



ANNUAL REPORT 2023



OUR VISION

To be known as leader of quality products in the region.

Dedication to quality is a way of life at our Company, so much so that it goes far beyond rhetorical slogans. It is the objective of Shezan International Limited to produce and provide products and services of the highest quality. In its activities the Company will pursue goals aimed at the achievement of quality excellence and succeed as a profitable business. These results will be derived from the dedicated efforts of each employee in conjunction with supportive participation from management at all levels of the Company.

To play its role in the economic development of the country and to enhance quality of life of its people.

OUR MISSION

Our mission is to provide the highest quality fruit and vegetable related juices and products to retail and food service customers.

We want to be the recognized industry leader in quality and service, providing more than expected for our customers, employees and stakeholders.

We will accomplish this by maintaining a tradition of pride in our products, growth through innovation, integrity in the management of our business, commitment to Team Management and the Quality Improvement Process.



CONTENTS

Company Information	03
Notice of Annual General Meeting	04
Review Report by the Chairman	08
Directors' Report to the Members	10
Corporate Social Responsibility	22
Pattern of Shareholding	24
Six Years Review at a Glance	27
Independent Auditor's Review Report	30
Statement of Compliance	31

Independent Auditor's Report	33
Statement of Financial Position	37
Statement of Profit or Loss	38
Statement of Comprehensive Income	39
Statement of Changes in Equity	40
Statement of Cash Flows	41
Notes to the Financial Statements	42
Proxy Form	83

Shezan

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HALAL

An ISO 9001, ISO 22000
& 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	(Independent Director)
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:

- 56 - Bund Road, Lahore - 54500.
Phones: (042) 37466900-04.
Faxes: (042) 37466899 & 37466895.
E-mail: shezan@brain.net.pk
- Plot No. L-9, Block No. 22,
Federal "B", Industrial Area, Karachi-75950.
Phones: (021) 36344722-23.
Fax: (021) 36313790.
E-mail: shezan@cyber.net.pk
- Plot No. 33-34, Phase III,
Hattar Industrial Estate, Hattar - 66210
Phones: (0995) 617158 & 617343.
Fax: (0995) 617342.
E-mail: sil-htr@shezan.com

Website:

www.shezan.com

Auditors:

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

Share Registrar:

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

Legal Advisors:

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

Bankers:

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

NOTICE OF ANNUAL GENERAL MEETING

The 60th Annual General Meeting of the Company will be held on 24 October 2023 at 11:00 a.m., at Company's Registered Office, 56-Bund Road, Lahore and virtually (via video-link "Zoom"). Instructions with regard to participation appear in the notes below. The AGM is being held to transact the following businesses:

A. ORDINARY BUSINESS

1. To confirm the minutes of the Extraordinary General Meeting of the Company held on 22 June 2023.
2. To receive and adopt the Audited Financial Statements of the Company for the year ended 30 June 2023 together with the Directors' and Independent Auditors' Report thereon.
3. To consider and, if thought fit, approve the cash dividend @ Rs. 2/- per share, i.e., 20%, as recommended by the Board of Directors, for the year ended 30 June 2023.
4. To appoint External Auditors of the Company and to fix their remuneration. The shareholders are hereby notified that the Board of Directors has recommended the name of BDO Ebrahim & Co., Chartered Accountants, for appointment as external auditor of the Company for the year ending 30 June 2024.

B. SPECIAL BUSINESS

5. To ratify the transactions carried out by the Company with related parties disclosed in the Financial Statements for the year ended 30 June 2023 by passing the following resolution with or without modification as a special resolution:

"RESOLVED THAT all related parties' transactions carried out by the Company as disclosed in Note No. 36 of the Financial Statements of the Company for the year ended 30 June 2023 be and are hereby noted, ratified, and approved."

6. To approve potential transactions with related parties intended to be carried out in the financial year 2023-24 and to authorize the Board of Directors of the Company to carry out such related parties' transactions at its discretion from time to time, irrespective of the composition of the Board of Directors.

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

"RESOLVED THAT in accordance with the policy approved by the Board and subject to such conditions as may be specified from time to time, the Company be and is hereby authorized to carry out transactions with the related parties for the fiscal year 2023-24."

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

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

C. ANY OTHER BUSINESS

7. To transact any other business with the permission of the Chair.

STATEMENT OF MATERIAL FACTS

Under section 134(3) of the Companies Act, 2017

A Statement required under this section relating to Special Business of agenda items No. 5 to No. 6 are appended to the Notice of this Meeting being sent to the shareholders of the Company.

By order of the Board



Khurram Babar
Company Secretary

Lahore:
28 September 2023.

Notes:

1. BOOK CLOSURE

The share transfer books of the Company will remain closed from 18 October 2023 to 24 October 2023 (both days inclusive). Physical/CDC transfers received in order at the Shares Registrar, M/s. Corplink (Private) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore and email Corplink786@gmail.com by the close of business on 17 October 2023 will be treated in time for determining the transferees to attend, speak and vote at the meeting.

2. PARTICIPATION THROUGH VIDEO CONFERENCE FACILITY

Shareholders interested in attending the Annual General Meeting (AGM) through video link facility ("Zoom" which can be downloaded from Google Play or Apple App Store) are requested to get themselves registered with the Company Secretary's office at least two (02) working days before the holding of the time of AGM at meetings@shezan.com by providing the following details:

Name of Shareholder	CNIC No.	Folio No.	Cell No.	Email Address

- Upon receipt of the above information from interested shareholders, the Company will send the login details to their email addresses.
- On AGM Day, the shareholders will be able to log in and participate in the AGM proceedings through their smartphone or computer devices from their any convenient location.
- The login facility will be opened thirty (30) minutes before the meeting time to enable the participants to join the meeting after the identification process and verification process.

3. APPOINT PROXY

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on his/her behalf. Form of proxies, in order to be valid, must be received at the Registered Office of the Company, Shezan International Limited, 56 Bund Road, Lahore, not less than forty eight (48) hours before the meeting.

No person shall act as proxy unless he/she is a member of the Company, except that a corporation may appoint a person who is not a Member. The signature of the shareholder on the proxy form must agree with the specimen signature registered with the Company.

4. INFORMATION REQUIRED FROM SHAREHOLDERS

Shareholders are requested to immediately notify the Company of any change in their address to our Share Registrar, M/s. Corplink (Private) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore and email Corplink786@gmail.com.

In order to comply with the requirement of the Securities & Exchange Commission of Pakistan (SECP) SRO 19(I) / 2014 dated 10 January 2014 & SRO 275(I) / 2016 dated 31 March 2016, those Shareholders who have not yet submitted attested copy of their valid CNIC, are once again requested to provide the same with their folio number to the Company Share Registrar.

5. GUIDELINES TO GENERAL MEETING FOR CDC ACCOUNT HOLDERS

CDC account holders will further have to follow the under-mentioned guidelines as laid down by the Securities & Exchange Commission of Pakistan.

(A) For attending the meeting:

- i. In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate identity by showing their original National Identity Card (CNIC) or original passport at the time of attending the meeting.
- ii. In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature of the nominee shall be produced (unless, it has been provided earlier) at the time of attending the meeting.

(B) For appointing proxies:

- i. In case of individuals, the account holder or sub-account holder and / or the persons whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- ii. Attested copies of CNIC or the Passport of the beneficial owners and the proxy shall be furnished with the Proxy Form.
- iii. The proxy shall produce his/her original CNIC or Passport at the time of the meeting.
In case of Corporate entity, the Board of Directors' Resolution / Power of Attorney with Specimen signature of the person nominated to present any vote on behalf of corporate entity, shall be submitted (unless, it has been provided earlier) along with the Proxy Form to the Company.

6. WITHHOLDING TAX ON DIVIDENDS

In pursuance of applicable tax laws with regards to the deduction of income tax for cash dividend, the rates of deduction of the income tax, under section 150 of the Income Tax Ordinance, 2001 are as follows:

- i. Rate of tax deduction for filer of income tax returns is 15%
- ii. Rate of tax deduction for non-filer of income tax returns is 30%

All the shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of the Federal Board of Revenue (FBR), despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date of issuance of dividend warrants, otherwise tax on their dividend will be deducted @ 30% instead of 15%. As per FBR's clarification, the valid Exemption Certificate under Section 159 of the Income Tax Ordinance, 2001 is mandatory to claim exemption of withholding tax under Clause 47B of Part-IV of Second Schedule to the Ordinance. Those who fall in the category mentioned in above clause must provide valid Income Tax Exemption Certificate to our Share Registrar; otherwise income tax will be deducted on dividend amount as per rates prescribed in Section 150 of the Ordinance.

In case of joint account, each account holder is to be treated individually as either a filer or a non-filer and income tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing as follows, to the Company by sending following details on the registered address of the Company and the members who have deposited their shares into Central Depository Company of Pakistan Limited (CDC) are requested to send a copy of detail regarding income tax payment status also to the relevant member of stock exchange and CDC, if maintaining CDC investor account, or if no notification, each joint holder shall be assumed to have equal number of shares.

Company Name	Folio / CDS Account No.	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

The CNIC number / NTN detail is now mandatory and is required for checking the income tax status as per the Active Taxpayers List (ATL) issued by the Federal Board of Revenue (FBR) from time to time.

7. PAYMENT OF DIVIDENDS TO SHAREHOLDERS

In accordance with the provisions of Section 242 of the Companies Act, 2017 and the Companies (Distribution of Dividends) Regulations, 2017, it is mandatory for a listed company to pay cash dividends to its shareholders ONLY through electronic mode directly into the bank account designated by the entitled shareholders. In compliance with the said law, in order to receive your future dividends directly in your Bank account, you are required to provide the information mentioned on the Form placed on the Company's website www.shezan.com and send the same to your brokers/the Central Depository Company Limited, if the shares are held in the electronic form or to the Company's Shares Registrar if the shares are held in paper certificate form. The Company's Share Registrar's address is M/s. Corplink (Private) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore, and email: Corplink786@gmail.com.

8. UNPAID DIVIDEND

An update list of unclaimed dividend / shares of the Company is available on the Company's website. These are unclaimed dividend / shares which have remained unclaimed or unpaid for a period of three (3) years from the date these have become due and payable. Claims can be lodged by shareholders on claim forms as these are available on the Company's website. Claims forms must be submitted to the Company's Share Registrar, M/s. Corplink (Private) Limited for receipt of dividends / shares.

9. CONVERSION OF PHYSICAL SHARES INTO BOOK ENTRY FORM

The SECP through its letter No. CSD/ED/Misc/2016- 639-640 dated 26 March 2021 has advised listed companies to adhere to provisions of Section 72 of the Companies Act, 2017 by replacing physical shares issued by them into book entry form.

The shareholders of Shezan International Limited having physical folios / share certificates are requested to convert their shares from physical form into book-entry form as soon as possible. The shareholders may contact their Broker, CDC Participant or CDC Investor Account Service Provider for assistance in opening a CDS Account and subsequent conversion of the physical shares into book-entry form. It would facilitate the shareholders in many ways including safe custody of shares, avoidance of formalities required for the issuance of duplicate shares, etc. For further information and assistance, the shareholders may contact our Share Registrar, M/s. Corplink (Private) Limited.

10. POSTAL BALLOT/E-VOTING

Pursuant to Companies (Postal Ballot) Regulations, 2018 for the purpose of approval of any agenda item at the General Meeting(s), shareholders will be allowed to exercise their right to vote through postal ballot that is voting by post, or e-voting, in the manner and subject to conditions contained in the Companies (Postal Ballot) Regulations, 2018.

11. TRANSMISSION OF ANNUAL REPORT

- In terms of approval of the shareholders of the Company in their Extraordinary General Meeting held on 22 June 2023 and pursuant to SECP's Notification No. SRO 389(1)/2023 dated 21 March 2023, the Annual Report for the financial year ended on 30 June 2023 of the Company containing inter alia the audited financial statements, auditors' report, directors, and chairman's reports thereon may be viewed and downloaded by following the QR code and weblink as given under:

WEBLINK	QR CODE
https://shezan.com/investor-information/	

- The Annual Report has also been emailed to those shareholders who have provided their valid email address to the Company.
 - The shareholders who wish to receive a hard copy of the Annual Report may send to the Company Secretary / Share Registrar, the Standard Request Form available on the website of the Company www.shezan.com. The Company then will provide a free-of-cost hard copy of the Annual Report to the shareholders within one week of the request.
- 12.** The notice of the Annual General Meeting along with the statement of material facts under section 134(3) of the Companies Act, 2017 has been placed on the website of the Company www.shezan.com in addition to its dispatch to the shareholders.

REVIEW REPORT BY THE CHAIRMAN

Dear Shareholders, I am pleased to share with you an overview of your Company's performance for the fiscal year ended 30 June 2023. Nevertheless, facing a challenging economic environment, we remained committed to deliver value to our shareholders. The economic landscape of Pakistan witnessed a multitude of events that contracted the economy including import restrictions, rupee devaluation, higher financing costs, expensive energy, and domestic economic and political instability, resulting in a GDP growth rate of 0.5% in financial year 2023, a significant decline from the previous year's 6%.

The imposition of 10% Federal Excise Duty on sugary fruit juices in Finance (Supplementary) Act, 2023, which was later increased to 20% in the Budget in June 2023, will affect the purchasing power of the consumer, thus adversely impacting the sales volume of the juice manufacturing companies. If this regulatory challenge persists, there is fear that juice manufacturing companies will not be in a position any more to pass on its impact to the consumers thus could be compelled to even shutdowns their operations.

The finance cost of the working capital component has increased significantly due to the upward revision of 825 basis points in policy rates by the State Bank of Pakistan during the period, bringing it to a cumulative of 2200 basis points. The working capital borrowings were made to stock the seasonal fruits, pulps, and packaging materials specially Tetrapak paper to fulfill the annual sales demand of our products. The policy rates are further expected to increase in future.

Despite this turbulent business and political environment, the Company managed to register a modest performance in terms of sales revenue.

During the year, the Company has paid Rs. 2.223 billion to the national exchequer on account of different levies, including sales tax, federal excise duty and income tax reflecting our participation in the national economy.

Our Board comprises of directors with varied backgrounds having rich experience in the fields of business, finance and investment. The Board sets the overall strategy and direction for the management to manage the Company. The Board oversees the conduct of the business and takes on the role of governance to make decisions about the direction of the Company, oversight of the business, strategic planning, decision-making, risk, and control framework, regulatory compliance, and financial planning to protect and enhance Company's long-term and strategic value. The Board has an evaluation process to assess its performance as well as governance areas as required under the Code of Corporate Governance.

The Board is assisted by its various committees. The Audit Committee reviews the financial statements and ensures that the financial statements fairly represent the financial position of the Company. It also ensures the effectiveness of internal controls. The Human Resource Committee overviews the human resource policy framework and recommends the selection and compensation of senior management.

During the year, the fresh election of Directors of the Company was held on 22 June 2023 in pursuance of the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the new Board has been elected for the next term of three years starting from 28 June 2023.

I would like to appreciate the overall performance of the outgoing members of the Board during their term. They provided strategic directions to the management and always remained available for guidance. I also acknowledge the commitment and diligence of fellow Directors during the year under review and thank our Chief Executive Officer and his team for their concerted efforts.

During the year, Mr. Abdul Hamid Dagia retired from the Board of the Company in the month of June 2023 and Mr. Ahsan Ali Malik was elected as new member on the Board in the election held in June 2023. I would like to place on record the valuable contributions made by Mr. Abdul Hamid Dagia during his tenure as member of the Board. Moreover, I welcome Mr. Ahsan Ali Malik and look forward to his invaluable contribution to the Board.

I welcome the new Board of Directors and wish to extend my prayers to Almighty Allah to guide/help the Board members to achieve the desired objectives to take the Company to new levels of excellence.

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



Muneer Nawaz

Chairman

Lahore:

28 September 2023.

چیمبرمین جائزہ رپورٹ

عزیز بھص کنڈگان میں آپ کے سامنے 30 جون 2023 کو ختم ہونے والے مالی سال کیلئے آپ کی کمپنی کی کارکردگی کا ایک جائزہ پیش کر رہا ہوں۔ ایک مشکل معاشی ماحول کے باوجود ہم اپنے حصص کنندگان کی خدمت کے لئے پرعزم ہیں۔ پاکستان کی معیشت کو بہت سے مسائل کا سامنا رہا اور معیشت کا حجم کم رہا۔ ان میں درآمدی پابندیاں، روپے کی قدر میں کمی، زیادہ مالیاتی لاگت، مہنگی توانائی، ملکی اقتصادی اور سیاسی عدم استحکام شامل ہیں، جن کے نتیجے میں مالی سال 2023ء میں جی ڈی پی کی شرح نمو 0.5 فیصد رہی، جو پچھلے سال کے 6 فیصد سے نمایاں طور پر کم ہے۔

فنانس (سپلیمنٹری) ایکٹ 2023ء میں چینی والے پھلوں کے جوس پر 10 فیصد فیڈرل ایکسائز ڈیوٹی کا نفاذ ہوا، جسے بعد میں جون 2023ء کے بجٹ میں 20 فیصد تک بڑھا دیا گیا جو یقیناً صارفین کی قوت خرید کو بڑی طرح متاثر کرے گا اور جوس کی فروخت کے حجم پر منفی اثر ڈالے گا۔ جوس بنانے والی کمپنیوں پر اگر یہ ریگولیٹری چیلنج برقرار رہتا ہے تو اس بات کا خدشہ ہے کہ جوس بنانے والی کمپنیاں مزید اس قابل نہیں ہوں گی کہ وہ اس کے اثرات کو صارفین تک منتقل کر سکیں، اس طرح کاروبار کو بند کرنے پر بھی مجبور ہو سکتی ہیں۔

اس مدت کے دوران بینک دولت پاکستان کی جانب سے پالیسی ریٹ میں 825 بیس پوائنٹس اضافہ کیا گیا اور اس کو مجموعی طور پر 2200 بیس پوائنٹس پر لایا گیا جس سے ورکنگ کپینٹل کی مالیاتی لاگت میں نمایاں اضافہ ہوا۔ ورکنگ کپینٹل قرضے ہماری مصنوعات کی سالانہ فروخت کی طلب کو پورا کرنے، خام اور پیکجنگ مال خاص طور پر پلپ، چینی اور ٹیڑا ایک ہیپر کو ذخیرہ کرنے کیلئے لیے گئے تھے۔ مستقبل میں پالیسی ریٹ میں مزید اضافہ متوقع ہے۔

اس نامساعد کاروباری اور سیاسی ماحول کے باوجود کمپنی پچھلے سال کے مقابلے میں بیلز ریونیو کے لحاظ سے مستحکم کارکردگی دکھانے میں کامیاب رہی۔ ہمارے بورڈ آف ڈائریکٹرز میں نہایت تجربہ کار ڈائریکٹرز شامل ہیں جو کاروباری، مالیاتی اور سرمایہ کاری کے میدان میں وسیع مہارت رکھتے ہیں۔ بورڈ کمپنی کو چلانے کے لئے انتظامیہ کی مجموعی حکمت عملی اور سمت کا تعین کرتا ہے۔ بورڈ کاروبار کے امور کی نگرانی کرتا ہے اور کمپنی کی سمت، کاروبار کی نگرانی، منصوبہ بندی، فیصلہ سازی، رسک اور کنٹرول فریم ورک، قانونی تقاضوں کی تکمیل اور مالی منصوبہ بندی کے لئے سرپرست اعلیٰ کا کردار ادا کرتا ہے۔ کوڈ آف کارپوریٹ گورننس کے تحت بورڈ نے اپنی کارکردگی گورننس کا جائزہ لینے کے لئے ایک مربوط نظام وضع کیا ہوا ہے۔

بورڈ کی سربراہی میں مختلف کمیٹیاں کام کرتی ہیں۔ آڈٹ کمیٹی مالیاتی گوشواروں کا جائزہ لیتی ہے اور اس بات کو یقینی بناتی ہے کہ مالیاتی رپورٹس کمپنی کی مالیاتی حیثیت کو بہتر انداز میں ظاہر کریں۔ یہ کمیٹی انٹرنل کنٹرولز کی افادیت کو بھی یقینی بناتی ہے۔ ایومن ریورس کی کمیٹی ایومن ریورس کی پالیسی کے فریم ورک کا جائزہ لیتی ہے اور سینئر انتظامیہ کے چناؤ اور معاوضہ کی سفارشات دیتی ہے۔ سال کے دوران، کمپنی کے ڈائریکٹرز کا تازہ انتخاب 22 جون 2023ء کو لکھنؤ کپینیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019ء کے تقاضوں کے مطابق ہوا اور تین سال کی اگلی مدت کیلئے نئے بورڈ کا انتخاب کیا گیا جس نے 28 جون 2023ء سے کام شروع کیا ہے۔

میں بورڈ کے سبکدوش ہونے والے ممبران کی ان کی مدت کے دوران مجموعی کارکردگی کو سراہنا چاہوں گا۔ انہوں نے انتظامیہ کو اسٹریٹجک ہدایات فراہم کیں اور ہمیشہ رہنمائی کیلئے دستیاب رہے۔ میں زیر جائزہ سال کے دوران ساتھی ڈائریکٹرز کے عدم اور مستعدی کا بھی اعتراف کرتا ہوں اور چیف ایگزیکٹو آفیسر اور ان کی ٹیم کی مشترکہ کوششوں کیلئے شکریہ ادا کرتا ہوں۔ سال کے دوران، جناب عبدالحمید ڈاگیا جون 2023ء کے مہینے میں ہماری کمپنی کے بورڈ سے ریٹائر ہوئے اور جون 2023ء میں ہونے والے انتخاب میں جناب احسن علی ملک کو بورڈ کے نئے رکن کے طور پر منتخب کیا گیا۔ ہم بورڈ کے ممبر کی حیثیت سے جناب عبدالحمید ڈاگیا کے دور میں کی گئی گرانقدر خدمات کو خراج تحسین پیش کرتے ہیں۔ ہم جناب احسن علی ملک کو بورڈ میں شمولیت اختیار کرنے کا خیر مقدم کرتے ہیں اور کمپنی کے لئے ان کی گرانقدر خدمات کے منتظر ہیں۔

میں نئے بورڈ آف ڈائریکٹرز کا خیر مقدم کرتا ہوں اور اللہ رب العزت سے دعا گو ہوں کہ وہ میری اور نئے بورڈ ممبران کی رہنمائی فرمائے تاکہ کمپنی کو اعلیٰ سطح پر لے جانے کیلئے مطلوبہ مقاصد حاصل کرنے میں کامیاب ہو سکیں۔

آخر میں اس موقع کا فائدہ اٹھاتے ہوئے میں کمپنی کے ملازمین اور ایسوسی ایٹس کی کمپنی کے لئے کی گئی مخلصانہ خدمات کو سراہتا ہوں۔

Muhammad Nawaz

منیر نواز

چیمبرمین

لاہور:

28 ستمبر 2023ء۔

DIRECTORS' REPORT TO THE MEMBERS

On behalf of the Board of Directors of Shezan International Limited, we are pleased to present the Directors' Report together with the Audited Financial Statements of the Company for the year ended 30 June 2023.

