



QUARTERLY REPORT
31 MARCH 2023



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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.com

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.

DIRECTORS' REPORT

TO THE MEMBERS

We are pleased to present to our Shareholders, the Directors' Report together with condensed Interim Financial Statements (Un-audited) of Shezan International Limited for the nine-month period ended 31 March 2023.

The current political situation in Pakistan can be termed as one of the main domestic risks to the economy due to uncertainty over the growing tensions among the political parties and various state institutions endangering a fragile economic situation. This uncertainty contributed to a sharply depreciating rupee, large trade deficit, rising energy and fuel prices, and the backbreaking highest inflation rate in its history. With the massive increase in gas and electricity tariffs, the prices of daily necessities have also increased significantly and have become uncontrollable thus making life miserable for common citizens.

These volatile economic conditions have a significant impact on industries in Pakistan. High inflation and production costs made it more difficult for businesses to operate and be profitable, which led to job losses and a decline in economic activity. The trade deficit also makes it more difficult for industries to export their goods, which limited their growth and competitiveness in the global market. The import ban compelled some large industries to shut down their production operations due to non-availability of imported raw materials. There is a significant external element to the crisis as well, with rising global food and fuel prices in the wake of Russia - Ukraine conflict.

Further, in its recent monetary policy announcement in April 2023, the State Bank of Pakistan raised the policy rate to 21%, the highest in two decades. The higher interest rates coupled with galloping inflation and an uncertain political environment have badly affected the overall business sentiments of the country.

OPERATIONAL OVERVIEW

The Company's performance during the nine-month period under review is summarized below:

	2023	2022
Particulars	Rupees in thousand	
Revenue from contracts with customers – net	6,394,478	5,051,522
Gross profit	1,484,868	1,099,162
Profit before taxation	125,394	107,078
Net profit after tax for the period	85,770	81,014
Earnings per share – Rupees	8.88	8.38

During the period under review, we will apprise the shareholders that January-March is one of our leanest quarters due to the seasonal nature of our products. Numerous factors like market slowness, a record increase in the prices of mango pulp, tomato paste, Tetrapak paper, glass bottles (major raw and packing materials for our products), high payroll expenses because of an increase in minimum wages in the fiscal budget 2022-2023, the imposition of 10% Federal Excise Duty on sugary fruit juices in Finance (Supplementary) Act, 2023, heavy urban and rural flooding in the country, shortage of various crops of fruits and vegetables due to the flood disaster, continuous increase in the prices of POL, gas, and electricity, inflated cost of locally available raw and packaging materials and sky-high import cost due to devaluation of Pak Rupee against the U.S dollar, have adversely affected the profitability of the Company.

Despite these unfavorable conditions, the Company achieved a reasonable growth of 26.59% in turnover. Our main product juices (in tetra packaging) are an impulse buy, and have shown overall positive sales trends. Consumer acceptance of our juice products was growing reasonably and contribution from these products to sales has contributed a substantial impact on the profitability. However, keeping in view the inflationary trends, we had to enforce the price rationalization of our products from time to time to offset the impacts of higher input costs which eventually had a negative impact on the sales volumes because of the day-by-day deteriorating buying power of the consumers. It is mentionable here that after the imposition of Federal Excise Duty in late February, our sales volumes of juices dropped in March 2023.

We upheld our progress momentum in exports by achieving a significant volumetric growth of 16% during the nine months period under review. Our cooked food range, Juicepak, bottled juices, and ketchup are the main contributors to export sales.

The finance cost of the working capital component has increased significantly due to the upward revision of 725 basis points in policy rates by the State Bank of Pakistan during the period bringing it to a cumulative of 2100 basis points. The average utilization of working capital limits during the period remained on the higher side. These working capital borrowings were made to stock the seasonal fruits, pulps, and packaging materials specially Tetrapak paper to fulfill the annual sales demand of our products.

