



QUARTERLY REPORT
30 SEPTEMBER 2023



The Shezan logo is a red, cloud-like shape with a yellow border. Inside, the word "Shezan" is written in a yellow, stylized font.

Shezan

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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. Nauman Khalid	(Independent Director)
Mr. Ahsan Ali Malik	(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:

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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:

BDO Ebrahim & Co.
Chartered Accountants,
Office No. 4, 6th Floor,
Askari Corporate Tower, 75/ 76 D-1,
Main Boulevard Gulberg III, Lahore.

Share Registrar:

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

Legal Advisors:

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

Bankers:

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

DIRECTORS' REPORT

TO THE MEMBERS

On behalf of the Board of Directors of Shezan International Limited, we are pleased to present the Directors' Report together with condensed Interim Financial Statements (Un-audited) of the Company for the three-month period ended 30 September 2023.

The IMF program and financial support from Saudi Arabia, the UAE and China have opened a path to economic recovery for Pakistan. However, the economic situation remains fragile with several challenges that, if not managed correctly, can push Pakistan toward deeper economic turmoil. During the quarter, the overall business activities in the Country remained on the contraction side due to import restrictions which were later lifted, rupee devaluation, higher financing costs, expensive energy and domestic political instability.

To achieve higher and sustainable economic growth, the Interim Government is taking prudent and effective economic decisions, specially a crackdown against hoarders of the U.S Dollars and electricity theft was launched with full-force across the Country. These initiatives aim to bring the Dollar value to its actual rate and to address the increasing technical and commercial losses faced by power distribution companies respectively. This shows the interim government's commitment to bolstering Pakistan's economic stability.

OPERATIONAL OVERVIEW

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

	2023	2022
Particulars	Rupees in thousand	
Revenue from contracts with customers-net	2,120,314	2,433,632
Gross profit	438,287	553,193
(Loss)/profit before taxation	(27,253)	57,496
Net (loss)/profit after tax for the period	(27,657)	33,697
(Loss)/earnings per share – Rupees	(2.86)	3.49

On the operational side, we will apprise our shareholders that Company has reported a loss in the quarter. Numerous factors like market slowness, a record increase in the prices of pulps, Tetrapak paper, glass bottles (major raw and packing materials for our products), high payroll expenses because of a big increase in minimum wages in the fiscal budget 2023-2024, the imposition of 20% Federal Excise Duty on sugary fruit juices vide Finance Act, 2023, 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. We will further apprise that our main product juices (in tetra packaging) are an impulse buy, consumer acceptance of our juices was growing reasonably and contribution from these products to sales had a reasonable impact on the profitability but after the imposition of 20% Federal Excise Duty, sales volumes of our juices dropped significantly. 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 and federal excise duty, which eventually had a negative impact on the sales volumes because of the day-by-day deteriorating buying power of the consumers. Due to this the Company could not achieve its sales targets during the quarter under review.

The finance cost of the working capital component has increased significantly due to the ever-high policy rate at 2200 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 quarterly sales demand of our products.

FUTURE PROSPECTS

The quarters ahead again will be challenging for the Company as the economic canvas do not appear to be favourable in near future. Upside risks from potential food-price shocks, supply chain disruption, gas and electricity load shedding, ever high inflation, deteriorating consumer buying power, rising interest rates leading to higher finance costs, mounting POL prices, big increase in the minimum wage, rapidly increasing sugar prices and imposition of Federal Excise Duty are the key factors which will increase the production and input costs tremendously and will have an adverse impact on the future performance and profitability of the Company.

The next two quarters fall into our leanest season however, we will try to maintain sales of non-seasonal products with aggressive marketing, sales efforts, and by introducing new product lines in the market. We are optimistic about our Company's growth prospects.

The Company will continue its efforts to focus and uplift its export sales in the coming quarters to gain reasonable profitability. The management contemplates that a continuous increase in the exports is one of the much-needed solutions to overcome the 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

In the end, we take this opportunity to acknowledge and appreciate the devoted and sincere services of all associates and staff of all cadres of the Company.

