>309,119</b>	156,598

**13.1** These customers have no recent history of default. For age analysis of these trade debts, refer to Note 39.1.1.

**13.2** Maximum aggregate amount due from Shezan Ampis Restaurant (associated undertaking) at the end of any month in the year was Rs. (thousand) 15 (2020: Rs. (thousand) 20). 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 (2020: Rs. (thousand) Nil).

		Rupees in thousand		
		Note	2021	2020
<b>13.4</b>	<b>Allowance for expected credit losses</b>			
	Balance as at 01 July		31,493	24,037
	Charge for the year	29	19	7,456
			<b>31,512</b>	31,493

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

	Note	Rupees in thousand	
		2021	2020
<b>14 LOANS AND ADVANCES</b>			
Advances - unsecured, considered good			
- Staff	14.1	9,998	3,854
- Suppliers	14.2	237,224	121,732
- Provident fund		-	9
		<b>247,222</b>	125,595

**14.1** No advances have been given to the Chief Executive, Directors and Executives of the Company (2020: Rs. (thousand) Nil).

**14.2** This includes interest free advance amounting to Rs. (thousand) 80,128 (2020: Rs. (thousand) 90,749) 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) 199,148 (2020: Rs. (thousand) 277,770). No interest has been charged on the amounts due from associated undertakings.

	Note	Rupees in thousand	
		2021	2020
<b>15 TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>			
Short-term deposits		8,700	5,765
Prepayments		229	1,058
Interest accrued		111	159
		<b>9,040</b>	6,982

<b>16 CASH AND BANK BALANCES</b>			
Cash in hand		19,707	42,730
Cheques in hand		24,572	17,565
Cash at banks			
- Current accounts		47,360	69,885
- PLS savings accounts	16.1	63,316	72,361
		<b>154,955</b>	202,541

**16.1** The balances in the PLS savings accounts carry mark-up at the rate of 5.5% (2020: 5.5% to 11.50%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 17 SHARE CAPITAL

	Note	Number of Shares		Rupees in thousand	
		2021	2020	2021	2020
<b>Authorized share capital:</b>					
Ordinary shares of Rs. 10/- each		<b>10,000,000</b>	10,000,000	<b>100,000</b>	100,000
<b>Issued, subscribed and paid-up share capital</b>					
Ordinary shares of Rs. 10/- each					
Opening as at 01 July					
- Fully paid in cash		<b>237,500</b>	237,500	<b>2,375</b>	2,375
- Issued as fully paid bonus shares	17.1	<b>8,547,100</b>	8,547,100	<b>85,471</b>	85,471
		<b>8,784,600</b>	8,784,600	<b>87,846</b>	87,846
Issued during the year					
		-	-	-	-
<b>Closing as at 30 June</b>					
- Fully paid in cash		<b>237,500</b>	237,500	<b>2,375</b>	2,375
- Issued as fully paid bonus shares		<b>8,547,100</b>	8,547,100	<b>85,471</b>	85,471
		<b>8,784,600</b>	8,784,600	<b>87,846</b>	87,846

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

	Note	Rupees in thousand	
		2021	2020
<b>18 RESERVES</b>			
<b>18.1 Capital reserve</b>			
Merger Reserve	18.1.1	<b>5,000</b>	5,000

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

		Rupees in thousand	
		2021	2020
<b>18.2 Revenue reserve</b>			
General Reserve		<b>2,000,000</b>	2,000,000
Unrealized gain on remeasurement of investment - fair value through OCI			
- At the beginning of the year		<b>275</b>	103
- Additions during the year		<b>1,386</b>	172
		<b>1,661</b>	275
Accumulated losses		<b>(20,489)</b>	(143,468)
		<b>1,981,172</b>	1,856,807



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

	Note	Rupees in thousand	
		2021	2020
<b>19 LONG TERM LOANS</b>			
Loans from banking institutions - secured	19.1	451,722	525,171
Less: Current portion shown under current liabilities		(409,670)	(233,871)
		<b>42,052</b>	291,300

### 19.1 Loans from banking institutions - secured

Particulars	Note	Limit (Rs. in million)	Loan Amount				Closing
			Opening	Received	Accretion of interest	Repaid	
Rupees in thousand							
Loan 1	19.1.1	550	422,882	-	-	211,442	211,440
Loan 2	19.1.2	170	102,289	56,056	7,299	42,500	123,144
Loan 3	19.1.2	170	-	151,751	6,346	40,959	117,138
			525,171	207,807	13,645	294,901	451,722

**19.1.1** 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 3 months KIBOR + 0.25% per annum payable semi-annual. The facility is secured against a first exclusive registered charge on the plant and machinery up to Rs. (thousand) 733,334.

**19.1.2** These represent loans 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 facilities have an aggregate sanctioned limit of Rs. 170 million each and are repayable in eight quarterly instalment with a grace period of six months each. The rates of markup are SBP plus 1.95% and 0.45% per annum payable quarterly, respectively. The facilities are secured against initial ranking charge on plant and machinery up to Rs. 227 million each. The difference between cash received and present value of cash outflow upon initial recognition has been recognized as deferred grant in accordance with the Circular No. 11 / 2020 dated 17 August 2020 issued by the Institute of Chartered Accountants of Pakistan.