FUTURE PROSPECTS

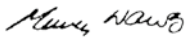
The upcoming quarter is our peak season and the last quarter of the financial period again will be challenging for the Company as the economic conditions do not appear to be favourable in near future. The urban and rural flooding in the country, the devastation of agricultural crops resulting in a shortage of the availability of fruits and vegetables, upside risks from potential food-price shocks, supply chain disruption, gas and electricity load shedding, sky-high inflation, deteriorating consumer buying power, sharp devaluation of Pak Rupee, continuous rising interest rates, imposition of Federal Excise Duty and political instability, are the key factors which will definitely have an adverse impact on the future performance and profitability of the Company. The oil prices are further expected to mount due to some levies proposed to be imposed, this will further exacerbate the energy/oil crises in the country and resultantly for the Company. With the signing of the IMF's bailout package, the production and input costs are further expected to increase tremendously. The finance cost is also expected to increase in the coming quarter as the Company will have to spend more on buying mango fruit inventory (one of the major raw materials) for an uninterrupted supply of its products. The Government has proposed a big increase in the minimum wage, this will also have an adverse impact on the Company's profitability.

Looking ahead, we remain optimistic about our Company's growth prospects. We believe that our strong portfolio of brand, and continued focus on research and development, will help us in strengthening the product portfolio and capturing the growth opportunities in the market. The Company is trying to focus and uplift its export sales in the coming quarter as well to gain reasonable profitability. The management contemplates that a continuous increase in the exports is one of the much-needed solutions to overcome the current economic crises for the country as well as the Company. The Company will remain committed in maintaining high standards of quality and food safety and will continue to invest in initiatives to improve efficiency and reduce wastages in its production processes.

VOTE OF THANKS

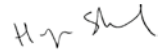
We would like to take this opportunity to thank our employees, customers, suppliers, and shareholders for their continued support and the Board of Directors for their continuous guidance. We will remain committed to create long-term value for all stakeholders and look forward to your continued trust in us.

For and on behalf of the Board



Muneer Nawaz
Chairman

Lahore:
27 April 2023.



Humayun A. Shah Nawaz
Chief Executive

ہم نے زیر نظر نو ماہی کے دوران برآمدات میں 16 فیصد کی حوصلہ افزاء موصول کی۔ ہمارے تیار شدہ کھانے، جوس، بیگ، سکوائش اور کچپ برآمدی فروخت کا اہم حصہ ہیں۔

مجموعی شرح سود اب 2100 میں پوائنٹ پر پہنچ چکی ہے۔ اس مدت کے دوران کاروباری سرمائے کیلئے لینے گئے قرضوں کا اوسطاً استعمال زیادہ رہا۔ کاروباری سرمائے کیلئے لئے قرضے، موسمی پھولوں، پلپڑ اور پیکنگ مال خصوصاً ٹیڑا پیک پیپر کو ذخیرہ کرنے کیلئے تھے تاکہ ہماری مصنوعات کی سالانہ فروخت کی طلب کو پورا کیا جاسکے۔

مستقبل کے امکانات:

آئندہ سہ ماہی جو کہ ہمارا موزوں ترین سیزن اور موجودہ مالی سال کی آخری سہ ماہی ہے کھپنی کے لئے مشکل ثابت ہوگی کیونکہ معاشی حالات میں فوری بہتری کے آثار نظر نہیں آ رہے۔ دہلی اور شہری سیلاب، فصلوں کی تباہی کے نتیجے میں پھولوں اور سبز یوں کی دستیابی میں کمی، نامساعد حالات کی وجہ سے خوراک کی قیمتوں کے بڑھنے کے خطرات، سپلائی چین میں رکاوٹ، گیس اور بجلی کی لوڈ شیڈنگ، بے پناہ افراط زر، صارفین کی کم ہوتی ہوئی قوت خرید، روپے کی قدر میں تیزی سے کمی، تسلسل سے بڑھتی ہوئی شرح سود، عائد کردہ فیڈرل ایکسائز ڈیوٹی اور سیاسی عدم استحکام جیسے عوامل کا کھپنی کی مستقبل کی کارکردگی اور منافع پر یقیناً منفی اثر پڑے گا۔ کچھ تجویز کردہ محصولات عائد کئے جانے کی وجہ سے تیل کی قیمتوں میں مزید اضافہ متوقع ہے جس کی وجہ سے ملک میں توانائی اہل کے بحران میں سنگینی پیدا ہو سکتی ہے جو کہ کھپنی کیلئے باعث تشویش ہوگی۔ بین الاقوامی مالیاتی ادارے (آئی ایم ایف) کے ساتھ تیل آؤٹ پیج پر دستخط ہونے کے بعد پیداواری لاگت میں مزید ہوشربا اضافہ متوقع ہے۔ مالیاتی لاگت میں بھی اضافہ متوقع ہے کیونکہ کھپنی کو اپنی مصنوعات کی بلا تعطل فراہمی کیلئے آم کے پھل (جو کہ ہمارا اہم خام مال ہے) کی خریداری کے لئے ذیادہ سرمایہ خرچ کرنا پڑے گا۔ حکومت نے حال ہی میں کم از کم اجرت میں ایک بڑا اضافہ تجویز کیا ہے جو کہ کھپنی کے مجموعی منافع کو متاثر کرے گا۔

ہم اپنی کھپنی کے مستقبل کے امکانات کے بارے میں بڑا امید ہیں ہمیں یقین ہے کہ ہمارا مضبوط برانڈ اور ترقی اور ترقی پر ہماری توجہ جیسے عوامل پروڈکٹ پورٹ فولیو کو مضبوط کرنے اور مارکیٹ میں ترقی کے مواقع حاصل کرنے میں مددگار ثابت ہوں گے۔ کھپنی مناسب منافع حاصل کرنے کیلئے آنے والی سہ ماہی میں اپنی برآمدی فروخت پر خصوصی توجہ مرکوز کرنے اور اسے بڑھانے کی کوشش کر رہی ہے۔ انتظامیہ کا خیال ہے کہ برآمدات کے حجم میں اضافہ، ملک کے ساتھ ساتھ کھپنی کے موجودہ معاشی بحرانوں پر قابو پانے کیلئے انتہائی ضروری اقدامات میں سے ایک ہے۔ کھپنی کو ایٹمی اور فوڈ سیکورٹی کے اعلیٰ معیار کو برقرار رکھنے کے لئے پرعزم رہے گی اور کارکردگی کو بہتر بنانے اور پیداواری عمل کے دوران ویسٹ کو کم کرنے کے لئے اقدامات اٹھائے گی۔

اظہار تشکر:

ہم اس موقع پر اپنے ملازمین، صارفین، سپلائرز، اور حصص داران کے بھروسے اور بورڈ آف ڈائریکٹرز کی مسلسل رہنمائی کا شکریہ ادا کرتے ہیں۔ ہم اپنے تمام اسٹیک ہولڈرز کے ساتھ طویل مدتی روابط قائم کرنے کے لئے کوشاں رہیں گے اور ہمارے اوپر ان کے مسلسل اعتماد کے منتظر ہیں گے۔

