



Annual Report 2015



# INGREDIENTS



FOR THE GROWING BRAND



## 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.

## 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.

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# Company Information

## Board of Directors:

|                              |                        |
|------------------------------|------------------------|
| Mr. Muneer Nawaz             | Chairman               |
| Mr. Humayun A. Shahnawaz     | Chief Executive        |
| Mr. Mahmood Nawaz            |                        |
| Mr. M. Naeem                 |                        |
| Mr. Rashed Amjad Khalid      |                        |
| Ms. Manahil Shahnawaz        |                        |
| Mr. Munaf Ibrahim            | (Independent Director) |
| Mr. Syed Etrat Hussain Rizvi | (N.I.T. Nominee)       |

## Chief Financial Officer & Company Secretary:

Mr. Faisal Ahmad Nisar, FCA

## Audit Committee:

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

## Human Resource and Remuneration Committee:

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

## Registered Office / Head Office:

56 - Bund Road, Lahore-54500.  
 Phones: (042) 37466900-04.  
 Faxes: (042) 37466899 & 37466895.  
 E-mail: shezan@brain.net.pk

## Factories:

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

## Website:

www.shezan.com

## Auditors:

Ernst & Young Ford Rhodes Sidat Hyder,  
 Chartered Accountants,  
 96-B-1, 4<sup>th</sup> Floor, Pace Mall Building,  
 M. M. Alam Road, Gulberg II, Lahore.

## Share Registrar:

Corp Link (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.  
 The Bank of Khyber.  
 Bank Al-Habib.  
 Habib Bank Limited.  
 Bank Alfalah Limited.  
 JS Bank Limited.



# Notice of Meeting

The 52<sup>nd</sup> Annual General Meeting of the Company will be held on 30 October 2015 at 10:30 a.m. at Avari Hotel, 87-Shahrah-e-Quaid-e-Azam, Lahore, to transact the following business: -

## Ordinary Business:

1. To confirm the minutes of Annual General Meeting held on 30 October 2014.
2. To receive and adopt the Audited Financial Statements of the Company for the year ended 30 June 2015 together with the Directors' and Independent Auditors' Report thereon.
3. To consider and, if thought fit, approve the cash dividend @ Rs. 11/- per share, i.e., 110%, as recommended by the Board of Directors for the year ended 30 June 2015.
4. To appoint External Auditors of the Company for the financial year 2015-16 and to fix their remuneration.
5. To transact any other business with the permission of the Chair.

By Order of the Board



Faisal Ahmad Nisar  
Company Secretary

Lahore:  
29 September 2015.

## Notes:

1. The share transfer books of the Company will be closed from 24 October 2015 to 30 October 2015 (both days inclusive), for determining the entitlement of dividend.
2. 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 48 hours before the meeting.
3. 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.
4. Signature of the shareholder on proxy form must agree with the specimen signature registered with the Company. For the convenience of the shareholders, a proxy form is attached with this annual report.
5. Shareholders are requested to immediately notify the Company of any change in their address to our Share Registrar, M/s. Corp Link (Private) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore.
6. 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.



# Notice of Meeting

## (B) For appointing proxies:

- i. In case of individuals, the account holder 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.
- iv. In Case of corporate entity, the Board of Directors' Resolutions / Power of attorney with specimen signature of the person nominated to present any vote on behalf of the corporate entity, shall be submitted (unless it has been provided earlier) along with the proxy form to the Company.

7. Pursuant to the provisions of the Finance Act, 2015 reforms have been made with regards to deduction of income tax for cash dividend, the rates of deduction of income tax, under section 150 of the Income Tax Ordinance, 2001 have been revised from 01 July 2015 as follows:

- |     |  |        |
|-----|--|--------|
| i.  | Rate of tax deduction for filers of income tax returns     | 12.50% |
| ii. | Rate of tax deduction for non-filers of income tax returns | 17.50% |

In case of joint account, each account holder is to be treated individually as either a filer or non-filer and 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 tax payment status also to the relevant member 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 tax status as per the active taxpayers list (ATL) issued by the Federal Board of Revenue (FBR) from time to time.

8. In order to comply with the requirements of Securities & Exchange Commission of Pakistan (SECP) SRO 19(I)/2014 dated 10 January 2014, 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.
9. The audited financial statements of the Company for the year ended 30 June 2015 have been made available on the Company's website ([www.shezan.com](http://www.shezan.com)) in addition to annual and quarterly financial statements for the current and prior periods.



SOUR  
& SAVORY





# Directors' Report

## to the Members

The Directors of the Company are pleased to submit the Annual Report along with the audited financial statements for the year ended 30 June 2015.

### OVERVIEW OF THE ECONOMY

Fiscal year 2014-15 registered some remarkable achievements. Inflation hit the lowest level at 2.1% since 2003-04. Capital market created history, grading by international rating agencies improved, historical agreement with Chinese Government on China Pak Economic Corridor (CPEC), successful reviews with IMF, issuance of Ijara Sakuk Bond after a period of 9 years, decline in unemployment rate from 6.2% to 6% etc. The initial months of financial year 2014-15 braved some headwinds due to sit-ins and political turmoil. However, the economy was put back on track and economic indicators showed positive results. The year 2014-15 ended with sharp improvement in the external account, as the sudden fall in international oil prices along with strong growth in remittances helped in containing the current account deficit. The disbursement of tranches by the IMF and successful issue of Sukuk Bond in the international market swelled the foreign exchange reserves to a comfortable level.

The GDP growth accelerated to 4.24% in 2014-15 against the growth of 4.03% recorded in the same period last year. The growth momentum is broad based, as all sectors namely agriculture, industry and services have supported economic growth.

The food inflation on average basis in July-June, 2014-15 was estimated at 3.16% and non-food 5.7% as against 9.3 % and 8.2 % in the corresponding period last year.

Apart from the above mentioned positives of the economy, the rise of violent extremism and increase in terrorism in Pakistan not only caused serious damage to Pakistan's economy but has also been responsible for widespread human suffering due to indiscriminate attacks against the civilian population. This situation disrupted Pakistan's normal economic and trading activities which not only resulted in higher costs of business but also created disruptions in production cycles, resulting in significant delays in meeting the export orders. As a result, Pakistani products have gradually lost their market share to their competitors. Therefore economic growth could not pick up as planned. Consequently, Company's overall business suffered badly from this situation.

During the first half of the financial year, our export sales showed a positive growth but this momentum was not sustained in the later part of the financial year in the backdrop of sharp decline in the oil prices. Our exports in Africa were much affected due to this reason. We think that it will be a big challenge for the Company to regain the growth momentum in this part of the world.

We made our humble contribution to the National Exchequer by paying a sum of Rs. 1.342 billion in the shape of Sales Tax, Excise Duty and Income Tax for the year ended 30 June 2015.

Our advertisement activities costs were high and this trend would continue in the coming year due to market conditions. The business environment has become very competitive and our profits are affected by this intense competition.

### FINANCIAL PERFORMANCE

For the year ended 30 June 2015, total sales were Rs. 6.818 billion against Rs. 6.761 billion in the same period last year. The cost of sales was Rs. 4.878 billion against Rs. 4.736 billion last year. Therefore, the Company earned gross profit of Rs. 1.940 billion as against Rs. 2.025 billion in the corresponding last year. Cost of sales was high because of high prices of raw and packing materials as well as increase in the minimum wages.

The distribution cost has reduced slightly by 2.13% as compared to the last year mainly because of the reduction in petroleum prices. However, advertisement and sales promotion expense increased by 3.13%. We had to increase our publicity campaign to boost our sales due to stiff competition in the market and develop our brand. The finance cost has increased substantially as compared to last year. The increase in finance cost was because huge borrowings were made during the year to stock the seasonal fruits, pulps and packaging materials to fulfill the sales demands of our products. Further, Company obtained a long term loan of Rs. 300 million to enhance its production capacity in the shape of new Tetra Pak type A-3 machine.

Net profit for the year was Rs. 294.978 million as compared to Rs. 259.532 million of the corresponding year which is more than the last year and earnings per share were Rs. 36.94 versus Rs. 32.50 (re-stated) in the last year.

### APPROPRIATIONS

The Company has earned an after tax profit of Rs. 294.978 million for the year under review.

|   | Rupees in thousand |
|---|--------------------|
| Profit after taxation                           | 294,978            |
| Unappropriated profits brought forward          | 328,341            |
| Dividend @ Rs. 10/- per share for the year      |                    |
| ended 30 June 2014                              | (72,600)           |
| Transfer to General reserve                     | (150,000)          |
| Issue of bonus shares for the year              |                    |
| ended 30 June 2014                              | (7,260)            |
| Unappropriated profits carried forward          | 393,459            |
| Earnings per share - basic and diluted (Rupees) | 36.94              |

### DIVIDEND

Keeping in view the satisfactory financial results, the Directors have immense pleasure in proposing a cash dividend of 110%, i.e., Rs. 11/- per share. We hope our shareholders would appreciate our paying generous returns on their investment.



# Directors' Report

## to the Members

### FUTURE OUTLOOK

Despite the challenges being faced in the country, we believe in the strong potential of Pakistan and are hopeful that economic prospects of the country will improve in the future. Our Company is committed to Pakistan and will continue to enhance the quality of life by bringing Nutrition, Health & Wellness products.

### CORPORATE GOVERNANCE AND FINANCIAL REPORTING FRAME WORK

As required by the Code of Corporate Governance, the Directors are pleased to report the following:

- The financial statements, prepared by the management of the Company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Key operating and financial data of last six years is annexed to this report.
- Where any statutory payment on account of taxes, duties, levies and charges is outstanding, the amount together with a brief description and reasons for the same is disclosed.
- Fair value of investments of provident fund as at 30 June 2015 was Rs. 168.991 million.
- During the year, five Board of Directors meetings were held.

Attendance of these meetings was as follows:

| Name of Director         | No. of Meetings Attended |
|--------------------------|--------------------------|
| Mr. Muneer Nawaz         | 5                        |
| Mr. Mahmood Nawaz        | 4                        |
| Mr. M. Naeem             | 5                        |
| Mr. Rashed Amjad Khalid  | 3                        |
| Ms. Manahil Shahnawaz    | –                        |
| Mr. Humayun A. Shahnawaz | 4                        |
| Mr. Munaf Ibrahim        | 3                        |
| Mr. Etrat Hussain Rizvi  | 3                        |

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

- Pattern of Shareholdings as on 30 June 2015 and its disclosure according to the requirement of Code of Corporate Governance is annexed to this report.
- The Directors, Chief Executive, Chief Financial Officer, Company Secretary and their spouses and minor children shareholding and change therein during the year is disclosed in "Categories of Shareholders".

### RELATED PARTY TRANSACTIONS

The Directors confirm the following regarding related party transactions:

- That the transactions undertaken with related parties during the financial year have been ratified by the Audit Committee and approved by the Board of Directors.
- That the amounts or appropriate proportions of outstanding, items pertaining to related parties and receivables/payables from the related parties as on 30 June 2015:

| Name of Related Party             | Rupees in thousand |            |
|-----------------------------------|--------------------|------------|
|                                   | Payable            | Receivable |
| Shezan Services (Private) Limited | 57,240             | Nil        |
| Shahnawaz (Private) Limited       | Nil                | 48         |
| Shahtaj Sugar Mills Limited       | 66,461             | Nil        |

- There is no other material information pertaining to related party transactions, which is necessary for an understanding of financial statements.



# Directors' Report to the Members

## BOARD AUDIT COMMITTEE

The Audit Committee met four times during the year under reference. These meetings were held prior to the approval of interim results of the Company by the Board of Directors and before and after completion of external audit. Attendance by each director was as follows:

| Name of Director        | No. of Meetings Attended |
|-------------------------|--------------------------|
| Mr. Muneer Nawaz        | 4                        |
| Mr. M. Naeem            | 2                        |
| Mr. Rashed Amjad Khalid | 3                        |

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

## BOARD HUMAN RESOURCE COMMITTEE

A Human Resource & Remuneration Committee has been in existence since the enforcement of the Revised Code of Corporate Governance, which comprises of three Directors. During the year two meetings of the Human Resource & Remuneration Committee were held. Attendance by each director was as follows:

| Name of Director         | No. of Meetings Attended |
|--------------------------|--------------------------|
| Mr. Muneer Nawaz         | 2                        |
| Mr. M. Naeem             | 2                        |
| Mr. Humayun A. Shahnawaz | 2                        |

## EXTERNAL AUDITORS

Messrs. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants have completed their assignment for the year 2014-15 and will retire at the conclusion of the 52<sup>nd</sup> Annual General Meeting. Being eligible, they have offered themselves for re-appointment. The Board of Directors, on recommendations of the Audit Committee, proposes the appointment of Messrs. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, for the year ending 30 June 2016.

## STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES ON TRANSFER PRICING

The Company has fully complied with the best practices on transfer pricing as contained in the listing regulations of the stock exchanges.

## CORPORATE SOCIAL RESPONSIBILITIES

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

## ACKNOWLEDGEMENT

We are thankful to the valued customers of Company's products for their continued patronage of our products and the shareholders for their trust and confidence in the Company. We also place on record our appreciation for the commitment, devotion to duty and hard work of the officers and workers of all categories.

On Behalf of the Board



Karachi:  
29 September 2015.

Muneer Nawaz  
Chairman



# Corporate Social Responsibility



The Company believes that Corporate Social Responsibility is the continuing commitment to behave ethically and contribute to 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 as an essential part in everyday operations of the Company. Since the Company's business is to deal with food and juice products, so it is the policy of the Company to provide not only healthy products to its customers but also ensures clear and coherent view of its product range in all its advertisement campaigns.

Further, 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 procedure and system regarding all key positions to avoid the impact of any corruption and bribery.

## INDUSTRIAL RELATIONS

Cordial industrial relations and harmonious working environment prevailed at all locations of the Company. The management enjoys good relationship with the employees. CBA elections are

held in 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 two workers were sent to perform Hajj at the Company's expense. The Company also has good relations with the suppliers.

## EMPLOYMENT OF SPECIAL PERSONS

To ensure the welfare and rehabilitation of special persons, the Company has especially stressed upon the induction of Disabled Persons in accordance with "Employment and Rehabilitation Ordinance, 1981". The Company has established a policy regarding the hiring of disable 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 CONSERVATIONS

Safety and Health protection of our employees as well as protection of 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 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 towards helping distressed communities as and when required. For this purpose, the Company has made donations to various educational and charitable organizations including National Management Foundation, Marie Adelaide Leprosy Center, Care Foundation, SOS, Children Village, Chhipa Welfare Association, Shaukat Khanum Memorial Cancer Hospital, LRBT, Edhi Foundation, Fatimid Foundation, WWF, Pakistan.

### COMMUNITY INVESTMENT AND WELFARE SPENDING FOR UNDER-PRIVILEGED CLASSES

The Company has complete focus on the welfare of community as its mandatory role. Since the incorporation of Company in 1964, it has contributed to its maximum in different welfare schemes of the society. Along with all these investments, our management also devoted some area for the community mosque along with the provision of reasonable funds for the construction of said mosque.

### 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 the healthy products. For this purposes, 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 regarding the implementation and execution of ISO rules and regulation for the quality maintenance.

### ENVIRONMENTAL PROTECTION MEASURES

The environmental protection is significantly focused by the management of the Company in its policies to protect the environment from any hazards. The management has planted many plants and trees inside the factory area which shows their complete realization of healthy and pollution-free environment.

