



3rd QUARTER

REPORT

31 MARCH
2022





Summer Happiness



حلال
HALAL

An ISO 9001:2015, ISO 22000:2005 &
HACCP Certified Company.

COMPANY INFORMATION

Board of Directors:

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

Chief Financial Officer:

Mr. Faisal Ahmad Nisar, FCA

Company Secretary:

Mr. Khurram Babar

Audit Committee:

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

Human Resource & Remuneration Committee:

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

Registered Office / Head Office:

56 - Bund Road, Lahore - 54500.

Phones: (042) 37466900-04.

Faxes: (042) 37466899 & 37466895.

E-mail: shezan@brain.net.pk

Factories:

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

Website:

www.shezan.pk

Auditors:

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

Share Registrar:

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

Legal Advisors:

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

Bankers:

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

DIRECTORS' REPORT TO THE MEMBERS

On behalf of the Board of Directors, we are pleased to present the un-audited Condensed Interim Financial Statements of the Company for the nine-month period ended 31 March 2022.

The domestic and international economic and political landscape has changed significantly in recent months and will have implications for the sustainable economic growth. Uncertainty around the outlook for international commodity prices and global financial conditions had further been exacerbated by the Russia-Ukraine conflict.

During the quarter under review, the political situation in Pakistan can be termed as one of the main domestic risk to the economy due to uncertainty over the growing tensions among the political parties, endangering a fragile economic situation. Heightened domestic political uncertainty contributed to a 5 percent depreciation in the Pak rupee against US dollar, although it has recovered to some extent but still alarming. Rising food and energy inflation have diminished the real buying power of households, disproportionately affecting poor and vulnerable households that spend a larger share of their budget on these items.

The record-breaking inflation and increase in energy prices have increased the cost of raw and packaging materials, consequently leading to an overall surge in the cost of production. The State Bank of Pakistan continued to increase the policy rate which led to higher borrowing costs.

FINANCIAL PERFORMANCE

The summarized operating performance of the Company for the nine-month period ended 31 March 2022 is as follows:

Particulars	2022	2021
	Rupees in thousand	
Revenue from contracts with customers-net	5,051,522	4,428,415
Gross profit	1,099,162	921,292
Net profit before tax for the period	107,078	122,035
Net profit after tax for the period	81,014	103,125
Earnings per share (Rs.)	8.38	10.67

On the operational side, we would like to apprise our shareholders that our net revenue grew by a handsome 14% during the period as compared to the corresponding period of the last year. Our main products (juices) are an impulse buy, and with the resumption of in-person schooling, recreation and transport sectors and removal of other Covid related restrictions, we were successfully able to maintain the growth momentum. With the efforts of the management and employees and the early arrival of the summer season, the Company showed encouraging results and witnessed growth in the gross profit margin resulting from price rationalization measures coupled with cost-side efficiencies. However, an unprecedented increase in the prices of petroleum products, utilities and raw & packaging materials affected our profit margins.

FUTURE OUTLOOK

We are confident we will be able to continue this growth momentum. The upcoming quarter is our peak season and, continuing precedent, we expect a healthy increase in sales and profit. The Company will strive to attain volumetric growth from its existing customers and will continue to explore local markets. We are also concentrating on finding new export avenues to introduce our products.

The management acknowledges that the uncertain macroeconomic and political environment will continue to pose severe challenges to the Company. The next quarter will remain under pressure due to the monetary and fiscal measures taken by the government as the State Bank of Pakistan has further increased the interest rate by 250 basis points, this will further increase the finance cost of the business.

The Company has long term plans to include new products in its existing product line. The Company's focus on R&D and product management will strengthen its product portfolio, enabling sustainable growth in the future.


ACKNOWLEDGEMENT

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


Humayun A. Shah Nawaz
Chief Executive

Lahore:
26 April 2022.



