



BLEND OF
PURITY

ANNUAL
REPORT
2016

VISION

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

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

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

MISSION

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

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

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

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COMPANY INFORMATION

Board of Directors:

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

Chief Financial Officer & Company Secretary:

Mr. Faisal Ahmad Nisar, FCA

Audit Committee:

Mr. M. Naeem	Chairman
Mr. Muneer Nawaz	Member
Mr. Rashed Amjad Khalid	Member
Mr. Saifi Chaudhry	Member

Human Resource & Remuneration Committee:

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

Registered Office / Head Office:

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

Factories:

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

Website:

www.shezan.com

Auditors:

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

Share Registrar:

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

Legal Advisors:

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

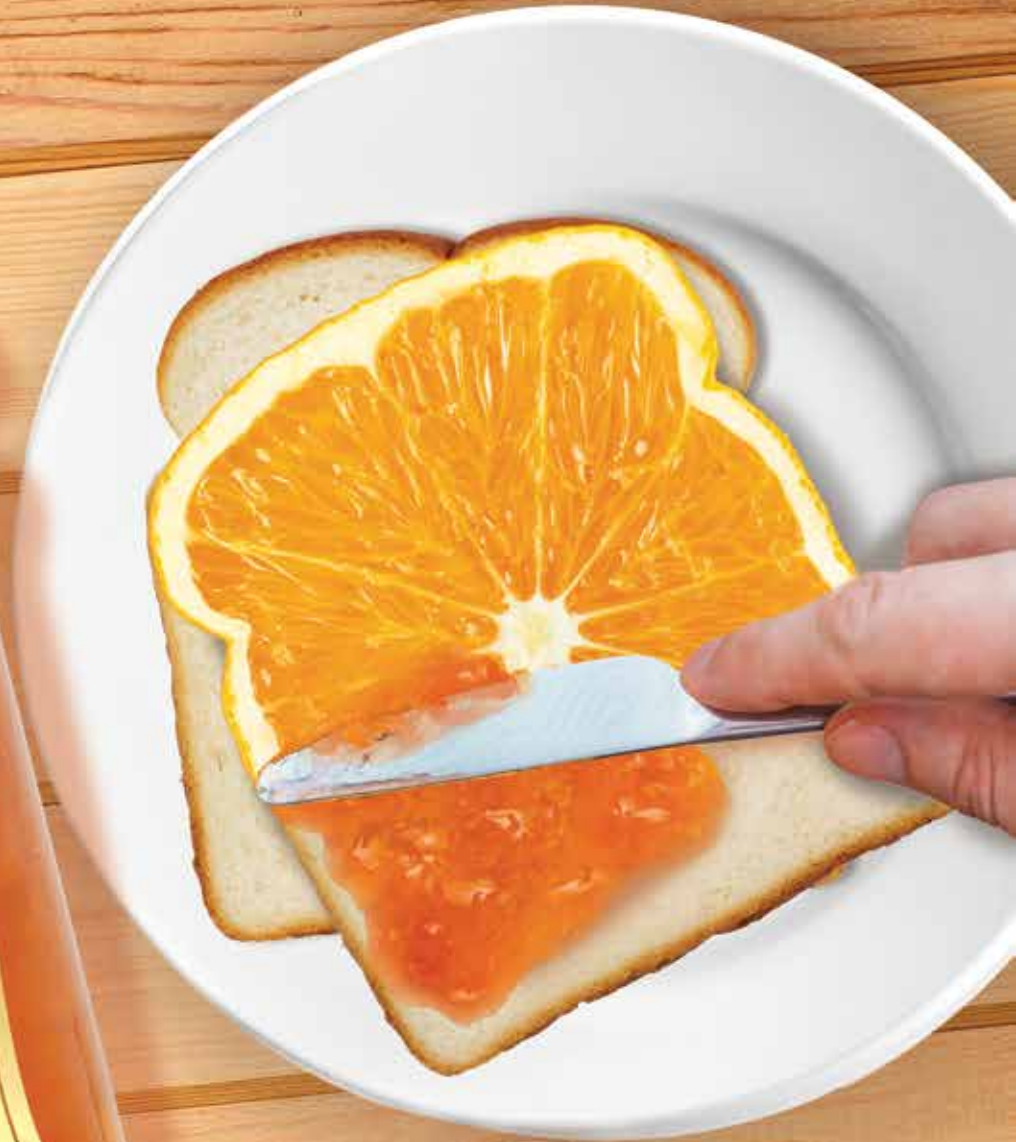
Bankers:

United Bank Limited.
MCB Bank Limited.
National Bank of Pakistan.
The Bank of Khyber.
Bank Al-Habib.
Habib Bank Limited.
Bank Alfalah Limited.
JS Bank Limited.
NIB Bank Limited.



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NOTICE OF MEETING

The 53rd Annual General Meeting of the Company will be held on 29 October 2016 at 11:00 a.m. at Avari Hotel, 87-Shahrah-e-Quaid-e-Azam, Lahore, to transact the following businesses:

ORDINARY BUSINESS:

1. To confirm the minutes of the last Annual General Meeting of the Company held on 30 October 2015.
2. To receive and adopt the Audited Financial Statements of the Company for the year ended 30 June 2016 together with the Directors' and Independent Auditors' Report thereon.
3. To consider and, if thought fit, approve the cash dividend @ Rs. 9/-per share, i.e., 90%, as recommended by the Board of Directors, for the year ended 30 June 2016.
4. To appoint External Auditors of the Company for the financial year 2016-17 and to fix their remuneration.

SPECIAL BUSINESS:

5. To authorize the Company, subject to the approval of the Securities and Exchange Commission of Pakistan (SECP), to transmit its quarterly and half yearly financial statements by placing the same on the Company's website instead of sending the same by post to the Shareholders, through the following Ordinary Resolutions:

"RESOLVED that, subject to all prior necessary approvals as stipulated by the regulatory authorities, the Company be and is hereby authorized to transmit its quarterly and half yearly financial statements by placing the same on the Company's website instead of sending the same by post to the shareholders.

FURTHER RESOLVED that, the Company Secretary be and is hereby authorized to do all necessary facts, deeds and things in connection therewith and ancillary thereto as may be required or expedient to give effect to the spirit and intent of the above resolution".

6. To incorporate mandatory E-Voting provisions in the Articles of Association of the Company, through the following Special Resolutions:

"RESOLVED that, the Articles of Association of the Company be amended by inserting two new Articles, No. 60A and 60B after Article No. 60;

60A. In case of E-Voting both members and non-members can be appointed as proxy through an instrument of proxy as prescribed in option no. 2 of schedule II of SRO 43 (I)/2016 dated 22 January 2016 being SECP Notification of Companies (E-Voting) Regulations, 2016.

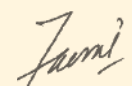
60B. All other provisions and requirements for E-Voting as prescribed by SRO 43(I)/2016 dated 22 January 2016 being SECP Notification of Companies (E-Voting) Regulations, 2016 and any subsequent amendments thereto shall be deemed to be incorporated in these Articles of Associations irrespective of the other provisions of these Article and notwithstanding anything contrary therein.

FURTHER RESOLVED that, the Company Secretary be and is hereby authorized to do all necessary facts, deeds and things in connection therewith and ancillary thereto as may be required or expedient to give effect to the spirit and intent of the above resolution".

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

Annexed to this Notice of meeting being sent to the members, is a Statement under section 160(1)(b) of the Companies Ordinance, 1984 setting forth all material facts concerning the special business to be considered in the meeting.

By Order of the Board



Faisal Ahmad Nisar
Company Secretary

Lahore:
28 September 2016.

NOTICE OF MEETING

NOTES:

1. The share transfer books of the Company will be closed from 23 October 2016 to 29 October 2016 (both days inclusive), for determining the entitlement of dividend.
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on his / her behalf. Form of proxies, in order to be valid, must be received at the Registered Office of the Company, Shezan International Limited, 56 Bund Road, Lahore, not less than 48 hours before the meeting.
3. No person shall act as proxy unless he / she is a member of the Company, except that a corporation may appoint a person who is not a member.
4. Signature of the shareholder on proxy form must agree with the specimen signature registered with the Company. For the convenience of the shareholders, a proxy form is attached with this annual report.
5. Shareholders are requested to immediately notify the Company of any change in their address to our Share Registrar, M/s. Corplink (Private) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore.
6. CDC Account Holders will further have to follow the under mentioned guidelines as laid down by the Securities & Exchange Commission of Pakistan.
 - iii. The proxy shall produce his / her original CNIC or Passport at the time of the meeting.
 - iv. In case of Corporate entity, the Board of Directors' Resolution / Power of Attorney with Specimen signature of the person nominated to present any vote on behalf of corporate entity, shall be submitted (unless, it has been provided earlier) along with the Proxy Form to the Company.
7. Pursuant to the provisions of the Finance Act, 2016 with regards to deduction of income tax for cash dividend, the rates of deduction of the income tax, under section 150 of the Income Tax Ordinance, 2001 are as follows:
 - i. Rate of tax deduction for filer of income tax returns is 12.50%
 - ii. Rate of tax deduction for non-filer of income tax returns is 20.00%

All the shareholders whose names are not entered into the Active Tax payers list (ATL) provided on the website of the Federal Board of Revenue (FBR), despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date of issuance of dividend warrants, otherwise tax on their dividend will be deducted @ 20% instead of 12.50%.

(A) For attending the meeting:

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

(B) For appointing proxies:

- i. In case of individuals, the account holder or sub-account holder and / or the persons whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the Proxy Form as per the above requirement.
- ii. Attested copies of CNIC or the Passport of the beneficial owners and the proxy shall be furnished with the Proxy Form.

As per FBR's clarification, the valid Exemption Certificate under Section 159 of the Income Tax Ordinance, 2001 is mandatory to claim exemption of withholding tax under Clause 47B of Part-IV of Second Schedule to the Ordinance. Those who fall in the category mentioned in above clause must provide valid Income Tax Exemption Certificate to our Share Registrar; otherwise income tax will be deducted on dividend amount as per rates prescribed in Section 150 of the Ordinance.

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

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

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

8. In order to comply with the directions issued by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 831(I) 2012 dated 5 July 2012 read with SRO 19(I)/2014 dated 10 January 2014 & SRO 275(I)/2016 dated 31 March 2016, those shareholders who have not yet submitted attested copy of their valid CNIC, are once again requested to provide the same with their folio number to the Company Share Registrar.
9. The audited financial statements of the Company for the year ended 30 June 2016 have been made available on the Company's website (www.shezan.com) in addition to annual and quarterly financial statements for the current and prior periods.

STATEMENT OF MATERIAL FACTS UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984:

Agenda item No. 5

The Securities and Exchange Commission of Pakistan (SECP) vide circular No. 19 of 2004 has allowed listed companies to place their quarterly and half yearly financial statements on

their website instead of sending the same by post. Directors of the Company have considered it and recommended the shareholders to give their consent to adopt this change. It will facilitate prompt disclosure of the information to the shareholders as well as saving some costs, associated with printing and dispatch of the financial statements by post.

The Company however will supply printed copies of financial statements to the shareholders on demand at their registered address, free of cost.

Agenda item No. 6

The Securities and Exchange Commission of Pakistan (SECP) issued Companies (E-Voting) Regulations, 2016 which are effective with immediate effect.

To give effect to those regulations, Company has to amend its Articles of Association by way of inserting two (2) new clauses as mentioned in Agenda item No. 6. These amendments will pave way for moving ahead to fully implement these regulations, ultimately extending E-Voting rights to the members.



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DIRECTORS' REPORT

TO THE MEMBERS

The Directors of the Company are pleased to submit the Audited Financial Statements for the year ended 30 June 2016. These results have been in line with your expectations based on the performance throughout the year reported in the past three quarters.

OVERVIEW OF THE ECONOMY

During the Financial Year 2016, Pakistan's economy showed noteworthy improvements and continued to maintain its growth momentum. Real Gross Domestic Product (GDP) grew by an 8 year high of 4.7% compared to 4.24% in fiscal year 2015, average CPI inflation gradually descended to 2.9% compared to 4.5% last year, and the Current Account deficit remained almost at the same level as in the last fiscal year. On the domestic front, the economy also witnessed a rise in revenues which supported higher development spending without breaching the fiscal deficit target levels. This improvement led the State Bank of Pakistan (SBP) to reduce the interest rate on a record low of 5.75% in May 2016. Pakistan's economic growth is set to increase further in fiscal year 2017 supported by a growing Public Sector Development Programme (PSDP) and the China Pakistan Economic Corridor (CPEC), improved energy availability to industry, a healthy private sector credit uptake and hopefully an improving law and order situation. However, adverse supply shocks, a continued declining trend in commodity prices, inadequate infrastructure and any setback in the security situation may hamper economic growth. Improved prospects for the economy are therefore dependent upon diligent and sustained implementation of ongoing reforms to alleviate power shortages, expand fiscal space, improve governance and foster a favorable business environment.