### CONTRIBUTION TO NATIONAL EXCHEQUER

The management has always showed its responsibility by paying all government taxes in time without any delay. For the year ended 30 June 2015 we made our humble contribution to the National Exchequer as follows:

| Description               | Rupees in thousand |
|---------------------------|--------------------|
| Income Tax                | 107,269            |
| Sales Tax and Excise Duty | 1,235,120          |
| <b>Total</b>              | <b>1,342,389</b>   |



# Horizontal Analysis

## of Financial Statements

### Statement of Financial Position

|  | 2015               | 2014        | 2013        | 2012        | 2011        | 2010        | 2015                                      | 2014    | 2013     | 2012    | 2011     | 2010    |
|--|--------------------|-------------|-------------|-------------|-------------|-------------|---|---------|----------|---------|----------|---------|
|  | Rupees in thousand |             |             |             |             |             | % increase/(decrease) over preceding year |         |          |         |          |         |
| <b>Balance Sheet</b>                     |                    |             |             |             |             |             |   |         |          |         |          |         |
| Non-current assets                       | 1,205,253          | 853,797     | 769,061     | 448,348     | 433,769     | 427,495     | 41.16                                     | 11.01   | 71.53    | 3.36    | 1.47     | 37.47   |
| Current assets                           | 2,210,327          | 1,833,945   | 1,508,567   | 1,747,094   | 1,511,800   | 1,191,958   | 20.52                                     | 21.57   | (13.65)  | 15.56   | 26.83    | 14.24   |
| Total assets                             | 3,415,580          | 2,687,742   | 2,277,628   | 2,195,442   | 1,945,569   | 1,619,453   | 27.08                                     | 18.01   | 3.74     | 12.84   | 20.14    | 19.57   |
| Equity                                   | 1,728,162          | 1,505,256   | 1,311,038   | 1,115,460   | 953,011     | 848,138     | 14.81                                     | 14.81   | 17.53    | 17.05   | 12.37    | 9.04    |
| Non-current liabilities                  | 284,498            | 68,522      | 50,392      | 56,682      | 71,747      | 91,121      | 315.19                                    | 35.98   | (11.10)  | (21.00) | (21.26)  | 99.46   |
| Current liabilities                      | 1,402,920          | 1,113,964   | 916,198     | 1,023,300   | 920,811     | 680,194     | 25.94                                     | 21.59   | (10.47)  | 11.13   | 35.37    | 28.13   |
| Total equity and liabilities             | 3,415,580          | 2,687,742   | 2,277,628   | 2,195,442   | 1,945,569   | 1,619,453   | 27.08                                     | 18.01   | 3.74     | 12.84   | 20.14    | 19.57   |
| <b>Profit and Loss Account</b>           |                    |             |             |             |             |             |   |         |          |         |          |         |
| Net sales                                | 6,817,635          | 6,760,527   | 5,674,500   | 5,060,898   | 4,221,827   | 3,528,134   | 0.84                                      | 19.14   | 12.12    | 19.87   | 19.66    | 29.30   |
| Cost of sales                            | (4,877,580)        | (4,735,740) | (3,963,874) | (3,603,285) | (3,130,544) | (2,591,790) | 3.00                                      | 19.47   | 10.01    | 15.10   | 20.79    | 31.27   |
| Gross profit                             | 1,940,055          | 2,024,787   | 1,710,626   | 1,457,613   | 1,091,283   | 936,344     | (4.18)                                    | 18.37   | 17.36    | 33.57   | 16.55    | 24.14   |
| Administrative expenses                  | (217,741)          | (214,310)   | (162,644)   | (145,075)   | (116,605)   | (101,413)   | 1.60                                      | 31.77   | 12.11    | 24.42   | 14.98    | 10.90   |
| Distribution cost                        | (1,245,656)        | (1,272,778) | (1,005,438) | (846,287)   | (629,912)   | (580,492)   | (2.13)                                    | 26.59   | 18.81    | 34.35   | 8.51     | 30.78   |
| Other operating expenses                 | (161,177)          | (162,188)   | (139,724)   | (132,720)   | (122,601)   | (90,702)    | (0.62)                                    | 16.08   | 5.28     | 8.25    | 35.17    | 26.01   |
| Other income                             | 59,796             | 53,592      | 37,257      | 37,675      | 28,798      | 19,448      | 11.58                                     | 43.84   | (1.11)   | 30.83   | 48.08    | (3.51)  |
| Profit from operation                    | 375,277            | 429,103     | 440,077     | 371,206     | 250,963     | 183,185     | (12.54)                                   | (2.49)  | 18.55    | 47.91   | 37.00    | 9.61    |
| Finance Cost                             | (60,967)           | (28,571)    | (45,756)    | (53,118)    | (40,343)    | (17,950)    | 113.39                                    | (37.56) | (13.86)  | 31.67   | 124.75   | 174.38  |
| Share of loss-associate                  | -                  | -           | -           | (18)        | (18)        | (16)        | -   | -       | (100.00) | -       | 12.50    | -       |
| Profit before taxation                   | 314,310            | 400,532     | 394,321     | 318,070     | 210,602     | 165,219     | (21.53)                                   | 1.58    | 23.97    | 51.03   | 27.47    | 2.90    |
| Taxation                                 | (19,332)           | (141,000)   | (145,000)   | (110,700)   | (70,000)    | (58,474)    | (86.29)                                   | (2.76)  | 30.98    | 58.14   | 19.71    | 0.65    |
| Net Profit for the year                  | 294,978            | 259,532     | 249,321     | 207,370     | 140,602     | 106,745     | 13.66                                     | 4.10    | 20.23    | 47.49   | 31.72    | 4.17    |
| <b>Summary Cash Flows</b>                |                    |             |             |             |             |             |   |         |          |         |          |         |
| Net cash flows from operating activities | 305,677            | 313,683     | 377,732     | 165,672     | 98,443      | 170,645     | (2.55)                                    | (16.96) | 128.00   | 68.29   | (42.31)  | 50.41   |
| Net cash flows from investing activities | (543,220)          | (243,975)   | (269,633)   | (70,688)    | (59,077)    | (92,908)    | 122.65                                    | (9.52)  | 281.44   | 19.65   | (36.41)  | 114.38  |
| Net cash flows from financing activities | 227,382            | (65,893)    | (67,667)    | (68,423)    | (56,267)    | (49,072)    | (445.08)                                  | (2.62)  | (1.10)   | 21.60   | 14.66    | (41.10) |
| Net change in cash and cash equivalents  | (10,161)           | 3,815       | 40,432      | 26,561      | (16,901)    | 28,665      | (366.34)                                  | (90.56) | 52.22    | 257.16  | (158.96) | 317.19  |



# Vertical Analysis of Financial Statements

## Statement of Financial Position

|                                     | 2015             |               | 2014             |               | 2013             |               | 2012             |               | 2011             |               | 2010             |               |
|-------------------------------------|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
|                                     | Rs. in '000      | %             | Rs. in '000      | %             | Rs. in '000      | %             | Rs. in '000      | %             | Rs. in '000      | %             | Rs. in '000      | %             |
| <b>Balance Sheet</b>                |                  |               |                  |               |                  |               |                  |               |                  |               |                  |               |
| Non-current assets                  | 1,205,253        | 35.29         | 853,797          | 31.77         | 769,061          | 33.77         | 448,348          | 20.42         | 433,769          | 22.30         | 427,495          | 26.40         |
| Current assets                      | 2,210,327        | 64.71         | 1,833,945        | 68.23         | 1,508,567        | 66.23         | 1,747,094        | 79.58         | 1,511,800        | 77.70         | 1,191,958        | 73.60         |
| <b>Total assets</b>                 | <b>3,415,580</b> | <b>100.00</b> | <b>2,687,742</b> | <b>100.00</b> | <b>2,277,628</b> | <b>100.00</b> | <b>2,195,442</b> | <b>100.00</b> | <b>1,945,569</b> | <b>100.00</b> | <b>1,619,453</b> | <b>100.00</b> |
| Equity                              | 1,728,162        | 50.60         | 1,505,256        | 56.00         | 1,311,038        | 57.56         | 1,115,460        | 50.81         | 953,011          | 48.98         | 848,138          | 52.37         |
| Non-current liabilities             | 284,498          | 8.33          | 68,522           | 2.55          | 50,392           | 2.21          | 56,682           | 2.58          | 71,747           | 3.69          | 91,121           | 5.63          |
| Current liabilities                 | 1,402,920        | 41.07         | 1,113,964        | 41.45         | 916,198          | 40.23         | 1,023,300        | 46.61         | 920,811          | 47.33         | 680,194          | 42.00         |
| <b>Total equity and liabilities</b> | <b>3,415,580</b> | <b>100.00</b> | <b>2,687,742</b> | <b>100.00</b> | <b>2,277,628</b> | <b>100.00</b> | <b>2,195,442</b> | <b>100.00</b> | <b>1,945,569</b> | <b>100.00</b> | <b>1,619,453</b> | <b>100.00</b> |
| <b>Profit and Loss Account</b>      |                  |               |                  |               |                  |               |                  |               |                  |               |                  |               |
| Net sales                           | 6,817,635        | 100.00        | 6,760,527        | 100.00        | 5,674,500        | 100.00        | 5,060,898        | 100.00        | 4,221,827        | 100.00        | 3,528,134        | 100.00        |
| Cost of sales                       | (4,877,580)      | (71.54)       | (4,735,740)      | (70.05)       | (3,963,874)      | (69.85)       | (3,603,285)      | (71.20)       | (3,130,544)      | (74.15)       | (2,591,790)      | (73.46)       |
| Gross profit                        | 1,940,055        | 28.46         | 2,024,787        | 29.95         | 1,710,626        | 30.15         | 1,457,613        | 28.80         | 1,091,283        | 25.85         | 936,344          | 26.54         |
| Administrative expenses             | (217,741)        | (3.19)        | (214,310)        | (3.17)        | (162,644)        | (2.87)        | (145,075)        | (2.87)        | (116,605)        | (2.76)        | (101,413)        | (2.87)        |
| Distribution cost                   | (1,245,656)      | (18.27)       | (1,272,778)      | (18.83)       | (1,005,438)      | (17.72)       | (846,287)        | (16.72)       | (629,912)        | (14.92)       | (580,492)        | (16.45)       |
| Other operating expenses            | (161,177)        | (2.36)        | (162,188)        | (2.40)        | (139,724)        | (2.46)        | (132,720)        | (2.62)        | (122,601)        | (2.90)        | (90,702)         | (2.57)        |
| Other income                        | 59,796           | 0.88          | 53,592           | 0.79          | 37,257           | 0.66          | 37,675           | 0.74          | 28,798           | 0.68          | 19,448           | 0.55          |
| Profit from operation               | 375,277          | 5.50          | 429,103          | 6.35          | 440,077          | 7.76          | 371,206          | 7.33          | 250,963          | 5.94          | 183,185          | 5.19          |
| Finance Cost                        | (60,967)         | (0.89)        | (28,571)         | (0.423)       | (45,756)         | (0.81)        | (53,118)         | (1.05)        | (40,343)         | (0.96)        | (17,950)         | (0.51)        |
| Share of loss-associate             | -                | -             | -                | -             | -                | -             | (18)             | -             | (18)             | -             | (16)             | -             |
| Profit before taxation              | 314,310          | 4.61          | 400,532          | 5.92          | 394,321          | 6.95          | 318,070          | 6.28          | 210,602          | 4.99          | 165,219          | 4.68          |
| Taxation                            | (19,332)         | (0.28)        | (141,000)        | (2.08)        | (145,000)        | (2.56)        | (110,700)        | (2.19)        | (70,000)         | (1.66)        | (58,474)         | (1.66)        |
| <b>Net Profit for the year</b>      | <b>294,978</b>   | <b>4.33</b>   | <b>259,532</b>   | <b>3.84</b>   | <b>249,321</b>   | <b>4.39</b>   | <b>207,370</b>   | <b>4.10</b>   | <b>140,602</b>   | <b>3.33</b>   | <b>106,745</b>   | <b>3.03</b>   |



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# Pattern of Shareholdings

as at 30 June 2015

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 2015.

4.

| No. of Shareholders | Shareholding |           | Total Shares Held |
|---------------------|--------------|-----------|-------------------|
|                     | From         | To        |                   |
| 187                 | 1            | 100       | 3,952             |
| 139                 | 101          | 500       | 33,768            |
| 76                  | 501          | 1,000     | 58,921            |
| 74                  | 1,001        | 5,000     | 181,384           |
| 17                  | 5,001        | 10,000    | 128,003           |
| 6                   | 10,001       | 15,000    | 73,757            |
| 2                   | 15,001       | 20,000    | 31,273            |
| 2                   | 20,001       | 25,000    | 43,233            |
| 2                   | 30,001       | 35,000    | 63,586            |
| 1                   | 35,001       | 40,000    | 36,300            |
| 2                   | 40,001       | 45,000    | 87,179            |
| 1                   | 45,001       | 50,000    | 48,995            |
| 1                   | 65,001       | 70,000    | 68,684            |
| 1                   | 70,001       | 75,000    | 71,150            |
| 1                   | 75,001       | 80,000    | 79,662            |
| 2                   | 100,001      | 105,000   | 203,409           |
| 1                   | 105,001      | 110,000   | 109,500           |
| 1                   | 110,001      | 115,000   | 114,469           |
| 1                   | 130,001      | 135,000   | 130,732           |
| 2                   | 135,001      | 140,000   | 275,558           |
| 3                   | 140,001      | 145,000   | 424,977           |
| 3                   | 145,001      | 150,000   | 437,991           |
| 1                   | 160,001      | 165,000   | 162,650           |
| 1                   | 180,001      | 185,000   | 182,317           |
| 1                   | 185,001      | 190,000   | 188,990           |
| 1                   | 210,001      | 215,000   | 210,064           |
| 1                   | 260,001      | 265,000   | 263,628           |
| 2                   | 330,001      | 335,000   | 669,998           |
| 1                   | 595,001      | 600,000   | 599,327           |
| 1                   | 740,001      | 745,000   | 742,338           |
| 1                   | 760,001      | 765,000   | 764,000           |
| 1                   | 1,495,001    | 1,500,000 | 1,496,205         |
| <b>536</b>          |              |           | <b>7,986,000</b>  |

5. Categories of Shareholders

|  | Shares held | Percentage |
|--|-------------|------------|
| 5.1 Directors, Chief Executive Officer, and their spouse and minor children      | 2,699,507   | 33.8030%   |
| 5.2 Associated Companies, undertakings and related parties                       | 3,493       | 0.0437%    |
| 5.3 NIT and ICP  | –           | 0.0000%    |
| 5.4 Banks Development Financial Institutions, Non Banking Financial Institutions | 851         | 0.0107%    |
| 5.5 Insurance Companies  | 184,125     | 2.3056%    |
| 5.6 Modarabas and Mutual Funds   | 80,578      | 1.0090%    |
| 5.7 Share holders holding 10% or more  | 1,496,205   | 18.7353%   |
| 5.8 General Public   |             |            |
| a. Local   | 2,921,053   | 36.5772%   |
| b. Foreign   | –           | 0.0000%    |
| 5.9 Others   | 53,472      | 0.6696%    |
| 5.9.1 Joint Stock Companies  | 22,652      | 0.2836%    |
| 5.9.2 Pension Funds  | 176,512     | 2.2103%    |
| 5.9.3 Foreign Companies  | 347,390     | 4.3500%    |
| 5.9.4 Executives   | 162         | 0.0020%    |
| Share holders holding 5% or more   | 3,634,993   | 45.5171%   |



# Pattern of Shareholdings

as at 30 June 2015

| Sr. No.  | Name   | Holdings  | %Age     |
|--|--|-----------|----------|
| <b>5.1 DIRECTORS, CEO THEIR SPOUSES &amp; MINOR CHILDREN</b>                               |  |           |          |
| 1  | Mr. Mahmood Nawaz  | 742,338   | 9.2955%  |
|  | Mr. Mahmood Nawaz (CDC)                                    | 33,123    | 0.4148%  |
| 2  | Mr. Muneer Nawaz   | 599,327   | 7.5047%  |
| 3  | Mr. M. Naeem   | 48,995    | 0.6135%  |
| 4  | Mr. Rashid Amjad Khalid                                    | 145,891   | 1.8268%  |
|  | Mr. Rashid Amjad Khalid                                    | 158       | 0.0020%  |
| 5  | Mr. Humayun Shahnawaz                                      | 334,999   | 4.1948%  |
| 6  | Ms. Manahil Shahnawaz                                      | 162,650   | 2.0367%  |
| 7  | Mr. Munaf Ibrahim (CDC)                                    | 182,317   | 2.2830%  |
| 8  | Mr. Syed Etrat Hussain Rizvi (NIT Nominee)                 | –         | 0.0000%  |
| 9  | Mrs. Abida Muneer Nawaz W/o Mr. Muneer Nawaz               | 79,662    | 0.9975%  |
| 10   | Mrs. Bushra Mahmood Nawaz W/o Mr. Mahmood Nawaz            | 5,723     | 0.0717%  |
| 11   | Mrs. Amtul Bari Naeem W/o Mr. M. Naeem                     | 263,628   | 3.3011%  |
|  | Mrs. Baree Naeem W/o Mr. M. Naeem                          | 100,696   | 1.2609%  |
|  |  | 2,699,507 | 33.8030% |
| <b>5.2 ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES</b>                          |  |           |          |
| 1  | Shezan Services (Private) Limited (CDC)                    | 3,493     | 0.0437%  |
|  |  | 3,493     | 0.0437%  |
| <b>5.3 NIT &amp; ICP</b>   |  |           |          |
|  |  | –         | 0.0000%  |
| <b>5.4 BANKS, DEVELOPMENTS, FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS</b> |  |           |          |
| 1  | National Bank of Pakistan (CDC)                            | 851       | 0.0107%  |
|  |  | 851       | 0.0107%  |
| <b>5.5 INSURANCE COMPANIES</b>   |  |           |          |
| 1  | Alfalah Insurance Company Limited (CDC)                    | 650       | 0.0081%  |
| 2  | Century Insurance Company Limited (CDC)                    | 3,700     | 0.0463%  |
| 3  | EFU Life Assurance Limited (CDC)                           | 109,500   | 1.3711%  |
| 4  | Habib Insurance Company Limited (CDC)                      | 1,591     | 0.0199%  |
| 5  | State Life Insurance Corporation of Pakistan (CDC)         | 68,684    | 0.8601%  |
|  |  | 184,125   | 2.3056%  |
| <b>5.6 MODARABA &amp; MUTUAL FUNDS</b>   |  |           |          |
| 1  | CDC - Trustee AKD Index Tracker Fund                       | 766       | 0.0096%  |
| 2  | CDC - Trustee Lakson Equity Fund                           | 71,150    | 0.8909%  |
| 3  | CDC - Trustee MCB Pakistan Asset Allocation Fund           | 4,650     | 0.0582%  |
| 4  | CDC - Trustee NIT Islamic Equity Fund                      | 50        | 0.0006%  |
| 5  | CDC - Trustee Pakistan Capital Market Fund                 | 3,500     | 0.0438%  |
| 6  | CDC - Trustee UBL Retirement Saving Fund - Equity Sub Fund | 462       | 0.0058%  |
|  |  | 80,578    | 1.0090%  |
| <b>5.7 SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL</b>                               |  |           |          |
| 1  | CDC - Trustee National Investment (Unit) Trust             | 1,496,205 | 18.7353% |
|  |  | 1,496,205 | 18.7353% |
| <b>5.8 GENERAL PUBLIC</b>  |  |           |          |
|  | a. Local   | 2,921,052 | 36.5772% |
|  | b. Foreign   | –         | 0.0000%  |
|  |  | 2,921,052 | 36.5772% |



