



Let the Purity of Nature surround you

Shezan International Limited **Annual Report 2013**

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

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

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



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

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

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



# Contents

02	Company Information
04	Notice of Meeting
05	Directors' Report to the Members
10	Horizontal Analysis
11	Vertical Analysis
12	Statement of Value Addition
13	Pattern of Shareholdings
16	Six Years Review at a Glance
17	Review Report to the Members
18	Statement of Compliance
19	Auditors' Report to the Members
20	Balance Sheet
21	Profit and Loss Account
22	Cash Flow Statement
23	Statement of Changes in Equity
24	Notes to the Financial Statements
51	Proxy Form



# Company Information

## Board of Directors:

Mr. Muneer Nawaz	Chairman
Mr. Muhammad Khalid	Chief Executive
Mr. Mahmood Nawaz	
Mrs. Amtul Hai Khalid	
Mr. M. Naeem	
Ms. Nazish Khalid	
Mr. Syed Munawar Hussain Rizvi	(N.I.T. Nominee)
Mr. Saleem Zamindar	(N.I.T. Nominee)

## Chief Financial Officer & Company Secretary:

Mr. Faisal Ahmad Nisar, FCA

## Audit Committee:

Mr. Muneer Nawaz	Chairman
Mr. M. Naeem	Member
Ms. Nazish Khalid	Member

## Human Resources and Remuneration Committee:

Mr. Muneer Nawaz	Chairman
Mr. M. Naeem	Member
Mr. Saleem Zamindar	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

## Auditors:

Ernst & Young Ford Rhodes Sidat Hyder,  
Chartered Accountants,  
Mall View Building,  
4 - Bank Square, 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.





**Nature,  
simply  
secured in a box**



Energy	1000 kJ
Carbohydrate	10g
Protein	0g
Fat	0g
Sodium	0g
Fibre	0g
Sugars	10g
Calcium	0g
Iron	0g
Vitamin C	100%
Vitamin B1	100%
Vitamin B2	100%
Vitamin B3	100%
Vitamin B5	100%
Vitamin B6	100%
Vitamin B9	100%
Vitamin K	100%
Phosphorus	100%
Potassium	100%
Magnesium	100%
Zinc	100%
Copper	100%
Manganese	100%
Selenium	100%

**ALL**   
**PURE** Shezan

**APPLE** Juice  
**100% pure & natural**  
No added sugars, colours or preservatives



Just **ALL  
PURE**

# Notice of Meeting

The 50<sup>th</sup> Annual General Meeting of the Company will be held on 29 October 2013 at 11.00 am 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 2012.
2. To receive and adopt the Audited Financial Statements of the Company for the year ended 30 June 2013 together with the Directors' and Auditors' Report thereon.
3. To consider and, if thought fit, approve the cash dividend @ Rs. 10/- per share, i.e., 100 % and bonus shares @ 10% i.e. one ordinary share for every ten shares held by the existing shareholders, as recommended by the Board of Directors for the year ended 30 June 2013.
4. To appoint External Auditors of the Company for the year 2013-14 and to fix their remuneration.
5. To transact any other business with the permission of the Chair.

## Special Business:


6. To give effect to the issue of bonus shares, as recommended by the Board of Directors, consider and, if thought fit, pass, with or without modification, the following resolution as an ordinary resolution:

"Resolved that a sum of Rs. 6,600,000/- be capitalized out of the free reserves of the Company and applied towards issue of 660,000 ordinary shares of Rs. 10/- each as fully paid bonus shares, ranking pari passu with the existing shares, in the proportion of one (01) ordinary share for every ten (10) ordinary shares held by the members whose names appear in the Members Register at the close of the business on 21 October 2013.

Further resolved that the Chief Executive and/or Company Secretary be and is/are hereby authorized to give effect to the resolution and to do and cause to be done all acts, deeds and things that may be necessary or required for issue and distribution of the said bonus shares."

A statement under section 160(1)(b) of the Companies Ordinance, 1984 pertaining to the Special Business referred to above, is given in this Notice of Meeting.

By Order of the Board



Faisal Ahmad Nisar  
Company Secretary

Lahore:  
25 September 2013.

## Notes:

1. The share transfer books of the Company will be closed from 22 October 2013 to 29 October 2013 (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 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 application form must agree with the specimen signature registered with the Company. For the convenience of the shareholders, a proxy application form is attached with this report.
5. Shareholders are requested to immediately notify the Company of any change in their address to our registrar, M/s. Corp Link (Private) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore.
6. Any individual beneficial owner of the shares in the Central Depository Company (CDC), entitled to vote at this meeting must bring his/her Computerised National Identity Card with him/her to prove his/her identity together with his/her account number in CDC and in case of proxy, must enclose an attested copy of his/her Computerised National Identity Card. Representative of corporate members should bring the usual documents required for such purpose.

## STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984

### Item No. 6 of the Agenda

The Board of Directors are of the view that the Company's financial position and its reserves as on 30 June 2013 justify the capitalization of reserves by way of issue of bonus shares to the members in the ratio of one (01) Bonus Share for every ten (10) Ordinary Shares held. As a result of issuance of Bonus Shares, the paid up capital of the Company shall stand increased to Rs. 72,600,000/-.

The Directors of the Company have no other interest, except to the extent of their shareholding, in this business either directly or indirectly.



# Directors' Report to the Members

The Board of Directors take pleasure in presenting the annual report and audited financial statements of the Company for the year ended 30 June 2013.

## Economic and Business Review

The economy continued to be affected by structural problems, including a domestic energy crisis, a precipitous decline in investment, persistently high inflation and security issues. Budget deficits remain high, driven by substantial subsidies and losses at state-owned enterprises. Power is the main constraint for economic growth. Our economy is highly vulnerable mainly due to low growth rate, deteriorating security situation, low savings rate, weak tax structure, large debt re-payment, low investment in human capital and poor governance. Energy shortages intensified during the year, seriously pinching manufacturing sector in the Punjab. Irregular load shedding for a long duration is estimated to come to at least 2 percentage points of GDP growth annually.

The Company's business strategy focuses mainly on reinforcing and establishing presence in the markets in which it operates and expanding its share in potentially high growth market segments. It also includes continued growth based on the Company's existing product range and its ability to launch new products.

The energy crisis is playing havoc especially in the Punjab. We continuously have to rely on furnace oil in the absence of sui gas and diesel to run our generators when there is no electricity. There seems to be no respite on this front in the near future, all indications are that the energy situation would worsen in the months ahead and add to one cost of production.

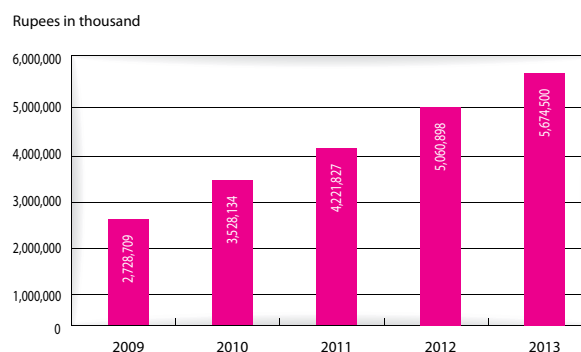
However, inspite of a volatile trend in the market, we are pleased that our juice products are showing encouraging sales trends. During the period we have also achieved encouraging growth in export sales of our products. Our production facility in Karachi continued to meet the export requirements in the Middle East, Africa, USA and Europe and performed well during the year. We are optimistic that our products have the potential to sustain our growth momentum in the future. Our advertisement activities cost high and this trend would continue in the coming months due to market conditions. The business environment has become very competitive and our profits are affected by commodity inflation, however, operating profit increased from Rs. 371.206 million to Rs. 440.077 million. The Company added Rs. 613.602 million to the net sales, which grew 12.12%. Earnings per Share were Rs. 37.78.

We made our humble contribution to the National Exchequer by paying a sum of Rs. 1.102 billion in the shape of Sales Tax, Excise Duty and Income Tax for the year ended 30 June 2013.

## Financial Results

For the year ended 30 June 2013, total sales were Rs. 5.674 billion against Rs. 5.061 billion in the same period last year, registering an increase of 12.12%. The cost of sales was Rs. 3.964 billion against Rs. 3.603 billion last year. Therefore, the Company earned gross profit of Rs. 1.710 billion against Rs. 1.457 billion in the corresponding year last year.

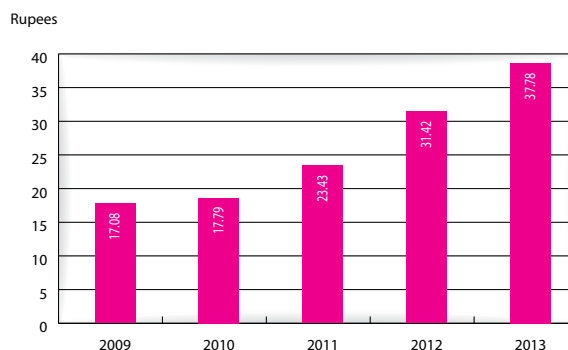
### Net Sales



The distribution cost increased and it grew by 18.81% as compared to the last year. The distribution cost includes an advertisement and sales promotion expense of Rs. 433 million. We had to increase our publicity campaign to boost our sales due to stiff competition in the market. The finance cost was Rs. 45.75 million against Rs. 53.12 million last year. The decrease in finance cost was due to efficient use of borrowed capital. However, borrowings were made during the year to stock the seasonal fruits, pulps and packaging materials to fulfill the sales demands of our products.

Net profit for the year was Rs. 249 million as compared to Rs. 207 million of the corresponding year of 2012 and earnings per share were Rs. 37.78 versus Rs. 31.42 (re-stated) in the last year.

### Earnings per share



# Directors' Report to the Members

## Appropriations

The Company has earned an after tax profit of Rs. 249.321 million for the year under review.

The Directors are pleased to recommend as follows:

	Rupees in thousand
Profit after taxation	249,321
Unappropriated profits brought forward	232,088
Dividend @ Rs 9/- per share for the year ended 30 June 2012	(54,000)
Transfer to general reserve	(130,000)
Transfer to reserve for issue of bonus shares for the year ended June 30, 2012	(6,000)
Un-appropriated profits carried forward	291,409
Earnings per share in Rupees – Basic	37.78

## Dividend

Keeping in view the satisfactory financial results, the Directors have immense pleasure in proposing a cash dividend of 100%, i.e., Rs. 10/- per share and 10% bonus shares. We hope our shareholders would appreciate our paying generous returns on their investment.

## Future Prospects

The coming year appears to be another challenging year for the business as economic environment is not favorable due to the power crisis, internal security issues and soaring inflation. Despite above unfavorable conditions, the Company will continue to focus on cost effectiveness and profit maximization.

Looking forward, we are confident that Shezan will achieve growth in juices, syrups and sauces and now expanding production capacity of juice products in tetra packaging. We are hopeful that we will augment our sales growth with the increase in production capacity of juice products. Our marketing force has been focusing on increasing reach of diverse line of products through timely advertisement apart from various promotional activities.

Current Inflationary trends and economic conditions depict that commodity costs will remain high in the next year. In addition, payroll expenses will increase due to increase in minimum wages.