ECONOMIC OVERVIEW

Macro-Economic conditions remained grim during the fiscal year. The current account deficit decreased as compared to the same period last year mainly as a result of curtailed imports on back of restrictions and slowed down economic activity, while exports and foreign remittances remained sluggish.

A prolonged period of global inflation and political instability in the country, coupled with increasing cost of funding have negatively impacted the GDP growths.

The financial year ending 2023 was a challenging year for the country however, policy tightening, and adoption of stabilization strategies has yielded positive results. The current account deficit has narrowed. The improvement in current account deficit was mainly driven through the reduction in import bill. However, due to slowdown in global demand, exports and workers' remittances declined. Despite positive development in current account deficit, foreign exchange reserves held by the State Bank of Pakistan dipped below U.S Dollar 5 billion for the first time in ten years.

To maintain macroeconomic stability and regulate aggregate demand, the State Bank of Pakistan increased the benchmark interest rate to 22%, representing 825 bps increase since July 2022.

On the fiscal front, due to the slowdown in economic activity, revenue collection remained short of target. Going forward, in order to narrow the fiscal deficit, the Government has recently passed Finance Act, 2023 which has imposed further taxes on targeted segments and withdrawn certain tax credits.

The decisions and stabilization measures by the Government has navigated the country towards a sustainable path. The growth targets of 3.5% are anticipated to be met through Kissan package, industrial support, export promotion, encouragement of the IT sector, and resource mobilization efforts.

Energy and food prices have surged rapidly and threaten to remain further elevated. This is another challenge for developing economies, particularly for Pakistan.

BUSINESS OVERVIEW

During the previous financial year, the overall business in the Country contracted due to import restrictions, rupee devaluation, higher financing costs, expensive energy, and domestic economic and political instability. The economic situation in the country underwent extreme changes and remained unstable throughout the year. The profitability of manufacturing sector suffered a huge hit due to such unfavorable conditions. Though the economic conditions were not favourable, our Company has been able to continue its operations with the strategy to improve margins by increasing the standards of our products, improving

efficiency, and expanding the product base to achieve the economies of scale and optimize production capacity.

To achieve higher and sustainable economic growth, the Government will require prudent and effective economic decisions, political and economic certainty, and continuation of friendly economic policies along with enough foreign exchange financing. The recent IMF approval of the Stand-By Arrangement and other bilateral and multilateral inflows will pave the way to improve the macroeconomic environment and the confidence of market.

During the year, our management have shown keen interest in exports growth. Export department was tasked to foresee the export related activities and their major goal is to focus on increasing exports in future. Shezan's products have growth potential in countries like United Arab Emirates, United Kingdom, Saudi Arabia and United States of America.

OPERATIONAL OVERVIEW

During the period under review the average inflation reached almost to 30%. This had an adverse effect on consumers purchasing power. We will apprise our shareholders that numerous factors like market slowness, a record increase in the prices of mango pulp, tomato paste, Tetrapak paper, glass bottles (major raw and packing materials for our products), high payroll expenses because of an increase in minimum wages in the fiscal budget 2022-2023, the imposition of 10% Federal Excise Duty on sugary fruit juices in Finance (Supplementary) Act, 2023, which was later increased to 20% in the budget of June 2023, heavy urban and rural flooding in the country in July 2022, shortage of various crops of fruits and vegetables due to the flood disaster, continuous increase in the prices of POL, gas, and electricity, inflated cost of locally available raw and packaging materials and sky-high import cost due to devaluation of Pak Rupee against the U.S dollar, have adversely affected the profitability of the Company.

Despite this adverse economic scenario and continued competitiveness, the Company showed a sustainable performance. 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 10% Federal Excise Duty which was later increased to 20% in June 2023, 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.

We sustained our momentum in export sales during the period under review. Our cooked food range, Juicepak, bottled juices, and ketchup are the main contributors to export sales.

The finance cost of the working capital component has

increased significantly due to the upward revision of 825 basis points in policy rates by the State Bank of Pakistan during the period bringing it to a cumulative of 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 annual sales demand of our products.

The summarized financial results of the Company for the financial year 2023 are as follows:

	2023	2022
Particulars	Rupees in thousand	
Revenue from contracts with customers – net	8,745,424	8,169,271
Gross profit	2,080,251	1,773,398
Profit before taxation	171,803	186,403
Net profit after tax	38,765	79,919
Earning per share (Rs.)	4.01	8.27

APPROPRIATIONS

Keeping in view the satisfactory financial results, the Board of Directors has proposed a cash dividend of 20% i.e., Rs. 2/- per share.

CONTRIBUTION TO NATIONAL EXCHEQUER

During the year, the Company has paid Rs. 2.223 billion to the national exchequer on account of different levies, including sales tax, federal excise duty and income tax reflecting our participation in the national economy.

MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments affecting the financial position of the Company were observed between the end of the financial year of the Company to which the financial statements relate and the date of the report.

FUTURE PROSPECTS

The year ahead again will be challenging for the Company as the economic conditions 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, substantial devaluation of Pak Rupee as compared to U.S Dollar, rising interest rates leading to higher finance costs, mounting POL prices, big increase in the minimum wage, rapidly increasing sugar prices, 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. Specially an increase in the Federal Excise Duty from 10% to 20% in the Finance Act 2023 will further affect the purchasing power of the consumer, thus impacting the sales volume of the company.

Though no concrete measures have yet been announced by the Government to rectify the current economic conditions, and there is an uncertainty about political and socio-economic stability in the near future, yet we are hopeful that our company will perform better in the days to come as a result of increase in the demand of our products' in foreign and local markets. We are optimistic about our Company's growth prospects. We believe that our strong portfolio of brand, and continued focus on research and development, will help us in strengthening the product portfolio and capturing the growth opportunities in the market.

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

RISKS AND UNCERTAINTIES

The Company is exposed to the following risks and uncertainties:

- Inflation could increase further if economic situation in the country remains the same. It could lead to further decrease in the buying power of the consumers. The decline in the rupee value against the U.S dollar will increase our import cost.
- The ever-high inflation and record devaluation in Pak Rupee will increase the cost of locally available raw and packaging materials also and will definitely lead to increased cost of production in the future.
- Record increase in the prices of various raw materials and Tetrapak paper, a major raw and packing material for our products.
- Imposition of 10% Federal Excise Duty on sugary fruit juices in Finance (Supplementary) Act, 2023, which was later increased to 20% in the budget of June 2023, will further affect the purchasing power of the consumers if passed on to them completely, as a result of which the products will be out of reach of the common man and will have a downward impact on the sales volume of the juice manufacturing companies. If these regulatory challenges persist, companies will not be in a position any more to pass on their impact to the consumers completely.
- Expected upward revision in policy rates by the State Bank of Pakistan in the year ahead.
- Potential water charge of Rs. 1/- per liter on the extraction of ground or use of surface water:

Subsequent to the decision of the Honorable Supreme Court of Pakistan in Suo Moto case no. 26 of 2018 regarding the use of ground or surface water by bottling and beverage companies, the Company is subject to a potential water charge of Rs. 1/- per liter on the extraction of ground or surface water. The Company is actively contesting this decision of the Honorable Supreme Court of Pakistan and has filed a review petition.

Since this water charge has a huge impact therefore on the representations of various affected companies, the Supreme Court of Pakistan has issued an interim order for the payment of 25% of the bills, based on the production data of each company. In the current year's financial statements, the Company has recognized an expense of Rs. 22.58 million based on 25% of the production volume of beverages for the period from July 2022 to June 2023 in line with the Honorable Supreme Court's order. However, the remaining potential charge, the amount of which cannot be quantified since the matter is subjudice, has been recognized as a contingency.

The Company takes these risks and uncertainties as a challenge with the confidence that it has the ability and trained professional workforce to mitigate the impact of these risks and uncertainties.

INTERNAL FINANCIAL CONTROLS

A system of sound internal control is established and prevailing in the Company. The system of internal control is designed in a manner to ensure the achievement of the Company's business objectives and operational efficiency, reliable financial reporting, and compliance with various statutory laws.

FINANCIAL AND CORPORATE REPORTING FRAMEWORK

The Directors are pleased to state that the Company is complying with the provisions of the Code of Corporate Governance as required by the Securities and Exchange Commission of Pakistan (SECP).

- The financial statements prepared by the management of the Company present its state of affairs fairly, the results of its operations, cash flows, and changes in equity.
- The Company has maintained proper books of accounts.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International reporting standards, as applicable in Pakistan, have been followed in the preparation of financial statements.
- There are no doubts about the Company's ability to continue as a going concern.
- Summary of key operational and financial data for the last

six years is annexed in this annual report.

- Information about taxes and levies is given in the notes to and forming part of the financial statements.
- The fair value of investments of provident fund as at 30 June 2023 was Rs. 245 million.
- The Directors, Chief Executive, Chief Financial Officer, Company Secretary, and their spouses and minor children shareholding, and changes therein during the year are disclosed in "Categories of Shareholders".

CORPORATE INFORMATION

Composition of the Board

1) The total number of Directors are as follows:

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

2) The composition of the Board is as follows:

Independent Directors	Mr. Shahid Hussain Jatoi Mr. Nauman Khalid Mr. Ahsan Ali Malik
Other Non - Executive Directors	Mr. Muneer Nawaz Mr. M. Naeem Mr. Abid Nawaz Mr. Rashed Amjad Khalid
Executive Directors	Mr. Humayun A. Shahnawaz Ms. Manahil Shahnawaz
Female Director	Ms. Manahil Shahnawaz

Composition of the Committees

The Board has formed the following committees comprising of members as given below:

Audit Committee

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

Human Resource & Remuneration Committee

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

Terms of reference of Audit Committee and Human Resource and Remuneration Committee has been approved by the Board in line with the requirement of Code of Corporate Governance and advised to the committees for compliance.

- Consequent to Election of Directors held on 22 June

2023, the Board of Directors in their meeting held on 05 July 2023 has reconstituted Audit Committee, wherein Mr. Shahid Hussain Jatoi, an Independent Director, has been re-appointed as the Chairman of Audit Committee.

- Consequent to Election of Directors held on 22 June 2023, the Board of Directors in their meeting held on 05 July 2023 has reconstituted Human Resource and Remuneration Committee, wherein Mr. Nauman Khalid, an Independent Director, has been re-appointed as the Chairman of Human Resource and Remuneration Committee.

Changes in the Board

The following changes have taken place in the Board:

- Mr. Muneer Nawaz, Mr. M. Naeem, Mr. Rashed Amjad Khalid, Mr. Abid Nawaz, Mr. Nauman Khalid, Mr. Shahid Hussain Jatoi and Ms. Manahil Shahnawaz have been re-elected by the shareholders as Directors in election held on 22 June 2023 for a term of three (03) years commencing from 28 June 2023.
- Mr. Humayun A. Shahnawaz and Mr. Ahsan Ali Malik have been elected by the shareholders as Directors in election held on 22 June 2023 for a term of three (03) years commencing from 28 June 2023.
- Mr. Abdul Hamid Ahmed Dagia has retired on 27 June 2023 after completion of his term. We would like to place on record the valuable contributions made by Mr. Abdul Hamid Dagia during his tenure as member of the Board.
- The Board of Directors in their meeting held on 05 July 2023 has re-elected Mr. Muneer Nawaz as Chairman of the Board and re-appointed Mr. Humayun A. Shahnawaz as the Chief Executive for a term of three (03) years commencing from 05 July 2023.

Frequency of the Meetings

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

Name of Director	Number of Meetings Attended
Mr. Muneer Nawaz	4
Mr. Humayun A. Shahnawaz	3
Mr. M. Naeem	1
Mr. Abid Nawaz	4
Mr. Rashed Amjad Khalid	3
Ms. Manahil Shahnawaz	4
Mr. Shahid Hussain Jatoi	4
Mr. Abdul Hamid Ahmed Dagia	4
Mr. Nauman Khalid	4

Leave of absence was granted to the Directors, who could not attend the Board meetings.

During the year, the Audit Committee met four (04) times.

These meetings were held before the approval of the interim results of the Company by the Board of Directors and before and after the completion of the external audit. Attendance by each director was as follows:

Name of Director	Number of Meetings Attended
Mr. Shahid Hussain Jatoi	4
Mr. Muneer Nawaz	4
Mr. M. Naeem	1
Mr. Rashed Amjad Khalid	3

Leave of absence was granted to the Directors who could not attend the Audit Committee meetings.

During the year, two (02) meetings of the Human Resource and Remuneration Committee was held. Attendance by each director was as follows:

Name of Director	Number of Meetings Attended
Mr. Nauman Khalid	2
Mr. Muneer Nawaz	2
Mr. Humayun A. Shahnawaz	2
Mr. M. Naeem	-

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

RELATED PARTY TRANSACTIONS

The Directors confirm the following regarding related party transactions:

That the transactions undertaken with related parties during the year ended 30 June 2023 have been reviewed by the Audit Committee and recommended by the Board of Directors for consideration and approval by the Shareholders in the upcoming AGM.

- That the amounts or appropriate proportions of outstanding, items pertaining to related parties and receivables/payables from the related parties as on 30 June 2023 are as follows:

Name of Related Party	Payable	Receivable
	Rupees in thousand	
Shezan Services (Private) Limited	49,536/-	Nil
Shahtaj Sugar Mills Limited	Nil	350,696/-

- The Company purchases sugar from M/s. Shahtaj Sugar Mills Limited (Shahtaj) in the normal course of business. These supplies are delivered based on purchase orders. Sugar is one of the main ingredients of our finished products and our whole production schedule revolves around the availability of high-quality sugar.

The management of the Company has evaluated that it would be more appropriate to buy the sugar from Shahtaj based on a binding purchase agreement to ensure smooth and reliable supply; delivery as per a pre-determined schedule; consistent quality and proper production scheduling.

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

Particulars	Original Agreement	Changes Through Addendums	Original Agreement	Changes through Addendum
Time Period	07 February 2022 to 06 May 2022	Extended from 06 May 2022 to 06 November 2022	29 March 2023 to 28 June 2023	Extended from 28 June 2023 to 26 September 2023
Quantity	5,000 M.Ton	No change	6,000 M.Ton	No change
Total Price	Rs.358,613,000/- (Excluding sales tax)	No change	Rs.508,476,000/- (excluding sales tax)	No change
Advance	Rs. 251,029,100/- (Excluding sales tax)	No change	Rs.508,476,000/- (Excluding sales tax)	No change
Per KG Price	Rs. 71.722/Kg excluding sales tax and Rs. 84/Kg including sales tax	No change	Rs.84.76/kg excluding sales tax and Rs. 100/kg including sales tax	No change
Payment Terms	70% advance payment	No change	100% advance payment	No change
Delivery Terms	As and when required	No change	As and when required	No change

- 3) The Company has a five years' royalty agreement with M/s. Shezan Services (Pvt.) Limited starting from 01 January 2021 and ending on 31 December 2025. The royalty is to be paid at 1% on the net sales and payable on a quarterly basis.

FINANCIAL STATEMENTS

An Independent Auditor's report to the members, issued by external auditors Messrs. EY Ford Rhodes, Chartered Accountants after a due audit of financial statements of the Company, is annexed.

EVALUATION OF BOARD'S PERFORMANCE

The Board has developed a mechanism of annual performance evaluation. Every member of the Board ensures his active participation in the meetings of the Board. Detailed discussions are held on strategic matters and clear directions are provided to the management, which is regularly monitored by the Board and its committees. The Board ensures that the Company adopts the best practices of the Code of Corporate Governance. The Board also reviews the performance of business segments at each quarter to improve the low-performing segments and at the same time, further opportunities for growth are emphasized in all profitable segments. Details of the Directors' training program have been disclosed in the Statement of Compliance with the Code

of Corporate Governance.

ELECTION OF DIRECTORS

During the year, fresh election of the directors of the Company was held on 22 June 2023 in pursuance of the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the new Board has been elected for the next term of three years starting from 28 June 2023.

Mr. Muneer Nawaz has been re-elected as the Chairmen of the Board of Directors and Mr. Humayun A. Shah Nawaz has also been re-appointed as the Chief Executive Officer of the Company for the next term of three years in the Board of Directors' meeting held on 05 July 2023.

The Board of Directors wishes to assure its respectable stakeholders for the dedicated efforts to achieve success with better planning to overcome, the difficult situation being faced presently by the Company. Please extend your prayers to Almighty Allah to guide/help us to achieve the desired goals. (Ameen)

A statement under section 134(3) of the Companies Act, 2017 regarding payment of remuneration of the Chief Executive and full-time working Directors as approved by the Board and shareholders has already been circulated to all the shareholders of the Company.

The Chief Executive and Executive Director, being the Directors of the Company are interested in this matter to the extent of the remuneration payable to them.

PATTERN OF SHAREHOLDING

The Pattern of Shareholding as on 30 June 2023 and its disclosure according to the requirement of the Code of Corporate Governance is annexed to this report.

EXTERNAL AUDITORS

Messrs. EY Ford Rhodes, Chartered Accountants have completed their assignment for the year 2022-23 and will retire at the conclusion of the 60th Annual General Meeting. Messrs. BDO Ebrahim & Co. Chartered Accountants being eligible, have offered themselves for appointment. The Board of Directors, on recommendation of the Audit Committee, proposes the appointment of Messrs. BDO Ebrahim & Co. Chartered Accountants, for the year ending 30 June 2024.

REMUNERATION POLICY FOR NON-EXECUTIVE DIRECTORS

The Board from time to time reviews and determines the fee of non-executive and independent directors for attending the Board and different committees' meetings, which are subsequently presented before the shareholders in the annual general meeting for approval.

REMUNERATION OF EXECUTIVE DIRECTORS

The Remuneration of Chief Executive and Directors of the Company for the year ended 30 June 2023 in note 35 of the financial statements.

CORPORATE SOCIAL RESPONSIBILITIES

Disclosure, as required by the Corporate Social Responsibility General Order, 2009 is annexed and forms an integral part of this report.

HEALTH, SAFETY, AND ENVIRONMENT

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

As an essential service, the Company is focused on

protecting the health and well-being of its people, maintaining business continuity, and broadening its social outreach. The health and safety of our people are paramount while ensuring the security of our product supply.

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

The Company complies with all applicable rules and regulations in the formulation, manufacture, labeling, and marketing of its products and also takes active measures to reduce the discharge of hazardous waste in the environment. To remain environment friendly, the Company encourages its employees to identify potentially hazardous conditions, incorporates health and safety considerations into their daily activities, and provides training on work safety and sound environmental practices.