# Pattern of Shareholdings

as at 30 June 2015

| Sr. No.                            | Name   | Holdings | %Age    |
|------------------------------------|--|----------|---------|
| <b>5.9 OTHERS</b>                  |  |          |         |
| 1                                  | Trustee National Bank Of Pakistan Emp Benevolent Fund Trust (CDC)                        | 4,849    | 0.0607% |
| 2                                  | Trustees of Magnus Investment Advisors Limited Employees Provident Fund (CDC)            | 50       | 0.0006% |
| 3                                  | Descon Chemicals Limited Gratuity Fund (CDC)   | 50       | 0.0006% |
| 4                                  | Trustee IBM Italia S.P.A. Pakistan Employees Gratuity Fund (CDC)                         | 164      | 0.0021% |
| 5                                  | Trustee Engro Corporation Limited MPT Employees Defined Contribution Gratuity Fund (CDC) | 9,636    | 0.1207% |
| 6                                  | Trustee Engro Corporation Limited Gratuity Fund (CDC)                                    | 2,518    | 0.0315% |
| 7                                  | Trustees Glaxo Smith Kline Pak Limited Employees Gratuity Fund (CDC)                     | 10,560   | 0.1322% |
| 8                                  | Trustee Sanofi Aventis Pakistan Employees Gratuity Fund (CDC)                            | 2,409    | 0.0302% |
| 9                                  | Descon Oxychem Limited Employees Provident Fund Trust (CDC)                              | 100      | 0.0013% |
| 10                                 | Inspectest Private Limited Employees Provident Fund (CDC)                                | 50       | 0.0006% |
| 11                                 | Trustee IBM Semea Employees Provident Fund (CDC)   | 2,847    | 0.0356% |
| 12                                 | Trustee International Industries Limited Employees Provident Fund (CDC)                  | 2,000    | 0.0250% |
| 13                                 | Trustee Glaxo Laboratories Pak Limited Local Staff Provident Fund (CDC)                  | 3,189    | 0.0399% |
| 14                                 | Trustee Glaxo Laboratories Pakistan Limited Provident Fund (CDC)                         | 1,540    | 0.0193% |
| 15                                 | Trustees International Steels Limited Employees Provident Fund (CDC)                     | 450      | 0.0056% |
| 16                                 | Trustees Lotte Chemical Pakistan Management Staff Provident Fund (CDC)                   | 54       | 0.0007% |
| 17                                 | Trustees of Karachi Sheraton Hotel Employees Provident Fund (CDC)                        | 90       | 0.0011% |
| 18                                 | Trustees of Pharvevo Private Limited Employees Provident Fund (CDC)                      | 1,010    | 0.0126% |
| 19                                 | Descon Power Solutions Private Limited Employees Provident Fund Trust (CDC)              | 200      | 0.0025% |
| 20                                 | Trustee Sanofi Aventis Pakistan Employees Provident Fund (CDC)                           | 4,051    | 0.0507% |
| 21                                 | Trustee Shell Pak Management Staff Gratuity Fund (CDC)                                   | 328      | 0.0041% |
| 22                                 | Trustee Shell Pak Management Staff Provident Fund (CDC)                                  | 4,941    | 0.0619% |
| 23                                 | Trustees of Shell Pakistan Labour & Clerical Staff Gratuity Fund (CDC)                   | 1,201    | 0.0150% |
| 24                                 | Trustees of Shell Pakistan Labour Provident Fund (CDC)                                   | 1,185    | 0.0148% |
|                                    |  | 53,472   | 0.6696% |
| <b>5.9.1 JOINT STOCK COMPANIES</b> |  |          |         |
| 1                                  | Murree Brewery Company Limited   | 158      | 0.0020% |
| 2                                  | BMA Capital Management Limited (CDC)   | 3,723    | 0.0466% |
| 3                                  | Burma Oil Mills Limited (CDC)  | 665      | 0.0083% |
| 4                                  | Ismail Abdul Shakoor Securities (Private) Limited (CDC)                                  | 264      | 0.0033% |
| 5                                  | Magnus Investment Advisors Limited (CDC)   | 132      | 0.0017% |
| 6                                  | NH Capital Fund Limited (CDC)  | 2        | 0.0000% |
| 7                                  | Skyline Enterprises (Private) Limited (CDC)  | 7,950    | 0.0995% |
| 8                                  | Soorty Enterprises (Private) Limited (CDC)   | 9,750    | 0.1221% |
| 9                                  | UHF Consulting (Private) Limited (CDC)   | 8        | 0.0001% |
|                                    |  | 22,652   | 0.2836% |
| <b>5.9.2 PENSION FUNDS</b>         |  |          |         |
| 1                                  | Trustee National Bank Of Pakistan Employees Pension Fund (CDC)                           | 138,232  | 1.7309% |
| 2                                  | Trustee - IBM Italia S.P.A. Pakistan Employees Pension Fund (CDC)                        | 164      | 0.0021% |
| 3                                  | Trustee Engro Corporation Limited MPT Employees Defined Contribution Pension Fund (CDC)  | 7,227    | 0.0905% |
| 4                                  | Trustees of Crescent Steel & Allied Products Limited Pension Fund (CDC)                  | 303      | 0.0038% |
| 5                                  | Trustee Sanofi Aventis Pakistan Senior Executive Pension Fund (CDC)                      | 3,394    | 0.0425% |
| 6                                  | Trustees of Shell Pakistan DC Pension Fund (CDC)   | 6,122    | 0.0767% |
| 7                                  | Trustees Shell Pak Management Staff Pension Fund (CDC)                                   | 14,761   | 0.1848% |
| 8                                  | Trustees Shell Pak Staff Pension Fund (CDC)  | 109      | 0.0014% |
| 9                                  | CDC - Trustee Pakistan Pension Fund - Equity Sub Fund                                    | 6,200    | 0.0776% |
|                                    |  | 176,512  | 2.2103% |



# Pattern of Shareholdings

as at 30 June 2015

| Sr. No.   | Name   | Holdings  | %Age      |
|---|--|-----------|-----------|
| <b>5.9.3 FOREIGN COMPANIES</b>                          |  |           |           |
| 1   | Tundra Frontier Opportunities Fund (CDC)       | 210,064   | 2.6304%   |
| 2   | Tundra Pakistan Fond (CDC)                     | 137,326   | 1.7196%   |
|   |  | 347,390   | 4.3500%   |
| <b>5.9.4 EXECUTIVES</b>                                 |  |           |           |
| 1   | Mr. Waseem Amjad Mahmood (CDC)                 | 162       | 0.0020%   |
|   |  | 162       | 0.0020%   |
|   |  | 7,986,000 | 100.0000% |
| <b>SHAREHOLDERS HOLDING 5% OR MORE OF TOTAL CAPITAL</b> |  |           |           |
| 1   | CDC - Trustee National Investment (Unit) Trust | 1,496,205 | 18.7353%  |
| 2   | Mr. Mahmood Nawaz                              | 775,461   | 9.7103%   |
| 3   | Ms. Amina Wadawala                             | 764,000   | 9.5667%   |
| 4   | Mr. Muneer Nawaz                               | 599,327   | 7.5047%   |
|   |  | 3,634,993 | 45.5171%  |

During the financial year, the trading in shares of the Company by the Directors, CEO, CFO, Company Secretary and their spouses and minor children is as follows:

| Sr. No. | Name  | Sale | Purchase | Bonus  |
|---------|---|------|----------|--------|
| 1       | Mr. Mahmood Nawaz                               | -    | -        | 64,403 |
| 2       | Mr. Mahmood Nawaz (CDC)                         | -    | -        | 2,873  |
| 3       | Mr. Muneer Nawaz                                | -    | -        | 51,996 |
| 4       | Mr. M. Naeem                                    | -    | -        | 4,250  |
| 5       | Mr. Rashid Amjad Khalid                         | -    | -        | 12,657 |
| 6       | Mr. Rashid Amjad Khalid                         | -    | -        | 13     |
| 7       | Mr. Humayun Shahnawaz                           | -    | -        | 29,063 |
| 8       | Ms. Manahil Shahnawaz                           | -    | -        | 14,111 |
| 9       | Mr. Munaf Ibrahim (CDC)                         | -    | -        | 15,817 |
| 10      | Mrs. Abida Muneer Nawaz W/o Mr. Muneer Nawaz    | -    | -        | 6,911  |
| 11      | Mrs. Bushra Mahmood Nawaz W/o Mr. Mahmood Nawaz | -    | -        | 496    |
| 12      | Mrs. Amtul Bari Naeem W/o Mr. M. Naeem          | -    | -        | 22,871 |
| 13      | Mrs. Baree Naeem W/o Mr. M. Naeem               | -    | -        | 8,736  |



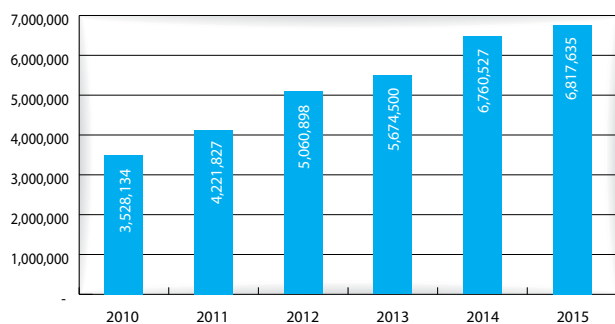


# Six Years Review

## at a Glance

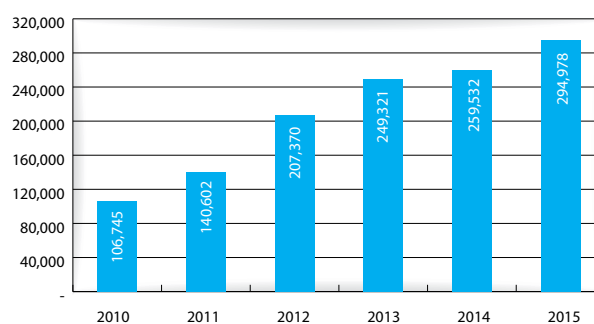
### Net Sales

Rupees in thousand



### Profit After Taxation

Rupees in thousand



| Year               | Year | Year | Year | Year | Year |
|--------------------|------|------|------|------|------|
| 2010               | 2011 | 2012 | 2013 | 2014 | 2015 |
| Rupees in thousand |      |      |      |      |      |

### Incomes

|                        |           |           |           |           |           |           |
|------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Sales                  | 3,528,134 | 4,221,827 | 5,060,898 | 5,674,500 | 6,760,527 | 6,817,635 |
| Other operating income | 19,448    | 28,798    | 37,675    | 37,257    | 53,592    | 59,796    |
|                        | 3,547,582 | 4,250,625 | 5,098,573 | 5,711,757 | 6,814,119 | 6,877,431 |

### Expenditure

|   |           |           |           |           |           |           |
|---|-----------|-----------|-----------|-----------|-----------|-----------|
| Cost of sales   | 2,591,790 | 3,130,544 | 3,603,285 | 3,963,874 | 4,735,740 | 4,877,580 |
| Distribution cost and administrative expenses             | 681,905   | 746,517   | 991,362   | 1,168,082 | 1,487,088 | 1,463,397 |
| Finance cost  | 17,950    | 40,343    | 53,118    | 45,756    | 28,571    | 60,967    |
| Other operating expenses and Share of loss from associate | 90,718    | 122,619   | 132,738   | 139,724   | 162,188   | 161,177   |
|   | 3,382,363 | 4,040,023 | 4,780,503 | 5,317,436 | 6,413,587 | 6,563,121 |

|                        |         |         |         |         |         |         |
|------------------------|---------|---------|---------|---------|---------|---------|
| Profit before taxation | 165,219 | 210,602 | 318,070 | 394,321 | 400,532 | 314,310 |
| Taxation               | 58,474  | 70,000  | 110,700 | 145,000 | 141,000 | 19,332  |
| Profit after Taxation  | 106,745 | 140,602 | 207,370 | 249,321 | 259,532 | 294,978 |

|   |         |         |           |           |           |           |
|---|---------|---------|-----------|-----------|-----------|-----------|
| Paid-up capital   | 60,000  | 60,000  | 60,000    | 66,000    | 72,600    | 79,860    |
| Reserves & unappropriated profits   | 790,116 | 892,740 | 1,055,381 | 1,244,781 | 1,431,970 | 1,647,774 |
| Unrealized gain / (loss) on remeasurement of investments available for sale | (1,978) | 271     | 79        | 257       | 686       | 528       |

|                      |         |         |           |           |           |           |
|----------------------|---------|---------|-----------|-----------|-----------|-----------|
| Share holders equity | 848,138 | 953,011 | 1,115,460 | 1,311,038 | 1,505,256 | 1,728,162 |
|----------------------|---------|---------|-----------|-----------|-----------|-----------|

|                                       |        |        |        |         |         |        |
|---------------------------------------|--------|--------|--------|---------|---------|--------|
| Break up value per share in Rupees    | 141.36 | 158.84 | 185.91 | 198.64  | 207.34  | 216.40 |
| Earnings per share in Rupees          | 17.79  | 23.43  | 31.42  | 34.34 * | 32.50 * | 36.94  |
| Dividend declared per share in Rupees | 6.00   | 7.50   | 9.00   | 10.00   | 10.00   | 11.00  |
| Bonus declared per share              | -      | -      | 10%    | 10%     | 10%     | -      |

\* Restated



# Review Report to the Members

## On Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) for the year ended 30 June 2015 prepared by the Board of Directors of Shezan International Limited (the Company) to comply with the Listing Regulation No. 35 of the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Company's compliance with the provisions of the Code and report if it does not. 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 Code.

As part of our audit of 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's 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.

Further, the Listing Regulations of the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited requires the Company to place before the Board of Directors for their consideration and approval of related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement does not appropriately reflect the status of the Company's compliance, in all material respects, with the best practices contained in the Code, for the year ended 30 June 2015.

Lahore:  
29 September 2015.

محمد یونس فاروقی

Chartered Accountants  
Engagement Partner  
Mohammed Junaid



# Statement of Compliance

## with the Code of Corporate Governance for the year ended 30 June 2015

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in the Listing Regulations of Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages the representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes


| Category                | Names  |
|-------------------------|--|
| Independent Director    | Mr. Munaf Ibrahim  |
| Executive Directors     | Mr. Mahmood Nawaz<br>Mr. Humayun A. Nawaz  |
| Non-Executive Directors | Mr. Muneer Nawaz<br>Mr. M. Naeem<br>Mr. Rashed Amjad Khalid<br>Ms. Manahil Shahnawaz<br>Mr. Syed Etrat Hussain Rizvi |

The independent directors meets the criteria of independence under clause i(b) of CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred during the year.
5. 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
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board/shareholders.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. One of the directors attended the directors' training course conducted by the Pakistan Institute of Corporate Governance (PICG) this year.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholdings.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of three members, all are non-executive directors and the chairman of the committee is not an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members; two are non-executive directors including the chairman and one is executive director.
18. 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.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the Code have been complied with.