بورڈ کی جانب سے

Har Shah

ہمایوں اے شاہ نواز

چیف ایگزیکٹو

Muhammad Nawaz

منیر نواز

چیئر مین

لاہور۔

27 اپریل 2023ء۔

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

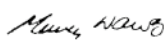
		(Un-Audited) 31 March 2023	(Audited) 30 June 2022
	Note	Rupees in thousand	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	1,374,574	1,439,189
Long-term investment	7	3,809	3,200
Long-term receivable		21,717	22,179
Long-term prepayments		7,749	2,832
Long-term deposits		14,295	7,881
Deferred taxation		259,343	215,543
		1,681,487	1,690,824
CURRENT ASSETS			
Stores and spares		211,316	167,387
Stock-in-trade		2,328,460	2,147,005
Right to recover asset		4,281	4,400
Trade receivables		507,231	285,999
Loans and advances		480,863	121,929
Trade deposits and short-term prepayments		2,760	10,877
Tax refunds due from the Government		218,584	119,984
Cash and bank balances		33,173	84,116
		3,786,668	2,941,697
TOTAL ASSETS		5,468,155	4,632,521
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 10,000,000 (30 June 2022: 10,000,000) ordinary shares of Rs. 10 each		100,000	100,000
Issued, subscribed and paid up capital 9,663,060 (30 June 2022: 9,663,060) ordinary shares of Rs. 10 each		96,631	96,631
Capital reserve		5,000	5,000
Revenue reserves		2,041,219	2,003,250
TOTAL EQUITY		2,142,850	2,104,881
NON-CURRENT LIABILITIES			
Long-term loans	8	50,000	–
Lease liability		61,790	62,463
		111,790	62,463
CURRENT LIABILITIES			
Trade and other payables		908,431	968,190
Contract liabilities		71,217	132,890
Unclaimed dividend		13,928	9,796
Interest accrued on borrowings		59,464	20,805
Current portion of long-term loans	8	150,000	95,924
Current portion of lease liability		7,690	7,770
Current portion of deferred grant		–	1,098
Short-term borrowings	9	1,720,693	1,035,442
Refund liability		96,989	91,583
Provision for taxation		185,103	101,679
		3,213,515	2,465,177
TOTAL LIABILITIES		3,325,305	2,527,640
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		5,468,155	4,632,521

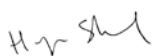
The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE-MONTH PERIOD ENDED 31 MARCH 2023

	Note	Nine-month period ended		Three-month period ended	
		31 March		31 March	
		2023	2022	2023	2022
		Rupees in thousand		Rupees in thousand	
Revenue from contracts with customers-net		6,394,478	5,051,522	2,288,798	1,830,106
Cost of revenue		4,909,610	3,952,360	1,720,748	1,342,974
Gross profit		1,484,868	1,099,162	568,050	487,132
Distribution costs		898,305	659,898	302,823	253,673
Administrative expenses		269,664	230,197	93,800	84,296
		1,167,969	890,095	396,623	337,969
		316,899	209,067	171,427	149,163
Other operating expenses		97,265	71,403	38,045	32,730
Other income		(87,616)	(62,372)	(36,486)	(24,219)
Finance costs		181,856	92,958	62,744	42,027
Profit before taxation		125,394	107,078	107,124	98,625
Taxation		39,624	26,064	31,816	20,643
Net profit for the period		85,770	81,014	75,308	77,982
Other comprehensive income					
Items that will not be reclassified to profit or loss in subsequent periods:					
Unrealized gain / (loss) on remeasurement of investments designated at fair value through OCI - net of deferred tax		514	(79)	109	53
Total comprehensive income		86,284	80,935	75,417	78,035
Earnings per share - basic and diluted (Rupees)	11	8.88	8.38	7.79	8.07

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


Director


Chief Executive


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE-MONTH PERIOD ENDED 31 MARCH 2023

	Capital Reserve		Revenue Reserves			Sub Total	Total
	Share Capital	Merger Reserve	General Reserve	Unrealized gain / (loss) on remeasurement of Investments	Unappropriated profits / (loss)		
Rupees in thousand							
Balance as at 01 July 2021	87,846	5,000	2,000,000	1,661	(20,489)	1,981,172	2,074,018
Final dividend @ Rs. 5.5/- per share for the year ended 30 June 2021	-	-	-	-	(48,315)	(48,315)	(48,315)
Issue of bonus shares @10% for the year ended 30 June 2021	8,785	-	-	-	(8,785)	(8,785)	-
Profit for the nine-month period ended 31 March 2022	-	-	-	-	81,014	81,014	81,014
Other comprehensive loss	-	-	-	(79)	-	(79)	(79)
Total comprehensive income / (loss)	-	-	-	(79)	81,014	80,935	80,935
Balance as at 31 March 2022	96,631	5,000	2,000,000	1,582	3,425	2,005,007	2,106,638
Balance as at 01 July 2022	96,631	5,000	2,000,000	920	2,330	2,003,250	2,104,881
Final dividend @ Rs. 5/- per share for the year ended 30 June 2022	-	-	-	-	(48,315)	(48,315)	(48,315)
Profit for the nine-month period ended 31 March 2023	-	-	-	-	85,770	85,770	85,770
Other comprehensive income	-	-	-	514	-	514	514
Total comprehensive income	-	-	-	514	85,770	86,284	86,284
Balance as at 31 March 2023	96,631	5,000	2,000,000	1,434	39,785	2,041,219	2,142,850