For and on behalf of the Board



Muneer Nawaz
Chairman



Nauman Khalid
Director

Lahore:
26 October 2023.

مستقبل کے امکانات:

آنے والی دوسہ ماہیاں کمپنی کے لیے ایک بار پھر مشکلات کا باعث ہوگی کیونکہ مستقبل قریب میں معاشی حالات سازگار دکھائی نہیں دیتے۔ اشیائے خورد و نوش کی قیمتوں کے ممکنہ اضافے، سپلائی چین میں خلل، گیس اور بجلی کی لوڈ شیڈنگ، بلند ترین افراط زر، صارفین کی قوت خرید میں کمی، بڑھتی ہوئی شرح سود سے مالیاتی لاگت میں اضافہ، کم از کم اجرت میں بڑا اضافہ، تیزی سے بڑھتی ہوئی چینی کی قیمتیں اور فیڈرل ایکسائز ڈیوٹی کا نفاذ، پی او ایل کے اخراجات میں اضافہ، وہ اہم عوامل ہیں جو پیداواری لاگت میں زبردست اضافہ کریں گے اور کمپنی کی مستقبل کی کارکردگی اور منافع پر منفی اثرات مرتب کریں گے۔

اگلی دوسہ ماہیاں ہمارے لئے کمزور ترین ہوں گی۔ تاہم، ہم جارحانہ مارکیٹنگ اور فروخت کی بھرپور کوششوں کے ذریعے غیر معمولی مصنوعات کو فروخت کر کے اور مارکیٹ میں نئی مصنوعات کو متعارف کروا کر اپنی فروخت کے حجم کو برقرار رکھنے کی کوشش جاری رکھیں گے۔

کمپنی آنے والی سہ ماہیوں میں اپنی برآمدی فروخت پر توجہ مرکوز کرنے اور اسے بڑھانے کے لیے اپنی کوششیں جاری رکھے گی تاکہ مناسب منافع حاصل کیا جاسکے۔ انتظامیہ کا خیال ہے کہ برآمدات میں مسلسل اضافہ ملک کے ساتھ ساتھ کمپنی کے لیے معاشی بحرانوں پر قابو پانے کے لیے انتہائی ضروری حل میں سے ایک ہے۔ کمپنی اپنے معیار اور نوڈ سینٹی کے اعلیٰ معیار کو برقرار رکھنے کے لیے پرعزم رہے گی اور کارکردگی کو بہتر بنانے اور اپنے پیداواری عمل میں ہونے والے ضیاع کو کم کرنے کے لیے اقدامات میں سرمایہ کاری جاری رکھے گی۔

اظہار تشکر:

آخر میں ہم اس موقع کا فائدہ اٹھاتے ہوئے کمپنی کے ملازمین اور ایسوسی ایٹس کی کمپنی کیلئے کی گئی مخلصانہ خدمات کو سراہتے ہیں۔

بورڈ کی ایما پر

Musiq Akbar

منیر نواز

چیئر مین

لاہور

26 اکتوبر 2023ء۔

Neem

نعمان خالد

ڈائریکٹر

ڈائریکٹرز رپورٹ برائے ممبران

ہم ممبران انٹرنیشنل لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے ڈائریکٹرز رپورٹ اور اختتام شدہ سہ ماہی 30 ستمبر 2023ء کے لئے کمپنی کے غیر آڈٹ شدہ عبوری مالیاتی نتائج پیش کرتے ہیں۔