Karachi:  
29 September 2015.

  
Muneer Nawaz  
Chairman





# Independent Auditors' Report to the Members

We have audited the annexed balance sheet of Shezan International Limited (the Company) as at 30 June 2015 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion;
  - i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for changes as stated in note 2.1 of these financial statements, with which we concur;
  - ii. the expenditure incurred during the year was for the purpose of the Company's business; and
  - iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, 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 2015 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, 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 the Ordinance.

Lahore:  
29 September 2015.

*Engr. Yousaf Ahsan Sialkot Hy*

Chartered Accountants  
Engagement Partner  
Mohammed Junaid



# Balance Sheet

as at 30 June 2015

|   | Note | Rupees in thousand |                  |
|---|------|--------------------|------------------|
|   |      | 2015               | 2014             |
| <b>ASSETS</b>                             |      |                    |                  |
| <b>NON-CURRENT ASSETS</b>                 |      |                    |                  |
| Property, plant and equipment             | 6    | 1,199,334          | 847,625          |
| Long term investments                     | 7    | 2,358              | 1,830            |
| Long term deposits and prepayments        | 8    | 3,561              | 4,342            |
|   |      | 1,205,253          | 853,797          |
| <b>CURRENT ASSETS</b>                     |      |                    |                  |
| Stores and spares                         | 9    | 57,967             | 46,458           |
| Stock in trade                            | 10   | 1,453,506          | 1,147,773        |
| Trade debts                               | 11   | 305,770            | 323,208          |
| Loans and advances                        | 12   | 27,062             | 34,968           |
| Trade deposits and short term prepayments | 13   | 15,798             | 19,258           |
| Interest accrued                          | 14   | 292                | 516              |
| Income tax recoverable                    |      | 206,677            | 108,348          |
| Cash and bank balances                    | 15   | 143,255            | 153,416          |
|   |      | 2,210,327          | 1,833,945        |
| <b>TOTAL ASSETS</b>                       |      | <b>3,415,580</b>   | <b>2,687,742</b> |
| <b>EQUITY AND LIABILITIES</b>             |      |                    |                  |
| <b>SHARE CAPITAL AND RESERVES</b>         |      |                    |                  |
| Share capital                             | 16   | 79,860             | 72,600           |
| Reserves                                  | 17   | 1,254,843          | 1,104,315        |
| Unappropriated profit                     |      | 393,459            | 328,341          |
| <b>TOTAL EQUITY</b>                       |      | <b>1,728,162</b>   | <b>1,505,256</b> |
| <b>NON-CURRENT LIABILITIES</b>            |      |                    |                  |
| Long term loan - secured                  | 18   | 210,000            | -                |
| Deferred taxation                         | 19   | 74,498             | 68,522           |
|   |      | 284,498            | 68,522           |
| <b>CURRENT LIABILITIES</b>                |      |                    |                  |
| Trade and other payables                  | 20   | 778,894            | 704,928          |
| Interest accrued on borrowings            |      | 10,677             | 5,573            |
| Current portion of long term loan         | 18   | 90,000             | -                |
| Short term borrowings - secured           | 21   | 280,000            | 164,530          |
| Provision for taxation                    |      | 243,349            | 238,933          |
|   |      | 1,402,920          | 1,113,964        |
| <b>TOTAL LIABILITIES</b>                  |      | <b>1,687,418</b>   | <b>1,182,486</b> |
| <b>CONTINGENCIES AND COMMITMENTS</b>      | 22   |                    |                  |
| <b>TOTAL EQUITY AND LIABILITIES</b>       |      | <b>3,415,580</b>   | <b>2,687,742</b> |

The annexed notes from 1 to 40 form an integral part of these financial statements.

The Chief Executive is out of Pakistan and in his absence, these financial statements have been signed by two directors as required under section 241(2) of the Companies Ordinance, 1984.

*Muhammad Nawaz*

Director

*Nawaz*

Director



# Profit and Loss Account

## for the year ended 30 June 2015

|   | Note | Rupees in thousand<br>2015 | 2014              |
|---|------|----------------------------|-------------------|
| Sales - net   | 23   | 6,817,635                  | 6,760,527         |
| Cost of sales   | 24   | 4,877,580                  | 4,735,740         |
| Gross profit  |      | 1,940,055                  | 2,024,787         |
| Distribution cost   | 25   | 1,245,656                  | 1,272,778         |
| Administrative expenses   | 26   | 217,741                    | 214,310           |
| Other operating expenses  | 27   | 161,177                    | 162,188           |
| Other income  | 28   | (59,796)                   | (53,592)          |
|   |      | 1,564,778                  | 1,595,684         |
| Operating profit  |      | 375,277                    | 429,103           |
| Finance cost  | 29   | 60,967                     | 28,571            |
| Profit before taxation  |      | 314,310                    | 400,532           |
| Taxation  | 30   | 19,332                     | 141,000           |
| Net profit for the year   |      | 294,978                    | 259,532           |
| <b>Other comprehensive income</b>   |      |                            |                   |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax): |      |                            |                   |
| Unrealized gain on remeasurement of investments - available for sale                                |      | 528                        | 686               |
| <b>Total comprehensive income</b>   |      | <b>295,506</b>             | <b>260,218</b>    |
| <b>Earnings per share - basic and diluted (Rupees)</b>  | 31   | <b>36.94</b>               | Restated<br>32.50 |

The annexed notes from 1 to 40 form an integral part of these financial statements.

The Chief Executive is out of Pakistan and in his absence, these financial statements have been signed by two directors as required under section 241(2) of the Companies Ordinance, 1984.

*Muhammad Nawaz*

Director

*Nasim*  
Director



# Cash Flow Statement

## for the year ended 30 June 2015

| Note   | Rupees in thousand |                  |
|--|--------------------|------------------|
|  | 2015               | 2014             |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                    |                    |                  |
| <b>Cash generated from operations</b>                          |                    |                  |
| Profit before taxation   | 314,310            | 400,532          |
| Adjustments for:   |                    |                  |
| Depreciation   | 188,841            | 143,418          |
| Interest expense   | 55,730             | 24,073           |
| Profit on bank deposits  | (1,927)            | (4,883)          |
| Foreign exchange gain  | (5,002)            | (4,144)          |
| Gain on sale of investment                                     | –                  | (215)            |
| Impairment of plant and machinery                              | 1,500              | 2,000            |
| Loss on disposal of property, plant and equipment              | 1,066              | 24,582           |
|  | 240,208            | 184,831          |
| <b>Operating profit before working capital changes</b>         | <b>554,518</b>     | <b>585,363</b>   |
| <b>(Increase)/decrease in current assets</b>                   |                    |                  |
| Stores and spares  | (11,509)           | (18,407)         |
| Stock in trade   | (305,733)          | (149,159)        |
| Trade debts  | 22,440             | (70,069)         |
| Loans and advances   | 8,791              | (20,920)         |
| Trade deposits and short term prepayments                      | 3,460              | 4,505            |
|  | (282,551)          | (254,050)        |
| <b>Increase/(decrease) in current liabilities</b>              |                    |                  |
| Trade and other payables                                       | 73,984             | 100,849          |
| Short term borrowings - secured                                | 115,470            | 9,582            |
|  | 189,454            | 110,431          |
| <b>CASH GENERATED FROM OPERATIONS</b>                          | <b>461,421</b>     | <b>441,744</b>   |
| Interest paid  | (50,626)           | (24,488)         |
| Profit on bank deposits-received                               | 2,151              | 4,775            |
| Income tax paid  | (107,269)          | (108,348)        |
| <b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>            | <b>305,677</b>     | <b>313,683</b>   |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                     |                    |                  |
| Purchase of property, plant and equipment                      | (573,050)          | (309,740)        |
| Sale proceeds from disposal of property, plant and equipment   | 29,049             | 56,824           |
| Long term deposits received / (paid)                           | 781                | (1,134)          |
| Investments - available for sale                               | –                  | 10,075           |
|  | (543,220)          | (243,975)        |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>                   | <b>(543,220)</b>   | <b>(243,975)</b> |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                     |                    |                  |
| Long term loan received  | 300,000            | –                |
| Dividends paid   | (72,618)           | (65,893)         |
|  | 227,382            | (65,893)         |
| <b>NET CASH GENERATED FROM/ (USED IN) FINANCING ACTIVITIES</b> | <b>227,382</b>     | <b>(65,893)</b>  |
| <b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>  | <b>(10,161)</b>    | <b>3,815</b>     |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>  | <b>153,416</b>     | <b>149,601</b>   |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>        | <b>143,255</b>     | <b>153,416</b>   |

The annexed notes from 1 to 40 form an integral part of these financial statements.

The Chief Executive is out of Pakistan and in his absence, these financial statements have been signed by two directors as required under section 241(2) of the Companies Ordinance, 1984.

*Muhammad Nawaz*

Director

*Nawaz*  
Director



# Statement of Changes in Equity

## for the year ended 30 June 2015

|   | Capital Reserve |                |                         | Revenue Reserve |   |                        | Total     |
|---|-----------------|----------------|-------------------------|-----------------|---|------------------------|-----------|
|   | Share Capital   | Merger Reserve | Reserve for Bonus Issue | General Reserve | Unrealized gain / (loss) on remeasurement of Investments - available for sale | Unappropriated Profits |           |
| Rupees in thousand  |                 |                |                         |                 |   |                        |           |
| Balance as at 30 June 2013                                    | 66,000          | 5,000          | –                       | 950,000         | (1,371)   | 291,409                | 1,311,038 |
| Transfer to general reserve                                   | –               | –              | –                       | 150,000         | –   | (150,000)              | –         |
| Dividend @ Rs. 10/- per share for the year ended 30 June 2013 | –               | –              | –                       | –               | –   | (66,000)               | (66,000)  |
| Transfer to reserve for issue of bonus shares                 | –               | –              | 6,600                   | –               | –   | (6,600)                | –         |
| Issue of bonus shares @ 10% for the year ended 30 June 2013   | 6,600           | –              | (6,600)                 | –               | –   | –                      | –         |
| Profit for the year   | –               | –              | –                       | –               | –   | 259,532                | 259,532   |
| Other comprehensive income                                    | –               | –              | –                       | –               | 686   | –                      | 686       |
| Total comprehensive income                                    | –               | –              | –                       | –               | 686   | 259,532                | 260,218   |
| Balance as at 30 June 2014                                    | 72,600          | 5,000          | –                       | 1,100,000       | (685)   | 328,341                | 1,505,256 |
| Transfer to general reserve                                   | –               | –              | –                       | 150,000         | –   | (150,000)              | –         |
| Dividend @ Rs. 10/- per share for the year ended 30 June 2014 | –               | –              | –                       | –               | –   | (72,600)               | (72,600)  |
| Transfer to reserve for issue of bonus shares                 | –               | –              | 7,260                   | –               | –   | (7,260)                | –         |
| Issue of bonus shares @ 10% for the year ended 30 June 2014   | 7,260           | –              | (7,260)                 | –               | –   | –                      | –         |
| Profit for the year   | –               | –              | –                       | –               | –   | 294,978                | 294,978   |
| Other comprehensive income                                    | –               | –              | –                       | –               | 528   | –                      | 528       |
| Total comprehensive income                                    | –               | –              | –                       | –               | 528   | 294,978                | 295,506   |
| Balance as at 30 June 2015                                    | 79,860          | 5,000          | –                       | 1,250,000       | (157)   | 393,459                | 1,728,162 |

The annexed notes from 1 to 40 form an integral part of these financial statements.

The Chief Executive is out of Pakistan and in his absence, these financial statements have been signed by two directors as required under section 241(2) of the Companies Ordinance, 1984.

*Muhammad Nawaz*  
Director

*Nawaz*  
Director



# Notes to the Financial Statements

## for the year ended 30 June 2015

### 1 THE COMPANY AND ITS OPERATIONS

The Company is a Public Limited Company incorporated in Pakistan and is listed on Lahore and Karachi Stock Exchanges. 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 fresh fruits and vegetables.

### 2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

#### 2.1 Standards, interpretations and amendments to published approved accounting standards effective in 2014-15 New / Revised Standards, Interpretations and Amendments

The Company has adopted the following new and amended IFRS and IFRIC interpretations which became effective during the year:

|          |   |
|----------|---|
| IAS 19   | Employee Benefits - (Amendment) - Defined Benefit Plans: Employee Contributions   |
| IAS 32   | Financial Instruments: Presentation - (Amendments) Offsetting Financial Assets and Financial Liabilities                        |
| IAS 36   | Impairment of Assets - (Amendment) - Recoverable Amount Disclosures for Non-Financial Assets                                    |
| IAS 39   | Financial Instruments: Recognition and Measurement - (Amendment) - Novation of Derivatives and Continuation of Hedge Accounting |
| IFRIC 21 | Levies  |

#### Improvements to Accounting Standards Issued by the IASB

|         |  |
|---------|--|
| IFRS 2  | Share based Payment - Definitions of vesting conditions  |
| IFRS 3  | Business Combinations - Accounting for contingent consideration in a business combination                  |
| IFRS 3  | Business Combinations - Scope exceptions for joint ventures  |
| IFRS 8  | Operating Segments - Aggregation of operating segments.  |
| IFRS 8  | Operating Segments - Reconciliation of the total of the reportable segments' assets to the entity's assets |
| IFRS 13 | Fair Value Measurement - Scope of paragraph 52 (portfolio exception)                                       |
| IAS 16  | Property, Plant and Equipment - Revaluation method - proportionate restatement of accumulated depreciation |
| IAS 38  | Intangible Asset - Revaluation method - proportionate restatement of accumulated amortization              |
| IAS 24  | Related Party Disclosures - Key management personnel   |
| IAS 40  | Investment Property - Interrelationship between IFRS 3 and IAS 40 (ancillary services)                     |

The adoption of the above standards, amendments / improvements and interpretations did not have any significant effect on the financial statements.

#### Standards, Interpretations and amendments to published approved accounting standards those are not yet effective:

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:



# Notes to the Financial Statements

## for the year ended 30 June 2015

| Standard or Interpretation |   | Effective Date<br>(Annual periods beginning on or after) |
|----------------------------|---|--|
| IFRS 10                    | Consolidated Financial Statements   | 01 January 2015  |
| IFRS 10                    | Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities (Amendment)                                       | 01 January 2015  |
| IFRS 10                    | Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment) | 01 January 2016  |
| IFRS 10                    | Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)          | 01 January 2016  |
| IFRS 11                    | Joint Arrangements  | 01 January 2015  |
| IFRS 11                    | Joint Arrangements Accounting for Acquisition of Interest in Joint Operation (Amendment)  | 01 January 2016  |
| IFRS 12                    | Disclosure of Interests in Other Entities   | 01 January 2015  |
| IFRS 13                    | Fair Value Measurement  | 01 January 2015  |
| IAS1                       | Presentation of Financial Statements - Disclosure Initiative (Amendment)  | 01 January 2016  |
| IAS 16 & 38                | Clarification of Acceptable Method of Depreciation and Amortization   | 01 January 2016  |
| IAS 41                     | Agriculture: Bearer Plants  | 01 January 2016  |
| IAS 27                     | Separate Financial Statements - Equity Method in Separate Financial Statements (Amendment)  | 01 January 2016  |

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not materially affect the Company's financial statements in the period 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 Securities and Exchange Commission of Pakistan for the purpose of applicability in Pakistan:

| Standard or Interpretation |   | IASB Effective Date<br>(Annual periods beginning on or after) |
|----------------------------|---|---|
| IFRS 9                     | Financial Instruments: Classification and Measurement | 01 January 2018   |
| IFRS 14                    | Regulatory Deferral Accounts                          | 01 January 2016   |
| IFRS 15                    | Revenue from Contracts with Customers                 | 01 January 2018   |

### 3 BASIS OF PREPARATION

#### 3.1 Basis of Measurement

These financial statements have been prepared under historical cost convention, except for investments classified as 'available for sale' which are stated at fair value.

#### 3.2 Presentation Currency

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



# Notes to the Financial Statements

## for the year ended 30 June 2015

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### 4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

#### 4.1 Provision for taxation

In making the estimate for income tax payable by the Company, the Company takes into account the applicable tax laws and the decisions by appellate authorities on certain issues in the past along-with the risk profile of ongoing litigation and industry related factors.