Corporate Governance and Financial Reporting Frame Work  
As required by the Code of Corporate Governance, the Directors are pleased to report the following:

- a. 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.
- b. Proper books of account of the Company have been maintained.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. 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.
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There are no significant doubts upon the Company's ability to continue as a going concern.
- g. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- h. Key operating and financial data of last six years is annexed to this report.
- i. Where any statutory payment on account of taxes, duties, levies and charges is outstanding, the amount together with brief description and reasons for the same is disclosed.
- j. Value of investments of provident fund for the year ended 30 June 2013 was Rs. 124.571 million.
- k. During the year, four Board of Directors meetings were held. Attendance of these meetings was as follows:

Name of Director	No. of Meetings Attended
Mr. Muneer Nawaz	4
Mr. Muhammad Khalid	1
Mr. Mahmood Nawaz	4
Mrs. Amtul Hai Khalid	1
Ms. Nazish Khalid	2
Mr. M. Naeem	3
Mr. Syed Munawar Hussain Rizvi	3
Mr. Saleem Zamindar	4

Leave of absence was granted to the Directors, who could not attend the board meetings. Further due to the sad demise of Mr. C. M. Khalid, Director, Ms. Nazish Khalid was appointed as director during the year.





- l. Pattern of Shareholdings as on 30 June 2013 and its disclosure according to the requirement of Code of Corporate Governance is annexed to this report.
- m. 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 2013:

Name of Related Party	Rupees in thousand	
	Payable	Receivable
Shezan Services (Private) Limited	32,927	Nil
Shahnawaz (Private) Limited	Nil	34

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

#### Audit Committee

The Audit Committee met five 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	5
Mr. C. M. Khalid	1
Mr. M. Naeem	3
Ms. Nazish Khalid	2

Leave of absence was granted to the Directors, who could not attend the audit committee meetings. Further due to the sad demise of Mr. C. M. Khalid, Member, Ms. Nazish Khalid was appointed as member during the year.

#### Human Resource Committee

The Company has formed Human Resource & Remuneration committee, which comprises three directors; all are non-executive directors. During the year under review one meeting of the Human Resource & Remuneration Committee was held. Attendance by each director was as follows:

Name of Director	No. of Meetings Attended
Mr. Muneer Nawaz	1
Mr. M. Naeem	1
Mr. Saleem Zamindar	1

#### Auditors

The retiring auditors Messrs. Ernst & Young Ford Rhodes Sidat Hyder, being eligible, offer 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 2014.

#### 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.

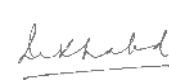
#### Corporate Social Responsibilities

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 valuable consumers of Company's products for their continued patronage for our products, 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:  
25 September 2013.

Muhammad Khalid  
Chief Executive



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 charitable organizations including 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 2013 we made our humble contribution to the National Exchequer as follows:

Description	Rupees in thousand
Income Tax	105,048
Sales Tax and Federal Excise Duty	997,698
Total	1,102,746



# Horizontal Analysis of Financial Statements

## Statement of Financial Position

	2013	2012	2011	2010	2009	2008	2013	2012	2011	2010	2009	2008
	Rupees in thousand						% increase/(decrease) over preceding year					
<b>Balance Sheet</b>												
Non-current assets	769,061	448,348	433,769	427,495	310,979	305,440	71.53	3.36	1.47	37.47	1.81	7.43
Current assets	1,508,567	1,747,094	1,511,800	1,191,958	1,043,406	1,002,615	(13.65)	15.56	26.83	14.24	4.07	19.93
Total assets	2,277,628	2,195,442	1,945,569	1,619,453	1,354,385	1,308,055	3.74	12.84	20.14	19.57	3.54	16.75
Total equity	1,311,038	1,115,460	953,011	848,138	777,820	736,700	17.53	17.05	12.37	9.04	5.58	17.79
Non-current liabilities	50,392	56,682	71,747	91,121	45,684	51,858	(11.10)	(21.00)	(21.26)	99.46	(11.91)	(9.47)
Current liabilities	916,198	1,023,300	920,811	680,194	530,881	519,497	(10.47)	11.13	35.37	28.13	2.19	18.70
Total equity and liabilities	2,277,628	2,195,442	1,945,569	1,619,453	1,354,385	1,308,055	3.74	12.84	20.14	19.57	3.54	16.75
<b>Profit and Loss Account</b>												
Sales-net	5,674,500	5,060,898	4,221,827	3,528,134	2,728,709	2,468,572	12.12	19.87	19.66	29.30	10.54	13.50
Cost of sales	(3,963,874)	(3,603,285)	(3,130,544)	(2,591,790)	(1,974,446)	(1,691,443)	10.01	15.10	20.79	31.27	16.73	13.53
Gross profit	1,710,626	1,457,613	1,091,283	936,344	754,263	777,129	17.36	33.57	16.55	24.14	(2.94)	13.44
Administrative expenses	(162,644)	(145,075)	(116,605)	(101,413)	(91,449)	(78,951)	12.11	24.42	14.98	10.90	15.83	15.74
Distribution cost	(1,005,438)	(846,287)	(629,912)	(580,492)	(443,862)	(368,240)	18.81	34.35	8.51	30.78	20.54	27.27
Other operating expenses	(139,724)	(132,720)	(122,601)	(90,702)	(71,979)	(72,555)	5.28	8.25	35.17	26.01	(0.79)	3.44
Other income	37,257	37,675	28,798	19,448	20,155	19,880	(1.11)	30.83	48.08	(3.51)	1.38	50.15
Operating profit	440,077	371,206	250,963	183,185	167,128	277,263	18.55	47.91	37.00	9.61	(39.72)	2.46
Finance costs	(45,756)	(53,118)	(40,343)	(17,950)	(6,542)	(8,104)	(13.86)	31.67	124.75	174.38	(19.27)	(37.37)
Share of loss-associate	-	(18)	(18)	(16)	(16)	(760)	(100.00)	-	12.50	-	97.89	760.00
Profit before taxation	394,321	318,070	210,602	165,219	160,570	268,399	23.97	51.03	27.47	2.90	(40.17)	4.17
Taxation	(145,000)	(110,700)	(70,000)	(58,474)	(58,099)	(107,195)	30.98	58.14	19.71	0.65	(45.80)	(8.37)
Net profit for the year	249,321	207,370	140,602	106,745	102,471	161,204	20.23	47.49	31.72	4.17	(36.43)	14.59
<b>Summary of Cash Flows</b>												
Net cash generated from												
Operating activities	377,732	165,672	98,443	170,645	113,454	119,039	128.00	68.29	(42.31)	50.41	(4.69)	(28.37)
Net cash used in												
Investing activities	(269,633)	(70,688)	(59,077)	(92,908)	(43,338)	(54,104)	281.44	19.65	(36.41)	114.38	(19.90)	27.99
Net cash used in												
Financing activities	(67,667)	(68,423)	(56,267)	(49,072)	(83,314)	(89,079)	(1.10)	21.60	14.66	(41.10)	(6.47)	(3.62)
Net increase / (decrease) in												
Cash and cash equivalents	40,432	26,561	(16,901)	28,665	(13,198)	(24,144)	52.22	257.16	(158.96)	317.19	45.34	(176.67)





# Vertical Analysis of Financial Statements

## Statement of Financial Position

	2013		2012		2011		2010		2009		2008	
	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	769,061	33.77	448,348	20.42	433,769	22.30	427,495	26.40	310,979	22.96	305,440	23.35
Current assets	1,508,567	66.23	1,747,094	79.58	1,511,800	77.70	1,191,958	73.60	1,043,406	77.04	1,002,615	76.65
<b>Total assets</b>	<b>2,277,628</b>	<b>100.00</b>	<b>2,195,442</b>	<b>100</b>	<b>1,945,569</b>	<b>100.00</b>	<b>1,619,453</b>	<b>100.00</b>	<b>1,354,385</b>	<b>100.00</b>	<b>1,308,055</b>	<b>100.00</b>
<b>Total equity</b>	<b>1,311,038</b>	<b>57.56</b>	<b>1,115,460</b>	<b>50.81</b>	<b>953,011</b>	<b>48.98</b>	<b>848,138</b>	<b>52.37</b>	<b>777,820</b>	<b>57.43</b>	<b>736,700</b>	<b>56.32</b>
Non-current liabilities	50,392	2.21	56,682	2.58	71,747	3.69	91,121	5.63	45,684	3.37	51,858	3.96
Current liabilities	916,198	40.23	1,023,300	46.61	920,811	47.33	680,194	42.00	530,881	39.20	519,497	39.72
<b>Total equity and liabilities</b>	<b>2,277,628</b>	<b>100.00</b>	<b>2,195,442</b>	<b>100</b>	<b>1,945,569</b>	<b>100.00</b>	<b>1,619,453</b>	<b>100.00</b>	<b>1,354,385</b>	<b>100.00</b>	<b>1,308,055</b>	<b>100.00</b>
<b>Profit and Loss Account</b>												
Sales-net	5,674,500	100.00	5,060,898	100.00	4,221,827	100.00	3,528,134	100.00	2,728,709	100.00	2,468,572	100.00
Cost of sales	(3,963,874)	(69.85)	(3,603,285)	(71.20)	(3,130,544)	(74.15)	(2,591,790)	(73.46)	(1,974,446)	(72.36)	(1,691,443)	(68.52)
<b>Gross profit</b>	<b>1,710,626</b>	<b>30.15</b>	<b>1,457,613</b>	<b>28.80</b>	<b>1,091,283</b>	<b>25.85</b>	<b>936,344</b>	<b>26.54</b>	<b>754,263</b>	<b>27.64</b>	<b>777,129</b>	<b>31.48</b>
Administrative expenses	(162,644)	(2.87)	(145,075)	(2.87)	(116,605)	(2.76)	(101,413)	(2.87)	(91,449)	(3.35)	(78,951)	(3.20)
Distribution cost	(1,005,438)	(17.72)	(846,287)	(16.72)	(629,912)	(14.92)	(580,492)	(16.45)	(443,862)	(16.27)	(368,240)	(14.92)
Other operating expenses	(139,724)	(2.46)	(132,720)	(2.62)	(122,601)	(2.90)	(90,702)	(2.57)	(71,979)	(2.64)	(72,555)	(2.94)
Other income	37,257	0.66	37,675	0.74	28,798	0.68	19,448	0.55	20,155	0.74	19,880	0.81
<b>Operating profit</b>	<b>440,077</b>	<b>7.76</b>	<b>371,206</b>	<b>7.33</b>	<b>250,963</b>	<b>5.94</b>	<b>183,185</b>	<b>5.19</b>	<b>167,128</b>	<b>6.12</b>	<b>277,263</b>	<b>11.23</b>
Finance costs	(45,756)	(0.81)	(53,118)	(1.05)	(40,343)	(0.96)	(17,950)	(0.51)	(6,542)	(0.24)	(8,104)	(0.33)
Share of loss-associate	-	-	(18)	-	(18)	-	(16)	-	(16)	-	(760)	-
<b>Profit before taxation</b>	<b>394,321</b>	<b>6.95</b>	<b>318,070</b>	<b>6.28</b>	<b>210,602</b>	<b>4.99</b>	<b>165,219</b>	<b>4.68</b>	<b>160,570</b>	<b>5.88</b>	<b>268,399</b>	<b>10.87</b>
Taxation	(145,000)	(2.56)	(110,700)	(2.19)	(70,000)	(1.66)	(58,474)	(1.66)	(58,099)	(2.13)	(107,195)	(4.34)
<b>Net profit for the year</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>	<b>102,471</b>	<b>3.76</b>	<b>161,204</b>	<b>6.53</b>