آئی ایم ایف پروگرام اور سعودی عرب، متحدہ عرب امارات اور چین کی مالی معاونت نے پاکستان کے لئے معاشی بحالی کی راہیں ہموار کی ہیں۔ تاہم، اقتصادی صورت حال کو کئی چیلنجز درپیش ہیں جن کا مناسب طریقے سے مقابلہ نہ کیا گیا تو یہ پاکستان کو سنگین اقتصادی بد حالی کی طرف دھکیل سکتے ہیں۔ سہ ماہی کے دوران، درآمدی پابندیاں جو بعد میں اٹھالی گئیں، روپے کی قدر میں کمی، زیادہ مالیاتی لاگت، ہنگی توانائی اور کئی سیاسی عدم استحکام کی وجہ سے ملک میں مجموعی کاروباری سرگرمیاں معدوم رہیں۔ اعلیٰ اور پائیدار معاشی نمو کے حصول کے لئے عبوری حکومت دانشمندانہ اور موثر معاشی فیصلے لے رہی ہے جن میں خاص طور پر امریکی ڈالر کے ذخیرہ اندوزوں اور بجلی چوروں کے خلاف ملک بھر میں پوری قوت کے ساتھ کریک ڈاؤن شروع کیا گیا ہے۔ ان اقدامات کا مقصد ڈالر کی قدر کو اس کی اصل شرح پر لانا اور بائزر تیب بجلی کی تقسیم کارکینیوں کو درپیش بڑھتے ہوئے تکنیکی اور تجارتی نقصانات کو دور کرنا ہے۔ یہ پاکستان کے معاشی استحکام کو تقویت دینے کے لئے عبوری حکومت کے عزم کو ظاہر کرتا ہے۔

عملی جائزہ:

کمپنی کی اختتام شدہ سہ ماہی کی عملی کارکردگی مختصر ادرج ذیل ہے:

تفصیلات	2022	2023
روپے ہزاروں میں		
فروخت	2,433,632	2,120,314
مجموعی منافع	553,193	438,287
خالص (نقصان) / منافع قبل از محصولات	57,496	(27,253)
خالص (نقصان) / منافع بعد از محصولات	33,697	(27,657)
فی حصص (نقصان) / آمدنی - روپوں میں	3.49	(2.86)

کمپنی کی عملی کارکردگی کے متعلق ہم اپنے حصص کنندگان کو آگاہ کریں گے کہ کمپنی نے سہ ماہی نتائج میں نقصان ظاہر کیا ہے۔ متعدد عوامل جیسا کہ مارکیٹ میں سست روی، پیلرز، ٹیڑا پیک پیپر، شیشے کی بوتلیں جو کہ ہماری مصنوعات کے لیے اہم خام اور پیکنگ مال ہیں، کی قیمتوں میں ریکارڈ اضافہ، مالی سال 2023-24ء میں کئے گئے اعلان کے مطابق کم از کم اجرت کے اخراجات میں بے پناہ اضافے، فنانس ایکٹ 2023ء میں فروٹ جو سز پر عائد کردہ 20 فیصد فیڈرل ایکسائز ڈیوٹی کا نفاذ، پی او ایل، گیس اور بجلی کی مسلسل بڑھتی ہوئی قیمتوں میں اضافہ، مقامی طور پر دستیاب خام اور پیکنگ مال کی قیمتوں میں اضافے اور امریکی ڈالر کے مقابلے میں روپے کی قدر میں مسلسل کمی کی وجہ سے درآمدی لاگت میں بے پناہ اضافے جیسے عوامل نے کمپنی کے منافع کو بڑی طرح متاثر کیا ہے۔ مزید یہ کہ ہماری اہم پروڈکٹ جوس بیک جو کہ ہر دل عزیز تسلسل سے خریدنا رہا ہے والا پروڈکٹ ہے، کی صارفین میں مقبولیت معقول حد تک بڑھتی رہی تھی اور ان مصنوعات کی فروخت کا منافع پر مثبت اثر پڑ رہا تھا لیکن 20 فیصد فیڈرل ایکسائز ڈیوٹی کے نفاذ کی وجہ سے ہمارے جوسز کی فروخت کے حجم پر واضح منفی اثر پڑا۔ بلند افراط زر کو مدنظر رکھتے ہوئے، ہمیں اپنی مصنوعات کی قیمتوں میں معقول اضافہ کرنا پڑا تاکہ بڑھتی ہوئی پیداواری لاگت اور فیڈرل ایکسائز ڈیوٹی کے اثرات کو کم کیا جاسکے جس کے نتیجے میں صارفین کی روز بروز کم ہوتی ہوئی قوت خرید کا ہماری فروخت کے حجم پر منفی اثر پڑا جسکی وجہ سے کمپنی زیر جائزہ سہ ماہی کے دوران اپنی فروخت کے اہداف حاصل نہیں کر سکی۔

