



**ANNUAL REPORT
2022**

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.



CONTENTS

Company Information	03	Independent Auditor's Report	31
Notice of Annual General Meeting	04	Statement of Financial Position	34
Review Report by the Chairman	08	Statement of Profit or Loss	35
Directors' Report to the Members	10	Statement of Comprehensive Income	36
Corporate Social Responsibility	20	Statement of Changes in Equity	37
Pattern of Shareholding	22	Statement of Cash Flows	38
Six Years Review at a Glance	25	Notes to the Financial Statements	39
Independent Auditor's Review Report	28	Proxy Form	79
Statement of Compliance	29		

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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 - 66210
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 59th Annual General Meeting of the Company will be held on 24 October 2022 at 11:00 a.m., 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 25 October 2021.
2. To receive and adopt the Audited Financial Statements of the Company for the year ended 30 June 2022 together with the Directors' and Independent Auditors' Report thereon.
3. To consider and, if thought fit, approve the cash dividend @ Rs. 5/- per share, i.e., 50%, as recommended by the Board of Directors, for the year ended 30 June 2022.
4. To appoint External Auditors of the Company for the financial year ending 2022-23 and to fix their remuneration.

B. SPECIAL BUSINESS

5. To ratify the transactions carried out by the Company with related parties disclosed in the Financial Statements for the year ended 30 June 2022 by passing the following resolution with or without modification as special resolution:

"RESOLVED THAT all related parties' transactions carried out by the Company as disclosed in Note No. 36 of the Financial Statements of the Company for the year ended 30 June 2022 be and are hereby noted, ratified and approved."

6. To approve potential transactions with related parties intended to be carried out in the financial year 2022-2023 and to authorize the Board of Directors of the Company to carry out such related parties' transactions at its discretion from time to time, irrespective of the composition of the Board of Directors.

The resolutions to be passed in this respect (with or without modification) as special resolutions are as under:

"RESOLVED THAT in accordance with the policy approved by the Board and subject to such conditions as may be specified from time to time, the Company be and is hereby authorized to carry out transactions with the related parties for the fiscal year 2022-23."

"RESOLVED FURTHER THAT the Board of Directors of the Company may, at its discretion, approves specific related party/parties transaction(s) from time to time, irrespective of the composition of the Board, and in accordance with the provisions of related laws/regulations and Company's policy pertaining to related parties' transactions till the next Annual General Meeting."

"RESOLVED FURTHER THAT all such transactions shall be placed before the shareholders in the next Annual General Meeting for their noting/ratification/approval."

C. ANY OTHER BUSINESS

7. 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 & No.6 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:
26 September 2022.

Notes:

1. Share transfer books of the Company will remain closed from 18 October 2022 to 24 October 2022 (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 17 October 2022 will be treated in time for determining the transferees to attend, speak and vote at the meeting.
2. 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 verification process.
3. 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.
 4. 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.
 5. 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 annual report.
 6. 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.
 7. 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 Computerized 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.
8. 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.

- 9. 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.
- 10. 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 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.

11. An updated list of unclaimed dividend / shares of the Company is available on the Company's website. These are unclaimed dividend / shares which have remained unclaimed or unpaid for a period of three (3) years from the date these have become due and payable. Claims can be lodged by shareholders on claim forms as these are available on the Company's website. Claims forms must be submitted to the Company's Share Registrar, M/s. Corplink (Private) Limited for receipt of dividends / shares.
12. The SECP through its letter No. CSD/ED/Misc/2016- 639-640 dated March 26, 2021 has advised listed companies to adhere to provisions of Section 72 of the Companies Act, 2017 by replacing physical shares issued by them into book entry form. The shareholders of Shezan International Limited having physical folios / share certificates are requested to convert their shares from physical form into book-entry form as soon as possible. The shareholders may contact their Broker, CDC Participant or CDC Investor Account Service Provider for assistance in opening a CDS Account and subsequent conversion of the physical shares into book-entry form. It would facilitate the shareholders in many ways including safe custody of shares, avoidance of formalities required for the issuance of duplicate shares, etc. For further information and assistance, the shareholders may contact our Share Registrar, M/s. Corplink (Private) Limited.
13. The audited financial statements of the Company for the year ended 30 June 2022 have been made available on the Company's website (www.shezan.pk) in addition to annual and quarterly financial statements for the current and prior periods.

REVIEW REPORT BY THE CHAIRMAN

The fiscal year 2021-22 posed serious challenges on account of unprecedented devaluation of Pak Rupee against US Dollar, political instability, withdrawal of various subsidies on utilities by the Government in light of the agreement with the IMF and soaring international commodity prices. This instability further escalated with the Russian-Ukraine conflict, resulting in higher energy and fuel prices. The combination of higher international commodity and fuel prices along with the uncertain political environment of the country, has significantly widened the current account deficit and has put immense pressure on foreign exchange reserves. In order to deal with these challenges, the Government of Pakistan has to impose tight fiscal controls and upward revision in policy rates during the year.

Despite this turbulent business and political environment, the Company managed to register a steady performance in terms of sales revenue as compared to previous year.

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 assure you that Company's Board is fully committed to take the Company to new levels of excellence and prosperity in the future.

چیئرمین جائزہ رپورٹ

مالی سال 2021-22ء میں امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں بے مثال کمی، سیاسی عدم استحکام، آئی ایم ایف کے ساتھ معاہدے کی روشنی میں حکومت کی جانب سے پبلیٹییز پر مختلف سبسڈیز کی واپسی اور بین الاقوامی اشیاء کی قیمتوں میں اضافے کی وجہ سے سنگین چینجز پیدا ہوئے۔ یہ عدم استحکام روس اور یوکرائن کے تنازعے کے ساتھ مزید بڑھ گیا، جس کے نتیجے میں توانائی اور ایندھن کی قیمتیں بڑھ گئیں۔ بین الاقوامی مصنوعات اور ایندھن کی قیمتیں بڑھنے کے ساتھ ملک کے غیر یقینی سیاسی ماحول نے کرنٹ اکاؤنٹ کے خسارے کو نمایاں طور پر بڑھا دیا ہے اور زر مبادلہ کے ذخائر پر بہت زیادہ دباؤ ڈالا ہے۔ ان چینجوں سے نمٹنے کے لئے، حکومت پاکستان کو سال کے دوران سخت مالیاتی کنٹرول لاگو کرنا اور پالیسی ریٹ کو بڑھانا پڑا۔

اس نامساعد کاروباری اور سیاسی ماحول کے باوجود کمپنی پچھلے سال کے مقابلے میں سیکڑوں یونیٹوں کے لحاظ سے مستحکم کارکردگی دکھانے میں کامیاب رہی۔

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 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 سنئرز انتظامیہ کے چناؤ اور معاوضہ کی سفارشات دیتی ہے۔

مجھے یقین ہے کہ کمپنی کا بورڈ کمپنی کو جدت کے نئے افق پر لے جانے کی بھرپور صلاحیت رکھتا ہے اور مستقبل میں خوشحالی اور نمو کی رفتار کے سلسلے کو برقرار رکھے گا۔

Muhammad Nawaz
منیر نواز
چیئرمین

لاہور:
26 ستمبر 2022ء

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 the Audited Financial Statements of the Company for the year ended 30 June 2022.

ECONOMIC OVERVIEW

In 2021, Covid vaccination programs allowed gradual relaxation of economic restrictions that led to economic revival across the globe. However, outbreak of the Russian-Ukraine conflict in early 2022 elevated global commodity prices, that further fueled inflation. Threats from high inflation, rising interest rates, lingering supply constraints, and mounting uncertainties had a downward effect on the global economic forecasts.

The surge in commodity prices and the increase in global interest rates further reduced the fiscal space, especially for oil and food-importing economies.

Pakistan's economy tried to recover from the pandemic and achieved a real GDP growth of 5.97 percent in the fiscal year 2022. However, political instability in the country led to a huge increase in economic uncertainty as it trembled the trust of domestic as well as foreign investors and the business community. Further to counter inflationary pressure and for sustainable economic recovery, policy rate increased by cumulative 675 bps between September 2021 to April 2022. Energy and food prices have surged rapidly and threaten to remain further elevated. This is another challenge for developing economies, particularly for Pakistan.

BUSINESS OVERVIEW

Overall, business conditions remained difficult due to high inflation, energy crisis, and steep hike in fuel and energy costs. The economic situation in the country underwent drastic changes and remained unstable throughout the year. The rapid increase in the cost of raw materials, manufacturing supplies, and utilities adversely impacted the cost of doing business and the profitability of the manufacturing sector. Though the economic conditions were not favourable, 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 production capacity.

The Company faced a very high commodity prices environment in which major commodity prices escalated to unprecedented levels. A Significant hike was witnessed in the prices of raw and packing materials used by the Company, mainly Tetra Pak Paper. During the year huge costs were incurred on diesel, gas, and furnace oil. Energy costs were increased significantly due to the withdrawal of various subsidies by the Government of Pakistan in light of the agreement with the IMF. Keeping in view the inflationary trends, we had to enforce the price rationalization of our products to offset the impact of higher input costs. Still we had to absorb a substantial component of hiked input costs as we could not pass on the full impact to end consumers due to highly competitive environment.

Exports showed encouraging results. Our cooked food range, Juicepak, bottled juices, squashes, and ketchup are the main contributors to export sales.

OPERATIONAL OVERVIEW

The unprecedented inflationary pressures on the consumer food basket continued. Against this adverse economic scenario and continued competitiveness, the Company continued to focus on its growth strategy, led by its juice products and recorded encouraging growth in turnover. The turnover for the year witnessed an increase of 24%.

The Company could not fully materialize this growth into profit margins due to an unprecedented increase in the input costs and minimum wages. Despite this, Company showed encouraging results in the gross profit margins due to price rationalization and cost efficiency measures by the management.

The finance cost of the working capital component has increased significantly due to the drastic upward revision of 675 basis points in policy rates by State Bank of Pakistan during the year. These working capital borrowings were made to stock the seasonal fruits, pulps, and packaging materials to fulfill the annual sales demand of our products.

The summarized financial results of the Company for the financial year 2022 are as follows:

	2022	2021
Rupees in thousand		
Revenue from contracts with customers – net	8,169,271	6,584,452
Gross profit	1,773,398	1,397,807
Profit before taxation	186,403	180,905
Net profit after tax	79,919	122,979
		(Re-stated)
Earning per share (Rs.)	8.27	12.73

APPROPRIATIONS

Keeping in view the satisfactory financial results, the Board of Directors has proposed a cash dividend of 50% i.e., Rs. 5/- per share.

CONTRIBUTION TO NATIONAL EXCHEQUER

During the year, the Company has paid Rs. 1.707 billion to the national exchequer on account of different levies, including sales tax, 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

Current inflationary trends and economic conditions depict that commodity costs will remain high in the coming year, in addition to, substantial increase in mango pulp prices and payroll expenses due to increase in minimum wages in the fiscal budget 2022-2023.

The year ahead appears to be another challenging year for the business as the economic environment is not favourable due to energy crises, continuous hike in Policy Rate, a soaring inflation rate, the unprecedented calamity of floods, and political instability. Devaluation of the Pak Rupee and the overall macroeconomic indicators will play a pivotal role in the future performance of the Company.

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'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:

- This year is experiencing the unprecedented calamity of floods. These floods will bring down the GDP growth as well as inflict massive damage to country's crops, livestock, infrastructure and overall economy.
- Due to the urban and rural flooding in the country this year, the agricultural crops have been severely affected and the shortage of various crops of fruits and vegetables can be faced in the year ahead. On the other hand, there are some upside risks from potential food-price shocks associated with adverse agricultural conditions arising due to floods in the country.
- Supply chain disruption due to damaged infrastructure caused by the urban and rural flooding and increased freight cost will be a big challenge for our business.
- Inflation could increase further if economic activity fails to pick up due to floods as projected for the next fiscal year, this will further decrease the buying power of the consumers.
- 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.
- The persisting decline in the rupee value against the U.S dollar will enhance our import cost.

- Record increase in the prices of mango pulp and Tetrapak paper, a major raw and packing material for our products.
- Continuous increase in oil, gas, and electricity prices and minimum wages.
- 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. 29.055 million based on 25% of the production volume of beverages for the period from July 2021 to June 2022 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 24.1.2(xxi) 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 2022 was Rs. 224.9 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

1. The total number of Directors are as follows:

- a. Male: Eight (08)
- b. Female: One (01)

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

Name of Director	Number of Meetings Attended
Mr. Muneer Nawaz	4
Mr. Humayun A. Shahnawaz	4
Mr. M. Naeem	2
Mr. Abid Nawaz	4
Mr. Rashed Amjad Khalid	3
Ms. Manahil Shahnawaz	4
Mr. Shahid Hussain Jatoi	4
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 the 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	-
Mr. Rashed Amjad Khalid	3

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	-

Leave of absence was granted to the Director who could not attend the Human Resource and Remuneration Committee meeting.

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 2022 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.

- I. That the amounts or appropriate proportions of outstanding, items pertaining to related parties and receivables/payables from the related parties as on 30 June 2022 are as follows:

Name of Related Party	Payable	Receivable
Rupees in thousand		
Shezan Services (Private) Limited	55,647/-	Nil
Shahtaj Sugar Mills Limited	Nil	58,028/-

- 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 a pre-determined schedule; consistent quality and proper production scheduling.