**19.1.3** As at year end, the Company was in breach of current ratio and debt service coverage ratio for Loan 1 and debt service coverage ratio of Loan 3. Accordingly, the non current portion of loan 3 has been classified from non current liabilities to current liabilities in accordance with the requirements of IFRS, whereas the loan 1 is already in the current liabilities as the all the payments are due with in the next financial year.

### 20 LEASE LIABILITIES

The interest rates used as the discounting factor (i.e. implicit in the lease) 8.38% to 12.97% (2020: 8.38% to 12.97%) per annum and lease period 3 to 9 years (2020: 3 to 9 years). The amount of future payments and the period during which they will become due are:

	Note	Rupees in thousand	
		2021	2020
Opening balance		60,214	-
Effect of adoption IFRS-16		-	55,620
		<b>60,214</b>	55,620
Additions during the year		-	9,360
Adjustment during the year		3,113	-
Accretion of interest	31	8,001	7,300
Payments		(12,964)	(12,066)
<b>Closing balance</b>		<b>58,364</b>	60,214

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

	Rupees in thousand	
	2021	2020
Present value of lease payments	58,364	60,214
Less: Current portion shown under current liabilities	8,327	6,049
	<b>50,037</b>	54,165

Lease payment and their present value are regrouped as below:				2021
	Lease payments	Finance cost for future periods	Present value of lease payments	
				Rupees in thousand
Not later than one year	15,183	6,856	8,327	
Later than one year but not later than five years	54,460	17,360	37,100	
Later than five years	14,158	1,221	12,937	
	<b>83,801</b>	<b>25,437</b>	<b>58,364</b>	

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	
	88,576	28,362	60,214	

	Note	2021	2020	
				Rupees in thousand

## 21 TRADE AND OTHER PAYABLES

Due to related parties	21.1	57,744	41,578
Creditors		381,741	335,260
Deposits	21.2	49,644	44,290
Accrued expenses		88,581	58,735
Provision for compensated absences		80,132	92,950
Sales tax and federal excise duty payable		32,739	136,307
Workers' Profit Participation Fund	21.3	9,846	-
Workers' Welfare Fund	21.4	6,183	-
Taxes and other payables		10,106	12,306
Other liabilities	21.5	16,644	17,108
		<b>733,360</b>	738,534

**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	57,744	41,554
Shahnawaz (Private) Limited		-	20
Shezan Ampis Restaurant		-	4
		<b>57,744</b>	41,578

**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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

- 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	Rupees in thousand	
		2021	2020
<b>21.3 Workers' Profit Participation Fund</b>			
Opening balance		–	7,997
Allocation for the year	29	9,846	–
		9,846	7,997
Interest on funds utilized in the Company's business	31	–	86
		9,846	8,083
Less: amount paid to the fund's trust		–	8,083
<b>Closing balance</b>		<b>9,846</b>	–
<b>21.4 Workers' Welfare Fund</b>			
Opening balance		–	250
Allocation for the year	29	6,183	–
Less: reversal during the year	30	–	(250)
<b>Closing balance</b>		<b>6,183</b>	–

- 21.5** This includes Rs. (thousand) 803 (2020: Rs. (thousand) 1,421) payable to various executives. This further includes Rs. (thousand) 49 in respect of profit earned on dividend account which can be used for the purposes as specified in the Companies Act, 2017.

	Note	Rupees in thousand	
		2021	2020
<b>22 UNCLAIMED DIVIDEND</b>			
Opening balance		4,880	2,621
Dividend declared during the year		–	48,315
Payment during the year		(35)	(46,056)
<b>Closing balance</b>	22.1	<b>4,845</b>	4,880

- 22.1** This amount has been kept in a separate bank account by the Company.

<b>23 SHORT-TERM BORROWINGS - secured</b>	<b>929,615</b>	744,035
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The aggregate short-term borrowings available from commercial banks under mark-up / interest arrangements are Rs. (thousand) 2,625,000 (2020: Rs. (thousand) 2,625,000). The un-utilized portion of the said facility amounts to Rs. (thousand) 1,699,228 (2020: Rs. (thousand) 1,880,965).

The rate of mark-up / interest on short-term borrowings ranges between 1 month / 3 months KIBOR plus 0.05% to 1 month / 3 months KIBOR plus 0.50% (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 (2020: Rs. (thousand) 3,848,000) and Rs. (thousand) Nil (2020: Rs. (thousand) 1,067,000).