مجموعی شرح سود اب 2200 بیس پوائنٹ پر پہنچ چکی ہے۔ اس مدت کے دوران کاروباری سرمائے کیلئے لینے گئے قرضوں کا اوسط استعمال زیادہ رہا۔ کاروباری سرمائے کیلئے لینے گئے قرضے موسمی پھلوں، پلپ، پیکنگ اور خام مال خصوصاً ٹیڑا پیک پیپر اور چینی کو خریدنے کیلئے تھے تاکہ ہماری مصنوعات کی سہ ماہی فروخت کی طلب کو پورا کیا جاسکے۔

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2023

	Note	(Un-Audited) 30 September 2023	(Audited) 30 June 2023
		Rupees in thousand	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	1,333,327	1,371,951
Long-term investment	7	3,843	3,508
Long-term receivable		16,608	16,608
Long-term prepayments		620	2,064
Long-term deposits		7,421	7,315
Deferred tax asset - net		233,417	206,466
		1,595,236	1,607,912
CURRENT ASSETS			
Stores and spares		238,766	245,584
Stock-in-trade		1,999,182	1,986,933
Right to recover asset		4,602	4,586
Trade receivables		578,363	476,824
Loans and advances		125,556	391,392
Trade deposits, prepayments and other receivables		26,327	5,331
Tax refunds due from the Government		112,399	78,625
Cash and bank balances		121,549	118,637
		3,206,744	3,307,912
TOTAL ASSETS		4,801,980	4,915,824
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid up capital		96,631	96,631
Capital reserve		5,000	5,000
Revenue reserve		1,966,654	1,993,976
TOTAL EQUITY		2,068,285	2,095,607
NON-CURRENT LIABILITIES			
Long-term loans	8	50,000	75,000
Lease liabilities		50,294	57,117
		100,294	132,117
CURRENT LIABILITIES			
Trade and other payables		945,909	1,001,044
Contract liabilities		63,735	55,889
Unclaimed dividend		13,928	13,928
Accrued markup		81,038	91,601
Current portion of long-term loans	8	100,000	100,000
Current portion of lease liabilities		13,122	17,546
Short-term borrowings	9	1,242,730	1,262,658
Refund liability		79,432	79,282
Provision for taxation		93,507	66,152
		2,633,401	2,688,100
TOTAL LIABILITIES		2,733,695	2,820,217
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		4,801,980	4,915,824

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.


The Chief Executive is out of Pakistan and in his absence these quarterly financial statements have been signed by two Directors, as required under section 232(1) of the Companies Act, 2017.

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE THREE MONTH PERIOD ENDED 30 SEPTEMBER 2023

	Note	30 September 2023	2022
Rupees in thousand			
Revenue from contracts with customers-net		2,120,314	2,433,632
Cost of revenue		1,682,027	1,880,439
Gross profit		438,287	553,193
Distribution expenses		272,779	346,679
Administrative expenses		92,211	90,938
Other operating expenses		27,102	33,528
		392,092	471,145
Operating profit		46,195	82,048
Other income		(11,969)	(36,262)
Finance costs		85,417	60,814
(Loss) / profit before taxation		(27,253)	57,496
Taxation	11	404	23,799
Net (loss) / profit for the period		(27,657)	33,697
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods:			
Unrealized gain on remeasurement of investment designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition-net of deferred tax		335	400
Total comprehensive (loss) / income		(27,322)	34,097
(Loss) / earnings per share - basic and diluted (Rupees)	12	(2.86)	3.49

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

The Chief Executive is out of Pakistan and in his absence these quarterly financial statements have been signed by two Directors, as required under section 232(1) of the Companies Act, 2017.