شمرقند تازگی اور فرحت ایک ساتھ



حَلَال
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اس Summer میں صرف شمرقند



Chaska Ka Double Dose



ڈائریکٹرز رپورٹ برائے ممبران

ممبران انتہیقش کے بورڈ آف ڈائریکٹرز کی جانب سے ڈائریکٹرز رپورٹ اور اختتام شدہ نو ماہی 31 مارچ 2022ء کیلئے کھینچی کے غیر آڈٹ شدہ عبوری مالیاتی نتائج پیش کرتے ہیں۔

حالیہ مہینوں میں ملکی اور بین الاقوامی اقتصادی اور سیاسی منظر نامے میں نمایاں تبدیلی آئی ہے جس کے اثرات کا پائیدار اقتصادی ترقی پر اثر انداز ہوں گے۔ روس اور یوکرین کے تنازعہ کے باعث بین الاقوامی اجناس کی قیمتوں اور عالمی مالیاتی حالات میں غیر یقینی کی صورت حال مزید بڑھ گئی ہے۔

زیر فرو سرمایہ کے دوران پاکستان کی سیاسی صورتحال کو معیشت کے لئے ایک اہم کلکی خطرہ قرار دیا جاسکتا ہے جس کی وجہ سے سیاسی جماعتوں کے درمیان بڑھتے ہوئے تناؤ پر غیر یقینی صورتحال ہے جس کے نتیجے میں پہلے سے ہی کمزور معیشت مزید خطرے میں پڑ گئی ہے۔ گزرتی ہوئی ملکی سیاسی صورتحال کی وجہ سے امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں پانچ فی صد کی کمی ہوئی اگرچہ یہ کمی حد تک بحال ہوئی ہے لیکن پھر بھی تشویشناک ہے۔ خوراک اور توانائی کی بڑھتی ہوئی افراط زر نے عوام کی حقیقی قوت خرید کو کم کر دیا ہے جس سے غریب اور کمزور گھرانے غیر متناسب طور پر متاثر ہو رہے ہیں جو کہ اپنے بجٹ کا ایک بڑا حصہ ان اشیاء پر خرچ کرتے ہیں۔ افراط زر اور توانائی کی قیمتوں میں اضافے نے عام مال اور بینکنگ میٹرل کی قیمتوں میں بے پناہ اضافہ کر دیا ہے جسکی وجہ سے پیداواری لاگت بڑھ چکی ہے۔ بینک دولت پاکستان نے شرح سود میں اضافہ جاری رکھا جسکی وجہ سے سرمائے کی لاگت مزید بڑھ گئی۔

عملی جائزہ:

کھینچی کی زیر فرو سرمایہ شدہ نو ماہی 31 مارچ 2022ء کی عملی کارکردگی مختصر اُورج زیل ہے۔

2021	2022	روپے ہزاروں میں	تفصیلات
4,428,415	5,051,522		مجموعی فروخت
921,292	1,099,162		مجموعی منافع
122,035	107,078		خالص منافع عمل از محصولات
103,125	81,014		خالص منافع بعد از محصولات
(ریٹینڈ)			فی شخص آمدنی - روپوں میں
10.67	8.38		

عملی کارکردگی پر ہم اپنے حصص دوران کو گاہ کرنا چاہتے ہیں کہ ہماری خالص فروخت کی شرح میں گزشتہ سال کے اسی عرصے کے مقابلے میں چودھنی صد کا حوصلہ افزاء اضافہ ہوا۔ ہماری مصنوعات بالخصوص جوس، ایک تسلسل سے خرید جانے والا پراڈکٹ ہے اور تعلیمی اداروں، تفریحی مقامات، ہسپتالوں کی بحالی اور کوویڈ سے متعلقہ پابندیوں کے اٹھانے جانے کی وجہ سے ہم اپنے نمونے کے تسلسل کو برقرار رکھنے میں کامیاب رہے۔ انتظامیہ اور ملازمین کی کاوشوں اور موسم گرما کی جلد آمد کی بدولت اس سرمایہ کے دوران کھینچی نے مصنوعات کی قیمتوں میں منطقی اضافے اور اخراجات میں بھرپور کمی کے نتیجے میں حوصلہ افزاء نتائج حاصل کیے اور مجموعی منافع میں صوبہ حاصل کی۔ تاہم پٹرولیم مصنوعات، پوٹاشیئم اور پینٹنگ میٹرل کی قیمتوں میں ہوش زبا اضافہ نے ادارے کے منافع کو متاثر کیا۔

مشقبل کے امکانات:

ہمیں یقین ہے کہ ہم نمونے کے تسلسل کو برقرار رکھیں گے۔ آئندہ سرمایہ ہمارا موزوں ترین بیزنس ہے اور موجودہ کارکردگی کو جاری رکھتے ہوئے، ہم بہتر فروخت اور منافع کی توقع رکھتے ہیں۔ کھینچی اپنے موجودہ صارفین کی مدد سے فروخت میں حجم کے لحاظ سے اضافے کیلئے کوشاں رہے گی اور مزید عوامی منڈیوں کی تلاش جاری رکھے گی۔ ہم اپنی مصنوعات کی برآمدات کیلئے نئی بین الاقوامی منڈیوں کی تلاش پر توجہ دے رہے ہیں۔ اگلی سرمایہ حکومت پاکستان کی جانب سے اٹھائے گئے مستقل مالیاتی اقدامات کی وجہ سے دباؤ کا شکار رہے گی جیسا کہ بینک دولت پاکستان نے شرح سود میں ڈھائی سو پیسے پوائنٹس کا مزید اضافہ کر دیا ہے۔ جس کے باعث کاروبار کے سرمائے کی لاگت میں مزید اضافہ کا امکان ہے۔

کھینچی اپنی موجودہ پراڈکٹ لائن میں نئی مصنوعات متعارف کروانے کا طویل مدتی منصوبہ رکھتی ہے۔ آرائیڈ ڈی اور پراڈکٹ منجمنٹ پر کھینچی کی توجہ اسکے پراڈکٹ پورٹ فولیو کو مضبوط کرے گی، جو مستقبل میں پائیدار ترقی کو مستحکم کرے گی۔

اظہار تشکر:

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

بورڈ آف ڈائریکٹرز کی ایماہ پر

H N Shah

ملاہوں سے شاہ نواز
چیف ایگزیکٹو

Muhammad

منیر نواز
چئیر مین
لاہور

26 اپریل 2022ء

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

		(Un-Audited) 31 March 2022	(Audited) 30 June 2021
	Note	Rupees in thousand	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	1,468,759	1,618,924
Long-term investment	7	3,957	4,036
Long-term receivable		27,513	26,429
Long-term deposits		5,232	3,331
Deferred taxation		257,704	220,253
		1,763,165	1,872,973
CURRENT ASSETS			
Stores and spares		169,373	140,995
Stock-in-trade		1,415,242	1,644,975
Right to recover asset		5,198	4,896
Trade receivables		464,855	309,119
Loans and advances		304,050	247,222
Trade deposits and short-term prepayments		21,581	9,040
Tax refunds due from the Government		183,774	146,824
Cash and bank balances		87,775	154,955
		2,651,848	2,658,026
TOTAL ASSETS		4,415,013	4,530,999
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		96,631	87,846
Capital reserve		5,000	5,000
Revenue reserves		2,005,007	1,981,172
TOTAL EQUITY		2,106,638	2,074,018
NON-CURRENT LIABILITIES			
Long-term loan	8	–	42,052
Lease liability		74,123	50,037
Deferred grant		–	1,071
		74,123	93,160
CURRENT LIABILITIES			
Trade and other payables		717,778	733,360
Contract liabilities		86,269	62,910
Unclaimed dividend		9,795	4,845
Interest accrued on borrowings		20,468	21,185
Current portion of long-term loans	8	122,587	409,670
Current portion of lease liability		15,183	8,327
Current portion of deferred grant		2,603	9,026
Short-term borrowings	9	1,007,599	929,615
Refund liability		91,304	87,732
Provision for taxation		160,666	97,151
		2,234,252	2,363,821
TOTAL LIABILITIES		2,308,375	2,456,981
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		4,415,013	4,530,999

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

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE-MONTH PERIOD ENDED 31 MARCH 2022

	Note	Nine-month period ended 31 March		Three-month period ended 31 March	
		2022	2021	2022	2021
Rupees in thousand					
Revenue from contracts with customers-net		5,051,522	4,428,415	1,830,106	1,590,204
Cost of revenue		3,952,360	3,507,123	1,342,974	1,292,144
Gross profit		1,099,162	921,292	487,132	298,060
Distribution costs		659,898	480,701	253,673	163,144
Administrative expenses		230,197	200,211	84,296	61,265
		890,095	680,912	337,969	224,409
Operating profit		209,067	240,380	149,163	73,651
Other operating expenses		71,403	57,001	32,730	20,504
Other income		(62,372)	(29,045)	(24,219)	(9,115)
Finance costs		92,958	90,389	42,027	30,327
Profit before taxation		107,078	122,035	98,625	31,935
Taxation		26,064	18,910	20,643	(8,509)
Net profit for the period		81,014	103,125	77,982	40,444
Other comprehensive income / (loss)					
Items that will not be reclassified to profit or loss in subsequent periods:					
Unrealized (loss) / gain on remeasurement of investments designated at fair value through OCI - net of deferred tax					
		(79)	470	53	(580)
Total comprehensive income		80,935	103,595	78,035	39,864
		Re-stated		Re-stated	
Earnings per share - basic and diluted (Rupees)	11	8.38	10.67	8.07	4.19

