



HALF YEARLY REPORT
31 DECEMBER 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: sil-lhr@shezan.com

Factories:

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E-mail: sil-lhr@shezan.com
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Federal "B", Industrial Area, Karachi-75950.
Phones: (021) 36344722-23.
Fax: (021) 36313790.
E-mail: sil-khi@shezan.com
- 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 six-month period ended 31 December 2023.

ECONOMIC OVERVIEW

Pakistan has been stuck in the midst of economic challenges during the period under review. IMF programme and external debt obligations became major factors for the imposition of more taxes, inflationary pressure, and currency fluctuation across the economy. These factors have contracted the business canvas in the country.

Our company, like many others, has been badly affected by the broader economic challenges. A slowdown in consumer spending, and increased costs of inputs have collectively contributed to our financial downturn. Despite prudent financial management, we could not mitigate these external factors. Our management is actively engaged in formulating strategies to navigate these economic challenges. This includes rigorous cost management, exploring new revenue streams, and adapting our operations to align with the evolving economic landscape.

OPERATIONAL OVERVIEW

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

Particulars	2023	2022
	Rupees in thousand	
Revenue from contracts with customers-net	3,504,849	4,105,680
Gross profit	664,316	916,818
Net (Loss) / profit after tax for the period	(232,522)	14,289
(Loss) / Earnings per share – Rupees	(24.06)	1.48

On the operational side, we would like to apprise our shareholders that the Company has reported a loss during the period under review. Numerous factors like huge increase in the minimum wage in the fiscal budget 2023-2024 and the imposition of unprecedented 20% Federal Excise Duty on juices, squashes and syrups, played a havoc. Our main product tetra pak juices 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 juices dropped significantly not only of the Company but also of the entire juice and beverage industry. 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 period under review.

The finance cost continues to be a pressing issue. The impact of rising finance costs poses a significant challenge. The cost of the working capital component has increased significantly due to the ever-high policy rate at 2200 basis points as compared to the 1700 basis points of the same period last year. 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 sales demand of our products.

FUTURE PROSPECTS

The remaining quarters ahead of the financial period 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, increase in gas and electricity tariffs, ever high inflation, deteriorating consumer buying power, rising interest rates leading to higher finance costs, mounting POL prices, rapidly increasing sugar prices, are the key factors which may increase the production and input costs tremendously and will have an adverse impact on the future financial performance of the Company.

The Company will strive to secure a stable financial footing amid economic downturns and regulatory changes and will continue its efforts to focus and uplift its export sales in the coming quarters to gain reasonable financial results. 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 focus to attain volumetric growth from its existing customers and will continue to explore new local markets. 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

Lahore:
28 February 2024.



Humayun A. Shahnawaz
Chief Executive

مستقبل کے امکانات:

آنے والی سہ ماہیاں کمپنی کے لیے ایک بار پھر مشکلات کا باعث ہوگی کیونکہ مستقبل قریب میں معاشی حالات سازگار دکھائی نہیں دیتے۔ ایشیائے خورد و نوش کی قیمتوں کے مگنا اضافے، گیس اور بجلی کی قیمتوں میں اضافہ، بلند ترین افراط زر، صارفین کی قوت خرید میں کمی، برہتی ہوئی شرح سود سے مالیاتی لاگت میں اضافہ، تیزی سے بڑھتی ہوئی چینی کی قیمتیں، پنی اوایل کے اخراجات میں اضافہ، وہ اہم عوامل ہیں جو پیداواری لاگت میں زبردست اضافہ کریں گے اور کمپنی کی مستقبل کی کارکردگی پر منفی اثرات مرتب کریں گے۔