A stable political scenario in the country and the CPEC with China has also created opportunities for the Government to increase trade on numerous routes between China, Middle East and Africa. All these are good indicators of a growing and strong economy which will help the consumer markets to be sustained and to grow.

DOMESTIC SALES

Our domestic sales have shown continuous encouraging healthy growth trend during the year. Our sales team has achieved the double digit growth in local market sales. They capitalized on different consumer segments and adopted a channel based approach through wholesale, retail sale and general trade by exploring different new avenues both in private and public sectors.

EXPORT SALES

Our exports mainly consist of sales to Angola, a Southern African nation, which were badly affected because of recent financial turmoil in Angola, that led to devaluation of their currency the Kwanza, by almost 40%. This major devaluation was due to the sharp dip in global oil prices as Angola is an oil-dependent nation. The currency has continued to weaken

and analysts are expecting further devaluation. Due to the devaluation of the Kwanza, two International Banks halted US Dollar supplies to Angola. Bank of America and Standard Chartered Bank decided to stop supplying greenbacks to the Angolan banks late last year. The oil dependent nation was one of the Africa's fastest growing economy over the last decade, but it is now grappling with the collapse in crude oil prices, which has led to a shortage of dollars in the African economy. The Company does not foresee any positivity in this situation in the near future.

Moreover, our international business team is exploring new markets to increase export sales and profitability of the Company. The Company has explored new opportunities in East Asian region in addition to its traditional markets to enhance export in the years to come.

CONTRIBUTION TO NATIONAL EXCHEQUER

During the year, the contribution to national exchequer has increased and the Company paid Rs. 1.518 billion to the government on account of different levies, including sales tax, excise duty and income tax, reflecting our participation in the national economy.

FINANCIAL PERFORMANCE

For the year ended 30 June 2016, total sales were Rs. 6.817 billion against Rs. 6.818 billion in the same period last year. The cost of sales was Rs. 4.932 billion against Rs. 4.878 billion last year. Therefore, the Company earned gross profit of Rs. 1.885 billion as against Rs. 1.940 billion in the corresponding last year. Cost of sales was high because of high prices of raw materials (mainly sugar) and packing materials as well as increase in the minimum wages.

The distribution cost has increased slightly by 0.34% as compared to the last year mainly because of the increase in minimum wages and increase in advertisement expenses. Our advertisement activities costs were slightly increased because the business environment has become very competitive and our profits are affected by this intense competition and we had to increase our publicity campaign to boost our sales and brand. The finance cost was Rs. 52.178 million against Rs. 60.967 million last year. The decrease in finance cost was due to efficient use of borrowed capital and low markup rates. However, borrowings were made during the year to stock the seasonal fruits and vegetables, pulps and packaging materials and specially sugar.

Net profit for the year was Rs. 194.286 million as compared to Rs. 294.978 million of the corresponding year and earnings per share were Rs. 24.33 versus Rs. 36.94 in the last year.

DIRECTORS' REPORT TO THE MEMBERS

APPROPRIATIONS

The Company has earned an after tax profit of Rs.194.286 million for the year under review.

The Directors are pleased to report the following appropriations during the year:

	Rupees in thousand
Profit after taxation	194,286
Unappropriated profits brought forward	393,459
Dividend @ Rs. 11/- per share for the year ended 30 June 2015	(87,846)
Transfer to General reserve	(200,000)
Unappropriated profits carried forward	299,899
Earnings per share in Rupees – Basic	24.33

DIVIDEND

Keeping in view the satisfactory financial results, the Directors have immense pleasure in proposing a cash dividend of 90%, i.e., Rs. 9/- per share. We hope our shareholders would appreciate our paying generous returns on their investment.

FUTURE PROSPECTS

Due to the prevailing economic policies, a stable macro-economic environment, visible political stability and with the development of China Pakistan Economic Corridor, it is expected that the Company can sustain and deliver accelerated growth results in the future both in local and export markets.

FINANCIAL AND CORPORATE REPORTING FRAMEWORK

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

- The financial statements prepared by the management of the Company present its state of affairs fairly, the results of its operations, cash flows and changes in equity.
- The Company has maintained proper books of accounts.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International reporting standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts on the Company's ability to continue as a going concern.

- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Summary of key operational and financial data for the last six years is annexed in this annual report.
- Information about taxes and levies is given in the notes to and forming part of financial statements.
- Fair value of investments of provident fund as at 30 June 2016 was Rs. 163.021 million.
- During the year, four Board of Directors meetings were held.

Attendance of these meetings was as follows:

Name of Directors	No. of Meetings Attended
Mr. Muneer Nawaz	4
Mr. Mahmood Nawaz	3
Mr. M. Naeem	3
Mr. Rashed Amjad Khalid	1
Ms. Manahil Shahnawaz	1
Mr. Humayun A. Shahnawaz	3
Mr. Munaf Ibrahim	2
Mr. Etrat Hussain Rizvi	3

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

Subsequent to the year end, Mr. Munaf Ibrahim (an independent director) resigned from our Board and in his place; the Board co-opted Mr. Saifi Chaudhry as an independent director of the Company. We appreciate the contribution made by Mr. Munaf Ibrahim during his tenure and welcome Mr. Saifi Chaudhry on our Board.

- Pattern of Shareholdings as on 30 June 2016 and its disclosure according to the requirement of Code of Corporate Governance is annexed to this report.
- The Directors, Chief Executive, Chief Financial Officer, Company Secretary and their spouses and minor children shareholding and change therein during the year is disclosed in "Categories of Shareholders".

RELATED PARTY TRANSACTIONS

The Directors confirm the following regarding related party transactions:

- That the transactions undertaken with related parties during the financial year have been ratified by the Audit Committee and approved by the Board of Directors.
- That the amounts or appropriate proportions of outstanding items pertaining to related parties and receivables/payables from the related parties as on 30 June 2016:

Name of Related Party	Rupees in thousand	
	Payable	Receivable
Shezan Services (Private) Limited	26,592	Nil
Shahnawaz (Private) Limited	69	Nil

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

Name of Directors	No. of Meetings Attended
Mr. Muneer Nawaz	4
Mr. M. Naeem	2
Mr. Rashed Amjad Khalid	2

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

Further, the Board of Directors in their meeting held on 28 September 2016, appointed Mr. Saifi Chaudhry as an independent director to the audit committee.

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

Name of Directors	No. of Meetings Attended
Mr. Muneer Nawaz	2
Mr. M. Naeem	1
Mr. Humayun A. Shahnawaz	1

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

EVALUATION OF THE BOARD'S PERFORMANCE AND DIRECTORS' TRAINING PROGRAMME

The Board has developed a mechanism of annual performance evaluation. Every member of the Board

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

EXTERNAL AUDITORS

Messrs. EY Ford Rhodes, Chartered Accountants have completed their assignment for the year 2015-16 and will retire at the conclusion of the 53rd Annual General Meeting. Being eligible, they have offered themselves for re-appointment. The Board of Directors, on recommendations of the Audit Committee, proposes the appointment of Messrs. EY Ford Rhodes, Chartered Accountants, for the year ending 30 June 2017.

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 Pakistan Stock Exchange.

CORPORATE SOCIAL RESPONSIBILITIES

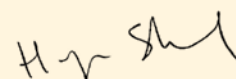
Disclosure as required by the Corporate Social Responsibility General Order, 2009 is annexed and form integral part of this report.

ACKNOWLEDGEMENT

We, for and on behalf of Directors, would like to take this opportunity to express appreciation of the commitment, loyalty and dedication of our workforce.

Further we would like to acknowledge the professional support and cooperation received from our esteemed customers, vendors, bankers, equity holders and other stakeholders.

For and on behalf of the Board



Humayun A. Shahnawaz
Chief Executive

Karachi:
28 September 2016.

ہیومن ریسورس اور معاوضہ کمیٹی:

ہیومن ریسورس اور معاوضہ کمیٹی کی کمیٹی نظر ثانی شدہ کوڈ آف کارپوریٹ گورننس کے نتیجے میں وجود میں آئی تھی، جو کہ تین ڈائریکٹرز پر مشتمل ہے۔ اس سال کے دوران ہیومن ریسورس کمیٹی نے دو (2) اجلاس منعقد کئے۔ ہر ڈائریکٹر کی شرکت کی تعداد درج ذیل ہے۔

ڈائریکٹر کا نام	اجلاس میں شرکت کی تعداد
جناب منیر نواز	2
جناب محمد نعیم	1
جناب ہمایوں اے شاہنواز	1

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

بورڈ کی کارکردگی اور ڈائریکٹرز کے تربیتی پروگرام:

بورڈ نے خود کی سالانہ کارکردگی پر نظر ثانی کا ایک طریقہ کار وضع کیا ہے۔ بورڈ کا ہر رکن بورڈ کے اجلاس میں فعال شرکت کو یقینی بناتا ہے۔

اسٹریٹجک امور پر تفصیلی بات چیت کی جاتی ہے اور مینجمنٹ کو واضح ہدایات دی جاتی ہیں، جنکی عملدرآمد کی نگرانی بورڈ اور اسکی متعین کردہ کمیٹیاں کرتی ہیں۔ بورڈ اس چیز کو یقینی بناتا ہے کہ کارپوریٹس گورننس کے کوڈ پر مکمل عملدرآمد ہو۔ بورڈ ہر سہ ماہی کے بعد کاروبار کے مختلف پہلوؤں کی کارکردگی پر نظر ثانی کرتا ہے تاکہ کم کارکردگی والے پہلوؤں کی کارکردگی کو بہتر بنایا جاسکے اور ساتھ ساتھ منافع بخش حصوں کی کارکردگی کو اور بہتر بنانے کیلئے مواقع تلاش کئے جائیں۔ ڈائریکٹرز کے تربیتی پروگرام کی تفصیلات کارپوریٹس گورننس کے کوڈ کے بیان میں بتا دی گئی ہیں۔

بیرونی آڈیٹرز:

بیرونی آڈیٹرز میسرز ای وائے فورڈر ہوڈز، چارٹرڈ اکاؤنٹنٹس، جو کہ کمپنی کے 53 ویں سالانہ اجلاس عام کے اختتام پر ریٹائر ہوئے، نے اپنی اہلیت کی بنیاد پر دوبارہ تقرری کے لئے خود کو پیش کیا ہے اور بورڈ کی آڈٹ کمیٹی نے سال 30 جون 2017ء کے لئے ان کی دوبارہ تقرری کی سفارش کی ہے۔

قیمتوں کی منتقلی (Transfer Pricing) کے بہترین طریقوں کا بیان:

ادارے نے قیمتوں کی منتقلی کے بہترین طریقوں، جو کہ پاکستان اسٹاک ایکسچینج کی لسٹنگ کے ضابطوں میں درج ہیں، پر مکمل عملدرآمد کیا ہے۔

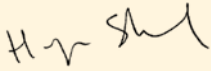
کارپوریٹ سماجی ذمہ داریاں:

کارپوریٹ سماجی ذمہ داریوں کے متعلق بیان، جنرل آرڈر 2009ء کے تحت اس رپورٹ کا لازمی حصہ بنایا گیا ہے۔

اظہار تشکر:

ہم بورڈ آف ڈائریکٹرز کی جانب سے اپنے ادارے کی تمام ملازمین کی لگن، وفاداری اور عزم کی تعریف کرتے ہیں۔ مزید برآں ہم پیشہ ورانہ سرپرستی اور تعاون کا بھی شکریہ ادا کرنا چاہیں گے جو ہمیں تمام صارفین، ویڈرز، مینیکرز، حصص داران اور سٹیک ہولڈرز کی جانب سے ملا۔

بورڈ آف ڈائریکٹرز کی ایما پر



ہمایوں اے شاہنواز

چیف ایگزیکٹو

کراچی:

28 ستمبر 2016ء -

مستقبل کے امکانات:

موجودہ اقتصادی پالیسیوں، ایک مستحکم سازگار اقتصادی ماحول، سیاسی استحکام اور چین پاکستان اقتصادی راہداری کے قیام کی وجہ سے کمپنی کے ترقی کی راہ پر گامزن رہنے اور دونوں مقامی اور برآمدی منڈیوں میں تیز رفتار ترقی کے نتائج حاصل کرنے کے روشن امکانات ہیں۔

فنانس اور کارپوریٹ رپورٹنگ فریم ورک:

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

فنانس اور کارپوریٹ رپورٹنگ فریم ورک کی تفصیلات درج ذیل ہیں:

- 1- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے، اسکے معاملات، اسکی کاروباری سرگرمیوں کے نتائج، کیش فلوا ریٹیکوٹیٹی میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
- 2- کمپنی نے باضابطہ طور پر اکاؤنٹس کے کھاتوں کو تیار رکھا ہے۔
- 3- ان مالیاتی گوشواروں کی تیاری میں ضروری اور مخصوص اکاؤنٹنگ پالیسیوں کی پیروی کی گئی ہے اور اکاؤنٹنگ کے تخمینے انتہائی منطقی اور محتاط اندازوں پر مبنی ہے۔
- 4- ان مالیاتی گوشواروں کی تیاری میں بین الاقوامی فنانس رپورٹنگ اسٹینڈرڈ کی، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، پیروی کی گئی ہے۔
- 5- اندرونی کنٹرول کا نظام اپنے ڈیزائن کے اعتبار سے مستحکم ہے اور اس کا موثر اطلاق اور نگرانی کی جاتی ہے۔
- 6- بطور ادارہ، کمپنی کے مستقبل میں جاری رکھنے کی اہلیت پر کوئی شکوک و شبہات نہیں ہیں۔
- 7- متعین شدہ اصول و ضوابط میں تفصیلاً درج کارپوریٹ گورننس کے رہنما اصولوں سے انحراف نہیں کیا گیا۔
- 8- گذشتہ چھ سال کے اہم کاروباری اور مالیاتی حسابات اس سالانہ رپورٹ میں درج ہیں۔
- 9- ٹیکسوں اور محصولات کے بارے میں تفصیلی معلومات ان مالیاتی گوشواروں کا حصہ ہیں۔
- 10- پراویڈنٹ فنڈ کی سرمایہ کاری کی جائز مالیت (فہر و پلیو) 30 جون 2016ء کو 163.021 ملین روپے تھی۔
- 11- اس سال کے دوران بورڈ آف ڈائریکٹرز کے چار (4) اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی طرف سے اجلاس میں شرکت کی تعداد درج ذیل ہے۔

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

مالی سال کے اختتام کے بعد، جناب مناف ابراہیم (غیر جانبدار ڈائریکٹر) نے بورڈ سے استعفیٰ دے دیا اور ان کی جگہ بورڈ نے جناب سیفنی چوہدری کو (غیر جانبدار ڈائریکٹر) کے طور پر منتخب کر لیا۔ ہم جناب مناف ابراہیم کی اپنے دور میں کی گئی کاوشوں کو سراہتے ہیں اور جناب سیفنی چوہدری کو خوش آمدید کہتے ہیں۔

12- 30 جون 2016ء کو ختم شدہ سال کیلئے حصص داران کی ترتیب اور اسکی تفصیل جو کہ کوڈ آف

کارپوریٹ گورننس کی جانب سے درکار ہے، اس رپورٹ میں درج ہے۔

13- ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانس آفیسر، کمپنی سیکریٹری اور انکی بیویوں اور نابالغ بچوں کی حصص اور دوران سال ان میں تبدیلی کو حصص داران کی اقسام، میں واضح کر دیا گیا ہے۔

متعلقہ پارٹیوں سے لین دین:

- ڈائریکٹرز متعلقہ پارٹیوں کی لین دین کے حوالے سے مندرجہ ذیل کی تصدیق کرتے ہیں،
- 1- مالی سال کے دوران متعلقہ پارٹیوں کے ساتھ لین دین کی توثیق آڈٹ کمیٹی نے کی اور بورڈ آف ڈائریکٹرز نے منظور دی۔
 - 2- یہ کہ 30 جون 2016ء متعلقہ پارٹیوں کو قابل ادا قابل وصول رقم درج ذیل یہ ہیں۔

(روپے ہزاروں میں)		
متعلقہ پارٹی کا نام:	قابل ادا رقم	قابل وصول رقم
ٹیزان سرورسز (پرائیویٹ) لمیٹڈ	26,592	-
شاہ نواز (پرائیویٹ) لمیٹڈ	69	-

3- متعلقہ پارٹیوں سے متعلق کوئی اور ایسی اہم معلومات نہیں ہیں جو کہ مالیاتی گوشواروں کو سمجھنے کیلئے ضروری ہوں۔

آڈٹ کمیٹی:

اس سال کے دوران آڈٹ کمیٹی کے چار (4) اجلاس منعقد ہوئے۔ یہ اجلاس کمپنی کے عبوری نتائج کی بورڈ آف ڈائریکٹرز سے منظوری سے پہلے منعقد ہوئے اور بیرونی آڈٹ سے پیشگی اور بعد میں ہوئے۔

ڈائریکٹر کا نام	اجلاس میں شرکت کی تعداد
جناب منیر نواز	4
جناب محمد نعیم	2
جناب راشد امجد خالد	2

آڈٹ کمیٹی کے اجلاسوں میں شرکت نہ کرنے والے ڈائریکٹرز کو رخصت دے دی گئی۔ مزید یہ کہ بورڈ آف ڈائریکٹرز نے اپنی میٹنگ مورخہ 28 ستمبر 2016ء کو جناب سیفنی چوہدری کو آڈٹ کمیٹی میں بطور غیر جانبدار ڈائریکٹر شامل کر لیا۔

ڈائریکٹر کا نام	اجلاس میں شرکت کی تعداد
جناب منیر نواز	4
جناب محمود نواز	3
جناب محمد نعیم	3
جناب راشد امجد خالد	1
محترمہ منال شاہ نواز	1
جناب ہمایوں شاہ نواز	3
جناب مناف ابراہیم	2
جناب عطرت حسین رضوی	3

ڈائریکٹرز رپورٹ برائے ممبران

کمپنی کے ڈائریکٹرز انتہائی مسرت کے ساتھ، مالی سال 30 جون 2016 کے لئے کمپنی کے آڈٹ شدہ مالیاتی نتائج پیش کرتے ہیں۔ مالی نتائج آپکی امیدوں کے عین مطابق کمپنی کی سارے سال کی کارکردگی پر مبنی ہیں جو کہ گزشتہ تینوں سہ ماہیوں کی رپورٹس میں بیان کی جاتی رہی ہیں۔

معیشت میں ہماری شراکت کا آئینہ دار ہے۔

معاشی منظر نامہ:

مالی سال 2016ء میں پاکستان کی مجموعی ملکی پیداوار گزشتہ آٹھ سالوں کی بلند ترین سطح یعنی 4.7 فیصد پر پہنچ گئی جو کہ مالی سال 2015ء میں 4.2 فیصد تھی۔ اوسط گرانے صارف کا اشاریہ 2.9 فیصد تک کی سطح تک پہنچ گیا، جو کہ گزشتہ سال 4.5 فیصد تھا، کرنٹ اکاؤنٹ خسارہ گزشتہ مالی سال کے تقریباً برابر رہا۔ مجموعی طور پر وصولیوں میں خاطر خواہ اضافہ ہوا ہے، جسکی بدولت بینک دولت پاکستان نے مئی 2016ء کے مہینے میں شرح سود کو 5.75 فیصد کی کم ترین سطح پر متعین کر دیا۔ امن و امان کی بہتر صورتحال PSDP پروگرام، چین پاکستان اقتصادی راہداری (CPEC) معاہدہ، توانائی کی بہتر صورتحال، پرائیویٹ سیکٹر کی جانب سے زیادہ قرضوں کی وصولی، ایسے محرکات ہیں جنکی بدولت پاکستان کی معاشی صورتحال 2017ء میں ترقی کی طرف گامزن نظر آ رہی ہے۔ تاہم کسی بھی قسم کے غیر معمولی حالات، معاشی ترقی کی رفتار پر منفی اثرات مرتب کر سکتے ہیں۔ معاشی ترقی کا انحصار صحت، بجلی کی قلت، دور کرنے کیلئے اصلاحات کا تسلسل، مالیاتی گنجائش کی بڑھوتی، اچھی طرز حکمرانی اور حوصلہ افزاء کا رو باری ماحول پر ہے۔

مزید برآں مضبوط اور بہتر ملکی سیاسی حالات اور چین کے ساتھ اقتصادی راہداری معاہدہ نے چین، مشرق وسطیٰ اور افریقہ کے ساتھ تجارت کے بہت سارے مواقع پیدا کر دیئے ہیں۔ یہ سب ایک مضبوط اور ترقی پذیر معاشیات کے اشارے ہیں جو کہ کنزرویٹو مارکیٹس کی ترقی میں مددگار ثابت ہوں گے۔

مقامی سبز:

ہماری مقامی سبز نے مالی سال کے دوران حوصلہ افزاء نتائج حاصل کئے۔ ہماری سبز ٹیم نے مقامی مارکیٹ میں ڈبل ہندسے کی نمو حاصل کی ہے۔ انہوں نے ٹھوک، خوردہ فروخت اور تجارت کے ذریعہ مختلف صارفین طبقات اور نجی و سرکاری شعبے میں نئی راہیں تلاش کیں ہیں۔

برآمدی سبز:

ہماری برآمدی سبز زیادہ تر افریقہ کے جنوب میں واقع ملک 'انگولا' میں کی جاتی تھیں جو کہ انگولا میں حالیہ مالیاتی بحران کی وجہ سے انتہائی متاثر ہوئیں ہیں۔ اس مالیاتی بحران کی وجہ سے انگولا کی مقامی کرنسی (کوانزا) کی قدر میں چالیس فیصد تک کمی ہوئی۔ جسکی سب سے بڑی وجہ عالمی منڈی میں تیل کی قیمتوں میں کمی ہے، اور انگولا کی معیشت کا انحصار تیل کی برآمدات پر ہے۔ کرنسی کی قدر میں کمی کا سلسلہ جاری ہے اور تجزیہ کار اس قدر میں مزید کمی کی توقع رکھتے ہیں۔ اس قدر میں کمی کی وجہ سے دو بین الاقوامی بینکوں (بینک آف امریکہ اور اسٹینڈرڈ چارٹرڈ بینک) نے پچھلے سال کے آخر میں انگولا کو امریکی ڈالر کی فراہمی معطل کر دی تھی۔ تیل پر انحصار کرنے والی یہ معیشت، افریقہ کی سب سے تیز رفتار معیشت میں سے ایک تھی جو اب خام تیل کی قیمت میں کمی کی وجہ سے زریوں حالی کا شکار ہے۔ کمپنی کو اس صورتحال میں مستقبل قریب میں کوئی مثبت پیش رفت نظر نہیں آ رہی۔

اسکے علاوہ، ہماری برآمدی ٹیم کمپنی کی برآمدات اور منافع کو بڑھانے کے لئے نئی منڈیاں تلاش کر رہی ہے۔ کمپنی نے آنے والے سالوں میں برآمدات کو بڑھانے کیلئے روایتی منڈیوں کے علاوہ وسطی ایشیائی خطے میں نئے مواقع تلاش کئے ہیں۔

قومی خزانے کو ادائیگی:

مالی سال کے دوران کمپنی کی جانب سے قومی خزانے کو ادائیگی محصولات میں اضافہ ہوا ہے، اور کمپنی نے سبز ٹیکس، ایکسائز ڈیوٹی، اور انکم ٹیکس کی مد میں 1.518 ارب روپے قومی خزانے میں جمع کروائے، جو کہ قومی

مالیاتی کارکردگی:

اختتامی سال 30 جون 2016ء میں مجموعی فروخت 6.817 ارب روپے رہی جبکہ گزشتہ مالی سال میں یہ رقم 6.818 ارب روپے تھی۔ لاگت فروخت 4.932 ارب روپے رہی، جبکہ گزشتہ برس یہ لاگت 4.878 ارب روپے تھی۔ اس طرح کمپنی نے مجموعی منافع 1.885 ارب روپے کمایا، جبکہ گزشتہ سال اس مدت میں یہ منافع 1.940 ارب روپے تھا۔ لاگت فروخت میں اضافے کی وجہ سے خالص منافع (بنیادی طور پر چینی) اور پیکنگ میٹریل کی قیمتوں میں اضافہ تھا۔ اسکے علاوہ کم از کم اجرت میں اضافہ بھی لاگت فروخت پر اثر انداز ہوا۔ ڈسٹری بیوشن اخراجات میں گزشتہ سال کے مقابلے میں 0.34 فیصد اضافہ ہوا، جسکی بڑی وجہ کم از کم اجرت اور اشتہاری اخراجات میں اضافہ تھا۔ ہمارے اشتہاری اخراجات میں معمولی اضافہ ہوا کیونکہ سخت مقابلے اور شدید مسابقت کی وجہ سے ہمارا منافع متاثر ہو رہا ہے اس لئے سبز اور برانڈ کو فروغ دینے کیلئے تشہیری مہم میں اضافہ کرنا پڑا۔ مالیاتی لاگت 52.178 ملین روپے رہی جبکہ گزشتہ سال اسی مدت میں یہ رقم 60.967 ملین روپے تھی۔ مالیاتی لاگت میں کمی کی بڑی وجہ قرضوں کی رقم کا موثر استعمال اور شرح سود میں کمی ہے۔ تاہم قرضوں کا استعمال سال بھر میں مؤثر بنیوں، پھلوں کے پلپ (گودا)، پیکنگ میٹریل اور خام مال بالخصوص چینی وغیرہ ذخیرہ کرنے کیلئے کیا گیا۔