# Statement of Value Addition

## Statement of Financial Position

	2013		2012	
	Rupees in thousand	%	Rupees in thousand	%
<b>Wealth Generated</b>				
Sales-net	5,674,500	99.35	5,060,898	99.26
Other income	37,257	0.65	37,675	0.74
	<b>5,711,757</b>	<b>100.00</b>	<b>5,098,573</b>	<b>100.00</b>
<b>Distribution of Wealth</b>				
Cost of sales (excluding employees remuneration and provident fund)	3,818,990	66.86	3,471,421	68.09
Distribution, administrative & other Operating expenses (excluding employees remuneration and other duties)	1,015,957	17.78	878,151	17.22
Employees remuneration	408,318	7.15	355,537	6.97
Finance costs	45,756	0.80	53,118	1.04
Government taxes and levies (Income tax, WPPF and WWF)	173,122	3.03	132,704	2.60
Dividend to shareholders	66,000	1.16	54,000	1.06
Retained for future growth	183,321	3.21	153,370	3.01
Charity and donation	293	0.01	272	0.01
	<b>5,711,757</b>	<b>100.00</b>	<b>5,098,573</b>	<b>100.00</b>



# Pattern of Shareholdings

as at 30 June 2013

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 2013.

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
138	1	100	2,509
115	101	500	24,719
77	501	1,000	51,461
57	1,001	5,000	116,059
8	5,001	10,000	56,436
5	10,001	15,000	62,836
2	15,001	20,000	33,720
1	20,001	25,000	21,995
3	25,001	30,000	86,725
2	35,001	40,000	72,380
1	40,001	45,000	40,678
1	55,001	60,000	57,024
1	65,001	70,000	66,138
1	80,001	85,000	83,600
1	85,001	90,000	85,275
1	95,001	100,000	95,035
1	105,001	110,000	108,537
1	110,001	115,000	114,764
3	115,001	120,000	352,828
3	120,001	125,000	363,630
1	135,001	140,000	135,036
1	155,001	160,000	156,904
1	215,001	220,000	218,870
1	270,001	275,000	274,500
2	275,001	280,000	556,248
1	350,001	355,000	354,920
1	495,001	500,000	497,574
1	615,001	620,000	616,305
1	635,001	640,000	638,000
1	1,255,001	1,260,000	1,255,294
<b>433</b>			<b>6,600,000</b>

5. Categories of Shareholders	Shares held	Percentage
5.1 Directors, Chief Executive Officers and their spouse and minor children	1,770,608	26.8274%
5.2 Associated Companies, undertakings and related parties	–	0.0000%
5.3 NIT and ICP	1,284,519	19.4624%
5.4 Banks, Development Financial Institutions, Non Banking Financial Institutions	742	0.0112%
5.5 Insurance Companies	58,476	0.8860%
5.6 Modarabas and Mutual funds	7,875	0.1193%
5.7 Share holders holding 10%	1,255,294	19.0196%
5.8 General Public		
a. Local	2,975,993	45.0908%
b. Foreign	–	–
5.9 Others (to be specified)		
Joint Stock Companies	1,076	0.0163%
Pension Funds	114,764	1.7388%
Investment Companies	381,920	5.7867%
Others	4,027	0.0610%



# Pattern of Shareholdings

as at 30 June 2013

S. No.	NAME	HOLDING	%AGE
<b>Directors, CEO their Spouses &amp; Minor Children</b>			
1	Mrs. Amtul Hai Khalid	116,526	1.7655%
2	Mr. Mahmood Nawaz	616,305	9.3380%
	Mr. Mahmood Nawaz (CDC)	27,500	0.4167%
3	Mr. Muneer Nawaz	497,574	7.5390%
4	Mr. C. M. Khalid	95,035	1.4399%
5	Mr. M. Naeem	40,678	0.6163%
6	Mr. Muhammad Khalid (CDC)	2,970	0.0450%
7	Mr. Saleem Zamindar (NIT Nominee)	-	-
8	Mr. Syed Munawar Hussain Rizvi (NIT Nominee)	-	-
9	Mrs. Abida Muneer Nawaz W/o Mr. Muneer Nawaz	66,138	1.0021%
10	Mrs. Bushra Mahmood Nawaz W/o Mr. Mahmood Nawaz	4,752	0.0720%
11	Mrs. Amtul Bari Naeem W/o Mr. M. Naeem	218,870	3.3162%
	Mrs. Baree Naeem W/o Mr. M. Naeem	83,600	1.2667%
12	Mrs. Surriya Khalid W/o Mr. Muhammad Khalid	660	0.0100%
		1,770,608	26.8274%
<b>Associated Companies</b>			
		-	-
<b>NIT &amp; ICP</b>			
1	National Bank of Pakistan, Trustee Department NI(U)T Fund (CDC)	1,255,294	19.0196%
2	National Investment Trust Limited (CDC)	29,225	0.442.8%
		1,284,519	19.4624%
<b>Banks, Developments, Financial Institutions, Non Banking Financial Institutions</b>			
1	National Bank of Pakistan (CDC)	37	0.0006%
2	National Bank of Pakistan (CDC)	705	0.0107%
		742	0.0112%
<b>Modaraba &amp; Mutual Funds</b>			
1	MCBFSL-Trustee URSF-Equity Sub Fund (CDC)	7,875	0.1193%
		7,875	0.1193%
<b>Insurance Companies</b>			
1	Habib Insurance Company Limited (CDC)	1,452	0.0220%
2	State Life Insurance Corporation of Pakistan (CDC)	57,024	0.8640%
		58,476	0.8860%
<b>Pension Funds</b>			
1	Trustee National Bank of Pakistan Employees Pension Fund (CDC)	114,764	1.7388%
		114,764	1.7388%
<b>Investment Companies</b>			
1	Tundra Agri & Food (CDC)	17,000	0.2576%
2	Tundra Frontier Opportunities Fund (CDC)	10,000	0.1515%
3	Tundra Pakistan Fond (CDC)	354,920	5.3776%
		381,920	5.7867%





S. No.	NAME	HOLDING	%AGE
<b>Joint Stock Companies</b>			
1	Murree Brewery Company Limited	132	0.0020%
2	A. Sattar Motiwal Securities (Private) Limited (CDC)	44	0.0007%
3	Burma Oil Mills Limited (CDC)	550	0.0083%
4	Darson Securities (Private) Limited (CDC)	1	0.0000%
5	Ismail Abdul Shakoor Securities (Private) Limited (CDC)	220	0.0033%
6	Magnus Investment Advisors Limited (CDC)	110	0.0017%
7	N. H Capital Fund Limited (CDC)	2	0.0000%
8	Pearl Capital Management (Private) Limited (CDC)	17	0.0003%
		1,076	0.0163%
<b>Others</b>			
1	Trustee National Bank of Pakistan Employee Benevolent Fund Trust (CDC)	4,027	0.0610%
		4,027	0.0610%
<b>Executives</b>			
1	Mr. Waseem Amjad Mahmood	396	0.0060%
2	Mr. Waseem Amjad Mahmood (CDC)	100	0.0015%
		496	0.0075%
Shares Held by the General Public		2,975,497	45.0833%
		<b>6,600,000</b>	<b>100.0000%</b>
<b>Shareholders Holding 10% or More of Total Capital</b>			
1	National Bank Of Pakistan, Trustee Department NI(U)T Fund (CDC)	1,255,294	19.0196%
		1,255,294	19.0196%
<b>Shareholders Holding 5% or More of Total Capital</b>			
1	National Bank Of Pakistan, Trustee Department NI(U)T Fund (CDC)	1,255,294	19.0196%
2	Mr. Mahmood Nawaz	643,805	9.7546%
3	Ms. Amina Wadalawala	638,000	9.6667%
4	Mr. Muneer Nawaz	497,574	7.5390%
		3,034,673	45.9799%

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

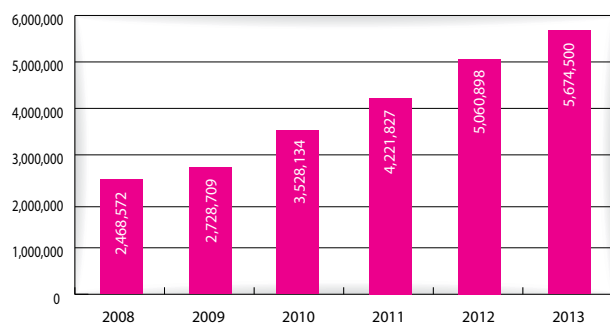
S. No.	Name	Sale	Purchase	Bonus
1	Mrs. Amtul Hai Khalid	-	-	10,593
2	Mr. Mahmood Nawaz	-	-	56,027
3	Mr. Mahmood Nawaz (CDC)	-	-	2,500
4	Mr. Muneer Nawaz	-	-	45,234
5	Mr. C. M. Khalid	-	-	8,639
6	Mr. M. Naeem	-	-	3,698
7	Mr. Muhammad Khalid (CDC)	-	-	270
8	Mrs. Abida Muneer Nawaz W/o Mr. Muneer Nawaz	-	-	6,012
9	Mrs. Bushra Mahmood Nawaz W/o Mr. Mahmood Nawaz	-	-	432
10	Mrs. Amtul Bari Naeem W/o Mr. M. Naeem	-	-	19,897
11	Mrs. Baree Naeem W/o Mr. M. Naeem	-	-	7,600
12	Mrs. Surriya Khalid W/o Mr. Muhammad Khalid	-	-	60



# Six Years Review at a Glance

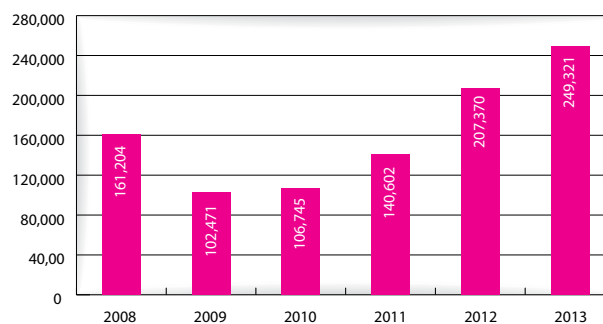
## Net Sales

Rupees in thousand



## Profit After Tax

Rupees in thousand



Year 2008	Year 2009	Year 2010	Year 2011	Year 2012	Year 2013
Rupees in thousand					

## Income

Sales	2,468,572	2,728,709	3,528,134	4,221,827	5,060,898	5,674,500
Other operating income	19,880	20,155	19,448	28,798	37,675	37,257
	2,488,452	2,748,864	3,547,582	4,250,625	5,098,573	5,711,757

## Expenditure

Cost of sales	1,691,443	1,974,446	2,591,790	3,130,544	3,603,285	3,963,874
Distribution cost and administrative expenses	447,191	535,311	681,905	746,517	991,362	1,168,082
Finance cost	8,104	6,542	17,950	40,343	53,118	45,756
Other operating expenses and share of loss from associate	73,315	71,995	90,718	122,619	132,738	139,724
	2,220,053	2,588,294	3,382,363	4,040,023	4,780,503	5,317,436
Profit before taxation	268,399	160,570	165,219	210,602	318,070	394,321
Taxation	107,195	58,099	58,474	70,000	110,700	145,000
Profit after Taxation	161,204	102,471	106,745	140,602	207,370	249,321

Paid-up capital	60,000	60,000	60,000	60,000	60,000	66,000
Reserves & unappropriated profits	676,900	719,171	790,116	892,740	1,055,381	1,244,781
Unrealized gain / (loss) on remeasurement of investments available for sale	(200)	(1,351)	(1,978)	271	79	257
Share holders equity	736,700	777,820	848,138	953,011	1,115,460	1,311,038
Break up value per share in Rupees	122.92	129.63	141.36	158.84	185.91	198.64
Earnings per share in Rupees	26.87	17.08	17.79	23.43	31.42*	37.78
Dividend declared	10.00	6.00	6.00	7.50	9.00	10.00
Bonus per share	-	-	-	-	10%	10%

\* Restated



# Review Report to the Members

## On the statement of compliance with the best practices of the 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 2013 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 2013.