Accordingly, the Company has entered into the following contracts with the related party:

Particulars	Original Agreement	Changes through Addendum
Time Period	07 February 2022 to 06 May 2022	Extended from 06 May 2022 to 06 August 2022
Quantity	5,000 Metric Ton	No change
Total Price	Rs.358,613,000/- (Excluding sales tax)	No change
Advance	Rs.251,029,100/- (Excluding sales tax)	No change
Per KG Price	Rs. 71.7226/kg excluding sales tax and Rs. 84/kg including sales tax	No change
Payment Terms	70% advance payment	No change
Delivery Terms	As and when required	No change

- 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 2022 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 2021-22 and will retire at the conclusion of the 59th 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 2023.

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 2022 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

Shezan places special emphasis on health, safety, and environment (HSE) and all our plants strive to ensure strict compliance with our HSE policies.

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. The health and safety of our people are paramount while ensuring the security of our product supply.

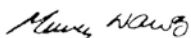
Overall, the Company believes its proactive and comprehensive efforts should mitigate operational impacts. As the COVID-19 situation is over and at its minimum level, Shezan will continue to adopt best practices that prioritize the health and safety of its employees and the stability of the product supply.

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:
26 September 2022.



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۔

ایک ضروری خدمت کے طور پر کمپنی کی توجہ 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، ہماری مصنوعات کی فراہمی کی حفاظت کی 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 میں ہوتی ہے، شیزان اپنے ملازمین کی صحت اور حفاظت اور مصنوعات کی فراہمی کے استحکام کو ترجیح دینے والے بہترین طریقوں کو اپناتا رہے گا۔

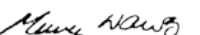
ادارہ اپنی مصنوعات کی تشکیل، تیاری، لمبائنگ اور مارکیٹنگ میں تمام قابل اطلاق تمام قوانین کی تعمیل کرتا ہے اور فضا میں مضر فضلہ کے اخراج کو کم سے کم کرنے کیلئے بھرپور اقدامات کرتا ہے کمپنی اپنے ملازمین کو ممکنہ طور پر خطرناک حالات کی نشاندہی کرنے کی ترغیب دیتی ہے اس کے ساتھ (اپنے ملازمین) کو روزمرہ کی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

اظہار تشکر:

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

بورڈ کی جانب سے


ہما یوں اے شاہ نواز
چیف ایگزیکٹو


منیر نواز
چیرمین
لاہور۔
26 ستمبر 2022ء۔

متعلقہ پارٹیوں سے لین دین:

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

30 جون 2022ء 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۔

1- 30 جون 2022ء کو متعلقہ پارٹیوں کو قابل ادا / قابل وصول رقم درج ذیل ہیں۔

متعلقہ پارٹی کا نام	قابل ادا رقم	قابل وصول رقم
شیران سرومز (پرائیویٹ) لمیٹڈ	55,647/-	-
شاہ تاج شوگر ملز لمیٹڈ	-	58,028/-

روپے ہزاروں میں

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 موجودگی کے گرگھومتا 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 مناسب ہے اور اسی وجہ سے مندرجہ ذیل معاہدہ کیا ہے۔

تفصیلات اصل معاہدہ ضمیمہ کے مطابق تبدیلیاں

تفصیلات	اصل معاہدہ	ضمیمہ کے مطابق تبدیلیاں
دورانہ:	07 فروری 2022ء سے 06 مئی 2022ء	06 مئی 2022ء سے بڑھ کر 06 اگست 2022ء تک
مقدار:	5,000 میٹرک ٹن	کوئی تبدیلی نہیں
مکمل مالیت:	358,613,000 روپے علاوہ بلزنگس	کوئی تبدیلی نہیں
پیٹنگی ادائیگی:	251,029,100 روپے قبل از بلزنگس	کوئی تبدیلی نہیں
فی کلو قیمت:	71.7226 روپے فی کلو قبل از بلزنگس	کوئی تبدیلی نہیں
	84 روپے فی کلو بعد از بلزنگس	
ادائیگی کی شرائط:	70% پیٹنگی ادائیگی	کوئی تبدیلی نہیں
ترسیل کی شرائط:	جب اور جیسے چاہیے	کوئی تبدیلی نہیں

3- کمپنی نے شیران سرومز (پرائیویٹ) لمیٹڈ کے ساتھ رائٹنگ کی مدد میں پانچ سال کا معاہدہ کیا ہے جو کہ یکم جنوری 2021ء سے شروع ہو کر 31 دسمبر 2025ء میں ختم ہوگا۔ یہ رائٹنگی 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 مینسز آئی وائے فورڈ رھوڈز چارٹرڈ اکاؤنٹنٹس نے غیر جانبدار آڈیٹر ز 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 عہدیدار بورڈ مینٹنگز 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 لیتا 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 سٹیٹ میٹ آف کمپلائنس میں ڈائریکٹرز کی تربیت کی تفصیلات دی گئی ہیں۔

حصص داران کی تفصیل:

اس رپورٹ کے ساتھ 30 جون 2022ء کی تاریخ پر حصص داران کی تفصیلات بھی کوڈ آف کارپوریٹ گورننس کے مطابق منسلک کی گئی ہے۔

بیرونی آڈیٹرز:

میسز آئی وائے فورڈ رھوڈز چارٹرڈ اکاؤنٹنٹس 59 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 اگلی دوبارہ تقرری برائے سال 30 جون 2023ء کیلئے تجویز کرتے ہیں۔

نان ایگزیکٹو ڈائریکٹرز کے معاوضہ کی پالیسی:

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

ایگزیکٹو ڈائریکٹرز کے معاوضے:

کمپنی کے چیف ایگزیکٹو اور ڈائریکٹرز کے معاوضے کی تفصیل 30 جون 2022ء کے مالیاتی گوشواروں کے نوٹ نمبر 35 میں بیان کی گئی ہے۔

کارپوریٹ معلومات:

بورڈ کی ترتیب:

بورڈ کے ڈائریکٹرز کی کل تعداد درج ذیل ہے۔

مرد	آٹھ (08)
خواتین	ایک (01)

بورڈ کی تفصیل درج ذیل ہے:

غیر جانبدار ڈائریکٹر	جناب شاہد حسین چٹوٹی
	جناب عبدالحمید احمد ڈاگیا
	جناب نعمان خالد
دیگر نان ایگزیکٹو ڈائریکٹر	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

کمیشنرز کی ترتیب:

بورڈ نے درج ذیل ممبران پر مشتمل کمیٹی 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 معاذہ 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 چار (04) اجلاس منعقد ہوئے۔ اجلاس میں حاضرین کی تفصیل درج ذیل ہے۔

ڈائریکٹر کا نام	اجلاس میں شرکت کی تعداد
جناب منیر نواز	4
جناب ہمایوں اے شاہ نواز	4
جناب ایم نعیم	2
جناب عابد نواز	4
جناب راشد امجد خالد	3
محترمہ منال شاہ نواز	4
جناب شاہد حسین چٹوٹی	4
جناب عبدالحمید احمد ڈاگیا	4
جناب نعمان خالد	4

بورڈ کے اجلاس میں شرکت نہ کرنے والے ڈائریکٹرز 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	-
جناب راشد امجد خالد	3

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

اس سال کے دوران ہیومن ریسورس اور معاذہ کمیٹی کا ایک (01) 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	-

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

مستقبل کے امکانات:

موجودہ افراط زر اور معاشی حالات ظاہر کرتے ہیں کہ ایشیا، ضرورت کی قیمتیں اگلے مالی سال میں بھی زیادہ رہیں گے خصوصاً بیگو پیپ کی قیمتیں اور کم از کم اجرت کے اخراجات میں بے پناہ اضافہ، جس کا اعلان مالی بجٹ 2022-23ء میں کیا گیا۔ اگلا مالی سال بھی ایک اور مشکل سال نظر رہتا ہے کیونکہ معاشی حالات، توانائی کے بحران، بڑھتے ہوئے افراط زر، تسلسل سے بڑھتی ہوئی بنیادی شرح سود، سیلاب کی تباہ کاریوں اور سیاسی عدم استحکام کی وجہ سے معاشی ماحول کاروبار کے لئے غیر موافق رہنے کا امکان ہے پاکستانی روپے کی قدر میں تنزیل اور مجموعی اقتصادی اعشاریے کمپنی کے مستقبل کی کارکردگی میں کلیدی کردار ادا کریں گے۔

کمپنی اپنے موجودہ گاہکوں سے حجم میں اضافے کے لئے کوشاں ہے اور مقامی اور غیر ملکی منڈیوں کی تلاش جاری رکھے گی۔

آرابنڈ ڈی اور پروڈکٹ مینجمنٹ 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۔

- اس سال سیلاب کی قدرتی آفت کا سامنا ہے۔ یہ جی ڈی پی کی نمو کو کم کرنے کے ساتھ ساتھ ملک کی بڑے پیمانے پر پھیلی فصلوں، مویشیوں، انفراسٹرکچر اور مجموعی معیشت کو بڑے پیمانے پر متاثر کریں گے۔

- دیہی اور شہری علاقوں میں سیلاب کی وجہ سے زرعی فصلیں بری طرح متاثر ہوئی ہیں اور اگلے سال پھلوں اور سبزیوں کی مختلف فصلوں کی کمی کا سامنا کرنا پڑ سکتا ہے۔ دوسری طرف ملک میں سیلاب کی وجہ سے پیدا ہونے والے نامساعد حالات کی وجہ سے خوراک کی قیمتوں کے بڑھنے کے خطرات ہیں

- ملک میں سیلاب سے تباہ شدہ انفراسٹرکچر کی وجہ سے سپلائی چین میں رکاوٹ اور کرایوں کی لاگت میں اضافہ ہمارے کاروبار کے لئے بہت بڑا امتحان ہوگا۔

- اگر اگلے سال سیلاب کی وجہ سے متوقع معاشی سرگرمیاں بحال نہ ہو سکیں تو افراط زر میں مزید اضافہ ہو سکتا ہے، اس سے صارفین کی قوت خرید میں مزید کمی آئے گی۔

- مہنگائی کا بڑھتا ہوا رجحان مقامی طور پر دستیاب خام اور پیکنگ مال کی قیمت میں اضافہ کرے گا اور مستقبل میں پیداواری لاگت میں مزید اضافہ کا باعث بن سکتا ہے۔

- امریکی ڈالر کے مقابلے میں روپے کی قدر میں مسلسل کمی ہماری درآمدی لاگت کو بڑھا دے گی۔

- بیگو پیپ اور ٹیڑا ایک پیپر کی قیمتوں میں ریکارڈ اضافہ جو ہماری مصنوعات کے لئے اہم خام اور پیکنگ مال ہیں۔

- تیل، گیس اور بجلی کی قیمتوں اور کم اجرت میں مسلسل اضافہ۔

- زیر زمین یا سطحی پانی کے استعمال پر مکنہ 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 مکنہ 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 دائر چارج سے بہت زیادہ مالی اثر پڑتا ہے، اس لئے 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 29.055 ملین روپے کے اخراجات ظاہر کیے ہیں۔ جو کہ سپریم کورٹ آف پاکستان کے عبوری حکم کے مطابق جولائی 2021ء سے جون 2022ء تک کی مشروہات کی 25 فی صد کے پیداواری حجم پر مبنی ہے۔ تاہم بتایا جاتا ہے کہ حجم کا تعین ابھی ممکن نہیں کیونکہ معاملہ ابھی زیر غور ہے۔ لیکن ادارے نے اپنے مالیاتی نتائج کے نوٹ نمبر (xxi) 2.4.1.2 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 محاسبہ کا نظام قائم کیا گیا ہے جو کہ کمپنی میں ہر شعبے میں رائج ہے۔ اندرونی کنٹرول کا یہ نظام کمپنی کے مقاصد کے حصول، کام میں بہتری، قابل اعتماد مالیاتی رپورٹنگ اور مختلف قوانین کے ساتھ مطابقت کو یقینی بنانے کیلئے بنایا گیا ہے۔

مالیاتی اور کارپوریٹ 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 زرا 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 محتاط 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۔

- پرائیڈنٹ فنڈ کی سرمایہ کاری کی جائز مالیت (فینز ویلیو) 30 جون 2022ء کو 224.9 ملین روپے ہے۔

- ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانس آفیسر، کمپنی سیکریٹری اور انکے اہل و عیال کی شیئرز ہولڈنگ اور اس میں تبدیلی کی تفصیل کو شیئرز ہولڈرز تکلیف دہی کی مد میں ظاہر کیا گیا ہے۔

ڈائریکٹرز رپورٹ برائے ممبران

ہم شیئران انٹرنیشنل لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے ڈائریکٹرز رپورٹ اور مالی سال 30 جون 2022ء کیلئے کمپنی کے آڈٹ شدہ مالیاتی نتائج پیش کرتے ہیں۔

معاشی جائزہ:

سال 2021ء میں کوئی پیکیشن کے عمل میں اضافہ اور معاشی پابندیوں میں نرمی کے نتیجے میں ساری دنیا میں معاشی سرگرمیاں بحال ہوئیں۔ تاہم 2022ء کے اوائل میں روس اور یوکرین کے مابین جنگ کی وجہ سے ساری دنیا میں اشیاء ضرورت کی قیمتوں میں اضافہ ہوا جس کے نتیجے میں افراط زر میں ہوش زبا اضافہ دیکھنے میں آیا۔ ہوش زبا افراط زر، شرح سود میں اضافے، اشیاء کی رسد میں سست روی اور بڑھتی ہوئی بے یقینی کی کیفیت نے عالمی معیشت کے اقتصادی اندازوں پر منفی اثر ڈالا۔