VOTE OF THANKS

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

For and on behalf of the board



Muneer Nawaz

Chairman

Lahore:

28 September 2023.



Humayun A. Shahnawaz

Chief Executive

اس بابت میں چیف ایگزیکٹو اور ایگزیکٹو ڈائریکٹرز بطور کمپنی کے ڈائریکٹران خود کو کی جانے والی ادا کیوں کی حد تک ہی دلچسپی رکھتے ہیں۔

حصص داران کی تفصیل:

اس رپورٹ کے ساتھ 30 جون 2023ء کی تاریخ پر حصص داران کی تفصیلات بھی کوڈ آف کارپوریٹ گورننس کے مطابق منسلک کی گئی ہے۔

بیرونی آڈیٹرز:

میسرز امی وائے فورڈ روڈز چارٹرڈ اکاؤنٹینٹس 60 واں سالانہ اجلاس عام کے اختتام پر ریٹائر ہو جائیں گے۔ میسرز بی ڈی او ابراہیم اینڈ کمپنی چارٹرڈ اکاؤنٹینٹس نے اپنے آپ کو انتخاب کے لئے پیش کیا ہے۔ بورڈ آف ڈائریکٹرز آڈٹ کمیٹی کی سفارشات پر میسرز بی ڈی او ابراہیم اینڈ کمپنی چارٹرڈ اکاؤنٹینٹس کی تقرری برائے سال 30 جون 2024ء کیلئے تجویز کرتے ہیں۔

نان ایگزیکٹو ڈائریکٹرز کے معاوضہ کی پالیسی:

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

ایگزیکٹو ڈائریکٹرز کے معاوضے:

کمپنی کے چیف ایگزیکٹو اور ڈائریکٹرز کے معاوضے کی تفصیل 30 جون 2023ء کے مالیاتی گوشواروں کے نوٹ نمبر 35 میں بیان کی گئی ہے۔

سماجی ذمہ داریاں:

جنرل آرڈر 2009ء کے مطابق تمام تفصیلات کو اس رپورٹ کا لازمی حصہ بنایا گیا ہے۔

صحت، تحفظ اور ماحول:

شیزان صحت، حفاظت اور ماحولیات (ایچ ایس ای) پر خصوصی زور دیتا ہے اور ہمارے تمام کارخانے ہماری (ایچ ایس ای) پالیسیوں کے ساتھ مکمل تعمیل کو یقینی بنانے کی کوشش کرتے ہیں۔ ایک ضروری خدمت کے طور پر کمپنی کی توجہ اپنے لوگوں کی صحت اور فلاح و بہبود کے تحفظ، کاروباری تسلسل کو برقرار رکھنے اور اپنی سماجی رسائی کو وسیع کرنے پر مرکوز ہے، ہماری مصنوعات کی فراہمی کی حفاظت کی یقینی بناتے ہوئے ہمارے لوگوں کی صحت اور حفاظت بہت اہم ہے۔ مجموعی طور پر، کمپنی کا خیال ہے کہ اس کی فعال اور جامع کوششوں کو آپریشنل اثرات کو کم کرنا چاہیے جیسا کہ کوویڈ-19 کی صورتحال میں ہوتی ہے، شیزان اپنے ملازمین کی صحت اور حفاظت اور مصنوعات کی فراہمی کے استحکام کو ترجیح دینے والے بہترین طریقوں کو اپناتا رہے گا۔

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

اظہار تشکر:

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

بورڈ کی جانب سے

H. S. Shah

ہمایوں اے شاہ نواز
چیف ایگزیکٹو

Muhammad Nawaz

منیر نواز
چیئر مین
لاہور۔

28 ستمبر 2023ء۔

متعلقہ پارٹیوں سے لین دین:

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

30 جون 2023ء کو ختم ہونے والے مالی سال کے دوران متعلقہ پارٹیوں کے ساتھ لین دین کے معاملات کی آڈٹ کمیٹی نے توثیق کی جو بورڈ آف ڈائریکٹرز کی سفارش پر منظوری کے لئے آنے والے سالانہ اجلاس عام (AGM) میں حصص داران کے سامنے پیش کی جائے گی۔

1- 30 جون 2023ء کو متعلقہ پارٹیوں کو قابل ادا / قابل وصول رقم درج ذیل ہیں۔

متعلقہ پارٹی کا نام قابل ادا رقم قابل وصول رقم

(روپے ہزاروں میں)

شیزان سروسز (پرائیویٹ) لمیٹڈ	-/49,536	-
شاہ تاج شوگر ملز لمیٹڈ	-	350,696/-

2- کمپنی عام کاروباری حالات میں شاہ تاج شوگر ملز لمیٹڈ سے چینی خریدتی ہے۔ چینی کی ترسیل آرڈر کی بنیاد پر ہوتی ہے۔ چینی ہماری مصنوعات کا اہم جزو ہے۔ اور پیداوار کا تمام جدول اعلیٰ معیار کی چینی کی موجودگی کے گرد گھومتا ہے۔

انتظامیہ نے نتیجہ اخذ کیا کہ چینی کی مسلسل اور قابل بھروسہ ترسیل کے لئے شاہ تاج شوگر ملز کے ساتھ خریداری معاہدہ کر لینا مناسب ہے اور اسی وجہ سے مندرجہ ذیل معاہدہ کیا ہے۔

تفصیلات	اصل معاہدہ	ضمیمہ کے مطابق تبدیلیاں	اصل معاہدہ	ضمیمہ کے مطابق تبدیلیاں
دورانیہ:	07 فروری 2022ء	06 مئی 2022ء	29 مارچ 2023ء	28 جون 2023ء
	06 مئی 2022ء تک	06 نومبر 2022ء	28 جون 2023ء	26 ستمبر 2023ء تک
مقدار:	5,000 میٹرک ٹن	کوئی تبدیلی نہیں	6,000 میٹرک ٹن	کوئی تبدیلی نہیں
مکمل مابیت:	358,613,000 روپے	کوئی تبدیلی نہیں	508,476,000 روپے	کوئی تبدیلی نہیں
پیشگی ادائیگی:	251,029,100 روپے	کوئی تبدیلی نہیں	508,476,000 روپے	کوئی تبدیلی نہیں
فی کلوقتیت:	71,722 روپے	کوئی تبدیلی نہیں	84,76 روپے	کوئی تبدیلی نہیں
	فی کلوقتیت 84 روپے	کوئی تبدیلی نہیں	فی کلوقتیت 100 روپے	کوئی تبدیلی نہیں
ادائیگی کی شرائط:	70% پیشگی ادائیگی	کوئی تبدیلی نہیں	100% پیشگی ادائیگی	کوئی تبدیلی نہیں
ترسیل کی شرائط:	جب اور جیسے چاہیے	کوئی تبدیلی نہیں	جب اور جیسے چاہیے	کوئی تبدیلی نہیں

3- کمپنی نے شیزان سروسز (پرائیویٹ) لمیٹڈ کے ساتھ رائٹلی کی مد میں پانچ سال کا معاہدہ کیا ہے جو کہ یکم جنوری 2021ء سے شروع ہو کر 31 دسمبر 2025ء میں ختم ہوگا۔ یہ رائٹلی خالص فروخت کا ایک فیصد ہوگی اور ہر تین ماہ بعد قابل ادا ہوگی۔

مالیاتی گوشوارے:

کمپنی کے مالیاتی نتائج غیر جانبدار آڈٹ جو کہ بیرونی آڈیٹر زیمسز ای وائے فورڈ رھوڈز چارٹرڈ اکاؤنٹنٹس نے غیر جانبدار آڈیٹر ز رپورٹ حصص داران کے لئے جاری کی ہے جو کہ سالانہ رپورٹ کے ساتھ منسلک ہیں۔

بورڈ کی کارکردگی کا جائزہ:

بورڈ نے سالانہ کارکردگی کے جائزہ کے لئے ایک طریقہ کار بنایا ہوا ہے۔ بورڈ کا ہر عہدیدار بورڈ میٹنگز میں فعال شمولیت کو یقینی بناتا ہے۔ اسٹریٹجک معاملات پر تفصیلی بات چیت ہوتی ہے اور انتظامیہ کو واضح ہدایات دی جاتی ہیں۔ جن کی بورڈ اور اس کی کمیٹیاں تسلسل کے ساتھ نگرانی کرتی ہیں۔ بورڈ اس بات کو یقینی بناتا ہے کہ کمپنی کارپوریٹ گورننس کے بہترین اصول اپنائے۔ بورڈ ہر سہ ماہی پر اس مقصد کے ساتھ کہ کم کارکردگی دکھانے والے کاروباری شعبوں کو بہتر کیا جاسکے، تمام کاروباری شعبوں کی کارکردگی کا جائزہ لیتا ہے۔ اس کے ساتھ ساتھ تمام منافع بخش (کاروباری) شعبوں میں مزید نمو کے مواقع تلاش کرنے پر زور دیتا ہے۔ کوڈ آف کارپوریٹ گورننس کی وضع کردہ سٹیٹ میٹ آف کمپلائنس میں ڈائریکٹرز کی تربیت کی تفصیلات دی گئی ہیں۔

ڈائریکٹرز کا انتخاب:

سال کے دوران، کمپنی کے ڈائریکٹرز کا تازہ انتخاب 22 جون 2023ء کو لکھنؤ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019ء کے مطابق ہوا اور تین سال کی اگلی مدت کے لیے نئے بورڈ کا انتخاب کیا گیا جو 28 جون 2023ء سے شروع ہوا۔ 05 جولائی 2023ء کو منعقد میٹنگ میں جناب منیر نواز دوبارہ بورڈ آف ڈائریکٹرز کے چیئرمین منتخب ہو گئے ہیں اور جناب ہمایوں اے شاہ نواز کو بھی بورڈ آف ڈائریکٹرز میں تین سال کی اگلی مدت کے لیے کمپنی کے چیف ایگزیکٹو آفیسر کے طور پر دوبارہ تعینات کیا گیا ہے۔

بورڈ آف ڈائریکٹرز اپنے معزز حصص داران کو یقین دہانی کراتا ہے کہ کامیابی کے حصول کیلئے بھرپور کوشش اور بہتر منصوبہ بندی کے ذریعے کمپنی موجودہ مشکل صورتحال پر قابو پالے گی۔ ہم اللہ تعالیٰ سے دعا گو ہیں کہ وہ ہماری مطلوبہ اہداف کے حصول میں رہنمائی فرمائے۔ (آئین) کمپنیز ایکٹ 2017ء کے سیکشن 134(3) کے تحت بورڈ اور حصص داران کے ذریعے منظور شدہ چیف ایگزیکٹو اور کل وقتی کام کرنے والے ڈائریکٹرز کے معاوضے کی ادائیگی کے بارے میں کمپنی نے حصص داران کو پہلے ہی آگاہ کر دیا ہے۔

آڈٹ کمیٹی اور ہیومن ریسورس اینڈ ریمونیشن کمیٹی کی شرائط کو بورڈ نے کوڈ آف کارپوریشن گورننس کی ضرورت کے مطابق منظور کیا ہے اور کمیٹیوں کو تعمیل کے لیے مشورہ دیا ہے۔

● 22 جون 2023ء کو ہونے والے ڈائریکٹرز کے انتخاب کے نتیجے میں، بورڈ آف ڈائریکٹرز نے 05 جولائی 2023ء کو ہونے والے اپنے اجلاس میں آڈٹ کمیٹی کی تشکیل نو کی ہے، جس میں ایک آزاد ڈائریکٹر جناب شاہد حسین جتوئی کو دوبارہ آڈٹ کمیٹی کا چیئرمین مقرر کیا گیا ہے۔

● 22 جون 2023ء کو ہونے والے ڈائریکٹرز کے انتخاب کے نتیجے میں، بورڈ آف ڈائریکٹرز نے 05 جولائی 2023ء کو ہونے والے اپنے اجلاس میں ہیومن ریسورس اینڈ ریمونیشن کمیٹی کی تشکیل نو کی ہے، جس میں ایک آزاد ڈائریکٹر جناب نعمان خالد کو دوبارہ ہیومن ریسورس اینڈ ریمونیشن کمیٹی کا چیئرمین مقرر کیا گیا ہے۔

بورڈ میں تبدیلیاں:

بورڈ میں درج ذیل تبدیلیاں ہوئی ہیں۔

1- جناب منیر نواز، جناب ایم نعیم، جناب راشد امجد خالد، جناب عابد نواز، جناب نعمان خالد، جناب شاہد حسین جتوئی اور محترمہ منال شاہ نواز کو شیئر ہولڈرز نے 22 جون 2023ء کو ہونے والے ڈائریکٹرز کے انتخاب میں 28 جون 2023ء سے شروع ہونے والی تین (03) سال کی مدت کے لیے دوبارہ بطور ڈائریکٹر منتخب کیا ہے۔

2- جناب ہمایوں اے شاہ نواز اور جناب احسن علی ملک کو 22 جون 2023ء کو ہونے والے الیکشن میں شیئر ہولڈرز نے 28 جون 2023ء سے شروع ہونے والی تین (03) سال کی مدت کے لیے بطور ڈائریکٹر منتخب کیا ہے۔

3- جناب عبدالحمید احمد ڈاگیا اپنے فرائض کی مدت پوری ہونے کے بعد 27 جون 2023ء کو ریٹائر ہو گئے ہیں۔ ہم جناب عبدالحمید احمد ڈاگیا کی کمپنی کے لئے کی گئی گرانقدر خدمات کو خراج تحسین پیش کرتے ہیں۔

4- بورڈ آف ڈائریکٹرز نے 05 جولائی 2023ء کو ہونے والے اپنے اجلاس میں جناب منیر نواز کو دوبارہ بورڈ کا چیئرمین منتخب کیا ہے اور جناب ہمایوں اے شاہ نواز کو 05 جولائی 2023ء سے شروع ہونے والی تین سال کی مدت کے لیے چیف ایگزیکٹو کے طور پر دوبارہ مقرر کیا ہے۔

اجلاس کی تفصیل:

اس سال کے دوران بورڈ آف ڈائریکٹرز کے چار (04) اجلاس منعقد ہوئے۔ اجلاس میں حاضرین کی تفصیل درج ذیل ہے۔

ڈائریکٹر کا نام	اجلاس میں شرکت کی تعداد
جناب منیر نواز	4
جناب ہمایوں اے شاہ نواز	3
جناب ایم نعیم	1
جناب عابد نواز	4
جناب راشد امجد خالد	3
محترمہ منال شاہ نواز	4
جناب شاہد حسین جتوئی	4
جناب عبدالحمید احمد ڈاگیا	4
جناب نعمان خالد	4

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

اس سال کے دوران آڈٹ کمیٹی کے چار (04) اجلاس ہوئے۔ یہ اجلاس وسط مدتی نتائج کی تصدیق بورڈ آف ڈائریکٹرز کی طرف سے اور بیرونی آڈٹ کے مکمل ہونے سے پہلے اور بعد میں منعقد ہوئے حاضرین کی اجلاس میں شرکت کی تفصیل درج ذیل ہے:

ڈائریکٹر کا نام	اجلاس میں شرکت کی تعداد
جناب شاہد حسین جتوئی	4
جناب منیر نواز	4
جناب ایم نعیم	1
جناب راشد امجد خالد	3

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

اس سال کے دوران ہیومن ریسورس اور معاوضہ کمیٹی کے دو (02) اجلاس منعقد ہوئے، جس میں حاضرین کی تفصیل درج ذیل ہے۔

ڈائریکٹر کا نام	اجلاس میں شرکت کی تعداد
جناب نعمان خالد	2
جناب منیر نواز	2
جناب ہمایوں اے شاہ نواز	2
جناب ایم نعیم	-

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

بہت زیادہ مالی اثر پڑتا ہے، اس لیے متاثرہ کمپنیوں کی گزارشات پر سپریم کورٹ آف پاکستان نے ہر کمپنی کے پیداواری اعداد و شمار کی بنیاد پر 25 فی صد بلوں کی ادائیگی کا عبوری حکم جاری کیا ہے۔ موجودہ مالیاتی نتائج میں ادارے نے 22.58 بلین روپے کے اخراجات ٹا ہر کیے ہیں۔ جو کہ سپریم کورٹ آف پاکستان کے عبوری حکم کے مطابق جولائی 2022ء سے جون 2023ء تک کی مشروبات کی 25 فی صد کے پیداواری حجم پر مبنی ہے۔ تاہم بقایا جات جن کے حجم کا تعین ابھی ممکن نہیں کیونکہ معاملہ ابھی زیر غور ہے۔

کمپنی ان خطرات کو اس اعتماد کے ساتھ ایک چیلنج کے طور پر قبول کرتی ہے کہ ہمارے پاس ان خطرات کے اثرات کو کم کرنے کے لئے صلاحیت اور تربیت یافتہ پیشہ وارانہ افرادی قوت موجود ہے۔

اندرونی مالیاتی کنٹرول:

کمپنی میں ایک مضبوط اندرونی محاسبے کا نظام قائم کیا گیا ہے جو کہ کمپنی میں ہر شعبے میں رائج ہے۔ اندرونی کنٹرول کا یہ نظام کمپنی کے مقاصد کے حصول، کام میں بہتری، قابل اعتماد مالیاتی رپورٹنگ اور مختلف قوانین کے ساتھ مطابقت کو یقینی بنانے کیلئے بنایا گیا ہے۔

مالیاتی اور کارپوریٹ رپورٹنگ فریم ورک:

ڈائریکٹرز کو انتہائی مسرت کے ساتھ مطلع کرتے ہیں کہ کمپنی، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے تقاضوں کے مطابق کوڈ آف کارپوریٹ گورننس کے ضوابط کی تعمیل کرتی ہے۔

● کمپنی نے باضابطہ طور پر اکاؤنٹس کے کھاتوں کو تیار کر رکھا ہے۔

● ان مالیاتی گوشواروں کی تیاری میں ضروری اور مخصوص اکاؤنٹنگ پالیسیوں کی پیروی کی گئی ہے اور اکاؤنٹنگ کے تخمینے انتہائی منطقی اور محتاط اندازوں پر مبنی ہیں۔

● مالیاتی گوشواروں کی تیاری میں پاکستان میں قابل اطلاق بین الاقوامی مالیاتی رپورٹنگ کے اسٹینڈرڈز کی پیروی کی گئی ہے۔

● بطور ادارہ کمپنی کے کام جاری رکھنے کی اہلیت میں کوئی شکوک و شبہات نہیں ہیں۔

● گزشتہ چھ سال کے اہم کاروباری اور مالیاتی حسابات اس سالانہ رپورٹ میں درج ہیں۔

● محصولات سے متعلق معلومات اس سالانہ رپورٹ کا حصہ ہیں۔

● پراویڈنٹ فنڈ کی سرمایہ کاری کی جائز مالیت (فیئر ویلیو) 30 جون 2023ء کو 245 بلین روپے ہے۔

● ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانشل آفیسر، کمپنی سیکریٹری اور ان کے اہل و عیال کی شیئر ہولڈنگ اور اس میں تبدیلی کی تفصیل کو شیئر ہولڈرز کیلنگیری کی مدد میں ظاہر کیا گیا ہے۔

کارپوریٹ معلومات:

بورڈ کی ترتیب:

بورڈ کے ڈائریکٹرز کی کل تعداد درج ذیل ہے۔

مرد	آٹھ (08)
خواتین	ایک (01)

بورڈ کی تفصیل درج ذیل ہے:

غیر جانبدار ڈائریکٹرز	جناب شاہد حسین جتوئی
	جناب نعمان خالد
	جناب احسن علی ملک
دیگرنان ایگزیکٹو ڈائریکٹرز	جناب منیر نواز
	جناب ایم نعیم
	جناب عابد نواز
	جناب راشد امجد خالد
ایگزیکٹو ڈائریکٹرز	جناب ہمایوں اے شاہ نواز
	محترمہ منال شاہ نواز
خاتون ڈائریکٹرز	محترمہ منال شاہ نواز

کمپنیز کی ترتیب:

بورڈ نے درج ذیل ممبران پر مشتمل کمیٹی تشکیل دی ہے۔

آڈٹ کمیٹی:

جناب شاہد حسین جتوئی	چیئر مین
جناب منیر نواز	ممبر
جناب ایم نعیم	ممبر
جناب راشد امجد خالد	ممبر

ایچ آر اور معروضہ کمیٹی:

جناب نعمان خالد	چیئر مین
جناب منیر نواز	ممبر
جناب ایم نعیم	ممبر
جناب ہمایوں اے شاہ نواز	ممبر

سالانہ فروخت کی طلب کو پورا کیا جاسکے۔

مالی سال 2023ء کی عملی کارکردگی مختصر درجہ ذیل ہے:

تفصیلات	2023	2022
فروخت	8,745,424	8,169,217
مجموعی منافع	2,080,251	1,773,398
خالص منافع قبل از محصولات	171,803	186,403
خالص منافع بعد از محصولات	38,765	79,919
فی حصص آمدنی - روپوں میں	4.01	8.27

منافع کی تقسیم:

تسلی بخش مالی نتائج کو مد نظر رکھتے ہوئے، بورڈ آف ڈائریکٹرز نے 20 فیصد فی حصص منافع (یعنی کہ 2 روپے فی حصص) کی تقسیم کی تجویز دی ہے۔

قومی خزانے کو ادائیگی:

دوران سال قومی خزانے کو ادائیگی محصولات میں اضافہ ہوا اور کمپنی نے محصولات کی مد میں 2.223 ارب روپے ادا کئے جن میں سیلز ٹیکس، فیڈرل ایکسائز ڈیوٹی اور ایکسائز ٹیکس شامل ہیں جو کہ قومی معیشت میں ہماری بھرپور شراکت کا آئینہ دار ہے۔

نمایاں تبدیلیاں اور کاروباری ذمہ داریاں:

مالیاتی سال کے اختتام اور رپورٹ کی تاریخ کے دوران کوئی بڑی تبدیلی اور معاہدے نہیں ہوئے جن کا کمپنی کی مالیاتی پوزیشن پر اثر ہوا ہو۔

مستقبل کے امکانات:

آنے والا سال کمپنی کے لیے ایک بار پھر مشکلات کا ہوگا کیونکہ مستقبل قریب میں معاشی حالات سازگار دکھائی نہیں دیتے۔ ایشیائی 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، امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی، برہتی ہوئی شرح سود سے مالیاتی لاگت میں اضافہ، کم از کم اجرت میں بڑا اضافہ، تیزی سے بڑھتی ہوئی چینی کی قیمتیں، 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۔ خاص طور پر فنانس ایکٹ 2023ء میں فیڈرل ایکسائز ڈیوٹی کو 10 فیصد سے بڑھا کر 20 فیصد کرنے سے صارفین کی قوت خرید مزید متاثر ہوگی، اس طرح کمپنی کی فروخت کا

جم بھی متاثر ہوگا۔

اگرچہ حکومت کی جانب سے موجودہ معاشی حالات کو درست کرنے کے لیے ابھی تک ٹھوس اقدامات کا اعلان نہیں کیا گیا ہے اور مستقبل قریب میں سیاسی اور سماجی و اقتصادی استحکام کے بارے میں غیر یقینی صورتحال ہے، پھر بھی ہمیں امید ہے کہ ہماری کمپنی آنے والے دنوں میں بہتر کارکردگی کی بھرپور کوشش کرے گی۔ غیر ملکی اور مقامی مارکیٹوں میں ہماری مصنوعات کی مانگ میں اضافے کے نتیجے میں، ہم اپنی کمپنی کی ترقی کے امکانات کے بارے میں پر امید ہیں۔ ہمیں یقین ہے کہ ہمارے برانڈ کا مضبوط پورٹ فولیو، تحقیق اور ترقی پر مسلسل توجہ، پروڈکٹ پورٹ فولیو کو مضبوط بنانے اور مارکیٹ میں ترقی کے مواقع کو حاصل کرنے میں ہماری مدد کرے گی۔

کمپنی آنے والے سال 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 نوڈسٹنٹی کے اعلیٰ معیار کو برقرار رکھنے کے لیے پر عزم رہے گی اور کارکردگی کو بہتر بنانے اور اپنے پیداواری عمل میں ہونے والے ضیاع کو کم کرنے کے لیے اقدامات میں سرماہی کاری جاری رکھے گی۔

خطرات اور غیر یقینی حالات:

کمپنی کو مندرجہ ذیل خطرات اور غیر یقینی حالات کا سامنا ہے۔

- اگر ملک میں معاشی صورتحال اسی طرح اتر رہی تو مہنگائی مزید بڑھ سکتی ہے۔ یہ صارفین کی قوت خرید میں مزید کمی کا باعث بن سکتا ہے۔ امریکی ڈالر کے مقابلے روپے کی قدر میں کمی سے ہماری درآمدی لاگت بڑھ جائے گی۔
- بلند افراط زر اور روپے کی قدر میں ریکارڈ کمی مقامی طور پر دستیاب خام اور پیکیجنگ مال کی قیمت میں اضافہ کرے گی اور یقینی طور پر مستقبل میں پیداواری لاگت میں بھی اضافہ کرے گی۔
- اہم خام اور پیکیجنگ مال بالخصوص مختلف پلپ، چینی اور ٹیڑا پیک کاغذ کی قیمتوں میں بے پناہ اضافہ۔
- فنانس ایکٹ 2023ء میں فیڈرل ایکسائز ڈیوٹی میں 10 فیصد سے 20 فیصد تک اضافہ عام آدمی کی قوت خرید کو مزید متاثر کرے گا، اس طرح جوس بنانے والی کمپنیوں کی فروخت کے حجم پر منفی اثر پڑے گا۔ اگر ریگریو لیٹری چیلنجز برقرار رہتے ہیں تو کمپنیاں مزید اس پوزیشن میں نہیں ہوں گی کہ وہ ان کے اثرات کو صارفین تک منتقل کر سکیں۔
- زیر زمین یا سطحی پانی کے استعمال پر ممکنہ پانی چارج ایک روپے فی لیٹر۔

ادارے کو سپریم کورٹ آف پاکستان کے ازخود نوٹس نمبر 26/2018 کے کیس جو کہ سطحی اور زیر زمین پانی کے استعمال سے متعلق تھا کے فیصلے کے بعد ممکنہ طور پر 1 روپے فی لیٹر کے حساب سے زیر زمین سطحی پانی کے استعمال پر ادا کرنا پڑ سکتا ہے، لیکن ادارہ سپریم کورٹ آف پاکستان کے اس فیصلے کو فعال طور پر دفاع کر رہا ہے اور اس پر نظر ثانی کی درخواست دائر کر دی ہے چونکہ وائس چارج سے

ڈائریکٹرز رپورٹ برائے ممبران

ہم شیئران انٹرنیشنل لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے ڈائریکٹرز رپورٹ اور مالی سال 30 جون 2023ء کیلئے کمپنی کے آڈٹ شدہ مالیاتی نتائج پیش کرتے ہیں۔

معاشی جائزہ:

استحکام اور دوستانہ اقتصادی پالیسیوں کے تسلسل کے ساتھ ساتھ کافی زرمبادلہ کی ضرورت بھی ہوگی۔ حالیہ اسٹینڈ بائی آرٹینٹ کی آئی ایم ایف سے منظوری اور دیگر دو طرفہ اور کثیرالطرفہ رقوم سے میکرو اکنامک ماحول اور مارکیٹ کے اعتماد کو بہتر بنانے کی راہ ہموار ہوگی۔ سال کے دوران ہماری انتظامیہ نے برآمدات میں اضافے کیلئے سنجیدگی ظاہر کی۔ ایکسپورٹ ڈیپارٹمنٹ کو مستقبل میں برآمدات کو بڑھانے کا ہدف دیا گیا۔ کیونکہ شیئران کی مصنوعات کی متحدہ عرب امارات، برطانیہ، سعودیہ عرب اور امریکہ جیسے ممالک میں بہت مانگ ہے۔

عملی جائزہ:

زیر جائزہ مدت کے دوران مہنگائی تقریباً 30 فیصد تک پہنچ گئی۔ اس سے صارفین کی قوت خرید پر منفی اثرات مرتب ہوئے ہیں۔ ہم حصص کنندگان کو آگاہ کریں گے کہ متعدد عوامل جیسا کہ مارکیٹ میں سست روی، آم اور ٹماٹر کی پلپ، ٹیڑا بیک پیپر، ہتھکے کی بوتلیں جو کہ ہماری مصنوعات کے لیے اہم خام اور پیکنگ مال ہیں، کی قیمتوں میں ریکارڈ اضافہ، مالی سال 2022-23ء میں کئے گئے اعلان کے مطابق کم از کم اجرت کے اخراجات میں بے پناہ اضافے، فنانس (سپلیمنٹری) ایکٹ 2023ء میں فروٹ جو سز پر عائد کردہ 10 فیصد فیڈرل ایکسائز ڈیوٹی کا نفاذ، جسے بعد میں جون 2023ء میں بڑھا کر 20 فیصد کر دیا گیا، جولائی 2022ء میں ملک بھر کے دیہی اور شہری علاقوں میں سیلاب، پھلوں اور سبزیوں کی پیداوار میں کمی، آئل، 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۔

نامساعد معاشی حالات کے باوجود کمپنی نے کاروبار جاری رکھا۔ ہماری اہم پروڈکٹ جس بیک جو کہ ہر دل عزیز تسلسل سے خرید جانے 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 10 فیصد فیڈرل ایکسائز ڈیوٹی کا نفاذ، جسے بعد میں جون 2023ء میں بڑھا کر 20 فیصد کر دیا گیا کی وجہ سے ہمارے جو سز 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 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۔

ہم نے زیر جائزہ مدت کے دوران برآمدات کے میدان میں مناسب کارکردگی دکھائی۔ ہمارے بیک شدہ کھانے، جو س بیک، ہسکوائش اور کچپ برآمدی فروخت کا اہم حصہ ہیں۔

مجموعی شرح سود اب 2200 بیس پوائنٹ پر پہنچ چکی ہے۔ اس مدت کے دوران کاروباری سرمائے کیلئے لئے قرضوں کا اوسط استعمال زیادہ رہا۔ کاروباری سرمائے کیلئے لئے قرضے، موسمی پھلوں، پلپ اور پیکنگ مال خصوصاً ٹیڑا بیک پیپر کو ذخیرہ کرنے کیلئے تھے تاکہ ہماری مصنوعات کی

مالی سال کے دوران بیکرو اکنامک حالات خراب رہے۔ بنیادی طور پر پابندیوں کی وجہ سے درآمدات میں کمی اور اقتصادی سرگرمیوں میں کمی کے نتیجے میں کرنٹ اکاؤنٹ خسارہ گزشتہ سال کی اسی مدت کے مقابلے میں کم ہوا، جبکہ برآمدات اور غیر ملکی ترسیلات زر میں سست روی رہی۔ عالمی افراط زر کی طویل مدت اور ملک میں سیاسی عدم استحکام کے ساتھ ساتھ فنڈنگ کی بڑھتی ہوئی لاگت نے جی ڈی پی کی نمو پر منفی اثر ڈالا ہے۔

2023ء کو ختم ہونے والا مالی سال ملک کے لئے ایک مشکل سال تھا تاہم پالیسی میں سختی اور استحکام کی حکمت عملی اپنانے کے مثبت نتائج برآمد ہوئے ہیں۔ کرنٹ اکاؤنٹ خسارہ کم ہو گیا۔ کرنٹ اکاؤنٹ خسارے میں بہتری بنیادی طور پر درآمدی بل میں کمی کی وجہ سے ہوئی۔ تاہم، عالمی طلب میں کمی کی وجہ سے برآمدات اور بیرونی ترسیلات زر میں کمی واقع ہوئی۔ کرنٹ اکاؤنٹ خسارے میں مثبت پیش رفت کے باوجود، بینک دولت پاکستان کے پاس موجودہ زرمبادلہ کے ذخائر دس سالوں میں پہلی بار پانچ (5) بلین امریکی ڈالر سے نیچے آ گئے۔

میکرو اکنامک استحکام کو برقرار رکھنے اور مجموعی طلب کو منظم کرنے کے لیے، بینک دولت پاکستان نے سود کی شرح کو بڑھا کر 22 فیصد تک کر دیا، جو جولائی 2022ء سے 825 پی بی ایس اضافہ ہے۔ مالیاتی محاذ پر معاشی سرگرمیوں میں سست روی کی وجہ سے محصولات کی وصولی ہدف سے کم رہی۔ مالیاتی خسارے کو کم کرنے کے لئے، حکومت نے حال ہی میں فنانس ایکٹ، 2023ء منظور کیا ہے جس میں مخصوص طبقات پر مزید ٹیکس عائد کیے ہیں اور کچھ ٹیکس کریڈٹ واپس لے لئے ہیں۔ حکومت کے فیصلوں اور استحکام کے اقدامات نے ملک کو پائیدار راستے کی طرف گامزن کرنے کی کوشش کی ہے۔ کسان پنچ، صنعتی تعاون، برآمدات کے فروغ، آئی ٹی سیکٹر کی حوصلہ افزائی اور وسائل کو متحرک کرنے کی کوششوں کے ذریعے 3.5 فیصد کی ترقی کے اہداف حاصل کیے جانے کی توقع ہے۔ توانائی اور خوراک کی قیمتوں میں تیزی سے اضافہ ہوا ہے اور مزید اضافے کا خدشہ ہے۔ جو کہ ترقی پذیر معیشتوں بالخصوص پاکستان کے لئے یہ ایک بڑا چیلنج ہے۔

کاروباری جائزہ:

چھپلے مالی سال کے دوران، درآمدی پابندیوں، روپے کی قدر میں کمی، زیادہ مالیاتی لاگت، مہنگی توانائی اور ملکی اقتصادی اور سیاسی عدم استحکام کی وجہ سے ملک میں مجموعی طور پر کاروباری سرگرمیاں کم رہیں۔ ملک میں معاشی صورتحال غیر یقینی کیفیت سے دوچار رہی اور سال بھر غیر مستحکم رہی۔ اس طرح کے نامساعد حالات کی وجہ سے پیداواری شعبے کے منافع کو بہت زیادہ نقصان پہنچا۔ اگرچہ معاشی حالات سازگار نہیں تھے، تاہم ہماری کمپنی مصنوعات کے معیار کو بڑھانے، کارکردگی کو بہتر بنانے اور پیداواری بنیاد کو وسعت دینے جیسے اقدامات کی بدولت مصنوعات کی فروخت پر مناسب منافع کے حصول کی پالیسی پر عمل پیرا رہی۔

پائیدار معاشی نمو حاصل کرنے کے لئے حکومت کو دانشمندانہ اور موثر اقتصادی فیصلوں، سیاسی اور معاشی

CORPORATE SOCIAL RESPONSIBILITY

The Company believes that Corporate Social Responsibility is the continuing commitment to behave ethically and contribute to the economic development of the workforce and their families as well as of the local community and society at large.

BUSINESS ETHICS AND ANTI-CORRUPTION MEASURES

Business Ethics, which include the practice of honesty and integrity, are considered an essential part of the everyday operations of the Company. Since the Company's business is to deal with food and juice products, it is the policy of the Company to provide not only healthy products to its customers, but also ensures a clear and coherent view of its product range in all its advertisement campaigns.

Further, the Statement of Ethics and Business Practices is circulated among all employees of the Company for compliance purposes. It proved very helpful in maintaining the level of credibility of each employee in the organization. Along with all these, the Company has developed a procedure and system regarding all key positions to avoid the impact of any corruption and bribery

INDUSTRIAL RELATIONS

Cordial industrial relations and a harmonious working environment prevailed at all locations of the Company. The management enjoys a good relationship with the employees. CBA elections are held on time and without any hurdles. The basic purpose of this practice is to secure maximum cordiality between the workers and the management and to establish a climate of mutual understanding where-by the workers may be able to contribute their best for the growth and development of the Company. The Company has a Hajj Scheme and sent eleven workers to perform Hajj at the Company's expense. The Company also has good relations with its suppliers.

EMPLOYMENT OF SPECIAL PERSONS

To ensure the welfare and rehabilitation of special persons, the Company has especially stressed upon the induction of differently-abled under the "Employment and Rehabilitation Ordinance, 1981". The Company has established a policy regarding the hiring of differently-abled persons with assigning a special quota in compliance with the said ordinance to ensure the protection of

deserving persons.

OCCUPATIONAL SAFETY, HEALTH, ENVIRONMENTAL PROTECTION, AND ENERGY CONSERVATION

Safety and health protection of our employees, as well as the protection of the environment, are the principal concerns of the Company. We firmly believe that commitment to safety health and environmental protection (SHE) is an indispensable part of our main objective of efficiently producing and distributing quality products. Matters of SHE are integral parts of the business planning processes and decision-making. They are handled with the same sense of responsibility and just as other operations like quality, productivity, and cost-efficiency.

We ensure all technical, organizational, and personnel measures for the prevention of potentially hazardous situations and to manage incidents or accidents which might occur nevertheless.

We strive to achieve eco-efficiency by optimizing resource utilization, conserve energy, and avoid damage to the environment, employees, and public.

CORPORATE PHILANTHROPY

Shezan management is well aware of the fact that corporate philanthropy is a social responsibility, which is performed by donating to various organizations and associations.

NATIONAL-CAUSE DONATION

The Company is committed to helping distressed communities as and when required. For this purpose, the Company has made donations to various educational and charitable organizations including Aziz Jehan Begum Trust for the Blind, Sahara for Life Trust, Markaz-E-Umeed, Jinnah Hospital, Sindh Institute of Urology and Transplantation, Lahore General Hospital, Chhipa Welfare Association, Marie Adelaide Leprosy Centre, Fatimid Foundation, Roshni Homes Trust, Shaukat Khanum Cancer Hospital, Edhi

Foundation, SOS Children Village, LRBT Hospital, Hijaz Hospital, Children Hospital, Ansar Burney Trust International, Abeer Welfare Trust, Care Foundation, Mayo Hospital Lahore, Sir Ganga Ram Hospital, Lady Willingdon Hospital, Rising Sun Institute for Special Children, Foundation for Rehabilitation & Education, Eye Donors Organization, Cancer Care Hospital & Research Centre, Sundas Foundation, The Society for Preservation & Restoration of Vision, Shalamar Hospital, Clapp Trust Hospital, Pakistan Association Of The Blind, Leprosy Patients Welfare Trust, Forman Christian College, Depilex Smileagain Foundation, The Diabetes Centre, The Trust School, Pink Ribbon Campaign Pakistan.

COMMUNITY INVESTMENT AND WELFARE SPENDING FOR UNDER-PRIVILEGED CLASSES

The Company has a complete focus on the welfare

of the community as its mandatory role. Since the incorporation of the Company in 1964, it has contributed to its maximum in different welfare schemes of the society.

CONSUMER PROTECTION MEASURES

Since the product line of Shezan International Limited mainly consists of Foods & Beverages which are considered among the category of FMCG (Fast Moving Consumer Goods) products, therefore, its key focus is on healthy products. For this purpose, our Research and Development department is very much active in regular testing of our product range for their quality conformance. Further, the management is very keen on the implementation and execution of ISO rules and regulations for quality maintenance.



PATTERN OF SHAREHOLDING

AS AT 30 JUNE 2023

- 1 Incorporation Number: 0001883.
- 2 Name of Company: Shezan International Limited.
- 3 Pattern of holding of the shares held by the shareholders as at 30 June 2023.

No. of Shareholders	Shareholdings		To	Total Shares Held
	From			
300	1		100	7,943
209	101		500	54,584
112	501		1,000	88,196
115	1,001		5,000	265,414
24	5,001		10,000	172,925
8	10,001		15,000	104,198
5	15,001		20,000	89,970
6	20,001		25,000	138,067
3	25,001		30,000	82,419
1	35,001		40,000	37,809
2	40,001		45,000	84,778
5	45,001		50,000	232,738
2	50,001		55,000	105,485
1	65,001		70,000	69,180
1	80,001		85,000	83,485
1	90,001		95,000	93,593
4	95,001		100,000	391,950
1	110,001		115,000	111,870
1	120,001		125,000	121,782
1	125,001		130,000	126,477
2	130,001		135,000	266,040
2	135,001		140,000	274,136
1	155,001		160,000	158,185
2	165,001		170,000	337,087
2	170,001		175,000	344,392
3	175,001		180,000	529,968
1	180,001		185,000	181,489
1	190,001		195,000	193,720
1	195,001		200,000	196,806
1	210,001		215,000	213,500
1	260,001		265,000	261,510
2	405,001		410,000	810,694
1	725,001		730,000	725,184
1	895,001		900,000	898,228
1	1,805,001		1,810,000	1,809,258
824				9,663,060

4 Categories of shareholders		Share held	Percentage
4.1	Directors, Chief Executive Officer, their spouses and minor children	2,342,885	24.2458%
4.2	Associated Companies, undertakings and related parties	28,426	0.2942%
4.3	NIT and ICP	1,926,248	19.9341%
4.4	Banks, Development Financial Institutions, Non Banking Financial Institutions	1,029	0.0106%
4.5	Modarabas and Mutual Funds	716,114	7.4108%
4.6	Insurance Companies	84,928	0.8789%
4.7	General Public		
	a. Local	4,045,295	41.8635%
	b. Foreign	861	0.0089%
4.8	Others		
4.8.1	Joint Stock Companies	208,516	2.1579%
4.8.2	Pension Funds	296,390	3.0672%
4.8.3	Government Holding	6,502	0.0673%
4.8.4	Others	5,866	0.0607%
		9,663,060	100.00%
	Share holders holding 10% or more	1,809,258	18.7234%
	Share holders holding 5% or more	3,472,748	35.9384%

CATEGORIES OF SHAREHOLDERS

AS AT 30 JUNE 2023

Sr. No.	Name	Shares Held	Percentage
4.1	Directors, Chief Executive Officer, their spouses and minor children		
1	Mr. Muneer Nawaz	725,184	7.5047%
2	Mrs. Abida Muneer Nawaz W/o Mr. Muneer Nawaz	96,390	0.9975%
3	Mr. Humayun Shahnawaz	405,347	4.1948%
4	Mr. M. Naeem	59,283	0.6135%
5	Mrs. Amtul Bari Naeem W/o Mr. M. Naeem	440,830	4.5620%
6	Mr. Rashed Amjad Khalid	176,718	1.8288%
7	Mrs. Sajda Amjad Khalid W/o Mr. Rashed Amjad Khalid	2,499	0.0259%
8	Mr. Abid Nawaz	129,243	1.3375%
9	Ms. Manahil Shahnawaz	296,806	3.0716%
10	Mr. Nauman Khalid	7,195	0.0745%
11	Mrs. Ayesha Khalid W/o Mr. Nauman Khalid	190	0.0020%
12	Mr. Shahid Hussain Jatoi	-	0.0000%
13	Mr. Ahsan Ali Malik	3,200	0.0331%
		2,342,885	24.2458%
4.2	Associated Companies, undertakings and related parties		
1	Shezan Services (Private) Limited	28,426	0.2942%
		28,426	0.2942%
4.3	NIT and ICP		
1	CDC - Trustee National Investment (UNIT) Trust	1,809,258	18.7234%
2	CDC - Trustee NIT Islamic Equity Fund	93,593	0.9686%
3	CDC - Trustee NIT - Equity Market Opportunity Fund	23,397	0.2421%
		1,926,248	19.9341%
4.4	Banks Development Financial Institutions, Non Banking Financial Institutions.		
1	National Bank Of Pakistan.	1,029	0.0106%
		1,029	0.0106%
4.5	Modarabas and Mutual Funds		
1	CDC - Trustee Al-Ameen Islamic Asset Allocation Fund	20,690	0.2141%
2	CDC - Trustee Al-Ameen Shariah Stock Fund	261,510	2.7063%
3	CDC - Trustee NBP Balanced Fund	6,930	0.0717%
4	CDC - Trustee NBP Islamic Stock Fund	95,560	0.9889%
5	CDC - Trustee NBP Sarmaya Izafa Fund	13,550	0.1402%
6	CDC - Trustee NBP Stock Fund	19,830	0.2052%
7	CDC - Trustee Pakistan Capital Market Fund	7,956	0.0823%
8	CDC - Trustee UBL Asset Allocation Fund	8,580	0.0888%
9	CDC - Trustee UBL Retirement Savings Fund - Equity Sub Fund	37,809	0.3913%
10	CDC - Trustee UBL Stock advantage Fund	193,720	2.0047%
11	CDC - Trustee Al-Ameen Islamic Retirement Saving Fund - Equity Sub Fund	49,979	0.5172%
		716,114	7.4108%
4.6	Insurance Companies		
1	Habib Insurance Company Limited	1,443	0.0149%
2	State Life Insurance Corporation of Pakistan	83,485	0.8640%
		84,928	0.8789%
4.7	General Public		
	Local	4,045,295	41.8635%
	Foreign	861	0.0089%
		4,046,156	41.8724%

CATEGORIES OF SHAREHOLDERS

AS AT 30 JUNE 2023

Sr. No.	Name	Shares Held	Percentage
4.8	Others		
4.8.1	Joint Stock Companies		
1	Burma Oil Mills Limited.	804	0.0083%
2	Insight Securities (Private) Limited.	135,630	1.4036%
3	Memon Securities (Private) Limited	16,000	0.1656%
4	Murree Brewery Company Limited	190	0.0020%
5	N. U. A. Securities (Private) Limited - MF	800	0.0083%
6	NH Capital Fund Limited.	2	0.0000%
7	Premier Fashions (Private) Limited	47,000	0.4864%
8	Time Securities (Private) Limited	8,090	0.0837%
		208,516	2.1579%
4.8.2	Pension Funds		
1	CDC - Trustee National Bank Of Pakistan Employees Pensions Fund	167,260	1.7309%
2	CDC - Trustee Nafa Islamic Pension Fund Equity Account	69,180	0.7159%
3	CDC - Trustee Nafa Pension Fund Equity Sub- Fund Account	45,370	0.4695%
4	CDC - Trustee Pakistan Pension Fund - Equity Sub Fund	14,580	0.1509%
		296,390	3.0672%
4.8.3	Government Holding		
1	Federal Board Of Revenue	6,502	0.0673%
		6,502	0.0673%
4.8.4	Others		
1	CDC - Trustee National Bank Of Pakistan - Employees Benevolent Fund Trust	5,866	0.0607%
		5,866	0.0607%
SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL			
1	CDC - Trustee National Investment (UNIT) Trust	1,809,258	18.7234%
		1,809,258	18.7234%
SHAREHOLDERS HOLDING 5% OR MORE OF TOTAL CAPITAL			
1	CDC - Trustee National Investment (UNIT) Trust	1,809,258	18.7234%
2	Mr. Mahmood Nawaz (Late)	938,306	9.7102%
3	Mr. Muneer Nawaz	725,184	7.5047%
		3,472,748	35.9384%

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

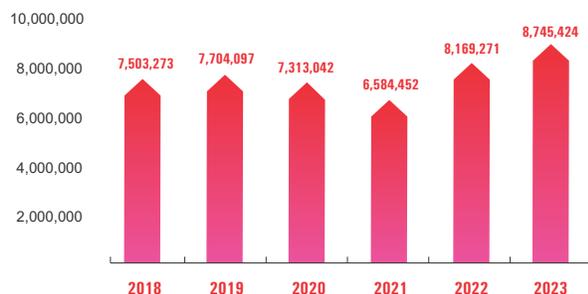
S. No.	Name	Sale	Purchase
1	Ms. Manahil Shahnawaz	-	100,000
2	Mr. Nauman Khalid	-	4,905
3	Mr. Ahsan Ali Malik	100	3,300
*	This represent shares traded by Mr. Ahsan Ali Malik before being elected as the Director of the Company on 22 June 2023.		