کمپنی اس معاشی تنزلی اور ریگولیٹری تبدیلیوں سے نمٹنے کیلئے ایک مستحکم مالیاتی نظام بنانے کیلئے سرگرم رہے گی اور آنے والی سہ ماہیوں میں اپنی برآمدی فروخت پر توجہ مرکوز کرنے اور اسے بڑھانے کیلئے اپنی کوشش 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 موجودہ گاہکوں سے فروخت کے حجم کو بڑھانے پر توجہ دے گی اور نئی مقامی منڈیوں کی تلاش جاری رکھے گی۔ کمپنی اپنے معیار اور فوڈ سیفٹی 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

Harsh

ہمایوں اے شاہنواز

چیف ایگزیکٹو

Munir Nawaz

منیر نواز

چیئر مین

لاہور

28 فروری 2024ء۔

ڈائریکٹرز رپورٹ برائے ممبران

ہم شیڈ انٹرنیشنل لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے ڈائریکٹرز رپورٹ اور اختتام شدہ ششماہی 31 دسمبر 2023ء کے لئے کمپنی کے غیر آڈٹ شدہ عبوری مالیاتی نتائج پیش کرتے ہیں۔

معاشی جائزہ:

زیر جائزہ مدت کے دوران پاکستان اقتصادی مسائل میں گھرا رہا۔ آئی ایم ایف پروگرام اور بیرونی قرضوں کی ادائیگی وہ اہم عوامل ہیں جو مزید ٹیکسوں کے نفاذ، بلند افراط زر اور معیشت میں کرنسی کے اتار چڑھاؤ کا سبب بنے۔ ان عوامل نے ملک میں کاروباری حجم کو محدود رکھا۔ ہماری کمپنی بھی دوسری کئی کمپنیوں کی طرح ان گھمبیر اقتصادی مسائل کی وجہ سے بری طرح متاثر ہوئی ہے۔ صارفین کے اخراجات میں سست روی اور پیداواری لاگت کے بڑھتے ہوئے اخراجات مجموعی طور پر کمپنی کی مالی زبوں حالی کا باعث ہے۔ ایک بہتر مالیاتی حکمت عملی کے باوجود بھی ہم ان بیرونی عوامل کے اثرات کو کم نہ کر سکے۔ ہماری انتظامیہ ان اقتصادی مسائل سے نمٹنے کیلئے موثر حکمت عملی بنانے میں سرگرم عمل ہے۔ اس میں اخراجات پر قابو، آمدنی کے نئے سلسلوں کی تلاش اور ہمارے کاروباری طریقہ کار کو بدلتے ہوئے معاشی منظر نامے کے مطابق ڈھالنا شامل ہے۔

عملی جائزہ:

کمپنی کی اختتام شدہ ششماہی کی عملی کارکردگی مختصر ادرچہ ذیل ہے:

2022	2023	تفصیلات
روپے ہزاروں میں		
4,105,680	3,504,849	فروخت
916,818	664,316	مجموعی منافع
14,289	(232,522)	خالص (نقصان) / منافع بعد از محصولات
1.48	(24.06)	فی شخص (نقصان) / آمدنی - روپوں میں

کمپنی کی عملی کارکردگی کے متعلق ہم اپنے حصص کنندگان کو آگاہ کریں گے کہ کمپنی نے زیر جائزہ مدت میں نقصان اٹھایا ہے۔ مالیاتی بجٹ 2023-24 میں کم از کم اجرت میں بے پناہ اضافے اور جوئے، سکواش اور شربت پر 20 فیصد فیڈرل ایکسائز ڈیوٹی کے نفاذ جیسے عوامل اس زبردست نقصان کا باعث بنے۔ ہماری اہم پروڈکٹ جو س پیک جو کہ ہر دل عزیز تسلسل سے خرید جانے والا پروڈکٹ ہے، کی صارفین میں مقبولیت معقول حد تک بڑھ رہی تھی اور ان مصنوعات کی فروخت کا منافع پرشبت اثر پر رہا تھا لیکن 20 فیصد فیڈرل ایکسائز ڈیوٹی کے نفاذ کے بعد نہ صرف ہماری فروخت کے حجم بلکہ ساری جوس اور بیورج انڈسٹری کی فروخت کے حجم پر نمایاں منفی اثر پڑا۔ بلند افراط زر کو مد نظر رکھتے ہوئے، ہمیں اپنی مصنوعات کی قیمتوں میں معقول اضافہ کرنا پڑا تا کہ 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 ششماہی کے دوران اپنی فروخت کے اہداف حاصل نہیں کر سکی۔

