ZIL
LIMITED

ANNUAL REPORT 2019

CAPRI

Celebrates 50 Years of Caring

With a history of soap manufacturing and marketing expertise, ZIL Limited has remained committed to provide high quality skin cleansing and laundry solution to consumers in Pakistan. The Company is synonymous with experience, expertise and deeply rooted ethical values in the country. A highly collaborative, cross functional culture has enabled ZIL to evolve into an agile, innovative and closely knit organization which is result driven and consumers centric in thinking. The journey so far has been a remarkable one where the Company continues to delight consumers with offerings in keeping with their needs, while rewarding stakeholders and partners with a commitment to grow year on year.

About Us

ZIL Limited, with its soap brands Capri, Lily, Opal, Capri Hand wash range and King Swan Laundry soap has established itself as a leading company of Pakistan in the cleansing category. Understanding changes in consumer needs and lifestyle, it constantly improves the quality and standard of products while introducing new variants in the market. Our team's agility and strategic vision has enabled us to grow and prosper in this dynamic market environment.

Activity Calendar 2019

50 YEARS CELEBRATION ISLAMABAD 2019

Activity Calendar 2019

50 YEARS CELEBRATION KARACHI 2019

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ZIL

LIMITED

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Company Information

Board of Directors

Mrs. Feriel Ali Mehdi*	Chairman, Non-Executive Director
Mr. Mubashir Hasan Ansari*	Executive Director & Chief Executive Officer
Mr. Saad Amanullah Khan*	Independent, Non-Executive Director
Mr. Kemal Shoaib*	Non-Executive Director
Mr. Syed Hasnain Ali*	Non-Executive Director
Mr. Mir Muhammad Ali*	Independent, Non-Executive Director
Mr. Muhammad Salman H.Chawala** (Representing NIT)	Independent, Non-Executive Director

Retired Director

Mr. M. Qaysar Alam**

Board Audit Committee

Mr. Muhammad Salman H.Chawala (Representing NIT)	Chairman
Mrs. Feriel Ali Mehdi	Member
Mr. Kemal Shoaib	Member

Human Resource & Remuneration Committee

Mr. Saad Amanullah Khan	Chairman
Mrs. Feriel Ali Mehdi	Member
Mr. Syed Hasnain Ali	Member
Mr. Mubashir Hasan Ansari	Member

* Elected / Re-elected on June 27, 2019 for the next term of 3 years commencing from July 01, 2019.
** Retired on June 30, 2019.

Statutory Auditors
KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Advisor
Hussain & Haider, Advocates

Registered Office
Ground Floor, Bahria Complex III,
M. T. Khan Road, Karachi - Pakistan.
Tel: +9221 35630251-60
Fax: +9221 35630266
Website: www.zil.com.pk
Email: info@zil.com.pk

Factory
Link Hali Road, Hyderabad - 71000

Bankers
BankIslami Pakistan Limited
Habib Bank Limited
MCB Bank Limited
National Bank of Pakistan Limited
Standard Chartered Bank
Soneri Bank Limited

Shares Registrars
THK Associated (Pvt) Limited
1st Floor, 40-C, Block-6
P.E.C.H.S., Karachi
www.thk.com.pk
Phone: +92 (21) 111-000-322

Chief Financial officer
Mr. Ata-ur-Rehman Shaikh

Company Secretary
Mr. Muhammad Shahid

Head of Internal Audit
Mr. Syed Abid Raza Rizvi

Our Vision

“ To be admired as a leading and innovative consumer goods company offering delightful propositions that rivals any other major company”.

Our Mission

"Enrich everyday lives of individuals, families and communities by providing products which offer quality, convenience and affordability".

Core Values

Sustainability

We consider balancing long-term goals with short-term needs

Customer Centric

Understanding & satisfying customer needs, wants & expectations

Innovation

We add value to delight our customers

Learning

Outstanding quality through continuous improvement

Empowerment

Grow our people to be autonomous, responsible and engaged.

Code of Conduct

It is the fundamental policy of ZIL Limited to conduct its business with honesty, integrity and in accordance with the highest ethical and legal standards. The company has adopted comprehensive Code of Conduct (herein after called 'Code') to provide guidance to foster a culture of uprightness, accountability & high standards of personal and professional veracity and to promote integrity for the board, senior management and other employees.

The company carefully checks for compliance with the Code by providing suitable information, prevention and control tools and ensuring transparency in all transactions and behaviors by taking corrective measure if and when required.

Persons to whom this Code Applies

- All Directors, executives, officers and employees of ZIL Limited;

- All persons, whether or not employees, who are at any time acting as agents or affiliates, contractor or representatives of ZIL Limited who act for the company countrywide, within all sectors, regions, areas and functions.

Persons responsible for Implementation

Board Responsibilities

This Code has been developed and approved by the Board of Directors of ZIL (the "Board"). The Board shall periodically review the adequacy and appropriateness of and compliance with this Code and implement any changes it believes are necessary or desirable in order to achieve its purposes.

Management Responsibilities

The Chief Executive Officer of ZIL is responsible for ensuring that ZIL conducts business in accordance with this Code. The Chief Executive Officer shall communicate the strong support of senior management for this Code and shall endeavor to foster a strong "culture of compliance".

General Principles

- Relationships amongst employees, at all levels, must be truthful, trustworthy and honest.

- Compliance with the law, regulations, statutory provisions and company's policies & procedures is a constant commitment and duty of all ZIL employees.

- The Company's business and activities have to be carried out in a transparent, honest and fair manner. Any discrimination because of race, color, religion, gender, age, nationality, marital status or physical disability is rejected.

- Employees must be committed to customer satisfaction and strive to provide quality in all business dealings.

- Employees must avoid any investment, arrangement or other association, whether their own, an immediate family or household member, which could give the appearance of, or actually interfere with, the independent exercise of sound business judgment in the best interests of the Company, or otherwise represents a real or apparent conflict of interest between the interests of the employee and those of the Company.

Business Ethics

The Company and each of its employees, wherever they may be located, must conduct their affairs with uncompromising honesty and integrity. Employees are expected to be honest and ethical in dealing with each other, with clients, suppliers and all other third parties.

Misconduct cannot be excused because it was directed or requested by another. Any illegal, dishonest or unethical act must immediately be reported to the competent authority for remedial and corrective action.

Compliance with Laws

General

It is the Company's policy to comply with all laws, rules and regulations that are applicable to business in Pakistan.

Corporate and Taxation Laws

It is the Company's policy to adhere with all applicable corporate, and taxation laws, rules, regulations and directives for the time being enforced.

Employment laws

It is the Company's policy to comply with applicable employment laws, including those governing working conditions, wages, benefits, and minimum age for employment.

Environmental Laws

It is the Company's policy to comply with all applicable laws and regulations for the protection of the environment.

Fair Competition and Antitrust Laws

The Company must comply with all fair competition and antitrust laws to ensure that businesses compete fairly and honestly and prohibit conduct seeking to reduce or restrain competition.

Conflicts of Interest

Employees must not engage in activities or transactions which may give rise, or which may be seen to have given rise, to conflict between their personal interests and the interest of the Company.

There is a likely conflict of interest if employees:

- cause the Company to engage in business transactions with relatives or friends;
- use nonpublic information of the Company, customer or supplier for personal gain by employees, relatives or friends (including securities transactions based on such information);
- have more than a modest financial interest in the Company's suppliers, customers or competitors;
- receive a loan, or guarantee of obligations, from the Company (other than as specifically allowed) or a third party as a result of position within the Company;
- compete, or prepare to compete, with the Company while still employed by the Company; or
- perform work (with or without compensation) for a competitor, governmental or regulatory entity, customer or supplier of the Company, or do any work for a third party that may adversely affect performance or judgment on the job or diminish ability to devote the necessary time and attention to the duties

Gifts, Bribes and Kickbacks

Bribes, kickbacks or other payments, (other than received in the normal course of business including travel or entertainment) which are intended to influence a business decision or compromise independent judgment are strictly prohibited. Accepting cash or cash equivalents, including cheques, money orders, vouchers, gift certificates, loans, stock or stock options that might place an employee under obligation is forbidden. Employees must politely but firmly decline any such offer. Employee found guilty of paying or receiving bribes, gifts or kickbacks should be promptly reported to the appropriate authorities.

Financial Integrity

All financial books, records and accounts must accurately reflect transactions and events and conform to generally accepted accounting principles and to the Company's system of internal controls. Information must not be falsified or concealed under any circumstances. Examples of unethical financial or accounting practices include:

- Making false entries that intentionally hide or disguise the true nature of any transaction;
- Improperly accelerating or deferring the recording of expenses or revenues to achieve financial results or goals;
- Maintaining any undisclosed or unrecorded funds or "off the book" assets;
- Establishing or maintaining improper, misleading, incomplete or fraudulent account documentation or financial reporting;
- Making any payment for purposes other than those described in documents supporting the payment; and
- Signing any documents believed to be inaccurate or untruthful.

Protection and Proper Use of the Company Property

Employees must safeguard the Company property from loss or theft, and should not take such property for unauthorized personal use. The Company property includes confidential information, software, computers, office equipment, and supplies.

Confidentiality of Information

Employees are expected to safeguard confidential information and must not, without authority, disclose such information about the Company's activities to the press, to any outside source or to employees who are not entitled to such information.

Record Retention

The company's business records shall be maintained for a period specified in the law and in accordance with specific policies.

Securities Trading

Trading in the securities of the Company by the employee, or any of his relatives or friends, while possessing "inside" information related to that company is strictly prohibited.

Political Affiliations

ZIL Limited is an independent organization free from any political affiliation. No funds or assets of the Company may be contributed to any political party or organization or any individual who either holds public office or is a candidate for public office except where such a contribution is permitted by law.

Reporting Ethical

Violations All matters of ethical / legal violations, accounting or auditing matters, fraud, misconduct or other instances of unauthorized behavior should be promptly reported to the competent authorities in the manner prescribed / laid down by such authorities. Confidentiality would be strictly maintained in all such reported cases. Protection will also be provided from any kind of retaliation / consequence for all reports made in good faith.