SIX YEARS REVIEW

AT A GLANCE

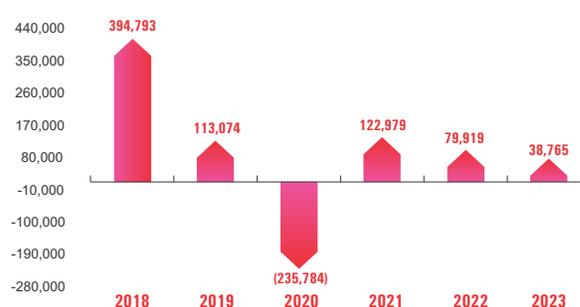
NET REVENUE

Rupees in thousand



PROFIT / (LOSS) AFTER TAXATION

Rupees in thousand



	Year 2018	Year 2019	Year 2020	Year 2021	Year 2022	Year 2023
(RUPEES IN THOUSAND)						
Incomes						
Revenue from contracts with customers – net	7,503,273	7,704,097	7,313,042	6,584,452	8,169,271	8,745,424
Other income	51,480	91,264	59,501	51,590	94,804	118,139
	7,554,753	7,795,361	7,372,543	6,636,042	8,264,075	8,863,563
Expenditure						
Cost of revenue	5,405,841	6,172,758	6,213,833	5,186,645	6,395,873	6,665,173
Distribution cost and administrative expenses	1,387,042	1,282,210	1,133,360	1,052,423	1,434,970	1,619,844
Finance cost	39,188	68,195	206,986	124,320	119,192	279,654
Other operating expenses	233,450	120,264	121,034	91,749	127,637	127,089
	7,065,521	7,643,427	7,675,213	6,455,137	8,077,672	8,691,760
Profit / (Loss) before taxation	489,232	151,934	(302,670)	180,905	186,403	171,803
Taxation	94,439	38,860	(66,886)	57,926	106,484	133,038
Profit / (Loss) after Taxation	394,793	113,074	(235,784)	122,979	79,919	38,765
Paid-up capital	79,860	87,846	87,846	87,846	96,631	96,631
Reserves & unappropriated profits	2,229,827	2,145,923	1,861,635	1,984,786	2,008,991	1,998,700
Unrealized gain / (loss) on remeasurement of investments available for sale	(210)	(189)	172	1,386	(741)	276
Share holders equity	2,309,477	2,233,580	1,949,653	2,074,018	2,104,881	2,095,607
Break up value per share in Rupees	289.19	254.25	221.93	214.63	217.83	216.87
Earnings / (loss) per share in Rupees	44.94 *	12.87	(26.84)	12.73 *	8.27	4.01
Price Earning Ratio	12.68 *	32.82	(8.34)	26.04 *	20.55	26.30
Dividend declared	15.00	5.50	-	5.50	5.00	2.00
Bonus per share	10%	-	-	10%	-	-

* Figures have been restated.



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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF SHEZAN INTERNATIONAL LIMITED

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Shezan International Limited (the Company) for the year ended 30 June 2023 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2023.

Lahore:
02 October 2023.
UDIN: CR2023100793avmJILj1



Chartered Accountants
Engagement Partner

Ahsan Shahzad

STATEMENT OF COMPLIANCE

WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 FOR THE YEAR ENDED 30 JUNE 2023

The Company has complied with the requirements of the Regulations in the following manner:

- The total number of Directors are as follows:
 - Male: Eight (08)
 - Female: One (01)
- The composition of Board is as follows:

Independent Directors	Mr. Shahid Hussain Jatoi ¹ Mr. Nauman Khalid ¹ Mr. Ahsan Ali Malik ² Mr. Abdul Hamid Ahmed Dagia ³
Other Non-Executive Directors	Mr. Muneer Nawaz ^{1&4} Mr. M. Naeem ¹ Mr. Rashed Amjad Khalid ¹ Mr. Abid Nawaz ¹
Executive Directors	Mr. Humayun A. Shahnawaz ^{2&4} Ms. Manahil Shahnawaz ¹
Female Director	Ms. Manahil Shahnawaz ¹
- The Directors have confirmed that none of them is serving as a Director on more than seven (07) listed companies, including this Company;
- The Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
- The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company;
- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/shareholders as empowered by the relevant provisions of the Act and these Regulations;
- The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board;
- The Board has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.
- Four (04) Directors of the Company have minimum (fifteen) 15 years of education and sixteen (16) years of experience on the Board of a listed Company and they are exempt from Directors' Training Program. Three (03) Directors have acquired certification under the Directors' Training Program. The Company, however, intends to

facilitate further training for the remaining Directors in near future as defined in these Regulations;

- There were no new appointments of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year, however, all such appointments including their remuneration and terms and conditions of employment are duly approved by the Board;
- Chief Financial Officer and Chief Executive duly endorsed the financial statements before approval of the Board;
- The Board has formed committees comprising of members given below:

Audit Committee

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

Human Resource and Remuneration Committee

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

* Consequent to Election of Directors held on 22 June 2023, the Board of Directors in their meeting held on 05 July 2023 has reconstituted Audit Committee, wherein Mr. Shahid Hussain Jatoi, an Independent Director, has been re-appointed as the Chairman of Audit Committee.

** Consequent to Election of Directors held on 22 June 2023, the Board of Directors in their meeting held on 05 July 2023 has reconstituted Human Resource and Remuneration Committee, wherein Mr. Nauman Khalid, an Independent Director, has been re-appointed as the Chairman of Human Resource and Remuneration Committee.

- The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
- The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
 - Audit Committee Four (04)
 - Human Resource and Remuneration Committee Two (02)
- The Board has set up an effective internal audit function with suitably qualified and experienced staff conversant with the policies and procedures of the Company;
- The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the

Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive, Chief Financial Officer, Head of Internal Audit, Company Secretary or Directors of the Company;

them, have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

17. The statutory auditors or the persons associated with

18. We confirm that all other requirements of the regulations 3, 6, 7, 8, 27, 32, 33, and 36 of the Regulations have been complied with;
19. Explanation for non-compliance with requirements, other than 3, 6, 7, 8, 27, 32, 33, and 36 are below:

Non-Mandatory Requirement	Regulation. No.	Explanation
<p>Nomination Committee:</p> <p>The Board may constitute a separate committee, designated as the Nomination Committee, of such number and class of directors, as it may deem appropriate in its circumstances.</p>	29(1)	Currently, the Board has not constituted a separate Nomination Committee and the functions are being performed by the Human Resource and Remuneration Committee.
<p>Risk Management Committee:</p> <p>The Board may constitute the risk management committee, of such numbers and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.</p>	30(1)	Currently, the Board has not constituted a Risk Management Committee and the Company's Risk Manager performs the requisite functions and apprise the Board accordingly.



Muneer Nawaz
Chairman



Humayun A. Shahnawaz
Chief Executive

Lahore:
28 September 2023.

- 1 Mr. Muneer Nawaz, Mr. M. Naeem, Mr. Rashed Amjad Khalid, Mr. Abid Nawaz, Mr. Nauman Khalid, Mr. Shahid Hussain Jatoi and Ms. Manahil Shahnawaz have been re-elected by the shareholders as Directors in election held on 22 June 2023 for a term of three (03) years commencing from 28 June 2023.
- 2 Mr. Humayun A. Shahnawaz and Mr. Ahsan Ali Malik have been elected by the shareholders as Directors in election held on 22 June 2023 for a term of three years commencing from 28 June 2023.
- 3 Mr. Abdul Hamid Ahmed Dagia has retired on 27 June 2023 after completion of his term.
- 4 The Board of Directors in their meeting held on 05 July 2023 has re-elected Mr. Muneer Nawaz as Chairman of the Board and re-appointed Mr. Humayun A. Shahnawaz as the Chief Executive for a term of three years commencing from 05 July 2023.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SHEZAN INTERNATIONAL LIMITED REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of Shezan International Limited (the Company), which comprise the statement of financial position as at 30 June 2023, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2023 and of the profit, the comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matter

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

Key audit matter	How our audit addressed the key audit matter
Tax contingencies	
<p>As disclosed in Note 24 to the financial statements, certain tax matters are pending adjudication at various levels with the taxation authorities and other legal forums.</p> <p>Such disputes and uncertain tax positions require management to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Company for disclosure, recognition and measurement of any provision that may be required against such contingencies.</p> <p>Due to significance of the amounts involved, inherent uncertainties with respect to outcome of the matters and use of significant management judgments and estimates to assess the same including related financial impacts, we have considered tax contingencies, a Key Audit Matter.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none">• Obtained and reviewed details of the pending tax matters and discussed the same with the Company's management• Analyzed significant changes from prior period;• Assessed key technical tax issues and legislative developments and focused on the judgements made by management in assessing the quantification and likelihood of significant exposures and the level of liability required for specific cases. In particular, we focused on the impact of recent tax rulings and the status of ongoing inspections by local tax authorities;• Obtained explanations from management and corroborative evidences that include communications with local tax authorities and gained an understanding of the current status of tax assessments and investigations to monitor

Key audit matter	How our audit addressed the key audit matter
	<p>developments in on-going disputes;</p> <ul style="list-style-type: none"> • Analyzed and challenged management's key assumptions, in particular on cases where there had been significant developments with local tax authorities, based on our knowledge and experience of the application of the tax legislation by the relevant authorities and courts. <p>We also evaluated whether the liabilities and exposures for uncertain tax positions were appropriately disclosed in the financial statements;</p> <ul style="list-style-type: none"> • Involved internal tax experts to assess and review the reasonableness of management's conclusions on contingent tax matters; and • Reviewed appropriateness of the disclosures made in the financial statements in respect of such contingent liabilities.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with

ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in

extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

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

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

Lahore:
02 October 2023.
UDIN: AR202310079ia3AUJw8Z


Chartered Accountants

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Note	Rupees in thousand	
		2023	2022
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	1,371,951	1,439,189
Long-term investment	7	3,508	3,200
Long-term receivables	8	16,608	22,179
Long-term prepayment		2,064	2,832
Long-term deposits	9	7,315	7,881
Deferred tax asset - net	10	206,466	215,543
		1,607,912	1,690,824
CURRENT ASSETS			
Stores and spares	11	245,584	167,387
Stock-in-trade	12	1,986,933	2,147,005
Right to recover asset	25.6	4,586	4,400
Trade receivables	13	476,824	285,999
Advances	14	391,392	121,929
Trade deposits, prepayments and other receivables	15	5,331	10,877
Tax refunds due from the Government		78,625	119,984
Cash and bank balances	16	118,637	84,116
		3,307,912	2,941,697
TOTAL ASSETS		4,915,824	4,632,521
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized share capital			
10,000,000 (2022: 10,000,000) ordinary shares of Rs. 10 each		100,000	100,000
Issued, subscribed and paid up capital			
9,663,060 (2022: 9,663,060) ordinary shares of Rs. 10 each	17	96,631	96,631
Capital reserve	18.1	5,000	5,000
Revenue reserves	18.2	1,993,976	2,003,250
TOTAL EQUITY		2,095,607	2,104,881
NON-CURRENT LIABILITIES			
Long-term loans	19	75,000	-
Lease liabilities	20	57,117	62,463
		132,117	62,463
CURRENT LIABILITIES			
Trade and other payables	21	1,001,044	968,190
Contract liabilities	25.5	55,889	132,890
Unclaimed dividend	22	13,928	9,796
Accrued Markup	19 & 23	91,601	20,805
Current portion of long-term loans	19	100,000	95,924
Current portion of lease liabilities	20	17,546	7,770
Current portion of deferred grant		-	1,098
Short-term borrowings	23	1,262,658	1,035,442
Refund liability	25.6	79,282	91,583
Provision for taxation		66,152	101,679
		2,688,100	2,465,177
TOTAL LIABILITIES		2,820,217	2,527,640
TOTAL EQUITY AND LIABILITIES		4,915,824	4,632,521

CONTINGENCIES AND COMMITMENTS

24

The annexed notes from 1 to 41 form an integral part of these financial statements.



Director



Chief Executive



Chief Financial Officer

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2023

	Note	Rupees in thousand	
		2023	2022
Revenue from contracts with customers - net	25	8,745,424	8,169,271
Cost of revenue	26	(6,665,173)	(6,395,873)
Gross profit		2,080,251	1,773,398
Distribution expenses	27	(1,242,770)	(1,100,413)
Administrative expenses	28	(377,074)	(334,557)
Other operating expenses	29	(127,089)	(127,637)
		(1,746,933)	(1,562,607)
Operating profit		333,318	210,791
Other income	30	118,139	94,804
Finance costs	31	(279,654)	(119,192)
Profit before taxation		171,803	186,403
Taxation	32	(133,038)	(106,484)
Net profit for the year		38,765	79,919
Earnings per share - basic and diluted (Rupees)	33	4.01	8.27

The annexed notes from 1 to 41 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

	Rupees in thousand	
	2023	2022
Net profit for the year	38,765	79,919
Other comprehensive income / (loss)		
Items that will not be reclassified to profit or loss in subsequent periods:		
Unrealized gain / (loss) on remeasurement of investment designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition - net of deferred tax	276	(741)
Total comprehensive income for the year	39,041	79,178

The annexed notes from 1 to 41 form an integral part of these financial statements.


Director


Chief Executive


Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

Share capital	Capital reserve	Revenue reserves				Subtotal	Total
	Merger reserve (Note 18.1)	General reserve	Unrealized gain / (loss) on remeasurement of investments	Unappropriated profits / (loss)			
----- Rupees in thousand -----							
Balance as on 1 July 2021	87,846	5,000	2,000,000	1,661	(20,489)	1,981,172	2,074,018
Final dividend @ Rs.5.5/- per share for the year ended 30 June 2021	-	-	-	-	(48,315)	(48,315)	(48,315)
Issue of bonus shares at 10% for the year ended 30 June 2021	8,785	-	-	-	(8,785)	(8,785)	-
Profit after tax	-	-	-	-	79,919	79,919	79,919
Other comprehensive loss for the year	-	-	-	(741)	-	(741)	(741)
Total comprehensive income for the year	-	-	-	(741)	79,919	79,178	79,178
Balance as on 30 June 2022	96,631	5,000	2,000,000	920	2,330	2,003,250	2,104,881
Final dividend @ Rs.5/- per share for the year ended 30 June 2022	-	-	-	-	(48,315)	(48,315)	(48,315)
Profit for the year	-	-	-	-	38,765	38,765	38,765
Other comprehensive income for the year	-	-	-	276	-	276	276
Total comprehensive income for the year	-	-	-	276	38,765	39,041	39,041
Balance as at 30 June 2023	96,631	5,000	2,000,000	1,196	(7,220)	1,993,976	2,095,607

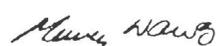
The annexed notes from 1 to 41 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023	2022
		Rupees in thousand	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		171,803	186,403
Adjustments to reconcile profit before tax to net cash:			
Depreciation	6.1	234,543	244,900
Finance cost	31	273,509	114,921
Dividend income	30	-	(403)
Profit on savings accounts	30	(497)	(835)
Provision for compensated absences	21	23,619	5,520
Un-winding of interest on long term receivable	30	(1,535)	(1,455)
Unrealised foreign exchange (gain)/loss	30	(11,280)	(1,475)
Un-winding of deferred grant	30	(1,098)	(8,999)
Allowance of expected credit losses	29	11,785	5,369
Gain on termination of lease		-	(3,881)
Workers' Profit Participation Fund	29	9,152	10,063
Workers' Welfare Fund	29 & 30	3,701	4,489
Gain on disposal of property, plant and equipment	30.2	(5,959)	-
		535,940	368,214
Operating profit before working capital changes		707,743	554,617
Working Capital changes:			
Stores and spares		(78,197)	(26,392)
Stock-in-trade		160,072	(502,030)
Right to recover asset		(186)	496
Trade receivables		(191,224)	19,199
Loans and advances		(269,463)	125,293
Trade deposits, prepayments and other receivable		5,638	(4,168)
Trade and other payables		(8,155)	204,766
Contract liabilities		(77,001)	69,980
Refund liability		(12,301)	3,851
		(470,817)	(109,005)
Cash generated from operations		236,925	445,612
Profit on bank deposits received		405	671
Income tax paid		(118,161)	(70,311)
Provision for compensated absences		(8,316)	(5,737)
Workers' Profit Participation Fund		9,152	9,857
Workers' Welfare Fund		3,701	5,872
Long-term receivables		7,106	5,705
Long-term deposits		566	(2,055)
Long-term prepayments		768	(2,832)
Net cash generated from operating activities		132,147	386,782
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(190,696)	(86,906)
Dividend received	30	-	403
Sale proceeds from disposal of property, plant and equipment	30.2	34,891	46,047
Net cash used in investing activities		(155,806)	(40,456)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities	20	(7,397)	(16,201)
Short-term borrowings		227,216	105,827
Proceeds from long-term loans		200,000	-
Repayment of long-term loans	19.1	(120,924)	(355,798)
Finance cost paid		(196,426)	(107,656)
Dividend paid	22	(44,183)	(43,364)
Net cash generated from / (used in) financing activities		58,286	(417,192)
Net increase/(decrease) in cash and cash equivalents		34,627	(70,866)
Cash and cash equivalents at beginning of the year		84,116	154,955
Unrealized exchange (loss) / gain on foreign currency bank account		(106)	27
Cash and cash equivalents at end of the year		118,637	84,116

The annexed notes from 1 to 41 form an integral part of these financial statements.



Director



Chief Executive



Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

1. THE COMPANY AND ITS OPERATIONS

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

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

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

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

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.1 Changes in accounting policies and disclosures resulting from amendments in standards during the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, except for following amendments to accounting standards which are effective for annual periods beginning on or after July 01, 2022 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective:

IFRS 03 Business Combinations – The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. In accordance with the transitional provisions, the Company applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

IAS 16 Property, plant and equipment – Amendment to clarify the prohibition on an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

In accordance with the transitional provisions, the Company applies the amendments retrospectively only to items of PPE made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application). These amendments had no impact on the financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Amendments to specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The Company applied the amendments to the contracts for which it had not fulfilled all of its obligations at the beginning of the reporting period. These amendments had no impact on the financial statements of the Company, as prior to the application of the amendments, the Company had not identified any contracts as being onerous and the unavoidable costs under the contracts, which were the costs of fulfilling them, comprised of incremental costs directly related to the contracts and an allocation of costs directly related to contract activities.

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

In addition to the above amendments to standards, improvements to various accounting standards (under the annual improvements 2018 - 2020 cycle) have also been issued by the IASB in May 2020. Such improvements were generally effective for accounting periods beginning on or after July 01, 2022:

IFRS 9 Financial Instruments: Fees in the '10 per cent' test for derecognition of financial liabilities - The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39.

In accordance with the transitional provisions, the Company applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). These amendments had no impact on the financial statements of the Company as there were no modifications of the Company's financial instruments during the period.

IFRS 16 Leases: Lease incentives – The amendment removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16 and had no impact on the financial statements of the Company.

IAS 41 Agriculture: Taxation in fair value measurements – The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. These amendments had no impact on the financial statements of the Company.

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

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

Standard

IAS 1 Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current.

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.
- Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

The amendments are effective for annual reporting periods beginning on or after January 01, 2024 and must be applied retrospectively. The amendments are not expected to have a material impact on the Company's financial statements.

IAS 1 and Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 - The amendments aim to help entities provide accounting policy disclosures that are more useful by:
 IFRS Practice Statement 2 - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and

- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after January 01, 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary. The Company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

IAS 8 Definition of Accounting Estimates - Amendments to IAS 8 - The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

IAS 8 Definition of Accounting Estimates - Amendments to IAS 8 - The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after January 01, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Company's financial statements.

IAS 8 Definition of Accounting Estimates - Amendments to IAS 8 - The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after January 01, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Company's financial statements.

IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 - In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments are effective for annual reporting periods beginning on or after January 01, 2023. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. The amendments are not expected to have a material impact on the Company's financial statements.

IFRS 10 & IAS 28 Consolidated Financial Statements & Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – (Amendment). The effective date of Amendments to IFRS 10 and IAS 28 has been deferred indefinitely (until the research project of IASB, on the equity method, has been concluded. Earlier application of the September 2014 amendments continues to be permitted. The Company expects that the adoption of the amendments will have no material effect on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

IFRS 16 Leases - Lease Liability in a Sale and Leaseback - Amendments requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease. The amendments are effective for annual reporting periods beginning on or after January 01, 2024. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to sale and leaseback transactions entered into after the date of initial application.

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

Standard	(Annual periods beginning on or after)
IFRS 1 First-time Adoption of International Financial Reporting Standards	01 January 2004
IFRS 17 Insurance Contracts	01 January 2003

The above amendments and interpretations are not expected to have any significant impact on financial statements of the Company.

3. BASIS OF PREPARATION

3.1 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except that long term investments are recognized on the basis mentioned in Note 5.6.1 to these financial statements.

3.2 PRESENTATION CURRENCY

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

ESTIMATES AND ASSUMPTIONS:

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

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

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

4.1 Impairment of financial assets

The Company assesses the impairment of its financial assets based on the Expected Credit Loss ("ECL") model. Under the expected credit loss model, the Company accounts for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition of the financial assets. The Company measures the loss allowance at an amount equal to lifetime ECL for its financial instruments.

The Company measures the expected credit losses of a financial instrument in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money, if applicable; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

Expected credit losses are measured for the maximum contractual period over which the entity is exposed to credit risk. The significant estimates relating to the measurement of ECL relates to provision matrix for trade receivables, separate assessment of certain defaulted balances with differing credit risk and assessment of ECL viz a viz time value for balances due from government related entities.