خالص منافع بعد از ٹیکس 194.284 ملین روپے رہا جو کہ گزشتہ سال 294.978 ملین روپے تھا۔ فی حصص آمدنی 24.33 روپے رہی جو کہ گزشتہ سال 36.94 روپے تھی۔

منافع اور اسکی تقسیم:

کمپنی کا خالص منافع بعد از ٹیکس 194.286 ملین روپے رہا۔ ڈائریکٹرز انتہائی مسرت کے ساتھ مندرجہ ذیل تقسیم بیان کرتے ہیں۔

(روپے "ہزاروں" میں)	
194,286	خالص منافع بعد از ٹیکس
393,459	غیر تخفیف شدہ منافع (برائے فارورڈ)
(87,846)	تقسیم شدہ منافع گیارہ روپے فی حصص برائے اختتامی سال 30 جون 2015ء
(200,000)	بجزل ریزرو میں ٹرانسفر
299,899	غیر تخفیف شدہ منافع (کیے ڈ فارورڈ)
24.33	فی حصص آمدنی۔ بنیادی۔ روپوں میں

تقسیم شدہ منافع:

تسلی بخش مالی نتائج کو مد نظر رکھتے ہوئے ڈائریکٹرز 90 فیصد (یعنی کہ 9 روپے فی حصص) تقسیم شدہ منافع تجویز کرتے ہیں۔ ہم امید کرتے ہیں کہ ہمارے حصص یافتگان اُنکی سرمایہ کاری پر اچھے منافع کی ادائیگی پر مطمئن ہوں گے۔

CORPORATE SOCIAL RESPONSIBILITY

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

BUSINESS ETHICS AND ANTI-CORRUPTION MEASURES

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

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

INDUSTRIAL RELATIONS

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



CBA elections are held in time and without any hurdles. The basic purpose of this practice is to secure maximum cordiality between the workers and the management and to establish a climate of mutual understanding where-by the workers may be able to contribute their best for the growth and development of the Company. The Company has a Hajj Scheme and two workers were sent to perform Hajj at the Company's expense. The Company also has good relations with the suppliers.

EMPLOYMENT OF SPECIAL PERSONS

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

OCCUPATIONAL SAFETY, HEALTH, ENVIRONMENTAL PROTECTION AND ENERGY CONSERVATIONS

Safety and Health protection of our employees as well as protection of environment are the Principal concerns of the Company. We firmly believe that commitment to safety health and environmental protection (SHE) is an indispensable part of our main objective of efficiently producing and distributing quality products. Matters of SHE are integral parts of the business planning processes and decision making. They are handled with the same sense of responsibility and just as other operations like quality, productivity and cost-efficiency. We ensure all technical, organizational and personnel measures for the prevention of potentially hazardous situations and to manage incidents or accidents which might occur nevertheless.

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

CORPORATE PHILANTHROPY

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



NATIONAL-CAUSE DONATION

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

COMMUNITY INVESTMENT AND WELFARE SPENDING FOR UNDER-PRIVILEGED CLASSES

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

CONSUMER PROTECTION MEASURES

Since the product line of Shezan International Limited mainly consists of Food & 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 regulations 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 2016 we made our humble contribution to the National Exchequer as follows:

Description	Rupees in thousand
Income Tax	99,786
Sales Tax and Excise Duty	1,418,588
Total	1,518,374

PATTERN OF SHAREHOLDINGS

AS AT 30 JUNE 2016

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 2016.

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
203	1	100	5,040
154	101	500	36,759
89	501	1,000	70,095
67	1,001	5,000	163,395
10	5,001	10,000	70,519
2	10,001	15,000	27,377
2	15,001	20,000	31,273
5	20,001	25,000	111,896
1	25,001	30,000	27,650
2	30,001	35,000	65,823
2	35,001	40,000	73,000
2	40,001	45,000	87,179
1	45,001	50,000	48,995
1	50,001	55,000	50,350
1	65,001	70,000	68,684
1	75,001	80,000	79,662
2	100,001	105,000	203,409
1	105,001	110,000	109,500
1	110,001	115,000	114,469
1	130,001	135,000	130,732
1	135,001	140,000	138,232
3	140,001	145,000	424,977
3	145,001	150,000	437,991
1	160,001	165,000	162,650
1	180,001	185,000	182,317
1	185,001	190,000	188,990
1	260,001	265,000	263,628
2	330,001	335,000	669,998
1	345,001	350,000	347,390
1	595,001	600,000	599,327
1	740,001	745,000	742,338
1	755,001	760,000	757,100
1	1,495,001	1,500,000	1,495,255
566			7,986,000

5. Categories of Shareholders	Shares held	Percentage
5.1 Directors, Chief Executive Officer, their spouses and minor children	2,699,507	33.8030%
5.2 Associated Companies, undertakings and related parties	3,493	0.0437%
5.3 NIT and ICP	-	-
5.4 Banks, Development Financial Institutions, Non Banking Financial Institutions.	851	0.0107%
5.5 Insurance Companies	179,775	2.2511%
5.6 Modarabas and Mutual Funds	144,650	1.8112%
5.7 Share holders holding 10% or more of Total Capital	1,495,255	18.7235%
5.8 General Public		
a. Local	2,882,065	36.0890%
b. Foreign	-	-
5.9 Others	8,799	0.1102%
5.9.1 Joint Stock Companies	73,871	0.9250%
5.9.2 Pension Funds	149,832	1.8762%
5.9.3 Foreign Companies	347,390	4.3500%
5.9.4 Executives	512	0.0064%
Total	7,986,000	100.0000%
Shareholders Holding 5% or More of Total Capital	3,627,143	45.4188%

Sr. No.		Shares held	Percentage
5.1 Directors, CEO, their Spouses & Minor Children			
1	Mr. Mahmood Nawaz	742,338	9.2955%
	Mr. Mahmood Nawaz (CDC)	33,123	0.4148%
2	Mr. Muneer Nawaz	599,327	7.5047%
3	Mr. M. Naeem	48,995	0.6135%
4	Mr. Rashed Amjad Khalid	145,891	1.8268%
	Mr. Rashed Amjad Khalid	158	0.0020%
5	Mr. Humayun A. Shahnawaz	334,999	4.1948%
6	Ms. Manahil Shahnawaz	162,650	2.0367%
7	Mr. Munaf Ibrahim (CDC)	182,317	2.2830%
8	Mr. Syed Etrat Hussain Rizvi (NIT Nominee)	-	-
9	Mrs. Abida Muneer Nawaz W/o Mr. Muneer Nawaz	79,662	0.9975%
10	Mrs. Bushra Mahmood Nawaz W/o Mr. Mahmood Nawaz	5,723	0.0717%
11	Mrs. Amtul Bari Naeem W/o Mr. M. Naeem	263,628	3.3011%
	Mrs. Baree Naeem W/o Mr. M. Naeem	100,696	1.2609%
		2,699,507	33.8030%
5.2 Associated Companies, Undertakings & Related Parties			
	Shezan Services (Private) Limited (CDC)	3,493	0.0437%
5.3 NIT & ICP			
		-	-
5.4 Banks, Development Financial Institutions, Non Banking Financial Institutions			
	National Bank of Pakistan (CDC)	851	0.0107%
5.5 Insurance Companies			
1	EFU Life Assurance Limited (CDC)	109,500	1.3711%
2	Habib Insurance Company Limited (CDC)	1,193	0.0149%
3	Habib Insurance Company Limited (CDC)	398	0.0050%
4	State Life Insurance Corporation of Pakistan (CDC)	68,684	0.8601%
		179,775	2.2511%
5.6 Modaraba & Mutual Funds			
1	CDC - Trustee Lakson Equity Fund (CDC)	27,650	0.3462%
2	CDC - Trustee MCB Pakistan Asset Allocation Fund (CDC)	4,650	0.0582%
3	CDC - Trustee Nafa Islamic Stock Fund (CDC)	20,700	0.2592%
4	CDC - Trustee Nafa Stock Fund (CDC)	36,700	0.4596%
5	CDC - Trustee NIT Islamic Equity Fund (CDC)	50,350	0.6304%
6	CDC - Trustee NIT-Equity Market Opportunity Fund (CDC)	2,000	0.0250%
7	CDC - Trustee Pakistan Capital Market Fund (CDC)	2,600	0.0326%
		144,650	1.8112%
5.7 Shareholders Holding 10% or More of Total Capital			
	CDC- Trustee National Investment (Unit) Trust (CDC)	1,495,255	18.7235%
		1,495,255	18.7235%
5.8 General Public			
	a. Local	2,882,065	36.0890%
	b. Foreign	-	-
		2,882,065	36.0890%

PATTERN OF SHAREHOLDINGS

AS AT 30 JUNE 2016

Sr. No.		Shares held	Percentage
5.9 Others			
1	Trustee National Bank of Pakistan Employees Benevolent Fund Trust (CDC)	4,849	0.0607%
2	Descon Chemicals Limited Gratuity Fund (CDC)	50	0.0006%
3	Trustee Descon Power Solutions (Private) Limited Employees Provident Fund Trust (CDC)	200	0.0025%
4	Trustees of Descon Oxychem Limited Employees Provident Fund Trust (CDC)	100	0.0013%
5	Trustees of Inspectest (Private) Limited Employees Provident Fund Trust (CDC)	50	0.0006%
6	Trustee Sanofi Aventis Pakistan Employees Provident Fund (CDC)	3,550	0.0445%
		8,799	0.1102%
5.9.1 Joint Stock Companies			
1	Murree Brewery Company Limited	158	0.0020%
2	Drekkar Kingsway Limited (CDC)	25,000	0.3130%
3	BMA Capital Management Limited (CDC)	5,000	0.0626%
4	Burma Oil Mills Limited (CDC)	665	0.0083%
5	HK Securities (Private) Limited (CDC)	9,950	0.1246%
6	Ismail Abdul Shakoor Securities (Private) Limited (CDC)	264	0.0033%
7	Kaisar Shahzada (Private) Limited (CDC)	32,700	0.4095%
8	Magnus Investment Advisors Limited (CDC)	132	0.0017%
9	NH Capital Fund Limited (CDC)	2	0.0000%
		73,871	0.9250%
5.9.2 Pension Funds			
1	Trustee National Bank of Pakistan Employees Pension Fund (CDC)	138,232	1.7309%
2	Trustee Nafa Islamic Pension Fund Equity Account (CDC)	3,800	0.0476%
3	Trustee Sanofi Aventis Pakistan Senior Executive Pension Fund (CDC)	1,600	0.0200%
4	Trustee Pakistan Pension Fund - Equity Sub Fund (CDC)	6,200	0.0776%
		149,832	1.8762%
5.9.3 Foreign Companies			
	Tundra Pakistan Fund (CDC)	347,390	4.3500%
		347,390	4.3500%
5.9.4 Executives			
	Mr. Waseem Amjad Mahmood (CDC)	512	0.0064%
		7,986,000	100.0000%
Shareholders Holding 5% or more of Total Capital			
1	Trustee National Investment (Unit) Trust (CDC)	1,495,255	18.7235%
2	Mr. Mahmood Nawaz	775,461	9.7103%
3	Mst. Amina Wadawala (CDC)	757,100	9.4803%
4	Mr. Muneer Nawaz	599,327	7.5047%
		3,627,143	45.4188%

During the financial year there was no trading in shares of the Company by the Directors, CEO, CFO, Company Secretary, their spouses and minor children.