بڑھتی ہوئی مالیاتی لاگت ایک اہم مسئلہ بنی ہوئی ہے۔ مجموعی شرح سود اب 2200 فیس پوائنٹ پر پہنچ چکی ہے جو کہ پچھلے سال کے اسی عرصے میں 1700 فیس پوائنٹ تھی۔ اس مدت کے دوران کاروباری سرمائے کیلئے لینیے گئے قرضوں کا اوسط استعمال زیادہ رہا۔ کاروباری سرمائے کیلئے لینیے گئے قرضے موسمی پھلوں، پلپ، پیکنگ اور خام مال خصوصاً نیٹر ایک پیپر اور چینی کو خریدنے کیلئے تھے تا کہ ہماری مصنوعات کی فروخت کی طلب کو پورا کیا جاسکے۔

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SHEZAN INTERNATIONAL LIMITED

Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Shezan International Limited (the "Company") as at December 31, 2023 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matter

The figures for the quarters ended December 31, 2023 and December 31, 2022 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The condensed interim financial statements of the Company for the half year ended December 31, 2022 and for year ended June 30, 2023 were reviewed and audited by another firm of chartered accountants who had expressed an unmodified conclusion and opinion thereon vide their reports dated February 28, 2023 and October 02, 2023, respectively.

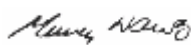
The engagement partner on the review resulting in this independent auditor's review report is Sajjad Hussain Gill.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	(Un-Audited) December 31, 2023	(Audited) June 30, 2023
		Rupees in thousand	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,277,423	1,371,951
Long-term investment	5	4,876	3,508
Long-term receivable		16,602	16,608
Long-term prepayments		1,447	2,064
Long-term deposits		7,421	7,315
Deferred tax asset - net		294,030	206,466
		1,601,799	1,607,912
CURRENT ASSETS			
Stores and spares		207,105	245,584
Stock-in-trade		2,039,110	1,986,933
Right to recover asset		532	4,586
Trade debts	6	468,157	476,824
Loans and advances		20,680	391,392
Trade deposits, prepayments and other receivables		30,196	5,331
Tax refunds due from the Government		150,033	78,625
Cash and bank balances		70,852	118,637
		2,986,665	3,307,912
TOTAL ASSETS		4,588,464	4,915,824
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital (10 million shares of Rs. 10 each)		100,000	100,000
Capital reserve			
Issued, subscribed and paid up capital		96,631	96,631
Merger reserves		5,000	5,000
Revenue reserve			
General reserves		2,000,000	2,000,000
Unrealized gain on remeasurement of investment		2,378	1,196
Accumulated losses		(259,068)	(7,220)
		1,844,941	2,095,607
NON-CURRENT LIABILITIES			
Long-term loans	7	25,000	75,000
Lease liability		55,041	57,117
		80,041	132,117
CURRENT LIABILITIES			
Trade and other payables		879,404	1,001,044
Contract liabilities		65,049	55,889
Unclaimed dividend		15,612	13,928
Accrued markup		74,373	91,601
Current portion of long-term loans	7	100,000	100,000
Current portion of lease liability		11,110	17,546
Short-term borrowings	8	1,336,403	1,262,658
Refund liability		75,564	79,282
Provision for taxation		105,967	66,152
		2,663,482	2,688,100
TOTAL EQUITY AND LIABILITIES	9	4,588,464	4,915,824
CONTINGENCIES AND COMMITMENTS			

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 PROFIT OR LOSS (UN-AUDITED) FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2023