Workplace Safety

Every employee at work must take reasonable care for the health and safety of himself / herself and others who may be affected by his / her acts or omissions at work; and co-operate with the Company in its efforts to protect the health and safety of its employees and visitors.

It is the policy of the Company to promote a productive work environment and not to tolerate verbal or physical conduct by any employee that harasses, disrupts, or interferes with another's work performance or that creates an intimidating, humiliating, offensive or hostile environment.

Corporate Social Responsibility

Consumer Protection Measures

At the heart of what we do at ZIL are our valued customers. We have in place several measures to ensure our customers benefit from the highest standards of quality and that we engage in continuous dialogue with them.

- Our products are manufactured using natural ingredients, which are disclosed on the packing of each item.
- At ZIL we follow ISO-9001 quality standard in order to enhance defective free products. We are also PSQCA certified.
- Positive release criteria is defined and implemented at all process stages.
- The company maintains an email address for any queries or complaints. These are evaluated and responded to with the proper care and attention.
- Consumers also contact the company directly or via sales agents.
- Regular surveys and home visits are also conducted to gain the general response of the consumers at large.

Occupational Health & Safety

We at ZIL Limited recognize our legal and moral responsibility for Hygiene and Safety in work place and are committed to constantly improving and providing a well maintained healthy and safe environment to all employees, contractors and visitors.

We also endeavor to ensure that our community and its members are not placed at risk by any of our operational activities.

A comprehensive and well maintained safety system under the supervision of General Manager Supply Chain is established.

Safety committee and shift wise rescue teams are also established.

The program will ensure that:

1. Dedicated people are resourced for safety program & organization.
2. People are aware of Emergency preparation, Risk management.
3. People are trained on key safety components, permit to work system and PPE.
4. People are involved up to floor level.
5. Safety program results are properly tracked, reviewed and shared across the organization.
6. Reward and recognition program is applicable on safety achievements.

Business Ethics & Anti-Corruption Measures

ZIL has a number of preventive measures and frequent activities to ensure that the employees uphold the Code of Conduct of the company. These measures and activities are frequently re-evaluated and amended to modernize the existing ethical system. The Code of Conduct is scrupulously followed throughout the organization.

Our Human Resources

Our success is dependent on attracting and retaining high-performance teams. We believe our people provide the core enduring advantage to us to constantly improve, innovate and grow. Through the year, we worked on various HR initiatives and processes to ensure that our induction schemes, training and development methodologies, compensation strategies and performance management systems remained robust and in line with best industry practices. Our key area of focus for the year 2019 remained performance improvement diversity and inclusion capability development, competency realignment, health and wellness amongst other key areas.

Energy Conservation

Here at ZIL, we have incorporated internal strategies to reduce energy consumption.

- Employees are encouraged to minimize the use of air conditioning, switch of room or cubicle lights, printers, monitors and other electronics when not required.
- Fuel limits are regularly evaluated and amended in concurrence to contemporary needs.
- Additionally a number of initiatives have been taken in factories, depots and haulage to conserve energy.
- Power factor is improved and monitored for heavy machines.
- Inverters are being installed at high torque electric motors to reduce consumption.

Environment Protection Measures

- Sewerage and drain is ensured free of any acid or alkali and other chemicals used in soap making process as per EPA standard.

Water is reproduced and used in Plantation

- Recycling of contaminated water is ensured to remove any contamination and the recycled water is then used for the plantation purpose within the factory.

Corporate Memberships

- **Karachi Chamber of Commerce & Industry**
  www.kcci.com.pk
- **Marketing Association of Pakistan**
  www.map.org.pk
- **Pakistan Institute of Corporate Governance**
  www.picg.org.pk
- **Pakistan Soap Manufacturers Association**
  www.psma.com.pk
- **Hyderabad Chamber of Commerce & Industry**
- **Pakistan Advertising Society (PAS)**
  www.pas.org.pk
- **WWF - Pakistan**
  www.wwfpak.org
- **Pakistan Chemical Manufacturers Association**
  www.pcma.org.pk

ZIL LIMITED

Corporate Governance

Board of Directors

Mrs. Feriel Ali Mehdi

Mr. Mubashir Hasan Ansari

Mr. Saad Amanullah Khan

Mr. Kemal Shoaib

Syed Hasnain Ali

Mr. Muhammad Salman
H. Chawala

Mr. Mir Muhammad Ali

Directors' Profile

Mrs. Feriel Ali Mehdi

Mr. Mubashir Hasan Ansari

Mrs. Feriel Ali Mehdi took over the reins of the company as the CEO in November 1998. She remained at the position till December 2012. She is the acting Chairman of the company since July 2007. She has lead the turnaround of ZIL Limited by turning a constantly loss making business into a profitable entity and wiped out all accumulated losses within 3 years of becoming the CEO.

Mrs. Mehdi holds a bachelor's degree in Economics from Karachi University. She started her career at Wazir Ali Industries as a Marketing Trainee and rapidly climbed up the corporate ladder to become Brand Manager. She has had exposure on all the levels in Marketing and chiefly looked after the Cooking Oil category of the business.

In 1996, Mrs. Mehdi resigned from Wazir Ali to join ZIL Limited. She took over as the Marketing Manager looking after the entire range of the products and later excelled to the position of Director Marketing. She took over as Managing Director in 1998 and streamlined costs, processes and benchmarked various aspects of the business to make it more state-of- the-art. This resulted in lowering the losses and eventually with her team she turnaround the company by mid-2003. They grew the business from a Rs. 390mn net turnover in 1999 to a Rs. 1.6 bn by 2011. She has recently put into place a new team to invigorate, innovate and eventually grow the business into a more diverse and strong FMCG company.

She attended IMD Orchestrating Winning Performance Program (OWP) in 2006 and gained intensive exposure to current thinking on today's key management issues. Mrs. Mehdi is certified member of Pakistan Institute of Corporate Governance (PICG).

Mr. Mubashir H. Ansari joined ZIL Limited in April 2011 as GM-Marketing and Sales. He was promoted to the position of CEO in January 2013. Since his appointment as CEO, he has successfully managed to lead the change and increase sales, which made the bottom line positive.

Mr. Ansari is an MBA from the University College of Wales, Aberystwyth, UK. He started his professional journey with Unilever in 1991. He stayed with Unilever for 10 years and during this tenure he demonstrated his leadership capabilities in marketing as well as sales function.

His international and local appointments covered leading multinational and national organizations including ICI, Savola, English Biscuits Manufactures and Shan Foods where he has held leadership roles in Middle East region, and Pakistan.

Mr. Ansari has vast experience in growing existing business and introducing new products in FMCG industry. Most of his achievements have emerged from developing people, seeking opportunities for collaboration and managing leadership transition in changing environment.

He has built and delivered strategic and operational capabilities in diversified categories including personal care, household cleaning products, hot beverages, edible oils and fats, culinary, spreads, sauces, drinks, desserts, and biscuits.

He attended IMD's Orchestrating Winning Performance Program (OWP) in 2015 and gained exposure to thinking on current leadership challenges and key management issues. Mr. Ansari is also a certified director from Pakistan Institute of Corporate Governance (PICG).

Mr. Saad Amanullah Khan

Mr. Kemal Shoaib

Mr.Saad has nearly three decades of experience of working for Gillette Pakistan as CEO, and Procter & Gamble in senior executive positions. He is a graduate of the University of Michigan MBA (Class of 1987) and holds two engineering degrees.

Elected twice as President of American Business Council (ABC), the largest single-country business chamber in Pakistan, Mr.Saad was also elected twice to the Executive Committee of Overseas Investors Chamber of Commerce and Industry (OICCI), the largest foreign business chamber. Mr.Saad is an active social worker involved in I am Karachi Consortium, Pakistan Innovation Foundation (PIF), National Entrepreneurship Working Group (NEW-G), South East Asia Leadership Academy (SEALA), Helper of HOPE and Agha Khan Hospital's Patient Welfare Committee.

He is also the President of Public Interest Law Authority of Pakistan, a civil rights organization. He is also a Board Member of Patient Aid Foundation, a private group helping the largest public hospital in the region Jinnah Post Graduate Medical Center (JPMC); LettuceBee Kids, an organization helping the cause of street kids; Naya Jeevan working to offer health insurance to urban poor; AIESEC which provides young people with leadership opportunities to develop into global leaders; National University of Sciences & Technology's (Islamabad) Corporate Advisory Council (CAC) Society of Human Resources Management; Ladiesfund Board (women empowerment); Possibilities Schools and EcoEnergy.

Mr.Saad is an Advisor to NOWPDP (people with disabilities) and Teach for Pakistan (graduates as teachers). He has conceptualized, led and delivered Rs. 1 billion from USAID to the Bolton Market victims in an efficient and transparent manner under the umbrella of American Business Council. He is a certified member of the Pakistan Institute of Corporate Governance (PICG).

Mr. Kemal Shoaib holds an M.S. degree in Chemical Engineering from M.I.T., Cambridge, Masschusetts. He is currently a Consultant on the Capital Market and serves on the board of several companies including International Steels Ltd, Century Paper & Board Mills Ltd. and International Advertising (Pvt.) Ltd. He has been associated with prestigious organizations such as Wyeth Laboratories (Pakistan) Ltd., Bank of Credit and Commerce Intl., S.A. London, Independence Bank, California, Commerce Bank Ltd., Al-Aman Holding (Pvt.) Ltd., Safeway Fund Ltd., and Indus Bank Limited.

Syed Hasnain Ali

Syed Hasnain Ali is the CEO of HY Enterprises Pvt. Ltd, running a diversified group of companies that are involved in several industries including commercial printing, educational services, retail, etc. At ZIL, his experience and business insight will be valuable in charting a course towards greater expansion, profitability and strategic growth for the company.

Mr. Hasnain received his bachelor's degree in Communication and Business Studies from the University of Buckingham, and he went on to complete a post-graduate diploma in Service Management. He began his professional career at Nestle Pakistan Ltd. as a training coordinator in the HR department, and launched the HY Group of Companies in 2007.

Mr. Hasnain has also served on the board of Wazir Ali Industries and is a member of the Lahore Chamber of Commerce and Industry.

He is certified member of the PICG.