Lahore:  
25 September 2013.

Erub-e-Yaqeen Farooq Hameed

Chartered Accountants  
Audit Engagement Partner  
Farooq Hameed



# Statement of Compliance

with the best practices of the code of corporate governance for the year ended 30 June 2013


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:

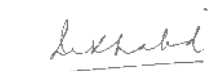
1. The Company encourages the representation of non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes

Category	Names
Executive Directors	Mr. Muhammad Khalid Mr. Mahmood Nawaz
Non-Executive Directors	Mr. Muneer Nawaz Mrs. Amtul Hai Khalid Mr. M. Naeem Ms. Nazish Khalid Mr. Syed Munawar Hussain Rizvi Mr. Saleem Zamindar

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 NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Casual vacancy occurred on the board and was filled up by the directors within 90 days.
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. The Board arranged briefings for its Directors to apprise them of their duties and responsibilities.

  
Muneer Nawaz  
Chairman

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 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 three members; all are non-executive directors including the chairman.
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 except for the changes not effective immediately, which shall be complied with upon the next election of directors.

  
Muhammad Khalid  
Chief Executive





# Auditors' Report to the Members

We have audited the annexed balance sheet of Shezan International Limited (the Company) as at 30 June 2013 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 conduct 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 accounts and are further in accordance with accounting policies consistently applied except for changes as stated in note 5.1 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 2013 and of the profit, its cash flow 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:  
25 September 2013.

Erteba Yaqeen Feroq Al-Hadees Sialat Hye

Chartered Accountants  
Audit Engagement Partner  
Farooq Hameed




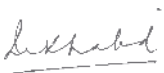
# Balance Sheet

as at 30 June 2013

	Note	Rupees in thousand	
		2013	2012
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	764,709	434,590
Investment in associate	7	–	7,672
Investment available for sale	8	1,144	747
Long term deposits and prepayments	9	3,208	5,339
		<b>769,061</b>	<b>448,348</b>
<b>CURRENT ASSETS</b>			
Stores and spares	10	28,051	15,408
Stock in trade	11	998,614	1,245,699
Trade debts	12	248,995	243,299
Loans and advances	13	14,048	25,486
Trade deposits and short term prepayments	14	23,763	37,956
Accrued financial income	15	408	437
Investment available for sale	16	9,860	–
Income tax recoverable		35,227	69,640
Cash and bank balances	17	149,601	109,169
		<b>1,508,567</b>	<b>1,747,094</b>
<b>TOTAL ASSETS</b>		<b>2,277,628</b>	<b>2,195,442</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	18	66,000	60,000
Reserves	19	953,629	823,372
Unappropriated profit		291,409	232,088
		<b>1,311,038</b>	<b>1,115,460</b>
<b>TOTAL EQUITY</b>		<b>1,311,038</b>	<b>1,115,460</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred taxation	20	50,392	56,682
<b>CURRENT LIABILITIES</b>			
Trade and other payables	21	603,972	564,119
Mark up accrued on short term borrowings		5,988	9,220
Short term borrowings - secured	22	154,948	296,656
Current portion of liabilities against assets subject to finance lease		–	13,844
Provision for taxation		151,290	139,461
		<b>916,198</b>	<b>1,023,300</b>
<b>TOTAL LIABILITIES</b>		<b>966,590</b>	<b>1,079,982</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	23		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,277,628</b>	<b>2,195,442</b>

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

  
Muneer Nawaz  
Chairman

  
Muhammad Khalid  
Chief Executive




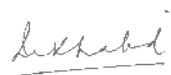
# Profit and Loss Account

for the year ended 30 June 2013

	Note	Rupees in thousand	
		2013	2012
Sales - net	24	5,674,500	5,060,898
Cost of sales	25	3,963,874	3,603,285
Gross profit		1,710,626	1,457,613
Distribution cost	26	1,005,438	846,287
Administrative expenses	27	162,644	145,075
Other operating expenses	28	139,724	132,720
Other operating income	29	(37,257)	(37,675)
		1,270,549	1,086,407
Operating profit		440,077	371,206
Finance costs	30	45,756	53,118
Share of loss - associate	7	-	18
Profit before taxation		394,321	318,070
Taxation	31	145,000	110,700
Net profit for the year		249,321	207,370
<b>Other comprehensive income</b>			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
		257	79
		Unrealized gain on remeasurement of investments- available for sale	
<b>Total comprehensive income</b>		<b>249,578</b>	<b>207,449</b>
<b>Earnings per share - basic and diluted (Rupees)</b>	32	<b>37.78</b>	Restated 31.42

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

  
Muneer Nawaz  
Chairman

  
Muhammad Khalid  
Chief Executive




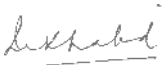
# Cash Flow Statement

for the year ended 30 June 2013

Note	Rupees in thousand	
	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Cash generated from operations</b>		
Profit before taxation	394,321	318,070
Adjustments for:		
Depreciation	128,007	56,668
Interest/mark-up	42,654	50,756
Profit on bank deposits	(3,564)	(2,900)
Impairment in the value of investment in associate	172	-
Deterioration in value of shells, pallets and barrels	-	17,311
Provision for doubtful advance	-	4,495
Share of loss from associate	-	18
Gain on disposal of property, plant and equipment	(777)	(4,993)
	166,492	121,355
<b>Operating profit before working capital changes</b>	<b>560,813</b>	<b>439,425</b>
<b>(Increase)/decrease in current assets</b>		
Stores and spares	(13,424)	(8,411)
Stock in trade	59,781	(103,459)
Trade debts	(5,696)	(77,672)
Loans and advances	11,438	(1,184)
Trade deposits and short-term prepayments	14,193	(23,273)
	66,292	(213,999)
<b>Increase/(decrease) in current liabilities</b>		
Trade and other payables	39,676	(36,298)
Short term borrowings - secured	(141,708)	88,915
	(102,032)	52,617
<b>CASH GENERATED FROM OPERATIONS</b>	<b>525,073</b>	<b>278,043</b>
Interest/mark-up paid	(45,886)	(45,570)
Profit on bank deposits - received	3,593	2,839
Income tax paid	(105,048)	(69,640)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>377,732</b>	<b>165,672</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(264,867)	(74,077)
Sale proceeds from disposal of property, plant and equipment	3,103	6,414
Long term deposits paid / received	2,131	(3,025)
Investment - available for sale	(10,000)	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(269,633)</b>	<b>(70,688)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of liabilities against assets subject to finance lease	(13,844)	(23,490)
Dividends paid	(53,823)	(44,933)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(67,667)</b>	<b>(68,423)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>40,432</b>	<b>26,561</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>109,169</b>	<b>82,608</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>149,601</b>	<b>109,169</b>

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

  
Muneer Nawaz  
Chairman

  
Muhammad Khalid  
Chief Executive



# Statement of Changes in Equity

for the year ended 30 June 2013

	Capital Reserve			Revenue Reserve			Total
	Share Capital	Merger Reserve	Reserve for Bonus Issue	General Reserve	Unrealized (loss)/gain on remeasurement of Investments - available for sale	Unappropriated Profits	
	Rupees in thousand						
<b>Balance as at 01 July 2011</b>	60,000	5,000	–	720,000	(1,707)	169,718	953,011
Transfer to general reserve	–	–	–	100,000	–	(100,000)	–
Dividend @ Rs. 7.5/- per share for the year ended 30 June 2011	–	–	–	–	–	(45,000)	(45,000)
Net profit for the year ended 30 June 2012	–	–	–	–	–	207,370	207,370
Other comprehensive income	–	–	–	–	79	–	79
Total comprehensive income	–	–	–	–	79	207,370	207,449
<b>Balance as at 30 June 2012</b>	60,000	5,000	–	820,000	(1,628)	232,088	1,115,460
Transfer to general reserve	–	–	–	130,000	–	(130,000)	–
Dividend @ Rs. 9/- per share for the year ended 30 June 2012	–	–	–	–	–	(54,000)	(54,000)
Transfer to reserve for issue of bonus shares	–	–	6,000	–	–	(6,000)	–
Issue of bonus shares @ 10% for the year ended 30 June 2012	6,000	–	(6,000)	–	–	–	–
Net profit for the year ended 30 June 2013	–	–	–	–	–	249,321	249,321
Other comprehensive income	–	–	–	–	257	–	257
Total comprehensive income	–	–	–	–	257	249,321	249,578
<b>Balance as at 30 June 2013</b>	66,000	5,000	–	950,000	(1,371)	291,409	1,311,038

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

*Muneer Nawaz*  
Muneer Nawaz  
Chairman

*Muhammad Khalid*  
Muhammad Khalid  
Chief Executive



# Notes to the Financial Statements

for the year ended 30 June 2013

## 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 2012-13

#### New and amended standards and interpretations

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

IAS-1 Presentation of Financial Statements- Presentation of other Comprehensive Income (Amendment).

IAS 12 Income Taxes- Recovery of Underlying Assets (Amendment)

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

### 2.2 Standards, Interpretations and amendments to published approved accounting standards that 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:

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
----------------------------	--

IFRS 7	Financial Instruments : Disclosures – (Amendments) –Amendments enhancing disclosures about offsetting of financial assets and financial liabilities	01 January 2013
IAS 19	Employee Benefits –(Revised)	01 January 2013
IAS 32	Offsetting Financial Assets and Financial liabilities – (Amendment)	01 January 2014
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	01 January 2013

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not 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 (Annual periods beginning on or after)
----------------------------	---

IFRS 9	Financial Instruments: Classification and Measurement	01 January 2015
IFRS 10	Consolidated Financial Statements	01 January 2013
IFRS 11	Joint Arrangements	01 January 2013
IFRS 12	Disclosure of Interests in Other Entities	01 January 2013
IFRS 13	Fair Value Measurement	01 January 2013





# Notes to the Financial Statements

for the year ended 30 June 2013

## 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 thousand of rupees, unless otherwise stated.

## 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 decision by appellate authorities on certain issues in the past.