The un-utilized facility for opening letters of credit and for guarantees amounts to Rs. (thousand) 541,392 (2020: Rs. (thousand) 528,414) and Rs. (thousand) 190,732 (2020: Rs. (thousand) 80,692), respectively.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 24 CONTINGENCIES AND COMMITMENTS

### 24.1 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) 540,164.

- i.** The Company filed its income tax return by claiming income tax refund of Rs. (thousand) 9,737 for the tax year 2003. The Deputy Commissioner Inland Revenue ("the DCIR"), vide order dated 31 May 2007, amended the deemed assessment of the Company for the tax year 2003; reducing income tax refunds to Rs. (thousand) 6,062. Being aggrieved, 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. Again, being aggrieved from the appellate order, the Company contested it before the Appellate Tribunal Inland Revenue ("ATIR"); who, vide the appellate order dated 25 September 2017, has deleted and confirmed certain additions made by the CIR(A). Against the said order of the ATIR, the Company has filed a reference application before the Honorable Lahore High Court, Lahore (LHC), which is pending adjudication. Therefore, the exposure of the Company with respect to this year amounts to Rs. (thousand) 3,675.
- 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 assessment order dated 30 December 2009 under section 122(1)/(5A) of the Income Tax Ordinance, 2001 ("the Ordinance"), created income tax demand of Rs. (thousand) 39,788 for the tax Year 2004. Being aggrieved, the Company challenged the said order before the CIR(A); who, vide order dated 13 June 2011, has deleted and confirmed certain additions made by the ADCIR. Again, being aggrieved, the Company contested the appellate order of the CIR(A) before the ATIR; who, vide Order dated 14 December 2012, allowed the desired relief and decided the case in Company's favor. 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 before the honourable Lahore High Court Lahore pertaining to capital gain on merger of wholly owned subsidiary, M/s. Hattar Fruit Products Limited (now merged into the Company), 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 ADCIR, vide amended assessment order dated 30 June 2016 under section 122/(5A) of the Ordinance, created income tax demand of Rs. (thousand) 12,392 for the tax year 2010. Being aggrieved, the Company has challenged the said order before the CIR(A); who, vide order dated 19 March 2020, deleted the addition on four heads out of the total five heads and confirmed the addition on one head i.e. addition in respect of WPPF allowance. Again, being aggrieved, the Company contested the order passed by the CIR(A) 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 and reduced the income tax refunds to Rs. (thousand) 19,975 for the tax Year 2015. Being aggrieved, the Company challenged the said order before the CIR(A), who vide order dated 23 January 2020, deleted and confirmed the addition on certain heads. Again, being aggrieved, the Company contested the order passed by the CIR(A) 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 income tax demand of Rs. (thousand) 141,357 for the tax Year 2018. Being aggrieved, the Company challenged the said order before the CIR(A); who, vide Order dated 08 June 2020, deleted and confirmed the additions made by the ADCIR. Being aggrieved, the Company as well as the tax department contested the appellate order of the CIR(A) before the ATIR, which is pending adjudication.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

- 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 the tax Year 2010. Being aggrieved, 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. Hence, the company vide letter dated 19 June 2020 has submitted the requisite information/documents to the DCIR in compliance of remand back proceeding initiated under section 161/129/124 of the Ordinance. However, the company has not received the order yet.
- viii.** The DCIR, vide order dated 23 April 2015 under section 161/205 of the Ordinance, created tax demand of Rs. (thousand) 1,005 for the tax Year 2012. Being aggrieved, the Company challenged the said order before the CIR(A); who, vide Order dated 29 November 2017, reduced the tax demand to Rs. (thousand) 332 from Rs. (thousand) 1,005. Again, being aggrieved, 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 the tax Year 2013. Being aggrieved, the Company challenged the said order before the CIR(A); who, vide order dated 22 December 2017, vacated the impugned order passed by the DCIR. Being aggrieved, 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 29 September 2016 under section 161/205 of the Ordinance, created tax demand of Rs. (thousand) 839 for the tax Year 2015. Being aggrieved, 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 finalize the proceedings after properly examining the record. Hence, the DCIR, vide order dated 30 June 2021 under section 161 of the Ordinance, has reduced the tax demand to Rs. (thousand) 171. However, the DCIR has not given the effect of income tax refund of Rs. (thousand) 839 adjusted against the original tax demand. The company is in the process of filing rectification application to the DCIR.
- xi.** The DCIR, vide order dated 27 May 2017 under section 161/205 of the Ordinance, created tax demand of Rs. (thousand) 812 for the tax year 2016. Being aggrieved, the Company challenged the said order before the CIR(A); who, vide appellate order dated 29 October 2020 annulled the order dated 27 May 2017 with the direction to the DCIR to finalize the proceedings after providing fair opportunity of being heard. However, so far, the DCIR has not issued any notice to initiate the remand back proceedings.
- xii.** The DCIR, vide order dated 14 December 2018 under section 161/205 of the Ordinance, created tax demand of Rs. (thousand) 1,313 for the tax Year 2017. The Company has filed appeal before the CIR(A); who vide Order dated 24 October 2019, deleted the impugned tax demand. Hence, the DCIR, vide order dated 19 March 2020 under section 161/129/124 of the Ordinance, has reduced the demand to Rs. nil. Further, the tax department has also filed appeal before the ATIR, which is pending adjudication.
- xiii.** 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 Honorable 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

- xiv.** Claim of Punjab Employees Social Security Institution (PESSI) for Rs. (thousand) 2,379 (2020: Rs. (thousand) 2,379) is not acknowledged as debt by the Company.
- xv.** Subsequent to the decision of the Honorable 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 Honorable Supreme Court of Pakistan and has filed a review petition.