Mr. Muhammad Salman H. Chawala

Mr. Salman has over 15 years of experience for working in various sectors including pharmaceutical, agriculture, chemical, engineering, and finance. He played an instrumental role at senior management level in business development, corporate governance, corporate affairs, and general management. Currently, he is associated with NIT and is also representing the organization as a board member. Salman holds a master's degree in Business Administration from IBA – Karachi and is also an Associate Member of Institute of Corporate Secretaries of Pakistan.

Mr. Mir Muhammad Ali

Over 26 years of extensive experience in the financial markets of Pakistan, covering leadership roles in investment management, corporate finance, investment banking, treasury and project financing. Primary career achievements include developing new businesses, leadership development and transforming faultering businesses to industry leaders.

Last employment was as Chief Executive at UBL Fund Managers Limited; a Pakistan based asset management firm managing over USD 600mn in mutual funds and managed accounts. Main achievements of the Firm were developing Leadership & Human Resource, building a diversified suite of products (including Sharjah-compliant funds and industry leader /pioneer capital protected funds), undertaking many industry-first customer services initiatives and offering solid fund performance. Generated ROE in excess of 25% throughout. Firm was recognized as the best managed in the whole financial sector by the Management Association of Pakistan in 2014 and 2015. Developed UBL Investment Banking Unit from scratch in 2000, which soon became one of the leading investment banking players in Pakistan. UBL received the Best Corporate Finance House Award for 2002-3 from CFA Pakistan Society. Landmark transaction apart from setting up of UBL Fund Managers, Pakistan first listed 'true sale' asset backed securitization of future flows for a cellular company. Till date, UBL Investment Banking enjoys lead industry position. Left CEO position of UBL Funds in Feb 2016 to pursue entrepreneurial ambitions.

In March 2016 co-founded TheSportStore.pk an online sport store which is running successfully. Also working as Executive Director for Training Impact delivering training in leadership and team development through experiential based learning. Currently serving board of trustees of Kashmir Education Foundation and certified director and trainer from Pakistan Institute of Corporate Governance. Previous member Academic Board of IBA, Karachi

Management Committee

Mr. Mubashir Hasan Ansari
Director / CEO

Mr. Ata-ur-Rehman Shaikh
GM Finance

Syed Shiblee Abdullah
GM Supply Chain

Mr. Shabbir Hussain
National Sales Manager

Mrs. Sehrish Rehan
Marketing Manager

Mr. Faisal Ajmal
Head of Human Resources

Board and Management Committees

BOARD AUDIT COMMITTEE

The Board Audit Committee assists the BOD in fulfilling its responsibilities, including reviewing the financial reporting process, the system of internal control over financial reporting, the risk management and internal audit process and the company's process for monitoring compliance with laws and regulations.

The audit committee comprises of following non - executive directors:

- Mr. Muhammad Salman H. Chawala, (Chairman)
- Mrs. Feriel Ali Mehdi, Member
- Mr. Kemal Shoaib, Member

BOARD HUMAN RESOURCE & RENUMERATION COMMITTEE

The company has established the HR&R committee. The Chairman and majority of members of the committee are non - executive directors. All relevant issues of appointment & remuneration are fully disclosed, deliberated and decided at the meetings of the committee.

The committee comprises of following Directors:

- Mr. Saad Amanullah Khan, Chairman
- Mrs. Feriel Ali Mehdi, Member
- Syed Hasnain Ali, Member
- Mr. Mubashir Hasan Ansari, Member

MANAGEMENT COMMITTEE

The management committee provides direction and leadership to the organization by:

- Setting the strategic direction
- Formulation policies and implementing risk management and internal control procedures
- Ensuring effective management of resources
- Monitoring activities to ensure objectives are met in a transparent, ethical manner in line with the values of the organization

The management committee comprises of:

Mr. Mubashir Hasan Ansari	Chief Executive Officer
Mr. Ata-ur-Rehman Shaikh	General Manager Finance
Syed Shiblee Abdullah	General Manager Supply Chain
Mr. Shabbir Hussain	National Sales Manager
Mrs. Sahrish Rehan	Marketing Manager
Mr. Faisal Ajmal	Head of Human Resources

ZIL
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Brand Portfolio


KING SWAN
FAMILY PACK
CAPRI Refreshing
FAMILY PACK
CAPRI
MEGA SAVINGS
CAPRI Moisturising
CAPRI BEAUTY
CAPRI BEAUTY
CAPRI NATURAL ANTIBACTERIAL
FAMILY PACK
CAPRI Refreshing
MEGA SAVINGS
CAPRI Moisturising
Lily
Lily
CAPRI Moisturising
CAPRI Refreshing
CAPRI Moisturising
CAPRI Refreshing
CAPRI Moisturising
ALOE-NURTURE EXTRACTS
HONEY & MILK PROTEIN
Naturally Refreshing Glow
VALUE PACK = 4+ 1 SOAP FREE
Opal

CAPRI Soap

2019 proved to be a memorable year for Capri as it was this year when Capri hit its 50 years mark.

Capri was introduced in 1969 as a soap especially created for the Pakistani woman. Its unique formula contained the finest ingredients sourced internationally, including essential cleansers, gentle skin moisturizers and a pleasing fragrance. Its rich, creamy lather appealed to women across a very wide spectrum, as it was specially created with skincare in mind.

From the first day until the present time, not only that Capri kept listening to its consumers to give them the best skincare they deserved but also stayed true to its promise of delivering the benefit of moisturizing , soft and beautiful Êskin to its consumers. It is because of this commitment that even today Capri is one of the favorite beauty brands of the women of Pakistan.

In 2019, on completion of these 50 years of caring, Consumers were offered special Promotional bundles. Capri 4+1 Capri bath bundle offer, Capri Save Rs.25/-large bundle offer and Capri save Rs.50/-family bundle offer were some of the lucrative 50 years consumer promotions.

Television and Digital campaigns along with impactful point of sales materials and below the line activities, eye catching in-store product displays were also part of the celebratory campaigns to spread the message of 50 years celebrations and to create awareness of these promotions so that maximum consumers can benefit from them. In addition to these, specially designed out of the category product display units were placed in selective modern trade stores in twenty towns to improve in-shop visibility of Capri brand.

Special gift boxes were developed to share the 50 years celebrations with distributors, trade and corporate partners such as banks and suppliers etc. Celebratory events were also organized for the Sales, Head Office and Factory teams in PC Bhurban and Dream World holiday resort showcasing the Capri brand documentary. These activities further enhanced the 50 years Celebrations as the teams got to a highly motivating and energizing start for the year.

The year 2019, which started with Capri 50 years celebrations ended with the achievement of highest ever Capri sales volume. Capri witnessed further new trials, conversion and increased consumption from existing consumers in a highly competitive environment dominated by multinational brands.

CAPRI Hand wash

Capri has been in the market for over 50 years now earning a high level of trust and confidence of its consumers. Capri consumers not only appreciate the quality & consistency of Capri bar soaps range but also keep looking for new product offerings from Capri. In order to meet such consumer needs and expectations Capri introduced its Handwash range in 2011. However, in 2019 assessing the changing market needs and consumer preferences Capri Handwash range was revived and new Handwash Range was introduced in September.

New product and packaging mix of Capri handwash was developed with three new variants in White, Pink and Green. Capri new handwash range, positioned in the beauty handwash segment, offered consumers a choice of natural Antibac variant. The variants were carefully developed with familiar natural ingredients, well known for their skin benefits. Natural ingredients were chosen like Aloe Vera, Honey and Strawberry softeners for beauty variants whereas Tea Tree for the natural antibacterial variant.

The new mix of Capri Hand wash offered new optimized formulation to further enhance the product quality and performance. New bottle shape was designed and developed offering consumers improved stability and convenience in usage.

The new label designs were developed to look livelier, stylish, contemporary and more attractive on the shelves to suit the preferences of modern women. These label designs, despite being modern, portrayed design elements & color combinations that were soft and dynamic to deliver the brand proposition of moisturizing, soft and beautiful hands

This new range of Capri handwash received encouraging response from the market along with demand for more variety

Lily beauty soap was introduced in May 2018 in the economy segment of soaps to strengthen ZIL presence in this segment. Lily is a perfect combination of moisturising floral extracts and milk protein that gives soft and fragrant experience to the skin. Its exotic floral fragrance gives a long lasting impression of flowers and has started becoming a choice of many consumers in the economy segment. This year in 2019, as a result of increasing trade & consumer demand, Lily new variant in blue color was also introduced. With its attractive packaging design and fragrance, Lily has also been accepted well in the market not only by the consumers but trade as well.

Opal offers its consumers a unique combination of value for money, quality and variety. Its a multisoap pack that comprises of mix of attractive color soaps for the whole family. The Beauty variant offers soft skin benefits with pleasant floral fragrance whereas the antibacterial variant offers hygiene for the whole family with its refreshing fragrance and neem extracts. In Sept. 2018 Opal was converted to “Opal 4+1 promotional pack” to further strengthen the value for money proposition of this brand. Since then, the brand is depicting considerable improvement in sales.

King Swan has been growing at a constant pace, winning consumers, and making laundry simple and easy. With the introduction of King Swan, we have not only successfully diversified our offerings but also utilized our years of experience in personal wash to create a reliable fabric care brand.

Chairman's Review Report

CHAIRMAN'S REVIEW REPORT

It gives me pleasure to present this Review Report under the requirement of section 192 of the Companies Act, 2017, to the shareholders of the Company pertaining to the overall performance of the Board of Directors and their effectiveness in guiding the Company towards accomplishing its aims and objectives.

The Financial Year 2019 has been another year of growth for the Company, as the revenue of Rs.2.4Bn was achieved, recording robust growth of 28% over last year. Despite challenges posed by inflation and cost pressures, ZIL Limited under the leadership of the CEO and the management team, has shown remarkable performance in the year 2019 by achieving high sales volume and achieving unprecedented profitability in the history of the company.

The board of directors of ZIL Limited consists of diversity of experience, skills, knowledge and business acumen which enables the board to execute its fiduciary duties effectively to ensure that the prosperity of the company while meeting the appropriate interests of the shareholders and stakeholders. The Board of Directors of ZIL Limited has two committees namely Human Resources & Remuneration Committee and Audit Committee which have implemented a strong governance framework that supports an effective and prudent management of business matters.