Director


Director


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE THREE MONTH PERIOD ENDED 30 SEPTEMBER 2023

	Capital Reserve		Revenue Reserve				Total
	Share Capital	Merger Reserve	General Reserve	Unrealized gain on remeasurement of Investments available for sale	Unappropriated (loss) / profits	Sub total	
Rupees in thousand							

Balance as on 01 July 2022 96,631 5,000 2,000,000 920 2,330 2,003,250 2,104,881

Profit for the three month period ended 30 September 2022	-	-	-	-	33,697	33,697	33,697
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Other comprehensive income	-	-	-	400	-	400	400
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Total comprehensive income	-	-	-	400	33,697	34,097	34,097
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Balance as on 30 September 2022 96,631 5,000 2,000,000 1,320 36,027 2,037,347 2,138,978

Balance as on 01 July 2023 96,631 5,000 2,000,000 1,196 (7,220) 1,993,976 2,095,607

(Loss) for the three month period ended 30 September 2023	-	-	-	-	(27,657)	(27,657)	(27,657)
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Other comprehensive income	-	-	-	335	-	335	335
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Total comprehensive loss	-	-	-	335	(27,657)	(27,322)	(27,322)
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Balance as at 30 September 2023 96,631 5,000 2,000,000 1,531 (34,877) 1,966,654 2,068,285

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

The Chief Executive is out of Pakistan and in his absence these quarterly financial statements have been signed by two Directors, as required under section 232(1) of the Companies Act, 2017.

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE THREE MONTH PERIOD ENDED 30 SEPTEMBER 2023

30 September
2023 2022
Rupees in thousand

Cash flows from operating activities:

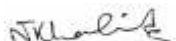
Cash generated from operations		
(Loss) / profit before taxation	(27,253)	57,496
Adjustments to reconcile loss before tax to net cash flows:		
Depreciation	53,313	55,669
Finance costs	85,417	60,814
Un-winding of financial charges	-	(376)
Profit on bank deposits	(558)	(41)
Foreign exchange gain	(1,244)	-
Provision for doubtful debts	2,100	900
Loss on disposal of property, plant and equipment	1,268	1,769
	140,296	118,735
Operating profit before working capital changes	113,043	176,231
Working capital changes		
(Increase) / decrease in current assets		
Stores and spares	6,818	(30,679)
Stock-in-trade	(12,249)	(234,487)
Right to recover asset	(16)	385
Trade receivables	(102,395)	(152,691)
Loans and advances	265,836	95,399
Trade deposits, short-term prepayments and other deposits	(20,996)	(3,221)
	136,998	(325,294)
Increase / (decrease) in current liabilities		
Trade and other payables	(55,135)	(72,104)
Contract liabilities	7,846	(17,179)
Refund liability	150	442
	(47,139)	(88,841)
Cash generated from / (used in) operations	202,902	(237,904)
Profit on bank deposits received	558	41
Income tax paid	(33,774)	(26,191)
Long-term deposits	(106)	(2,631)
Long-term prepayments	1,444	1,609
Net cash flows generated from / (used in) operating activities	171,024	(265,076)
Cash flows from investing activities		
Purchase of property, plant and equipment	(19,349)	(70,775)
Sale proceeds from disposal of property, plant and equipment	3,391	4,585
Net cash used in investing activities	(15,958)	(66,190)
Cash flows from financing activities		
Repayment of lease liability	(11,247)	(1,289)
Short-term borrowings obtained - net	(19,927)	388,250
Long term loan (re-paid) / obtained	(25,000)	(41,730)
Dividend paid	-	(18)
Finance costs paid	(95,980)	(24,742)
Net cash flows (used in) / generated from financing activities	(152,154)	320,471
Net increase / (decrease) in cash and cash equivalents	2,912	(10,795)
Cash and cash equivalents at the beginning of the period	118,637	84,116
Cash and cash equivalents at the end of the period	121,549	73,321

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

The Chief Executive is out of Pakistan and in his absence these quarterly financial statements have been signed by two Directors, as required under section 232(1) of the Companies Act, 2017.



Director



Director



Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTH PERIOD ENDED 30 SEPTEMBER 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 AND BASIS OF PREPARATION

2.1 These condensed interim financial statements of the Company for the three month period ended 30 September 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 2023.