### 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 assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

### 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. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

### 4.4 Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are also tested for impairment when there are indicators that the carrying amounts may not be recoverable.

### 4.5 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 2.2 and note 5.2.

### 5.2 Change in Accounting Policy

During the year the Company changed its accounting policy for classification of empty bottles, shells, pallets and barrels from Inventory to property, plant and equipment so as to give a better presentation. Previously these items were considered to be of a fragile nature and hence were not expected to last long. However recent experience indicates that such items have been in utilization of the Company for an extended period of time and accordingly the recently adopted policy provides reliable and more relevant information.



# Notes to the Financial Statements

for the year ended 30 June 2013

The policy has been applied prospectively because it was not practicable to estimate the effects of applying the policy either retrospectively or prospectively from any earlier date. Accordingly, the adoption of the new policy has no effect on prior years. The effect on the current year is to increase the closing carrying amount of property, plant and equipment by Rs. (thousand) 185,892 decrease in closing carrying amount of inventory by Rs. (thousand) 227,755 increase depreciation expense by Rs. (thousand) 61,953 decrease in deterioration in Shells, Pallets and Barrels by Rs. (thousand) 20,090 and reduce tax expense by Rs. (thousand) 5,980.

## 5.3 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 also 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.

### Leased assets

Leases where the Company has the substantially all the risks and rewards of ownership are classified as finance leases. At inception, finance leases are capitalized at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets.

The related rental obligations, net of finance cost, are included in liabilities against assets subject to finance lease as referred to in note 19. The liabilities are classified as current and non-current depending upon the timing of the payment.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit over the lease term. The financial charges are calculated at the interest rates implicit in the lease and are charged to the profit and loss account.

Assets held under finance lease are stated at cost less accumulated depreciation and accumulated impairment losses, if any, at the rates and basis applicable to Company owned assets.



# Notes to the Financial Statements

for the year ended 30 June 2013

## 5.4 Ijarah assets

The Company recognizes ijarah payments under an Ijarah agreement as an expense in the profit and loss account on a straight line basis over the Ijarah term.

## 5.5 Investments

### Investments in associates

The Company's investment in its associate is accounted for under the equity method of accounting. An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the balance sheet at cost plus post-acquisition changes in the Company's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortized. After application of the equity method, the Company determines whether it is necessary to recognize any additional impairment loss with respect to the Company's net investment in the associate. The profit and loss account reflects the share of the results of the operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Company recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity.

The reporting dates of the associate and the Company are identical and the associate's accounting policies conform to those used by the Company for like transactions and events in similar circumstances.

### 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.

## 5.6 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

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.

## 5.7 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.

## 5.8 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.



# Notes to the Financial Statements

for the year ended 30 June 2013

## 5.9 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 bearing finances are recorded at the gross proceeds received. Other liabilities are stated at their nominal value.

## 5.10 Impairment

The carrying amount of the Company's asset 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.

## 5.11 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 legal 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.

## 5.12 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.

## 5.13 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.

### 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.



# Notes to the Financial Statements

for the year ended 30 June 2013

## 5.14 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

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

## 5.15 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.

## 5.16 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.

## 5.17 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.

## 5.18 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.

## 5.19 Pricing for related party transactions

All transactions with related parties and associated undertakings are entered into arm's length determined in accordance with comparable uncontrolled price method except for transactions with M/s. Shahnawaz (Private) Limited, where an additional discount of 40% is given by them on service charges and 15% on spare parts in connection with the repairs of motor vehicles, due to group policy duly approved by the Board of Directors.

## 5.20 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 2013

	Note	Rupees in thousand 2013	2012
<b>6 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating property, plant and equipment	6.1	685,167	378,264
Capital work in progress	6.2	79,542	56,326
		<b>764,709</b>	<b>434,590</b>

## 6.1 OPERATING PROPERTY, PLANT AND EQUIPMENT

2013										
Note	COST				DEPRECIATION				NET BOOK VALUE	Rate
	As at 01 July 2012	Additions/ Adjustments	(Disposals)/ Adjustments	As at 30 June 2013	Accumulated as at 01 July 2012	(Disposals)/ Adjustments	Charge for the year	Accumulated as at 30 June 2013	As at 30 June 2013	
	Rupees in thousand									
<b>OWNED ASSETS</b>										
	7,091	-	-	7,091	-	-	-	-	7,091	-
	1,802	-	-	1,802	-	-	-	-	1,802	-
	51,663	11,896	-	63,559	25,750	-	3,307	29,057	34,502	10
	23,962	5,729	-	29,691	15,267	-	1,299	16,566	13,125	10
6.1.1	360,839	120,317	(211)	547,324	204,021	(104)	27,051	252,229	295,095	12.5
			66,379			21,261				
	16,273	35	-	16,308	5,472	-	1,622	7,094	9,214	15
	130,881	16,018	(8,304)	138,595	71,734	(6,484)	13,513	78,763	59,832	20
	5,804	-	-	5,804	3,416	-	239	3,655	2,149	10-25
6.1.2	69,476	34,007	(2,765)	100,718	25,032	(2,366)	12,922	35,588	65,130	15-33
	1,607	-	-	1,607	603	-	100	703	904	10
	26,624	-	-	26,624	17,340	-	1,857	19,197	7,427	20
	13,103	1,389	-	14,492	10,354	-	1,134	11,488	3,004	33.33
	94	-	-	94	93	-	1	94	-	20
6.1.3	-	271,260	(23,415)	247,845	-	-	61,953	61,953	185,892	25
	709,219	460,651	31,684	1,201,554	379,082	12,307	124,998	516,387	685,167	
<b>ASSETS SUBJECT TO FINANCE LEASE</b>										
	66,379	-	(66,379)	-	18,252	(21,261)	3,009	-	-	12.5
	<b>775,598</b>	<b>460,651</b>	<b>(34,695)</b>	<b>1,201,554</b>	<b>397,334</b>	<b>(8,954)</b>	<b>128,007</b>	<b>516,387</b>	<b>685,167</b>	

2012										
Note	COST				DEPRECIATION				NET BOOK VALUE	Rate
	As at 01 July 2011	Additions/ Adjustments	(Disposals)/ Adjustments	As at 30 June 2012	Accumulated as at 01 July 2011	(Disposals)/ Adjustments	Charge for the year	Accumulated as at 30 June 2012	As at 30 June 2012	
	Rupees in thousand									
<b>OWNED ASSETS</b>										
	7,091	-	-	7,091	-	-	-	-	7,091	-
	1,802	-	-	1,802	-	-	-	-	1,802	-
	51,663	-	-	51,663	22,871	-	2,879	25,750	25,913	10
	23,962	-	-	23,962	14,301	-	966	15,267	8,695	10
	341,305	20,274	(740)	360,839	183,445	(587)	21,163	204,021	156,818	12.5
	12,183	4,090	-	16,273	4,227	-	1,245	5,472	10,801	15
	120,975	18,374	(8,468)	130,881	66,241	(7,302)	12,795	71,734	59,147	20
	5,590	214	-	5,804	3,171	-	245	3,416	2,388	10-25
6.1.2	60,020	9,965	(509)	69,476	18,498	(411)	6,945	25,032	44,444	15
	1,434	173	-	1,607	505	-	98	603	1,004	10
	26,624	-	-	26,624	15,019	-	2,321	17,340	9,284	20
	12,472	955	(324)	13,103	9,539	(320)	1,135	10,354	2,749	33.33
	94	-	-	94	92	-	1	93	1	20
	665,215	54,045	(10,041)	709,219	337,909	(8,620)	49,793	379,082	330,137	
<b>ASSETS SUBJECT TO FINANCE LEASE</b>										
	66,379	-	-	66,379	11,377	-	6,875	18,252	48,127	12.5
	<b>731,594</b>	<b>54,045</b>	<b>(10,041)</b>	<b>775,598</b>	<b>349,286</b>	<b>(8,620)</b>	<b>56,668</b>	<b>397,334</b>	<b>378,264</b>	





# Notes to the Financial Statements

for the year ended 30 June 2013

- 6.1.1 Additions to plant and machinery includes transfer from leased assets having net book value of Rs. (thousand) 45,118 (2012: Rs. (thousand) Nil) representing cost of Rs. (thousand) 66,379 (2012: Rs. (thousand) Nil) less accumulated depreciation of Rs. (thousand) 21,261 (2012: Rs. (thousand) Nil).
- 6.1.2 Visi coolers costing Rs.(thousand) 23,248 (2012: Rs. (thousand) 2,579) are in the possession of shopkeepers for the sale of Company's products.
- 6.1.3 This amount has been reclassified from Inventory as a result of change in accounting policy as explained in note 5.2. These include bottles and shells amounting to Rs. (thousand) 152,313 held by distributors of the Company in the normal course of business.

## 6.2 CAPITAL WORK IN PROGRESS

	COST						2012
	Land*	Furniture & Fixtures	Plant & Machinery**	Vehicles	Buildings	2013	
Rupees in thousand							
Balance as at 01 July 2012	35,007	5,636	12,199	2,132	1,352	56,326	40,789
Additions during the year	35,500	394	62,728	22,504	16,273	137,399	41,953
Transferred to operating property, plant and equipment	-	(5,729)	(67,427)	(16,018)	(17,625)	(106,799)	(21,921)
Transferred to loans and advances	-	-	-	(7,384)	-	(7,384)	(4,495)
<b>Balance as at 30 June 2013</b>	<b>70,507</b>	<b>301</b>	<b>7,500</b>	<b>1,234</b>	<b>-</b>	<b>79,542</b>	<b>56,326</b>

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

\*\* This represents fair value of plant and machinery acquired from Hattar Food Products (Private) Limited as explained in note 7. Latest valuation was carried out by M/s. Surval, an independent evaluator, as on 30 June 2013.

	Note	Rupees in thousand 2013	2012
<b>6.3 Depreciation charge for the year has been allocated as follows:</b>			
Cost of sales	25.1	73,804	34,382
Distribution cost	26	38,980	14,940
Administrative expenses	27	9,074	7,346
Other operating expenses	28	6,149	-
		<b>128,007</b>	<b>56,668</b>

## 7 INVESTMENT IN ASSOCIATE

The investment represented Nil (30 June 2012: 44.88%) of the issued share capital of the Hattar Food Products (Private) Limited (HFPPPL). The principal business activity of HFPPPL was to process food products. During the year, HFPPPL has applied for winding up under "Company Easy Exit Scheme" (CEES). HFPPPL has transferred the plant and machinery to the Company, based on the independent valuation report, in settlement of its investment.