Meanwhile, the implementation bench of the Honorable 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 Honorable Supreme Court of Pakistan has issued

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

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) 25,564 based on 25% of production volume of beverages for the period from July 2020 to June 2021 in line with the Honorable 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.

- xvi.** The DCIR, vide notices dated 17 June 2021 and 18 June 2021 under section 4 of the Workers Welfare Ordinance, 1971 read with section 138 of the aforementioned ordinance, required the Company to pay WWF of Rs. (thousand) 27,170 for the tax years 2014 to 2018. The Company filed a writ petition before the honorable LHC against recovery of WWF. The honorable LHC, vide order dated 22 June 2021, disposed off the writ petition by requiring the Company to take all defences before the Commissioner Inland Revenue who shall treat it as a representation on behalf of the petitioner and shall pass a decision thereon within a period of two weeks from the date of receipt of certified copy of the order. The Company has joined the representation proceedings before the Commissioner Inland Revenue; however, the CIR has not finalized the aforesaid representation proceedings till date.

### 24.2 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) 8,608 (2020: Rs. (thousand) 21,586).
- ii.** Guarantees issued by the banks in favor of the Company in the ordinary course of business, amounted to Rs. (thousand) 69,268 (2020: Rs. (thousand) 52,089).

	Note	Rupees in thousand	
		2021	2020
<b>25 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET</b>			
Domestic		<b>8,117,322</b>	9,306,713
Export		<b>533,136</b>	367,842
		<b>8,650,458</b>	9,674,555
Less: Discounts and incentives		<b>(283,979)</b>	(311,993)
Sales tax		<b>(1,415,318)</b>	(1,626,657)
Federal excise duty		<b>(366,709)</b>	(422,863)
	25.1 & 25.2	<b>6,584,452</b>	7,313,042

**25.1** This includes sales relating to trading activities amounting to Rs. (thousand) 6,133 (2020: Rs. (thousand) 9,378).

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

		Rupees in thousand	
		2021	2020
<b>25.3</b>	The Company's net revenue disaggregated by major product lines is as follows:		
	Juices and drinks	<b>5,248,288</b>	6,024,616
	Others	<b>1,336,164</b>	1,288,426
		<b>6,584,452</b>	7,313,042
<b>25.4</b>	The Company's continent wise export sales are as follows:		
	Europe	<b>304,064</b>	207,657
	America	<b>159,740</b>	116,798
	Asia	<b>37,351</b>	22,527
	Australia	<b>31,981</b>	20,860
		<b>533,136</b>	367,842

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

		Rupees in thousand	
	Note	2021	2020
<b>26 COST OF REVENUE</b>			
Manufacturing	26.1	5,182,283	6,206,280
Trading	26.2	4,362	7,553
		<b>5,186,645</b>	6,213,833
<b>26.1 Cost of revenue - Manufacturing</b>			
<b>Raw materials consumed:</b>			
Opening stock		93,461	117,887
Add: Purchases during the year		1,575,546	1,763,922
Less: Production of pulps, concentrates		361,297	475,541
Closing stock		165,881	93,461
		<b>1,141,829</b>	1,312,807
<b>Pulps, concentrates etc. consumed:</b>			
Opening stock		729,515	894,551
Add: Purchases during the year		414,460	340,107
Production/processing during the year		361,297	475,541
Less: Transferred to other spoilages		55,454	167
Closing stock		674,007	729,515
		<b>775,811</b>	980,517
<b>Packing materials consumed:</b>			
Opening stock		500,818	389,806
Add: Purchases during the year		2,358,660	2,812,239
Less: Cost transferred to expenses		3,213	12,293
Closing stock		526,647	500,818
		<b>2,329,618</b>	2,688,934
<b>Factory expenses:</b>			
Salaries, wages and amenities	26.1.1	277,529	313,108
Stores and spares consumed		46,254	70,147
Travelling and conveyance		701	3,705
Repairs and maintenance		109,118	172,253
Insurance		3,369	3,717
Fuel and power		317,744	343,648
Inward freight and loading/unloading		5,843	11,683
Utilities		50,506	53,305
Loss on disposal of empties	30.1	17,149	11,722
General expenses		6,189	7,985
Depreciation	6.3	190,033	216,190
		<b>1,024,435</b>	1,207,463
<b>Cost of production</b>		<b>5,271,693</b>	6,189,721
Add: Finished goods - Opening stock		178,780	195,339
Less: Finished goods - Closing stock		268,190	178,780
		<b>5,182,283</b>	6,206,280

**26.1.1** This include Company's contribution to provident fund amounting to Rs. (thousand) 1,734 (2020: Rs. (thousand) 1,736).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