#### 4.2 Provision for doubtful receivables

The Company reviews its doubtful trade debts at each reporting date to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on past history of customers, market intelligence, credit ratings, prevalent financial conditions and operating circumstances of the customers.

#### 4.3 Useful life and residual values of property, plant and equipment

The Company reviews appropriateness of the rate of depreciation, useful life and residual value 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 life and residual value of similar assets disposed in the past. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effect on the depreciation charge and impairment.

#### 4.4 Impairment of financial assets

The Company assesses whether there is objective evidence that a financial asset is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset, has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include indications that the debtors or group of debtors is experiencing significant financial difficulties, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

#### 4.5 Stock in trade

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

#### 4.6 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 recoverable amount for specialized assets.

#### 4.7 Provision for compensated absences

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

### 5 SIGNIFICANT ACCOUNTING POLICIES

5.1 The accounting policies adopted in the preparation of these financial statements are consistent with those of previous financial year except as mentioned in note 2.1.





# Notes to the Financial Statements

## for the year ended 30 June 2015

### 5.2 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 balance sheet 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 income currently. 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 income during the period in which they are incurred.

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

These are stated at cost including capitalization of borrowing costs. It consists of expenditures incurred and advances made in respect of fixed assets in the course of their construction and installation.

### 5.3 Investments

#### Available for sale

Available for sale investments, after initial recognition, are measured at fair value with gains or losses being recognized as a separate component of equity until the investment is derecognized or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

The fair value of investments, which are actively traded in organized financial markets, is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis and option pricing models.

### 5.4 Stores, spares and stock in trade

Stocks, stores and spares are valued at lower of cost or net realizable value except those in transit, which are valued at invoice value including other charges, if any, incurred thereon. Basis of determining cost is as follows:

|                          |   |
|--------------------------|---|
| Raw materials            | - Monthly average                                       |
| Packing material         | - Monthly average                                       |
| Finished goods           | - Quarterly average                                     |
| Pulps, concentrates etc. | - Manufacturing cost according to annual average method |
| Stores and spares        | - Monthly average                                       |
| Stock in transit         | - Cost  |



# Notes to the Financial Statements

## for the year ended 30 June 2015

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Net realizable value is determined on the basis of estimated selling price of the product in the ordinary course of business less costs of completion and costs necessary to be incurred for its sale.

### 5.5 Trade debts

Trade debts are carried at invoice amount on transaction date less any estimate for doubtful receivable. Known bad debts are written off as and when identified.

### 5.6 Cash and cash equivalents

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

### 5.7 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instruments. The Company derecognizes a financial asset or a portion of financial asset when, and only when, the enterprise loses control of the contractual rights that comprise the financial asset or portion of financial asset. While a financial liability or part of financial liability is derecognized from the balance sheet when, and only when, it is extinguished, i.e.; when the obligation specified in the contract is discharged, cancelled or expires.

Financial assets are investments, deposits, trade debts, other receivables, cash and bank balances. These are stated at their nominal values as reduced by the appropriate allowances for estimated irrecoverable amount.

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities are short term running finance utilized under mark-up arrangements, creditors, accrued and other liabilities. Mark-up/ interest bearing finances are recorded at the gross proceeds received. Other liabilities are stated at their nominal value.

### 5.8 Impairment

The carrying amount of the Company's assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss account.

### 5.9 Offsetting of financial assets and financial liabilities

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

### 5.10 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized as a liability in the Company's financial statements in the period in which these are approved.

### 5.11 Taxation

#### Current

Provision for current taxation is based on taxable income at the current rate of tax after taking into account applicable tax credits, rebates and exemptions available, if any. The charge for the current tax includes adjustments to charge for prior years, if any.



# Notes to the Financial Statements

## for the year ended 30 June 2015

### Deferred

Deferred tax is provided in full using the balance sheet liability method on all temporary differences arising at the balance sheet date, between the tax bases of the assets and liabilities and their carrying values. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

The carrying amounts of all deferred tax assets are reviewed at each balance sheet date and reduced to the extent, if it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

The tax rates enacted at the balance sheet date are used to determine deferred tax.

### 5.12 Revenue recognition

#### Sale of goods

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer which generally coincides with the delivery of goods to customers.

#### Interest income

Return on bank deposit is accrued on a time proportion basis by reference to the principal outstanding on the applicable rate of return.

#### 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%.

### 5.14 Compensated absences

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

### 5.15 Borrowing costs

Borrowing costs directly attributable to acquisition, construction, or production of an asset that necessarily takes substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

Borrowing cost consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

### 5.16 Foreign currency transactions

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

Gain or losses arising on translation are recognized in the profit and loss account.

### 5.17 Provisions

A provision is recognized in the balance sheet 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.



# Notes to the Financial Statements

## for the year ended 30 June 2015

|   | Note | Rupees in thousand |                |
|---|------|--------------------|----------------|
|   |      | 2015               | 2014           |
| <b>6 PROPERTY, PLANT AND EQUIPMENT</b>  |      |                    |                |
| Operating property, plant and equipment | 6.1  | 1,108,902          | 763,206        |
| Capital work in progress                | 6.2  | 90,432             | 84,419         |
|   |      | <b>1,199,334</b>   | <b>847,625</b> |

### 6.1 Operating Property, Plant and Equipment

|                     |       | 2015               |                        |                          |                    |                                |                          |                     |                                |                    |          |
|---------------------|-------|--------------------|------------------------|--------------------------|--------------------|--------------------------------|--------------------------|---------------------|--------------------------------|--------------------|----------|
|                     |       | COST               |                        |                          |                    | DEPRECIATION                   |                          |                     |                                | NET BOOK VALUE     |          |
| Note                |       | As at 01 July 2014 | Additions/ Adjustments | (Disposals)/ Adjustments | As at 30 June 2015 | Accumulated as at 01 July 2014 | (Disposals)/ Adjustments | Charge for the year | Accumulated as at 30 June 2015 | As at 30 June 2015 | Rate     |
| Rupees in thousand  |       |                    |                        |                          |                    |                                |                          |                     |                                |                    | %        |
| <b>OWNED ASSETS</b> |       |                    |                        |                          |                    |                                |                          |                     |                                |                    |          |
|                     |       | 7,091              | -                      | -                        | 7,091              | -                              | -                        | -                   | -                              | 7,091              | -        |
|                     |       | 1,802              | -                      | -                        | 1,802              | -                              | -                        | -                   | -                              | 1,802              | -        |
|                     |       | 63,559             | 5,401                  | -                        | 68,960             | 32,507                         | -                        | 3,167               | 35,674                         | 33,286             | 10       |
|                     |       | 29,691             | 7,001                  | -                        | 36,692             | 17,879                         | -                        | 1,356               | 19,235                         | 17,457             | 10       |
|                     |       | 564,175            | 340,672                | (1,940)                  | 902,907            | 289,577                        | (1,797)                  | 52,544              | 340,324                        | 562,583            | 12.5     |
|                     |       | 16,542             | 522                    | -                        | 17,064             | 8,490                          | -                        | 1,250               | 9,740                          | 7,324              | 15       |
|                     |       | 158,561            | 7,432                  | (10,633)                 | 155,360            | 89,805                         | (9,127)                  | 14,027              | 94,705                         | 60,655             | 20       |
|                     |       | 5,804              | -                      | -                        | 5,804              | 3,870                          | -                        | 193                 | 4,063                          | 1,741              | 10-25    |
|                     | 6.1.1 | 157,201            | 35,959                 | (603)                    | 192,557            | 57,374                         | (410)                    | 26,674              | 83,638                         | 108,919            | 15-33.33 |
|                     |       | 1,607              | 184                    | -                        | 1,791              | 793                            | -                        | 90                  | 883                            | 908                | 10       |
|                     |       | 35,684             | -                      | (1,025)                  | 34,659             | 21,435                         | (1,012)                  | 2,848               | 23,271                         | 11,388             | 20       |
|                     |       | 16,447             | 953                    | -                        | 17,400             | 12,866                         | -                        | 1,373               | 14,239                         | 3,161              | 33.33    |
|                     |       | 94                 | -                      | -                        | 94                 | 94                             | -                        | -                   | 94                             | -                  | 20       |
|                     | 6.1.2 | 318,181            | 166,526                | (59,606)                 | 425,101            | 78,543                         | (31,348)                 | 85,319              | 132,514                        | 292,587            | 25       |
|                     |       | <b>1,376,439</b>   | <b>564,650</b>         | <b>(73,807)</b>          | <b>1,867,282</b>   | <b>613,233</b>                 | <b>(43,694)</b>          | <b>188,841</b>      | <b>758,380</b>                 | <b>1,108,902</b>   |          |

|                     |       | 2014               |                        |                          |                    |                                |                          |                     |                                |                    |          |
|---------------------|-------|--------------------|------------------------|--------------------------|--------------------|--------------------------------|--------------------------|---------------------|--------------------------------|--------------------|----------|
|                     |       | COST               |                        |                          |                    | DEPRECIATION                   |                          |                     |                                | NET BOOK VALUE     |          |
| Note                |       | As at 01 July 2013 | Additions/ Adjustments | (Disposals)/ Adjustments | As at 30 June 2014 | Accumulated as at 01 July 2013 | (Disposals)/ Adjustments | Charge for the year | Accumulated as at 30 June 2014 | As at 30 June 2014 | Rate     |
| Rupees in thousand  |       |                    |                        |                          |                    |                                |                          |                     |                                |                    | %        |
| <b>OWNED ASSETS</b> |       |                    |                        |                          |                    |                                |                          |                     |                                |                    |          |
|                     |       | 7,091              | -                      | -                        | 7,091              | -                              | -                        | -                   | -                              | 7,091              | -        |
|                     |       | 1,802              | -                      | -                        | 1,802              | -                              | -                        | -                   | -                              | 1,802              | -        |
|                     |       | 63,559             | -                      | -                        | 63,559             | 29,057                         | -                        | 3,450               | 32,507                         | 31,052             | 10       |
|                     |       | 29,691             | -                      | -                        | 29,691             | 16,566                         | -                        | 1,313               | 17,879                         | 11,812             | 10       |
|                     |       | 547,324            | 17,626                 | (755)                    | 564,175            | 252,229                        | (517)                    | 37,865              | 289,577                        | 274,598            | 12.5     |
|                     |       | 16,308             | 234                    | -                        | 16,542             | 7,094                          | -                        | 1,396               | 8,490                          | 8,052              | 15       |
|                     |       | 138,595            | 23,789                 | (3,823)                  | 158,561            | 78,763                         | (3,212)                  | 14,254              | 89,805                         | 68,756             | 20       |
|                     |       | 5,804              | -                      | -                        | 5,804              | 3,655                          | -                        | 215                 | 3,870                          | 1,934              | 10-25    |
|                     | 6.1.1 | 100,718            | 56,483                 | -                        | 157,201            | 35,588                         | -                        | 21,786              | 57,374                         | 99,827             | 15-33.33 |
|                     |       | 1,607              | -                      | -                        | 1,607              | 703                            | -                        | 90                  | 793                            | 814                | 10       |
|                     |       | 26,624             | 9,360                  | (300)                    | 35,684             | 19,197                         | (299)                    | 2,537               | 21,435                         | 14,249             | 20       |
|                     |       | 14,492             | 1,955                  | -                        | 16,447             | 11,488                         | -                        | 1,378               | 12,866                         | 3,581              | 33.33    |
|                     |       | 94                 | -                      | -                        | 94                 | 94                             | -                        | -                   | 94                             | -                  | 20       |
|                     | 6.1.2 | 247,845            | 193,413                | (123,077)                | 381,181            | 61,953                         | (42,544)                 | 59,134              | 78,543                         | 239,638            | 25       |
|                     |       | <b>1,201,554</b>   | <b>302,860</b>         | <b>(127,975)</b>         | <b>1,376,439</b>   | <b>516,387</b>                 | <b>(46,572)</b>          | <b>143,148</b>      | <b>613,233</b>                 | <b>763,206</b>     |          |



# Notes to the Financial Statements

## for the year ended 30 June 2015

6.1.1 Visi coolers costing Rs.(thousand) 80,901 (2014: Rs. (thousand) 60,301 ) are in the possession of shopkeepers for the sale of Company's products.

6.1.2 These include bottles and shells amounting to Rs. (thousand) 166,735 (2014: Rs. (thousand) 263,713) held by distributors of the Company in the normal course of business.

### 6.2 CAPITAL WORK IN PROGRESS

|  | COST   |                     |          |           |           |          |
|--|--------|---------------------|----------|-----------|-----------|----------|
|  | Land*  | Plant & Machinery** | Vehicles | Buildings | 2015      | 2014     |
| Rupees in thousand                                     |        |                     |          |           |           |          |
| Balance as at 01 July                                  | 70,507 | 10,050              | 887      | 2,975     | 84,419    | 79,542   |
| Additions during the year                              | –      | 336,122             | 23,357   | 9,427     | 368,906   | 39,225   |
| Transferred to operating property, plant and equipment | –      | (340,672)           | (7,432)  | (12,402)  | (360,506) | (32,348) |
| Impairment of plant                                    | –      | (1,500)             | –        | –         | (1,500)   | (2,000)  |
| Transferred to loans and advances                      | –      | –                   | (887)    | –         | (887)     | –        |
| Balance as at 30 June                                  | 70,507 | 4,000               | 15,925   | –         | 90,432    | 84,419   |

\* This represents advance given to Punjab Industrial Estate (PIE). The possession and title will be transferred to Company in due course.

\*\* This includes fair value of plant and machinery amounting to Rs. (thousand) 4,000 (2014: Rs. (thousand) 5,500) acquired from Hattar Food Products (Private) Limited. Impairment of Rs. (thousand) 1,500 (2014: Rs. (thousand) 2,000) was charged on the basis of latest valuation, carried out by M/s. Surval, an independent evaluator.

|  | Note | Rupees in thousand |         |
|--|------|--------------------|---------|
|  |      | 2015               | 2014    |
| <b>6.3 Depreciation charge for the year has been allocated as follows:</b> |      |                    |         |
| Cost of sales  | 24.1 | 104,469            | 81,630  |
| Distribution cost  | 25   | 64,697             | 45,984  |
| Administrative expenses  | 26   | 10,017             | 9,773   |
| Other operating expenses   | 27   | 9,658              | 6,031   |
|  |      | 188,841            | 143,418 |

### 7 LONG TERM INVESTMENTS - AVAILABLE FOR SALE

|   |     |       |       |
|---|-----|-------|-------|
| Quoted  |     |       |       |
| Modaraba  |     |       |       |
| BRR Guardian Modaraba-Credit rating - A               |     |       |       |
| 305,000 (2014: 305,000) certificates of Rs. 10/- each |     | 2,375 | 2,375 |
| Loss on remeasurement                                 |     | (17)  | (545) |
|   | 7.1 | 2,358 | 1,830 |

7.1 The above investment represents 0.39% (2014: 0.39%) of the issued certificate capital of the Modaraba.



# Notes to the Financial Statements

## for the year ended 30 June 2015

|   | Note | Rupees in thousand |         |
|---|------|--------------------|---------|
|   |      | 2015               | 2014    |
| <b>8 LONG TERM DEPOSITS AND PREPAYMENTS</b> |      |                    |         |
| <b>Deposits</b>                             |      |                    |         |
| Utility companies                           |      | 1,802              | 1,568   |
| Others                                      |      | 1,501              | 1,680   |
|   |      | 3,303              | 3,248   |
| <b>Prepayments</b>                          |      |                    |         |
| Rent  |      | 3,354              | 4,000   |
| Less: Current maturity                      | 13   | (3,096)            | (2,906) |
|   |      | 258                | 1,094   |
|   |      | 3,561              | 4,342   |

|                            |  |        |        |
|----------------------------|--|--------|--------|
| <b>9 STORES AND SPARES</b> |  |        |        |
| Stores                     |  | 5,644  | 7,100  |
| Spares                     |  | 52,323 | 39,358 |
|                            |  | 57,967 | 46,458 |

|                          |      |           |           |
|--------------------------|------|-----------|-----------|
| <b>10 STOCK IN TRADE</b> |      |           |           |
| Raw materials            |      | 109,609   | 125,776   |
| Packing materials        |      | 434,321   | 380,193   |
| Finished goods           |      | 189,450   | 175,191   |
| Pulps, concentrates etc. | 10.1 | 700,085   | 451,251   |
| Goods in transit         |      | 20,041    | 15,362    |
|                          |      | 1,453,506 | 1,147,773 |

**10.1** These include pulps amounting to Rs. (thousand) 219,410 (2014: Rs. (thousand) 99,879) held with third parties in the normal course of business.

|                                    | Note | Rupees in thousand |         |
|------------------------------------|------|--------------------|---------|
|                                    |      | 2015               | 2014    |
| <b>11 TRADE DEBTS</b>              |      |                    |         |
| Unsecured-considered good          |      |                    |         |
| Due from related parties           | 11.1 | 48                 | 35      |
| Others                             |      | 305,722            | 323,173 |
|                                    |      | 305,770            | 323,208 |
| Considered doubtful - others       |      | 1,350              | 1,350   |
| Less: Provision for doubtful debts |      | 1,350              | 1,350   |
|                                    |      | -                  | -       |
|                                    |      | 305,770            | 323,208 |

**11.1** No amount is receivable from the Chief Executive, Directors and Executives of the Company (2014: Rs. (thousand) Nil).