	Rupees in thousand 2013	2012
<b>Hattar Food Products (Private) Limited - unquoted</b>		
Opening carrying amount	7,672	7,690
Share of (loss) from associate for the year	-	(18)
Impairment	(172)	-
Assets acquired in settlement on winding up	(7,500)	-
	<b>-</b>	<b>7,672</b>

## 8 INVESTMENT AVAILABLE FOR SALE

### Quoted

#### Modaraba

BRR Guardian Modaraba-Credit rating A		
305,000 (2012: 305,000) certificates of Rs. 10/- each	8.1	2,375
Loss on remeasurement		(1,231)
		<b>1,144</b>
		<b>747</b>

- 8.1 The above investment represents 0.39% (2012: 0.39%) of the issued certificate capital of the Modaraba.



# Notes to the Financial Statements

for the year ended 30 June 2013

	Note	Rupees in thousand 2013	2012
<b>9 LONG TERM DEPOSITS AND PREPAYMENTS</b>			
<b>Deposits</b>			
Utility companies		1,568	1,568
Others		1,640	1,626
<b>Prepayments</b>			
Rent		2,145	2,145
Less: current maturity		(2,145)	–
		<b>3,208</b>	<b>5,339</b>
<b>10 STORES AND SPARES</b>			
Stores		–	781
Spares		28,051	14,627
		<b>28,051</b>	<b>15,408</b>
<b>11 STOCK IN TRADE</b>			
Raw materials		124,680	115,919
Packing materials		338,961	313,648
Bottles	11.1	–	117,648
Finished goods		146,879	158,499
Pulps, concentrates etc.	11.2	364,118	458,741
Shells, pallets and barrels	11.1	–	86,967
Less: deterioration in value		–	17,311
		–	69,656
Goods in transit		23,976	11,588
		<b>998,614</b>	<b>1,245,699</b>

11.1 Bottles, shells, pallets and barrels have been transferred to the property, plant and equipment due to change in accounting policy as explained in note 5.2. Comparative figures includes bottles and shells amounting to Rs. (thousand) 121,732 held by distributors of the Company in the normal course of business.

11.2 These include pulps amounting to Rs. (thousand) 83,578 (2012: Rs. (thousand) 79,800) held with third parties in the normal course of business.

	Note	Rupees in thousand 2013	2012
<b>12 TRADE DEBTS</b>			
Unsecured-considered good			
Due from related parties	12.1	34	6
Others		248,961	243,293
		<b>248,995</b>	<b>243,299</b>
Considered doubtful - others		1,350	1,350
Less: Provision for doubtful debts		1,350	1,350
		–	–
		<b>248,995</b>	<b>243,299</b>

12.1 No amount is receivable from the Chief Executive, Directors and Executives of the Company (2012: Rs. (thousand) Nil).



# Notes to the Financial Statements

for the year ended 30 June 2013

	Note	Rupees in thousand	
		2013	2012
<b>13 LOANS AND ADVANCES</b>			
Advances to distributors - secured, considered good	13.1	3,386	4,159
Advances - unsecured, considered good			
– Staff	13.2	3,093	3,419
– Suppliers		7,569	17,763
– Related parties		–	145
Advances - unsecured, considered doubtful			
– Suppliers	13.3	4,595	4,595
– Less: provision for doubtful advances		4,595	4,595
		–	–
		14,048	25,486

**13.1** This represents the advances given to the distributors 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.

**13.2** No advances were given to the Chief Executive, Directors and Executives of the Company (2012: Rs. (thousand) Nil).

**13.3** This includes advance given to supplier for the purchase of vehicles Rs. (thousand) 4,495 (2012: Rs. (thousand) 4,495).

		Rupees in thousand	
		2013	2012
<b>14 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>			
Short term deposits		7,058	22,000
Prepayments		14,560	14,150
Current maturity of long term prepayments		2,145	–
Advance excise duty		–	372
Wealth tax recoverable		–	140
Sales tax refundable		–	1,294
		23,763	37,956

		Rupees in thousand	
		2013	2012
<b>15 ACCRUED FINANCIAL INCOME</b>			
Profit receivable on:			
– Bank deposits		408	437
<b>16 INVESTMENT AVAILABLE FOR SALE</b>			
Unquoted			
National Investment Trust Limited			
232,504 (2012: Nil) Units of Rs. 10/- each		10,000	–
Loss on remeasurement		(140)	–
		9,860	–



# Notes to the Financial Statements

for the year ended 30 June 2013

	Note	Rupees in thousand 2013	2012
<b>17 CASH AND BANK BALANCES</b>			
Cash in hand		23,599	11,024
Cheques in hand		33,226	28,632
Cash at banks			
– Current accounts	17.1	54,655	27,042
– PLS sharing accounts	17.2	38,121	42,471
		<b>149,601</b>	<b>109,169</b>

17.1 This includes two bank accounts restricted for dividend payments only aggregating to Rs. (thousand) 213 (2012: Rs. (thousand) 240).

17.2 The balances in PLS sharing accounts bear mark-up, which ranges between 6% to 7% (2012: 5% to 7%) per annum.

## 18 SHARE CAPITAL

### Authorised share capital

Number of Shares			Rupees in thousand	
2013	2012		2013	2012
10,000,000	10,000,000	Ordinary shares of Rs. 10/- each	100,000	100,000

### Issued, subscribed and paid-up share capital

Number of Shares			Rupees in thousand	
2013	2012		2013	2012
237,500	237,500	Fully paid in cash	2,375	2,375
6,362,500	5,762,500	Issued as fully paid bonus shares	63,625	57,625
<b>6,600,000</b>	<b>6,000,000</b>		<b>66,000</b>	<b>60,000</b>

	Note	Rupees in thousand 2013	2012
<b>19 RESERVES</b>			
<b>Capital</b>			
Merger Reserve	19.1	5,000	5,000
<b>Revenue</b>			
General Reserve			
– At the beginning of the year		820,000	720,000
– Transferred from unappropriated profit		130,000	100,000
		<b>950,000</b>	<b>820,000</b>
<b>Unrealized loss on remeasurement of investments- available for sale</b>			
– At the beginning of the year		(1,628)	(1,707)
– Change during the year		257	79
		<b>(1,371)</b>	<b>(1,628)</b>
		<b>953,629</b>	<b>823,372</b>

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



# Notes to the Financial Statements

for the year ended 30 June 2013

	Note	Rupees in thousand	
		2013	2012
<b>20 DEFERRED TAXATION</b>			
<b>This comprises:</b>			
<b>Deferred tax liabilities on taxable temporary differences</b>			
Accelerated tax depreciation		62,076	55,814
Trade deposits and short term prepayments		5,191	4,730
Investment available for sale		159	–
Liabilities against assets subject to finance lease		–	11,459
		<b>67,426</b>	<b>72,003</b>
<b>Deferred tax assets on deductible temporary differences</b>			
Provision for doubtful debts		(1,848)	(484)
Provision for employee's compensated absences		(6,641)	(6,481)
Provision for bonuses to staff		(8,545)	(8,356)
		<b>(17,034)</b>	<b>(15,321)</b>
		<b>50,392</b>	<b>56,682</b>

## 21 TRADE AND OTHER PAYABLES

Due to related parties	21.1	32,927	100,034
Creditors		265,138	248,272
Deposits	21.2	36,384	31,128
Distributors' credit balances		52,505	32,288
Accrued expenses		99,046	79,587
Sales tax payable		78,789	41,040
Payable to provident fund		1,041	594
Workers' Profit Participation Fund	21.3	21,122	17,004
Workers' Welfare Fund	21.4	13,433	11,535
Unclaimed dividend		1,048	871
Taxes and other payables		118	359
Other liabilities	21.5	2,421	1,407
		<b>603,972</b>	<b>564,119</b>

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

Nawazabad Farms	–	8,640
Shezan Services (Private) Limited	32,927	50,609
Shahtaj Sugar Mills Limited	–	40,785
	<b>32,927</b>	<b>100,034</b>

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



# Notes to the Financial Statements

for the year ended 30 June 2013

	Rupees in thousand	
	2013	2012
<b>21.3 Workers' Profit Participation Fund</b>		
Balance at the beginning of the year	17,004	11,306
Allocation for the year	21,122	17,004
	38,126	28,310
Interest on funds utilized in the Company's business	314	339
	38,440	28,649
Amount paid to the Fund's Trust	17,318	11,645
Balance at the end of the year	21,122	17,004
<b>21.4 Workers' Welfare Fund</b>		
Balance at the beginning of the year	11,535	34,035
Allocation for the year	7,000	5,000
	18,535	39,035
Amount paid with annual return	5,102	27,500
	13,433	11,535

21.5 This includes Rs. (thousand) 800 (2012: Rs. (thousand) 800) payable to Chief Executive and Rs. (thousand) 1,213 (2012: Rs. (thousand) 433) to various executives.

## 22 SHORT TERM BORROWINGS - SECURED

The aggregate running finance facilities available from commercial banks under the mark-up arrangement are Rs. (thousand) 975,000 (2012: Rs. (thousand) 825,000).

The rate of mark-up ranges between 1 month KIBOR+0.50% to 3 months KIBOR+0.50% (2012: 1 month KIBOR + 0.50% to 1 month KIBOR + 0.90%), payable 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 (2012: Rs. (thousand) 1,215,000) and Rs. (thousand) 200 (2012:Rs. (thousand) Nil) respectively.

The un-utilized facility for opening letters of credit and for guarantees as at 30 June 2013 amounts to Rs. (thousand) 137,245 (2012: Rs. (thousand) 143,792) and Rs. (thousand) 50,621 (2012: Rs. (thousand) 47,724), respectively.

## 23 CONTINGENCIES AND COMMITMENTS

### Contingencies

- i) Claim of Punjab Employees Social Security Institution (P.E.S.S.I.) for Rs. (thousand) 2,379 (2012: Rs. (thousand) 2,379) is not acknowledged as debt by the Company as the management is confident that the matter would be settled in its favour, consequently no provision has been made in these financial statements in respect of the same.
- ii) Notices for additional payments of sales tax and excise duty amounting to Rs. (thousand) 13,094 (2012: Rs. (thousand) 13,094) contested with the Collectorate of Customs, Sales Tax and Central Excise. The management is confident that the matter would be settled in its favour, consequently no provision has been made in these financial statements in respect of the above.