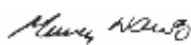
	Note	Six-month period ended December 31,		Three-month period ended December 31,	
		2023	2022	2023	2022
		Rupees in thousand		Rupees in thousand	
Revenue from contracts with customers-net	10	3,504,849	4,105,680	1,384,535	1,672,048
Cost of revenue		(2,840,533)	(3,188,862)	(1,158,506)	(1,308,423)
Gross profit		664,316	916,818	226,029	363,625
Distribution costs		(555,113)	(591,655)	(282,334)	(244,976)
Administrative expenses		(193,518)	(175,864)	(101,307)	(84,926)
Other operating expenses		(47,252)	(59,220)	(20,150)	(25,692)
		(795,883)	(826,739)	(403,791)	(355,594)
Operating (loss) / profit		(131,567)	90,079	(177,762)	8,031
Other income		16,638	51,130	4,669	14,868
Finance costs		(165,527)	(119,112)	(80,110)	(58,298)
		(148,889)	(67,982)	(75,441)	(43,430)
(Loss) / profit before taxation		(280,456)	22,097	(253,203)	(35,399)
Taxation		47,934	(7,808)	48,338	(15,991)
(Loss) / profit after taxation		(232,522)	14,289	(204,865)	(19,408)
(Loss) / earning per share - basic and diluted (Rupees)	11	(24.06)	1.48	(21.20)	(2.01)


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

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2023

	Note	Six-month period ended December 31,		Three-month period ended December 31,	
		2023	2022	2023	2022
		Rupees in thousand		Rupees in thousand	
(Loss) / profit for the period		(232,522)	14,289	(204,865)	(19,408)
Items that will not be reclassified to statement of profit or loss in subsequent periods:					
Unrealized gain / (loss) on remeasurement of investments designated through OCI - net of deferred tax		1,182	405	(335)	5
Total comprehensive (loss)/income for the period		(231,340)	14,694	(205,200)	(19,403)

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 SIX-MONTH PERIOD ENDED 31 DECEMBER 2023

	Capital Reserve		Revenue Reserve			Total
	Merger Reserve	General Reserve	Unrealized gain on remeasurement of Investments	Accumulated Losses		
	Share Capital					
Rupees in thousand						

Balance as at July 01, 2022	96,631	5,000	2,000,000	920	2,330	2,104,881
Final dividend@ Rs.5/-per share for the year ended June 30, 2022	-	-	-	-	(48,315)	(48,315)
Profit for the six month period ended December 31, 2022	-	-	-	-	14,289	14,289
Other comprehensive loss	-	-	-	405	-	405
Total comprehensive income	-	-	-	405	14,289	14,694
Balance as at December 31, 2022	96,631	5,000	2,000,000	1,325	(31,696)	2,071,260
Balance as at July 01, 2023	96,631	5,000	2,000,000	1,196	(7,220)	2,095,607
Final dividend@Rs.2/-per share for the year ended June 30, 2023	-	-	-	-	(19,326)	(19,326)
Loss for the six month period ended December 31, 2023	-	-	-	-	(232,522)	(232,522)
Other comprehensive income	-	-	-	1,182	-	1,182
Total comprehensive loss	-	-	-	1,182	(232,522)	(231,340)
Balance as at December 31, 2023	96,631	5,000	2,000,000	2,378	(259,068)	1,844,941

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

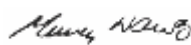
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2023


Six month Period ended
2023 2022
Rupees in thousand

CASH FLOWS FROM OPERATING ACTIVITIES:

(Loss) / profit before taxation	(280,456)	22,097
Adjustments to reconcile profit before tax to net cash:		
Depreciation	107,003	113,797
Finance costs	162,027	119,112
Profit on bank deposits	(708)	(282)
Un-winding of financial charges	(609)	(757)
Unrealised foreign exchange gain	-	(1,685)
Allowance of expected credit losses	4,200	6,785
Workers' Profit Participation Fund	-	1,230
Workers' Welfare Fund	1,988	2,895
Gain/(loss) on disposal of property, plant and equipment	298	(842)
	274,199	240,253
Operating (loss) / profit before working capital changes	(6,257)	262,350
Decrease/(Increase) in current assets:		
Stores and spares	38,479	(42,042)
Stock-in-trade	(52,177)	(86,052)
Right to recover asset	4,054	1,437
Trade debts	4,467	3,844
Loans and advances	370,712	89,146
Trade deposits, prepayments and other receivables	(24,865)	(3,036)
	340,670	(36,703)
Increase/(decrease) in current liabilities:		
Trade and other payables	(123,628)	(177,183)
Contract liabilities	9,160	(54,488)
Refund liability	(3,718)	(980)
	(118,186)	(232,651)
Cash generated from / (used in) operations	216,227	(7,004)
Profit on bank deposits received	708	287
Income tax paid	(71,408)	(70,779)
Long-term receivables	614	1,606
Long-term prepayments	617	-
Long-term deposits	(106)	(10,251)
Net cash generated from / (used in) operating activities	146,652	(86,141)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment - net	(20,034)	(126,602)
Sale proceeds from disposal of property, plant and equipment	7,260	11,893
Net cash used in investing activities	(12,774)	(114,709)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term loan	(50,000)	(75,772)
Short-term borrowings- net	73,745	384,477
Repayment of lease liability	(12,012)	(4,093)
Dividends paid	(17,642)	(44,183)
Interest expense paid	(175,754)	(80,200)
Net cash (used in) / generated from financing activities	(181,663)	180,229
NET DECREASE IN CASH AND CASH EQUIVALENTS	(47,785)	(20,621)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	118,637	84,116
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	70,852	63,495

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 SIX-MONTH PERIOD ENDED 31 DECEMBER 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 six month period ended December 31, 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 are un-audited but subject to limited scope review by the auditors and are being submitted to the shareholders as required under Section 237 of the Act and the Listed Companies (Code of Corporate Governance) Regulations 2019. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2023.

2.3 The figures of the condensed interim statement of profit or loss and other comprehensive income for the three months ended December 31, 2023 and December 31, 2022 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the six months ended period December 31, 2023 and December 31, 2022.

2.4 These financial statements are presented in Pak Rupees, which is also the Company's functional currency. All figures have been rounded off to nearest thousand of rupees, unless otherwise stated.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 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 financial statements for the year ended June 30, 2023.

3.2 CHANGE IN ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED ACCOUNTING AND REPORTING STANDARDS

3.2.1 Amendments to published accounting and reporting standards which became effective during the period:

The Company adopted the narrow-scope amendments to the International Accounting Standard (IAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after January 1, 2023. Although the amendments did not result in any changes to accounting policy themselves, they will impact the accounting policy information disclosed in the annual financial statements.

These amendments had no effect on the interim condensed financial statements of the Company as they relate to disclosures of accounting policies in the annual financial statements rather than interim financial statements. The amendments are expected to be applicable for the accounting policy disclosures in the annual financial statements of the Company.

3.2.2 Amendments to published accounting and reporting standards that are not yet effective:

There are certain amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 01, 2023. However, these amendments will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim financial statements.

3.3 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.

3.4 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).

(Un-Audited)	(Audited)
December 31,	June 30,
2023	2023
Rupees in thousand	

4 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	1,153,488	1,224,269
Capital work in process	72,507	88,839
Right of use assets	51,428	58,843
	1,277,423	1,371,951

4.1 Following is the details of additions during the period/year - at cost:

Plant and machinery	23,001	6,220
Laboratory equipment	-	32
Furniture and fixtures	52	295
Electric fitting and tools	-	61
Electric equipment	380	13,226
Computers and accessories	478	883
Empty bottles, shells, pallets and barrels	12,455	165,252
	36,366	185,969