2.3 These condensed interim financial statements are un-audited.

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES, ASSUMPTIONS AND POLICIES

The significant accounting judgments, estimates, assumptions and accounting policies adopted and applied by the Company for the preparation of these condensed interim financial statements are the same as were adopted and applied in the preparation of the preceding annual audited financial statements for the year ended 30 June 2023.

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

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

5 SEASONALITY OF OPERATIONS

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

6 PROPERTY, PLANT AND EQUIPMENT

The additions / (deletions) / transfers (at cost), made during the three month period ended 30 September 2023 are as follows:

		Additions Rupees in thousand	Transfers Rupees in thousand
Owned assets			
Plant and machinery		22,786	(1,355)
Furniture and fixture		52	-
Electric equipment		180	(514)
Computers and accessories		208	-
Empty bottles, shells, pallets and barrels		12,455	(11,884)
		35,681	(13,753)
Capital work in progress			
Plant and machinery		-	(16,332)
		-	(16,332)
Additions / (deletions) / transfers (at cost), made during the year ended 30 June 2023.		196,238	(102,754)
		(Un-Audited) 30 September 2023	(Audited) 30 June 2023
	Note	Rupees in thousand	

7 LONG-TERM INVESTMENT

Investment in listed securities - fair value through OCI

BRR Guardian Limited

305,000 (30 June 2023: 305,000) certificates of Rs. 10/- each

7.1

2,375

2,375

Gain on remeasurement

1,468

1,133

3,843

3,508

7.1 The above investment represents 0.32% (30 June 2023: 0.32%) of the issued share capital of the company.

		(Un-Audited) 30 September 2023	(Audited) 30 June 2023
	Note	Rupees in thousand	

8 LONG-TERM LOANS

Loans from banking institutions - secured

Add: Obtained during the period

8.1

175,000

95,924

Accretion of interest

-

200,000

-

1,098

Less: Repayment

(25,000)

(122,022)

150,000

175,000

Less: Current maturity shown under current liabilities

(100,000)

(100,000)

50,000

75,000

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTH PERIOD ENDED 30 SEPTEMBER 2023

- 8.1** This represents loan obtained from a commercial bank of an aggregate amount of Rs. 200 million to meet the working capital requirements of the Company for the tenor of 2 years and carries markup at the rate of 3 months KIBOR plus 0.15% per annum payable quarterly. Principal is repayable in 8 equal quarterly instalments commencing from 30 April 2023 with no grace period. The loan is secured against hypothecation charge on plant and machinery up to Rs. 227 million and fresh ranking hypothecation charge over plant and machinery up to Rs. 40 million.

9 SHORT-TERM BORROWINGS - SECURED

The aggregate short-term borrowings available from commercial banks under mark-up / interest arrangements are Rs. (thousand) 2,400,000 (30 June 2023: Rs. (thousand) 2,400,000). The un-utilized portion of the said facility amounts to Rs. (thousand) 1,157,270 (30 June 2023: Rs. (thousand) 1,137,342).

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 2023: 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) 3,415,000 (30 June 2023: Rs. (thousand) 3,415,000).

The un-utilized facility for opening letters of credit and for guarantees amounts to Rs. (thousand) 382,735 (30 June 2023: Rs. (thousand) 356,568) and Rs. (thousand) 40,948 (30 June 2023: Rs. (thousand) 41,146), respectively.

10 CONTINGENCIES AND COMMITMENTS

a) 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 2023.

b) Commitments

- Commitments in respect of letters of credit established for the import of raw, packing materials and plant and machinery amounted to Rs. (thousand) 17,265 (30 June 2023: Rs. (thousand) 43,432).
- Guarantees issued by the banks in favor of the Company in the ordinary course of business, amounted to Rs. (thousand) 119,052 (30 June 2023: Rs. (thousand) 118,854).