اشیاء ضرورت کی قیمتوں اور عالمی شرح سود میں اضافے نے خاص طور پر تیل اور خوراک درآمد کرنے والی معیشتوں کے لئے مالیاتی اخراجات کی حد کو مزید کم کر دیا ہے۔

پاکستان کی معیشت نے کوئی کمی واء سے بحالی کے بعد، مالی سال 2022ء میں حقیقی جی ڈی پی کی شرح نمو 5.97 فیصد حاصل کی۔ تاہم ملک میں سیاسی عدم استحکام نے غیر یقینی معاشی صورتحال میں بہت زیادہ اضافہ کیا اور اس نے ملکی اور غیر ملکی سرمایہ کاروں اور کاروباری برادری کے اعتماد کو متزلزل کیا۔ مزید برآں افراط زر کے دباؤ کا مقابلہ کرنے اور پائیدار معاشی بحالی کے لئے پالیسی ریٹ کی شرح ستمبر 2021ء سے اپریل 2022ء کے درمیان مجموعی طور پر 675 بی پی ایس تک بڑھائی گئی۔

توانائی اور خوراک کی قیمتوں میں تیزی سے اضافہ ہوا ہے اور اس میں مزید اضافے کا خدشہ ہے۔ ترقی پذیر معیشتوں ہاتھوں ہاتھ پاکستان کے لئے یہ ایک اور امتحان ہے۔

کاروباری جائزہ:

مجموعی طور پر، بلند افراط زر، توانائی کے بحران، ایندھن اور توانائی کی قیمتوں میں زبردست اضافے کی وجہ سے کاروباری حالات مشکل رہے۔ ملک کی معاشی صورتحال میں زبردست تبدیلیاں آئیں اور یہ سال بھر غیر مستحکم رہی۔ خام مال، پیداواری اشیاء اور پوٹینٹیل کی لاگت میں تیزی سے اضافے نے کاروبار کرنے کی لاگت اور پیداواری شعبے کے منافع کو بری طرح متاثر کیا۔ اگرچہ معاشی حالات سازگار نہیں تھے، تاہم ہماری کمپنی ملازمین کے تحفظ کے ساتھ ساتھ مارکیٹ میں ہماری مصنوعات کی دستیابی کو یقینی بنانے کے لئے سخت SOPs کے ساتھ اپنا کام جاری رکھنے میں کامیاب رہی۔ کمپنی نے مصنوعات کے منافع کو بڑھانے کی حکمت عملی پر عمل پیرا ہوتے ہوئے مصنوعات کے معیار کو بڑھانے، کارکردگی کو بہتر بنانے اور پیداواری بنیاد کو وسعت دینے اور پیداواری گنجائش کو بہتر بنانے جیسے اقدامات کئے ہیں۔

کمپنی کو اشیاء کی قیمتوں میں بے پناہ اضافے کا سامنا کرنا پڑا جس میں اہم پیداواری اشیاء کی قیمتیں ہوش زبا حد تک بڑھیں۔ کمپنی کے زیر استعمال خام اور پیکنگ مال، خاص طور پر ٹیڑا ایک ہیچر کی قیمتوں میں نمایاں اضافہ دیکھا گیا۔ سال کے دوران، ڈیزل، گیس اور فرسٹ آئل پر بھاری اخراجات ہوئے۔ آئی ایم ایف کے ساتھ معاہدے کی روشنی میں حکومت پاکستان کی جانب سے سبسڈیز واپس لینے کی وجہ سے توانائی کی قیمتوں میں نمایاں اضافہ ہوا۔ افراط زر کو مد نظر رکھتے ہوئے ہمیں اپنی مصنوعات کی قیمتوں میں اضافہ کرنا پڑا تاکہ بڑھتی ہوئی پیداواری لاگت کے اثر کو دور کیا جاسکے۔ اس کے باوجود ہمیں اس لاگت کا ایک بڑا حصہ خود برداشت کرنا پڑا کیونکہ ہم انتہائی مسابقتی ماحول کی وجہ سے اس کا مکمل بوجھ صارفین کو منتقل نہیں کر سکے۔

برآمدات نے حوصلہ افزا نتائج دکھائے۔ ہمارے تیار شدہ کھانے، جوس پیک، بوتل جوس، اسکونش اور کچھ برآمدی فروخت میں اہم شراکت دار ہیں۔

عملی جائزہ:

صارفین کی روزمرہ ضروریات کی قوت خرید پر مہنگائی کا غیر معمولی دباؤ جاری رہا۔ نامساعد معاشی حالات اور بڑھتے ہوئے مقابلے کے رجحانات کے باوجود کمپنی نے اپنی توجہ جس مصنوعات کی سیل میں اضافہ کی حکمت عملی پر مرکوز رکھی اور سیل میں حوصلہ افزا موصول کی جو کہ اس سال 24 فیصد ہے۔

کمپنی پیداواری لاگت اور کم از کم اجرت میں بے پناہ اضافے کی وجوہات کی بنا پر فروخت کی اس نمو کو مکمل طور پر منافع میں تبدیل نہ کر سکی۔ اسکے باوجود کمپنی نے قیمتوں کی معقولیت اور لاگت کی کارکردگی کے اقدامات کی وجہ سے مجموعی منافع میں حوصلہ افزا نتائج اور نمو دکھائی۔ سال کے دوران بینک دولت پاکستان کی جانب سے پالیسی ریٹ میں 675 بیس پوائنٹس کے اضافے کی وجہ سے کاروباری سرمایہ کی مالیاتی لاگت میں نمایاں اضافہ ہوا ہے۔

کاروباری سرمایہ کیلئے لئے گئے قرضے موسمی پھلوں، پینس اور پیکنگ مال کو ذخیرہ کرنے کیلئے تھے تاکہ ہماری مصنوعات کی سالانہ فروخت کی طلب کو پورا کیا جاسکے۔

مالی سال 2022ء کی عملی کارکردگی مختصر آڈیٹ ذیل ہے:

2021	2022	تفصیلات
روپے ہزاروں میں		
6,584,452	8,169,271	فروخت
1,397,807	1,773,398	مجموعی منافع
180,905	186,403	خالص منافع قبل از محصولات
122,979	79,919	خالص منافع بعد از محصولات
(ریسٹریڈ ڈ)		فی حصص آمدنی - روپوں میں
12.73	8.27	

منافع کی تقسیم:

تسلی بخش مالی نتائج کو مد نظر رکھتے ہوئے، بورڈ آف ڈائریکٹرز نے 50 فیصد فی حصص منافع (یعنی کہ 5 روپے فی حصص) کی تقسیم کی تجویز دی ہے۔

قومی خزانے کو ادا ہوگی:

دوران سال قومی خزانے کو ادا ہوگی محصولات میں اضافہ ہوا اور کمپنی نے محصولات کی مد میں 1.707 ارب روپے ادا کئے جن میں بیلز ٹیکس اور اکٹم 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۔

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 a Hajj Scheme and sent three workers to perform Hajj at the Company's expense. The Company also has good relations with its suppliers.

Employment Of Special Persons

To ensure the welfare and rehabilitation of special persons, the Company has especially stressed upon the induction of differently-abled 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 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, Shaikat 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, 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 2022

- 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 2022.

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
248	1	100	6,013
217	101	500	54,776
116	501	1,000	90,204
114	1,001	5,000	255,225
21	5,001	10,000	144,642
8	10,001	15,000	97,734
3	15,001	20,000	54,140
8	20,001	25,000	178,577
2	25,001	30,000	56,119
1	30,001	35,000	30,690
1	40,001	45,000	40,078
1	45,001	50,000	46,365
3	50,001	55,000	159,555
2	55,001	60,000	119,092
1	60,001	65,000	64,279
1	65,001	70,000	69,180
2	80,001	85,000	167,085
1	90,001	95,000	93,593
1	95,001	100,000	96,390
1	105,001	110,000	105,070
1	110,001	115,000	111,760
2	120,001	125,000	243,623
1	125,001	130,000	126,477
2	135,001	140,000	274,136
1	155,001	160,000	158,185
2	165,001	170,000	337,087
2	170,001	175,000	344,392
3	175,001	180,000	529,968
1	195,001	200,000	196,806
1	215,001	220,000	215,420
1	255,001	260,000	255,010
1	315,001	320,000	318,989
1	375,001	380,000	379,036
2	405,001	410,000	810,694
1	725,001	730,000	725,184
1	895,001	900,000	898,228
1	1,805,001	1,810,000	1,809,258
776			9,663,060

4	Categories of Shareholders	Shares held	Percentage
4.1	Directors, Chief Executive Officer, their spouses and minor children	2,235,330	23.1327%
4.2	Associated Companies, undertakings and related parties	28,426	0.2942%
4.3	NIT and ICP	1,926,248	19.9341%
4.4	Banks, Development Financial Institutions, Non Banking Financial Institutions	1,029	0.0106%
4.5	Modarabas and Mutual Funds	890,590	9.2164%
4.6	Insurance Companies	84,928	0.8789%
4.7	General Public		
	a. Local	3,631,628	37.5826%
	b. Foreign	861	0.0089%
4.8	Others		
4.8.1	Joint Stock Companies	146,416	1.5152%
4.8.2	Leasing Companies	21,010	0.2174%
4.8.3	Pension Funds	305,090	3.1573%
4.8.4	Foreign Companies	379,036	3.9225%
4.8.5	Government Holding	6,502	0.0673%
4.8.6	Others	5,966	0.0617%
		9,663,060	100.00%
	Share holders holding 10% or more	1,809,258	18.7234%
	Share holders holding 5% or more	3,472,748	35.9384%

CATEGORIES OF SHAREHOLDERS

AS AT 30 JUNE 2022

Sr. No.	Name	Shares Held	Percentage
4.1	Directors, Chief Executive Officer, and their spouses and minor children		
1	Mr. Muneer Nawaz	725,184	7.5047%
2	Mrs. Abida Muneer Nawaz W/o Mr. Muneer Nawaz	96,390	0.9975%
3	Mr. Humayun A. Shahnawaz	405,347	4.1948%
4	Mr. M. Naeem	59,283	0.6135%
5	Mrs. Amtul Bari Naeem W/o Mr. M. Naeem	440,830	4.5620%
6	Mr. Rashed Amjad Khalid	176,718	1.8288%
7	Mrs. Sajda Amjad Khalid W/o Mr. Rashed Amjad Khalid	2,499	0.0259%
8	Mr. Abid Nawaz	129,243	1.3375%
9	Ms. Manahil Shahnawaz	196,806	2.0367%
10	Mr. Abdul Hamid Ahmed Dagia	550	0.0057%
11	Mr. Nauman Khalid	2,290	0.0237%
12	Mrs. Ayesha Khalid W/o Mr. Nauman Khalid	190	0.0020%
13	Mr. Shahid Hussain Jatoi	-	0.0000%
		2,235,330	23.1327%
4.2	Associated Companies, undertakings and related parties		
1	Shezan Services (Private) Limited	28,426	0.2942%
		28,426	0.2942%
4.3	NIT and ICP		
1	CDC - Trustee National Investment (UNIT) Trust	1,809,258	18.7234%
2	CDC - Trustee NIT Islamic Equity Fund	93,593	0.9686%
3	CDC - Trustee NIT-Equity Market Opportunity Fund	23,397	0.2421%
		1,926,248	19.9341%
4.4	Banks Development Financial Institutions, Non Banking Financial Institutions.		
1	National Bank of Pakistan	1,029	0.0106%
		1,029	0.0106%
4.5	Modarabas and Mutual Funds		
1	CDC - Trustee Al-Ameen Islamic Asset Allocation Fund	30,690	0.3176%
2	CDC - Trustee Al-Ameen Shariah Stock Fund	255,010	2.6390%
3	CDC - Trustee APF- Equity Sub Fund	5,500	0.0569%
4	CDC - Trustee Atlas Stock Market Fund	83,600	0.8652%
5	CDC - Trustee MCB Pakistan Asset Allocation Fund	5,626	0.0582%
6	CDC - Trustee NBP Balanced Fund	6,930	0.0717%
7	CDC - Trustee NBP Islamic Active Allocation Equity Fund	22,550	0.2334%
8	CDC - Trustee NBP Islamic Stock Fund	111,760	1.1566%
9	CDC - Trustee NBP Sarmaya Izafa Fund	13,750	0.1423%
10	CDC - Trustee NBP Stock Fund	5,830	0.0603%
11	CDC - Trustee Pakistan Capital Market Fund	10,956	0.1134%
12	CDC - Trustee UBL Asset Allocation Fund	7,880	0.0815%
13	CDC - Trustee UBL Retirement Savings Fund - Equity Sub Fund	50,809	0.5258%
14	CDC - Trustee UBL Stock Advantage Fund	215,420	2.2293%
15	CDC - Trustee Al-Ameen Islamic Retirement Saving Fund - Equity Sub Fund	64,279	0.6652%
		890,590	9.2164%
4.6	Insurance Companies		
1	Habib Insurance Company Limited	1,443	0.0149%
2	State Life Insurance Corporation of Pakistan	83,485	0.8640%
		84,928	0.8789%
4.7	General Public		
	Local	3,631,628	37.5826%
	Foreign	861	0.0089%
		3,632,489	37.5915%