4.2 Useful life and residual values of property, plant and equipment

The Company reviews appropriateness of the rate of depreciation, useful lives and residual values used in the calculation of depreciation. In making these estimates, the Company uses the technical resources available with the Company and its history in relation to actual useful lives and residual values of similar assets disposed in the past. Any change in the estimates in the future might affect the carrying amount of the respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

4.3 Provision for taxation and deferred tax

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

A deferred tax liability is recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The Company considers that remaining deferred tax on minimum tax credit shall be reversed/adjusted prior to relevant expiries.

4.4 Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are also tested for impairment when there are indicators that the carrying amounts may not be recoverable. For assets which can generally be sold in the market, the prevailing market price is used as an indicator of current recoverable amount. Technical analysis and market data is used to arrive at the recoverable amount for specialized assets.

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

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

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

4.5 Provision for compensated absences

The Company accounts for compensated absences on the basis of the un-availed earned leave balance of each employee at the end of the year. The employees have the option to encash their leave balance at any time during the year.

4.5 Refund Liability and right to recover assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

JUDGEMENTS

In the process of applying Company's accounting policies, management has made critical judgments which have most significant effects on the amounts recognized in financial statements:

4.7 Lease term

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

4.8 Incremental borrowing rate

The Company uses incremental borrowing rate at the lease commencement date to calculate the present value of lease payments if the interest rate implicit in the lease is not readily determinable. The rate used to discount future lease payments is practically unlikely to be the rate implicit in the lease, because this information is often commercially sensitive and the information is not provided by the lessor. Therefore, the company has to determine an incremental borrowing rate. The Company applies judgement in evaluating the incremental borrowing rate because the determination of rate will ultimately have an impact on the lease liability and finance cost.

4.9 Contingencies and provisions

Management of the Company reviews status of all pending litigations and claims against the Company. Based on its judgment and the advice of the legal and tax advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the reporting date.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Property, plant and equipment

Owned assets

Property, plant and equipment except for freehold land and leasehold land held on 99 years lease, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Free hold and lease hold land are stated at cost. Depreciation is calculated using the reducing balance method at rates disclosed in Note 6, which are considered appropriate to write off the cost of the assets over their useful lives.

Depreciation on additions is charged from the month in which an asset is available for use while no depreciation is charged for the month in which the asset is disposed off.

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment is recognized in the statement of profit or loss. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted for the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Subsequent costs are included in the asset's carrying amount or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to statement of profit or loss during the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

The gain or loss on disposal or retirement of an asset represents the difference between the sale proceeds and the carrying amount of the asset and is recognized as an income or expense in the period it relates.

Capital work in progress

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

5.2 Leases

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets, if any. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

a) Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

b) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which these are incurred.

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

c) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of retail shops, if any (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are of low value. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

5.3 Stores, spares and stock-in-trade

Useable stores and spares except for those in-transit, are valued principally at moving weighted average cost basis, while items considered obsolete are carried at nil value. Provision is made against slow moving or obsolete stores and spares on a systematic basis.

Value in relation to raw materials, packing materials and pulps and concentrates etc., except for those in-transit, is arrived at using moving weighted average cost basis. Provision for unusable raw and packing material is made on an estimated basis, wherever required.

Value of finished goods and work in process both manufactured and purchased, is determined on weighted average cost basis, except for in-transit goods. In-transit goods and materials are valued at cost comprising invoice value plus other charges thereon. Cost in relation to work-in-process and finished goods includes an appropriate portion of production overheads. Finished goods are valued at cost or net realizable value, whichever is lower.

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

5.4 Trade receivables

Trade receivables represent the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policy related to impairment of trade receivables in Note 5.6.1.

5.5 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cheques in hand, cash at bank in current, savings and deposit accounts, and other short-term highly liquid instruments that are readily convertible into known amounts of cash, and which are subject to an insignificant risk of changes in value.

5.6 Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

5.6.1 Financial instruments - initial recognition and subsequent measurement

Financial assets

Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables and bank balance that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policy in revenue recognition in Note 5.12 to these financial statements.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding.

This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include cash, long-term and short term deposits, long term investment, long term receivables, trade receivables, loans and advances, other receivables and bank balances.

Financial assets - subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- a) Financial assets at fair value through profit or loss
- b) Financial assets at amortized cost (debt instruments)
- c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- d) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

The Company does not have any financial assets designated at fair value through profit or loss.

b) Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized costs includes long-term receivables, trade receivables, other receivables, deposits, loans and advances.

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

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

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

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

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

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

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Company does not have debt instruments recorded at fair value through OCI with recycling of cumulative gains and losses.

Financial assets - Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial assets - Impairment

The Company recognizes an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows excluding those due from government related entities and certain long outstanding receivable with different credit risk.

For trade receivables, the Company applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected credit losses are recognized in the statement of profit or loss.

For bank balances, the Company assesses an allowance based on 12-month expected credit losses. The Company reviews internal and external information available for each bank balance to assess expected credit loss and the likelihood to receive the outstanding contractual amount. The expected credit losses are recognized in the statement of profit or loss.

5.6.2 Financial liabilities

Financial liabilities - initial recognition

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include long term loans, short term borrowings utilized under mark-up arrangements, creditors, liabilities against assets subject to finance lease, accrued and other liabilities.

Financial liabilities - subsequent measurement

Loans and borrowings

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

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

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

Financial liabilities - derecognition

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

5.7 Offsetting of financial assets and financial liabilities

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

5.8 Trade and other payables

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

5.9 Provisions

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

5.10 Taxation

Current

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

Deferred

Deferred tax is provided using the financial position method for all temporary differences at the reporting date between tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liability is recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, if any, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax credits and unused tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled based on tax rates that have been enacted or substantially enacted at the reporting date.

5.11 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract. These advance deposits are non-interest bearing and payable on the completion / termination of order.

5.12 Revenue recognition

The Company is in the business of selling Fast Moving Consumer Goods (FMCG) (i.e. juices, pickles, jams, ketchups etc.). Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Specific revenue recognition details are as follows:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

Sale of goods

Revenue from the sale of goods is recognized upon the transfer of control of the goods to the buyer when performance obligation is satisfied. The Company's contracts with customers for the sale of goods generally include one performance obligation for both local and export sales i.e. provision of goods to the customers.

(i) Local sales

The Company recognizes that revenue from sale of goods at the point in time when control of the goods is transferred to the customer, generally on dispatch of products from the factory (ex-factory).

Amount of revenue recognized is impacted due to expected returns as follows:

- a) a refund liability is recognized for the received consideration from a customer against the products that are expected to be returned;
- b) a right to recover asset is recognized (with the corresponding adjustment in cost of sales) for Company's right to recover products from customer on settling refund liability; and
- c) no revenue for the expected returned goods is recognized in the financial statements.

(ii) Export sales

The Company has concluded that revenue from sale of goods should be recognised at the point in time when control of the goods is transferred to the customer, dependent on the related Inco-terms generally on date of bill of lading or delivery of the product to the port of destination.

(iii) Interest income

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

(iv) Dividend income

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

5.13 Staff retirement benefits

The Company operates a recognized provident fund scheme (defined contribution plan) for all permanent employees. Equal monthly contributions are made both by the Company and the employees to the fund at the rate of 8.33% (2022: 8.33%).

5.14 Compensated absences

The Company accounts for compensated absences on the basis of the un-availed earned leave balance of each employee at the end of the year.

5.15 Foreign currency translation

Foreign currency transactions are converted into rupees at the rates prevailing on the date of the transactions. Monetary assets and liabilities in foreign currencies are translated into rupees at the rates of exchange prevailing at reporting date.

Gains or losses arising on translation are recognized in the statement of profit or loss.

5.16 Borrowing costs

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use. Such borrowing costs are capitalized as part of the cost of the qualifying asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

5.18 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive.

5.19 Earnings per share

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

		Rupees in thousand	
		2023	2022
		Note	
6	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	6.1	1,283,112
	Capital work in progress	6.2	88,839
			1,371,951
			1,439,189

6.1 Operating fixed assets

		2023									
		COST			DEPRECIATION				NET BOOK VALUE		
		As at 01 July 2022	Additions / Transfers	Disposals	As at 30 June 2023	Accumulated as at 01 July 2022	Disposals	Charge for the year	Accumulated as at 30 June 2023	As at 30 June 2023	Depreciation Rate
		Rupees in thousand									
		%									
	Owned assets										
	Freehold land	7,091	-	-	7,091	-	-	-	-	7,091	-
	Leasehold land	2,646	-	-	2,646	-	-	-	-	2,646	-
	Buildings on freehold land*	177,081	-	-	177,081	78,600	-	9,848	88,448	88,633	10
	Buildings on leasehold land	40,287	-	-	40,287	29,383	-	1,091	30,474	9,813	10
	Plant and machinery*	1,716,818	6,220	(3,000)	1,720,038	937,250	(2,671)	97,869	1,032,448	687,590	12.5
	Furniture and fixtures	34,297	295	-	34,592	23,291	-	1,680	24,971	9,621	15
	Motor vehicles	188,984	-	(5,771)	183,213	151,421	(4,992)	7,404	153,833	29,380	20
	Electric fittings and tools	6,502	61	-	6,563	5,178	-	176	5,354	1,209	10-25
	Electric equipment	352,539	13,226	(1,783)	363,982	279,767	(1,324)	15,855	294,298	69,684	15-33.33
	Laboratory equipment	7,239	32	-	7,271	2,942	-	432	3,374	3,897	10
	Forklifts	59,256	-	-	59,256	47,502	-	2,352	49,854	9,402	20
	Computers and accessories	26,033	883	-	26,916	24,153	-	773	24,926	1,990	33.33
	Arms and ammunitions	94	-	-	94	94	-	-	94	-	20
	Empty bottles, shells- pallets and barrels	548,107	165,252	(87,881)	625,478	297,217	(60,516)	85,464	322,165	303,313	25
		3,166,974	185,969	(98,435)	3,254,508	1,876,798	(69,503)	222,944	2,030,239	1,224,269	
	Right of use assets – buildings**	90,149	5,541	(4,319)	91,371	25,247	(4,319)	11,600	32,528	58,843	10-52
		3,257,123	191,510	(102,754)	3,345,879	1,902,045	(73,822)	234,544	2,062,767	1,283,112	

6.1.1 Visi coolers costing Rs. (thousand) 181,361 (2022: Rs. (thousand) 177,797), are in the possession of shopkeepers for the sale of Company's products.

6.1.2 These include bottles and shells costing Rs. (thousand) 149,303 (2022: Rs. (thousand) 130,479) held by distributors of the Company in the normal course of business.

6.1.3 As at reporting date, arms and ammunitions having cost of Rs. (thousand) 94 (2022: Rs. (thousand) 94) have been fully depreciated but are still in use.

* This includes transfer from capital work in progress amounting to Nil (2022: Rs. (thousands) 51,136) and Nil (2022: Rs. (thousands) 19,912) to buildings on freehold land and plant and machinery, respectively.

** Additions include adjustment amounting to Nil (2022: Rs. (thousand) 5,782) made during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

2022										
Note	COST				DEPRECIATION				NET BOOK VALUE	Depreciation Rate
	As at 01 July 2021	Additions / Transfers	Disposals	As at 30 June 2022	Accumulated as at 01 July 2021	Disposals	Charge for the year	Accumulated as at 30 June 2022	As at 30 June 2022	
Rupees in thousand										%
Owned assets										
	7,091	–	–	7,091	–	–	–	–	7,091	–
	2,646	–	–	2,646	–	–	–	–	2,646	–
	125,945	51,136	–	177,081	68,605	–	9,995	78,600	98,481	10
	40,287	–	–	40,287	28,171	–	1,212	29,383	10,904	10
	1,732,389	26,746	(42,317)	1,716,818	858,746	(32,066)	110,570	937,250	779,568	12.5
	33,989	308	–	34,297	21,358	–	1,933	23,291	11,006	15
	187,807	1,177	–	188,984	142,210	–	9,211	151,421	37,563	20
	6,255	247	–	6,502	5,030	–	148	5,178	1,324	10–25
6.1.1	349,288	3,766	(515)	352,539	261,526	(497)	18,738	279,767	72,772	15–33.33
	7,239	–	–	7,239	2,465	–	477	2,942	4,297	10
	59,256	–	–	59,256	44,564	–	2,938	47,502	11,754	20
	26,028	212	(207)	26,033	23,435	(166)	884	24,153	1,880	33.33
	94	–	–	94	94	–	–	94	–	20
6.1.2	591,841	54,217	(97,951)	548,107	282,099	(62,214)	77,332	297,217	250,890	25
	3,170,155	137,809	(140,990)	3,166,974	1,738,303	(94,943)	233,438	1,876,798	1,290,176	
	72,271	40,495	(22,617)	90,149	20,213	(6,428)	11,462	25,247	64,902	10–52
	3,242,426	178,304	(163,607)	3,257,123	1,758,516	(101,371)	244,900	1,902,045	1,355,078	

6.2 Capital work in progress

	COST			
	Land*	Plant and machinery	2023	2022
Rupees in thousand				
Balance as at 01 July	70,507	13,604	84,111	135,014
Additions during the year	–	4,728	4,728	20,145
Transferred to operating fixed assets	–	–	–	(71,048)
Balance as at 30 June	70,507	18,332	88,839	84,111

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

	Note	Rupees in thousand	
		2023	2022
6.3 Depreciation charge for the year has been allocated as follows:			
Cost of sales	26.1	154,431	164,282
Distribution costs	27	57,383	59,171
Administrative expenses	28	8,169	9,023
Other operating expenses	29	14,561	12,424
		234,544	244,900

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

6.4 Particulars of immovable property (i.e. land and building) in the name of the Company are as follows:

	Location	Usage of immovable property	Total Area (Square ft.)	Covered Area (Square ft.)
a)	56 - Bund Road Lahore	Head Office and Manufacturing	330,570	321,771
b)	Plot L-9, Block Number 22, Federal 'B' Area, Karachi	Manufacturing	90,000	73,160
c)	Plot number 33, 34 phase III Hattar Industrial Estate, Hattar KPK (Property on leasehold land)	Manufacturing	175,790	61,273

* The covered area includes multi storey buildings.

	Note	Rupees in thousand	
		2023	2022

7 LONG-TERM INVESTMENT

Quoted Modaraba - Fair value through OCI

BRR Guardian Modaraba - Credit rating - A 305,000 (2022: 305,000) certificates of Rs. 10/- each	7.1	2,375	2,375
Gain on remeasurement		1,133	825
		3,508	3,200

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

	Note	Rupees in thousand	
		2023	2022

8 LONG-TERM RECEIVABLES

Outstanding balance	8.1	27,884	26,429
Un-winding of financial charges	30	1,535	1,455
Allowance for expected credit loss	8.2	(7,311)	(5,705)
		22,108	22,179
Less: Current portion of long term receivable		(5,500)	–
		16,608	22,179

8.1 This represents receivable from Utility Stores Corporation against sales made in prior years which has been classified as long term, based on expected pattern of recovery. The current portion of the receivable is classified under trade receivables (refer note 13).

	Note	Rupees in thousand	
		2023	2022

8.2 Allowance for expected credit losses

Balance as at 01 July		5,705	9
Charge for the year	29	1,606	5,696
Balance as at 30 June		7,311	5,705

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

	Note	Rupees in thousand	
		2023	2022
9 LONG-TERM DEPOSITS			
Utility companies		4,858	3,115
Others	9.1	2,457	4,766
		7,315	7,881

9.1 This includes security deposit relating to leased assets. These deposits have not been discounted as per IFRS 9 - Financial Instruments as the management assessed that the impact of discounting is insignificant at the reporting date.

	Note	Rupees in thousand	
		2023	2022
10 DEFERRED TAX ASSET - NET			
This comprises:			
Deferred tax assets on deductible temporary differences			
Allowance for expected credit losses / provision for doubtful debts		15,068	9,464
Lease liability		20,767	18,758
Provision for employee's compensated absences		26,484	21,343
Provision for bonuses to staff and agents		11,375	12,066
Carried forward minimum tax credit	10.1	191,518	195,949
Loss due to unabsorbed tax depreciation		17,477	47,503
Refund liability	10.2	22,052	24,460
		304,741	329,542
Deferred tax liabilities on taxable temporary differences			
Accelerated tax depreciation		(96,872)	(112,601)
Right to recover assets		(1,276)	(1,303)
Long term investment		(127)	(95)
		(98,275)	(113,999)
	10.3	206,466	215,543

10.1 Based on the Company's expectations of tax payable under normal tax regime (NTR), the Company has not recognised deferred tax asset against minimum tax, amounting to Rs. (thousand) 52,936 expiring in the tax year 2025 (2022: Nil) and Rs. (thousand) 64,300 (2022: Rs. (thousand) 42,800), expiring in the tax year 2024. The Company considers that remaining deferred tax on minimum tax credit shall be reversed/adjusted prior to relevant expiries.

10.2 This represents deferred tax asset created due to restatement of opening retained earnings on first time adoption of IFRS 15 'Revenue from contracts with customers' in financial year 2019.

	Note	Rupees in thousand	
		2023	2022
10.3 Reconciliation of deferred tax asset - net			
Balance as at 01 July		215,543	220,253
Tax expense recognised in statement of comprehensive income	32	(9,045)	(4,807)
Tax (expense) / income recognised in OCI		(32)	95
Balance as at 30 June		206,466	215,543

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

	Note	Rupees in thousand	
		2023	2022
11 STORES AND SPARES			
Stores		20,073	23,961
Spares		225,511	143,426
		245,584	167,387

12 STOCK-IN-TRADE			
Raw materials	12.1	123,994	187,294
Packing materials		639,974	487,952
Finished goods		305,651	285,736
Pulps, concentrates etc.		915,553	1,147,716
Goods in transit		1,761	38,307
	12.2	1,986,933	2,147,005

12.1 These include pulps amounting to Rs. (thousand) 254,246 (2022: Rs. (thousand) 537,427), held with third parties in the normal course of business.

12.2 During the year, the Company has inventory written off pulp, concentrate (Rs. (thousand) Nil), raw materials Rs. (thousand) Nil and packing materials, amounting to Rs. (thousand) 524, respectively, as miscellaneous spoilage, refer to Note 29.

	Note	Rupees in thousand	
		2023	2022
13 TRADE RECEIVABLES			
Due from customers - considered good	13.1	518,188	317,184
Allowance for expected credit losses		(41,364)	(31,185)
		476,824	285,999

13.1 For age analysis of these trade debts, refer to Note 38.1.1.

13.2 Maximum aggregate amount due from Shezan Ampis Restaurant (associated undertakings) at the end of any month in the year was Rs. (thousand) 10 (2022: Rs. (thousand) 109). No interest has been charged on the amounts due from associated undertakings.

13.3 No amount is receivable from the Chief Executive, Directors and Executives of the Company (2022: Nil).

	Note	Rupees in thousand	
		2023	2022
13.4 Allowance for expected credit losses			
Balance as at 01 July		31,185	31,512
Charge / (Reversal) for the year	29	10,179	(327)
Balance as at 30 June		41,364	31,185

14 LOANS AND ADVANCES			
Advances - unsecured, considered good			
- Staff	14.1	9,847	11,627
- Suppliers		30,849	52,275
- Related party	14.2 & 14.3	350,696	58,028
		391,392	121,929

NOTES TO THE FINANCIAL STATEMENTS

- 14.1** No advances were given to the Chief Executive, Directors and Executives of the Company (2022: Rs. (thousand) Nil).
- 14.2** This represents interest free advance amounting to Rs. (thousand) 350,696 (2022: Rs. (thousand) 58,028) paid to Shahtaj Sugar Mills Limited, associated company, for the purchase of raw material in the normal course of business.
- 14.3** Maximum aggregate amount due from associated undertakings at the end of any month in the year was Rs. (thousand) 448,476 (2022: Rs. (thousand) 251,209). No interest has been charged on the amounts due from associated undertakings.

	Note	Rupees in thousand	
		2023	2022
15 TRADE DEPOSIT, PREPAYMENTS AND OTHER RECEIVABLES			
Short-term deposits		4,050	2,107
Short-term prepayments		1,189	280
Interest accrued		92	164
Sales tax refundable		-	8,325
		5,331	10,877
16 CASH AND BANK BALANCES			
Cash in hand		31,247	15,586
Cheques in hand		22,507	4,344
Cash at banks			
- Local currency - current accounts		21,311	16,571
- Foreign currency - current accounts		2,479	162
- Local currency - savings accounts	16.1	41,093	47,453
		118,637	84,116

- 16.1** The markup on saving account ranges from 12.25% to 19.5% (2022: 5.5% to 12.25%) per annum.

17 SHARE CAPITAL

	Note	Number of Shares		Rupees in thousand	
		2023	2022	2023	2022
Authorized share capital:					
Ordinary shares of Rs. 10/- each		<u>10,000,000</u>	<u>10,000,000</u>	<u>100,000</u>	<u>100,000</u>
Issued, subscribed and paid-up share capital					
Ordinary shares of Rs. 10/- each					
Opening as at 01 July					
- Fully paid in cash		237,500	237,500	2,375	2,375
- Issued as fully paid bonus shares	17.1	9,425,560	8,547,100	94,256	85,471
		<u>9,663,060</u>	<u>8,784,600</u>	<u>96,631</u>	<u>87,846</u>
Issued during the year					
- Fully paid bonus shares	17.2	-	878,460	-	8,785
Closing as at 30 June					
- Fully paid in cash		237,500	237,500	2,375	2,375
- Issued as fully paid bonus shares		9,425,560	9,425,560	94,256	94,256
		<u>9,663,060</u>	<u>9,663,060</u>	<u>96,631</u>	<u>96,631</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

17.1 Non-transfer of bonus shares to individual shareholders

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

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

17.2 During 2022, the Company issued 878,460 number of ordinary shares of Rs. 10/- each as fully paid bonus share in the proportion of one ordinary share for every ten ordinary shares held.