شمرقند تازگی اور فرحت ایک ساتھ



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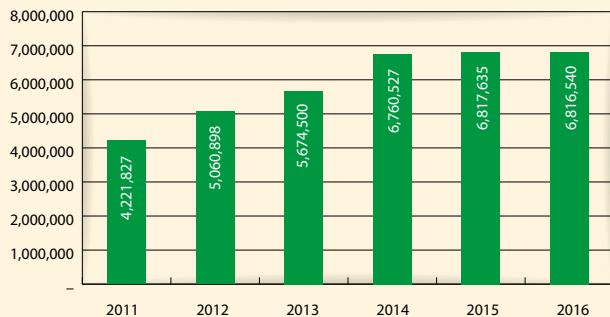
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SIX YEARS REVIEW

AT A GLANCE

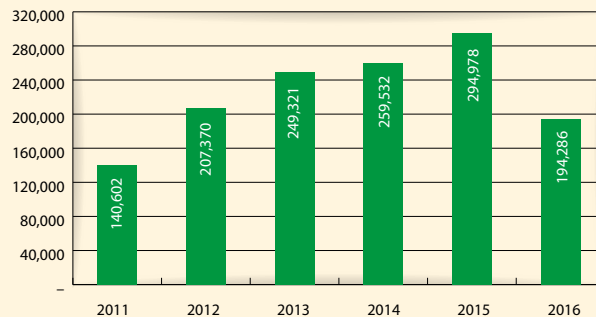
NET SALES

Rupees in thousand



PROFIT AFTER TAXATION

Rupees in thousand



Year	Year	Year	Year	Year	Year
2011	2012	2013	2014	2015	2016
Rupees in thousand					

Incomes

Sales	4,221,827	5,060,898	5,674,500	6,760,527	6,817,635	6,816,540
Other operating income	28,798	37,675	37,257	53,592	59,796	51,859
	4,250,625	5,098,573	5,711,757	6,814,119	6,877,431	6,868,399

Expenditures

Cost of sales	3,130,544	3,603,285	3,963,874	4,735,740	4,877,580	4,931,776
Distribution cost and administrative expenses	746,517	991,362	1,168,082	1,487,088	1,463,397	1,494,151
Finance cost	40,343	53,118	45,756	28,571	60,967	52,178
Other operating expenses and share of loss from associate	122,619	132,738	139,724	162,188	161,177	186,818
	4,040,023	4,780,503	5,317,436	6,413,587	6,563,121	6,664,923

Profit before taxation	210,602	318,070	394,321	400,532	314,310	203,476
Taxation	70,000	110,700	145,000	141,000	19,332	9,190

Profit after Taxation	140,602	207,370	249,321	259,532	294,978	194,286
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Paid-up capital	60,000	60,000	66,000	72,600	79,860	79,860
Reserves & unappropriated profits	892,740	1,055,381	1,244,781	1,431,970	1,647,774	1,754,742
Unrealized gain / (loss) on remeasurement of investment available- for-sale	271	79	257	686	528	(237)

Share holders equity	953,011	1,115,460	1,311,038	1,505,256	1,728,162	1,834,365
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Break up value per share in Rupees	158.84	185.91	198.64	207.34	216.40	229.70
Earnings per share in Rupees	23.43	31.42	34.34*	32.50*	36.94	24.33
Price earnings ratio	6.29	6.24	19.13	27.69	24.72	18.56
Dividend declared per share in Rupees	7.50	9.00	10.00	10.00	11.00	9.00
Bonus declared per share	-	10%	10%	10%	-	-

* Restated

REVIEW REPORT TO THE MEMBERS

ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Shezan International Limited (the Company) for the year ended 30 June 2016 to comply with Listing Regulation No. 5.19 of the Pakistan Stock Exchange (Pakistan Stock Exchange Limited Regulations), 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.

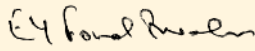
The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of 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 2016.

Further, we have highlighted the instances of non-compliance with the requirements of the Code, as detailed in the paragraphs where this is indicated in the Statement, as referred below:

Paragraph Reference	Description
15	The Company did not have an independent director as a member of the Audit Committee, during the year.

Lahore:
28 September 2016.


Chartered Accountants
Engagement Partner
Khayyam Mushir

STATEMENT OF COMPLIANCE

WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2016

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in Regulation No. 5.19 of Listing Regulations of Pakistan Stock Exchange 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 CCG in the following manner:

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

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

The independent Director meets the criteria of independence under clause 5.19.1.(b) of the CCG.

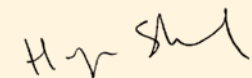
2. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company.
3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking Company, a DFI or an NBFIs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

* Mr. Munaf Ibrahim has resigned from Board with effect from 28 July 2016.

** Mr. Saifi Chaudhry was appointed to the Board with effect from 28 September 2016.

10. No new appointment of the CFO, Company Secretary and Head of Internal Audit has been made during the year.
11. The Directors' report for this year has been prepared in compliance with the requirements of the CCG 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 CCG.
15. The Board has formed an Audit Committee which comprises three members, all of whom are non-executive directors. None of these members was an independent director. The Board has now appointed Mr. Saifi Chaudhry, as an independent director to the Audit Committee, in its meeting held on 28 September 2016.
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 CCG. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members; two are non-executive Directors including the Chairman and one is executive Director.
18. The Board has set up an effective internal audit function with suitably qualified and experienced staff conversant with the policies and procedures of the Company. During the year, the Head of Internal Audit, however, also held an additional high level finance position in an associated 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.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
23. We confirm that all other material principles enshrined in the CCG have been complied with except as mentioned in clause 15 of this statement.

Karachi:
28 September 2016.



Humayun A. Shahnawaz
Chief Executive

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS


We have audited the annexed balance sheet of Shezan International Limited (the Company) as at 30 June 2016 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion;
 - i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for changes as stated in note 2.1 of these financial statements, with which we concur;
 - ii. the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2016 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the central Zakat fund established under section 7 of the Ordinance.

Lahore:
28 September 2016.



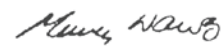
Chartered Accountants
Engagement Partner
Khayyam Mushir

BALANCE SHEET

AS AT 30 JUNE 2016

	Note	Rupees in thousand	
		2016	2015
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	1,187,011	1,199,334
Long-term investment	7	2,121	2,358
Long-term deposits and prepayments	8	4,253	3,561
		1,193,385	1,205,253
CURRENT ASSETS			
Stores and spares	9	66,718	57,967
Stock-in-trade	10	1,238,081	1,453,506
Trade debts	11	269,494	305,770
Loans and advances	12	75,312	27,062
Trade deposits and short-term prepayments	13	15,131	15,798
Interest accrued	14	268	292
Income tax recoverable		306,463	206,677
Cash and bank balances	15	102,906	143,255
		2,074,373	2,210,327
TOTAL ASSETS		3,267,758	3,415,580
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	16	79,860	79,860
Reserves	17	1,454,606	1,254,843
Unappropriated profits		299,899	393,459
TOTAL EQUITY		1,834,365	1,728,162
NON-CURRENT LIABILITIES			
Long-term loan - secured	18	90,000	210,000
Deferred taxation	19	69,374	74,498
		159,374	284,498
CURRENT LIABILITIES			
Trade and other payables	20	668,625	778,894
Interest accrued on borrowings		1,454	10,677
Current portion of long-term loan - secured	18	120,000	90,000
Short-term borrowings - secured	21	226,277	280,000
Provision for taxation		257,663	243,349
		1,274,019	1,402,920
TOTAL LIABILITIES		1,433,393	1,687,418
CONTINGENCIES AND COMMITMENTS	22		
TOTAL EQUITY AND LIABILITIES		3,267,758	3,415,580

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


Director

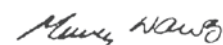

Chief Executive

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2016

	Note	Rupees in thousand 2016	2015
Sales - net	23	6,816,540	6,817,635
Cost of sales	24	4,931,776	4,877,580
Gross profit		1,884,764	1,940,055
Distribution costs	25	1,249,860	1,245,656
Administrative expenses	26	244,291	217,741
Other operating expenses	27	186,818	161,177
Other income	28	(51,859)	(59,796)
		1,629,110	1,564,778
Operating profit		255,654	375,277
Finance costs	29	52,178	60,967
Profit before taxation		203,476	314,310
Taxation	30	9,190	19,332
Net profit for the year		194,286	294,978
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):			
Unrealized (loss) / gain on remeasurement of investment - available-for-sale		(237)	528
Total comprehensive income		194,049	295,506
Earnings per share - basic and diluted (Rupees)	31	24.33	36.94

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


Director

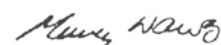

Chief Executive

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2016

	Note	Rupees in thousand 2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations			
Profit before taxation		203,476	314,310
Adjustments to reconcile profit before tax to net cash:			
Depreciation		211,394	188,841
Interest expense		49,323	55,730
Profit on bank deposits		(1,940)	(1,927)
Foreign exchange loss / (gain)		1,727	(5,002)
Impairment of plant and machinery		2,000	1,500
Loss on disposal of property, plant and equipment		7,067	1,066
		269,571	240,208
Operating profit before working capital changes		473,047	554,518
(Increase)/decrease in current assets			
Stores and spares		(8,751)	(11,509)
Stock-in-trade		215,425	(305,733)
Trade debts		34,549	22,440
Loans and advances		(48,250)	8,791
Trade deposits and short-term prepayments		667	3,460
		193,640	(282,551)
(Decrease)/increase in current liabilities			
Trade and other payables		(110,746)	73,984
Short-term borrowings - secured		(53,723)	115,470
		(164,469)	189,454
CASH GENERATED FROM OPERATIONS		502,218	461,421
Interest expense paid		(58,546)	(50,626)
Profit on bank deposits received		1,964	2,151
Income tax paid		(99,786)	(107,269)
Long-term deposits (paid) / received		(692)	781
NET CASH GENERATED FROM OPERATING ACTIVITIES		345,158	306,458
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(221,441)	(573,050)
Sale proceeds from disposal of property, plant and equipment		13,303	29,049
NET CASH USED IN INVESTING ACTIVITIES		(208,138)	(544,001)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term loan received		—	300,000
Repayment of long-term loan		(90,000)	—
Dividends paid		(87,369)	(72,618)
NET CASH (USED IN) / GENERATED FROM FINANCING ACTIVITIES		(177,369)	227,382
NET DECREASE IN CASH AND CASH EQUIVALENTS		(40,349)	(10,161)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		143,255	153,416
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	15	102,906	143,255

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


Director

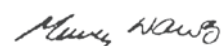

Chief Executive

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	Capital Reserve			Revenue Reserve			Total
	Share Capital	Merger Reserve	Reserve for Issue of Bonus Share	General Reserve	Unrealized (loss) / gain on remeasurement of Investments - available for sale	Unappropriated Profits	
(Rupees in thousand)							
Balance as at 30 June 2014	72,600	5,000	-	1,100,000	(685)	328,341	1,505,256
Transfer to general reserve	-	-	-	150,000	-	(150,000)	-
Dividend @ Rs. 10/- per share for the year ended 30 June 2014	-	-	-	-	-	(72,600)	(72,600)
Transfer to reserve for issue of bonus shares	-	-	7,260	-	-	(7,260)	-
Issue of bonus shares @ 10% for the year ended 30 June 2014	7,260	-	(7,260)	-	-	-	-
Profit for the year	-	-	-	-	-	294,978	294,978
Other comprehensive income	-	-	-	-	528	-	528
Total comprehensive income	-	-	-	-	528	294,978	295,506
Balance as at 30 June 2015	79,860	5,000	-	1,250,000	(157)	393,459	1,728,162
Transfer to general reserve	-	-	-	200,000	-	(200,000)	-
Dividend @ Rs. 11/- per share for the year ended 30 June 2015	-	-	-	-	-	(87,846)	(87,846)
Profit for the year	-	-	-	-	-	194,286	194,286
Other comprehensive income	-	-	-	-	(237)	-	(237)
Total comprehensive income	-	-	-	-	(237)	194,286	194,049
Balance as at 30 June 2016	79,860	5,000	-	1,450,000	(394)	299,899	1,834,365

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


Director


Chief Executive

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

1 THE COMPANY AND ITS OPERATIONS

The Company is a Public Limited Company incorporated in Pakistan and is listed on the Pakistan Stock Exchange. 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 applicable to the financial statements for the year ended 30 June 2016

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

New Standards

The Company has adopted the following accounting standards and the amendments and interpretations of IFRSs, which became effective for the current year:

IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement

The adoption of the above accounting standards did not have any effect on the financial statements

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

The following 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 2	Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 10	Consolidated Financial Statements, IFRS 12: Disclosure of Interests in Other Entities and IAS 28 Investment in Associates – Investment Entities: Applying the Consolidation Exception (Amendment)	01 January 2016
IFRS 10	Consolidated Financial Statements and IAS 28: Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11	Joint Arrangements – Accounting for Acquisition of Interest in Joint Operation (Amendment)	01 January 2016
IAS1	Presentation of Financial Statements – Disclosure Initiative (Amendment)	01 January 2016
IAS 7	Statement of Cash Flows: Disclosures – Disclosure Initiative – (Amendment)	01 January 2017
IAS 12	Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017

Standard or Interpretation		Effective date (annual periods beginning on or after)
IAS 16 & 38	Clarification of Acceptable Method of Depreciation and Amortization	01 January 2016
IAS 16	Property, Plant and Equipment and IAS 41 Agriculture – Agriculture: Bearer Plants (Amendment)	01 January 2016
IAS 27	Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	01 January 2016

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in September 2014. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 9	Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14	Regulatory Deferral Accounts	01 January 2016
IFRS 15	Revenue from Contracts with Customers	01 January 2018
IFRS 16	Leases	01 January 2019

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 Rupees, which is the Company's functional currency. Figures have been rounded off to the nearest thousands 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. Revisions 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 judgment or complexity, or areas where assumptions and estimates are significant to, the financial statements, are as follows:

4.1 Provision for taxation

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

4.2 Provision for doubtful receivables

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

4.3 Useful life and residual values of operating fixed assets

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

4.4 Impairment of financial assets

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

4.5 Stock-in-trade

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

4.6 Impairment of non-financial assets

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

4.7 Provision for compensated absences

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

5 SIGNIFICANT ACCOUNTING POLICIES

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

5.2 Property, plant and equipment

Owned assets

Operating fixed assets

Operating fixed assets, except for freehold land and leasehold land held on 99 years lease, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Free hold and lease hold land are stated at cost.