CATEGORIES OF SHAREHOLDERS

AS AT 30 JUNE 2022

Sr. No.	Name	Shares Held	Percentage
4.8	Others		
4.8.1	Joint Stock Companies		
1	Burma Oil Mills Limited	804	0.0083%
2	Insight Securities (Private) Limited	135,630	1.4036%
3	MRA Securities Limited - MF	800	0.0083%
4	Murree Brewery Company Limited	190	0.0020%
5	NH Capital Fund Limited	2	0.0000%
6	Time Securities (Private) Limited	8,990	0.0930%
		146,416	1.5152%
4.8.2	Leasing Companies		
1	Capital Asset Leasing Corporation Limited	21,010	0.2174%
		21,010	0.2174%
4.8.3	Pension Funds		
1	CDC - Trustee National Bank of Pakistan Employees Pensions Fund	167,260	1.7309%
2	CDC - Trustee NAFA Islamic Pension Fund Equity Account	69,180	0.7159%
3	CDC - Trustee NAFA Pension Fund Equity Sub Fund Account	54,070	0.5596%
4	CDC - Trustee Pakistan Pension Fund - Equity Sub Fund	14,580	0.1509%
		305,090	3.1573%
4.8.4	Foreign Companies		
1	Tundra Sustainable Frontier Fund	379,036	3.9225%
		379,036	3.9225%
4.8.5	Government Holding		
1	Federal Board of Revenue	6,502	0.0673%
		6,502	0.0673%
4.8.6	Others		
1	Trustee National Bank of Pakistan - Employees Benevolent Fund Trust	5,866	0.0607%
2	Essity Pakistan Limited - Employees Gratuity Fund	40	0.0004%
3	Trustee of Nimir Resins Limited - Employees Gratuity Fund Trust	60	0.0006%
		5,966	0.0617%
SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL			
1	CDC - Trustee National Investment (UNIT) Trust	1,809,258	18.7234%
		1,809,258	18.7234%
SHAREHOLDERS HOLDING 5% OR MORE OF TOTAL CAPITAL			
1	CDC - Trustee National Investment (UNIT) Trust	1,809,258	18.7234%
2	Mr. Mahmood Nawaz (Late)	938,306	9.7102%
3	Mr. Muneer Nawaz	725,184	7.5047%
		3,472,748	35.9384%

During the financial year the trading in shares of the company by its Directors, Executives and their spouses and minor children is as follows:

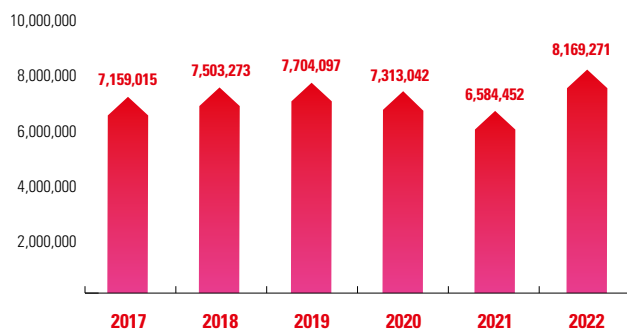
S. No.	Name	Bonus	Sale	Purchase
1	Mr. Muneer Nawaz	65,925	-	-
2	Mrs. Abida Muneer Nawaz W/o Mr. Muneer Nawaz	8,762	-	-
3	Mr. Humayun A. Shahnawaz	36,849	-	-
4	Mr. M. Naeem	5,389	-	-
5	Mrs. Amtul Bari Naeem W/o Mr. M. Naeem	40,075	-	-
6	Mr. Rashed Amjad Khalid	16,065	-	-
7	Mrs. Sajda Amjad Khalid W/o Mr. Rashed Amjad Khalid	227	-	-
8	Mr. Abid Nawaz	11,749	-	-
9	Ms. Manahil Shahnawaz	17,891	-	-
10	Mr. Abdul Hamid Ahmed Dagia	50	-	-
11	Mr. Nauman Khalid	117	-	1,000
12	Mrs. Ayesha Khalid W/o Mr. Nauman Khalid	17	-	-

SIX YEARS REVIEW

AT A GLANCE

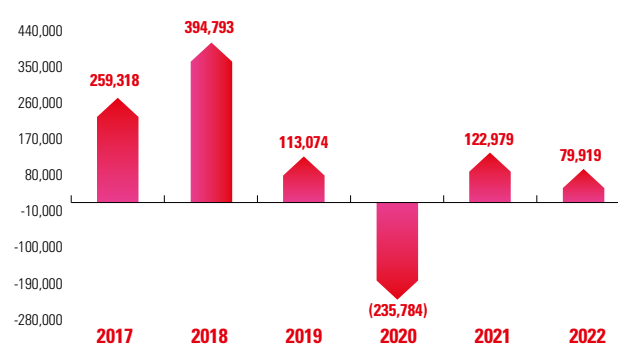
NET REVENUE

Rupees in thousand



PROFIT / (LOSS) AFTER TAXATION

Rupees in thousand



Year	Year	Year	Year	Year	Year
2017	2018	2019	2020	2021	2022
Rupees in thousand					

Incomes

Revenue from contracts with customers – net	7,159,015	7,503,273	7,704,097	7,313,042	6,584,452	8,169,271
Other Income	38,321	51,480	91,264	59,501	51,590	94,804
	7,197,336	7,554,753	7,795,361	7,372,543	6,636,042	8,264,075

Expenditure

Cost of revenue	5,083,750	5,405,841	6,172,758	6,213,833	5,186,645	6,395,873
Distribution cost and administrative expenses	1,508,915	1,387,042	1,282,210	1,133,360	1,052,423	1,434,970
Finance cost	36,419	39,188	68,195	206,986	124,320	119,192
Other operating expenses	206,309	233,450	120,264	121,034	91,749	127,637
	6,835,393	7,065,521	7,643,427	7,675,213	6,455,137	8,077,672

Profit / (loss) before taxation	361,943	489,232	151,934	(302,670)	180,905	186,403
Taxation	102,625	94,439	38,860	(66,886)	57,926	106,484
Profit / (loss) after Taxation	259,318	394,793	113,074	(235,784)	122,979	79,919

Paid-up capital	79,860	79,860	87,846	87,846	87,846	96,631
Reserves & unappropriated profits	1,942,089	2,229,827	2,145,923	1,861,635	1,984,786	2,008,991
Unrealized gain / (loss) on remeasurement of investments available for sale	756	(210)	(189)	172	1,386	(741)

Shareholders equity	2,022,705	2,309,477	2,233,580	1,949,653	2,074,018	2,104,881
----------------------------	------------------	------------------	------------------	------------------	------------------	------------------

Break up value per share in Rupees	253.28	289.19	254.25	221.93	214.63	217.83
Earnings / (loss) per share in Rupees	32.47	44.94 *	12.87	(26.84)	12.73 *	8.27
Price Earning Ratio	14.63	12.68 *	32.82	(8.34)	26.04 *	20.55
Dividend declared	13.50	15.00	5.50	–	5.50	5.00
Bonus per share	–	10%	–	–	10%	–

* Figures have been restated



Discover the exotic



Shezan



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An ISO 9001, ISO 22000
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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 2022 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.

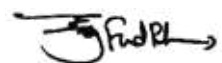
The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent 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 2022.

Lahore:

01 October 2022.

UDIN: CR202210079ZPfXhgbam



Chartered Accountants

Engagement Partner

Ahsan Shahzad

STATEMENT OF COMPLIANCE

WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 FOR THE YEAR ENDED 30 JUNE 2022

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 (Chairman) Mr. M. Naeem Mr. Rashed Amjad Khalid Mr. Abid Nawaz
Executive Directors	Mr. Humayun A. Shahnawaz 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>Nomination Committee:</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>Risk Management Committee:</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

Muneer Nawaz
Chairman

Lahore:
26 September 2022.

Humayun A. Shahnawaz

Humayun A. Shahnawaz
Chief Executive

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 2022, 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 2022 and of the profit or loss, the comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

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

Following is the key audit matter:

Key audit matter	How our audit addressed the key audit matter
Tax contingencies 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">• Obtained and reviewed details of the pending tax matters and discussed the same with the Company's management;• Analyzed significant changes from prior period;• 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;• 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;• 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;

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditors' report is Ahsan Shahzad.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Note	Rupees in thousand	
		2022	2021
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	1,439,189	1,618,924
Long-term investment	7	3,200	4,036
Long-term receivables	8	22,179	26,429
Long-term prepayment		2,832	–
Long-term deposits	9	7,881	5,826
Deferred tax asset - net	10	215,543	220,253
		1,690,824	1,875,468
CURRENT ASSETS			
Stores and spares	11	167,387	140,995
Stock-in-trade	12	2,147,005	1,644,975
Right to recover asset	25.6	4,400	4,896
Trade receivables	13	285,999	309,119
Loans and advances	14	121,929	247,222
Trade deposits, prepayments and other receivables	15	10,877	6,545
Tax refunds due from the Government		119,984	146,824
Cash and bank balances	16	84,116	154,955
		2,941,697	2,655,531
TOTAL ASSETS		4,632,521	4,530,999
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized share capital			
10,000,000 (2021: 10,000,000) ordinary shares of Rs. 10 each		100,000	100,000
Issued, subscribed and paid up capital			
9,663,060 (2021: 8,784,600) ordinary shares of Rs. 10 each	17	96,631	87,846
Capital reserve	18.1	5,000	5,000
Revenue reserves	18.2	2,003,250	1,981,172
TOTAL EQUITY		2,104,881	2,074,018
NON-CURRENT LIABILITIES			
Long-term loans	19	–	42,052
Lease liability	20	62,463	50,037
Deferred grant		–	1,071
		62,463	93,160
CURRENT LIABILITIES			
Trade and other payables	21	968,190	733,360
Contract liabilities	25.6	132,890	62,910
Unclaimed dividend	22	9,796	4,845
Accrued Markup	19 & 23	20,805	21,185
Current portion of long-term loans	19	95,924	409,670
Current portion of lease liability	20	7,770	8,327
Current portion of deferred grant		1,098	9,026
Short-term borrowings	23	1,035,442	929,615
Refund liability	25.6	91,583	87,732
Provision for taxation		101,679	97,151
		2,465,177	2,363,821
TOTAL LIABILITIES		2,527,640	2,456,981
TOTAL EQUITY AND LIABILITIES		4,632,521	4,530,999

CONTINGENCIES AND COMMITMENTS

24

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



Munir Nawab

Director

H. N. Shah

Chief Executive

Jami

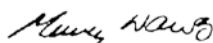
Chief Financial Officer

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2022

	Note	Rupees in thousand	
		2022	2021
Revenue from contracts with customers - net	25	8,169,271	6,584,452
Cost of revenue	26	6,395,873	5,186,645
Gross profit		1,773,398	1,397,807
Distribution expenses	27	1,100,413	768,107
Administrative expenses	28	334,557	284,316
		1,434,970	1,052,423
		338,428	345,384
Other operating expenses	29	127,637	91,749
Other income	30	(94,804)	(51,590)
Finance costs	31	119,192	124,320
Profit before taxation		186,403	180,905
Taxation	32	106,484	57,926
Net profit for the year		79,919	122,979
Earnings per share - basic and diluted (Rupees)	33	8.27	Re-stated 12.73

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


Director


Chief Executive


Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

	Rupees in thousand	
	2022	2021
Net profit for the year	79,919	122,979
Other comprehensive (loss) / income		
Items that will not be reclassified to profit or loss in subsequent periods:		
Unrealized (loss) / 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	(741)	1,386
Items that will be reclassified to profit or loss in subsequent periods	-	-
Total comprehensive income for the year	79,178	124,365

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



Munir Nawab

Director

H. R. Shah

Chief Executive

Jamali

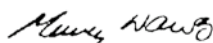
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

	Capital Reserve		Revenue Reserve			Sub total	Total
	Share Capital	Merger Reserve (Note 18.1)	General Reserve	Unrealized gain/(loss) on Remeasurement of Investments	Unappropriated Profits / (loss)		
Rupees in thousand							
Balance as on 1 July 2020	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 for the year	-	-	-	1,386	-	1,386	1,386
Total comprehensive income for the year	-	-	-	1,386	122,979	124,365	124,365
Balance as on 1 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 at 10% for the year ended 30 June 2021	8,785	-	-	-	(8,785)	(8,785)	-
Profit for the year	-	-	-	-	79,919	79,919	79,919
Other comprehensive loss for the year	-	-	-	(741)	-	(741)	(741)
Total comprehensive income for the year	-	-	-	(741)	79,919	79,178	79,178
Balance as at 30 June 2022	96,631	5,000	2,000,000	920	2,330	2,003,250	2,104,881