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

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE NINE-MONTH PERIOD ENDED 31 MARCH 2023

Nine-month period ended
31 March

2023 2022

Rupees in thousand

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation	125,394	107,078
Adjustments to reconcile profit before tax to net cash:		
Depreciation	172,815	183,114
Finance costs	176,959	90,132
Profit on bank deposits	(282)	(490)
Un-winding of interest on long-term receivable	(1,144)	(1,084)
Provision for expected credit losses	11,785	1,761
Gain on disposal of property, plant and equipment	(8,280)	(8,516)
	351,853	264,917

Operating profit before working capital changes **477,247** 371,995

(Increase) / decrease in current assets

Stores and spares	(43,929)	(28,378)
Stock-in-trade	(181,455)	229,733
Right to recover asset	119	(302)
Trade debts	(233,017)	(157,497)
Loans and advances	(358,934)	(56,828)
Trade deposits and short-term prepayments	8,117	(12,652)
	(809,099)	(25,924)

Increase / (decrease) in current liabilities

Trade and other payables	(59,759)	(15,582)
Contract liabilities	(61,673)	23,359
Refund liability	5,406	3,572
	(116,026)	11,349

Cash flows (used in)/ generated from operations **(447,878)** 357,420

Profit on bank deposits received	447	601
Income tax paid	(98,600)	(36,950)
Long-term receivable	1,606	–
Long-term deposits paid	(6,414)	(1,901)

Net cash flow (used in) / generated from operating activities **(550,839)** 319,170

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	(131,852)	(130,420)
Sale proceeds from disposal of property, plant and equipment	31,932	63,728
Net cash flows used in investing activities	(99,920)	(66,692)

CASH FLOWS FROM FINANCING ACTIVITIES

New leases acquired during the period	–	42,259
Repayment of long-term loan	(96,992)	(336,629)
Long-term loan obtained	200,000	–
Repayment of lease liability	(5,960)	30,942
Short-term borrowings - net	685,251	77,984
Interest expense paid	(138,300)	(90,849)
Dividends paid	(44,183)	(43,365)

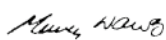
Net cash flows generated from / (used in) financing activities **599,816** (319,658)

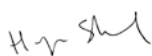
Net decrease in cash and cash equivalents **(50,943)** (67,180)

Cash and cash equivalents at the beginning of the period **84,116** 154,955

CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD **33,173** 87,775

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


Director


Chief Executive


Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE-MONTH PERIOD ENDED 31 MARCH 2023

1. THE COMPANY AND ITS OPERATIONS

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

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

2. STATEMENT OF COMPLIANCE

2.1 These condensed interim financial statements of the Company for the nine-month period ended 31 March 2023 have been prepared in accordance with the Accounting and Reporting Standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

2.2 These condensed interim financial statements do not include all the information and the disclosures required in the annual audited financial statements and should be read in conjunction with annual audited financial statements of the Company for the year ended 30 June 2022.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements for the year ended 30 June 2022.