# Notes to the Financial Statements

## for the year ended 30 June 2015

|   | Note | Rupees in thousand |        |
|---|------|--------------------|--------|
|   |      | 2015               | 2014   |
| <b>12 LOANS AND ADVANCES</b>                        |      |                    |        |
| Advances to distributors - Secured, considered good | 12.1 | –                  | 7,275  |
| Advances - Unsecured, considered good               |      |                    |        |
| – Staff   | 12.2 | 3,216              | 3,095  |
| – Suppliers   |      | 23,846             | 24,598 |
| Advances - Unsecured, considered doubtful           |      |                    |        |
| – Suppliers   |      | 100                | 100    |
| Less: Provision for doubtful advances               |      | 100                | 100    |
|   |      | –                  | –      |
|   |      | 27,062             | 34,968 |

**12.1** This represents the advances given to the distributors Rs. (thousand) Nil (2014: Rs. (thousand) 7,275) for the purchase of vehicles for the distribution of products of the Company. These are secured against vehicles, registered in the name of the Company.

**12.2** No advances were given to the Chief Executive, Directors and Executives of the Company (2014: Rs. (thousand) Nil).

|   | Note | Rupees in thousand |        |
|---|------|--------------------|--------|
|   |      | 2015               | 2014   |
| <b>13 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b> |      |                    |        |
| Short term deposits                                 |      | 7,576              | 4,876  |
| Prepayments   |      | 5,126              | 11,476 |
| Current maturity of long term prepayments           | 8    | 3,096              | 2,906  |
|   |      | 15,798             | 19,258 |

|                                    |  |     |     |
|------------------------------------|--|-----|-----|
| <b>14 INTEREST ACCRUED</b>         |  |     |     |
| Profit receivable on bank deposits |  | 292 | 516 |

|                                  |      |         |         |
|----------------------------------|------|---------|---------|
| <b>15 CASH AND BANK BALANCES</b> |      |         |         |
| Cash in hand                     |      | 22,677  | 30,356  |
| Cheques in hand                  |      | 81,976  | 7,379   |
| Cash at banks                    |      |         |         |
| – Current accounts               | 15.1 | 14,083  | 21,584  |
| – PLS savings accounts           | 15.2 | 24,519  | 94,097  |
|                                  |      | 143,255 | 153,416 |

**15.1** This includes two bank accounts restricted for dividend payments only aggregating to Rs. (thousand) 1,010 (2014: Rs. (thousand) 645).

**15.2** The balances in PLS savings accounts bear mark-up / interest at the rate of 6.00% (2014: 6.00%) per annum.



# Notes to the Financial Statements

## for the year ended 30 June 2015

### 16 SHARE CAPITAL

|   | Note | Number of Shares |            | Rupees in thousand |         |
|---|------|------------------|------------|--------------------|---------|
|   |      | 2015             | 2014       | 2015               | 2014    |
| <b>Authorised share capital</b>                     |      |                  |            |                    |         |
| Ordinary shares of Rs. 10/- each                    |      | 10,000,000       | 10,000,000 | 100,000            | 100,000 |
| <b>Issued, subscribed and paid-up share capital</b> |      |                  |            |                    |         |
| Ordinary shares of Rs. 10/- each                    |      |                  |            |                    |         |
| <b>Opening as at 01 July</b>                        |      |                  |            |                    |         |
| Fully paid in cash                                  |      | 237,500          | 237,500    | 2,375              | 2,375   |
| Issued as full paid bonus shares                    |      | 7,022,500        | 6,362,500  | 70,225             | 63,625  |
|   |      | 7,260,000        | 6,600,000  | 72,600             | 66,000  |
| <b>Issued during the year</b>                       |      |                  |            |                    |         |
| Fully paid bonus shares                             | 16.1 | 726,000          | 660,000    | 7,260              | 6,600   |
| <b>Closing as at 30 June</b>                        |      |                  |            |                    |         |
| Fully paid in cash                                  |      | 237,500          | 237,500    | 2,375              | 2,375   |
| Bonus shares  |      | 7,748,500        | 7,022,500  | 77,485             | 70,225  |
|   |      | 7,986,000        | 7,260,000  | 79,860             | 72,600  |

#### 16.1 Non transfer of bonus shares to individual shareholders

During the current year, the Company has issued 726,000 bonus shares @ 10% of its paid-up capital as on book closure date of 23 October 2014. In accordance with the provisions of section 230M of 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 day end price of the first date of book closure.

However, a number of shareholders of the Company filed a suit against the Federation of Pakistan, competent authorities and the Company before the single bench of Honourable Sindh High Court, challenging the levy of tax under the above referred section which was decided against the shareholders. Subsequently, the said decision has been challenged before the Divisional Bench of Honourable Sindh High Court, which has suspended the original decision and directed the Company to retain 5% of the bonus shares issued to the plaintiff shareholders for disposal and treatment as the Court may deem appropriate at any subsequent time. Accordingly, the Company has retained 5% of the bonus shares issued to plaintiff shareholders.

|   | Note | Rupees in thousand |           |
|---|------|--------------------|-----------|
|   |      | 2015               | 2014      |
| <b>17 RESERVES</b>  |      |                    |           |
| <b>Capital</b>  |      |                    |           |
| Merger Reserve  | 17.1 | 5,000              | 5,000     |
| <b>Revenue</b>  |      |                    |           |
| General Reserve   |      |                    |           |
| – At the beginning of the year                                      |      | 1,100,000          | 950,000   |
| – Transferred from unappropriated profit                            |      | 150,000            | 150,000   |
|   |      | 1,250,000          | 1,100,000 |
| Unrealized loss on remeasurement of investments- available for sale |      |                    |           |
| – At the beginning of the year                                      |      | (685)              | (1,371)   |
| – Additions during the year   |      | 528                | 686       |
|   |      | (157)              | (685)     |
|   |      | 1,254,843          | 1,104,315 |





# Notes to the Financial Statements

## for the year ended 30 June 2015

17.1 This reserve can be utilized by the Company, only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

|                                    |  | Rupees in thousand |      |
|------------------------------------|--|--------------------|------|
|                                    |  | 2015               | 2014 |
| <b>18 LONG TERM LOAN - SECURED</b> |  |                    |      |
| Long term loan                     |  | 300,000            | –    |
| Less: Current portion              |  | (90,000)           | –    |
|                                    |  | 210,000            | –    |

During the year the Company has acquired a long term loan from a commercial bank amounting to Rs. (thousand) 300,000 which is payable in 10 equal quarterly installments with a grace period of six months. The rate of mark-up / interest is 3 months KIBOR + 0.30%, payable quarterly. The facility is secured against first exclusive registered charge on Plant and Machinery up to Rs. (thousand) 430,000.

|  | Note | Rupees in thousand |          |
|--|------|--------------------|----------|
|  |      | 2015               | 2014     |
| <b>19 DEFERRED TAXATION</b>                                      |      |                    |          |
| <b>This comprises:</b>   |      |                    |          |
| <b>Deferred tax liabilities on taxable temporary differences</b> |      |                    |          |
| Accelerated tax depreciation                                     |      | 97,191             | 80,094   |
| Trade deposits and short term prepayments                        |      | 3,260              | 4,630    |
| Investment available for sale                                    |      | 297                | 411      |
|  |      | 100,748            | 85,135   |
| <b>Deferred tax assets on deductible temporary differences</b>   |      |                    |          |
| Provision for doubtful debts                                     |      | (408)              | (434)    |
| Provision for employee's compensated absences                    |      | (7,647)            | (7,801)  |
| Provision for bonuses to staff and agents                        |      | (8,166)            | (8,378)  |
| Carried forward minimum tax credits                              |      | (10,029)           | –        |
|  |      | (26,250)           | (16,613) |
|  |      | 74,498             | 68,522   |

|                                    |      |         |         |
|------------------------------------|------|---------|---------|
| <b>20 TRADE AND OTHER PAYABLES</b> |      |         |         |
| Due to related parties             | 20.1 | 123,701 | 34,376  |
| Creditors                          |      | 319,910 | 363,488 |
| Deposits                           | 20.2 | 40,707  | 33,780  |
| Distributors' credit balances      |      | 94,302  | 58,914  |
| Accrued expenses                   |      | 137,592 | 99,795  |
| Sales tax payable                  |      | 30,262  | 69,011  |
| Payable to provident fund          |      | 772     | –       |
| Workers' Profit Participation Fund | 20.3 | 16,753  | 21,396  |
| Workers' Welfare Fund              | 20.4 | 4,000   | 19,433  |
| Unclaimed dividend                 |      | 1,137   | 1,155   |
| Taxes and other payables           |      | 6,368   | 172     |
| Other liabilities                  | 20.5 | 3,390   | 3,408   |
|                                    |      | 778,894 | 704,928 |

20.1 The amounts due to related parties are in the normal course of business and comprises of:

|                                   |         |        |
|-----------------------------------|---------|--------|
| Shezan Services (Private) Limited | 57,240  | 34,376 |
| Shahtaj Sugar Mills Limited       | 66,461  | –      |
|                                   | 123,701 | 34,376 |



# Notes to the Financial Statements

## for the year ended 30 June 2015

20.2 Agreements with the distributors give the Company right to utilize these deposits in the normal course of business.

|  | Note | Rupees in thousand |        |
|--|------|--------------------|--------|
|  |      | 2015               | 2014   |
| <b>20.3 Workers' Profit Participation Fund</b>       |      |                    |        |
| Balance as at 01 July                                |      | 21,396             | 21,122 |
| Allocation for the year                              | 27   | 16,753             | 21,396 |
|  |      | 38,149             | 42,518 |
| Interest on funds utilized in the Company's business | 29   | 307                | 311    |
|  |      | 38,456             | 42,829 |
| Less: Amount paid to the Fund's Trust                |      | 21,703             | 21,433 |
| Balance as at 30 June                                |      | 16,753             | 21,396 |
| <b>20.4 Workers' Welfare Fund</b>                    |      |                    |        |
| Balance as at 01 July                                |      | 19,433             | 13,433 |
| Allocation for the year                              | 27   | 4,000              | 6,000  |
|  |      | 23,433             | 19,433 |
| Less: Amount paid with annual return                 |      | 19,433             | –      |
| Balance as at 30 June                                |      | 4,000              | 19,433 |

20.5 This includes Rs. (thousand) Nil (2014: Rs. (thousand) 800) payable to Chief Executive Officer and Rs. (thousand) 2,705 (2014: Rs. (thousand) 2,103) to various executives.

## 21 SHORT TERM BORROWINGS - SECURED

The aggregate short term borrowings available from commercial banks under the mark-up/ interest arrangement are Rs. (thousand) 1,175,000 (2014: Rs. (thousand) 1,475,000).

The rate of mark-up/ interest ranges between 1 month KIBOR + 0.25% to 1 month KIBOR/3 months KIBOR + 0.50% (2014: 1 month KIBOR + 0.35% to 3 months KIBOR + 0.50%), payable monthly/quarterly.

The facilities are secured against first registered joint pari passu hypothecation and ranking charge on current assets of the Company up to Rs. (thousand) 1,215,000 (2014: Rs. (thousand) 1,215,000) and Rs. (thousand) 514,000 (2014: Rs. (thousand) 948,000) respectively.

The un-utilized facility for letters of credit and for guarantees amounts to Rs. (thousand) 226,681 (2014: Rs. (thousand) 269,891) and Rs. (thousand) 84,144 (2014: Rs. (thousand) 110,948), respectively.

## 22 CONTINGENCIES AND COMMITMENTS

### Contingencies

- i) Claim of Punjab Employees Social Security Institution (P.E.S.S.I.) for Rs. (thousand) 2,379 (2014: Rs. (thousand) 2,379) is not acknowledged as debt by the Company.
- ii) Notices for additional payments of sales tax and excise duty amounting to Rs. (thousand) 13,094 (2014: Rs. (thousand) 13,094) contested with the Collectorate of Customs, Sales Tax and Central Excise.
- iii) Notices for additional payment of leasehold land amounting to Rs. (thousand) 844 (2014: Rs. (thousand) 844) contested with Sarhad Development Authority.



# Notes to the Financial Statements

## for the year ended 30 June 2015

- iv) The Company has filed an appeal before the Appellate Tribunal Inland Revenue against the decision of Commissioner of Inland Revenue (Appeals) for an additional amount of Rs. (thousand) 3,465 (2014: Rs. (thousand) 3,465) in respect of the tax year 2003, which is pending adjudication.
- v) Federal Board of Revenue has filed an appeal pertaining to case of capital gain on merger of wholly owned subsidiary, M/s. Hattar Fruit Products Limited (now merged into the Company) before the Lahore High Court against the decision of Appellate Tribunal of Inland Revenue for an additional amount of Rs. (thousand) 39,788 (2014: Rs. (thousand) 39,788) in respect of the tax year 2004, which is pending adjudication.
- vi) Based on the tax audit for the tax year 2009, an additional amount of Rs. (thousand) 21,314 (2014: Rs. (thousand) 21,314) was demanded by the Income Tax Department against which the Company filed an appeal before the Commissioner Inland Revenue (Appeals) which was subsequently decided in favor of the Company. The Income Tax Department has filed an appeal before the Appellate Tribunal Inland Revenue against this decision of the Commissioner Inland Revenue (Appeals), which is pending adjudication.
- vii) The Company has filed an appeal before the Appellate Tribunal Inland Revenue against the amended order passed under section 122(5A) of Income Tax Ordinance, 2001 by the Commissioner Inland Revenue (Appeals) for an additional amount of Rs. (thousand) 28,776 (2014: Rs. (thousand) 28,776) in respect of the tax year 2011, which is pending adjudication.
- viii) The Company has filed an appeal before the Appellate Tribunal Inland Revenue against the amended order passed under section 161 of the Income Tax Ordinance, 2001 by the Commissioner Inland Revenue (Appeals) for payment of additional amount Rs. (thousand) 7,900 (2014: Rs. (thousand) 7,900) in respect of the tax year 2011, which is pending adjudication.
- ix) The Company has filed an appeal before the Commissioner of Inland Revenue (Appeals) against the order passed under section 122(5A) of the Income Tax Ordinance, 2001 by the Additional Commissioner Inland Revenue for payment of additional amount Rs. (thousand) 69,244 (2014: Rs. (thousand) 69,244) in respect of the tax year 2013, which is pending adjudication.

Pending resolution of the above mentioned matters, being contested by the Company at various forums, no provision has been made in these financial statements as the management is confident that the eventual outcome of the above matters will be in favor of the Company.

### Commitments

- i) Commitments in respect of letter of credit established for the import of raw and packing materials amounted to Rs. (thousand) 23,319 (2014: Rs. (thousand) 190,466).
- ii) Counter guarantees in favor of banks in the ordinary course of business amounted to Rs. (thousand) 25,856 (2014: Rs. (thousand) 24,052).

|                                | Note | Rupees in thousand |           |
|--------------------------------|------|--------------------|-----------|
|                                |      | 2015               | 2014      |
| <b>23 SALES - NET</b>          |      |                    |           |
| Domestic                       |      | 7,320,833          | 7,240,947 |
| Export                         |      | 946,166            | 946,683   |
|                                |      | 8,266,999          | 8,187,630 |
| Less: Discounts and incentives |      | 214,244            | 215,568   |
| Sales tax                      |      | 1,234,532          | 1,210,635 |
| Federal excise duty            |      | 588                | 900       |
|                                |      | 1,449,364          | 1,427,103 |
|                                | 23.1 | 6,817,635          | 6,760,527 |

23.1 This includes sales relating to trading activities amounting to Rs. (thousand) 15,346 (2014: Rs. (thousand) 15,956).