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


Director


Chief Executive


Chief Financial Officer

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

	Note	Rupees in thousand	
		2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		186,403	180,905
Adjustments to reconcile profit before tax to net cash:			
Depreciation	6.1	244,900	279,707
Finance cost	31	114,921	124,320
Dividend income	30	(403)	(238)
Profit on bank deposits	30	(835)	(455)
Unwinding of financial charges	30	(1,455)	(1,698)
Unrealised foreign exchange (gain)/loss	30	(1,448)	2,838
Unwinding of deferred grant	30	(8,999)	(13,198)
Allowance of expected credit losses	29	5,369	28
Gain on termination of lease	30.3	(3,881)	–
Workers' Profit Participation Fund	29	10,063	9,846
Workers' Welfare Fund	29 & 30	4,489	6,183
Loss on disposal of property, plant and equipment	30.2	–	19,494
		362,721	426,827
Operating profit before working capital changes			
		549,124	607,732
Working Capital changes:			
(Increase) / decrease in current assets			
Stores and spares		(26,392)	(21,993)
Stock-in-trade		(502,030)	(117,823)
Right to recover asset		496	11,266
Trade receivables		19,199	(155,378)
Loans and advances		125,293	(121,627)
Trade deposits, prepayments and other receivable		(4,168)	(2,058)
		(387,602)	(407,613)
Increase / (decrease) in current liabilities			
Trade and other payables		220,278	(21,203)
Contract liabilities		69,980	(45,968)
Refund liability		3,851	(20,638)
		294,109	(87,809)
Cash generated from operations			
		455,631	112,310
Profit on bank deposits received		671	455
Income tax paid		(70,311)	(90,791)
Long-term receivables		5,705	3,190
Long-term deposits		(2,055)	1,057
Long-term prepayments		(2,832)	–
Net cash flows from operating activities			
		386,809	26,221
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment - net		(86,906)	(84,498)
Dividend received	30	403	238
Sale proceeds from disposal of property, plant and equipment	30.2	46,047	32,925
Net cash flows used in investing activities			
		(40,456)	(51,335)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liability	20	(16,201)	(12,964)
Short-term borrowings - secured obtained-net		105,827	185,580
Proceeds from long-term loan		–	223,348
Repayment of long-term loan	19.1	(355,798)	(294,901)
Interest expense paid		(107,656)	(123,500)
Dividend paid	22	(43,364)	(35)
Net cash flows used in financing activities			
		(417,192)	(22,472)
Net decrease in cash and cash equivalents			
		(70,839)	(47,586)
Cash and cash equivalents at beginning of the year			
		154,955	202,541
Cash and cash equivalents at end of the year			
		84,116	154,955

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



Munir Nawaz

Director

H. N. Shah

Chief Executive

Fazmi

Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 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

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

The new and amended standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards, if applicable, when they become effective.

Standard		Effective date (annual periods beginning on or after)
IAS 1	Presentation of Financial Statements - Disclosure of Accounting Policies (Amendments): the amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.	01 January 2023
IAS 1	Presentation of Financial Statements - 'Classification of Liabilities as Current or Non-current' (Amendments): to clarify how to classify debt and other liabilities as current or non-current.	01 January 2022
IFRS 3	Business Combinations - Definition of a Business (Amendments)	01 January 2022
	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 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

Standard	Effective date (annual periods beginning on or after)	
IAS 12	Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments) - which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.	01 January 2023
IAS 16	Property, Plant and Equipment - Proceeds before Intended Use (Amendments): 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 recognises 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 - Onerous Contracts – Costs of Fulfilling a Contract (Amendments): to specify which costs should be included in an entity's assessment whether a contract will be loss-making.	01 January 2022
IFRS 9	Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities (IFRS Annual Improvement Cycle 2018-2020): the amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.	01 January 2022
IAS 41	Financial Instruments – Agriculture – Taxation in fair value measurements (IFRS Annual Improvement Cycle 2018-2020): The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.	01 January 2022
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors- Definition of Accounting Estimates (Amendments): The amendments introduces a definition of 'accounting estimates' and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.	01 January 2022

The above amendments are not expected to have any material impact on the Company's financial statements in the period of initial application, except for requirement to disclose 'material' accounting policies, under IAS 1, instead to 'significant' accounting policies. Currently, the Company is assessing the changes to its current disclosures for accounting policies.

Further, the following new standards have been issued by the IASB, which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

Standard/IFRIC	Effective date (annual periods beginning on or after)
IFRS 1 - First time adoption of International Financial Reporting Standards	01 January 2004
IFRS 17 - Insurance Contracts	01 January 2023

The Company expects that the adoption of the above standards will have no material effect on the Company's financial statements, in the period of initial application.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES RESULTING FROM AMENDMENTS IN STANDARDS DURING THE YEAR

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except that the Company has adopted the following accounting amendments which became effective for the current year:

IFRS 9 & IFRS 16	Financial Instruments & Leases - Interest Rate Benchmark Reform Phase 2 (Amendments)
IFRS 7	Financial Instruments Disclosures - Interest Rate Benchmark Reform Phase 2 (Amendments)
IFRS 16	Leases: Covid-19-Related Rent Concessions - (Amendments)
IFRS 16	Leases: Covid-19-Related Rent Concessions beyond June 30, 2021 - (Amendments)

The adoption of the above amendments to accounting standards did not have any material effect on the financial statements.

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 the accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

ESTIMATES AND ASSUMPTIONS:

The assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustments to the carrying amounts of assets and liabilities within the next financial year are described below:

The Company based its assumptions and estimates on the parameters under which these financial statements were prepared.

Existing circumstances and assumptions about the future development may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

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 relates to provision matrix for trade debts, separate assessment of certain defaulted balances with differing credit risk and assessment of ECL viz a viz time value for balances due from government related entities.

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

The Company establishes provisions, based on reasonable estimates taking into account the applicable tax laws and the decisions by appellate authorities on certain issues in the past. Instances where the Company’s view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its views on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

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.

Stock of raw materials is valued principally at the lower of moving average cost and net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale.

Provision is made in the financial statements for obsolete and slow moving stock in trade based on management’s best estimate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

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.

4.6 Refund Liability and right to recover assets

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Right to recover assets represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently for all periods presented, unless otherwise stated.

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 less any identified impairment loss. It consists of expenditures incurred and advances made, in respect of fixed assets, in the course of their construction and installation. Transfers are made to relevant category of property, plant and equipment as and when assets are available for use.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

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.

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.

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

5.3 Stores, spares and stock-in-trade

Useable stores and spares except for those 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 those 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 receivables

Trade receivables 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 policy related to impairment of trade receivables 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

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 cash, 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.

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:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

- 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.

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

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 excluding those due from government related entities and certain long outstanding receivable with different credit risk.

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 assesses an allowance based on 12-month 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

Financial liabilities - subsequent measurement

Loans and borrowings

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

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

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

Financial liabilities - derecognition

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

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

5.7 Offsetting of financial assets and financial liabilities

A financial asset and financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

5.8 Trade and other payables

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

5.9 Provisions

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

5.10 Taxation

Current

Provision for the current tax is based on the taxable income for the year determined in accordance with the provisions of the Income Tax Ordinance, 2001. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

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. These advance deposits are non-interest bearing and payable on the completion / termination of order.

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.

(i) 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.

(ii) 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.

(iii) Interest income

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

(iv) Dividend income

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

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% (2021: 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.

5.19 Earnings per share

The Company presents earnings per share (EPS) for its ordinary shares which is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares (if any).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

Rupees in thousand

	Note	2022	2021
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	1,355,078	1,483,910
Capital work in progress	6.2	84,111	135,014
		1,439,189	1,618,924

6.1 Operating fixed assets

		2022									
		COST				DEPRECIATION				NET BOOK VALUE	
Note		As at 01 July 2021	Additions / Transfers	Disposals	As at 30 June 2022	Accumulated as at 01 July 2021	Disposals	Charge for the year	Accumulated as at 30 June 2022	As at 30 June 2022	Depreciation Rate
		Rupees in thousand									
	Owned assets										%
	Freehold land	7,091	-	-	7,091	-	-	-	-	7,091	-
	Leasehold land	2,646	-	-	2,646	-	-	-	-	2,646	-
	Buildings on freehold land*	125,945	51,136	-	177,081	68,605	-	9,995	78,600	98,481	10
	Buildings on leasehold land	40,287	-	-	40,287	28,171	-	1,212	29,383	10,904	10
	Plant and machinery*	1,732,389	26,746	(42,317)	1,716,818	858,746	(32,066)	110,570	937,250	779,568	12.5
	Furniture and fixtures	33,989	308	-	34,297	21,358	-	1,933	23,291	11,006	15
	Motor vehicles	187,807	1,177	-	188,984	142,210	-	9,211	151,421	37,563	20
	Electric fittings and tools	6,255	247	-	6,502	5,030	-	148	5,178	1,324	10-25
	Electric equipment	349,288	3,766	(515)	352,539	261,526	(497)	18,738	279,767	72,772	15-33.33
	Laboratory equipment	7,239	-	-	7,239	2,465	-	477	2,942	4,297	10
	Forklifts	59,256	-	-	59,256	44,564	-	2,938	47,502	11,754	20
	Computers and accessories	26,028	212	(207)	26,033	23,435	(166)	884	24,153	1,880	33.33
	Arms and ammunitions	94	-	-	94	94	-	-	94	-	20
	Empty bottles, shells- pallets and barrels	591,841	54,217	(97,951)	548,107	282,099	(62,214)	77,332	297,217	250,890	25
		3,170,155	137,809	(140,990)	3,166,974	1,738,303	(94,943)	233,438	1,876,798	1,290,176	
	Right of use assets - buildings**	72,271	40,495	(22,617)	90,149	20,213	(6,428)	11,462	25,247	64,902	10-52
		3,242,426	178,304	(163,607)	3,257,123	1,758,516	(101,371)	244,900	1,902,045	1,355,078	

6.1.1 Visi coolers costing Rs. (thousand) 177,797 (2021: Rs. (thousand) 175,034), are in the possession of shopkeepers for the sale of Company's products.

6.1.2 These include bottles and shells costing Rs. (thousand) 130,479 (2021: Rs. (thousand) 126,104) held by distributors of the Company in the normal course of business.

6.1.3 As at reporting date, arms and ammunitions having cost of Rs. (thousand) 94 (2021: Rs. (thousand) 94) have been fully depreciated but are still in use.

* This includes transfer from capital work in progress amounting to Rs. (thousand) 51,136 and Rs. (thousand) 19,912 to buildings on freehold land and plant and machinery, respectively.

** Additions include adjustment amounting to Rs. (thousand) 5,782 (2021: Rs. (thousand) 3,113) made during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

		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										%	
Owned assets											
	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	
6.1.1	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	
	3,212,247	88,165	(130,257)	3,170,155	1,547,449	(77,838)	268,692	1,738,303	1,431,852		
	69,158	3,113	-	72,271	9,198	-	11,015	20,213	52,058	12.5-34	
	3,281,405	91,278	(130,257)	3,242,426	1,556,647	(77,838)	279,707	1,758,516	1,483,910		

6.2 Capital work in progress

		COST				
		Land*	Plant and machinery	Buildings	2022	2021
Rupees in thousand						
	Balance as at 01 July		70,507	13,371	51,136	138,681
	Additions during the year		-	20,145	-	11,613
	Transferred to operating fixed assets		-	(19,912)	(51,136)	(15,280)
	Balance as at 30 June		70,507	13,604	-	135,014

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

		Note	Rupees in thousand	
			2022	2021
6.3	Depreciation charge for the year has been allocated as follows:			
	Cost of sales	26.1	164,282	190,033
	Distribution costs	27	59,171	65,053
	Administrative expenses	28	9,023	10,559
	Other operating expenses	29	12,424	14,062
			244,900	279,707

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

6.4 Particulars of immovable property (i.e. land and building) 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.

	Note	Rupees in thousand	
		2022	2021

7 LONG-TERM INVESTMENT

Quoted Modaraba - Fair value through OCI

BRR Guardian Modaraba - Credit rating - A

305,000 (2021: 305,000) certificates of Rs. 10/- each

Gain on remeasurement

Note	Rupees in thousand	
	2022	2021
7.1	2,375	2,375
	825	1,661
	3,200	4,036

7.1 The above investment represents 0.32% (2021: 0.35%) of the issued certificate capital of the Modaraba.

	Note	Rupees in thousand	
		2022	2021

8 LONG-TERM RECEIVABLES

Outstanding balance

Received during the year

Un-winding of financial charges

Allowance for expected credit loss

Note	Rupees in thousand	
	2022	2021
8.1	26,429	27,930
	-	(3,190)
30	1,455	1,698
8.2	(5,705)	(9)
	22,179	26,429

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. The receivable has been discounted to present value.

	Note	Rupees in thousand	
		2022	2021

8.2 Allowance for expected credit losses

Balance as at 01 July

Charge for the year

Balance as at 30 June

Note	Rupees in thousand	
	2022	2021
	9	-
29	5,696	9
	5,705	9

8.2.1 The Company has recognised expected credit loss to reflect the effect of time value of money resulting from expected delay in recoveries.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

	Note	Rupees in thousand 2022	2021
9 LONG-TERM DEPOSITS			
Utility companies		3,115	2,548
Others	9.1	4,766	3,278
		7,881	5,826

9.1 This includes security deposit relating to leases. These deposits have not been carried at amortized cost as the management assessed that the impact of discounting is insignificant at the reporting date.

	Note	Rupees in thousand 2022	2021
10 DEFERRED TAX ASSET - NET			
This comprises:			
Deferred tax assets on deductible temporary differences			
Allowance for expected credit losses / provision for doubtful debts		9,464	9,372
Lease liability		18,758	15,746
Provision for employee's compensated absences		21,343	21,619
Provision for bonuses to staff and agents		12,066	11,466
Carried forward minimum tax credit	10.1	195,949	180,053
Loss due to unabsorbed tax depreciation		47,503	82,926
Refund liability		24,460	25,442
		329,542	346,624
Deferred tax liabilities on taxable temporary differences			
Accelerated tax depreciation		(112,601)	(124,951)
Right to recover assets		(1,303)	(1,420)
Long term investment		(95)	–
		(113,999)	(126,371)
	10.2	215,543	220,253

10.1 Based on the Company's expectations of tax payable under normal tax regime (NTR), the Company has not recognised deferred tax asset against minimum tax, amounting to Rs. (thousand) 42,800, expiring in the tax year 2024.