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

There are certain standards, amendments and interpretations to approved accounting standards that are effective or mandatory for the Company's accounting periods beginning on or after 01 July 2022 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

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

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

5. SEASONALITY OF OPERATIONS

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

6. PROPERTY, PLANT AND EQUIPMENT

The additions / (disposals) / transfers (at cost), made during the nine-month period ended 31 March 2023 (un-audited) are as follows:

	Additions	Deletions/ Transfers
	Rupees in thousand	
Owned assets		
Plant and machinery	5,770	(3,000)
Laboratory equipment	32	-
Motor vehicles	-	(5,770)
Electric equipment	9,936	(983)
Furniture and fixtures	295	-
Electric fittings and tolls	61	-
Computers and accessories	859	-
Empty bottles, shells, pallets and barrels	110,173	(70,847)
	127,126	(80,600)
Capital work in progress		
Plant and machinery	4,726	-
	131,852	(80,600)
	(Un-Audited) 31 March 2023	(Audited) 30 June 2022
Note	Rupees in thousand	

7. LONG-TERM INVESTMENT

Quoted - Modaraba- fair value through OCI

BRR Guardian Modaraba			
305,000 (30 June 2022: 305,000) certificates of Rs. 10/- each	7.1	2,375	2,375
Gain on remeasurement		1,434	825
		3,809	3,200

7.1 The above investment represents 0.32% (30 June 2022: 0.32%) of the issued certificate capital of the Modaraba.

	(Un-Audited) 31 March 2023	(Audited) 30 June 2022
	Rupees in thousand	
Note		

8. LONG-TERM LOANS - SECURED

Long-term loan	8.1	200,000	95,924
Less: Current maturity shown under current liabilities		(150,000)	(95,924)
		50,000	-

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE-MONTH PERIOD ENDED 31 MARCH 2023

8.1 Loans from banking institutions - secured

Particulars	Note	Loan Amount			
		Opening	Received	Repaid	Closing
		Rupees in thousand			
Loan 1	8.1.2	42,125	–	42,125	–
Loan 2	8.1.2	53,799	–	53,799	–
Loan 3	8.1.3	–	200,000	–	200,000
		95,924	200,000	95,924	200,000

8.1.2 These represent loans obtained under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns (the Scheme) offered by State Bank of Pakistan to mitigate the effect of COVID-19 on employment in Pakistan. The facilities have an aggregate sanctioned limit of Rs. (thousand) 170,000 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. (thousand) 227,000 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. These loans have been fully paid off during the period.

8.1.3 This loan obtained from a commercial bank payable in eight equal quarterly instalments. The rate of mark-up is 3 months KIBOR plus 0.15% per annum payable quarterly. The Facility is secured against first pari passu hypothecation charge over fixed assets amounting to Rs. (thousand) 227,000 and ranking hypothecation charge over fixed assets amounting to Rs. (thousand) 40,000.

9. SHORT-TERM BORROWINGS - SECURED

The aggregate short-term borrowings available from commercial banks under mark-up / interest arrangements are Rs. (thousand) 1,900,000 (30 June 2022: Rs. (thousand) 2,000,000). The un-utilized portion of the said facility amounts to Rs. (thousand) 179,307 (30 June 2022: Rs. (thousand) 964,558).

The rate of mark-up / interest on short-term borrowings ranges between 1 month / 3 months KIBOR plus 0.05% to 1 month / 3 months KIBOR plus 0.25% per annum (30 June 2022: 1 month / 3 months KIBOR plus 0.05% to 1 month / 3 months KIBOR plus 0.25% per annum), payable monthly / quarterly.

The facilities are secured against first registered joint pari passu hypothecation on current assets of the Company up to Rs. (thousand) 3,848,000 (30 June 2022: Rs. (thousand) 3,848,000).

The un-utilized facility for opening letters of credit and for guarantees amounts to Rs. (thousand) 392,034 (30 June 2022: Rs. (thousand) 388,724) and Rs. (thousand) 39,487 (30 June 2022: Rs. (thousand) 42,577), respectively.

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

There has been no change in the status of the contingencies reported in the annual audited financial statements for the year ended 30 June 2022 and half year ended 31 December 2022.