	Note	Rupees in thousand	
		2021	2020
<b>26.2 Cost of revenue - Trading</b>			
Finished goods - Opening stock		1,127	2,560
Add: Purchases during the year		4,604	6,120
Less: Finished goods - Closing stock		1,369	1,127
		<b>4,362</b>	7,553

## 27 DISTRIBUTION COSTS

Salaries, wages and amenities	27.1	318,108	328,412
Postage and telephone		2,529	2,773
Traveling and conveyance		37,957	48,836
Repairs and maintenance	27.2	36,461	41,368
Insurance		7,264	5,782
Utilities		9,098	9,821
Stationery and printing		1,082	955
Rent, rates and taxes		4,748	29,457
Advertising and promotions		17,938	21,475
Outward freight and distribution		176,892	130,586
Staff sales incentive		8,377	9,654
Petrol, oil and lubricants		82,132	86,406
Miscellaneous expenses		468	4,018
Depreciation	6.3	65,053	80,367
		<b>768,107</b>	799,910

**27.1** This include Company's contribution to provident fund amounting to Rs. (thousand) 1,926 (2020: Rs. (thousand) 2,203).

**27.2** This include loss on disposal of shells amounting to Rs. (thousand) 8,300 (2020: Rs. (thousand) 5,992).

	Note	Rupees in thousand	
		2021	2020
<b>28 ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and amenities	28.1	211,372	239,226
Postage and telephone		5,001	5,047
Traveling and conveyance		1,480	8,507
Repairs and maintenance		6,263	8,199
Insurance		8,640	10,206
Utilities		5,607	5,463
Stationery and printing		2,153	4,039
Rent, rates and taxes		22,099	26,535
Auditor's remuneration	28.2	3,609	3,624
Legal and professional		2,419	3,095
Donations	28.3	455	712
Miscellaneous expenses		4,659	6,502
Depreciation	6.3	10,559	12,295
		<b>284,316</b>	333,450

**28.1** This include Company's contribution to provident fund amounting to Rs. (thousand) 2,422 (2020: Rs. (thousand) 2,615).



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

	Rupees in thousand	
	<b>2021</b>	2020
<b>28.2 Auditor's remuneration</b>		
Audit fee	<b>1,463</b>	1,250
Tax consultancy services	<b>1,116</b>	1,185
Miscellaneous certification and limited review charges etc.	<b>840</b>	875
Out of pocket expenses	<b>190</b>	314
	<b>3,609</b>	3,624

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

		Rupees in thousand	
	Note	<b>2021</b>	2020
<b>29 OTHER OPERATING EXPENSES</b>			
Miscellaneous spoilage		<b>757</b>	13,095
Barrel depreciation	6.3	<b>14,062</b>	18,314
Royalty to related party - Shezan Services (Private) Limited		<b>56,479</b>	78,300
Workers' Profit Participation Fund	21.3	<b>9,846</b>	-
Workers' Welfare Fund	21.4	<b>6,183</b>	-
Loss on disposal of property, plant and equipment	30.1	<b>140</b>	233
Unrealized foreign exchange loss		<b>2,838</b>	1,913
Realized foreign exchange loss		<b>1,416</b>	-
Allowance for expected credit losses	13.4 & 8	<b>28</b>	9,179
		<b>91,749</b>	121,034

## 30 OTHER INCOME

### Income from financial assets

Profit on bank deposits		<b>455</b>	4,780
Dividend income		<b>238</b>	73
Un-winding of interest on long term receivables	8	<b>1,698</b>	4,456
Export rebate		<b>455</b>	-
Realized foreign exchange gain		<b>-</b>	3,604
		<b>2,846</b>	12,913

### Income from non-financial assets

Gain on disposal of property, plant and equipment	30.1	<b>6,095</b>	10,948
Reversal of Workers Welfare Fund - excess provision	21.4	<b>-</b>	250
Unwinding of deferred grant		<b>13,198</b>	449
Sale of scrap		<b>29,451</b>	34,941
		<b>48,744</b>	46,588
		<b>51,590</b>	59,501

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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

Description	Cost	Net Book Value	Sale Proceeds	Gain / (loss)	Purchaser	Mode
	Rupees in thousand					
Shrink wrap machine	13,064	4,711	1,800	(2,911)	Dairy Engineering	Negotiation
Empty bottles, shells, pallets and barrels with book value less than Rs. (thousand) 500	48,071	20,417	24,696	4,279	Various parties / Insurance claim	Negotiation
Other assets with book value less than Rs. (thousand) 500	10,685	1,702	6,429	4,727	Various parties	Negotiation
<b>30 June 2021</b>	<b>71,820</b>	<b>26,830</b>	<b>32,925</b>	<b>6,095</b>		
30 June 2020	150,994	52,118	63,066	10,948		

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

Cost of revenue	35,960	17,149	-	(17,149)
Distribution cost	21,302	8,300	-	(8,300)
Other operating expenses	1,175	140	-	(140)
	58,437	25,589	-	(25,589)
<b>30 June 2021</b>	<b>130,257</b>	<b>52,419</b>	<b>32,925</b>	<b>(19,494)</b>
30 June 2020	199,792	70,065	63,066	6,999