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


Director


Chief Executive


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE-MONTH PERIOD ENDED 31 MARCH 2022

	Capital Reserve		Revenue Reserve			Sub Total	Total
	Share Capital	Merger Reserve	General Reserve	Unrealized gain / (loss) on remeasurement of Investments	Unappropriated profit / (loss)		
Rupees in thousand							
Balance as at 01 July 2020	87,846	5,000	2,000,000	275	(143,468)	1,856,807	1,949,653
Profit for the nine-month period ended 31 March 2021	-	-	-	-	103,125	103,125	103,125
Other comprehensive income	-	-	-	470	-	470	470
Total comprehensive income	-	-	-	470	103,125	103,595	103,595
Balance as at 31 March 2021	87,846	5,000	2,000,000	745	(40,343)	1,960,402	2,053,248
Balance as at 01 July 2021	87,846	5,000	2,000,000	1,661	(20,489)	1,981,172	2,074,018
Final dividend @ Rs. 5.5 /- per share for the year ended 30 June 2021	-	-	-	-	(48,315)	(48,315)	(48,315)
Issue of bonus shares @10% for the year ended 30 June 2021	8,785	-	-	-	(8,785)	(8,785)	-
Profit for the nine-month period ended 31 March 2022	-	-	-	-	81,014	81,014	81,014
Other comprehensive loss	-	-	-	(79)	-	(79)	(79)
Total comprehensive income / (loss)	-	-	-	(79)	81,014	80,935	80,935
Balance as at 31 March 2022	96,631	5,000	2,000,000	1,582	3,425	2,005,007	2,106,638

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

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE NINE-MONTH PERIOD ENDED 31 MARCH 2022

Nine-month period ended
31 March

2022 2021
Rupees in thousand

CASH FLOWS FROM OPERATING ACTIVITIES

Cash generated from operations:

Profit before taxation	107,078	122,035
Adjustments to reconcile profit before tax to net cash:		
Depreciation	183,114	209,546
Finance costs	90,132	91,935
Profit on bank deposits	(490)	(257)
Un-winding of interest on long-term receivable	(1,084)	(3,904)
Provision for expected credit losses	1,761	1,663
(Gain) / loss on disposal of property, plant and equipment	(8,516)	21,378
	264,917	320,361

Operating profit before working capital changes **371,995** 442,396

Decrease / (increase) in current assets:

Stores and spares	(28,378)	(6,124)
Stock-in-trade	229,733	29,896
Right to recover asset	(302)	611
Trade debts	(157,497)	(391,715)
Loans and advances	(56,828)	(102,105)
Trade deposits and short-term prepayments	(12,652)	(4,700)
	(25,924)	(474,137)

Increase / (decrease) in current liabilities:

Trade and other payables	(15,582)	(80,559)
Contract liabilities	23,359	(59,257)
Refund liability	3,572	(4,683)
	11,349	(144,499)

Cash flows from / (used in) operations **357,420** (176,240)

Interest expense paid	(90,849)	(106,581)
Profit on bank deposits received	601	416
Income tax paid	(36,950)	(53,541)
Long-term receivable	-	2,190
Long-term deposits paid	(1,901)	1,058

Net cash flow from / (used in) operating activities **228,321** (332,698)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	(130,420)	(31,190)
Sale proceeds from disposal of property, plant and equipment	63,728	23,257

Net cash flows used in investing activities **(66,692)** (7,933)

CASH FLOWS FROM FINANCING ACTIVITIES

New leases acquired during the period	42,259	-
Repayment of long-term loan	(336,629)	(144,562)
Long-term loan obtained	-	220,906
Repayment of lease liability	30,942	(2,666)
Short-term borrowings - net	77,984	176,769
Dividends paid	(43,365)	(35)

Net cash flows (used in) / from financing activities **(228,809)** 250,412

Net decrease in cash and cash equivalents **(67,180)** (90,219)

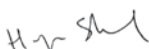
Cash and cash equivalents at the beginning of the period **154,955** 202,541

CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD **87,775** 112,322

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



Director



Chief Executive



Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE-MONTH PERIOD ENDED 31 MARCH 2022

1. THE COMPANY AND ITS OPERATIONS

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

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

2. STATEMENT OF COMPLIANCE

2.1 These condensed interim financial statements of the Company for the nine-month period ended 31 March 2022 have been prepared in accordance with the Accounting and Reporting Standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

2.2 These condensed interim financial statements do not include all the information and the disclosures required in the annual audited financial statements and should be read in conjunction with annual audited financial statements of the Company for the year ended 30 June 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements for the year ended 30 June 2021.