(Un-Audited)
Three month period ended
30 September 2023 30 September 2022
Rupees in thousand

11 TAXATION

Current tax	27,355	24,650
Deferred tax	(26,951)	(851)
	404	23,799

(Un-Audited)
Three month period ended
30 September 2023 30 September 2022

12 EARNINGS PER SHARE - BASIC AND DILUTED

Net (loss)/profit after tax (Rupees in thousand)	(27,657)	33,697
Weighted average number of ordinary shares at the end of the period (No. of shares in thousand)	9,663	9,663
(Loss) / earnings per share - (basic / diluted) (Rupees per share)	(2.86)	3.49

- 12.1** Diluted earnings per share has not been disclosed, as the Company has not issued an instrument which would have an impact on earnings per share, when exercised.

13 NON TRANSFER OF BONUS SHARES TO INDIVIDUAL SHAREHOLDERS

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

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

14 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:

Nature of Transactions	Relationship with the Company	(Un-Audited) 30 September	
		2023 Rupees in thousand	2022
Purchases of raw materials	Associate	253,390	201,967
Sales of finished goods	Associate	300	375
Royalty charged	Associate	20,998	24,311
Purchases/repairs of electric equipment/vehicles	Associate	-	73
Contributions to staff provident fund	Employees' Fund	1,411	1,417
Remuneration and benefits of Directors, Chief Executive Officer and key management personnel	Key management personnel	7,381	6,471
		(Un-Audited) 30 September	(Audited) 30 June
Period/year end balances	Relationship with the Company	2023 Rupees in thousand	2023
Due to related parties	Associate	23,875	49,536
Due from related parties	Associate	105,086	350,696

15 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 September 2023, 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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTH PERIOD ENDED 30 SEPTEMBER 2023

Segment analysis of profit and loss account for the three month period ended 30 September 2023 (Un-Audited):

	Juices and Drinks	Others	Total
	Rupees in thousand		
Revenue from contracts with customers - net	1,728,379	391,935	2,120,314
Cost of revenue	1,378,701	303,326	1,682,027
Gross profit	349,678	88,609	438,287
Unallocated expenses and income			
Corporate expenses			(364,990)
Finance costs			(85,417)
Other operating expenses			(27,102)
Other income			11,969
Taxation			(404)
Loss after taxation			(27,657)

Segment analysis of assets and liabilities as at 30 September 2023 (Un-Audited):

	Juices and Drinks	Others	Total
	Rupees in thousand		
Segment assets	3,561,642	683,173	4,244,815
Unallocated assets			557,165
Total			4,801,980
Segment liabilities	631,683	204,890	836,573
Unallocated liabilities			1,897,122
Total			2,733,695

Segment analysis of profit and loss account for the three month period ended 30 September 2022 (Un-Audited):

	Juices and Drinks	Others	Total
	Rupees in thousand		
Revenue from contracts with customers - net	2,073,633	359,999	2,433,632
Cost of revenue	1,561,062	319,377	1,880,439
Gross profit	512,571	40,622	553,193
Unallocated expenses and income			
Corporate expenses			(437,617)
Finance costs			(60,814)
Other operating expenses			(33,528)
Other income			36,262
Taxation			(23,799)
Profit after taxation			33,697

Segment analysis of assets and liabilities as at 30 June 2023 (Audited):

	Juices and Drinks	Others	Total
	Rupees in thousand		
Segment assets	3,682,704	740,734	4,423,438
Unallocated assets			492,386
Total			4,915,824
Segment liabilities	833,425	256,279	1,089,704
Unallocated liabilities			1,730,513
Total			2,820,217

16 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information were authorized for issue by the Board of Directors on 26 October 2023.

17 APPROPRIATIONS

The Shareholders of the Company have approved at the Annual General Meeting held on 24 October 2023, final cash dividend of Rs. 2 (2022: Rs. 5) per share, amounting to Rs. (thousand) 19,326 (2022: Rs. (thousand) 48,315) for the year ended 30 June 2023 which was earlier proposed by Board of Directors in their meeting held on 28 September 2023. These financial statements do not reflect the effect of these appropriations.

The Chief Executive is out of Pakistan and in his absence these quarterly financial statements have been signed by two Directors, as required under section 232(1) of the Companies Act, 2017.



Director



Director



Chief Financial Officer

Shezan



پائن اپیل
کی لذت ساتھ





Shezan International Limited
www.shezan.com