		Note	Rupees in thousand	
			2023	2022
18	RESERVES			
	18.1 Capital reserve			
	Merger Reserve	18.1.1	5,000	5,000
	18.1.1 This reserve can be utilized by the Company, only for the purposes specified in the Companies Act, 2017.			
	18.2 Revenue reserves			
	General Reserve	18.2.1	2,000,000	2,000,000
	Unrealized gain on remeasurement of investment - fair value through OCI (net of tax)			
	- At the beginning of the year		920	1,661
	- gain / (Loss) during the year		276	(741)
			1,196	920
	Unappropriated (losses) / profits		(7,220)	2,330
			1,993,976	2,003,250
	18.2.1 This represents appropriation of profit in past years to meet unforeseen future obligation.			
19	LONG-TERM LOANS			
	Loan 1	19.1.1	-	42,125
	Loan 2	19.1.1	-	53,799
	Loan 3	19.1.2	175,000	-
			175,000	95,924
	Accrued Markup		6,605	373
			181,605	96,297
	Less: Current portion of long-term loans			
	Loan 1		-	(42,125)
	Loan 2		-	(53,799)
	Loan 3		(100,000)	-
			(100,000)	(95,924)
	Accrued Markup shown as current liability		(6,605)	(373)
			75,000	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

19.1 Loans from banking institutions - secured

Banking Companies	Note	Limit (Rs. in thousand)	Loan Amount				Closing
			Opening	Obtained	Accretion of interest	Repaid	
			Rupees in thousand				
Loan 1	19.1.1	170,000	42,125	-	421	42,546	-
Loan 2	19.1.1	170,000	53,799	-	677	54,476	-
Loan 3	19.1.2	200,000	-	200,000	-	25,000	175,000
			95,924	200,000	1,098	122,022	175,000
30 June 2022			451,722	-	8,579	364,377	95,924

19.1.1 These represented 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 had an aggregate sanctioned limit of Rs. 170 million each and were repayable in eight quarterly instalment with a grace period of six months. The rates of markup are 1.95% and 0.45% per annum payable quarterly, respectively. The facilities were secured against pari passu charge on plant and machinery up to Rs. 227 million each. The difference between cash received and present value of cash outflow upon initial recognition had 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. The loan has been repaid in full in the current year.

19.1.2 This represents loan obtained from Allied Bank Limited 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 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.

19.1.3 As at year end, the Company was in breach of debt service coverage ratio of Loan 3. However, this breach did not trigger default clause linked with the borrowing under the respective loan facility agreement.

20 LEASE LIABILITIES

The interest rates used as the discounting factor (i.e. implicit in the lease) 8.03% to 22.50% (2022: 8.38% to 12.97%) per annum and lease period 3 to 10 years (2022: 3 to 10 years). The amount of future payments and the period during which they will become due are:

	Note	Rupees in thousand	
		2023	2022
Opening balance		70,233	58,364
Additions during the year		5,541	34,713
Adjustment during the year		-	5,782
	6.1	5,541	40,495
Deletion during the year		-	(20,070)
Accretion of interest	31	6,287	7,645
Payments		(7,397)	(16,201)
Closing balance		74,663	70,233
Present value of lease payments		74,663	70,233
Less: Current portion shown under current liabilities		17,546	7,770
		57,117	62,463

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

Lease payment and their present value are regrouped as below:

	2023		
	Lease payments	Finance cost for future periods	Present value of lease payments
	Rupees in thousand		
Not later than one year	24,423	6,877	17,546
Later than one year but not later than five years	58,432	15,375	43,057
Later than five years	15,402	1,342	14,060
	98,257	23,594	74,663

Lease payment and their present value are regrouped as below:

	2022		
	Lease payments	Finance cost for future periods	Present value of lease payments
	Rupees in thousand		
Not later than one year	14,134	6,364	7,770
Later than one year but not later than five years	62,797	19,155	43,642
Later than five years	21,458	2,637	18,821
	98,389	28,156	70,233

20.1 Expense recognised for short term leases is Rs. (thousands) 7,529 (2022: Rs. (thousand) 10,497).

	Note	Rupees in thousand	
		2023	2022
21 TRADE AND OTHER PAYABLES			
Due to related parties	21.1	49,536	55,647
Creditors		391,621	551,232
Deposits	21.2	44,074	54,365
Accrued expenses		131,738	185,181
Provision for compensated absences	21.3	95,218	79,915
Sales tax payable		178,426	-
Workers' Profit Participation Fund	21.4	9,152	10,063
Workers' Welfare Fund	21.5	2,081	4,800
Taxes and other payables		11,356	9,454
Other liabilities	21.6	87,842	17,533
		1,001,044	968,190

21.1 This represents royalty payable to Shezan Services (Private) Limited amounting to Rs. (thousands) 49,536 (2022: Rs. (thousands) 55,647) (an associated undertaking on the basis of common directorship) having registered office at 19, West Wharf, Dockyard Road, Karachi, Pakistan.

21.2 This represents deposits from distributors under agreements by virtue of which the Company has the right to utilize these deposits in the normal course of business. The deposits are unsecured/interest free and repayable on demand.

	Rupees in thousand	
	2023	2022
21.3 Provision for compensated absences		
Balance as at 01 July	79,915	80,132
Provision for the year	23,619	5,520
Payment for the year	(8,316)	(5,737)
Balance at 30 June	95,218	79,915

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

	Note	Rupees in thousand	
		2023	2022
21.4 Workers' Profit Participation Fund			
Balance as at 01 July		10,063	9,846
Provision for the year	29	9,152	10,063
		19,215	19,909
Interest on funds utilized in the Company's business		-	11
		19,215	19,920
Less: amount paid to the Fund's Trust		(10,063)	(9,857)
Balance at 30 June		9,152	10,063

21.5 Workers' Welfare Fund			
Balance as at 01 July		4,800	6,183
Provision for the year	29	3,701	4,800
		8,501	10,983
Less: Payment made during the year		(6,420)	(5,872)
Reversal during the year	30	-	(311)
Balance at 30 June		2,081	4,800

21.6 This includes Rs. (thousand) 544 (2022: Rs. (thousand) 544) payable to various executives. This further includes Rs. (thousand) 838 (2022: Rs. (thousand) 274) in respect of profit earned on dividend account which can be used for the purposes as specified in the Companies Act, 2017.

21.7 The Company has maintained an employees provident fund trust and investments out of the provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017, and the rules formulated for this purpose.

	Note	Rupees in thousand	
		2023	2022
22 UNCLAIMED DIVIDEND			
Opening balance		9,796	4,845
Dividend declared during the year		48,315	48,315
Payment during the year		(44,183)	(43,364)
Closing balance	22.1	13,928	9,796

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

23 SHORT-TERM BORROWINGS - secured

The aggregate short term borrowings available from commercial banks under mark-up / interest arrangements are Rs. (thousand) 2,400,000 (2022: Rs. (thousand) 2,000,000). The un-utilized portion of the said facilities amounts to Rs. (thousand) 1,137,342 (2022: Rs. (thousand) 964,558).

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

These facilities are secured against a first registered joint pari passu hypothecation charge on current assets of the Company up to Rs. (thousand) 3,415,000 (2022: Rs. (thousand) 3,848,000).

The un-utilized facility for opening letters of credit and for guarantees amounts to Rs. (thousand) 356,568 (2022: Rs. (thousand) 388,724) and Rs. (thousand) 41,146 (2022: Rs. (thousand) 42,577), respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

24 CONTINGENCIES AND COMMITMENTS

24.1.1 Contingencies

The Company has following contingencies outstanding as at year end. No provision has been made in these financial statements, since management of the Company based on its advisors' opinion, is confident that the outcome of the cases will be in the favor of the Company.

Tax matters

Aggregate exposure of the following tax cases amounts to Rs. (thousand) 561,801 (30 June 2022 Rs. (thousand) 231,279).

- i.** The Company filed its income tax return by claiming income tax refund of Rs. (thousand) 9,737 for the tax year 2003. The Deputy Commissioner Inland Revenue ("the DCIR"), vide order dated 31 May 2007, reduced income tax refunds to Rs. (thousand) 6,062. Commissioner Inland Revenue (Appeals) ["the CIR(A)"], vide the appellate order dated 31 January 2008, confirmed the amended order of the DCIR. The Company contested it before the Appellate Tribunal Inland Revenue ("ATIR"); who, vide the appellate order dated 25 September 2017, has deleted and confirmed certain additions. The Company has filed a reference application before the Lahore High Court, (LHC), which is pending adjudication.
- ii.** The Company filed income tax return by claiming tax refunds of Rs. (thousand) 19,319 for the tax year 2010. The ADCIR, vide amended assessment order dated 30 June 2016 under section 122(5A) of the Income Tax Ordinance, created income tax demand of Rs. (thousand) 12,392. The Company challenged the said order before the CIR(A); who, vide appellate order dated 19 March 2020, deleted and confirmed certain additions. Being aggrieved, the Company filed an application before ATIR on 02 June 2020 which is pending adjudication.
- iii.** The Company filed income tax return by claiming tax refunds of Rs. (thousand) 5,879 for the tax year 2012. The ADCIR, vide amended assessment order dated 28 February 2018 passed under section 122(5A) of the Ordinance, created income tax demand of Rs. (thousand) 28,129. CIR(A) vide appellate order dated 05 November 2021 deleted all the additions made by the ADCIR. However, the department has challenged the said appellate order before the ATIR on 17 January 2022, which is pending adjudication.
- iv.** The Company filed income tax return by claiming tax refunds of Rs. (thousand) 33,173 for the tax year 2013. The ADCIR vide amended assessment order dated 10 June 2014 passed under section 122(5A) of the Ordinance, created income tax demand of Rs. (thousand) 97,646. CIR(A) vide appellate order dated 20 October 2014 confirmed and deleted certain additions made by ADCIR and created tax demand of Rs 7,217 (thousand). The Company on 18 December 2014 as well as the tax department contested the appellate order before the ATIR, which is pending adjudication.
- v.** The Company filed income tax return by claiming tax refunds of Rs. (thousand) 44,672 for the tax year 2014. The ADCIR vide amended assessment order dated 18 November 2015 passed under section 122(5A) of the Ordinance, created income tax demand of Rs. (thousand) 157,387. CIR(A), vide appellate order dated 12 April 2016 deleted and confirmed certain additions made by the ADCIR and on certain points has been remanded back to the ADCIR for reconsideration. The Company as well as tax department contested the appellate order before the ATIR, which are pending adjudication. The Company filed application for issuance of appeal effect order. The ADCIR vide order dated 29 April 2016 has issued the appeal effect order by making certain additions by creating refund of Rs. (thousand) 46,492. Being aggrieved the Company filed appeal before CIR(A) who vide appellate order dated 29 December 2019 confirmed certain additions made by ADCIR. Being still aggrieved, the Company and tax department filed an appeal before ATIR on 15 June 2016, which is pending adjudication.
- vi.** The Company filed income tax return by claiming tax refunds of Rs. (thousand) 71,211 for the tax year 2015. The DCIR, vide amended assessment order dated 30 November 2018 under section 122(5) of the Ordinance, reduced the income tax refunds to Rs. (thousand) 19,975. CIR(A), vide order dated 23 January 2020, deleted and confirmed the addition on certain heads by creating tax refund of Rs. (thousand) 19,975. The Company filed appeal before the ATIR on 17 March 2020, which is pending adjudication.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

- vii.** The Company filed income tax return by claiming tax refunds of Rs. (thousand) 17,330 for the tax year 2016. The ADCIR, vide amended assessment order dated 29 December 2017 under section 122(5A) of the Ordinance, created income tax demand of Rs. (thousand) 5,785. CIR(A), vide appellate order dated 30 December 2020, deleted and confirmed certain additions made by the ADCIR and on certain points has been remanded back to the ADCIR for reconsideration. Being aggrieved, the Company as well as the tax department contested the appellate order before the ATIR, which are pending adjudication. Further, the ADCIR, vide order dated 30 June 2022 finalized the remanded back proceedings by making certain additions. Being aggrieved with the said order, the Company filed appeal before CIR(A); who vide appellate order dated 28 April 2023, confirmed certain additions made by ADCIR and certain points has been remanded back to the ADCIR to follow the instructions as given vide appellate order dated 28 April 2023 by creating refund of Rs (thousand) 21,618. The Company filed an appeal before ATIR on 13 July 2023, which is pending adjudication.
- viii.** The Company filed income tax return for the tax year 2017. The ADCIR, vide amended assessment order dated 05 December 2022 under section 122(4A) of the Ordinance, created income tax demand of Rs. (thousand) 10,005. Being aggrieved with the said order, the Company filed appeal before the CIR(A) on 26 December 2022. The CIR(A) issued order on 05 September 2023 by confirming some adjustments while some other were deleted and also remanded back the same on some of the adjustments. The Company is in process of filing appeal against the said order.
- ix.** The Company filed income tax return by claiming tax refunds of Rs. (thousand) 4,591 for the tax year 2018. The ADCIR, vide amended assessment order dated 11 February 2020 under section 122(5A) of the Ordinance, created income tax demand of Rs. (thousand) 141,357. CIR(A), vide appellate Order dated 08 June 2020, deleted and confirmed the certain additions made by the ADCIR and reduced tax exposure to Rs 21,948 (thousand). Being still aggrieved, the Company on 17 June 2020 as well as the tax department contested the said appellate order before the ATIR, which are pending adjudication.
- x.** The Company filed income tax return by creating tax payable amounting to Rs. (thousand) 14,716 for the tax year 2021. The ADCIR, vide amended assessment order dated 22 June 2022 under section 122(5A) of the Ordinance, created income tax demand of Rs. (thousand) 67,381. CIR(A), vide appellate order dated 27 April 2023, deleted, confirmed and remanded back certain additions made by ADCIR and reduced tax exposure to Rs. (thousand) 10,980. Being aggrieved, the Company, contested the said appellate order before the ATIR on 13 June 2023, which is pending adjudication.
- xi.** The Company filed income tax return by claiming tax refund of Rs. (thousand) 17,670 for the tax year 2022. The DCIR, vide order dated 01 June 2023 passed under section 4C of the Ordinance, created income tax demand of Rs. (thousand) 33,733 by applying super tax at rate of 10% instead of 4% on the income computed under section 4C of the Ordinance. Being aggrieved with the said order, the Company filed appeal before the CIR(A) on 13 July 2023, which is pending adjudication.
- xii.** The Company received demand orders under section 161/205 of the Ordinance for tax year 2010, 2012 and 2013 creating total demand of Rs. (thousand) 3,133. These cases are pending before different appellate forums within the tax department.
- xiii.** The ADCIR, vide order dated 11 April 2018 under section 14 and 19 of Punjab Sales Tax on Services Act, 2012, created tax demand of Rs. (thousand) 229,838 for tax year 2018. The Company has filed appeal before Commissioner Appeals, Punjab Revenue Authority, which is pending adjudication. Further, the Company has deposited Rs. (thousand) 15,000 under protest. The Company approached the Lahore High Court, (LHC) by filing writ petition to challenge the constitution of Punjab Revenue Authority, however, the LHC decided writ petition against the Company. Against the said decision, the Company has filed intra court appeal before the Division Bench of Lahore High court, which is pending adjudication.
- xiv.** DCIR, vide show cause notice dated 27 April 2022 under section 11(2) of the Sales Tax Act, 1990 for the tax periods from July 2018 to June 2019, required the Company to pay sales tax amounting to Rs. (thousand) 95,718 along with penalty and default surcharge. The Company, vide letter dated 17 June 2022, furnished its explanation along with documentary evidence. The proceedings have not been finalized till to date.
- xv.** The ADC, vide order dated 11 April 2018, finalized the withholding proceedings under section 52 of the Punjab Sales Tax (PST) Act by creating tax demand of Rs. (thousand) 218,894 on account of non fulfilment of withholding obligations for the tax periods from July 2014 to June 2016. Being aggrieved, the Company filed an appeal before the Commissioner Appeals PRA, who, vide order dated 22 November 2021, marked an inquiry to the ADC. The Company has provided all requisite information to the ADC. However, the inquiry proceedings have not yet been finalized.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

- xvi.** The ADC vide show cause notice dated 18 November 2020 under section 52 of the PST Act for the tax periods from July 2016 to June 2017, confronted that the Company had not withheld Punjab sales tax on its purchases and required to pay an amount of Rs. (thousand) 159,730. The Company, vide letters dated 08 February 2021 and 22 February 2021 furnished its explanation along with complete documentary evidences in support of its stance. The proceedings have not been finalized till to date.

24.1.2 Other matters

- xvii.** Subsequent to the decision of the Supreme Court of Pakistan in Suo moto case no. 26 of 2018 regarding use of ground or surface water by bottling and beverage companies, the Company is subject to a potential water charge of Rs. 1 per liter on extraction of ground or surface water. The Company is actively contesting this decision of the Supreme Court of Pakistan and has filed a review petition.

Meanwhile, the implementation bench of the Supreme Court of Pakistan in the above Suo moto case has conducted various hearings. Since this water charge has a significant impact therefore on the representations of various affected companies, the Supreme Court of Pakistan has issued an interim order for the payment of 25% of the bills, based on production data of each company, issued by various Government agencies in this regard till the installation of water flow meters by the respective Government agencies and also framing of legislation by all the federal and provincial authorities. The Company has recognized expense of Rs. (thousand) 22,576 based on 25% of production volume of beverages for the period from July 2022 to June 2023 in line with the order of Supreme Court.

However, remaining potential charge, the amount of which cannot be quantified since the matter is subjudice, has been recognized as a contingency.

24.2 Commitments

- i.** Commitments in respect of letters of credit established for the import of raw, packing materials and plant and machinery amounted to Rs. (thousand) 43,432 (2022: Rs. (thousand) 11,276).
- ii.** Guarantees issued by the banks in favour of the Company in the ordinary course of business, amounted to Rs. (thousand) 118,854 (2022: Rs. (thousand) 117,423).

	Note	Rupees in thousand	
		2023	2022
25 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET			
Local Sales		10,259,467	9,505,915
Export	25.4	933,434	668,737
		11,192,901	10,174,652
Less: Trade discount		215,238	188,742
Other discounts and incentives		127,240	180,066
Sales tax		1,754,215	1,636,573
Federal excise duty		350,784	–
	25.1 to 25.6	8,745,424	8,169,271

- 25.1** This includes sales relating to trading activities amounting to Rs.(thousand) 4,726 (2022: Rs. (thousand) 6,193).

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

		Rupees in thousand	
		2023	2022
25.3 The Company's net revenue disaggregated by major product lines is as follows:			
Juices and drinks		6,970,837	6,604,954
Others		1,774,587	1,564,317
		8,745,424	8,169,271

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

	Note	Rupees in thousand	
		2023	2022
25.4	The Company's continent wise export sales are as follows:		
	Europe	565,734	334,261
	America	249,088	191,105
	Asia	65,044	87,141
	Australia	53,568	56,230
		933,434	668,737

25.5 Contract balances			
Trade receivables	13	476,824	285,999
Contract liabilities	5.11	55,889	132,890

Trade receivables are non-interest bearing and are generally on terms of thirty to sixty days. Trade receivables have increased due to increase in prices of products.

Contract liabilities represents short term advances received from customers against delivery of goods in future. The decrease in contract liabilities pertains to decrease in sale of items sold during the year. Revenue recognized during the reporting period which was included in the contract liabilities at the beginning of the period amounted to Rs.(thousand) 132,890 (2022: Rs. (thousand) 62,910).

	Note	Rupees in thousand	
		2023	2022
25.6 Right to recover asset and refund liability			
Right to recover asset	4.6	4,586	4,400
Refund liability-Arising from right to recover asset	4.6	79,282	91,583

26 COST OF REVENUE			
Manufacturing	26.1	6,662,368	6,391,910
Trading	26.2	2,805	3,963
		6,665,173	6,395,873

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

	Note	Rupees in thousand	
		2023	2022
26.1 Cost of revenue - Manufacturing			
Raw materials consumed:			
Opening stock		187,294	165,881
Add: Purchases during the year		1,806,387	2,256,536
Less: Production of pulps, concentrates		613,993	821,926
Closing stock		123,994	187,294
		1,255,694	1,413,197
Pulps, concentrates etc. consumed:			
Opening stock		1,147,716	674,007
Add: Purchases during the year		176,395	473,414
Production/processing during the year		613,993	821,926
Less: Transferred to other spoilages		26	1,937
Closing stock		915,553	1,147,716
		1,022,525	819,694
Packing materials consumed:			
Opening stock		487,952	526,647
Add: Purchases during the year		3,216,079	2,817,815
Less: Cost transferred to expenses		3,287	2,894
Closing stock		639,974	487,952
		3,060,770	2,853,616
Factory expenses:			
Salaries, wages and amenities	27.1.1	362,966	339,412
Stores and spares consumed		75,601	67,789
Travelling and conveyance		2,971	2,599
Repairs and maintenance		164,981	144,900
Insurance		4,067	4,596
Fuel and power		501,667	520,490
Inward freight and loading/unloading		6,284	4,196
Utilities		51,646	55,282
Loss on disposal of empties	30.2	7,495	10,215
General expenses		10,126	8,210
Depreciation	6.3	154,431	164,282
		1,342,235	1,321,971
Cost of production		6,681,224	6,408,478
Add: Finished goods - Opening stock		284,758	268,190
Less: Finished goods - Closing stock		303,614	284,758
		6,662,368	6,391,910

27.1.1 This include Company's contribution to provident fund amounting to Rs. (thousand) 1,671 (2022: Rs. (thousand) 1,834).

		Rupees in thousand	
		2023	2022
26.2 Cost of revenue - Trading			
Finished goods - Opening stock		978	1,369
Add: Purchases during the year		3,864	3,572
Less: Finished goods - Closing stock		2,037	978
		2,805	3,963

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

	Note	Rupees in thousand	
		2023	2022
27 DISTRIBUTION COSTS			
Salaries, wages and amenities	27.1	444,448	377,798
Postage and telephone		5,134	3,963
Traveling and conveyance		94,143	61,161
Repairs and maintenance	27.2	54,576	52,192
Insurance		6,846	6,175
Utilities		15,017	13,777
Stationery and printing		1,940	1,225
Rent, rates and taxes		6,845	6,877
Advertising and promotions		22,251	31,786
Outward freight and distribution		318,909	357,326
Staff sales incentive		10,988	11,542
Petrol, oil and lubricants		198,304	110,288
General expenses		5,986	7,132
Depreciation	6.3	57,383	59,171
		1,242,770	1,100,413

27.1 This include Company's contribution to provident fund amounting to Rs. (thousand) 1,831 (2022: Rs. (thousand) 1,886).

