



3rd QUARTER

REPORT

31 MARCH
2022





Summer Happiness



حلال
HALAL

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

COMPANY INFORMATION

Board of Directors:

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

Chief Financial Officer:

Mr. Faisal Ahmad Nisar, FCA

Company Secretary:

Mr. Khurram Babar

Audit Committee:

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

Human Resource & Remuneration Committee:

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

Registered Office / Head Office:

56 - Bund Road, Lahore - 54500.

Phones: (042) 37466900-04.

Faxes: (042) 37466899 & 37466895.

E-mail: shezan@brain.net.pk

Factories:

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

Website:

www.shezan.pk

Auditors:

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

Share Registrar:

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

Legal Advisors:

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

Bankers:

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

DIRECTORS' REPORT TO THE MEMBERS

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

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

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

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

FINANCIAL PERFORMANCE

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

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

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

FUTURE OUTLOOK

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

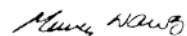
The management acknowledges that the uncertain macroeconomic and political environment will continue to pose severe challenges to the Company. The next quarter will remain under pressure due to the monetary and fiscal measures taken by the government as the State Bank of Pakistan has further increased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

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

ACKNOWLEDGEMENT


We take this opportunity to thank our shareholders for their confidence, valued customers for the trust they continue to place in us, the management team for its sincere efforts, the employees for their commendable services, the Board of Directors for their continuous guidance, and all stakeholders - Bankers, Dealers, Vendors, Associates.

For and on behalf of the Board



Muneer Nawaz
Chairman

Lahore:
26 April 2022.


Humayun A. Shahnawaz
Chief Executive



شمرقند تازگی اور فرحت ایک ساتھ



حَلَال
HALAL



اس Summer میں صرف شمرقند



Chaska Ka Double Dose



ڈائریکٹر رپورٹ برائے ممبران

ہم شیڈ ان انٹرنیشنل کے بورڈ آف ڈائریکٹرز کی جانب سے ڈائریکٹر رپورٹ اور اختتام شدہ نو ماہی 31 مارچ 2022ء کیلئے کمپنی کے غیر آڈٹ شدہ عبوری مالیاتی نتائج پیش کرتے ہیں۔

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

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

عملی جائزہ:

کمپنی کی زیر غور اختتام شدہ نو ماہی 31 مارچ 2022ء کی عملی کارکردگی مختصر آؤرج ذیل ہے۔

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

عملی کارکردگی پر ہم اپنے حصص دوران کو آگاہ کرنا چاہتے ہیں کہ ہماری خالص فروخت کی شرح میں گزشتہ سال کے اسی عرصے کے مقابلے میں چودہ فی صد کا حوصلہ افزاء اضافہ ہوا۔ ہماری مصنوعات بالخصوص جوس، ایک تسلسل سے خریدا جانے والا پراڈکٹ ہے اور تعلیمی اداروں، تفریحی مقامات، ہوائیپورٹ کی بحالی اور کوویڈ سے متعلق پابندیوں کے اٹھانے جانے کی وجہ سے ہم اپنے نمونے کے تسلسل کو برقرار رکھنے میں کامیاب رہے۔ انتظامیہ اور ملازمین کی کاوشوں اور موسم گرما کی جلد آمد کی بدولت اس سہ ماہی کے دوران کمپنی نے مصنوعات کی قیمتوں میں منطقی اضافے اور اخراجات میں بھرپور کمی کے نتیجے میں حوصلہ افزاء نتائج حاصل کیے اور مجموعی منافع میں موحاصل کی۔ تاہم پٹرولیم مصنوعات، پمپٹیز اور خام مال اور پیکیج میٹرل کی قیمتوں میں ہوش زبا اضافہ نے ادارے کے منافع کو متاثر کیا۔

مشتقبل کے امکانات:

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

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

اظہار تشکر:

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

بورڈ آف ڈائریکٹرز کی ایما و پر

H. N. Shah

ملاؤں اسے شاہ نواز

چیف ایگزیکٹو

Muhammad

منیر نواز

چیمبر مین

لاہور

26 اپریل 2022ء

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

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

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


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

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

| | Capital Reserve | Revenue Reserve | | | | Total |
|--------------------|-----------------|-----------------|-----------------|--|--------------------------------|-------|
| | Share Capital | Merger Reserve | General Reserve | Unrealized gain / (loss) on remeasurement of Investments | Unappropriated profit / (loss) | |
| Rupees in thousand | | | | | | |

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

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

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

Nine-month period ended
31 March

2022 2021
Rupees in thousand

CASH FLOWS FROM OPERATING ACTIVITIES

Cash generated from operations:

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

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

Decrease / (increase) in current assets:

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

Increase / (decrease) in current liabilities:

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

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

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

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

CASH FLOWS FROM INVESTING ACTIVITIES

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

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

CASH FLOWS FROM FINANCING ACTIVITIES

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

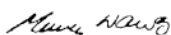
Net cash flows (used in) / from financing activities **(228,809)** 250,412

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

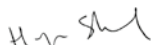
Cash and cash equivalents at the beginning of the period **154,955** 202,541

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

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



Director



Chief Executive



Chief Financial Officer

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

1. THE COMPANY AND ITS OPERATIONS

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

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

2 STATEMENT OF COMPLIANCE

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

5. SEASONALITY OF OPERATIONS

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

6. PROPERTY, PLANT AND EQUIPMENT

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

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

7. LONG-TERM INVESTMENT

Quoted Modaraba - fair value through OCI

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

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

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

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

8.1 Loans from banking institutions - secured

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

8.1.1 This represents long term loan obtained from a commercial bank, payable in five equal semi-annual installments with a grace period of six months. The rate of mark-up is 3 months KIBOR + 0.25% per annum payable semi-annual. The facility is secured against a first exclusive registered charge on the plant and machinery up to Rs. (thousand) 733,334.

8.1.2 These represent loans obtained under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns (the Scheme) offered by State Bank of Pakistan to mitigate the effect of COVID-19 on employment in Pakistan. The facilities have an aggregate sanctioned limit of Rs. 170 million each and are repayable in eight quarterly installments with a grace period of six months each. The rates of markup are SBP plus 1.95% and 0.45% per annum payable quarterly, respectively. The facilities are secured against initial ranking charge on plant and machinery up to Rs. 227 million each. The difference between cash received and present value of cash outflow upon initial recognition has been recognized as deferred grant in accordance with the Circular No. 11 / 2020 dated 17 August 2020 issued by the Institute of Chartered Accountants of Pakistan.

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

9. SHORT-TERM BORROWINGS - SECURED

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

The rate of mark-up / interest on short-term borrowings ranges between 1 month / 3 months KIBOR plus 0.05% to 1 month / 3 months KIBOR plus 0.50% per annum (30 June 2021: 1 month / 3 months KIBOR plus 0.05% to 1 month / 3 months KIBOR plus 0.50% per annum), payable quarterly.

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

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

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

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

10.2 Commitments

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

(Un-Audited)

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

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

12. NON TRANSFER OF BONUS SHARES TO INDIVIDUAL SHAREHOLDERS

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

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

13. TRANSACTIONS WITH RELATED PARTIES

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

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

14. SEGMENTAL ANALYSIS

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive. The Chief Executive considers the business from the product perspective and evaluates performance on the basis of their profit or loss. As at 31 March 2022 (Un-audited), the Company is organized into two operating segments based on their products.

Juice drinks

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

Others

Others include pickles, ketchup, sauces, jams etc.

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

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

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

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

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

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

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

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

15. DATE OF AUTHORIZATION FOR ISSUE

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

16. GENERAL

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



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