10.2 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) 7,966 (30 June 2022: Rs. (thousand) 11,276).
- (ii) Guarantees issued by the banks in favor of the Company in the ordinary course of business, amounted to Rs. (thousand) 120,513 (30 June 2022: Rs. (thousand) 117,423).

	(Un-Audited)			
	Nine-month period ended		Three-month period ended	
	31 March	2022	31 March	2022
	2023		2023	
11. EARNINGS PER SHARE - BASIC AND DILUTED				
Profit after taxation attributable to ordinary shareholders (Rupees in thousand)	85,770	81,014	75,308	77,982
Weighted average number of ordinary shares at the end of the period (in thousand)	9,663	9,663	9,663	9,663
Earnings per share-basic and diluted (Rupees)	8.88	8.38	7.79	8.07

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

12. NON TRANSFER OF BONUS SHARES TO INDIVIDUAL SHAREHOLDERS

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE-MONTH PERIOD ENDED 31 MARCH 2023

13. TRANSACTIONS WITH RELATED PARTIES

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

	Relationship with the Company	(Un-Audited) Nine-month period ended 31 March 2023	2022 (Audited) 30 June
		Rupees in thousand	
Transactions during the period:			
Associated undertakings			
Purchases of raw materials	Associate	549,377	226,040
Sales of finished goods	Associate	1,367	180
Royalty charged	Associate	63,807	50,555
Purchases / repairs of electric equipment / vehicles	Associate	154	137
Contributions to staff provident fund	Employees' fund	4,187	4,647
Remuneration and benefits of Directors, Chief Executive and key management personnel	Key management personnel	21,755	19,590
	Relationship with the Company	(Un-Audited) 31 March 2023	(Audited) 30 June 2022
Period / year end balances:		Rupees in thousand	
Due to related parties	Associate	72,390	55,647
Due from related parties	Associate	439,307	58,027

14. SEGMENTAL ANALYSIS

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive. The Chief Executive considers the business from the product perspective and evaluates performance on the basis of their profit or loss. As at 31 March 2023, the Company is organized into two operating segments based on their products.

JUICE DRINKS

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

OTHERS

Others include pickles, ketchup, sauces, jams etc.

	Juices and Drinks	Others	Total
	Rupees in thousand		
Profit and loss account for the nine-month period ended 31 March 2023 (Un-Audited):			
Revenue from contracts with customers - net	5,085,110	1,309,368	6,394,478
Cost of revenue	(3,913,279)	(996,331)	(4,909,610)
Gross profit	1,171,831	313,037	1,484,868
Unallocated expenses and income			
Distribution costs			(898,305)
Administrative expenses			(269,664)
Other operating expenses			(97,265)
Other income			87,616
Finance costs			(181,856)
Taxation			(39,624)
Profit after taxation			85,770
Assets and liabilities as at 31 March 2023 (Un-Audited):			
Segment assets	4,152,181	688,834	4,841,015
Unallocated assets			627,140
Total			5,468,155
Segment liabilities	657,673	182,969	840,642
Unallocated liabilities			2,484,663
Total			3,325,305

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE-MONTH PERIOD ENDED 31 MARCH 2023

	Juices and Drinks	Others	Total
	Rupees in thousand		
Profit and loss account for the nine-month period ended 31 March 2022 (Un-Audited):			
Revenue from contracts with customers - net	4,061,408	990,114	5,051,522
Cost of revenue	(3,166,524)	(785,836)	(3,952,360)
Gross profit	894,884	204,278	1,099,162
Unallocated expenses and income			
Distribution costs			(659,898)
Administrative expenses			(230,197)
Other operating expenses			(71,403)
Other income			62,372
Finance costs			(92,958)
Taxation			(26,064)
Profit after taxation			81,014
Assets and liabilities as at 30 June 2022 (Audited):			
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

15. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue by the Board of Directors on 27 April 2023.

16. GENERAL

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

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