	Note	Rupees in thousand 2022	2021
10.2 Reconciliation of deferred tax asset - net			
Balance as at 01 July		220,253	181,028
Tax expense recognised in statement of comprehensive income	32	(4,807)	39,225
Tax income recognised in OCI		95	–
Balance as at 30 June		215,543	220,253

11 STORES AND SPARES			
Stores		23,961	6,859
Spares		143,426	134,136
		167,387	140,995

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

	Note	Rupees in thousand	
		2022	2021
12 STOCK-IN-TRADE			
Raw materials		187,294	165,881
Packing materials		487,952	526,647
Finished goods		285,736	269,559
Pulps, concentrates etc.	12.1	1,147,716	674,008
Goods in transit		38,307	8,880
	12.2	2,147,005	1,644,975

12.1 These include pulps amounting to Rs. (thousand) 537,427 (2021: Rs. (thousand) 223,668), held with third parties in the normal course of business.

12.2 During the year, the Company has inventory written off pulp, concentrate, raw and packing materials, amounting to Rs. (thousand) 1,737, Rs. (thousand) 508 and Rs. (thousand) 10,749, respectively, as miscellaneous spoilage, refer to Note 29.

	Note	Rupees in thousand	
		2022	2021
13 TRADE RECEIVABLES			
Due from customers - considered good	13.1	285,999	309,119
Considered doubtful - others		31,185	31,512
Allowance for expected credit losses		(31,185)	(31,512)
		-	-
		285,999	309,119

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 undertakings) at the end of any month in the year was Rs. (thousand) 109 (2021: Rs. (thousand) 15). 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 (2021: Rs. Nil).

	Note	Rupees in thousand	
		2022	2021
13.4 Allowance for expected credit losses			
Balance as at 01 July		31,512	31,493
(Reversal)/ charge for the year	29	(327)	19
Balance as at 30 June		31,185	31,512

	Note	Rupees in thousand	
		2022	2021
14 LOANS AND ADVANCES			
Advances - unsecured, considered good			
- Staff	14.1	11,627	9,998
- Suppliers		52,275	157,096
- Related party	14.2	58,028	80,128
		121,929	247,222

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

- 14.1** No advances were given to the Chief Executive, Directors and Executives of the Company (2021: Rs. (thousand) Nil).
- 14.2** This represents interest free advance amounting to Rs. (thousand) 58,028 (2021: Rs. (thousand) 80,128) 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) 251,209 (2021: Rs. (thousand) 199,148). No interest has been charged on the amounts due from associated undertakings.

	Note	Rupees in thousand	
		2022	2021
15 TRADE DEPOSIT, PREPAYMENTS AND OTHER RECEIVABLES			
Short-term deposits		2,107	6,205
Short-term prepayments		280	229
Interest accrued		164	111
Sales tax refundable		8,325	–
		10,877	6,545
16 CASH AND BANK BALANCES			
Cash in hand		15,586	19,706
Cheques in hand		4,344	24,573
Cash at banks			
- Current accounts		16,733	47,360
- PLS savings accounts	16.1	47,453	63,316
		84,116	154,955

- 16.1** The markup on saving account ranges from 5.5% to 12.25% (2021: 5.5%) per annum.

17 SHARE CAPITAL

	Note	Number of Shares		Rupees in thousand	
		2022	2021	2022	2021
Authorized share capital:					
Ordinary shares of Rs. 10/- each		<u>10,000,000</u>	<u>10,000,000</u>	<u>100,000</u>	<u>100,000</u>
Issued, subscribed and paid-up share capital					
Ordinary shares of Rs. 10/- each					
Opening as at 01 July					
- Fully paid in cash		237,500	237,500	2,375	2,375
- Issued as fully paid bonus shares	17.1	8,547,100	8,547,100	85,471	85,471
		<u>8,784,600</u>	<u>8,784,600</u>	<u>87,846</u>	<u>87,846</u>
Issued during the year					
- Fully paid bonus shares	17.2	878,460	–	8,785	–
Closing as at 30 June					
- Fully paid in cash		237,500	237,500	2,375	2,375
- Issued as fully paid bonus shares		9,425,560	8,547,100	94,256	85,471
		<u>9,663,060</u>	<u>8,784,600</u>	<u>96,631</u>	<u>87,846</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

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 plaintiff shareholders.

17.2 During the year, the Company has issued 878,460 (2021: Nil) number of ordinary shares of Rs. 10/- each as fully paid bonus share in the proportion of one ordinary share for every ten ordinary shares held.

	Note	Rupees in thousand	
		2022	2021
18 RESERVES			
18.1 Capital reserve			
Merger Reserve	18.1.1	5,000	5,000
18.1.1 This reserve can be utilized by the Company, only for the purposes specified in the Companies Act, 2017.			
18.2 Revenue reserves			
General Reserve	18.2.1	2,000,000	2,000,000
Unrealized gain on remeasurement of investment - fair value through OCI (net of tax)			
- At the beginning of the year		1,661	275
- (Loss) / gain during the year		(741)	1,386
		920	1,661
Unappropriated profits / (losses)		2,330	(20,489)
		2,003,250	1,981,172
18.2.1 This represents appropriation of profit in past years to meet unforeseen future obligation.			
19 LONG-TERM LOANS			
Loan 1	19.1.1	-	211,440
Loan 2	19.1.2	42,125	123,144
Loan 3	19.1.2	53,799	117,138
		95,924	451,722
Accrued Markup		373	5,587
		96,297	457,309
Less: Current portion of long-term loans			
Loan 1		-	(211,440)
Loan 2		(42,125)	(81,092)
Loan 3		(53,799)	(117,138)
		(95,924)	(409,670)
Accrued Markup shown as current liability		(373)	(5,587)
		-	42,052

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

19.1 Loans from banking institutions - secured

Banking Companies	Note	Limit (Rs. in thousand)	Loan Amount				Closing
			Opening	Received	Accretion of interest	Repaid	
			Rupees in thousand				
Loan 1	19.1.1	550,000	211,440	-	-	211,440	-
Loan 2	19.1.2	170,000	123,144	-	3,981	85,000	42,125
Loan 3	19.1.2	170,000	117,138	-	4,598	67,937	53,799
			451,722	-	8,579	364,377	95,924
30 June 2021			525,171	207,807	13,645	294,901	451,722

19.1.1 This represented 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 was 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. The rates of markup are SBP plus 1.95% and 0.45% per annum payable quarterly, respectively. The facilities are secured against pari passu 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.

19.2 As at year end, the Company was in breach of debt service coverage ratio of Loan 3. In accordance with the requirements of IFRS, loans are required to be classified in current liabilities in case of breach of covenants. Loan 3 is already classified in the current liabilities as all the payments are due with in the next twelve months.

20 LEASE LIABILITIES

The interest rates used as the discounting factor (i.e. implicit in the lease) 8.03% to 12.97% (2021: 8.38% to 12.97%) per annum and lease period 3 to 10 years (2021: 3 to 9 years). The amount of future payments and the period during which they will become due are:

	Note	Rupees in thousand	
		2022	2021
Opening balance		58,364	60,214
Additions during the year		34,713	-
Adjustment during the year		5,782	3,113
	6.1	40,495	3,113
Deletion during the year		(20,070)	-
Accretion of interest	31	7,645	8,001
Payments		(16,201)	(12,964)
Closing balance		70,233	58,364
Present value of lease payments		70,233	58,364
Less: Current portion shown under current liabilities		7,770	8,327
		62,463	50,037

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

Lease payment and their present value are regrouped as below:

	2022		
	Lease payments	Finance cost for future periods	Present value of lease payments
	Rupees in thousand		
Not later than one year	14,134	6,364	7,770
Later than one year but not later than five years	62,797	19,155	43,642
Later than five years	21,458	2,637	18,821
	98,389	28,370	70,233

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
	83,801	25,437	58,364

20.1 Expense recognised for short term leases is Rs. (thousands) 10,497 (2021: Rs. (thousand) 7,643).

	Note	Rupees in thousand	
		2022	2021
21 TRADE AND OTHER PAYABLES			
Due to related parties	21.1	55,647	57,725
Creditors		551,232	381,741
Deposits	21.2	54,365	49,644
Accrued expenses		185,181	88,581
Provision for compensated absences	21.3	79,915	80,132
Sales tax payable		-	32,759
Workers' Profit Participation Fund	21.4	10,063	9,846
Workers' Welfare Fund	21.5	4,800	6,183
Taxes and other payables		9,454	10,106
Other liabilities	21.6	17,533	16,643
		968,190	733,360

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

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

	Rupees in thousand	
	2022	2021
21.3 Provision for compensated absences		
Balance as at 01 July	80,132	92,950
Provision for the year	5,520	3,774
Payment for the year	(5,737)	(16,592)
Balance at 30 June	79,915	80,132

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

	Note	Rupees in thousand	
		2022	2021
21.4 Workers' Profit Participation Fund			
Balance as at 01 July		9,846	–
Provision for the year	29	10,063	9,846
		19,909	9,846
Interest on funds utilized in the Company's business	31	11	–
		19,920	9,846
Less: amount paid to the Fund's Trust		9,857	–
Balance at 30 June		10,063	9,846
21.5 Workers' Welfare Fund			
Balance as at 01 July		6,183	–
Provision for the year	29	4,800	6,183
		10,983	6,183
Less: Payment made during the year		5,872	–
Reversal during the year	30	311	–
Balance at 30 June		4,800	6,183

21.6 This includes Rs. (thousand) 544 (2021: Rs. (thousand) 803) payable to various executives. This further includes Rs. (thousands) 274 (2021: 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.

21.7 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.

	Note	Rupees in thousand	
		2022	2021
22 UNCLAIMED DIVIDEND			
Opening balance		4,845	4,880
Dividend declared during the year		48,315	–
Payment during the year		(43,364)	(35)
Closing balance	22.1	9,796	4,845

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

23 SHORT-TERM BORROWINGS - secured

The aggregate short term borrowings available from commercial banks under mark-up / interest arrangements are Rs. (thousand) 2,000,000 (2021: Rs. (thousand) 2,625,000). The un-utilized portion of the said facility amounts to Rs. (thousand) 964,558 (2021: Rs. (thousand) 1,699,228).

The rate of mark-up/ interest on short-term borrowings ranges between 1 month / 3 month KIBOR plus 0.05% to 1 month KIBOR / 3 months KIBOR plus 0.25% per annum (2021: 1 month / 3 month KIBOR plus 0.05% to 1 month KIBOR / 3 months KIBOR plus 0.50% per annum), payable monthly / quarterly.

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

The un-utilized facility for opening letters of credit and for guarantees amounts to Rs. (thousand) 388,724 (2021: Rs. (thousand) 541,392) and Rs. (thousand) 42,577 (2021: Rs. (thousand) 190,732), respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

24 CONTINGENCIES AND COMMITMENTS

24.1.1 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) 231,279 (30 June 2021 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 31st 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 honorable 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 for the tax year 2012. The ADCIR, vide amended assessment order dated 28 February 2018 under section 122(5A) of the Ordinance, created tax demand of Rs. (thousand) 28,129. The Company has challenged the said order before the CIR(A), which is 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 income tax return by claiming tax refunds of Rs. (thousand) 17,329 for the tax year 2016. The ADCIR, vide amended assessment order dated 29 December 2017 under section 122(5A) of the Ordinance, created income tax demand of Rs. (thousand) 5,785 for the tax Year 2016. Being aggrieved with the said order, the Company filed appeal before the CIR(A); who, vide appellate order dated 30 December 2020, deleted and confirmed certain additions made by the ADCIR. Being still aggrieved, the Company as well as the tax department contested the said appellate order before the ATIR, which are pending adjudication.
- vii.** 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.
- viii.** The Company filed income tax return for the tax year 2021. The ADCIR, vide amended assessment order dated 22 June 2022 under section 122(5A) of the Ordinance, created income tax demand of Rs. (thousand) 67,381 for the