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

There are certain standards, amendments and interpretations to approved accounting standards that are effective or mandatory for the Company's accounting periods beginning on or after 01 July 2021 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

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

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

5. SEASONALITY OF OPERATIONS

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

6. PROPERTY, PLANT AND EQUIPMENT

The additions / (disposals) / transfers (at cost), made during the nine-month period ended 31 March 2022 (Un-audited) are as follows:

	Additions	Deletions/ Transfers
	Rupees in thousand	
Owned assets		
Building on freehold land	51,136	–
Plant and machinery	17,945	(42,317)
Motor vehicles	871	–
Electric equipment	3,457	(515)
Furniture and fixtures	308	–
Electric fittings and tools	247	–
Computers and accessories	153	(208)
Empty bottles, shells, pallets and barrels	15,388	(73,955)
Right of use asset - building on rent	42,259	(27,658)
	131,764	(144,653)
Capital work in progress		
Plant and machinery	18,903	–
Buildings	–	(62,507)
	18,903	(62,507)
	150,667	(207,160)
	(Un-Audited) 31 March 2022	(Audited) 30 June 2021
	Rupees in thousand	
Note		

7. LONG-TERM INVESTMENT

Quoted Modaraba - fair value through OCI

BRR Guardian Modaraba			
305,000 (30 June 2021: 305,000) certificates of Rs. 10/- each	7.1	2,375	2,375
Gain on remeasurement		1,582	1,661
		3,957	4,036

7.1 The above investment represents 0.32% (30 June 2021: 0.32%) of the issued certificate capital of the Modaraba.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE-MONTH PERIOD ENDED 31 MARCH 2022

	Note	(Un-Audited) 31 March 2022	(Audited) 30 June 2021
Rupees in thousand			
8. LONG-TERM LOANS - SECURED			
Long-term loans	8.1	122,587	451,722
Less: Current maturity shown under current liabilities		(122,587)	(409,670)
		-	42,052

8.1 Loans from banking institutions - secured

Particulars	Note	Loan Amount				
		Opening	Received	Accretion of interest Rupees in thousand	Repaid	Closing
Loan 1	8.1.1	211,440	-	-	211,440	-
Loan 2	8.1.2	123,144	-	3,296	63,750	62,690
Loan 3	8.1.2	117,138	-	4,198	61,439	59,897
		451,722	-	7,494	336,629	122,587

8.1.1 This represents long term loan obtained from a commercial bank, payable in five equal semi-annual installments with a grace period of six months. The rate of 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.

8.1.2 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 installments 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.

8.1.3 As at nine-month period end, the Company was in breach of debt service coverage ratio of Loan 3. In accordance with the requirements of IFRS, Loan is required to be classified in current liabilities in case of breach of covenants. However, loan is already classified in the current liabilities as all the payments are due within the next twelve months.

9. SHORT-TERM BORROWINGS - SECURED

The aggregate short-term borrowings available from commercial banks under mark-up / interest arrangements are Rs. (thousand) 2,625,000 (30 June 2021: Rs. (thousand) 2,625,000). The un-utilized portion of the said facility amounts to Rs. (thousand) 1,617,401 (30 June 2021: Rs. (thousand) 1,699,228).

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% per annum (30 June 2021: 1 month / 3 months KIBOR plus 0.05% to 1 month / 3 months KIBOR plus 0.50% per annum), payable quarterly.

The facilities are secured against first registered joint pari passu hypothecation charge on current assets of the Company up to Rs. (thousand) 3,848,000 (30 June 2021: Rs. (thousand) 3,848,000).

The un-utilized facility for opening letters of credit and for guarantees amounts to Rs. (thousand) 538,163 (30 June 2021: Rs. (thousand) 541,392) and Rs. (thousand) 118,356 (30 June 2021: Rs. (thousand) 190,732), respectively.