Depreciation is calculated using the reducing balance method at rates disclosed in note 6, which are considered appropriate to write off the cost of the assets over their useful lives.

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

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

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

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

Capital work-in-progress

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

5.3 Investments

Available-for-sale

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

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

5.4 Stores, spares and stock-in-trade

Stocks, stores and spares are valued at lower of cost or net realizable value except those in transit, which are valued at invoice values including other charges, if any, incurred thereon. The 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.

5.5 Trade debts

Trade debts are carried at invoice amounts on the transaction date, less any estimate for doubtful receivables. Known bad debts are written off as and when identified.

5.6 Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

5.7 Trade and other payables

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

5.8 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 a 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 a 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 of the Company consist of available-for-sale investments and loans and advances. Loans and advances of the Company include deposits, trade debts, other receivables and cash and bank balances. These are stated at their nominal values as reduced by the appropriate allowances for estimated irrecoverable amounts.

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities are the long-term loan, short-term running finance utilized under mark-up arrangements, creditors, accrued and other liabilities. Mark-up/ interest bearing finances are recorded at the gross proceeds received. These all are carried at amortized cost. Other liabilities are stated at their nominal values and no liability is carried at fair value.

5.9 Impairment

The carrying amount of the Company's assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an 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 the 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.

5.10 Offsetting of financial assets and financial liabilities

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

5.11 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.

5.12 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 current tax includes adjustments to charges 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 it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

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

5.13 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 deposits is accrued on a time proportion basis, by reference to the principal outstanding, at the applicable rate of return.

Dividend income

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

5.14 Staff retirement benefits

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

5.15 Compensated absences

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

5.16 Borrowing costs

Borrowing costs directly attributable to acquisition, construction, or production of an asset that necessarily takes a 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 costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

5.17 Foreign currency transactions

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

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

5.18 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 2016

	Note	Rupees in thousand 2016	2015
Operating fixed assets	6.1	1,109,611	1,108,902
Capital work in progress	6.2	77,400	90,432
		1,187,001	1,199,334

6.1 Operating fixed assets

		2016									
		COST				DEPRECIATION				NET BOOK VALUE	
Note	As at 01 July 2015	Additions	(Disposals) / Adjustments	As at 30 June 2016	Accumulated as at 01 July 2015	(Disposals) / Adjustments	Charge for the year	Accumulated as at 30 June 2016	As at 30 June 2016	Depreciation Rate	
Rupees in thousand											%
OWNED ASSETS											
	7,091	-	-	7,091	-	-	-	-	7,091	-	
	1,802	844	-	2,646	-	-	-	-	2,646	-	
	68,960	21,025	-	89,985	35,674	-	3,555	39,229	50,756	10	
	36,692	-	-	36,692	19,235	-	1,746	20,981	15,711	10	
	902,907	52,380	(500)	954,787	340,324	(196)	71,973	412,101	542,686	12.5	
	17,064	5,033	-	22,097	9,740	-	1,161	10,901	11,196	15	
	155,360	6,536	(4,724)	157,172	94,705	(2,884)	12,344	104,165	53,007	20	
	5,804	-	-	5,804	4,063	-	174	4,237	1,567	10-25	
6.1.1	192,557	28,978	(100)	221,435	83,638	(52)	29,181	112,767	108,668	15-33.33	
	1,791	-	-	1,791	883	-	91	974	817	10	
	34,659	6,902	(636)	40,925	23,271	(633)	2,918	25,556	15,369	20	
	17,400	1,895	-	19,295	14,239	-	1,309	15,548	3,747	33.33	
	94	-	-	94	94	-	-	94	-	20	
6.1.2	425,101	108,880	(50,164)	483,817	132,514	(31,989)	86,942	187,467	296,350	25	
	1,867,282	232,473	(56,124)	2,043,631	758,380	(35,754)	211,394	934,020	1,109,611		

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

6.1.1 Visi coolers costing Rs.(thousand) 97,063 (2015: Rs.(thousand) 80,901), are in the possession of shopkeepers for the sale of Company's products.

6.1.2 These include bottles and shells costing Rs.(thousand) 170,560 (2015: Rs.(thousand) 166,735) held by distributors of the Company in the normal course of business.

6.2 CAPITAL WORK IN PROGRESS

	COST					2016	2015
	Land*	Plant & Machinery**	Vehicles	Buildings			
	Rupees in thousand						
Balance as at 01 July	70,507	4,000	15,925	-	90,432	84,419	
Additions during the year	-	41,415	6,536	25,918	73,869	368,906	
Transferred to operating fixed assets	-	(41,415)	(6,536)	(21,025)	(68,976)	(360,506)	
Impairment of plant	-	(2,000)	-	-	(2,000)	(1,500)	
Transferred to loans and advances	-	-	(15,925)	-	(15,925)	(887)	
Balance as at 30 June	70,507	2,000	-	4,893	77,400	90,432	

* This represents an advance given to Punjab Industrial Estate (PIE) for the acquisition of land to be utilized for future construction of processing and storage facilities by the Company. The possession and title will be transferred to the Company in due course.

** This includes the recoverable amount of plant and machinery amounting to Rs.(thousand) 2,000 (2015: Rs.(thousand) 4,000) acquired from Hattar Food Products (Private) Limited. During the year, impairment of Rs.(thousand) 2,000 (2015: Rs.(thousand) 1,500) is charged to other operating expenses (refer to Note 27) in respect of this plant and machinery on the basis of the latest valuation, carried out by M/s. Surval, an independent evaluator.

	Note	Rupees in thousand	
		2016	2015
6.3 Depreciation charge for the year has been allocated as follows:			
Cost of sales	24.1	127,310	104,469
Distribution costs	25	65,849	64,697
Administrative expenses	26	10,556	10,017
Other operating expenses	27	7,679	9,658
		211,394	188,841

7 LONG-TERM INVESTMENT - AVAILABLE-FOR-SALE

Quoted Modaraba

BRR Guardian Modaraba-Credit rating - A			
305,000 (2015: 305,000) certificates of Rs. 10/- each	7.1	2,375	2,375
Loss on remeasurement		(254)	(17)
		2,121	2,358

7.1 The above investment represents 0.39% (2015: 0.39%) of the issued certificate capital of the Modaraba.

7.2 These investments are placed under a shariah permissible agreement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

	Note	Rupees in thousand	
		2016	2015
8 LONG-TERM DEPOSITS AND PREPAYMENTS			
Deposits			
Utility companies		1,802	1,802
Others		2,451	1,501
		4,253	3,303
Prepayments			
Rent		3,243	3,354
Less: Current maturity	13	(3,243)	(3,096)
		—	258
		4,253	3,561

9 STORES AND SPARES			
Stores		4,148	5,644
Spares		62,570	52,323
		66,718	57,967

10 STOCK-IN-TRADE			
Raw materials		89,508	109,609
Packing materials		359,714	434,321
Finished goods		197,198	189,450
Pulps, concentrates etc.	10.1	568,789	700,085
Goods in transit		22,872	20,041
		1,238,081	1,453,506

10.1 These include pulps amounting to Rs.(thousand) 158,502 (2015: Rs.(thousand) 219,410), held with third parties in the normal course of business.

	Note	Rupees in thousand	
		2016	2015
11 TRADE DEBTS			
Unsecured - considered good			
Due from related parties	11.1	—	48
Others		269,494	305,722
		269,494	305,770
Considered doubtful - others		1,350	1,350
Less: Provision for doubtful debts		1,350	1,350
		—	—
		269,494	305,770

11.1 No amount is receivable from the Chief Executive, Directors and Executives of the Company (2015: Rs.(thousand) Nil).

	Note	Rupees in thousand	
		2016	2015
12 LOANS AND ADVANCES			
Advances to distributors - Secured, considered good	12.1	3,202	-
Advances - Unsecured, considered good			
- Staff	12.2	5,763	3,216
- Suppliers		66,347	23,846
Advances - Unsecured, considered doubtful			
- Suppliers		100	100
Less: Provision for doubtful advances		100	100
		-	-
		75,312	27,062

12.1 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.

12.2 No advances were given to the Chief Executive, Directors and Executives of the Company (2015: Rs.(thousand) Nil).

	Note	Rupees in thousand	
		2016	2015
13 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Short-term deposits		10,698	7,576
Prepayments		1,190	5,126
Current maturity of long-term prepayments	8	3,243	3,096
		15,131	15,798
14 INTEREST ACCRUED			
Profit receivable on bank deposits		268	292
15 CASH AND BANK BALANCES			
Cash in hand		31,412	22,677
Cheques in hand		18,665	81,976
Cash at banks			
- Current accounts	15.1	31,503	14,083
- PLS savings accounts	15.2	21,326	24,519
		102,906	143,255

15.1 This includes two bank accounts, restricted for dividend payments, aggregating to Rs. (thousand) 1,550 (2015: Rs. (thousand) 1,010).

15.2 The balances in the PLS savings accounts carry mark-up ranging from 3.75% to 4.50 % (2015: 6.00%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

16 SHARE CAPITAL

	Note	Number of Shares		Rupees in thousand	
		2016	2015	2016	2015
Authorised share capital					
Ordinary shares of Rs. 10/- each		10,000,000	10,000,000	100,000	100,000
Issued, subscribed and paid-up share capital					
Ordinary shares of Rs. 10/- each					
Opening as at 01 July					
Fully paid in cash		237,500	237,500	2,375	2,375
Issued as fully paid bonus shares		7,748,500	7,022,500	77,485	70,225
		7,986,000	7,260,000	79,860	72,600
Issued during the year					
Fully paid bonus shares	16.1	–	726,000	–	7,260
Closing as at 30 June					
Fully paid in cash		237,500	237,500	2,375	2,375
Issued as fully paid bonus shares		7,748,500	7,748,500	77,485	77,485
		7,986,000	7,986,000	79,860	79,860

16.1 Non-transfer of bonus shares to individual shareholders

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

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

	Note	Rupees in thousand	
		2016	2015
17 RESERVES			
Capital			
Merger Reserve	17.1	5,000	5,000
Revenue			
General Reserve			
– At the beginning of the year		1,250,000	1,100,000
– Transferred from unappropriated profits		200,000	150,000
		1,450,000	1,250,000
Unrealized loss on remeasurement of investment - available-for-sale			
– At the beginning of the year		(157)	(685)
– Additions during the year		(237)	528
		(394)	(157)
		1,454,606	1,254,843

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

	Rupees in thousand	
	2016	2015
18 LONG TERM LOAN - SECURED		
Long-term loan	210,000	300,000
Less: Current portion	(120,000)	(90,000)
	90,000	210,000

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

	Note	Rupees in thousand	
		2016	2015
19 DEFERRED TAXATION			
This comprises:			
Deferred tax liabilities on taxable temporary differences			
Accelerated tax depreciation		93,539	97,191
Trade deposits and short-term prepayments		—	3,260
Investment available-for-sale		—	297
		93,539	100,748
Deferred tax assets on deductible temporary differences			
Provision for doubtful debts		(424)	(408)
Provision for employee's compensated absences		(10,104)	(7,647)
Provision for bonuses to staff and agents		(9,077)	(8,166)
Carried forward minimum tax credit		(4,560)	(10,029)
		(24,165)	(26,250)
		69,374	74,498

20 TRADE AND OTHER PAYABLES			
Due to related parties	20.1	26,661	123,701
Creditors		295,525	319,910
Deposits	20.2	50,577	40,707
Distributors' credit balances		64,534	94,302
Accrued expenses		113,983	137,592
Sales tax payable		84,192	30,262
Payable to provident fund		963	772
Workers' Profit Participation Fund	20.3	10,920	16,753
Workers' Welfare Fund	20.4	7,068	4,000
Unclaimed dividend		1,614	1,137
Taxes and other payables		7,908	6,368
Other liabilities	20.5	4,680	3,390
		668,625	778,894

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

Shezan Services (Private) Limited	26,592	57,240
Shahtaj Sugar Mills Limited	—	66,461
Shahnawaz (Private) Limited	69	—
	26,661	123,701

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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

	Note	Rupees in thousand	
		2016	2015
20.3 Workers' Profit Participation Fund			
Balance as at 01 July		16,753	21,396
Allocation for the year	27	10,920	16,753
		27,673	38,149
Interest on funds utilized in the Company's business	29	177	307
		27,850	38,456
Less: amount paid to the Fund's Trust		16,930	21,703
Balance at 30 June		10,920	16,753

20.4 Workers' Welfare Fund			
Balance as at 01 July		4,000	19,433
Allocation for the year	27	4,000	4,000
		8,000	23,433
Less: amount paid with annual return		932	19,433
Balance at 30 June		7,068	4,000

20.5 This includes Rs.(thousand) Nil (2015: Rs.(thousand) Nil) payable to the Chief Executive Officer and Rs.(thousand) 2,539 (2015: Rs. (thousand) 2,705) payable to various executives.