	Note	Rupees in thousand	
		2021	2020

## 31 FINANCE COSTS

Interest / mark-up on:

Interest on short-term borrowings		<b>69,826</b>	129,780
Workers' Profit Participation Fund	21.3	-	86
Accretion of interest on lease liabilities	20	<b>8,001</b>	7,300
Interest on long-term loan		<b>43,230</b>	66,160
		<b>121,057</b>	203,326
Bank charges		<b>3,263</b>	3,660
		<b>124,320</b>	206,986

## 32 TAXATION

Current tax:

- Current year	<b>97,151</b>	109,643
- Prior years	-	829
	<b>97,151</b>	110,472

Deferred tax:

- Relating to origination and reversal of temporary differences	<b>(39,225)</b>	(177,358)
	<b>57,926</b>	(66,886)

**32.1** 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 2021

Rupees in thousand

**2021** 2020

## 33 EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

Net profit / (loss) after tax	<b>122,979</b>	(235,784)
Weighted average number of ordinary shares at the end of the year (Number of shares in thousand)	<b>8,785</b>	8,785
Earnings / (loss) per share - (basic / diluted) (Rupees per share)	<b>14.00</b>	(26.84)

**33.1** 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.

## 34 CAPACITY AND PRODUCTION

	Normal Annual Capacity		Actual Production	
			<b>2021</b>	2020
Bottling plant	7,800,000	Crates	<b>4,435,208</b>	4,248,004
Tetra Pak plant	70,350,000	Dozens	<b>25,277,719</b>	33,416,941
Squashes and syrups plant	770,000	Dozens	<b>253,553</b>	236,169
Jams and ketchup plant	5,275,000	Dozens	<b>1,846,473</b>	2,088,895
Pickles plant	145,000	Dozens	<b>85,221</b>	117,722
Canning plant	250,000	Dozens	<b>52,895</b>	34,167

The normal annual capacity, as shown above, has been worked out on the basis of 350 working days (2020: 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 COVID-19.

## 35 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	<b>2021</b>	2020	<b>2021</b>	2020	<b>2021</b>	2020
<b>Total number</b>	<b>1</b>	1	<b>2</b>	2	<b>6</b>	6
	Rupees in thousand					
Basic salary	<b>4,200</b>	3,600	<b>4,200</b>	6,000	<b>10,158</b>	11,772
Provident fund contribution	<b>350</b>	300	<b>175</b>	350	<b>846</b>	981
Allowances and benefits						
House rent	<b>900</b>	900	<b>450</b>	900	<b>2,194</b>	2,700
Dearness	<b>1,230</b>	1,230	<b>615</b>	1,230	<b>5,802</b>	6,876
Special	<b>960</b>	960	<b>480</b>	960	<b>1,019</b>	816
Utilities	<b>648</b>	648	<b>324</b>	648	<b>1,581</b>	1,890
Medical	<b>96</b>	12	–	–	<b>460</b>	383
Bonus	<b>350</b>	300	–	350	<b>621</b>	981
Ex-gratia	<b>600</b>	750	<b>700</b>	875	<b>1,962</b>	2,452
Leave encashment	–	–	–	–	<b>442</b>	–
	<b>9,334</b>	8,700	<b>6,944</b>	11,313	<b>25,085</b>	28,851

**35.1** Fees amounting to Rs. (thousand) 1,080, Rs. (thousand) 480 and Rs. (thousand) 120 (2020: Rs. (thousand) 520, Rs. (thousand) 440 and Rs. (thousand) 200) have been paid to non-executive Directors for attending Board meetings (No. of Directors: 7 (2020: 4), Audit Committee meetings (No. of Directors: 4 (2020: 4) and Human Resource Committee meeting (No. of Directors: 3 (2020: 3), respectively .

**35.2** The Company also provides the Chief Executive, certain Directors and executives with Company maintained vehicles, partly for personal and partly for business purposes and has also provided a rent free accommodation to an Executive.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 36 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 employment are as follows (For remuneration and benefits to key management personnel please refer to Note 35):

Name of Related Party	Nature of Transaction	Rupees in thousand	
		2021	2020
<b>Associates</b>			
Shahtaj Sugar Mills Limited	Purchases of raw materials	355,273	637,148
	Sales of finished goods	50	–
Shahtaj Textile Mills Limited	Sales of finished goods	309	–
Shahnawaz Engineering (Private) Limited	Sales of finished goods	35	1
Shezan Services (Private) Limited	Royalty expense	56,479	78,300
Shahnawaz (Private) Limited	Sales of finished goods	239	3
	Purchases/repairs of electric equipment/vehicles	137	20
Shezan Ampis Restaurant	Sales of finished goods	42	46
<b>Staff Provident Fund Trust</b>	Contributions paid	<b>6,082</b>	6,553