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

- tax Year 2021. Being aggrieved with the said order, the Company filed appeal before the CIR(A); which is pending adjudication.
- ix.** 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 with the said order, the Company filed appeal before the CIR(A); who, vide appellate Order dated 20 December 2019 annulled the said order with the direction to the DCIR to issue order after properly examining the record. Thereafter, in response to the remand back proceeding initiated under section 161/129/124 of the Ordinance, the company vide letter dated 19 June 2020 submitted the requisite information/documents to the DCIR for verification. However, the company has not yet received the order.
- x.** 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 with the said order, the Company filed appeal before the CIR(A); who, vide appellate Order dated 29 November 2017, reduced the tax demand to Rs. (thousand) 332 from Rs. (thousand) 1,005. Being still aggrieved, the Company has contested the said appellate Order before the ATIR, which is pending adjudication.
- xi.** 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 with the said order, the Company filed appeal before the CIR(A); who, vide appellate order dated 22 December 2017, vacated the impugned order passed by the DCIR. Now the tax department, being aggrieved with the said appellate order filed appeal before the ATIR, which is pending adjudication.
- xii.** 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 with the said order, the Company filed appeal before the CIR(A); who, vide appellate order dated 06 April 2020 annulled the said order 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 filling rectification application to the DCIR.
- xiii.** 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 with the said order, the Company filed appeals 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. So far, no notice to initiate the remand back proceeding has been issued.
- xiv.** 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. Being aggrieved with the said order the Company filed appeal before the CIR(A); who vide appellate 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 filed appeal against the order of the CIR(A) before the ATIR, which is pending adjudication.
- xv.** The ADCIR, vide order dated 11 April 2018 under section 14 & 19 of Punjab Sales Tax on Services Act, 2012, created tax demand of Rs. (thousand) 229,838. Against the said order, the Company has filed appeal before Commissioner Appeals, Punjab Revenue Authority, which is pending adjudication. Further, the Company has paid Rs. (thousand) 15,000 out of the total tax demand of Rs. (thousand) 229,838. Additionally, the Company approached the 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.
- xvi.** The ADC, vide order No. ENF-III,57/2018 dated 11 April 2018, finalized the withholding proceedings under section 52 of the PSTS Act by creating Punjab sales tax demand of Rs. (thousand) 218,894 on account of non fulfilment of withholding obligations for the tax periods from July 2014 to June 2016. Being aggrieved, the Company filed an appeal before the Commissioner Appeals PRA, who, vide order dated 22 November 2021, marked an inquiry to the ADC Enf-III. The Company has provided all requisite information to the ADC Enf-III. However, the inquiry proceedings have not yet been finalized.
- xvii.** The ADC vide show cause notice dated 18 November 2020 under section 52 of the PSTS Act for the tax periods from July 2016 to June 2017, confronted that the Company had not withheld Punjab sales tax on its purchases and confronted an amount of Rs. (thousand) 159,730 for non-withholding of Punjab sales tax. The Company, vide letters dated 08 February 2021 and 22 February 2021 furnished its explanation along with complete documentary evidences in support of its stance. The proceedings have not been finalized till to date.
- xviii.** The Deputy Commissioner Inland Revenue [DCIR], vide show cause notice dated 27 April 2022 under section 11(2) of the Sales Tax Act, 1990 for the tax periods from July 2018 to June 2019, confronted that the Company had claimed inadmissible input tax of Rs. (thousand) 24,441 on purchases made for the purpose of other than making taxable supply in terms of section 8(1)(a)&(h) of the Sales tax Act, suppressed output tax by showing taxable sales as exempt sales with a sales tax short payment of Rs. (thousand) 1,677 suppressed sales value by deducting discounts and incentives

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

resulting in short payment of sales tax of Rs. (thousand) 53,351 and not charged sales tax on disposal of assets and scrap sales resulting in short payment of sales tax of Rs. (thousand) 16,248. Based on the above, the DCIR required the Company to pay short paid sales tax amounting to Rs. (thousand) 95,718 along with penalty of Rs. (thousand) 4,786 and default surcharge thereon. The Company, vide letter dated 17 June 2022, furnished its explanation along with complete documentary evidence in support of its stance. The proceedings have not been finalized till to date.

- xix.** The DCIR, vide Order-in-Original 02/2017 dated 26 July 2017, finalized the audit proceedings for the tax periods from July 2013 to June 2014 by creating sales tax demand of Rs. (thousand) 1,907 under section 11(2) of the Sales Tax Act in the following manner:

Claim of inadmissible input tax of Rs. (thousand) 1,575 under section 8(1)(d) of the Sales Tax Act, short payment of output tax of Rs. (thousand) 333 on un-declared supplies, inadmissible claim of extra tax of Rs. (thousand) 768 on electricity bills due to name and NTN of the Company not printed on the utility bills, inadmissible claim of extra tax/ further tax of Rs. (thousand) 638 on sui gas bills due to name and NTN of the Company not printed on the utility bills, and inadmissible input tax of Rs. (thousand) 572 under section 8(1)(a) & (b) of the Sales Tax Act.

The Company, vide CPR dated 17 September 2020, paid 10% the aforesaid demand Rs. (thousand) 389 under protest to obtain automatic stay against recovery proceedings in order to avoid any forceful recovery by the FBR.

Further, being aggrieved, the Company filed an appeal before the CIR(A), who, vide appellate order dated 14 January 2021, remanded back the claim of input tax of Rs. (thousand) 1,575 and short payment of sales tax of Rs. (thousand) 333 and confirmed the remaining sales tax demand. The Company has not challenged the decision of the CIR(A) before the honourable ATIR and Inadmissible claim of extra tax of Rs.(thousand) 768 on electricity bills, Inadmissible claim of extra tax/ further tax of Rs. (thousand) 638 on sui gas bills, Inadmissible input tax of Rs. (thousand) 572 under section 8(1)(a) & (b) of the ST Act stand confirmed. Furthermore, the department has not yet initiated the remand back proceedings on claim of inadmissible input tax and short payment of sales tax.

24.1.2 Other matters

- xx.** Claim of Punjab Employees Social Security Institution (PESSI) for Rs. (thousand) 2,379 (2021: Rs. (thousand) 2,379) is not acknowledged as debt by the Company.

- xxi.** 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 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 Supreme Court of Pakistan has issued an interim order for the payment of 25% of the bills, based on production data of each company, issued by various Government agencies in this regard till the installation of water flow meters by the respective Government agencies and also framing of legislation by all the federal and provincial authorities. During the year, the Company has recognised an expense of Rs. (thousand) 29,055 based on 25% of production volume of beverages for the period from July 2021 to June 2022 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.

- xxii.** 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 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 rejected the representation and confirmed that the demand of Rs.(thousand) 27,170 on account of WWF is outstanding against the Company. Again, being aggrieved with the representation order passed by the CIR, the Company filed a writ petition before the honorable LHC; who vide order dated 02 November 2021 has granted the stay on the WWF proceedings whereas the hearing of writ petition is pending adjudication.

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) 11,276 (2021: Rs. (thousand) 8,608).
- ii.** Guarantees issued by the banks in favour of the Company in the ordinary course of business, amounted to Rs. (thousand) 117,423 (2021: Rs. (thousand) 69,268).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

	Note	Rupees in thousand	
		2022	2021
25 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET			
Local Sales		9,505,915	8,117,322
Export	25.4	668,737	533,136
		10,174,652	8,650,458
Less: Trade discount		188,742	175,295
Other discounts and Incentives		180,066	108,684
Sales tax		1,636,573	1,415,318
Federal excise duty		-	366,709
	25.1 to 25.6	8,169,271	6,584,452

25.1 This includes sales relating to trading activities amounting to Rs.(thousand) 6,193 (2021: Rs. (thousand) 6,133).

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

	Note	Rupees in thousand	
		2022	2021
25.3 The Company's net revenue disaggregated by major product lines is as follows:			
Juices and drinks		6,604,954	5,248,288
Others		1,564,317	1,336,164
		8,169,271	6,584,452
25.4 The Company's continent wise export sales are as follows:			
Europe		334,261	304,064
America		191,105	159,740
Asia		87,141	37,351
Australia		56,230	31,981
		668,737	533,136
25.5 Contract balances			
Trade receivables	13	285,999	309,119
Contract liabilities	5.11	132,890	62,910

Trade receivables are non-interest bearing and are generally on terms of thirty to sixty days. Trade receivables have decreased due to increase in recoveries in current year.

Contract liabilities represents short term advances received from customers against delivery of goods in future. The significant increase in contract liabilities pertains to increase in the customer base during the year. Revenue recognized during the reporting period which was included in the contract liabilities at the beginning of the period amounted to Rs. (thousand) 62,910 (2021: Rs. (thousand) 108,878).

	Note	Rupees in thousand	
		2022	2021
25.6 Right to recover asset and refund liability			
Right to recover asset	4.6	4,400	4,896
Refund liability-Arising from right to recover asset	4.6	91,583	87,732
26 COST OF REVENUE			
Manufacturing	26.1	6,391,910	5,182,283
Trading	26.2	3,963	4,362
		6,395,873	5,186,645

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

	Note	Rupees in thousand	
		2022	2021
26.1 Cost of revenue - Manufacturing			
Raw materials consumed:			
Opening stock		165,881	93,461
Add: Purchases during the year		2,256,536	1,575,546
Less: Production of pulps, concentrates		821,926	361,297
Closing stock		187,294	165,881
		1,413,197	1,141,829
Pulps, concentrates etc. consumed:			
Opening stock		674,007	729,515
Add: Purchases during the year		473,414	414,460
Production/processing during the year		821,926	361,297
Less: Transferred to other spoilages		1,937	55,454
Closing stock		1,147,716	674,007
		819,694	775,811
Packing materials consumed:			
Opening stock		526,647	500,818
Add: Purchases during the year		2,817,815	2,358,660
Less: Cost transferred to expenses		2,894	3,213
Closing stock		487,952	526,647
		2,853,616	2,329,618
Factory expenses:			
Salaries, wages and amenities	26.1.1	339,412	277,529
Stores and spares consumed		67,789	46,254
Travelling and conveyance		2,599	701
Repairs and maintenance		144,900	109,118
Insurance		4,596	3,369
Fuel and power		520,490	317,744
Inward freight and loading/unloading		4,196	5,843
Utilities		55,282	50,506
Loss on disposal of empties	30.2	10,215	17,149
General expenses		8,210	6,189
Depreciation	6.3	164,282	190,033
		1,321,971	1,024,435
Cost of production		6,408,478	5,271,693
Add: Finished goods - Opening stock		268,190	178,780
Less: Finished goods - Closing stock		284,758	268,190
		6,391,910	5,182,283

26.1.1 This include Company's contribution to provident fund amounting to Rs. (thousand) 1,834 (2021: Rs. (thousand) 1,734).

		Rupees in thousand	
		2022	2021
26.2 Cost of revenue - Trading			
Finished goods - Opening stock		1,369	1,127
Add: Purchases during the year		3,572	4,604
Less: Finished goods - Closing stock		978	1,369
		3,963	4,362

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

	Note	Rupees in thousand	
		2022	2021
27 DISTRIBUTION COSTS			
Salaries, wages and amenities	27.1	377,798	318,108
Postage and telephone		3,963	2,529
Traveling and conveyance		61,161	37,957
Repairs and maintenance	27.2	52,192	36,461
Insurance		6,175	7,264
Utilities		13,777	9,098
Stationery and printing		1,225	1,082
Rent, rates and taxes		6,877	4,748
Advertising and promotions		31,786	17,938
Outward freight and distribution		357,326	176,892
Staff sales incentive		11,542	8,377
Petrol, oil and lubricants		110,288	82,132
General expenses		7,132	468
Depreciation	6.3	59,171	65,053
		1,100,413	768,107

27.1 This include Company's contribution to provident fund amounting to Rs. (thousand) 1,886 (2021: Rs. (thousand) 1,926).

27.2 This include loss on disposal of shells amounting to Rs. (thousand) 5,048 (2021: Rs. (thousand) 8,300)

	Note	Rupees in thousand	
		2022	2021
28 ADMINISTRATIVE EXPENSES			
Salaries, wages and amenities		248,969	211,372
Postage and telephone		4,214	5,001
Traveling and conveyance		5,705	1,480
Repairs and maintenance		7,367	6,263
Insurance		10,456	8,640
Utilities		7,752	5,607
Stationery and printing		2,784	2,153
Rent, rates and taxes		23,968	22,099
Auditors' remuneration	28.2	4,070	3,609
Legal and professional		3,342	2,419
Donations	28.3	465	455
General expenses		6,442	4,659
Depreciation	6.3	9,023	10,559
		334,557	284,316

28.1 This include Company's contribution to provident fund amounting to Rs. (thousand) 2,360 (2021: Rs. (thousand) 2,422).