21 SHORT-TERM BORROWINGS - SECURED

The aggregate short-term borrowings available from commercial banks under mark-up/ interest arrangements are Rs.(thousand) 1,875,000 (2015: Rs.(thousand) 1,175,000).

The rate of mark-up/ interest on short-term borrowings ranges between 1 month KIBOR + 0.02% to 1 month KIBOR/ 3 months KIBOR + 0.25% (2015: 1 month KIBOR + 0.25% to 1 month KIBOR/ 3 months KIBOR + 0.50%), payable monthly/ quarterly.

The facilities are secured against a first registered joint pari passu hypothecation and ranking charge on current assets of the Company up to Rs.(thousand) 2,314,000 (2015: Rs.(thousand) 1,215,000) and Rs.(thousand) 848,000 (2015: Rs.(thousand) 514,000) respectively.

The un-utilized facility for opening letters of credit and for guarantees amounts to Rs.(thousand) 202,930 (2015: Rs.(thousand) 226,681) and Rs.(thousand) 77,977 (2015: Rs.(thousand) 84,144), respectively.

22 CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

- Claim of Punjab Employees Social Security Institution (P.E.S.S.I.) for Rs.(thousand) 2,379 (2015: Rs.(thousand) 2,379) is not acknowledged as a debt by the Company.
- Notices for additional payments of sales tax, amounting to Rs.(thousand) 9,190 (2015: Rs.(thousand) Nil) are being contested with the Deputy Commissioner Inland Revenue.
- The Collector of Sales Tax and Federal Excise has filed an Excise Tax Reference (ETR) before the Lahore High Court against the order passed by the Customs, Federal Excise and Sales Tax Appellate Tribunal, whereby the appeal of the Company was accepted and an additional demand of Rs.(thousand) 11,563 (2015: Rs. (thousand) 11,563) was set aside in respect of Central Excise, Sales Tax and Further Tax, adjudicated by the Additional Collector Customs, Sales Tax and Central Excise (Adjudication), which is pending adjudication.
- The Company has filed an appeal before the Commissioner (Appeals), Sindh Revenue Board (SRB) against the order passed under section 47 of the Sindh Sales Tax on Services Act, 2011, by the Assistant Commissioner, SRB for an additional amount of Rs.(thousand)1,333 (2015: Rs. (thousand) 1,333), which is pending adjudication.

- v. The Company has filed an appeal before the Appellate Tribunal Inland Revenue against the decision of the Commissioner of Inland Revenue (Appeals) for an additional amount of Rs.(thousand) 3,465 (2015: Rs.(thousand) 3,465) in respect of the tax year 2003, which is pending adjudication.
- vi. The Commissioner Inland Revenue has filed an appeal pertaining to the case of a capital gain on merger of a wholly owned subsidiary, M/s. Hattar Fruit Products Limited (now merged into the Company) before the Lahore High Court, against the decision of the Appellate Tribunal Inland Revenue, for an additional amount of Rs.(thousand) 39,788 (2015: Rs.(thousand) 39,788) in respect of the tax year 2004, which is pending adjudication.
- vii. For tax years 2010 and 2012 to 2014, the Company has filed appeals before the Commissioner Inland Revenue (Appeals) against the orders passed under section 161 of the Income Tax Ordinance, 2001 by the Deputy Commissioner Inland Revenue for payment of additional amount of Rs.(thousand) 4,189 (2015: Rs.(thousand) 1,997), which are pending adjudication.
- viii. The Company has filed an appeal before the Appellate Tribunal Inland Revenue against the amended order passed under section 122(5A) of Income Tax Ordinance, 2001 by the Commissioner Inland Revenue (Appeals) for an additional amount of Rs.(thousand) 69,244 (2015: Rs.(thousand) 69,244) in respect of the tax year 2013, which is pending adjudication.
- ix. The Company had filed an appeal before the Commissioner Inland Revenue (Appeals) against an order passed under section 122(5A) of the Income Tax Ordinance, 2001, by Additional Commissioner Inland Revenue, for payment of additional amount of Rs.(thousand) 157,387 (2015: Rs.(thousand) Nil) in respect of tax year 2014. The Commissioner Inland Revenue (Appeals) decided the appeal in favor of the Company. Tax Department has, however, filed an appeal before Appellate Tribunal, against this decision, which is pending adjudication.

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

22.2 Commitments

- i. Commitments in respect of letters of credit established for the import of raw and packing materials, amounted to Rs.(thousand) 47,070 (2015: Rs.(thousand) 23,319).
- ii. Counter-guarantees in favor of banks in the ordinary course of business, amounted to Rs.(thousand) 32,023 (2015: Rs.(thousand) 25,856).
- iii. The amount of future payments under operating leases and the period in which these payments will become due are as follows:

	Note	Rupees in thousand	
		2016	2015
Not later than one year		7,348	7,149
Later than one year and not later than five years		29,776	31,229
Later than five years		33,853	39,748
		70,977	78,126

23 SALES - NET

Domestic		8,289,642	7,320,833
Export		168,289	946,166
		8,457,931	8,266,999
Less: Discounts and incentives		222,803	214,244
Sales tax		1,418,186	1,234,532
Federal excise duty		402	588
		1,641,391	1,449,364
	23.1	6,816,540	6,817,635

23.1 This includes sales relating to trading activities amounting to Rs.(thousand) 6,246 (2015: Rs.(thousand) 15,346).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

	Note	Rupees in thousand 2016	2015
24 COST OF SALES			
Manufacturing	24.1	4,927,234	4,866,570
Trading	24.2	4,542	11,010
		4,931,776	4,877,580

24.1 Cost of sales - Manufacturing

Raw materials consumed:

Opening stock	109,609	125,776
Add: Purchases during the year	1,728,840	1,905,685
Less: Production of pulps, concentrates	(513,643)	(768,845)
Closing stock	(89,508)	(109,609)
	1,235,298	1,153,007

Pulps, concentrates etc. consumed:

Opening stock	700,085	451,251
Add: Purchases during the year	246,898	330,126
Production/processing during the year	513,643	768,845
Less: Closing stock	(568,789)	(700,085)
	891,837	850,137

Packing materials consumed:

Opening stock	434,321	380,193
Add: Purchases during the year	2,225,153	2,400,165
Less: Cost transferred to expenses	(18,256)	(23,387)
Closing stock	(359,714)	(434,321)
	2,281,504	2,322,650

Factory expenses:

Salaries, wages and amenities		258,315	210,302
Company's contribution to provident fund		1,375	1,283
Stores and spares consumed		164,828	192,117
Travelling and conveyance		2,995	5,114
Repairs and maintenance		98,014	106,161
Insurance		3,915	3,737
Fuel and power		141,788	142,327
Inward freight and loading/unloading		2,165	1,720
Utilities		14,924	13,892
Loss on disposal of empties	28.2	9,295	10,357
General expenses		7,104	24,673
Depreciation	6.3	127,310	104,469
		832,028	816,152

Cost of production		5,240,667	5,141,946
Add: Finished goods - Opening stock		182,394	165,511

		5,423,061	5,307,457
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Less: Cost of samples	25.2	221,699	200,270
Cost of wastage and spoilage	27	81,519	58,223
Finished goods - Closing stock		192,609	182,394

		495,827	440,887
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		4,927,234	4,866,570
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	Note	Rupees in thousand 2016	2015
24.2 Cost of sales - Trading			
Finished goods - Opening stock		7,056	9,680
Add: Purchases during the year		4,282	10,249
		11,338	19,929
Less: Cost of samples	25.2	437	559
Cost of wastage and spoilage	27	1,770	1,304
Finished goods - Closing stock		4,589	7,056
		6,796	8,919
		4,542	11,010

25 DISTRIBUTION COSTS

Salaries, wages and amenities		253,143	211,508
Company's contribution to provident fund		1,766	1,518
Postage and telephone		2,329	2,414
Traveling and conveyance		33,667	37,539
Repairs and maintenance	25.1	36,903	36,454
Insurance		7,620	5,994
Utilities		7,758	7,926
Stationery and printing		1,684	1,000
Rent, rates and taxes		24,104	18,658
Advertising and promotions	25.2	606,987	600,718
Outward freight and distribution		125,244	151,502
Staff sales incentive		12,544	10,042
Petrol, oil and lubricants		66,709	92,667
General expenses		3,553	3,019
Depreciation	6.3	65,849	64,697
		1,249,860	1,245,656

25.1 This includes loss on disposal of shells and pallets amounting to Rs.(thousand) 3,749 (2015: Rs.(thousand) 4,165).

25.2 This includes cost of samples amounting to Rs.(thousand) 222,136 (2015: Rs.(thousand) 200,829).

	Note	Rupees in thousand 2016	2015
26 ADMINISTRATIVE EXPENSES			
Salaries, wages and amenities		163,379	143,731
Company's contribution to provident fund		2,041	1,815
Postage and telephone		2,301	2,667
Traveling and conveyance		4,111	5,619
Repairs and maintenance		14,714	12,569
Insurance		9,317	7,127
Utilities		6,265	7,121
Stationery and printing		5,063	6,505
Rent, rates and taxes		13,990	11,102
Auditors' remuneration	26.1	3,706	2,253
Legal and professional		802	377
Donations	26.2	680	760
General expenses		7,366	6,078
Depreciation	6.3	10,556	10,017
		244,291	217,741

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

	Note	Rupees in thousand	
		2016	2015
26.1 Auditors' remuneration			
Audit fee		1,150	1,150
Tax consultancy services		1,655	385
Miscellaneous certification and limited review charges etc.		600	600
Out of pocket expenses		301	118
		3,706	2,253
26.2 Donations			
None of the directors or their spouses had any interest in any of the donees.			
27 OTHER OPERATING EXPENSES			
Product spoilage		90,217	66,492
Barrel Depreciation	6.3	7,679	9,658
Royalty to related party - Shezan Services (Private) Limited		71,399	61,738
Workers' Profit Participation Fund	20.3	10,920	16,753
Workers' Welfare Fund	20.4	4,000	4,000
Loss on disposal of barrels	28.2	603	1,036
Impairment on plant and machinery	6.2	2,000	1,500
		186,818	161,177
28 OTHER INCOME			
Income from financial assets			
Profit on bank deposits		1,940	1,927
Dividend income	28.1	123	73
Foreign exchange gain-net		3,198	5,002
		5,261	7,002
Income from non-financial assets			
Gain on disposal of property, plant and equipment	28.2	6,580	14,492
Sale of scrap		40,018	38,302
		46,598	52,794
		51,859	59,796

28.1 This represents dividend income earned on sharia permissible agreement.

28.2 Gain / (Loss) on disposal of property, plant and equipment

Description	Cost	Book Value	Sale Proceeds	Gain / (loss)	Purchaser / Party	Mode
	Rupees in thousand					
Daihatsu Cuore Inkjet Printer	619	144	250	106	Mr. Kazi Khurram Rabbani, Employee	Company's Policy
Daihatsu Cuore	500	304	270	(34)	M/s. Coding Tech, Lahore	Negotiation
Toyota Corolla	619	147	250	103	Mr. Najaf Munir, Employee	Company's Policy
Suzuki Bolan	2,196	1,243	1,243	-	Mr. Rasheed A. Javed, Lahore Ex-Employee	Company's Policy
Empty bottles, shells, pallets and barrels	675	284	600	316	EFU General Insurance	Insurance Claim
Other assets with book value less than Rs. (thousand) 50	12,232	4,528	9,649	5,121	Various parties	Negotiation
	1,351	73	1,041	968	Various parties	Negotiation
	18,192	6,723	13,303	6,580		
Less: Loss on disposal of empties, shells, pallets and barrels transferred to:						
Cost of sales	25,862	9,295	-	(9,295)		
Distribution cost	10,212	3,749	-	(3,749)		
Other operating expenses	1,858	603	-	(603)		
	37,932	13,647	-	(13,647)		
	56,124	20,370	13,303	(7,067)		

	Note	Rupees in thousand	
		2016	2015
29 FINANCE COSTS			
Interest/ mark-up on:			
Short-term borrowings		29,829	49,215
Workers' Profit Participation Fund	20.3	177	307
Long-term loan		19,317	6,208
		49,323	55,730
Bank charges		2,855	5,237
		52,178	60,967
30 TAXATION			
Current tax:			
-Current year		62,648	34,109
-Prior years		(48,334)	(20,753)
		14,314	13,356
Deferred tax:			
-Relating to origination and reversal of temporary differences		(2,866)	8,052
-Due to reduction in tax rates		(2,258)	(2,076)
		(5,124)	5,976
		9,190	19,332

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

Based on the above, the Board of Directors of the Company has proposed a dividend amounting to Rs. (thousand) 71,874 in their meeting held on 28 September 2016 for the financial and tax year 2016, which exceeds (or meets) the prescribed minimum dividend requirement as referred above. The Company believes that it would not be liable to pay tax on its undistributed reserves as of 30 June 2016.