During the year, elections of the new Board of Directors were held for a term of three years commencing July 1, 2019, consequently new committees were also formed. I would like to put on record my gratitude to the retiring director Mr. M. Qaysar Alam for his contribution while serving on the board.

The Human Resources & Remuneration Committee is entrusted to continuously strive towards improving organizational skill set of its people which is embed in the company's vision and mission. The Audit Committee is delegated with the objective to maintain a system that ensures compliance with statutory and regulatory requirements while inculcating a culture of integrity that ensures strengthening of financial and operational controls.

The board has formal and transparent remuneration policy which is adhered to for the board members' remuneration

An annual self-assessment is carried out to evaluate the efficiency and performance of the Board of Directors. As a result of this evaluation it can be well established that the Board is engaged in strategic matters, has put in place the required controls and gets all the necessary information in a timely manner. The board further establishes that the independent directors are equally involved in all strategic matters.

I would like to thank all my fellow board members who had carried out their responsibilities diligently during the year, and contributed towards creating better and sustainable value for all the stakeholders of the company. In the end I would like to thank our stakeholders who have stayed alongside us through our journey.

Karachi: March 05, 2020

Feriel Ali Mehdi
(Chairman)

Directors' Report

Directors' Report

The directors of the company are pleased to present the Annual Report along with audited financial results of the company for the year ended December 31, 2019.

Economic Landscape

During the year there has been uncertainty on the account of fiscal and monetary policy changes and consumer demand has been impacted due to shrinking purchasing power. Overall, cost of doing business has increased as Consumer Price Index has indicated increasing inflationary trend, along with increasing fuel and packing material prices. Raw material prices also remained under pressure as, the PKR witnessed devaluation of 12% since December 2018 against the USD, while average devaluation of 23% was witnessed during the year. Despite these economic challenges, the Company has progressed significantly well in the competitive landscape due to better consumer understanding, market dynamics, and widespread market presence to deliver sustainable growth.

Company Business Performance

The Company recorded an excellent performance with healthy growth in net sales value supported by strong volume growth and selling price increases. The gross sales achievement was Rs. 3.25Bn whereas profit after tax has more than doubled over last year to Rs. 65.7Mn, which are highest ever in the history of the company. The year 2019 has been the landmark year in more than one ways as it was also the year of 50th Anniversary of ZIL's flagship brand Capri.

ZIL's exceptional performance can be attributed mainly to the accelerated volumetric growth in Company's flagship brand Capri. Building up on the 'Unlocking Growth Potential' strategy the company has continued to direct its efforts towards improving the product mix, attractive packaging, sales productivity, in-store and in-home brand visibility, and effective consumer and trade promotions which have all resulted in achieving growth over last year. Company also strengthened Capri brand equity by re-launching Handwash in modern trade and a new Capri Velvet Orchid soap variant across all trade channels.

Gross profit registered improvement due to cost control measures, high volumes, and price increases. This led to an increase of 114bps in gross profit ratio. Advertising and promotion expense was in line with the business plans, other selling and distribution expenses have reduced from 13.2% of NSV to 11.5%. A considerable increase in administrative expenses is observed, mainly due to the celebrations of Capri's 50th Anniversary.

Future Outlook

Although PKR has shown minimal recovery against the USD in the last quarter of 2019, the risk of further devaluation cannot be ignored. In order to document the economy, government has introduced the requirement of sharing the identity of traders to distributors, initially this requirement was not welcomed by the business community in general, however some flexibility on either side has resulted in continuation of the business activity; this may remain a point of contention between traders and government.

Uncertainty attached to devaluation of PKR, rising inflation, and disclosure of traders' identity will continue to be the main challenge in the next financial year. The company looks forward to find avenues for growth through the opportunities in which it can invest thus creating value for the consumer in much needed time of inflation.

The Company practices a strong culture of Collaboration, Candid communication, Continuous improvement, and Commitment to goals, which is enabling the company to efficiently realign itself to cope with the rapidly evolving economic climate to turn challenges into opportunities. Management continues to focus on its vision of growth through sustainable business plans and will deliver improved value to stakeholders.

Dividend

Keeping in view the profitability of the company, the Board of Directors are pleased to propose 35% cash dividend for the year ended December 31, 2019, which will be presented at the Annual General Meeting before the members for the final approval.

Summary of Financial Performance

	For the year ended December		
	2019	2018	Growth
Gross Sales	3,255 M	2,569 M	27%
Net Sales	2,419 M	1,895 M	28%
Gross Profit%	29.5%	28.3%	114 bps
Profit and Loss after Taxation	65.7M	27.9M	2.4 times
EPS (Rupees)	10.74	4.56	2.4 times

Impact of Company's Business on Environment

The modernization of business and continuous improvement in processes has enabled the company to improve in terms of environmental diligence. Supply chain through its continuous efforts and dedication has moved from hazardous environmental processes to those that are ecologically friendly and in line with the corporate beliefs of ZIL which strives to be a responsible corporate citizen through its scope of work.

Business Ethics

The Company and all its employees maintain the highest ethical standards in the conduct of the Company's business. Sustainability, Innovation, Customer Centric, Empowerment and Learning are the core values which ZIL practices and encourages; and these values are the underlying principles of its code of Conduct. The management's Code of Conduct constitutes a set of standards and values which form an integral part of our corporate culture and is a statement of who we are and how we work. These highlight business principles, the Company's responsibilities towards its employees, and employee responsibilities towards the Company. Alongwith good corporate governance, ethical behavior is a fundamental part of everything that ZIL does.

Principal Activities of the Company

The principal activity of the company is manufacturing and sale of home and personal care products.

Compliance with Code of Corporate Governance

ZIL limited is committed to upholding high standards of good corporate governance without exception. The Directors are pleased to state that the company has adopted and is compliant with Code of Corporate Governance as required by SECP. Statement of compliance with Listed Companies (Code of Corporate Governance) Regulations 2019 and Independent Auditor's Review Report to the members thereon are included in the Annual Report.

Corporate and Financial Reporting Framework

The management of ZIL Limited is committed to good corporate governance, and complying with the best practices. The Directors are pleased to state as follows:

a. The financial statements, prepared by the management of the company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

b. Proper books of account of the company have been maintained.

c. Appropriate accounting policies have been consistently applied in preparation of financial statements and any changes in accounting policies have been disclosed in the financial statements accordingly. The accounting estimates are based on reasonable and prudent judgments.

d. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.

e. The system of internal control is sound in design and has been effectively implemented and monitored.

f. There are no significant doubts upon the company's ability to continue as a going concern.

g. There has been no departure from the best practices of corporate governance

h. All directors, other than who are exempted, have already completed director's training programme.

i. Statements regarding the following are annexed or disclosed separately in the report:
   i. Key operating & financial data for last six years
   ii. Pattern of shareholding
   iii. Meetings of the board of directors, board audit committee and HR&R committee and respective attendance by each director

Trading of Shares

The Code of Corporate Governance required all trades in the shares of the Company carried out by its directors, executives and their spouses and minor children shall be disclosed. During the year MS. Feriel Ali Mehdi (Director and Chairman) as per order of the court and succession certificate granted to her by the honorable court (regarding the transmission of inherited shares of the company from her deceased mother), transferred 731,181 shares of ZIL Limited in her brother's name. No other executives, CEO, CFO, Company Secretary, Head of Internal Audit and any other executives and their spouses and minor children traded in the shares of the Company

The BOD has approved the threshold for defining executives in terms of clause 5.6.1(d) of PSX listing regulations, consequent to which all defined executives who directly reports to CEO are subject to additional regulatory requirements for trading and disclosing their transactions in company shares.

Election of Directors

During the year, elections of the Board of Directors of the Company were held in an Extra Ordinary General Meeting held on June 27, 2019. In accordance with the provisions of Section 159 of Companies Act 2017, persons who offered themselves for the election of directors were not more than the number of directors fixed by the Board (seven), therefore all such persons were declared elected unanimously by the house for a term of three years commencing from July 1, 2019. The names of elected directors are Mrs. Feriel Ali Mehdi, Mr. Kemal Shoaib, Mr. Mubashir Hasan Ansari (CEO), Syed Hasnain Ali, Mr. Mir Muhammad Ali (Independent), Mr. Saad Amanullah Khan (Independent), Mr. Muhammad Salman Husain Chawala (Independent) representing NIT.

Risk Framework and Adequacy of Internal Financial Controls

ZIL Limited, is a risk averse company, it has an overall low risk appetite i.e. it is unwilling to take unwanted and unnecessary big risk while achieving its strategic objectives. The controls are designed to provide an assurance about the organization's financial performance, reliability & legitimacy of financial statistics, proficiency of company's operations and compliance to applicable local as well as international standards, laws and regulations. Management has provided an assurance to the shareholders and Board of Directors that the company is operating under effective and efficient internal control systems devised in a structured way. These internal financial controls ensure the Company's adherence to policies & SOPs, while supporting overall organization objectives.

Directors' responsibility In Respect of Adequacy of Internal Financial Controls

The responsibility to govern the adequacy of internal financial controls is on the Board of Directors for which the Board is pleased to ensure that the company has sound system of internal controls in place which in turn is commendably implemented and sustained at all levels of the company.

Board Audit Committee

The board established with an Audit committee comprises three members including the chairman. Members of the committee are non-executive directors, including its chairman, who is also an independent director. The audit committee held four meetings during the period as per the requirement of applicable laws and Corporate Governance Regulations. The Chief Financial Officer, Internal Auditors as well as External Auditors were invited to the meetings. Head of internal audit acted as a secretary of the committee.

Due to election of the Board, two Board Audit Committees (BAC) operated during the year. Tenure of the first BAC ended June 30, 2019, members of which were Mr. Saad Amanullah Khan (Chairman), Mrs. Feriel Ali Mehdi and Mr. Muhammad Salman Husain Chawala. Tenure of the second BAC started from July 1, 2019. Members of this committee are Mr. Muhammad Salman Husain Chawala (Chairman), Mrs. Feriel Ali Mehdi and Mr. Kemal Shoaib.