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

		(Un-Audited) December 31, 2023	(Audited) June 30, 2023
	Note	Rupees in thousand	
4.2	Following are details of disposals during the period/year-at cost		
	Plant and machinery	1,355	3,000
	Motor vehicles	-	5,771
	Electric equipment	514	1,783
	Computers and accessories	153	-
	Empty bottles, shells, pallets and barrels	21,775	87,881
		23,797	98,435

5 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	5.1	2,375	2,375
Gain on remeasurement		2,501	1,133
		4,876	3,508

5.1 The above investment represents 0.32% (June 30, 2023: 0.32%) of the issued share capital of the Company.

5.2 The above investment represents bargain purchase gain of Rs. 0.675 million (June 30, 2023: Rs. 0.675 million) on initial recognition.

		(Un-Audited) December 31, 2023	(Audited) June 30, 2023
		Rupees in thousand	
6	TRADE DEBTS		
	Unsecured, considered good		
	Due from associated undertakings	15	-
	Due from customers	467,528	476,824
		467,543	476,824
	Considered doubtful - Others	44,951	41,364
	Expected credit loss	(44,951)	(41,364)
		467,543	476,824

	Note	(Un-Audited) December 31, 2023	(Audited) June 30, 2023
		Rupees in thousand	
7 LONG TERM LOANS - SECURED			
Long term loan	7.1	125,000	175,000
Mark up accrued		16,691	6,605
		141,691	181,605
Less: Current maturity shown under current liabilities		(100,000)	(100,000)
		41,691	81,605
Less: Mark up accrued shown under current liabilities		(16,691)	(6,605)
		25,000	75,000

7.1 This represents loan obtained from a commercial bank during the year 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 April 30, 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.

8 SHORT TERM BORROWINGS - SECURED

8.1 The aggregate short-term borrowings available from commercial banks under mark-up / interest arrangements are Rs. 2,400 million (June 30,2023: Rs. 2,400 million). The un-utilized portion of the said facility amounts to Rs. 1,064.27 million (June 30, 2023: Rs. 1,137 million).

8.2 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 (June 30, 2023: 1 month / 3 months KIBOR plus 0.05% to 1 month / 3 months KIBOR plus 0.25% per annum) per annum.

8.3 The facilities are secured against first registered joint pari passu hypothecation on current assets of the Company up to Rs. 3,415 million (June 30, 2023: Rs. 3,415 million).

8.4 The un-utilized facility for opening letters of credit and for guarantees amounts to Rs. 384.86 million (June 30, 2023: Rs. 356.57 million) and Rs. 44.13 million (June 30, 2023: Rs. 41.15 million), respectively.

9 CONTINGENCIES AND COMMITMENTS

9.1 CONTINGENCIES

There has been no change in the status of the contingencies as reported in the annual audited financial statements for the year ended June 30, 2023.

9.2 COMMITMENTS

i) Commitments in respect of letters of credit established for the import of raw, packing materials and plant and machinery amounted to Rs. 15.14 million (June 30, 2023: Rs. 43.43 million).

ii) Guarantees issued by the banks in favor of the Company in the ordinary course of business, amounted to Rs. 115.87 million (June 30, 2023: Rs. 118.85 million).

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

	(Un-Audited)			
	Six-month period ended December 31, 2023		Three-month period ended December 31, 2023	
	Rupees in thousand		Rupees in thousand	
10 REVENUE FROM CONTRACTS WITH CUSTOMERS-NET				
Local	4,803,568	4,630,740	1,785,951	1,823,797
Export	339,296	430,919	202,540	229,091
	5,142,864	5,061,659	1,988,491	2,052,888
Less: Discounts and incentives	149,557	160,585	73,888	72,152
Sales tax	776,789	795,394	289,366	308,688
Federal excise duty	711,669	-	240,702	-
	1,638,015	955,979	603,956	380,840
	3,504,849	4,105,680	1,384,535	1,672,048

10.1 All the revenue is recognised at a point in time.

	(Un-Audited)	
	Six-month period ended December 31,	
	2023	2022
	Rupees in thousand	