# Notes to the Financial Statements

## for the year ended 30 June 2015

|   | Note | Rupees in thousand |                  |
|---|------|--------------------|------------------|
|   |      | 2015               | 2014             |
| <b>24 COST OF SALES</b>                   |      |                    |                  |
| Manufacturing                             | 24.1 | 4,866,570          | 4,724,545        |
| Trading                                   | 24.2 | 11,010             | 11,195           |
|   |      | <b>4,877,580</b>   | <b>4,735,740</b> |
| <b>24.1 Cost of sales - Manufacturing</b> |      |                    |                  |
| Raw materials consumed:                   |      |                    |                  |
| Opening stock                             |      | 125,776            | 124,680          |
| Add: Purchases during the year            |      | 1,905,685          | 1,584,169        |
| Less: Production of pulps, concentrates   |      | (768,845)          | (492,933)        |
| Closing stock                             |      | (109,609)          | (125,776)        |
|   |      | <b>1,153,007</b>   | <b>1,090,140</b> |
| Pulps, concentrates etc. consumed:        |      |                    |                  |
| Opening stock                             |      | 451,251            | 364,118          |
| Add: Purchases during the year            |      | 330,126            | 507,398          |
| Production/processing during the year     |      | 768,845            | 492,933          |
| Less: Closing stock                       |      | (700,085)          | (451,251)        |
|   |      | <b>850,137</b>     | <b>913,198</b>   |
| Packing materials consumed:               |      |                    |                  |
| Opening stock                             |      | 380,193            | 338,961          |
| Add: Purchases during the year            |      | 2,400,165          | 2,231,725        |
| Less: Cost transferred to expenses        |      | (23,387)           | (15,210)         |
| Closing stock                             |      | (434,321)          | (380,193)        |
|   |      | <b>2,322,650</b>   | <b>2,175,283</b> |
| Factory expenses:                         |      |                    |                  |
| Salaries, wages and amenities             |      | 210,302            | 185,230          |
| Company's contribution to provident fund  |      | 1,283              | 1,212            |
| Stores and spares consumed                |      | 192,117            | 192,176          |
| Travelling and conveyance                 |      | 5,114              | 2,836            |
| Repairs and maintenance                   |      | 106,161            | 109,947          |
| Insurance                                 |      | 3,737              | 2,546            |
| Fuel and power                            |      | 142,327            | 133,879          |
| Inward freight and loading/unloading      |      | 1,720              | 2,905            |
| Utilities                                 |      | 13,892             | 8,482            |
| Loss on disposal of empties               | 28.1 | 10,357             | 16,108           |
| General expenses                          |      | 24,673             | 32,410           |
| Depreciation                              | 6.3  | 104,469            | 81,630           |
|   |      | <b>816,152</b>     | <b>769,361</b>   |
| Cost of production                        |      | <b>5,141,946</b>   | <b>4,947,982</b> |
| Add: Finished goods - Opening stock       |      | 165,511            | 139,792          |
|   |      | <b>5,307,457</b>   | <b>5,087,774</b> |
| Less: Cost of samples                     | 25.2 | 200,270            | 138,454          |
| Cost of wastage and spoilage              | 27   | 58,223             | 59,264           |
| Finished goods - Closing stock            |      | 182,394            | 165,511          |
|   |      | <b>440,887</b>     | <b>363,229</b>   |
|   |      | <b>4,866,570</b>   | <b>4,724,545</b> |



# Notes to the Financial Statements

## for the year ended 30 June 2015

|                                     | Note | Rupees in thousand<br>2015 | 2014   |
|-------------------------------------|------|----------------------------|--------|
| <b>24.2 Cost of sales - Trading</b> |      |                            |        |
| Finished goods - Opening stock      |      | 9,680                      | 7,087  |
| Add: Purchases during the year      |      | 10,249                     | 15,642 |
|                                     |      | 19,929                     | 22,729 |
| Less: Cost of samples               |      | 559                        | 463    |
| Cost of wastage and spoilage        |      | 1,304                      | 1,391  |
| Finished goods - Closing stock      |      | 7,056                      | 9,680  |
|                                     |      | 8,919                      | 11,534 |
|                                     |      | 11,010                     | 11,195 |

### 25 DISTRIBUTION COST

|  |      |           |           |
|--|------|-----------|-----------|
| Salaries, wages and amenities            |      | 211,508   | 194,470   |
| Company's contribution to provident fund |      | 1,518     | 1,410     |
| Postage and telephone                    |      | 2,414     | 2,823     |
| Traveling and conveyance                 |      | 37,539    | 37,141    |
| Repairs and maintenance                  | 25.1 | 36,454    | 46,166    |
| Insurance                                |      | 5,994     | 6,620     |
| Utilities                                |      | 7,926     | 7,034     |
| Stationery and printing                  |      | 1,000     | 927       |
| Rent, rates and taxes                    |      | 18,658    | 17,012    |
| Advertising and promotions               | 25.2 | 600,718   | 582,499   |
| Outward freight and distribution         |      | 151,502   | 201,118   |
| Staff sales incentive                    |      | 10,042    | 12,006    |
| Petrol, oil and lubricants               |      | 92,667    | 114,986   |
| General expenses                         |      | 3,019     | 2,582     |
| Depreciation                             | 6.3  | 64,697    | 45,984    |
|  |      | 1,245,656 | 1,272,778 |

**25.1** This includes loss on disposal of shells amounting to Rs. (thousand) 4,165 (2014: Rs. (thousands) 4,864).

**25.2** This includes cost of samples amounting to Rs. (thousand) 200,829 (2014: Rs. (thousand) 138,917).

|  | Note | Rupees in thousand<br>2015 | 2014    |
|--|------|----------------------------|---------|
| <b>26 ADMINISTRATIVE EXPENSES</b>        |      |                            |         |
| Salaries, wages and amenities            |      | 143,731                    | 136,990 |
| Company's contribution to provident fund |      | 1,815                      | 1,605   |
| Postage and telephone                    |      | 2,667                      | 2,501   |
| Traveling and conveyance                 |      | 5,619                      | 7,426   |
| Repairs and maintenance                  |      | 12,569                     | 9,315   |
| Insurance                                |      | 7,127                      | 7,510   |
| Utilities                                |      | 7,121                      | 6,481   |
| Stationery and printing                  |      | 6,505                      | 5,947   |
| Rent, rates and taxes                    |      | 11,102                     | 9,041   |
| Auditors' remuneration                   | 26.1 | 2,253                      | 2,353   |
| Legal and professional                   |      | 377                        | 781     |
| Donations                                | 26.2 | 760                        | 8,193   |
| General expenses                         |      | 6,078                      | 6,394   |
| Depreciation                             | 6.3  | 10,017                     | 9,773   |
|  |      | 217,741                    | 214,310 |



# Notes to the Financial Statements

## for the year ended 30 June 2015

|   | Rupees in thousand |              |
|---|--------------------|--------------|
|   | 2015               | 2014         |
| <b>26.1 Auditors' remuneration</b>                          |                    |              |
| Audit fee   | 1,150              | 1,100        |
| Tax consultancy services                                    | 385                | 582          |
| Miscellaneous certification and limited review charges etc. | 600                | 560          |
| Out of pocket expenses                                      | 118                | 111          |
|   | <b>2,253</b>       | <b>2,353</b> |

### 26.2 Donations

This includes donation of Rs. (thousand) Nil (2014: Rs. (thousand) 8,000) to National Management Foundation (NMF). Mr. Muneer Nawaz, Chairman of the Company is also a member of Board of Governors at NMF.

|  | Note | Rupees in thousand |                |
|--|------|--------------------|----------------|
|  |      | 2015               | 2014           |
| <b>27 OTHER OPERATING EXPENSES</b>                           |      |                    |                |
| Product spoilage   |      | 66,492             | 63,636         |
| Barrel depreciation  | 6.3  | 9,658              | 6,031          |
| Royalty to related party - Shezan Services (Private) Limited |      | 61,738             | 62,497         |
| Workers' Profit Participation Fund                           | 20.3 | 16,753             | 21,396         |
| Workers' Welfare Fund  | 20.4 | 4,000              | 6,000          |
| Loss on disposal of property, plant and equipment            | 28.1 | 1,036              | 628            |
| Impairment on plant and machinery                            | 6.2  | 1,500              | 2,000          |
|  |      | <b>161,177</b>     | <b>162,188</b> |

### 28 OTHER INCOME

|  |      |               |               |
|--|------|---------------|---------------|
| Income from financial assets                             |      |               |               |
| Profit on bank deposits                                  |      | 1,927         | 4,883         |
| Dividend income  |      | 73            | 966           |
| Foreign exchange gain                                    |      | 5,002         | 4,144         |
| Capital gain on sale of investment                       |      | -             | 215           |
|  |      | <b>7,002</b>  | <b>10,208</b> |
| Income from non financial assets                         |      |               |               |
| Reversal of provision against advances given to supplier | 12   | -             | 4,495         |
| Gain on disposal of property, plant and equipment        | 28.1 | 14,492        | -             |
| Sale of scrap  |      | 38,302        | 38,889        |
|  |      | <b>52,794</b> | <b>43,384</b> |
|  |      | <b>59,796</b> | <b>53,592</b> |



# Notes to the Financial Statements

## for the year ended 30 June 2015

### 28.1 Gain on disposal of property, plant and equipment

| Description   | Note | Cost               | Book Value | Sale Proceeds | Gain / (loss) | Purchaser                         | Mode           |
|---|------|--------------------|------------|---------------|---------------|-----------------------------------|----------------|
|   |      | Rupees in thousand |            |               |               |                                   |                |
| Hyundai Shehzore  |      | 740                | 137        | 660           | 523           | Mr. Naeem Abbas                   | Negotiation    |
| Honda City  |      | 1,036              | 123        | 760           | 637           | Mr. Syed Abdul Mubeen             | Negotiation    |
| Suzuki Mehran   |      | 390                | 87         | 180           | 93            | Mr. Ahmad Mukhtar Raza, Employee  | Company policy |
| Daihatsu Coure  |      | 619                | 193        | 250           | 57            | Mr. Khawaja Abdul Momin, Employee | Company policy |
| Suzuki Ravi Pickup  |      | 296                | 56         | 250           | 194           | M/s. Taj Traders                  | Negotiation    |
| Toyota Mark-X   |      | 2,700              | 677        | 677           | -             | Mr. Muhammad Khalid, Ex-Employee  | Company policy |
| Transformer   |      | 558                | 103        | 495           | 392           | Mr. Qadeer Ahmad                  | Negotiation    |
| Visi Coolers  |      | 602                | 193        | 73            | (120)         | Mr. Gul Shah                      | Negotiation    |
| Empty bottles, shells, pallets and barrels                            |      | 59,606             | 28,258     | 19,978        | (8,280)       | Various parties                   | Negotiation    |
| Assets having net book value less than Rs. (thousand) 50 each         |      | 7,260              | 288        | 5,726         | 5,438         | Various parties                   | Negotiation    |
|   |      | 73,807             | 30,115     | 29,049        | (1,066)       |                                   |                |
| Less: Loss on disposal of empties, shells and pallets transferred to: |      |                    |            |               |               |                                   |                |
| Cost of sales   | 24   | 21,348             | 10,357     | -             | (10,357)      |                                   |                |
| Distribution cost   | 25   | 9,154              | 4,165      | -             | (4,165)       |                                   |                |
| Other operating expenses  | 27   | 2,388              | 1,036      | -             | (1,036)       |                                   |                |
|   |      | 32,890             | 15,558     | -             | (15,558)      |                                   |                |
|   |      | 40,917             | 14,557     | 29,049        | 14,492        |                                   |                |

|  |                     | Rupees in thousand |         |
|--|---------------------|--------------------|---------|
|  |                     | 2015               | 2014    |
| <b>29</b>  | <b>FINANCE COST</b> |                    |         |
| Interest, mark-up on:                              |                     |                    |         |
| - Short term borrowings                            |                     | 49,215             | 23,762  |
| - Workers' Profit Participation Fund               | 20.3                | 307                | 311     |
| - Long term loan                                   |                     | 6,208              | -       |
|  |                     | 55,730             | 24,073  |
| Bank charges                                       |                     | 5,237              | 4,498   |
|  |                     | 60,967             | 28,571  |
| <b>30</b>  | <b>TAXATION</b>     |                    |         |
| Current tax  |                     |                    |         |
| - Current year                                     | 30.1                | 34,109             | 122,870 |
| - Prior years                                      |                     | (20,753)           | -       |
|  |                     | 13,356             | 122,870 |
| Deferred tax                                       |                     |                    |         |
| - Relating to origination of temporary differences |                     | 8,052              | 18,130  |
| - Due to reduction in tax rates                    |                     | (2,076)            | -       |
|  |                     | 5,976              | 18,130  |
|  |                     | 19,332             | 141,000 |

**30.1** The Finance Act, 2015 introduced a tax on every public company at the rate of 10% of such undistributed reserves which exceed the amount of its paid up capital. However, this tax shall not apply in case of a public company which distributes cash dividend equal to 40% of its after tax profits or 50% of its paid up capital whichever is lower, within the prescribed time after the end of the relevant tax year.

Based on the above fact, the Board of Directors of the Company has proposed a dividend amounting to Rs. (thousand) 87,846 in their meeting held on 29 September 2015 for the financial and tax year 2015 which exceeds (or meets) the prescribed minimum dividend requirement as referred above. The Company believes that it would not be liable to pay tax on its undistributed reserves as of 30 June 2015.



# Notes to the Financial Statements

## for the year ended 30 June 2015

30.2 Numerical reconciliation between tax expense and accounting profit is not presented since the Company is subject to minimum tax under section 113 of Income Tax Ordinance, 2001.

|   | Rupees in thousand |                   |
|---|--------------------|-------------------|
|   | 2015               | 2014              |
| <b>31 EARNINGS PER SHARE - BASIC AND DILUTED</b>                                |                    |                   |
| Profit after taxation attributable to ordinary shareholders                     | 294,978            | 259,532           |
| Weighted average number of ordinary shares at the end of the year (in thousand) | 7,986              | Restated<br>7,986 |
| Earnings per share - Basic (Rupees)   | 36.94              | Restated<br>32.50 |

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

### 32 CAPACITY AND PRODUCTION

|                           | Normal Annual Capacity |        | Actual Production |            |
|---------------------------|------------------------|--------|-------------------|------------|
|                           |                        |        | 2015              | 2014       |
| Bottling plant            | 5,925,000              | Crates | 4,170,642         | 6,066,955  |
| Tetra Pak plant           | 37,817,500             | Dozens | 31,963,387        | 28,264,390 |
| Squashes and syrups plant | 590,000                | Dozens | 300,595           | 317,328    |
| Jams and ketchup plant    | 723,333                | Dozens | 349,791           | 311,903    |
| Pickles plant             | 306,250                | Dozens | 203,028           | 259,788    |
| Canning plant             | 210,000                | Dozens | 113,416           | 117,236    |

The normal annual capacity, as shown above, has been worked out on the basis of 350 working days (2014: 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 change in demand and supply condition.

### 33 REMUNERATION OF CHIEF EXECUTIVE, PAID DIRECTORS AND EXECUTIVES

|                             | Chief Executive    |       | Directors |       | Executives |        |
|-----------------------------|--------------------|-------|-----------|-------|------------|--------|
|                             | 2015               | 2014  | 2015      | 2014  | 2015       | 2014   |
| Total number                | 1                  | 1     | 1         | 1     | 14         | 10     |
|                             | Rupees in thousand |       |           |       |            |        |
| Basic salary                | 1,900              | 2,880 | 3,120     | 2,868 | 15,598     | 11,722 |
| Provident fund contribution | 158                | 240   | 260       | 239   | 1,300      | 977    |
| Allowances and benefits:    |                    |       |           |       |            |        |
| House rent                  | 494                | 624   | 624       | 624   | 4,303      | 3,383  |
| Dearness                    | 404                | 510   | 510       | 510   | 6,271      | 5,767  |
| Special                     | 475                | 120   | 600       | 600   | 918        | 828    |
| Utilities                   | 276                | 348   | 348       | 348   | 2,228      | 1,932  |
| Medical                     | 52                 | 26    | -         | -     | 486        | 560    |
| Bonus                       | 117                | 480   | 520       | 478   | 2,666      | 1,738  |
| Ex-gratia                   | 59                 | 240   | 260       | 239   | 1,333      | 869    |
|                             | 3,935              | 5,468 | 6,242     | 5,906 | 35,103     | 27,776 |





# Notes to the Financial Statements

## for the year ended 30 June 2015

- 33.1** Fees paid to six non-executive directors during the year for attending Board meetings Rs. (thousand) 475 (2014: Rs. (thousand) 400).
- 33.2** Fees paid to three non-executive directors during the year for attending Audit Committee meetings Rs. (thousand) 225 (2014: Rs. (thousand) 200).
- 33.3** Fees paid to three non-executive directors during the year for attending Human Resource Committee meetings Rs. (thousand) 100 (2014: Rs. (thousand) 75).
- 33.4** The Company also provides the Chief Executive, certain directors and executives with Company maintained vehicles, partly for personal and partly for business purposes.