**36.1** 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	
		2021	2020
Shahtaj Sugar Mills Limited	Common Directorship	–	–
Shahtaj Textile Mills Limited	Common Directorship	–	–
Shahnawaz Engineering (Private) Limited	Common Directorship	–	–
Shezan Services (Private) Limited	Common Directorship	0.2942%	0.2942%
Shahnawaz (Private) Limited	Common Directorship	–	–
Mr. Muneer Nawaz	Chairman	7.5047%	7.5047%
Mr. M. Naeem	Director	0.6135%	0.6135%
Mr. Humayun A. Shahnawaz	Chief Executive	4.1948%	4.1948%
Mr. Rashed Amjad Khalid	Director	1.8288%	1.8288%
Ms. Manahil Shahnawaz	Director	2.0367%	2.0367%
Mr. Abid Nawaz	Director	1.3375%	1.3375%
Mr. Nauman Khalid	Independent Director	0.0134%	0.0063%
Mr. Shahid Hussain Jatoi	N.I.T. Nominee Director	–	–
Mr. Abdul Hamid Ahmed Dagia	Independent Director	0.0057%	–
Mr. Faisal Ahmad Nisar	Key Management Personnel	–	–
Mr. Waseem Amjad Mehmood	Key Management Personnel	0.0029%	0.0051%
Mr. Hamid Ijaz	Key Management Personnel	–	–
Mr. Nasim Tariq	Key Management Personnel	–	–
Mr. Ata Ul Noor	Key Management Personnel	–	–

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

### 37 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	
		2021	2020
Size of the fund		<b>210,492</b>	213,314
Percentage of the investments made		<b>100%</b>	100%
Fair value of investments	37.1	<b>211,376</b>	214,941
Cost of investments made		<b>211,151</b>	214,716

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	
	2021	2020	2021	2020
<b>37.1 Breakup of investment</b>				
Listed securities and mutual fund units	–	14.8%	–	31,835
Placements/certificates	<b>89.6%</b>	82.3%	<b>189,354</b>	176,824
Cash at PLS saving accounts	<b>10.4%</b>	2.9%	<b>22,022</b>	6,282
	<b>100%</b>	100%	<b>211,376</b>	214,941

**37.2** Current year figures are based on un-audited financial statements of the Provident Fund Trust (2020: Audited).

	No. of Persons	
	2021	2020
<b>38 NUMBER OF EMPLOYEES</b>		
Total number of employees as at the reporting date	<b>270</b>	289
Average number of employees during the year	<b>274</b>	297

### 39 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.

#### 39.1 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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:

	Carrying Values Rupees in thousand	
	2021	2020
Long-term investment	4,036	2,650
Long-term receivables	29,428	32,618
Long-term deposits	3,331	4,388
Trade debts - unsecured	340,631	188,091
Loans and advances	9,998	3,854
Trade deposits and other receivables	8,811	5,924
Bank balances	110,676	142,246
Cheques in hand	24,572	17,565
	<b>531,483</b>	397,336

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	
	2021	2020
<b>39.1.1 Long Term Receivables and Trade Debt</b>		
<b>Geographically:</b>		
Pakistan	254,383	154,885
Europe	61,820	37,976
Africa	17,967	17,967
Asia	9,938	7,002
America	17,882	2,879
Australia	8,069	-
	<b>370,059</b>	220,709

Breakup of export debts into significant categories is as follows:

Cash against documents	4,772	17,967
Documents against payment	110,904	47,857
	<b>115,676</b>	65,824

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses for trade debts. 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 holds security deposits from its customers which are considered integral part of trade receivables and are considered in the calculation of impairment.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

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
<b>As at 30 June 2021</b>							
Expected credit loss rate	1.10%	3.14%	4.37%	9.06%	14.63%	67.01%	
Estimated total gross carrying amount at default	167,331	99,781	29,228	5,837	1,956	36,498	340,631
Expected credit loss	1,826	3,136	1,277	529	286	24,458	31,512
<b>As at 30 June 2020</b>							
Expected credit loss rate	0.78%	5.63%	12.02%	27.52%	33.06%	75.95%	
Estimated total gross carrying amount at default	114,889	18,405	11,790	6,159	3,587	33,261	188,091
Expected credit loss	897	1,036	1,417	1,695	1,186	25,262	31,493

As at 30 June 2021, trade debts of Rs. (thousand) 31,512 (2020: Rs. (thousand) 31,493) were impaired and provided for.

	Rupees in thousand	
	2021	2020
<b>39.1.2 Loans and advances</b>		
Not due yet	9,998	3,854

### 39.1.3 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. The Company has not recorded any expected credit loss on the balances with the below detailed financial institutions considering that the credit risk is minimal due to loss standing relationships with these financial institutions.