27.2 This include loss on disposal of shells amounting to Rs. (thousand) 5,029 (2022: Rs. (thousand) 5,048).

	Note	Rupees in thousand	
		2023	2022
28 ADMINISTRATIVE EXPENSES			
Salaries, wages and amenities	28.1	293,862	248,969
Postage and telephone		4,227	4,214
Traveling and conveyance		8,247	5,705
Repairs and maintenance		9,797	7,367
Insurance		11,516	10,456
Utilities		4,932	7,752
Stationery and printing		4,094	2,784
Rent, rates and taxes		18,521	23,968
Auditors' remuneration	28.2	3,230	4,070
Legal and professional		1,846	3,342
Donations	28.3	425	465
General expenses		8,208	6,442
Depreciation	6.3	8,169	9,023
		377,074	334,557

28.1 This include Company's contribution to provident fund amounting to Rs. (thousand) 2,434 (2022: Rs. (thousand) 2,360).

	Note	Rupees in thousand	
		2023	2022
28.2 Auditor's remuneration			
Audit fee		1,500	1,500
Tax consultancy services		325	1,165
Miscellaneous certification and limited review charges etc.		1,180	1,077
Out of pocket expenses		225	328
		3,230	4,070

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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

	Note	Rupees in thousand	
		2023	2022
29 OTHER OPERATING EXPENSES			
Miscellaneous spoilage		524	13,160
Barrel depreciation	6.3	14,561	12,424
Royalty to related party - Shezan Services (Private) Limited	21.1	87,145	81,701
Workers' Profit Participation Fund	21.4	9,152	10,063
Workers' Welfare Fund	21.5	3,701	4,800
Loss on disposal of property, plant and equipment	30.2	221	120
Allowance for expected credit loss	13.4 & 8.2	11,785	5,369
		127,089	127,637
30 OTHER INCOME			
Income from financial assets			
Profit on bank deposits		497	835
Dividend income	30.1	-	403
Export Rebate		154	1,694
Realised foreign exchange gain-net		43,421	23,999
Unrealised foreign exchange gain-net		11,174	1,448
		55,246	28,379
Income from non-financial assets			
Gain on disposal of property, plant and equipment	30.2	18,704	15,383
Gain on termination of lease	30.3	-	3,881
Un-winding of interest on long-term receivables	8	1,535	1,455
Reversal of Workers Welfare Fund - excess provision	21.5	-	311
Un-winding of deferred grant		1,098	8,999
Sale of scrap		41,556	36,396
		62,893	66,425
		118,139	94,804

30.1 This represented dividend income earned on sharia permissible arrangement.

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

Description	Purchaser	Mode	Cost	Net book Value	Sale Proceeds	Gain / (Loss)
			Rupees in thousand			
Empty bottles, shells, pallets and barrels	Various parties/ Insurance claim	Negotiation	46,978	14,621	26,403	11,782
Other assets with book value less than Rs. (thousand) 500.	Various parties	Negotiation	10,552	1,566	8,488	6,922
30 June 2023			57,530	16,187	34,891	18,704
30 June 2022			98,459	30,664	46,047	15,383

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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

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

Cost of sales	21,649	7,495	-	(7,495)
Distribution cost	16,406	5,029	-	(5,029)
Other operating expenses	2,850	221	-	(221)
	40,905	12,745	-	(12,745)
30 June 2023	98,435	28,932	34,891	5,959
30 June 2022	140,990	46,047	46,047	-

30.3 The Company did not have any business relationship with the purchasers of the assets disposed during the year.

Rupees in thousand
2023 2022

31 FINANCE COSTS

Interest / mark-up on:		
Short-term borrowings	250,801	87,465
Lease liability	6,287	7,645
Unwinding of discount on reduced rate loan	1,098	8,999
Long-term loans	15,323	10,812
	273,509	114,921
Bank charges	6,145	4,271
	279,654	119,192

32 TAXATION

Current tax:		
- Current year	113,177	101,679
- Prior year	10,816	-
	123,993	101,679
Deferred tax:		
- Relating to origination and reversal of temporary differences	7,127	4,805
- Effect of rate change	1,918	-
	133,038	106,484

32.1 The numerical reconciliation between the average tax rate and applicable tax rate has not been presented in these financial statements as the total income of the Company attracts minimum tax under section 113 of the Income Tax Ordinance, 2001 and its export sales fall under final tax regime.

Note **2023** 2022

33 EARNINGS PER SHARE - BASIC AND DILUTED

Net profit after tax (Rupees in thousand)		38,765	79,919
Weighted average number of ordinary shares at the end of the year (Number of shares in thousand)		9,663	9,663
Earnings per share - (basic / diluted)(Rupees per share)	33.1	4.01	8.27

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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

34 CAPACITY AND PRODUCTION

	Normal Annual Capacity		Actual Production	
			2023	2022
Bottling plant	7,800,000	Crates	3,190,529	4,549,746
Tetra Pak plant	70,350,000	Dozens	23,100,690	29,869,010
Squashes and syrups plant	770,000	Dozens	187,633	228,201
Jams and ketchup plant	5,275,000	Dozens	1,734,050	1,956,164
Pickles plant	145,000	Dozens	107,518	74,554
Canning plant	250,000	Dozens	39,901	35,657

The normal annual capacity, as shown above, has been worked out on the basis of 350 working days (2022:350 working days) except for bottling plant and squashes and syrups plant, which have been worked out on 150 days because of the seasonal nature of the business of the Company.

The variance between normal and actual production is because of the changes in demand and supply conditions along with impact of weather on consumer preferences.

35 REMUNERATION OF CHIEF EXECUTIVE, PAID DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2023	2022	2023	2022	2023	2022
Total number	1	1	1	1	4	4
	Rupees in thousand					
Basic salary	4,866	4,800	2,466	2,400	7,769	6,470
Provident fund contribution	406	400	-	-	647	539
Allowances and benefits						
House rent	1,140	95	-	-	1,368	1,462
Dearness	1,716	1,230	-	-	4,806	3,595
Special	1,440	960	-	-	840	845
Utilities	996	648	-	-	1,392	945
Medical	144	191	-	-	269	270
Bonus	833	1,250	-	-	1,752	1,653
Ex-gratia	800	800	-	-	1,202	1,236
	12,341	10,374	2,466	2,400	20,045	17,015

35.1 Fees amounting to Rs. (thousand) 960, Rs. (thousand) 480 and Rs. (thousand) 160 (2022: Rs. (thousand) 1,000, Rs. (thousand) 440 and Rs. (thousand) 80) have been paid to non-executive directors for attending Board meetings (No. of directors: 7 (2022: 7), Audit Committee meetings (No. of directors: 4 (2022: 4) and Human Resource Committee meeting (No. of directors: 3 (2022: 3), respectively.

35.2 The Company also provides the Chief Executive, certain directors and executives with Company maintained vehicles, partly for personal and partly for business purposes and has also provided rent free accommodation to the Chief Executive and an Executive.

36 TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise related group companies, associates, staff provident fund, directors and key management personnel. Transactions with related parties and associated undertakings, other than remuneration and benefits to key management personnel under the terms of their of employment are as follows (For remuneration and benefits to key management personnel please refer to note 35):

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

Name of Related Party	Nature of Transaction	Rupees in thousand	
		2023	2022
Associates			
Shahtaj Sugar Mills Limited	Purchases of raw materials	699,377	510,887
	Sales of finished goods	394	-
Shahtaj Textile Mills Limited	Sales of finished goods	429	215
Shahnawaz Engineering (Private) Limited	Sales of finished goods	26	12
Shezan Services (Private) Limited	Royalty charged	87,145	81,701
Shahnawaz (Private) Limited	Sales of finished goods	926	213
	Purchases/repairs of electric equipment/vehicles	154	209
Shezan Ampis Restaurant	Sales of finished goods	36	55
Staff Provident Fund Trust	Contributions paid	5,937	6,080

36.1 Amount due to / from related parties are shown under notes 21, 14 and 13 for payables, advances and receivables respectively.

36.2 Following are the details of related parties with whom the Company has entered into transactions or have arrangements / agreements in place during the year:

Name of Related Party	Relationship	Percentage of Shareholding in the Company	
		2023	2022
Shahtaj Sugar Mills Limited	Common Directorship	-	-
Shezan Ampis Restaurant	Common Directorship	-	-
Shahtaj Textile Mills Limited	Common Directorship	-	-
Shahnawaz Engineering (Private) Limited	Common Directorship	-	-
Shezan Services (Private) Limited	Common Directorship	0.2942%	0.2942%
Shahnawaz (Private) Limited	Common Directorship	-	-
Mr. Muneer Nawaz	Chairman	7.5047%	7.5047%
Mr. M. Naeem	Director	0.6135%	0.6135%
Mr. Humayun A. Shahnawaz	Chief Executive	4.1948%	4.1948%
Mr. Rashed Amjad Khalid	Director	1.8288%	1.8288%
Ms. Manahil Shahnawaz	Director	3.0716%	2.0367%
Mr. Abid Nawaz	Director	1.3375%	1.3375%
Mr. Nauman Khalid	Independent Director	0.0745%	0.0237%
Mr. Shahid Hussain Jatoi	N.I.T. Nominee Director	-	-
Mr. Abdul Hamid Ahmed Dagia	Independent Director	0.0057%	0.0057%
Mr. Hamid Ijaz	Key Management Personnel	-	-
Mr. Faisal Ahmad Nisar	Key Management Personnel	-	-
Mr. Raja Ata Ul Noor	Key Management Personnel	-	-
			No. of persons
		2023	2022

37 NUMBER OF EMPLOYEES

Number of permanent persons employed are as follows:

Total employees	227	252
Average employees	238	259

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

38 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

38.1 Credit risk

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

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

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

	Note	Carrying Values Rupees in thousand	
		2023	2022
Amortized cost			
Long-term receivables	8	16,608	22,179
Long-term deposits	9	7,315	7,881
Trade receivables	13	518,188	285,999
Advances	14	9,847	11,627
Short term deposits and interest accrued	15	4,142	2,271
Bank balances	16	64,883	64,186
		620,983	394,143

The credit quality of financial assets can be assessed by reference to external credit ratings or the historical information about counter party defaults as shown below:

38.1.1 Trade receivables

	Rupees in thousand	
	2023	2022
Geographically:		
Pakistan	277,966	137,277
Australia	7,561	12,273
North America	22,385	47,391
Europe	147,212	71,072
South Asia	45,097	31,205
Africa	17,967	17,967
	518,188	317,184

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

	1-30 days	31-60 days	61-90 days	91 Above	Total
As at 30 June 2023					
Expected credit loss rate	1.00%	3.92%	17.56%	38.02%	
Estimated total gross carrying amount at default	363,687	53,835	12,912	87,754	518,188
Expected credit loss	3,621	2,113	2,267	33,363	41,364
As at 30 June 2022					
Expected credit loss rate	0.85%	3.91%	12.80%	37.43%	
Estimated total gross carrying amount at default	169,112	59,447	23,347	65,268	317,175
Expected credit loss	1,433	2,323	2,989	24,431	31,176
			Note	Rupees in thousand 2023	2022
38.1.2 Advances					
Not yet due			14	9,847	11,627

38.1.3 Bank balances

Credit risk from balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's Audit Committee. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments. The Company has not recorded any expected credit loss on the balances with the below detailed financial institutions considering that the credit risk is minimal due to loss standing relationships with these financial institutions.

Banks	Category			Rupees in thousand	
	Rating Agency	Short term	Long term	2023	2022
United Bank Limited	JCR-VIS	A1+	AAA	3,414	5,515
Bank AL-Habib Limited	PACRA	A1+	AAA	54,300	16,887
National Bank of Pakistan	PACRA	A1+	AAA	742	34,441
HBL Pakistan	JCR-VIS	A1+	AAA	5,000	5,404
Bank Alfalah Limited	PACRA	A1+	AA+	1,417	1,615
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	11	324
				64,883	64,186

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

38.2 Liquidity Risk

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

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

Note		2023				
		Carrying amount	Contractual cash flows	Less than one year	One to five years	Over five years
Rupees in thousand						
Long-term loans	19	175,000	207,356	126,836	80,520	-
Short-term borrowings	23	1,262,658	1,262,658	1,262,658	-	-
Lease liabilities	20	74,663	98,257	24,423	58,432	15,402
Trade and other payables	21	711,454	655,275	655,275	-	-
Accrued markup		91,601	91,601	91,601	-	-
Unclaimed dividend	22	13,928	13,928	13,928	-	-
		2,329,304	2,329,075	2,174,721	138,952	15,402

Note		2022				
		Carrying amount	Contractual Cash flows	Less than one year	One to five years	Over five years
Rupees in thousand						
Long term loans	19	95,924	134,807	134,807	-	-
Short-term borrowings	23	1,035,442	1,035,442	1,035,442	-	-
Lease liabilities	20	70,233	98,389	14,134	62,797	21,458
Trade and other payables	21	863,958	863,958	863,958	-	-
Accrued markup		20,805	20,805	20,805	-	-
Unclaimed dividend	22	9,796	9,796	9,796	-	-
		2,096,158	2,163,197	2,078,942	62,797	21,458

38.3 Market Risk

38.3.1 Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the export of its products and import of some chemicals. The Company does not view hedging as financially viable considering the materiality of transactions. The Company does not have any obligation that is due to be settled in foreign currency as at 30 June 2023.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

	Note	(USD in thousand) June 2023.	
		2023	2022
Trade receivables	13	945	600
Cash and bank balances	16	9	1
Net exposure		954	601

Following significant exchange rates were used:

	Reporting date rate		Average rate	
	2023	2022	2023	2022
	Rupees		Rupees	
	285.90	204.85	286.18	181.20

Sensitivity analysis

With all other variables remain constant, a 1% change in the rupee dollar parity existing at 30 June 2023 would have affected the profit before taxation and liabilities and equity by Rs. (thousands) 2,727 (2022: Rs. (thousands) 1,231).

38.3.2 Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As the Company does not have any significant floating interest rate assets, the Company's income is independent of changes in market interest rate. The Company's interest rate risk mainly arises from long term financing and short term borrowings obtained at variable interest rates from various financial institutions. Long term financing and short term borrowings obtained at variable rates expose the Company to cash flow interest rate risk. The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Company calculates the impact on statement of profit or loss and other comprehensive income of a defined interest rate shift.

At the reporting date, the interest rate profile of the Company's significant interest bearing financial instruments is:

	Note	(Rupees in thousand)	
		2023	2022
Fixed rate			
Lease liabilities	20	74,663	70,233
Variable rate instruments:			
Financial assets			
Bank balance	16	41,093	47,453
Financial liabilities			
Short term borrowings	23	1,262,658	1,035,442
Long term financing - secured	19	175,000	95,924
		1,437,658	1,131,366
		(1,471,228)	(1,154,146)

Sensitivity analysis

If interest rates at the year end, fluctuate by 100 basis points higher / lower, profit before taxation would have been Rs. (thousand) 14,646 (2022: Rs. (thousand) 11,541) higher / lower. This analysis is prepared assuming that all other variables held constant and the amounts of liabilities outstanding at the financial position dates were outstanding for the whole year.

38.4 Capital management

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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

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

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

Gearing ratio	Note	Rupees in thousand	
		2023	2022
Long-term loans	19	175,000	95,924
Short-term borrowings	23	1,262,658	1,035,442
Cash and bank balances	16	(118,637)	(84,116)
Net debt		1,319,021	1,047,250
Equity		2,095,607	2,104,881
Total capital (Net debt + Equity)		3,414,628	3,152,131
Gearing (Net debt / Total capital)		39%	33%

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

38.5 Fair value of financial instruments

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

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

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair values are observable either, directly or indirectly.

Level 3: Techniques which uses inputs that have a significant effect on the recorded fair value that are not based on observable market data.

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

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

	Level 1	Level 2	Level 3
	Rupees in thousand		
2023			
Investment	3,508	–	–
2022			
Investment	3,200	–	–

During the year, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurement. The carrying values of all financial assets and liabilities reflected in the financial statements approximate fair values.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

38.6 Changes in liabilities arising from financing activities

	2023					
	Accrued markup	Long term borrowings	Lease liabilities	Short Term Borrowings	Unclaimed Dividend	Total
As at 30 June 2022	20,805	95,924	70,233	1,035,442	9,796	1,232,200
Changes from financing activities						
Cashflows	(196,426)	79,076	(7,397)	227,216	(44,183)	58,286
Finance cost	267,222	-	6,287	-	-	273,509
Non cash addition	-	-	5,541	-	-	5,541
Other	-	-	-	-	-	-
Dividend issued	-	-	-	-	48,315	48,315
As at 30 June 2023	91,601	175,000	74,663	1,262,658	13,928	1,617,850

	2022					
	Accrued markup	Long term borrowings	Lease liabilities	Short term borrowings	Unclaimed Dividend	Total
(Rupees in thousand)						
As at 30 June 2021	21,185	451,722	58,364	929,615	4,845	1,465,731
Changes from financing activities						
Cashflows	(107,656)	(355,798)	(16,201)	105,827	(43,364)	(417,192)
Finance cost	107,276	-	7,645	-	-	114,921
Non cash addition	-	-	34,713	-	-	34,713
Other	-	-	(14,288)	-	-	(14,288)
Dividend issued	-	-	-	-	48,315	48,315
As at 30 June 2022	20,805	95,924	70,233	1,035,442	9,796	1,232,200

39. SEGMENTAL ANALYSIS

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

FOR THE YEAR ENDED 30 JUNE 2023

Segment analysis of profit and loss account for the year ended 30 June 2023:

	Juices and Drinks	Others	Total
Rupees in thousand			
Revenue from contracts with customers - net	6,970,836	1,774,588	8,745,424
Cost of revenue	(5,352,985)	(1,312,188)	(6,665,173)
Gross profit	1,617,851	462,400	2,080,251
Unallocated expenses and income			
Corporate expenses			(1,619,844)
Finance costs			(279,654)
Other operating expenses			(127,089)
Other income			118,139
Taxation			(133,038)
Profit after taxation			38,765

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

	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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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

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

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

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

40. EVENTS AFTER THE REPORTING DATE

The Board of Directors have proposed a final 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 in their meeting held on 28 September 2023 for approval of the members at the Annual General Meeting to be held on 24 October 2023. These financial statements do not reflect the effect of these appropriations.

41. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors on 28 September 2023.

SHEZAN INTERNATIONAL LIMITED

PROXY FORM

I/We, _____
of _____
being a Member(s) of Shezan International Limited holding _____
ordinary shares hereby appoint _____
of _____
or failing him _____
of _____

who is also a Member of Shezan International Limited as my/our Proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 60th Annual General Meeting of the Company to be held on 24 October 2023 at 56- Bund Road, Lahore and at any adjournment thereof.

As witness my/our hand/seal this _____ day of _____ 2023.

Signed by _____

in the presence of _____

Folio Number / CDC A/C Number

Signature

Affix Rs. 5/- revenue stamp

This signature should agree with the specimen registered with the Company.

Important notes:

1. No person shall act as proxy unless he himself is member of the Company, except that a corporation may appoint a person who is not a member.
2. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
3. Proxies, in order to be valid must be received at the Registered Office of the Company, Shezan International Limited, 56 Bund Road, Lahore, not less than forty eight (48) hours before the meeting.
4. CDC Shareholders and their proxies, both are requested to attach an attested photocopy of their Computerized National Identity Card (CNIC) or Passport with the proxy form before submission to the Company (Original CNIC / Passport is required to be produced at the time of the meeting).
5. In case of Corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

شینزان انٹرنیشنل لمیٹڈ پراکسی کا فارم

میں رہم _____
برائے _____
بحیثیت حصص یافتگان شینزان انٹرنیشنل لمیٹڈ حامل _____ حصص مقرر کرتا کرتی ہوں _____
برائے _____
یا انکی عدم موجودگی کی صورت میں _____
برائے _____

جو کہ شینزان انٹرنیشنل لمیٹڈ کا حصص دار بھی ہے بطور پراکسی مقرر کرتا کرتی ہوں تاکہ وہ میری رہماری جگہ 24 اکتوبر 2023ء کو 56 بند روڈ، لاہور، میں منعقد ہونے والے 60 ویں سالانہ اجلاس عام میں حق رائے دہی استعمال کر سکے۔

بتاریخ _____ بروز _____ 2023ء

دستخط کنندہ
گواہان

دستخط
(پانچ روپے کا محصول ٹکٹ)

فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر

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

نوٹس:

- 1- کمپنی کا ممبر نہ ہونے کی صورت میں کسی فرد کو بطور پراکسی مقرر نہیں کیا جاسکتا ماسوائے کارپوریشن کے جو ممبر کے علاوہ کسی دوسرے فرد کو بھی پراکسی نامزد کر سکتی ہے۔
- 2- اگر ایک رکن ایک سے زیادہ پراکسی مقرر کرتا ہے اور کمپنی کے پاس رکن کی طرف سے پراکسی فارم کی ایک سے زیادہ دستاویزات جمع کروائی جاتی ہیں تو پراکسی کی ایسی تمام دستاویزات کا عدم تصور ہوگی۔
- 3- پراکسی فارم کمپنی کے رجسٹرڈ آفس، شینزان انٹرنیشنل لمیٹڈ 56- بند روڈ لاہور میں اجلاس کے انعقاد سے کم از کم اٹالیس (48) گھنٹے قبل جمع کروانا لازمی ہے بصورت دیگر قابل قبول نہ ہوگا۔
- 4- سی ڈی سی اکاؤنٹ ہولڈر پراکسی فارم کے ہمراہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی بھی منسلک کرنی ہوگی (پراکسی کو اجلاس کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ پیش کرنا ہوگا)۔
- 5- کارپوریٹ ادارہ ہونے کی صورت میں بحیثیت ممبر بورڈ آف ڈائریکٹرز کی منظور شدہ قرارداد پر آؤف اٹارنی بمعہ نمونہ دستخط پراکسی فارم کے ہمراہ جمع کرانا ہوں گے۔



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