### 34 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 employment are as follows:

|  | 2 0 1 5                     |                         |   |                                   |              |                             |  |                      |         |
|--|-----------------------------|-------------------------|---|-----------------------------------|--------------|-----------------------------|--|----------------------|---------|
|  | Shahtaj Sugar Mills Limited | Shahtaj Textile Limited | Shahnawaz Engineering (Private) Limited | Shezan Services (Private) Limited | Shezan Ampis | Shahnawaz (Private) Limited | Information Systems Associates Limited | Staff Provident Fund | Total   |
|  | Rupees in thousand          |                         |   |                                   |              |                             |  |                      |         |
| Purchases of raw materials                         | 624,575                     | -                       | -                                       | -                                 | -            | -                           | -                                      | -                    | 624,575 |
| Sales of finished goods                            | 233                         | 352                     | 19                                      | -                                 | 4            | 98                          | -                                      | -                    | 706     |
| Royalty charged                                    | -                           | -                       | -                                       | 61,738                            | -            | -                           | -                                      | -                    | 61,738  |
| Purchases/ repairs of electric equipment/ vehicles | -                           | -                       | -                                       | -                                 | -            | 267                         | -                                      | -                    | 267     |
| Services rendered                                  | -                           | -                       | -                                       | -                                 | -            | -                           | 627                                    | -                    | 627     |
| Contributions to staff provident fund              | -                           | -                       | -                                       | -                                 | -            | -                           | -                                      | 4,616                | 4,616   |
|  | 624,808                     | 352                     | 19                                      | 61,738                            | 4            | 365                         | 627                                    | 4,616                | 692,529 |

|   | 2 0 1 4                     |                         |   |                                   |              |                             |  |                      |         |
|---|-----------------------------|-------------------------|---|-----------------------------------|--------------|-----------------------------|--|----------------------|---------|
|   | Shahtaj Sugar Mills Limited | Shahtaj Textile Limited | Shahnawaz Engineering (Private) Limited | Shezan Services (Private) Limited | Shezan Ampis | Shahnawaz (Private) Limited | Information Systems Associates Limited | Staff Provident Fund | Total   |
|   | Rupees in thousand          |                         |   |                                   |              |                             |  |                      |         |
| Purchases of raw materials                          | 653,435                     | -                       | -                                       | -                                 | -            | -                           | -                                      | -                    | 653,435 |
| Sales of finished goods                             | 551                         | 294                     | 15                                      | -                                 | 44           | 29                          | -                                      | -                    | 933     |
| Royalty charged                                     | -                           | -                       | -                                       | 62,497                            | -            | -                           | -                                      | -                    | 62,497  |
| Purchases / repairs of electric equipment/ vehicles | -                           | -                       | -                                       | -                                 | -            | 376                         | -                                      | -                    | 376     |
| Services rendered                                   | -                           | -                       | -                                       | -                                 | -            | -                           | 684                                    | -                    | 684     |
| Contributions to staff provident fund               | -                           | -                       | -                                       | -                                 | -            | -                           | -                                      | 4,227                | 4,227   |
|   | 653,986                     | 294                     | 15                                      | 62,497                            | 44           | 405                         | 684                                    | 4,227                | 722,152 |



# Notes to the Financial Statements

## for the year ended 30 June 2015

### 35 PROVIDENT FUND TRUST

The Company has maintained an employees provident fund trust and investments out of provident fund has been made in accordance with provisions of section 227 of the Companies Ordinance, 1984, and the rules formulated for this purpose. The salient information of the fund is as follows:

|                                    | Note | Rupees in thousand |         |
|------------------------------------|------|--------------------|---------|
|                                    |      | 2015               | 2014    |
| Size of the fund                   |      | 173,643            | 150,075 |
| Percentage of the investments made |      | 97%                | 98%     |
| Fair value of Investments          | 35.1 | 168,991            | 146,825 |
| Cost of Investments made           |      | 130,994            | 147,493 |

Break-up of the investments in terms of amount and percentage of the size of the provident fund are as follows:

|   | 2015                      |  | 2014                      |  |
|---|---------------------------|--|---------------------------|--|
|   | Investments<br>Rs. in'000 | Investment<br>as a % of size<br>of the fund<br>% Age | Investments<br>Rs. in'000 | Investment<br>as a % of size<br>of the fund<br>% Age |
| <b>35.1 Breakup of investment</b>       |                           |  |                           |  |
| Government securities                   | 13,615                    | 8%   | 13,811                    | 9%   |
| Listed securities and mutual fund units | 19,458                    | 11%  | 28,543                    | 19%  |
| Placements/certificates                 | 129,244                   | 74%  | 94,251                    | 63%  |
| Cash at PLS saving accounts             | 6,674                     | 4%   | 10,220                    | 7%   |
| Total                                   | 168,991                   | 97%  | 146,825                   | 98%  |

**35.2** Current year figures are based on un-audited financial statements of the Provident Fund Trust.

|  | No. of Persons |      |
|--|----------------|------|
|  | 2015           | 2014 |
| <b>36 NUMBER OF EMPLOYEES</b>                        |                |      |
| Number of permanent persons employed are as follows: |                |      |
| Total employees                                      | 316            | 311  |
| Average employees                                    | 321            | 308  |

### 37 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The main risks arising from the Company's financial instruments are credit risk, liquidity 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 summarised below.

#### 37.1 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 provisions for doubtful receivables.

The Company is exposed to credit risk on long-term deposits, trade debts, advances, deposits, other receivables and bank balances. 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:



# Notes to the Financial Statements

## for the year ended 30 June 2015

|                                    | Carrying Values<br>Rupees in thousand |         |
|------------------------------------|---------------------------------------|---------|
|                                    | 2015                                  | 2014    |
| Long term deposits and prepayments | 3,561                                 | 4,342   |
| Trade debts – unsecured            | 305,770                               | 323,208 |
| Loans and advances                 | 3,216                                 | 3,095   |
| Trade deposits                     | 7,576                                 | 4,876   |
| Bank balances                      | 38,602                                | 115,681 |
| Cheques in hand                    | 81,976                                | 7,379   |
| Interest accrued                   | 292                                   | 516     |

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:

### 37.1.1 Trade Debt

|                               | Rupees in thousand |         |
|-------------------------------|--------------------|---------|
|                               | 2015               | 2014    |
| Neither past due nor impaired | 104,221            | 138,898 |
| Past due but not impaired:    |                    |         |
| 31- 60 days                   | 112,779            | 118,047 |
| 61-180 days                   | 41,775             | 23,598  |
| 181 -365 and Above            | 46,995             | 42,665  |
|                               | 201,549            | 184,310 |
|                               | 305,770            | 323,208 |
| <b>Geographically:</b>        |                    |         |
| Pakistan                      | 201,581            | 198,091 |
| North America                 | 2,252              | 1,157   |
| Europe                        | 10,611             | 7,954   |
| Central Asia                  | 12                 | 2,039   |
| South Asia                    | –                  | 685     |
| Africa                        | 91,314             | 113,282 |
|                               | 305,770            | 323,208 |

As at 30 June 2015, the Company had 5 customers (2014: 5 customers) that owed more than Rs. (thousand) 202,807 (2014: Rs. (thousand) 210,902) and accounted for approximately 66% (2014: 65%) of all receivables owed.

As at 30 June 2015, trade debts of Rs. (thousand) 1,350 (2014: Rs. (thousand) 1,350) were impaired and provided for.

| 37.1.2 Cash at Bank | Rating Agency | Rating     |           | 2015                 | 2014   |
|---------------------|---------------|------------|-----------|----------------------|--------|
|                     |               | Short term | Long term | (Rupees in thousand) |        |
| Banks               | PACRA         | A1+        | AAA       | 15,288               | –      |
|                     | PACRA         | A1         | AAA       | 6,664                | 3,439  |
|                     | PACRA         | A1+        | AA+       | –                    | 600    |
|                     | JCR-VIS       | A-1+       | A         | 5,410                | 91,938 |
|                     | PACRA         | A1+        | AA        | 5                    | 6,641  |
|                     | JCR-VIS       | A-1+       | AAA       | 10,935               | 7      |
|                     | PACRA         | A1         | AA-       | 300                  | 13,056 |
| Cheques in hand     |               |            | 81,976    | 7,379                |        |
|                     |               |            | 120,578   | 123,060              |        |



# Notes to the Financial Statements

## for the year ended 30 June 2015

### 37.2 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 analysed below, with regard to their remaining contractual maturities.

|                                    | 2015                      |                            |                  |
|------------------------------------|---------------------------|----------------------------|------------------|
|                                    | Maturity Upto<br>One Year | Maturity After<br>One Year | Total            |
| Rupees in thousand                 |                           |                            |                  |
| Long term loan - secured           | 90,000                    | 210,000                    | 300,000          |
| Short term borrowings - secured    | 280,000                   | –                          | 280,000          |
| Trade and other payables           | 627,209                   | –                          | 627,209          |
| Interest accrued on borrowings     | 10,677                    | –                          | 10,677           |
| <b>Total financial liabilities</b> | <b>1,007,886</b>          | <b>210,000</b>             | <b>1,217,886</b> |

|                                    | 2014                      |                            |                |
|------------------------------------|---------------------------|----------------------------|----------------|
|                                    | Maturity Upto<br>One Year | Maturity After<br>One Year | Total          |
| Rupees in thousand                 |                           |                            |                |
| Short term borrowings - secured    | 164,530                   | –                          | 164,530        |
| Trade and other payables           | 536,002                   | –                          | 536,002        |
| Interest accrued on borrowings     | 5,573                     | –                          | 5,573          |
| <b>Total financial liabilities</b> | <b>706,105</b>            | <b>–</b>                   | <b>706,105</b> |

### 37.3 Market Risk

#### 37.3.1 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.

#### Sensitivity analysis

With all other variables remain constant, a 1 % change in the rupee dollar parity existed at 30 June 2015 would affect the profit and loss account and liabilities and equity by Rs. (thousands) 1,045 (2014: Rs. (thousands) 1,225).

#### 37.3.2 Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rate will affect the value of financial instruments. The Company is exposed to interest rate risk for long term loan, short term borrowings obtained from the financial institutions and bank deposits, which have been disclosed in the relevant note to the financial statements.

#### Sensitivity analysis

If interest rates at the year end, fluctuate by 100 basis points higher/ lower, profit for the year would have been Rs. (thousand) 5,800 (2014: Rs. (thousand) 1,645) higher/ lower. This analysis is prepared assuming that all other variables held constant and the amounts of liabilities outstanding at the balance sheet dates were outstanding for the whole year.



# Notes to the Financial Statements

## for the year ended 30 June 2015

### 37.4 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.

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 balance sheet less cash and cash equivalent. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt (as defined above).

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

#### Gearing ratio

|                                 | Rupees in thousand |           |
|---------------------------------|--------------------|-----------|
|                                 | 2015               | 2014      |
| <b>Net Debt</b>                 |                    |           |
| Long term loan - secured        | 300,000            | –         |
| Short term borrowings - secured | 280,000            | 164,530   |
| Cash and bank balances          | (143,255)          | (153,416) |
|                                 | 436,745            | 11,114    |
| Total Equity                    | 1,728,162          | 1,505,256 |
| Total Capital                   | 2,164,907          | 1,516,370 |
| Gearing (%)                     | 20%                | 1%        |

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

### 37.5 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.

At 30 June, the Company had following financial instruments with respect to their level of fair value modeling:

|                                  | Level 1            | Level 2 | Level 3 |
|----------------------------------|--------------------|---------|---------|
|                                  | Rupees in thousand |         |         |
| <b>2015</b>                      |                    |         |         |
| Investments - available for sale | 2,358              | –       | –       |
| <b>2014</b>                      |                    |         |         |
| Investments - available for sale | 1,830              | –       | –       |



# Notes to the Financial Statements

## for the year ended 30 June 2015

### 38 SEGMENTAL ANALYSIS

The Company's activities are broadly categorized into two primary business segments namely Juice Drinks activities and Other Operating activities.

#### 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.

Segment analysis of profit and loss account for the year ended 30 June 2015:

|                              | Juices and Drinks | Others    | Total       |
|------------------------------|-------------------|-----------|-------------|
| Rupees in thousand           |                   |           |             |
| Sales                        | 5,581,751         | 1,235,884 | 6,817,635   |
| Cost of sales                | (3,925,073)       | (952,507) | (4,877,580) |
| Gross profit                 | 1,656,678         | 283,377   | 1,940,055   |
| <b>Unallocated expenses:</b> |                   |           |             |
| Corporate expenses           |                   |           | (1,463,397) |
| Finance costs                |                   |           | (60,967)    |
| Other operating expenses     |                   |           | (161,177)   |
| Other income                 |                   |           | 59,796      |
| Taxation                     |                   |           | (19,332)    |
| Profit after taxation        |                   |           | 294,978     |

Segment analysis of assets and liabilities as at 30 June 2015:

|                            | Juices and Drinks | Others  | Total     |
|----------------------------|-------------------|---------|-----------|
| Rupees in thousand         |                   |         |           |
| <b>Segment assets</b>      | 2,501,386         | 497,343 | 2,998,729 |
| Unallocated assets         |                   |         | 416,851   |
| Total                      |                   |         | 3,415,580 |
| <b>Segment liabilities</b> | 756,131           | 241,668 | 997,799   |
| Unallocated liabilities    |                   |         | 689,619   |
| Total                      |                   |         | 1,687,418 |



# Notes to the Financial Statements

## for the year ended 30 June 2015

Segment analysis of profit and loss account for the year ended 30 June 2014:

|                              | Juices and Drinks | Others    | Total       |
|------------------------------|-------------------|-----------|-------------|
| Rupees in thousand           |                   |           |             |
| Sales                        | 5,851,806         | 908,721   | 6,760,527   |
| Cost of sales                | (4,014,957)       | (720,783) | (4,735,740) |
| Gross profit                 | 1,836,849         | 187,938   | 2,024,787   |
| <b>Unallocated expenses:</b> |                   |           |             |
| Corporate expenses           |                   |           | (1,487,088) |
| Finance costs                |                   |           | (28,571)    |
| Other operating expenses     |                   |           | (162,188)   |
| Other income                 |                   |           | 53,592      |
| Taxation                     |                   |           | (141,000)   |
| Profit after taxation        |                   |           | 259,532     |

Segment analysis of assets and liabilities as at 30 June 2014:

|                            | Juices and Drinks | Others  | Total     |
|----------------------------|-------------------|---------|-----------|
| Rupees in thousand         |                   |         |           |
| <b>Segment assets</b>      | 1,911,281         | 446,385 | 2,357,666 |
| Unallocated assets         |                   |         | 330,076   |
| Total                      |                   |         | 2,687,742 |
| <b>Segment liabilities</b> | 267,418           | 213,960 | 481,378   |
| Unallocated liabilities    |                   |         | 701,108   |
| Total                      |                   |         | 1,182,486 |

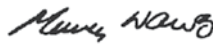
### 39 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors on 29 September 2015.

### 40 EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors have proposed a final dividend of Rs. 11/- per share, amounting to Rs. (thousand) 87,846 for the year ended 30 June 2015 (2014: Rs. (thousand) 72,600) along with transfer to general reserve amounting to Rs. (thousand) 200,000 (2014: Rs. (thousand) 150,000) at their meeting held on 29 September 2015 for approval of the members at the Annual General Meeting to be held on 30 October 2015.

The Chief Executive is out of Pakistan and in his absence, these financial statements have been signed by two directors as required under section 241(2) of the Companies Ordinance, 1984.

  
Director

  
Director



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# 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 52<sup>nd</sup> Annual General Meeting of the Company to be held on 30 October 2015 and at any adjournment thereof.

As witness my/our hand/seal this \_\_\_\_\_ day of \_\_\_\_\_ 2015.

Signed by \_\_\_\_\_

in the presence of \_\_\_\_\_

Folio Number / CDC A/C Number

Signature

|                                |
|--------------------------------|
| Affix Rs. 5/-<br>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 48 hours before the meeting.
4. CDC Shareholders and their proxies, both are requested to attach an attested photocopy of their Computerised 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.



Happiness  
May FLAVOURS



Shezan  
THICKET  
TWISTI  
HAWAIIAN  
PUNCH

An ISO 9001, ISO 22000 & HACCP Certified Company

حَالَال  
HALAL