Banks	Rating Agency	Category		Rupees in thousand	
		Short term	Long term	2021	2020
United Bank Limited	JCR-VIS	A1+	AAA	1,462	9,699
The Bank of Khyber	PACRA	A1	A	-	297
Bank AL-Habib Limited	PACRA	A1+	AA+	17,792	48,255
National Bank of Pakistan	PACRA	A1+	AAA	49,509	25,317
HBL Pakistan	JCR-VIS	A1+	AAA	41,912	58,283
Bank Alfalah Limited	PACRA	A1+	AA+	1	395
Cheques in hand				24,572	17,565
				135,248	159,811

**39.1.4** 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 2021

### 39.2 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:

	2021		
	Maturity Upto One Year	Maturity After One Year	Total
	Rupees in thousand		
Long-term loan - secured - net	409,670	42,052	451,722
Short-term borrowings - secured	929,615	-	929,615
Lease liabilities	8,327	50,037	58,364
Trade and other payables	674,486	-	674,486
Mark up accrued on borrowings	21,185	-	21,185
	<b>2,043,283</b>	<b>92,089</b>	<b>2,135,372</b>

	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
	1,615,887	345,465	1,961,352

### 39.3 Market Risk

#### 39.3.1 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 2021 would have affected the statement of profit or loss and liabilities and equity by Rs. (thousands) 940 (2020: Rs. (thousands) 631).

#### 39.3.2 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) 13,281 (2020: Rs. (thousand) 12,046) 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 2021

### 39.4 Capital Risk 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	
	<b>2021</b>	2020
<b>Gearing ratio</b>		
Net Debt		
Long term loans	<b>451,722</b>	525,171
Short-term borrowings	<b>929,615</b>	744,035
Cash and bank balances	<b>(154,955)</b>	(202,541)
	<b>1,226,382</b>	1,066,665
<b>Total Equity</b>	<b>2,074,018</b>	1,949,653
<b>Total Capital</b>	<b>3,300,400</b>	3,016,318
<b>Gearing (%)</b>	<b>37%</b>	35%

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 current ratio and debt service coverage ratio covenants as at year end.

### 39.5 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 2021

	Level 1	Level 2	Level 3
	Rupees in thousand		
<b>2021</b>			
Investment	<b>4,036</b>	-	-
<b>2020</b>			
Investment	2,650	-	-

## 40 SEGMENTAL ANALYSIS

Operating segments are reported in a manner consistent with the internal reporting provided from 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 2021, 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 2021:

	Juices and Drinks	Others	Total
	Rupees in thousand		
Revenue from contracts with customers - net	5,248,288	1,336,164	6,584,452
Cost of revenue	(4,203,090)	(983,555)	(5,186,645)
Gross profit	1,045,198	352,609	1,397,807
Unallocated expenses and income			
Corporate expenses			(1,052,423)
Finance costs			(124,320)
Other operating expenses			(91,749)
Other income			51,590
Taxation			(57,926)
<b>Profit after taxation</b>			<b>122,979</b>

**Segment analysis of assets and liabilities as at 30 June 2021:**

	Juices and Drinks	Others	Total
Rupees in thousand			
Segment assets	3,358,736	545,605	3,904,341
Unallocated assets			626,658
<b>Total</b>			<b>4,530,999</b>
Segment liabilities	1,027,491	113,732	1,141,223
Unallocated liabilities			1,315,758
<b>Total</b>			<b>2,456,981</b>

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
Loss after taxation			(235,784)

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			651,206
<b>Total</b>			<b>4,399,143</b>
Segment liabilities	1,109,851	177,994	1,287,845
Unallocated liabilities			1,161,645
<b>Total</b>			<b>2,449,490</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 41 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 except for the provision for taxation for prior year netted off with the tax refunds due from the Government amounting to Rs. (thousand) 369,994.

## 42 EVENTS AFTER THE REPORTING DATE

The Board of Directors have proposed a final cash dividend of Rs. 5.50 (2020: Rs. Nil) per share, amounting to Rs. (thousand) 48,315 (2020: Rs. (thousand) Nil) for the year ended 30 June 2021 along with 10% bonus shares (2020: Nil) in their meeting held on 27 September 2021 for approval of the members at the Annual General Meeting to be held on 25 October 2021. These financial statements do not reflect the effect of these appropriations.

## 43 DATE OF AUTHORIZATION FOR ISSUE

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



*Muhammad Nawaz*

Director

*H. M. Shah*

Chief Executive

*Fazmi*

Chief Financial Officer

# 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 58<sup>th</sup> Annual General Meeting of the Company to be held on 25 October 2021 at 56- Bund Road, Lahore and at any adjournment thereof.

As witness my/our hand/seal this \_\_\_\_\_ day of \_\_\_\_\_ 2021.

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 25 اکتوبر 2021ء کو 56 بند روڈ، لاہور، میں منعقد ہونے والے 58 ویں سالانہ اجلاس عام میں حق رائے دہی استعمال کر سکے۔

بتاریخ \_\_\_\_\_ بروز \_\_\_\_\_ 2021ء

دستخط کنندہ

گواہان

دستخط

(پانچ روپے کا محصول ٹکٹ)

فولیو نمبر / سی 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- کارپورٹ ہٹ ادارہ ہونے کی صورت میں بحیثیت ممبر بورڈ آف ڈائریکٹرز کی منظور شدہ قرارداد پر آف انارنی نمونہ دستخط پراکسی فارم کے ہمراہ جمع کرانا ہوں گے۔



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