Rupees in thousand
2016

30.2 Relationship between income tax expense and accounting profit

Profit before taxation	203,476
Tax at the applicable rate of 32%	65,112
Effect of prior years tax	(48,334)
Tax effect of expenses not allowed for tax purposes	843
Tax effect of applicability of lower tax rate on export sales and dividend income	(771)
Tax effect of rebates and tax credits	(6,131)
Tax effect of change in applicable rates and others	(1,529)
Tax charge for the current year	9,190

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

Rupees in thousand
2016 2015

31 EARNINGS PER SHARE - BASIC AND DILUTED

Net profit after tax	194,286	294,978
	Number of shares in thousand	
Weighted average number of ordinary shares at the end of the year	7,986	7,986
	Rupees per share	
Earnings per share - (basic / diluted)	24.33	36.94

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

32 CAPACITY AND PRODUCTION

	Normal Annual Capacity		Actual Production	
			2016	2015
Bottling plant	5,925,000	Crates	4,447,816	4,170,642
Tetra Pak plant	37,817,500	Dozens	31,747,943	31,963,387
Squashes and syrups plant	590,000	Dozens	272,462	300,595
Jams and ketchup plant	723,333	Dozens	344,281	349,791
Pickles plant	306,250	Dozens	186,975	203,028
Canning plant	210,000	Dozens	142,103	113,416

The normal annual capacity, as shown above, has been worked out on the basis of 350 working days (2015: 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 the changes in demand and supply conditions.

33 REMUNERATION OF CHIEF EXECUTIVE, PAID DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2016	2015	2016	2015	2016	2015
Total number	1	1	1	1	14	14
Rupees in thousand						
Basic salary	2,640	1,900	3,360	3,120	15,922	15,598
Provident fund contribution	220	158	280	260	1,327	1,300
Allowances and benefits:						
House rent	744	494	744	624	5,301	4,303
Dearness	678	404	678	510	9,152	6,271
Special	600	475	600	600	1,050	918
Utilities	348	276	348	348	2,238	2,228
Medical	7	52	—	—	984	486
Bonus	440	117	560	520	2,799	2,666
Ex-gratia	—	59	—	260	1,146	1,333
	5,677	3,935	6,570	6,242	39,919	35,103

33.1 Fees paid to six non - executive directors during the year, for attending Board meetings was Rs. (thousand) 350 (2015: Rs. (thousand) 475).

33.2 Fees paid to three non - executive directors during the year, for attending Audit Committee meetings was Rs.(thousand) 200 (2015: Rs. (thousand) 225).

33.3 Fees paid to three non - executive directors during the year, for attending Human Resource Committee meetings was Rs.(thousand) 75 (2015: Rs. (thousand) 100).

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

34 TRANSACTIONS WITH RELATED PARTIES

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

2 0 1 6								
Shahtaj Sugar Mills Limited	Shahtaj Textile Limited	Shahnawaz Engineering (Private) Limited	Shezan Services (Private) Limited	Shezan Ampis	Shahnawaz (Private) Limited	Information Systems Associates Limited	Staff Provident Fund	Total
Rupees in thousand								

Associated Companies

Purchases of raw materials	834,009	—	—	—	—	—	—	834,009
Sales of finished goods	433	326	4	—	31	102	—	896
Royalty charged	—	—	—	71,399	—	—	—	71,399
Purchases/repairs of electric equipment/vehicles	—	—	—	—	—	336	9	345
Services rendered	—	—	—	—	—	—	500	500

Employee Retirement Fund

Contributions to staff provident fund	—	—	—	—	—	—	—	5,182	5,182
	834,442	326	4	71,399	31	438	509	5,182	912,331

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

2 0 1 5								
Shahtaj Sugar Mills Limited	Shahtaj Textile Limited	Shahnawaz Engineering (Private) Limited	Shezan Services (Private) Limited	Shezan Ampis	Shahnawaz (Private) Limited	Information Systems Associates Limited	Staff Provident Fund	Total

Rupees in thousand

Associated Companies

Purchases of raw materials	624,575	-	-	-	-	-	-	624,575
Sales of finished goods	233	352	19	-	4	98	-	706
Royalty charged	-	-	-	61,738	-	-	-	61,738
Purchases/repairs of electric equipment/vehicles	-	-	-	-	-	267	-	267
Services rendered	-	-	-	-	-	-	627	627

Employee Retirement Fund

Contributions to staff provident fund	-	-	-	-	-	-	-	4,616	4,616
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	624,808	352	19	61,738	4	365	627	4,616	692,529
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35 PROVIDENT FUND TRUST

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

	Note	Rupees in thousand 2016	2015
Size of the fund		163,303	173,863
Percentage of the investments made		99.8%	97.0%
Fair value of Investments	35.1	163,021	168,991
Cost of Investments made		162,194	168,433

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

	Investment as a % of size of the fund		Investment Rupees in thousand	
	2016	2015	2016	2015
35.1 Breakup of investment				
Government securities	-	7.8%	-	13,615
Listed securities and mutual fund units	13.5%	11.2%	22,117	19,458
Placements/certificates	85.4%	74.3%	139,419	129,242
Cash at PLS saving accounts	0.9%	3.8%	1,485	6,674
	99.8%	97.1%	163,021	168,989

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

	No. of Persons 2016	2015
--	------------------------	------

36 NUMBER OF EMPLOYEES

Number of permanent persons employed are as follows:

Total employees	300	316
Average employees	304	321

37 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

37.1 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter parties and continually assessing the creditworthiness of counter parties. 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:

	Carrying Values Rupees in thousand	
	2016	2015
Long-term deposits	4,253	3,561
Trade debts - unsecured	269,494	305,770
Loans and advances	5,763	3,216
Trade deposits	10,698	7,576
Bank balances	52,829	38,602
Cheques in hand	18,665	81,976
Interest accrued	268	292
	361,970	440,993

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:

	Rupees in thousand	
	2016	2015
37.1.1 Trade Debts		
Neither past due nor impaired	100,036	104,221
Past due but not impaired		
31 - 60 days	54,225	112,779
61 - 180 days	41,033	41,775
181 - 365 and above	74,200	46,995
	169,458	201,549
	269,494	305,770

Geographically:

Pakistan	201,559	201,581
Australia	802	-
North America	3,184	2,252
Europe	8,223	10,611
Central Asia	-	12
Africa	55,726	91,314
	269,494	305,770

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

As at 30 June 2016, the Company has 5 customers (2015: 5 customers) that owed more than Rs.(thousand) 162,761 (2015: Rs. (Thousand) 202,807) and accounted for approximately 60% (2015: 66%) of all receivables owed.

As at 30 June 2016, trade debts of Rs. (thousand) 1,350 (2015: Rs. (thousand) 1,350) were impaired and provided for.

37.1.2 Cash at Bank	Rating Agency	Rating		Rupees in thousand	
		Short term	Long term	2016	2015
Banks					
United Bank Limited	JCR-VIS	A-1+	AAA	1,552	6,664
The Bank of Khyber	PACRA	A1	A	1,216	-
Bank Al-Habib Limited	PACRA	A1+	AA+	20,256	5,410
National Bank of Pakistan	PACRA	A1+	AAA	251	15,288
Bank Islamic Pakistan Limited	PACRA	A1	A+	48	10,935
NIB Bank Limited	PACRA	A1+	AA-	6	5
Habib Bank Limited	JCR-VIS	A-1+	AAA	29,267	300
Bank Alfalah Limited	PACRA	A1+	AA	233	-
Cheques in hand				18,665	81,976
				71,494	120,578

37.2 Liquidity Risk

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

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

	2016		
	Maturity Upto One Year	Maturity After One Year	Total
	Rupees in thousand		
Long-term loan - secured	120,000	90,000	210,000
Short-term borrowings - secured	226,277	-	226,277
Trade and other payables	493,040	-	493,040
Mark up accrued on borrowings	1,454	-	1,454
	840,771	90,000	930,771

	2015		
	Maturity Upto One Year	Maturity After One Year	Total
	Rupees in thousand		
Long-term loan - secured	90,000	210,000	300,000
Short-term borrowings - secured	280,000	-	280,000
Trade and other payables	626,437	-	626,437
Mark up accrued on borrowings	10,677	-	10,677
	1,007,114	210,000	1,217,114

37.3 Market Risk

37.3.1 Currency Risk

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

Sensitivity analysis

With all other variables remain constant, a 1 % change in the rupee dollar parity existed at 30 June 2016 would have affect the profit and loss account and liabilities and equity by Rs.(thousands) 679 (2015: Rs.(thousands) 1,045).

37.3.2 Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rate will affect the value of financial instruments. The Company is exposed to interest rate risk for long-term loan, short-term borrowings 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) 4,150 (2015: Rs. (thousand) 5,800) 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.

37.4 Capital Management

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

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

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

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

Gearing ratio

	Rupees in thousand	
	2016	2015
Net Debt		
Long-term loan - secured	210,000	300,000
Short-term borrowings - secured	226,277	280,000
Cash and bank balances	(102,906)	(143,255)
	333,371	436,745
Total Equity	1,834,365	1,728,162
Total Capital	2,167,736	2,164,907
Gearing (%)	15%	20%

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

37.5 Fair value of financial instruments

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

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

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

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

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

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

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

	Level 1	Level 2	Level 3
	Rupees in thousand		
2016			
Investments - available for sale	2,121	-	-
2015			
Investments - available for sale	2,358	-	-

38 SEGMENTAL ANALYSIS

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive. The Chief Executive considers the business from the product perspective and evaluate performance on the basis of their gross profit or gross loss. As at 30 June 2016, the Company is organized into two operating segments based on their products.

Juice drinks activities

Juice drinks activities include bottled as well as juices in tetra pak packings.

Other operating activities

Other operating activities include pickles, ketchup, sauces, jams etc.

Segment analysis of profit and loss account for the year ended 30 June 2016:

	Juices and Drinks	Others	Total
Rupees in thousand			
Sales	5,612,547	1,203,993	6,816,540
Cost of sales	(3,993,092)	(938,684)	(4,931,776)
Gross profit	1,619,455	265,309	1,884,764
Unallocated expenses and income			
Corporate expenses			(1,494,151)
Finance costs			(52,178)
Other operating expenses			(186,818)
Other income			51,859
Taxation			(9,190)
Profit after taxation			194,286

Segment analysis of assets and liabilities as at 30 June 2016:

	Juices and Drinks	Others	Total
Rupees in thousand			
Segment assets	2,265,572	504,129	2,769,701
Unallocated assets			498,057
Total			3,267,758
Segment liabilities	588,565	193,981	782,546
Unallocated liabilities			650,847
Total			1,433,393

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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

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

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

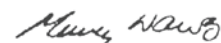
	Juices and Drinks	Others	Total
Rupees in thousand			
Segment assets	2,501,386	497,343	2,998,729
Unallocated assets			416,851
Total			3,415,580
Segment liabilities	756,131	241,668	997,799
Unallocated liabilities			689,619
Total			1,687,418

39 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors on 28 September 2016.

40 EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors have proposed a final dividend of Rs. 9/- per share, amounting to Rs.(thousand) 71,874 for the year ended 30 June 2016 (2015: Rs.(thousand) 87,846) along with transfer to general reserve amounting to Rs.(thousand) 150,000 (2015: Rs.(thousand) 200,000) at their meeting held on 28 September 2016 for approval of the members at the Annual General Meeting to be held on 29 October 2016.


Director


Chief Executive

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PROXY FORM

I/We, _____
 of _____
 being a Member(s) of Shezan International Limited holding _____
 ordinary shares hereby appoint _____
 of _____
 or failing him _____
 of _____
 who is also a Member of Shezan International Limited as my/our Proxy in my/our absence to attend and vote for me/
 us and on my/our behalf at the 53rd Annual General Meeting of the Company to be held on 29 October 2016 and at
 any adjournment thereof.

As witness my/our hand/seal this _____ day of _____ 2016.

Signed by _____

in the presence of _____

Folio Number / CDC A/C Number

Signature

Affix Rs. 5/- revenue stamp

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

Important notes:

- 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.
- 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.
- Proxies, in order to be valid must be received at the Registered Office of the Company, Shezan International Limited, 56 Bund Road, Lahore, not less than 48 hours before the meeting.
- CDC Shareholders and their proxies, both are requested to attach an attested photocopy of their Computerised National Identity Card (CNIC) or Passport with the proxy form before submission to the Company (Original CNIC / Passport is required to be produced at the time of the meeting).
- In case of Corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

Shezan

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