# Notes to the Financial Statements

for the year ended 30 June 2013

- iii) Notices for additional payment of leasehold land amounting to Rs. (thousand) 844 (2012: Rs. (thousand) 844) contested with Sarhad Development Authority. The management is confident that the matter would be settled in its favour, consequently no provision has been made in these financial statements in respect of the above.
- iv) Based on the tax audit for the tax year 2009 an additional amount of 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 the decision of Commissioner of Inland Revenue (Appeals) for an additional amount of Rs. (thousand) 21,314 in respect of the tax year 2009, which is pending adjudication. However, no provision has been made in the financial statements as the management of the Company is confident of a favorable outcome of the decision.
- v) The Company filed an appeal before the Commissioner of Inland Revenue (Appeals) against the amended order passed under section 122(5A) of Income Tax Ordinance, 2001 by the Additional Commissioner Inland Revenue for an additional amount of Rs. (thousand) 28,776 in respect of the tax year 2011 this was decided by Commissioner of Inland Revenue (Appeals) however appeal is pending before Appellate Tribunal Inland Revenue. However, no provision has been made in the financial statements as the management of the Company is confident of a favorable outcome of the decision.
- vi) The Company has filed an appeal before the Commissioner of Inland Revenue (Appeals) against the amended order passed under section 161 of the Income Tax Ordinance, 2001 by the Additional Commissioner Inland Revenue for payment of additional amount Rs. (thousand) 7,900 in respect of the tax year 2011, this was decided by Commissioner of Inland Revenue (Appeals) however appeal is pending before Appellate Tribunal Inland Revenue. However, no provision has been made in the financial statements as the management of the Company is confident of a favorable outcome of the decision.
- vii) 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 (2012: Rs. (thousand) 3,465) in respect of the tax year 2003, which is pending adjudication. However, no provision has been made in the financial statements as the management of the Company is confident for a favorable outcome of the decision.

## Commitments

- i) Commitments in respect of letters of credit opened for the import of raw and packing materials amounted to Rs. (thousand) 17,755 (2012: Rs. (thousand) 11,208).
- ii) Counter guarantees in favour of banks in the ordinary course of business amounted to Rs. (thousand) 24,379 (2012: Rs. (thousand) 27,275).
- iii) The Company had entered into ijarah arrangements for plant and machinery with various Modaraba companies. These arrangements were settled prematurely in current year.



# Notes to the Financial Statements

for the year ended 30 June 2013

The total of future ujarah payments under ijarah, for each of the following years:

	Rupees in thousand	
	2013	2012
Not later than one year	–	56,383
Later than one year but not later than five years	–	95,767
	–	152,150
(iv) Commitments in respect of purchase of land at Sundar Industrial Estate, amounted to Rs. (thousand) Nil (2012: Rs. (thousand) 35,500).		

	Note	Rupees in thousand	
		2013	2012
<b>24 SALES - NET</b>			
Domestic		6,286,303	5,895,269
Export		570,077	267,013
Export rebate		1,090	–
		6,857,470	6,162,282
Less: Discounts and incentives		185,272	169,546
Sales tax		997,138	931,074
Federal excise duty		560	764
		1,182,970	1,101,384
	24.1	5,674,500	5,060,898

**24.1** This includes sales relating to trading activities amounting to Rs. (thousand) 10,849 (2012: Rs. (thousand) 15,990).

	Note	Rupees in thousand	
		2013	2012
<b>25 COST OF SALES</b>			
Manufacturing	25.1	3,956,160	3,591,791
Trading	25.2	7,714	11,494
		3,963,874	3,603,285



# Notes to the Financial Statements

for the year ended 30 June 2013

	Note	Rupees in thousand	
		2013	2012
<b>25.1 Cost of sales - Manufacturing</b>			
Pulps, concentrates etc. - Opening stock		458,741	388,964
Add: Production/processing during the year		439,822	419,090
Purchases during the year		190,230	266,052
		1,088,793	1,074,106
Less: Pulps, concentrates etc. - Closing stock		364,118	458,741
Pulps, concentrates etc. consumed		724,675	615,365
Raw materials - Opening stock		115,919	150,996
Add: Purchases during the year		1,416,744	1,389,768
		1,532,663	1,540,764
Less: Production of pulps, concentrates		439,822	419,090
Raw materials - Closing stock		124,680	115,919
Raw materials consumed		968,161	1,005,755
Packing materials - Opening stock		313,648	288,201
Add: Purchases during the year		1,817,331	1,639,848
		2,130,979	1,928,049
Less: Cost transferred to expenses		14,209	9,596
Packing materials - Closing stock		338,961	313,648
Packing materials consumed		1,777,809	1,604,805
Factory expenses -			
Salaries, wages and amenities		143,902	130,974
Company's contribution to provident fund		982	890
Stores and spares consumed		167,863	168,360
Travelling and conveyance		2,306	1,797
Repairs and maintenance		63,156	55,505
Insurance		1,997	1,384
Fuel and power		110,410	104,107
Inward freight and loading/unloading		4,539	2,599
Utilities		5,214	4,041
Impairment of empty bottles	6.1	23,415	26,627
Ijara rentals		48,443	17,712
General expenses		12,951	5,776
Depreciation	6.3	73,804	34,382
		658,982	554,154
Cost of production		4,129,627	3,780,079
Add: Finished goods - Opening stock		154,732	145,412
		4,284,359	3,925,491
Less: Cost of samples	26.1	146,024	133,800
Cost of wastage and spoilage	28	42,383	45,168
Finished goods - Closing stock		139,792	154,732
		328,199	333,700
		3,956,160	3,591,791



# Notes to the Financial Statements

for the year ended 30 June 2013

	Note	Rupees in thousand 2013	2012
<b>25.2 Cost of sales - Trading</b>			
Finished goods - Opening stock		3,767	9,612
Add: Purchases during the year		12,944	10,144
		16,711	19,756
Less: Cost of samples	26.1	337	936
Cost of wastage and spoilage	28	1,573	3,559
Finished goods - Closing stock		7,087	3,767
		8,997	8,262
		7,714	11,494

## 26 DISTRIBUTION COST

Salaries, wages and amenities		151,109	125,760
Company's contribution to provident fund		1,109	986
Postage and telephone		2,694	3,267
Travelling and conveyance		28,188	26,234
Repairs and maintenance		41,157	36,073
Insurance		4,774	4,841
Utilities		5,747	5,336
Stationery and printing		1,500	1,325
Rent, rates and taxes		17,979	7,549
Advertising and promotions	26.1	432,726	372,448
Outward freight and distribution		150,001	120,811
Staff sales incentive		9,550	9,748
Petrol, oil and lubricants		111,691	100,619
General expenses		8,233	2,922
Depreciation	6.3	38,980	14,940
Deterioration on shells and pallets		-	13,428
		1,005,438	846,287

26.1 This includes cost of samples amounting to Rs. (thousand) 146,361 (2012: Rs. (thousand) 134,736).

	Note	Rupees in thousand 2013	2012
<b>27 ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and amenities		109,716	95,187
Company's contribution to provident fund		1,500	1,740
Postage and telephone		1,360	1,925
Travelling and conveyance		2,219	3,848
Repairs and maintenance		5,282	6,999
Insurance		7,672	6,882
Utilities		4,293	3,607
Stationery and printing		4,438	4,041
Rent, rates and taxes		6,216	5,538
Auditors' remuneration	27.1	3,212	1,950
Legal and professional		286	339
Donations	27.2	293	272
General expenses		7,083	5,401
Depreciation	6.3	9,074	7,346
		162,644	145,075



# Notes to the Financial Statements

for the year ended 30 June 2013

	Note	Rupees in thousand	
		2013	2012
<b>27.1 Auditors' remuneration</b>			
Audit fee		1,000	1,000
Tax consultancy services		1,302	325
Miscellaneous certification and limited review charges etc.		660	460
Out of pocket expenses		250	165
		<b>3,212</b>	<b>1,950</b>

## 27.2 Donations

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

## 28 OTHER OPERATING EXPENSES

Product spoilage		48,760	51,729
Depreciation	6.3	6,149	–
Barrel deterioration		–	3,883
Royalty to related party - Shezan Services (Private) Limited		56,521	50,609
Workers' Profit Participation Fund	21.3	21,122	17,004
Workers' Welfare Fund	21.4	7,000	5,000
Loss on impairment of investment in associate	7	172	–
Provision against advances given to supplier	13.3	–	4,495
		<b>139,724</b>	<b>132,720</b>

## 29 OTHER OPERATING INCOME

<b>Income from financial assets</b>			
Profit on bank deposits		3,564	2,900
Dividend income		55	76
Foreign exchange gain		3,547	3,465
<b>Income from non financial assets</b>			
Gain on disposal of property, plant and equipment	29.1	777	4,993
Sale of scrap		29,314	26,241
		<b>37,257</b>	<b>37,675</b>

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

Description	Cost	Book Value	Sale Proceeds	Gain / (loss)	Purchaser	Mode
Honda Civic	1,233	203	203	–	Mr. Saifi Chaudhry	Employee Company Policy
Suzuki Mehran	390	126	175	49	Mr. Akram Tahir	Employee Company Policy
Suzuki Mehran	404	141	180	39	Mr. Tanveer Hussain	Employee Company Policy
Suzuki Mehran	404	141	180	39	Mr. Habib Ullah	Employee Company Policy
Honda Civic	1,283	194	500	306	Mr. Rehman Sarwar	Employee Company Policy
Honda Civic	1,233	149	490	341	Mr. Maqbool Ejaz	Employee Company Policy
Toyota Corolla	1,119	291	425	134	Mr. Tariq Dher	Employee Company Policy
Toyota Corolla	1,119	291	425	134	Mr. Imran Akram	Employee Company Policy
Toyota Corolla	1,119	284	425	141	Mrs. Aisha Asif	Employee Company Policy
Sachet Packing Machine	211	107	100	(7)	M/s. Toshiba Engineering	Negotiation
Visi Coolers	2,765	399	–	(399)	Written Off	N/A
	<b>11,280</b>	<b>2,326</b>	<b>3,103</b>	<b>777</b>		



# Notes to the Financial Statements

for the year ended 30 June 2013

	Note	Rupees in thousand	
		2013	2012
<b>30 FINANCE COST</b>			
Interest, mark-up and charges on -			
Secured short term borrowings		41,721	46,173
Workers' Profit Participation Fund	21.3	314	339
Finance lease charges		619	4,244
		42,654	50,756
Bank charges		3,102	2,362
		45,756	53,118
<b>31 TAXATION</b>			
Current – for the year		151,290	111,865
Deferred – for the year		(7,909)	(1,165)
– prior year		1,619	–
		145,000	110,700
<b>31.1 Relationship between income tax expense and accounting profit</b>			
Profit before taxation		394,321	318,070
Current Taxation:			
Tax at the applicable rate of 35% (2012: 35%)		138,012	111,325
Tax effect of expenses that are not deductible in determining taxable income charged to profit and loss account		96,179	54,103
Tax effect of expenses that are deductible in determining taxable income not charged to profit and loss account		(46,380)	(36,070)
Tax effect of applicability of lower tax rate on export sales and dividend income		(42,811)	(18,658)
		145,000	110,700
Tax charge for the current year		145,000	110,700
<b>32 EARNINGS PER SHARE - BASIC AND DILUTED</b>			
Profit after taxation attributable to ordinary shareholders		249,321	207,370
Weighted average number of ordinary shares at the end of the year (in thousand)		6,600	6,600
			Restated
Earnings per share - Basic (Rupees)		37.78	31.42

**32.1** 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.





# Notes to the Financial Statements

for the year ended 30 June 2013

## 33 CAPACITY AND PRODUCTION

	Normal Annual Capacity		Actual Production	
			2013	2012
Juices:				
Bottling plant	5,925,000	Crates	5,824,677	5,024,778
Tetra Pak plant	22,487,500	Dozens	24,902,342	21,530,265
Squashes and syrups plant	590,000	Dozens	283,332	254,032
Jams and ketchup plant	723,333	Dozens	338,252	396,719
Pickles plant	306,250	Dozens	242,446	291,801
Canning plant	210,000	Dozens	113,996	151,882

The normal annual capacity, as shown above, has been worked out on the basis of 350 working days (2012: 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 capacity and actual production is because of change in demand and supply condition.