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

There has been no change in the status of the contingencies reported in the annual audited financial statements for the year ended 30 June 2021.

10.2 Commitments

- (i) Commitments in respect of letters of credit established for the import of raw and packing materials, amounted to Rs. (thousand) 11,837 (30 June 2021: Rs. (thousand) 8,608).
- (ii) Guarantees issued by banks in favor of the Company in the ordinary course of business, amounted to Rs. (thousand) 141,644 (30 June 2021: Rs. (thousand) 69,268).

(Un-Audited)

	Nine-month period ended 31 March		Three-month period ended 31 March	
	2022	2021	2022	2021
11. EARNINGS PER SHARE - BASIC AND DILUTED				
Profit after taxation attributable to ordinary shareholders (Rupees in thousand)	81,014	103,125	77,982	40,444
		(Re-stated)		(Re-stated)
Weighted average number of ordinary shares at the end of the period (in thousand)	9,663	9,663	9,663	9,663
Earnings per share-basic and diluted (Rupees)	8.38	10.67	8.07	4.19

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

12. NON TRANSFER OF BONUS SHARES TO INDIVIDUAL SHAREHOLDERS

During the year ended 30 June 2015, the Company issued 726,000 bonus shares @ 10% of its then paid-up capital on the book closure date of 23 October 2014. In accordance with the provisions of Section 236M of the Income Tax Ordinance, 2001, the Company was required to collect tax from its shareholders @ 5% on the value of bonus shares, determined on the basis of the end price of the first day of book closure. However, a number of shareholders of the Company have filed a suit against the Federation of Pakistan, competent authorities and the Company, before the Honorable Sindh High Court, challenging the levy of tax under the above referred section. Since the matter is subjudice before the Honorable Sindh High Court, the Company has retained 5% of the bonus shares issued to plaintiff shareholders.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE-MONTH PERIOD ENDED 31 MARCH 2022

13. TRANSACTIONS WITH RELATED PARTIES

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

Transactions during the period:	Relationship with the Company	(Un-Audited) Nine-month period ended 31 March	
		2022	2021
		Rupees in thousand	
Associated undertakings			
Purchases of raw materials	Associate	226,040	274,932
Sales of finished goods	Associate	180	136
Royalty charged	Associate	50,555	35,258
Purchases / repairs of electric equipment / vehicles	Associate	137	26
Contributions to staff provident fund	Employees' Fund	4,647	4,410
Remuneration and benefits of Directors, Chief Executive and key management personnel	Key management	19,590	31,728
		(Un-Audited) 31 March	(Audited) 30 June
Period / year end balances:	Relationship with the Company	2022	2021
Rupees in thousand			
Due to related parties	Associate	56,846	57,744
Due from related parties	Associate	33	80,128

14. SEGMENTAL ANALYSIS

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the 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 31 March 2022 (Un-audited), the Company is organized into two operating segments based on their products.

Juice drinks

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

Others

Others include pickles, ketchup, sauces, jams etc.

Profit and loss account for the nine-month period ended 31 March 2022 (Un-Audited):

	Juices and Drinks	Others	Total
	Rupees in thousand		
Revenue from contracts with customers–net	4,061,408	990,114	5,051,522
Cost of revenue	(3,166,524)	(785,836)	(3,952,360)
Gross profit	894,884	204,278	1,099,162
Unallocated expenses and income			
Distribution costs			(659,898)
Administrative expenses			(230,197)
Other operating expenses			(71,403)
Other income			62,372
Finance costs			(92,958)
Taxation			(26,064)
Profit after taxation			81,014

Assets and liabilities as at 31 March 2022 (Un-Audited):

Segment assets	3,231,870	555,074	3,786,944
Unallocated assets			628,069
Total			4,415,013
Segment liabilities	674,950	183,759	858,709
Unallocated liabilities			1,449,666
Total			2,308,375

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE-MONTH PERIOD ENDED 31 MARCH 2022

	Juices and Drinks	Others	Total
	Rupees in thousand		
Assets and liabilities as at 30 June 2021 (Audited):			
Segment assets	3,358,736	545,605	3,904,341
Unallocated assets			626,658
Total			4,530,999
Segment liabilities	1,027,491	113,732	1,141,223
Unallocated liabilities			1,315,758
Total			2,456,981

15. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue by the Board of Directors on 26 April 2022.

16. GENERAL

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



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