10.2 The Company's net revenue disaggregated by major product lines is as follows:

Juices and drinks	2,691,715	3,383,369
Others	813,134	722,311
	3,504,849	4,105,680

10.3 The Company's continent wise export sales are as follows:

Europe	206,487	209,554
America	42,727	171,151
Asia	34,739	22,873
Australia	55,343	27,341
	339,296	430,919

	(Un-Audited)			
	Six-month period ended December 31,		Three-month period ended December 31,	
	2023	2022	2023	2022
11 (LOSS) / EARNINGS PER SHARE BASIC AND DILUTED				
(Loss) / profit after taxation attributable to ordinary shareholders (Rupees in thousand)	(232,522)	14,289	(204,865)	(19,408)
Weighted average number of ordinary shares at the end of the period (in thousand)	9,663	9,663	9,663	9,663
(Loss)/earnings per share-basic and diluted (Rupees)	(24.06)	1.48	(21.20)	(2.01)

11.1 No fully diluted earnings per share has been disclosed as the Company has not issued an 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 June 30, 2015, the Company issued 726,000 bonus shares @ 10% of its then paid-up capital on the book closure date of October 23, 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.

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)	
		Six-month period ended December 31,	
		2023	2022
		Rupees in thousand	
Transactions during the period:			
Associated undertakings			
Purchases of raw materials	Associate	355,932	318,582
Sales of finished goods	Associate	593	677
Royalty charged	Associate	34,806	40,982
Purchases / repairs of electric equipment / vehicles	Associate	45	106
Contributions to staff provident fund	Employees' Fund	3,286	2,812
Remuneration and benefits of Directors, Chief Executive and key management personnel	Key management Personnel	14,844	12,831
Period / year end balances:			
Due to related parties	Associate	53,700	49,536
Due from related parties	Associate	15	350,696
Due from staff provident fund	Employees' Fund	1,350	-

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

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 December 2023, the Company is organized into two operating segments based on their products.

JUICE DRINKS

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

OTHERS

Others include pickles, ketchup, sauces, jams etc.

	Juices and Drinks	Others	Total
	Rupees in thousand		
Statement of profit and loss account for six month period ended December 31, 2023 (Un-Audited):			
Revenue from contracts with customers - net	2,691,715	813,134	3,504,849
Cost of revenue	(2,220,888)	(619,646)	(2,840,533)
Gross profit	470,828	193,488	664,316
Unallocated expenses and income			
Distribution costs			(555,113)
Administrative expense			(193,518)
Other operating expense			(47,252)
Other income			16,638
Finance costs			(165,527)
Taxation			47,934
Loss after taxation			(232,522)
Assets and liabilities as at December 31, 2023 (Un-Audited):			
Segment assets	3,334,988	685,338	4,020,327
Unallocated assets			568,137
Total			4,588,464
Segment liabilities	639,057	180,008	819,065
Unallocated liabilities			1,924,458
Total			2,743,523

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

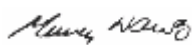
	Juices and Drinks	Others	Total
	Rupees in thousand		
Statement of profit and loss account for six month period ended December 31, 2022 (Un-Audited):			
Revenue from contracts with customers - net	3,383,369	722,311	4,105,680
Cost of revenue	(2,594,449)	(594,413)	(3,188,862)
Gross profit	788,920	127,898	916,818
Unallocated expenses and income			
Distribution costs			(591,655)
Administrative expense			(175,864)
Other operating expense			(59,220)
Other income			51,130
Finance costs			(119,112)
Taxation			(7,808)
Profit after taxation			14,289
Assets and liabilities as at June 30, 2023 (Audited) :			
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

15 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue by the Board of Directors on 28 February 2024.

16 GENERAL

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


Director


Chief Executive


Chief Financial Officer

Shezan



پائن اپیل
کی لذت ساتھ





Shezan International Limited
www.shezan.com