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

	Chief Executive		Directors		Executives	
	2013	2012	2013	2012	2013	2012
<b>Total number</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>10</b>	<b>9</b>
	Rupees in thousand					
Basic salary	2,640	2,400	2,628	2,388	9,070	9,736
Provident fund contribution	220	200	219	199	757	812
Allowances and benefits:						
Conveyance	–	–	–	–	7	–
House rent	624	495	624	495	3,000	2,377
Dearness	318	318	318	318	2,880	2,622
Special	120	120	360	360	828	900
Utilities	240	240	240	240	1,080	1,122
Medical	67	64	–	–	417	452
Bonus	440	400	438	398	1,456	1,590
Leave encashment	–	–	–	–	–	223
Ex-gratia	220	200	219	199	868	795
	<b>4,889</b>	<b>4,437</b>	<b>5,046</b>	<b>4,597</b>	<b>20,363</b>	<b>20,629</b>

34.1 Fees paid to seven non-executive directors during the year for attending Board meetings Rs. (thousand) 320 (2012: Rs. (thousand) 200).

34.2 Fees paid to three non-executive directors during the year for attending Audit Committee meetings Rs. (thousand) 155 (2012: Rs. (thousand) 120).

34.3 Fees paid to three non-executive directors during the year for attending Human Resource Committee meetings Rs. (thousand) 75 (2012: Rs. (thousand) Nil).

34.4 The Company also provides the Chief Executive, certain directors and executives with Company maintained vehicles, partly for personal and partly for business purposes.



# Notes to the Financial Statements

for the year ended 30 June 2013

## 35 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 3									
Shahtaj Sugar Mills Limited	Shahtaj Textile Mills Limited	Shahnawaz Engineering (Private) Limited	Shezan Services (Private) Limited	Nawazabad Farms	Shezan Ampis Restaurant	Shahnawaz (Private) Limited	Information Systems Associates Limited	Staff Provident Fund	Total

Rupees in thousand

Purchases of raw materials	537,931	-	-	-	2,638	-	-	-	-	540,569
Sales of finished goods	486	350	9	-	-	49	165	-	-	1,059
Royalty charged	-	-	-	56,521	-	-	-	-	-	56,521
Purchases/repairs of electric equipments/vehicles	-	-	-	-	-	-	12	-	-	12
Services rendered	-	-	-	-	-	-	-	2,229	-	2,229
Contributions to staff provident fund	-	-	-	-	-	-	-	-	3,591	3,591

2 0 1 2									
Shahtaj Sugar Mills Limited	Shahtaj Textile Mills Limited	Shahnawaz Engineering (Private) Limited	Shezan Services (Private) Limited	Nawazabad Farms	Shezan Ampis Restaurant	Shahnawaz (Private) Limited	Information Systems Associates Limited	Staff Provident Fund	Total

Rupees in thousand

Purchases of raw materials	557,658	-	-	-	16,326	-	-	-	-	573,984
Sales of finished goods	303	342	9	-	17	46	38	-	-	755
Royalty charged	-	-	-	50,609	-	-	-	-	-	50,609
Purchases/repairs of electric equipments/vehicles	-	-	43	-	-	-	-	-	-	43
Services rendered	-	-	-	-	-	-	-	627	-	627
Contributions to staff provident fund	-	-	-	-	-	-	-	-	3,616	3,616



# Notes to the Financial Statements

for the year ended 30 June 2013

## 36 PROVIDENT FUND TRUST

The Company has maintained an employee 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 follow:

	Note	Rupees in thousand	
		2013	2012
Size of the fund		132,506	135,664
Percentage of the investments made		94%	97%
Fair Value of Investments	36.1	124,571	132,215
Cost of Investments made		124,438	125,537

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

	2013		2012	
	Investment	Investment as a % of size of the fund	Investment	Investment as a % of size of the fund
Rupees in thousand				
<b>36.1 Breakup of investment</b>				
Government Securities	84,730	64%	79,937	59%
Listed securities and mutual fund units	39,841	30%	52,278	38%

**36.2** Investments out of provident fund have been made in accordance with the provisions of the section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

**36.3** The information for the financial year 2013 is based on un-audited financial statements of the provident fund.

	No. of Persons	
	2013	2012
<b>37 NUMBER OF EMPLOYEES</b>		
Number of permanent persons employed are as follows:		
Total Employees	306	312
Average Employees	309	311

## 38 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.

### 38.1 Credit Risk

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

The management monitors and limits Company's exposure to credit risk through monitoring of client's credit exposure review and conservative estimates of 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 2013

	Carrying Values	
	Rupees in thousand	
	2013	2012
Long-term deposits	3,208	3,194
Trade debts – unsecured	248,995	243,299
Loans and advances	3,093	3,419
Trade deposits	7,057	22,000
Bank balances	126,002	98,145
Accrued financial income	408	437

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

## 38.1.1 Trade Debt

	2013		
	Related parties	Other	Total
	Rupees in thousand		
Neither past due nor impaired	–	121,599	121,599
Past due but not impaired			
31- 60 days	34	41,515	41,549
61-180 days	–	26,973	26,973
181 -365 & Above	–	58,874	58,874
	34	248,961	248,995

	2012		
	Related parties	Other	Total
	Rupees in thousand		
Neither past due nor impaired	–	81,150	81,150
Past due but not impaired			
31- 60 days	6	84,882	84,888
61-180 days	–	62,583	62,583
181 -365 & Above	–	14,678	14,678
	6	243,293	243,299

	Rupees in thousand	
	2013	2012
<b>Geographically</b>		
Pakistan	203,718	225,590
North America	–	1,735
Europe	14,679	11,911
Central Asia	–	175
South Asia	10	10
Africa	30,588	3,878
	248,995	243,299

As at 30 June 2013, trade debts of Rs. (thousand) 1,350 (2012: Rs. (thousand) 1,350) were impaired and provided for.



# Notes to the Financial Statements

for the year ended 30 June 2013

	Rupees in thousand	
	2013	2012
<b>38.1.2 Cash at Bank</b>		
A-1+	19,310	28,524
A2	380	172
A1+	26,293	19,279
A-1+	36,941	12,169
A1+	3	2,066
A-1+	9,848	7,303
Cheques in hand	33,226	28,632
	<b>126,001</b>	<b>98,145</b>

## 38.2 Liquidity Risk

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

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

	2013		
	Maturity Upto One Year	Maturity After One Year	Total
	Rupees in thousand		
Liabilities against assets subject to finance lease	-	-	-
Short term borrowings	154,948	-	154,948
Trade and other payables	438,005	-	438,005
Mark up accrued on short term borrowings	5,988	-	5,988
<b>Total Financial liabilities</b>	<b>598,941</b>	<b>-</b>	<b>598,941</b>

	2012		
	Maturity Upto One Year	Maturity After One Year	Total
	Rupees in thousand		
Liabilities against assets subject to finance lease	14,463	-	14,463
Short term borrowings	296,656	-	296,656
Trade and other payables	461,893	-	461,893
Mark up accrued on short term borrowings	9,220	-	9,220
<b>Total Financial liabilities</b>	<b>782,232</b>	<b>-</b>	<b>782,232</b>

## 38.3 Market Risk

### 38.3.1 Currency Risk

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



# Notes to the Financial Statements

for the year ended 30 June 2013

## Sensitivity analysis

With all other variables remain constant, a 1 % change in the rupee dollar parity existed at 30 June 2013 would have affect the profit and loss account and liabilities and equity by Rs. (thousands) 499 (2012: Rs. (thousands) 177).

### 38.3.2 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 short term borrowings obtained from the financial institutions, liabilities against assets subject to finance lease 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) 1,549 (2012: Rs. (thousand) 508) 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.

### 38.4 Capital Management

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

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, short term borrowing and managing working capital. The Company has no gearing risk in current year that is to be managed as it does not have any long term borrowing.

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

### 38.5 Fair value of financial instruments

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair value.

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



# Notes to the Financial Statements

for the year ended 30 June 2013

## 39 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 2013:

	Juices and Drinks	Others	Total
Rupees in thousand			
Sales	4,718,081	956,419	5,674,500
Cost of sales	(3,239,089)	(724,785)	(3,963,874)
Profit before taxation	1,478,992	231,634	1,710,626
Unallocated expenses			
Corporate expenses			(1,168,082)
Finance costs			(45,756)
Other operating expenses			(139,724)
Other operating income			37,257
Share of profit from an associate			-
Taxation			(145,000)
Profit after taxation			249,321

Segment analysis of assets and liabilities as at 30 June 2013:

	Juices and Drinks	Others	Total
Rupees in thousand			
Segment assets	1,615,383	399,070	2,014,453
Unallocated assets			263,175
Total			2,277,628
Segment liabilities	273,369	95,618	368,987
Unallocated liabilities			597,603
Total			966,590



# Notes to the Financial Statements

for the year ended 30 June 2013

Segment analysis of profit and loss account for the year ended 30 June 2012:

	Juices and Drinks	Others	Total
Rupees in thousand			
Sales	4,105,691	955,207	5,060,898
Cost of sales	(2,907,996)	(695,289)	(3,603,285)
Profit before taxation	1,197,695	259,918	1,457,613
Unallocated expenses			
Corporate expenses			(991,362)
Finance costs			(53,118)
Other operating expenses			(132,720)
Other operating income			37,675
Share of profit from an associate			(18)
Taxation			(110,700)
Profit after taxation			207,370

Segment analysis of assets and liabilities as at 30 June 2012:


	Juices and Drinks	Others	Total
Rupees in thousand			
Segment assets	1,329,947	573,988	1,903,935
Unallocated assets			291,507
Total			2,195,442
Segment liabilities	238,503	49,636	288,139
Unallocated liabilities			791,843
Total			1,079,982


#### 40 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors on 25 September 2013.

#### 41 EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors have proposed a final dividend of Rs.10/- per share, amounting to Rs. (thousand) 66,000 for the year ended 30 June 2013 (2012: Rs. 9/- per share amounting to Rs. (thousand) 54,000) and 10% bonus share amounting to Rs. (thousand) 6,600 (2012: 10% bonus shares amounting to Rs. (thousand) 6,000) along with transfer to general reserve amounting to Rs. (thousand) 150,000 (2012: Rs. (thousand) 130,000) at their meeting held on 25 September 2013 for approval of the members at the Annual General Meeting to be held on 29 October 2013.

  
Muneer Nawaz  
Chairman

  
Muhammad Khalid  
Chief Executive





# Form of Proxy

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 50<sup>th</sup> Annual General Meeting of the Company to be held on 29 October 2013 and at any adjournment thereof.

As witness my/our hand/seal this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

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

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

Folio Number

Signature

Affix Rs. 5/-  
revenue stamp

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

Important:

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.





# Tomato

Ketchup  
ٹماٹو کیچپ