		Rupees in thousand	
		2022	2021
28.2 Auditor's remuneration			
Audit fee		1,500	1,463
Tax consultancy services		1,165	1,116
Miscellaneous certification and limited review charges etc.		1,077	840
Out of pocket expenses		328	190
		4,070	3,609

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

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

	Note	Rupees in thousand	
		2022	2021
29 OTHER OPERATING EXPENSES			
Miscellaneous spoilage		13,160	757
Barrel depreciation	6.3	12,424	14,062
Royalty to related party - Shezan Services (Private) Limited	21.1	81,701	56,479
Workers' Profit Participation Fund	21.4	10,063	9,846
Workers' Welfare Fund	21.5	4,800	6,183
Loss on disposal of property, plant and equipment	30.2	120	140
Realised foreign exchange loss		-	1,416
Un-realised foreign exchange loss		-	2,838
Provision for doubtful debts	13.4 & 8.2	5,369	28
		127,637	91,749

30 OTHER INCOME

Income from financial assets

Profit on bank deposits		835	455
Dividend income	30.1	403	238
Export Rebate		1,694	455
Realised foreign exchange gain-net		23,999	-
Unrealised foreign exchange gain-net		1,448	-
		28,379	1,148

Income from non-financial assets

Gain on disposal of property, plant and equipment	30.2	15,383	6,095
Gain on termination of lease	30.3	3,881	-
Un-winding of interest on long-term receivables	8	1,455	1,698
Reversal of Workers Welfare Fund - excess provision	21.5	311	-
Un-winding of deferred grant		8,999	13,198
Sale of scrap		36,396	29,451
		66,425	50,442
		94,804	51,590

30.1 This represents dividend income earned on sharia permissible arrangement.

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

Description	Purchaser	Mode	Cost	Net book Value	Sale Proceeds	Gain / (Loss)
			Rupees in thousand			
Empty bottles, shells, pallets and barrels	Various parties/ Insurance claim	Negotiation	55,420	20,355	21,749	1,394
Tetra pak machine TBA-19	Quice Foods	Negotiation	36,919	9,792	16,666	6,874
Other assets with book value less than Rs. (thousand) 500.	Various parties	Negotiation	6,120	517	7,632	7,115
30 June 2022			98,459	30,664	46,047	15,383
30 June 2021			71,820	26,830	32,925	6,095

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

Description	Cost	Net book Value	Sale Proceeds	Gain / (Loss)
	Rupees in thousand			

Less: Loss on disposal of empties, shells and pallets transferred to:

Cost of sales	26,930	10,215	-	(10,215)
Distribution cost	14,051	5,048	-	(5,048)
Other operating expenses	1,550	120	-	(120)
	42,531	15,383	-	(15,383)
30 June 2022	140,990	46,047	46,047	-
30 June 2021	130,257	52,419	32,925	(19,494)

30.3 Gain on termination of lease

Description	Cost	Net book Value	Extinguish-ment	Gain
	Rupees in thousand			
Sales Depot	22,617	16,189	20,071	3,881
			2022	2021

31 FINANCE COSTS

Interest / Markup on:			
Short-term borrowings		87,465	69,826
Lease liability		7,645	8,001
Deferred grant		8,999	13,645
Long-term loans		10,812	29,585
		114,921	121,057
Bank charges		4,271	3,263
		119,192	124,320

32 TAXATION

Current tax:			
- Current year		100,236	97,151
- Super tax		1,443	-
		101,679	97,151
Deferred tax:			
- Relating to origination and reversal of temporary differences		4,805	(39,225)
		106,484	57,926

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.

	Note	2022	2021
33 EARNINGS PER SHARE - BASIC AND DILUTED			
Net profit after tax (Rupees in thousand)		79,919	122,979
Weighted average number of ordinary shares at the end of the year (Number of shares in thousand)		9,663	9,663
Earnings per share - (basic / diluted) (Rupees per share)	33.1	8.27	Re-stated 12.73

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

33.1 There is no diluted earning per share, as the Company has not issued an instrument which would have an impact on earnings per share, when exercised.

33.2 As a result of issuance of fully paid bonus shares, the Company has restated its Earnings per share, in accordance with the requirements of IAS 33 "Earnings per share".

34 CAPACITY AND PRODUCTION

	Normal Annual Capacity		Actual Production	
			2022	2021
Bottling plant	7,800,000	Crates	4,549,746	4,435,208
Tetra Pak plant	70,350,000	Dozens	29,869,010	25,277,719
Squashes and syrups plant	770,000	Dozens	228,201	253,553
Jams and ketchup plant	5,275,000	Dozens	1,956,164	1,846,473
Pickles plant	145,000	Dozens	74,554	85,221
Canning plant	250,000	Dozens	35,657	52,895

The normal annual capacity, as shown above, has been worked out on the basis of 350 working days (2021:350 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.

35 REMUNERATION OF CHIEF EXECUTIVE, PAID DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2022	2021	2022	2021	2022	2021
Total number	1	1	1	2	4	6
	Rupees in thousand					
Basic salary	4,800	4,200	2,400	4,200	6,470	10,158
Provident fund contribution	400	350	–	175	539	846
Allowances and benefits						
House rent	95	900	–	450	1,462	2,194
Dearness	1,230	1,230	–	615	3,595	5,802
Special	960	960	–	480	845	1,019
Utilities	648	648	–	324	945	1,581
Medical	191	96	–	–	270	460
Bonus	1,250	350	–	–	1,653	621
Ex-gratia	800	600	–	700	1,236	1,962
Leave encashment	–	–	–	–	–	442
	10,374	9,334	2,400	6,944	17,015	25,085

35.1 Fees amounting to Rs. (thousand) 1,000, Rs. (thousand) 440 and Rs. (thousand) 80 (2021: Rs. (thousand) 1,080, Rs. (thousand) 480 and Rs. (thousand) 120) have been paid to non-executive Directors for attending Board meetings (No. of Directors: 7 (2021: 7), Audit Committee meetings (No. of Directors: 4 (2021:4) and Human Resource Committee meeting (No. of Directors: 3 (2021: 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 rent free accommodation to the Chief Executive and an Executive.

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 of employment are as follows (For remuneration and benefits to key management personnel please refer to note 35):

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

Name of Related Party	Nature of Transaction	Rupees in thousand	
		2022	2021
Associates			
Shahtaj Sugar Mills Limited	Purchases of raw materials	510,887	355,273
	Sales of finished goods	–	50
Shahtaj Textile Mills Limited	Sales of finished goods	215	309
Shahnawaz Engineering (Private) Limited	Sales of finished goods	12	35
Shezan Services (Private) Limited	Royalty charged	81,701	56,479
Shahnawaz (Private) Limited	Sales of finished goods	213	239
	Purchases/repairs of electric equipment/vehicles	209	137
Shezan Ampis Restaurant	Sales of finished goods	55	42
Staff Provident Fund Trust	Contributions paid	6,080	6,082

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	
		2022	2021
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	0.0237%	0.0134%
Mr. Shahid Hussain Jatoi	N.I.T. Nominee Director	–	–
Mr. Abdul Hamid Ahmed Dagia	Independent Director	0.0057%	0.0057%
Mr. Hamid Ijaz	Key Management Personnel	–	–
Mr. Faisal Ahmad Nisar	Key Management Personnel	–	–
Mr. Nasim Tariq	Key Management Personnel	–	–
Mr. Atta Ul Noor	Key Management Personnel	–	–
Mr. Waseem Amjad Mehmood	Key Management Personnel	–	0.0029%
			No. of Persons
		2022	2021

37 NUMBER OF EMPLOYEES

Number of permanent persons employed are as follows:

Total employees	252	270
Average employees	259	274

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

38 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

38.1 Credit risk

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

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

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

	Carrying Values Rupees in thousand	
	2022	2021
Long-term investment	3,200	4,036
Long-term receivables	22,179	29,419
Long-term deposits	7,881	3,331
Trade debts - unsecured net	285,999	309,119
Loans and advances	11,627	9,998
Trade deposits and other receivables	2,271	8,811
Bank balances	64,186	110,676
Cheques in hand	4,344	24,572
	401,687	499,962

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:

38.1.1 Trade Debt

	Rupees in thousand	
	2022	2021
Geographically:		
Pakistan	166,696	254,383
Australia	12,273	8,069
North America	47,391	17,882
Europe	71,072	61,820
South Asia	31,205	9,938
Africa	17,967	17,967
	346,603	370,059

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

Rupees in thousand

2022 2021

Breakup of export debts into significant categories is as follows:		
Cash against documents	17,967	4,772
Documents against payment	161,940	110,904
	179,907	115,676

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The letters of credit and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment.

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 Above	Total
As at 30 June 2022					
Expected credit loss rate	0.85%	3.91%	12.80%	37.43%	
Estimated total gross carrying amount at default	169,121	59,447	23,347	65,268	317,184
Expected credit loss	1,443	2,323	2,989	24,431	31,185
As at 30 June 2021					
Expected credit loss rate	1.09%	3.14%	4.37%	57.06%	
Estimated total gross carrying amount at default	167,331	99,781	29,228	44,291	340,631
Expected credit loss	1,826	3,136	1,277	25,273	31,512

As at 30 June 2022, trade debts of Rs. (thousand) 31,185 (2021: Rs. (thousand) 31,512) were impaired and provided for. This includes Rs. (thousand) 17,967 (2021: Rs. (thousand) 17,967) in respect of export sales made to Zara General Trading.

Rupees in thousand

2022 2021

38.1.2 Loans and advances		
Not yet due	11,627	9,998

38.1.3 Cash at bank

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	2022	2021
United Bank Limited	JCR-VIS	A1+	AAA	5,515	1,462
Bank AL-Habib Limited	PACRA	A1+	AAA	16,887	17,792
National Bank of Pakistan	PACRA	A1+	AAA	34,441	49,509
HBL Pakistan	JCR-VIS	A1+	AAA	5,404	41,912
Bank Alfalah Limited	PACRA	A1+	AA+	1,615	1
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	324	–
Cheques in hand				4,344	24,573
				68,530	135,249

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

38.2 Liquidity Risk

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

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

	2022		
	Maturity Upto One Year	Maturity After One Year	Total
	Rupees in thousand		
Long-term loan - secured	97,022	–	97,022
Short-term borrowings - secured	1,035,442	–	1,035,442
Lease liability	7,770	62,463	70,233
Trade and other payables	863,958	–	863,958
Accrued Markup	20,805	–	20,805
	2,024,997	62,463	2,087,460

	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 liability	8,327	50,037	58,364
Trade and other payables	674,486	–	674,486
Accrued Markup	21,185	–	21,185
	2,043,283	92,089	2,135,372

38.3 Market Risk

38.3.1 Currency Risk

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

Sensitivity analysis

With all other variables remain constant, a 1% change in the rupee dollar parity existing at 30 June 2022 would have affected the statement of profit or loss and liabilities and equity by Rs. (thousands) 1,542 (2021: Rs. (thousands) 940).

38.3.2 Interest Rate Risk

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

Sensitivity analysis

If interest rates at the year end, fluctuate by 100 basis points higher / lower, profit for the year would have been Rs. (thousand) 10,396 (2021: Rs. (thousand) 13,281) 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.

38.4 Capital Management

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

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

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

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

	Rupees in thousand	
	2022	2021
Gearing ratio		
Net Debt		
Long-term loans	95,924	451,722
Short-term borrowings	1,035,442	929,615
Cash and bank balances	(84,116)	(154,955)
	1,047,250	1,226,382
Total Equity	2,104,881	2,074,018
Total Capital	3,152,131	3,300,400
Gearing (%)	33%	37%

The Company is not subject to any externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

38.5 Fair value of financial instruments

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

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

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair values are observable either, directly or indirectly.
- Level 3: Techniques which uses inputs that have a significant effect on the recorded fair value that are not based on observable market data.

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

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

	Level 1	Level 2	Level 3
	Rupees in thousand		
2022			
Investment	3,200	–	–
2021			
Investment	4,036	–	–

39 SEGMENTAL ANALYSIS

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive. The Chief Executive considers the business from the product perspective and evaluates performance on the basis of their profit or loss. As at 30 June 2022, the Company is organized into two operating segments based on their products.

Juice drinks activities

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

Other operating activities

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

Segment analysis of profit and loss account for the year ended 30 June 2022:

	Juices and Drinks	Others	Total
	Rupees in thousand		
Revenue from contracts with customers - net	6,758,553	1,410,718	8,169,271
Cost of revenue	(5,244,713)	(1,151,160)	(6,395,873)
Gross profit	1,513,840	259,558	1,773,398
Unallocated expenses and income			
Corporate expenses			(1,434,970)
Finance costs			(119,192)
Other operating expenses			(127,637)
Other income			94,804
Taxation			(106,484)
Profit after taxation			79,919

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

Segment analysis of assets and liabilities as at 30 June 2022:

	Juices and Drinks	Others	Total
Rupees in thousand			
Segment assets	3,499,286	611,986	4,111,272
Unallocated assets			521,249
Total			4,632,521
Segment liabilities	884,182	176,525	1,060,707
Unallocated liabilities			1,466,933
Total			2,527,640

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)
Profit after taxation			122,979

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
Total			4,530,999
Segment liabilities	1,027,491	113,732	1,141,223
Unallocated liabilities			1,315,758
Total			2,456,981

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

40 GENERAL

Corresponding figures have been rearranged / reclassified wherever considered necessary for the purpose of better and fair presentation, however, no significant rearrangement / reclassification has been made except for the reclassification of short term deposit to long term deposit amounting to Rs. (thousand) 2,495.

41 EVENTS AFTER THE REPORTING DATE

The Board of Directors have proposed a final dividend of Rs. 5 (2021: Rs. 5.50) per share, amounting to Rs. (thousand) 48,315 (2021: Rs. (thousand) 48,315) for the year ended 30 June 2022 in their meeting held on 26 September 2022 for approval of the members at the Annual General Meeting to be held on 24 October 2022. These financial statements do not reflect the effect of these appropriations.

42 DATE OF AUTHORIZATION FOR ISSUE

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



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 59th Annual General Meeting of the Company to be held on 24 October 2022 at 56- Bund Road, Lahore and at any adjournment thereof.

As witness my/our hand/seal this _____ day of _____ 2022.

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 24 اکتوبر 2022ء کو 56 بند روڈ، لاہور، میں منعقد ہونے والے 59 ویں سالانہ اجلاس عام میں حق رائے دہی استعمال کر سکے۔

بتاریخ _____ بروز _____ 2022ء

دستخط کنندہ

گواہان

دستخط

(پانچ روپے کا محصول ٹکٹ)

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

فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر

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-بندر روڈ لاہور میں اجلاس کے انعقاد سے کم از کم اٹالیس (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 رپورٹ آف اٹارنی بمعہ نمونہ دستخط پراکسی فارم کے ہمراہ جمع کرانا ہوں گے۔

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-  Risk profiler*
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notifications, corporate and
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