Human Resource & Remuneration Committee

The company's HR&R committee is fully functioning with its chairman and majority of members being non-executive directors. All issues of remuneration are fully disclosed, deliberated, and decided at the meetings of HR&R committee.

Due to election of the Board, two HR&R Committees operated during the year. Tenure of the first committee ended on June 30, 2019, members of which were Mr. Kemal Shoaib (Chairman), Mrs. Feriel Ali Mehdi, Syed Hasnain Ali and Mr. Mubashir Hasan Ansari. Tenure of the second committee started from July 1, 2019. Members of this committee are Mr. Saad Amanullah Khan (Chairman), Mrs. Feriel Ali Mehdi, Syed Hasnain Ali and Mr. Mubashir Hasan Ansari (CEO).

Remuneration Policy for Non-Executive Directors

The Non-Executive Directors (including Independent directors) are paid Rs. 30,000 as fee for attending each meeting. In addition, travelling & boarding expense are also reimbursed on actual basis. Monthly emoluments are paid to Chairman along with company maintained car and other benefits incidental or relating to the office in accordance with approved policy. Meeting fee and emoluments paid during the year are disclosed in Note 31 to the Financial Statements.

Board has approved formal policy and transparent procedure for fixing the remuneration packages of individual directors for attending meetings of the board and its committees and performing of extra services, including the holding of the office of chairman and all payments to directors are made according to that approved policy.

Internal Audit

The Corporate Governance encompasses with the compelling need of an adequately resourced internal audit function. In term of this, the Company has outsourced its internal audit function to a renowned Chartered Accountants firm of namely Deloitte Yousuf Adil, Chartered Accountants, a member firm of Deloitte Touche Tohmatsu Limited. The outsourcing has provided the company an independent review on its internal controls that helps the company & further its aim to remain competent. Head of Internal Audit acts as coordinator between Deloitte and the Board Audit Committee as required by the Code of Corporate Governance.

External Auditors

KPMG Taseer Hadi & Co., Chartered Accountants have completed the annual audit for the year ended December 31, 2019, and have issued an unqualified audit report. The auditors will retire on the conclusion of the upcoming Annual General Meeting of the Company.

On the completion of five-years tenure of engagement partner of present audtitors, based on the suggestion of Board Audit Committee for the rotation of audit firm, the Board has recommended appointment of EY Ford Rhode, Chartered Accountants as external Auditors of the Company for the upcoming financial year, at a fee of Rs. 1.5 million for the year 2020. EY Ford Rhode, Chartered Accountants have confirmed that:

- No shares of ZIL Limited are held by the audit firm or any of its partners and their spouses and minor children.
- Audit firm achieved satisfactory rating under The Quality Control Review Program of The Institute of Chartered Accountants of Pakistan (ICAP) and is registered with the Audit Oversight Board of Pakistan.
- Audit firm and its partners are compliant with the guideline on the code of ethics of the International Federation of Accountants as adopted by ICAP.
- Audit firm has not provided other services except in accordance with PSX listing regulations.

Gratuity and Provident Fund

The Company is operating a Provident Fund and an approved Gratuity Scheme. The provident fund has been appropriately invested in the allowed securities and is audited annually by independent auditors. The value of investments of Provident Fund as at December 31, 2019 is 117.197 million

Composition of the Board

Statement regarding total number as well as composition of directors and names of members of board committees are annexed separately in the annual report.

Corporate Social Responsibility

Activities undertaken by the company with regard to corporate social responsibility are annexed separately in the annual report.

Acknowledgment

The Board would like to convey its gratitude to all the people involved with ZIL Limited. Over the years they have enabled the company to flourish and achieve its business goals. Our people and all other stakeholders have remained committed and agile for the betterment of the company as we have been able to overcome the challenges in this highly competitive market, which in turn is reflected in company's financial performance. We treasure their dedicated efforts and feel obliged.

For and on behalf of the Board

Mubashir Hasan Ansari
Director / CEO

For and on behalf of the Board

M. Salman Husain Chawala
Director

Karachi: March 5, 2020

Board Meetings

Five meetings of the Board of Directors of the Company were held on March 27, April 29, August 29, October 29 and December 16, 2019. Following was the attendance of the directors:

Director	No. of meetings attended	Leave of absence granted	
Mrs. Feriel Ali Mehdi	5	-	Retired on June 30 and re-elected from July 1, 2019
Mr. Mubashir Hasan Ansari	5	-	Retired on June 30 and re-elected from July 1, 2019
Syed Hasnain Ali	4	1	Retired on June 30 and re-elected from July 1, 2019
Mr. Saad Amanullah Khan	5	-	Retired on June 30 and re-elected from July 1, 2019
Mr. Kemal Shoaib	5	-	Retired on June 30 and re-elected from July 1, 2019
Mr. Mir Muhammad Ali	3	-	Elected on Board July 1, 2019
Mr. M. Salman H. Chawala (Nominee NIT)	5	-	Retired on June 30 and re-elected from July 1, 2019
Mr. Qaysar Alam	2	-	Retired from the board June 30, 2019

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

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors of the Company oversees the operations and affairs of the Company in an effiecient and effective manner. For the sake of smooth functioning, the Board has constituted two committees. Theses committees are entrusted with the task of ensuring speedy management decisions relatng to their respective domains.

AUDIT COMMITTEE COMPOSITION

The Board of Directors of the Company, in compliance with the Code of Corporate Governance, has established an Audit Committee which currently comprises of the following directors

Director	Designation
Mr. M. Salman H. Chawala (Representing NIT)	Chairman
Mrs. Feriel Ali Mehdi	Member
Mr. Kemal Shoaib	Member

Meetings of the Board Audit Committee January to December 2019

Four meetings of the Board Audit Committee of the Company were held on March 27, April 29, August 29, October 29, 2019 Following was the attendance of the members:

Director	No. of meetings attended	Leave of absence granted	
Mr. M. Salman H. Chawala (Representing NIT)	4	-	Retired and elected on Board w.e.f. July 2019
Mrs. Feriel Ali Mehdi	4	-	Retired and re-elected on Board w.e.f. July 2019
Mr. Kemal Shoaib	2	-	Retired and re-elected on Board w.e.f. July 2019
Mr. Saad Amanullah Khan	2	-	Retired and re-elected on Board w.e.f. July 2019

Mr. M. Salman H. Chawala appointed as Chairman and Mr. Kemal Shoaib as member of Audit Committee w.e.f July 2019.

HR AND REMUNERATION COMMITTEE COMPOSITION

HR and Remuneration committee of the Board currently comprises of the following directors.

Director	Designation	
Mr. Saad Amanullah Khan	Chairman	Retired on June 30 and re-elected from July 1, 2019
Mrs. Feriel Ali Mehdi	Member	Retired on June 30 and re-elected from July 1, 2019
Syed Hasnain Ali	Member	Retired on June 30 and re-elected from July 1, 2019
Mr. Mubashir Hasan Ansari	Member	Retired on June 30 and re-elected from July 1, 2019

The major role of the Committee is to review HR related matters of the Company and present its recommendations to the consideration and approval.

Meetings of the Board HR&R Committee January to December 2019

One meeting of the Board HR&R Committee of the Company were held on March 26, 2019 .
Following was the attendance of the directors:

Director	No. of meetings attended	Leave of absence granted	
Mr. Saad Amanullah Khan	-	-	Retired on June 30 and re-elected from July 1, 2019
Mrs. Feriel Ali Mehdi	1	-	Retired on June 30 and re-elected from July 1, 2019
Syed Hasnain Ali	1	-	Retired on June 30 and re-elected from July 1, 2019
Mr. Mubashir Hasan Ansari	1	-	Retired on June 30 and re-elected from July 1, 2019
Mr. Kemal Shoaib	1	-	Retired on June 30 and re-elected from July 1, 2019

Mr. Saad Amanullah Khan appointed as Chairman of HR&R Committee w.e.f July 2019.

ایچ۔آر۔اینڈ۔آر کمیٹی

بورڈ کی ایچ۔آر اور معاوضہ کمیٹی درج ذیل ڈائریکٹرز پر مشتمل ہے۔

ڈائریکٹر	عہدہ
جناب سعد امان اللہ	چیئرمین
محترمہ فیریل علی مہدی	ممبر
سید حسنین علی	ممبر
جناب مبشر حسن انصاری	ممبر

کمیٹی کا کام کمپنی کے ایچ آر سے متعلق امور کا جائزہ لینا ہے اور اس کی سفارشات پر غور اور منظوری کے لئے بورڈ کو پیش کرنا ہے۔

جنوری تا دسمبر 2019 ایچ۔آر کمیٹی کا اجلاس

کمپنی کی ایچ آر اینڈ آر کمیٹی کا اجلاس 26 مارچ 2019 کو منعقد ہوا۔ ڈائریکٹرز کی حاضری مندرجہ ذیل رہیں۔

ڈائریکٹر	اجلاس میں شرکت کی تعداد	رخصت منظور کی گئی	
جناب سعد امان اللہ	-	-	30 جون کو بورڈ سے سبکدوش اور 1 جولائی 2019 سے دوبارہ منتخب
محترمہ فیریل علی مہدی	1	-	30 جون کو بورڈ سے سبکدوش اور 1 جولائی 2019 سے دوبارہ منتخب
سید حسنین علی	1	-	30 جون کو بورڈ سے سبکدوش اور 1 جولائی 2019 سے دوبارہ منتخب
جناب مبشر حسن انصاری	1	-	30 جون کو بورڈ سے سبکدوش اور 1 جولائی 2019 سے دوبارہ منتخب
جناب کمال شعیب	1	-	30 جون کو بورڈ سے سبکدوش اور 1 جولائی 2019 سے دوبارہ منتخب

جناب سعد امان اللہ خان بورڈ ایچ آر کمیٹی کے چیئرمین مقرر کئے گئے جولائی 2019 سے۔

جنوری تا دسمبر 2019 بورڈ آف ڈائریکٹرز کے اجلاس اور حاضری

کمپنی کے بورڈ آف ڈائریکٹرز کے پانچ اجلاس 27 مارچ، 29 اپریل، 29 اگست، 29 اکتوبر، 16 دسمبر 2019 کو منعقد ہوئے۔ ڈائریکٹرز کی حاضریاں مندرجہ ذیل رہیں:

ڈائریکٹر	اجلاس میں شرکت کی تعداد	رخصت منظور کی گئی	
محترمہ فیریل علی مہدی	5	-	30 جون کو بورڈ سے سبکدوش اور 1 جولائی 2019 سے دوبارہ منتخب
جناب مبشر حسن انصاری	5	-	30 جون کو بورڈ سے سبکدوش اور 1 جولائی 2019 سے دوبارہ منتخب
سید حسنین علی	4	1	30 جون کو بورڈ سے سبکدوش اور 1 جولائی 2019 سے دوبارہ منتخب
جناب سعد امان اللہ خان	5	-	30 جون کو بورڈ سے سبکدوش اور 1 جولائی 2019 سے دوبارہ منتخب
جناب کمال شعیب	5	-	30 جون کو بورڈ سے سبکدوش اور 1 جولائی 2019 سے دوبارہ منتخب
جناب میر محمد علی	3	-	جولائی 2019 کو بورڈ میں منتخب ہوئے
جناب ایم سلمان ایچ چاوٗلہ (نمائندہ NIT)	5	-	30 جون کو بورڈ سے سبکدوش اور 1 جولائی 2019 سے دوبارہ منتخب
جناب قیصر عالم	2	-	30 جون 2019 کو بورڈ سے سبکدوش

وہ ڈائریکٹرز جو بورڈ کے اجلاس میں شرکت نہ کر سکے انکی رخصت منظور کی گئی۔

بورڈ کے ڈائریکٹرز کی کمیٹیاں

کمپنی کے بورڈ کے ڈائریکٹرز مؤثر انداز میں کمپنی کے کاموں اور امور کی نگرانی کرتے ہیں۔ بلا رکاوٹ کارکردگی کے لئے بورڈ نے دو کمیٹیاں تشکیل دی ہیں۔

ان کمیٹیوں کی ذمہ داری ہے کہ اپنے اپنے دائرہ کار میں تیزی کے ساتھ انتظامی فیصلوں کو یقینی بنائیں۔

آڈٹ کمیٹی

کمپنی کے بورڈ آف ڈائریکٹرز نے کوڈ آف کارپوریٹ گورننس کی تعمیل میں ایک آڈٹ کمیٹی قائم کی ہے جو درج ذیل ڈائریکٹرز پر مشتمل ہے۔

ڈائریکٹر	عہدہ
جناب ایم سلمان ایچ چاوٗلہ (نمائندہ NIT)	چیئرمین
محترمہ فیریل علی مہدی	ممبر
جناب کمال شعیب	ممبر

جنوری تا دسمبر 2019 بورڈ آڈٹ کمیٹی کے اجلاس

کمپنی کے بورڈ آڈٹ کمیٹی کے چار اجلاس 27 مارچ، 29 اپریل، 29 اگست، 29 اکتوبر 2019 کو منعقد ہوئے۔ ڈائریکٹرز کی حاضریاں مندرجہ ذیل رہیں:

جناب ایم سلمان ایچ چاوٗلہ (نمائندہ NIT)	4	-	30 جون کو بورڈ سے سبکدوش اور 1 جولائی 2019 سے دوبارہ منتخب
محترمہ فیریل علی مہدی	4	-	30 جون کو بورڈ سے سبکدوش اور 1 جولائی 2019 سے دوبارہ منتخب
جناب کمال شعیب	2	-	30 جون کو بورڈ سے سبکدوش اور 1 جولائی 2019 سے دوبارہ منتخب
جناب سعد امان اللہ	2	-	30 جون کو بورڈ سے سبکدوش اور 1 جولائی 2019 سے دوبارہ منتخب

جولائی 2019 سے جناب ایم سلمان ایچ چاوٗلہ (نمائندہ NIT) کو کمیٹی کا چیئرمین اور جناب کمال شعیب کو کمیٹی کا رکن مقرر کیا گیا ہے۔

گریچویٹی اور پراویڈنٹ فنڈ:

کمپنی پراویڈنٹ فنڈ اور گریچویٹی کی منظور شدہ اسکیم فراہم کررہی ہے۔ پراویڈنٹ فنڈ کی مناسب طور پر سرمایہ کاری جائز سیکیورٹیز میں کی گئی ہے اور اس کا سالانہ آڈٹ آزاد آڈیٹرز کرتے ہیں۔ 31 دسمبر 2019 کو پراویڈنٹ فنڈ میں سرمایہ کاری کی رقم 117.197 ملین روپے ہے۔

بورڈ آف ڈائریکٹرز کی ہیت ترکیبی:

بورڈ کی ہیتِ ترکیبی، اس کے ارکان کی تعداد اور بورڈ کمیٹیوں کے ارکان کے نام سالانہ رپوٹ میں علیحدہ ضمیمے کے طور پر دیئے گئے ہیں۔

کارپوریٹ سوشل ریسپانسبلیٹی:

کارپوریٹ سوشل ریسپانسبلیٹی کے تحت کی گئی سرگرمیوں کی تفصیل سالانہ رپورٹ کے علیحدہ ضمیمے میں شامل ہے۔

اعتراف:

بورڈ ZIL لمیٹڈ سے وابستہ ان تمام افراد کا شکرگزار ہے۔ جنہوں نے گزشتہ برسوں کے دوران کمپنی کی ترقی اور اس کے کاروباری اہداف کو حاصل کرنے میں مدد دی۔ ہمارے لوگ اور دیگر تمام شراکت دار کمپنی کی بہتری کے لیے پرعزم اور مستعد رہے ہیں جس کی وجہ سے ہم اس انتہائی مسابقتی مارکیٹ میں چیلنجوں پر قابو پانے میں کامیاب ہوئے۔ اس کا اظہار کمپنی کی مالی کارکردگی میں بھی نظر آتا ہے۔ ہم ان کی پرخلوص کاوشوں کی قدر کرتے ہیں اور ان کے شکرگزار ہیں۔

منجانب بورڈ آف ڈائیریکٹرز

(مبشر حسن انصاری)
ڈائیریکٹر / چیف ایگزیکٹو آفیسر

منجانب بورڈ آف ڈائیریکٹرز

(ایم سلمان حسین چاولا)
ڈائیریکٹر

کراچی: 5 مارچ 2020

نان ایگزیکٹیوڈائریکٹرز کے مشاہرے کی پالیسی:

نان ایگزیکٹیوڈائریکٹرز (بشمول آزاد ڈائریکٹرز) کو ہر میٹنگ میں شرکت پر 30,000 روپے ادا کیے جاتے ہیں۔ علاوہ ازیں سفر اور طعام و قیام کے اصل اخراجات کی ادائیگی بھی کی جاتی ہے۔ چیئرمین کو ماہانہ مشاہرے کے علاوہ کمپنی کی کاراوران کے عہدے کی مناسبت سے کمپنی کے منظور کردہ دیگر فوائد مہیا کیے جاتے ہیں۔ سال کے دوران ادا کی گئی میٹنگوں کی فیس اور دیگر مشاہرہ جات کی تفصیل مالیاتی گوشوارے کے نوٹ نمبر 31 میں ظاہر کی گئی ہے۔

بورڈ میٹنگوں اور کمیٹیوں کے اجلاسوں میں شرکت کرنے اور اضافی خدمات فراہم کرنے والے ڈائریکٹرز، بشمول چیئرمین کے عہدے پر کام کرنے والے کے لیے کمپنی نے باقاعدہ پالیسی اور شفاف طریقہء کار منظور کیا ہے اور تمام ادائیگیاں اس منظور شدہ پالیسی کے مطابق ہی کی جاتی ہیں۔

انٹرنل آڈٹ:

کارپوریٹ گورننس کے مطابق انٹرنل آڈٹ کا عمل مناسب وسائل کی دستیابی کے ساتھ انجام دیا جانا ضروری ہے۔ اس حوالے سے کمپنی نے انٹرنل آڈٹ کا کام معروف چارٹرڈ اکاؤنٹینٹس فرم ڈیلوآئٹ ٹوچے ہاماٹوسولمیٹڈ کی ممبر فرم ڈیلوآئٹ یوسف عادل چارٹرڈ اکاؤنٹینٹس کو دیا ہے۔ آڈٹ کی ذمے داری بیرونی وسیلے کو سونپنے سے کمپنی کو اپنے داخلی کنٹرول کا آزادانہ جائزے کا موقع ملا جو کمپنی کو اپنے اس مقصد کو حاصل کرنے میں مددگار ثابت ہوا کہ اپنی اہلیت قائم رکھی جائے۔ کارپوریٹ گورننس کے ضابطے کے مطابق انٹرنل آڈٹ کے سربراہ نے ڈیلوآئٹ اور بورڈ کے درمیان رابطہ کار کے فرائض انجام دیے۔

ایکسٹرنل آڈیٹرز:

کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے 31 دسمبر 2019 کو ختم ہونے والے سال کا سالانہ آڈٹ مکمل کرلیا ہے اور اپنی نان کوالیفائیڈ آڈٹ رپورٹ جاری کی ہے۔ موجودہ آڈیٹرز آئندہ سالانہ اجلاس کے اختتام پر ریٹائرڈ ہوجائیں گے۔

موجودہ آڈیٹرز کے پارٹنرز کی پانچ سالہ مدت پوری ہونے پر بورڈ آڈٹ کمیٹی کی تجویز پر موجودہ آڈٹ فرم تبدیل کی جارہی ہے اور بورڈ کی سفارش کے مطابق ای وائی فورڈ روڈ چارٹرڈ اکاؤنٹنٹ کا ایکسٹرنل آڈیٹر کے طور پر مالی سال 2020 کے لئے تقرر کیا گیا ہے۔ جس کا سالانہ معاوضہ 1.5 ملین روپے مختص کیا گیا ہے۔

ای وائی فورڈ روڈ چارٹرڈ اکاؤنٹنٹ نے اس بات کی تصدیق کی ہے کہ:

- آڈٹ فرم یا اس کے پارٹنرز اوران کے ازادواج یا نابالغ بچے (ZIL) کے حصص نہیں رکھتے۔
- آڈٹ فرم انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹینٹس آف پاکستان (ICAP) کی اطمینان بخش ریٹنگ کی حامل ہے اور آڈٹ اوورسائٹ بورڈ آف پاکستان سے رجسٹرڈ ہے۔
- آڈٹ فرم اور اس کے پارٹنرز ICAP کے توثیق کردہ انٹرنیشنل فیڈریشن آف اکاؤنٹینٹس کے رہنما اصولوں اور ضابطہء اخلاق کے پابند ہیں۔
- آڈٹ فرم، کمپنی کو ایسی کوئی خدمات فراہم نہیں کرتی جو پاکستان اسٹاک ایکسچینج کی لسٹنگ کے ضوابط کے خلاف ہو۔

کی ضمانت دیتے ہیں۔ انتظامیہ نے شیئر ہولڈرز اور بورڈ آف ڈائریکٹرز کو یقین دہانی کرائی ہے کہ کمپنی نہایت منظّم طور پر تشکیل دیے گئے، موثر اور کارگر داخلی کنٹرول سسٹم کے تحت کام کر رہی ہے۔ یہ داخلی مالیاتی کنٹرول کمپنی کی پالیسیوں اور کام کے معیاری طریقوں (SOPs) کے ساتھ ساتھ کمپنی کے مجموعی مقاصد کو مستحکم کرتے ہیں۔

داخلی مالیاتی کنٹرول کی موزونیت سے متعلق ڈائریکٹرز کی ذمے داری:

موزوں داخلی مالیتی کنٹرول کی تشکیل کی ذمے داری ڈائریکٹرز کی ہے جس کے لیے بورڈ مسرت کے ساتھ یقین دہانی کراتا ہے کہ کمپنی کا مستحکم مالیاتی کنٹرول موجود ہے اور قابلِ تعریف طور پر اس کا نفاذ کیا جاتا ہے اور یہ کمپنی کی ہر سطح پر پائیدار ثابت ہوا ہے۔

بورڈ آڈٹ کمیٹی:

بورڈ نے تین ارکان پر مشتمل آڈٹ کمپنی تشکیل دی جس میں چیئرمین سمیت تین ارکان شامل ہیں۔ کمیٹی کے ممبران نان ایگزیکٹو ڈائریکٹرز ہیں، جس میں اس کے چیئرمین بھی شامل ہیں، جو آزاد ڈائریکٹر بھی ہیں۔ قابلِ عمل قوانین اور کاروباری نظم و نسق کے ضابطوں کے مطابق اس مدت میں آڈٹ کمیٹی کے چار اجلاس ہوئے۔ چیف فنانشل آفیسر اور انٹرنل آڈیٹرز کے علاوہ بیرونی آڈیٹرز کو بھی اجلاسوں میں مدعو کیا گیا۔ انٹرنل آڈٹ کمیٹی کے سربراہ نے سکریٹری کے فرائض انجام دیئے۔

بورڈ کے انتخاب کی وجہ سے سال کے دوران بورڈ کی دو آڈٹ کمیٹیوں (بی اے سی) نے کام کیا۔ پہلی آڈٹ کمیٹی کی مدت 30 جون 2019 تھی، جس کے ممبران جناب سعد امان اللہ خان (چیئرمین)، محترمہ فیریل علی مہدی اور جناب محمد سلمان حسین چاولہ تھے۔ دوسری بورڈ آڈٹ کمیٹی کی مدت یکم جولائی 2019 سے شروع ہوئی ہے۔ اس کمیٹی کے ارکان میں جناب محمد سلمان حسین چاولہ (چیئرمین)، مسز فیریل علی مہدی اور مسٹر کمال شعیب ہیں۔

ہیومن ریسورس اور معاوضہ کمیٹی:

کمپنی کی ایچ آر اینڈ آر کمیٹی اپنے چیئرمین کے ساتھ پوری طرح سے کام کر رہی ہے اور اس کے ممبران کی اکثریت نان ایگزیکٹیو ڈائریکٹرز ہیں۔ معاوضے کے تمام امور کے اظہار، مشاورت اور فیصلے ایچ آر اینڈ آر کمیٹی کے اجلاس میں کئے جاتے ہیں۔

بورڈ کے انتخابات کی وجہ سے سال کے دوران دو ایچ آر اینڈ کمپنی نے کام کیا۔ پہلی کمیٹی کا دورانیہ 30 جون 2019 کو ختم ہوا جس کے ممبر تھے۔ مسٹر کمال شعیب (چیئرمین)، مسز فیریل علی مہدی، سید حسنین علی اور مسٹر مبشر حسن انصاری، دوسری کمیٹی شروع ہوئی 1 جولائی 2019 سے جس کے ممبر ہیں مسٹر سعد امان اللہ خان (چیئرمین)، مسز فیریل علی مہدی، سید حسنین علی اور مسٹر مبشر حسن انصاری (سی۔ای۔او) ہیں۔

f. کاروبار کے مستقبل کے حوالے سے کمپنی کی قابلیت پر کسی قسم کے شبہات نہیں ہیں۔

g. کارپوریٹ گورننس کی بہترین مشقوں میں کسی قسم کا انحراف نہیں کیا گیا ہے۔

h. مستثنیٰ ڈائریکٹران کے علاوہ تمام ڈائریکٹران نے مجوزہ تربیتی نشست میں شرکت کرلی ہے۔

i. مندرجہ ذیل کے حوالے سے گوشواروں کو رپورٹ میں علیحدہ سے دکھایا گیا یا منسلک کیا گیا ہے۔

i. پچھلے چھ سالوں کا اہم آپریشنل اور مالیاتی نتیجہ

ii. شیئر ہولڈنگ کی ساخت

iii. بورڈ آف ڈائریکٹرز، بورڈ آڈٹ کمیٹی اور ایچ، آر اینڈ آر کمیٹی میں ہر ڈائریکٹر کی شرکت

حصص کی تجارت:

کاروباری نظم و نسق کے ضابطے کا تقاضا ہے کہ کمپنی کے ڈائریکٹرز، ایگزیکٹیوز اور ان کے شریک حیات اور نابالغ بچوں نے حصص کا جو بھی کاروبار کیا ہے اسے ظاہر کیا جائے۔ سال کے دوران محترمہ فیریل علی مہدی (ڈائریکٹر اور چیئرمین) نے عدالت کے حکم کے مطابق اور جانشینی سرٹیفکیٹ (والدہ محترمہ سے وراثت میں ملنے والی کمپنی کے حصص کی منتقلی سے متعلق) کے تحت ZIL لمیٹڈ کے 731,181 حصص اپنے بھائی کے نام منتقل کیے۔ کمپنی کے کسی اور ایگزیکٹو، سی ای او، سی ایف او، کمپنی سکریٹری، ہیڈ آف انٹرنل آڈٹ اور کسی دوسرے ایگزیکٹوز اور ان کے شریک حیات اور نابالغ بچوں نے کمپنی کے حصص کا کاروبار نہیں کیا۔

پاکستان اسٹاک ایکسچینج کے لسٹنگ ریگولیشن کی شق 5.6.1 (d) کے مطابق بورڈ آف ڈائریکٹرز نے ایگزیکٹیو کی حد کی تعریف کی منظوری دی جس کے نتیجے میں ایگزیکٹیو کی تعریف پر پورا اترنے والے ان تمام افراد کے لیے، جو سی ای او کو براہ راست رپورٹ کرتے ہیں، ضروری ہے کہ اضافی ریگولیٹری ضرورت پوری کرنے کے لیے کمپنی کے حصص کی تمام خرید و فروخت ظاہر کریں۔

ڈائریکٹر کا انتخاب:

27 جون 2019 کو کمپنی کے غیر معمولی عام اجلاس میں کمپنی کے بورڈ آف ڈائریکٹرز کے انتخاب ہوئے کمپنیز ایکٹ 2017 کی دفعہ 159 کے مطابق جن افراد نے اپنے آپ کو ڈائریکٹرز کے انتخاب کے لیے پیش کیا، چونکہ ان کی تعداد ڈائریکٹرز کی مقرر تعداد (سات) سے زیادہ نہیں تھی۔ اسلئے ان تمام افراد کو یکم جولائی 2019 سے شروع ہونے والے تین سال کی مدد کے لیے متفقہ طور پر منتخب کرلیا گیا ہے۔ منتخب ڈائریکٹرز کے نام یہ ہیں: مسز فیریل علی مہدی، مسٹر کمال شعیب، مسٹر مبشر حسن انصاری (سی ای او) سید حسنین علی، جناب میر محمد علی (آزاد)، جناب سعد امان اللہ خان (آزاد) اور جناب محمد سلمان حسین چاولہ (آزاد) جو این آئی ٹی کی نمائندگی کررہے ہیں۔

خطرات کے اندیشوں کا ضابطہ (رسک فریم ورک) اور داخلی مالیاتی کنٹرول کی موزونیت:

زِل لمیٹڈ (ZIL Ltd.) خطرات کے اندیشوں سے دور رہنے والی کمپنی ہے، خطرات کو کم سے کم رکھنا کمپنی کے مزاج کا حصہ ہے، اس کا مطلب ہے ہم اپنے تجویزاتی اہداف حاصل کرنے کے لیے غیر ضروری طور پر بڑے بڑے خطرات مول نہیں لیتے۔ اس کے کنٹرولز اس طرح وضع کیے گئے ہیں کہ یہ ادارے کی مالیاتی کارکردگی، مالیاتی اعداد و شمار کے قانونی طور پر جائز اور قابلِ اعتماد ہونے، کمپنی آپریشنز کی استعداد اور مقامی اور بین الاقوامی معیارات اور ضابطوں کی پابندی

کاروباری اخلاقیات:

کمپنی اوراس کے تمام ملازمین، کمپنی کے کاروبار کو چلانے میں اعلیٰ اخلاقی معیار کی پاسداری کرتے ہیں۔استحکام، جدت، صارفین پر توجہ، اختیار دہی اور سیکھنے کا مسلسل عمل ہماری بنیادی اقدار ہیں، جن پر کاربند رہنے کی ہمیشہ حوصلہ افزائی کی جاتی ہے۔ یہ اقدار ZIL کے ضابطہء اخلاق کے بنیادی اصولوں پر مبنی ہیں۔ انتظامیہ کا ضابطہء اخلاق، معیارات اور اقدار کا مجموعہ ہے جو ہماری کاروباری روایات اور ثقافت کا لازمی جزو بھی ہے اوراس امر کا اظہار بھی ہے کہ ہم کون ہیں اور کس طرح کام کرتے ہیں۔ ہمارے کاروباری اصول، اپنے ملازمین کے بارے میں کمپنی کی ذمے داریوں اور کمپنی کی طرف ملازمین کی ذمہ داریوں کو اجاگر کرتے ہیں۔عمدہ کاروباری نظم ونسق اور اخلاقی رویئے ZIL کے کام کا بنیادی جزو ہیں۔

کمپنی کی اہم سرگرمیاں:

کمپنی کی اہم کاروباری سرگرمیوں میں گھریلو اور ذاتی استعمال کی مصنوعات کی تیاری اور فروخت شامل ہیں۔

کوڈ آف کارپوریٹ گورننس کے ضابطہ کی تعمیل:

ZIL لمیٹڈ کسی رعایت کے بغیر، عمدہ کاروباری نظم ونسق کے اعلیٰ معیار کو برقرار رکھنے کا عزم رکھتی ہے۔ڈائریکٹرز کو یہ بتاتے ہوئے خوشی محسوس ہوتی ہے کہ کمپنی ایس ای سی پی کے ضابطوں کے مطابق کاروباری نظم ونسق کے اصول وضوابط پر عمل پیرا رہی ہے۔ پاکستان اسٹاک ایکسچینج میں اندراج شدہ کمپنیوں کی فہرست کے (کوڈ آف کارپوریٹ گورننس) کے ضابطے 2019ء کے ساتھ تعمیل کا بیان اور ممبران کے لیے آزاد آڈیٹرز کی جائزہ رپورٹ، سالانہ رپورٹ میں شامل ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ کا فریم ورک:

ZIL کی انتظامیہ اچھی کارپوریٹ گورننس اور بہترین مشقوں کے ذریعے تعمیل کے حوالے سے پرعزم ہے۔مطلوبہ کارپوریٹ گورننس کے ضابطے کے تحت ڈائریکٹرز مندرجہ ذیل کو بیان کرتے ہوئے خوشی محسوس کرتے ہیں:

a. انتظامیہ کی جانب سے تیار کیے جانے والے مالیاتی گوشواروں میں اس کے معمولات، آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلیوں کو عمدہ اور درست طریقے سے پیش کیا گیا ہے۔

b. کمپنی کی جانب سے موزوں کھاتوں کا استعمال کیا گیا ہے۔

c. مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی پالیسیوں کا مستقل انداز میں نفاذ کیا گیا ہے اور اکاؤنٹنگ پالیسیوں میں کسی قسم کی بھی تبدیلی کو مالیاتی گوشواروں میں بتایا گیا ہے۔اکاؤنٹنگ کے تخمینوں کا دارومدار معقول اور محتاط فیصلوں پر مبنی ہے۔

d. مالیاتی گوشواروں کی تیاری میں بین الاقوامی اکاؤنٹنگ کے معیارات کا نفاذ کیا گیا ہے جو پاکستان میں بھی رائج ہیں اور کسی قسم کے انحراف کی مناسب انداز میں تفصیل بیان کی گئی ہے۔

e. اندرونی کنٹرول کے سسٹم کا ڈیزائن عمدہ ہے اور اس کا نفاذ اور نگرانی مؤثر ہے۔

مستقبل کا منظر نامہ:

2019 کی آخری سہ ماہی میں امریکی ڈالر کے مقابلے میں روپے کی قدر کم رہی، روپے کی قدر میں مزید کمی کے خطرے کو نظرانداز نہیں کیا جا سکتا۔ معیشت کو دستاویزی شکل دینے کے لیے حکومت نے کمپنیوں/تقسیم کاروں کو پابند کیا ہے کہ تاجروں کی شناخت کا ریکارڈ رکھا جائے۔ ابتداء میں تاجر برادری نے اس پابندی کا خیر مقدم نہیں کیا، تاہم دونوں طرف سے کچھ لچک کے نتیجے میں کاروباری سرگرمیاں جاری رہیں۔ مستقبل میں یہ معاملہ تاجروں اور حکومت کے درمیان تنازعے کا سبب بن سکتا ہے۔

اگلے مالی سال میں روپے کی قدر میں کمی، مہنگائی میں اضافے، اور تاجروں کی شناخت ظاہر کرنے کی سرکاری پابندی کی وجہ سے غیر یقینی صورتحال کا سامنا کرنا پڑے گا۔ کمپنی ایسے مواقع کی منتظر ہے جہاں سرمایہ کاری کی جا سکے تا کہ مہنگائی کے اس دور میں صافین کے حلقوں میں اپنی اہمیت برقرار رکھی جائے۔ کمپنی چیلنجوں کو مواقع میں بدلنے کی مستحکم روایت پر عمل پیرا ہے تا کہ تیزی سے تبدیل ہوتی معاشی صورت حال سے خود کو ہم آہنگ رکھا جا سکے۔ انتظامیہ پائیدار کاروباری منصوبوں کے ذریعے ترقی کے وژن پر توجہ مرکوز رکھتے ہوئے شراکت داروں کو بہتر قدر فراہم کرے گی۔

کمپنی باہمی تعاون، مضبوط ثقافت، صاف گوئی گفتگو، مسلسل بہتری، اہداف سے وابستگی پر عمل کرتی ہے جو کہ کمپنی کو مؤثر طریقے سے اس قابل بنا رہا ہے کہ وہ خود تیزی سے بدلتی معاشی تبدیلی چیلنجز کو مواقع میں تبدیل کر سکے۔ انتظامیہ پائیدار کاروباری منصوبوں کے ذریعہ ترقی کے اپنے وژن پر توجہ مرکوز رکھے ہوئے ہیں اور اسٹیک ہولڈرز کو بہتر اقدار فراہم کرے گی۔

ڈویڈنڈ:

کمپنی کے منافع کو مدنظر رکھتے ہوئے بورڈ آف ڈائریکٹرز 31 دسمبر 2019 کو ختم ہونے والے سال کے لئے 35% ڈویڈنڈ پیش کرنے میں خوشی محسوس کرتے ہیں۔ جو حتمی منظوری کے لئے ممبران کے سامنے سالانہ اجلاس عام میں پیش کیا جائے گا۔

مالیاتی کارکردگی کا خلاصہ:

دسمبر میں ختم ہونے والے سال کے لیے

	شرح نمو 2018	شرح نمو 2019	
مجموعی فروخت	3,255 ملین	2,569 ملین	27 فیصد
خالص فروخت	2,419 ملین	1,895 ملین	28 فیصد
مجموعی منافع (فیصد)	29.5 فیصد	28.3 فیصد	114 بی پی ایس
بعد از ٹیکس نفع اور نقصان	65.7 ملین	27.9 ملین	2.4 گنا
ای پی ایس (روپے)	10.74	4.56	2.4 گنا

کمپنی کے کاروبار کے ماحول پر اثرات:

نئے تقاضوں کے مطابق کاروبار میں جدت لانے اور کام کے طریقوں کو ترقی دینے کی مسلسل کوششوں سے کمپنی اس قابل ہوگئی ہے کہ ماحول کے تحفظ کو بہتر بنایا جا سکے۔ سپلائی چین کی سعی مسلسل اور لگن سے ماحول کے لئے نقصان دہ کام کے طریقوں کو ماحول دوست طریقوں سے بدل دیا ہے۔ جو ZIL کے اس کارپوریٹ عقائد کے مطابق ہے کہ اپنے دائرہ کار کے ذریعے ذمے دار کارپوریٹ شہری کا کردار ادا کیا جائے۔

ڈائریکٹرز رپورٹ

زل لمیٹڈ کمپنی کے ڈائریکٹرز مسرت کے ساتھ سالانہ رپورٹ مع کمپنی کا آڈٹ شدہ مالیاتی گوشوارہ برائے سال مختتمہ 31 دسمبر 2019ء پیش کرتے ہیں۔

اقتصادی منظرنامہ:

سال کے دوران زری (مانیٹری) پالیسی اور مالیاتی پالیسی میں تغیر کے سبب غیر یقینی صورتحال رہی ہے اور قوتِ خرید کم ہونے کی وجہ سے صارفین کی طلب متاثر ہوئی۔ اشیائے صرف کی قیمتوں کے اشاریے میں مہنگائی کے رجحان اور ایندھن و پیکنگ میٹریل کی قیمت بڑھنے سے کاروبار کی لاگت میں اضافہ ہوا۔ خام مال کی قیمتوں میں بھی اضافہ ہوا کیونکہ دسمبر 2018 کے بعد سے امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر 12 فیصد کم ہوئی، جبکہ سال کے دوران روپے کی قدر اوسطاً 23 فیصد کم ہوئی۔ ان معاشی چیلنجوں کے باوجود، کمپنی نے پائیدار ترقی کے لیے صارفین کے مزاج اور مارکیٹ کی حرکیات کو سمجھنے اور مارکیٹ میں بھرپور طور پرانی موجودگی کی وجہ سے مسابقتی میدان میں قابلِ ستائش ترقی کی ہے۔

کمپنی کی کاروباری کارکردگی:

کمپنی کی مجموعی فروخت میں 28 فیصد اضافہ ہوا جو غیر معمولی کارکردگی کا مظہر ہے۔ یہ کامیابی حجم اور قیمت فروخت میں اضافے سے ممکن ہوئی ہے۔ فروخت کی مجموعی مالیت 3.25 ارب روپے تھی جس کی بنا پر بعد از ٹیکس منافع پچھلے سال کے مقابلے میں دوگنا سے بھی زیادہ، یعنی 65.7 ملین روپے رہا، جو کمپنی کے منافع کی تاریخ میں نیا ریکارڈ ہے۔ 2019 اس اعتبار سے بھی تاریخی سال رہا کہ یہ کیپری کی 50 ویں سالگرہ کا سال بھی تھا جو ZIL کا مقبول اور ممتاز برانڈ اور شناخت ہے۔

ZIL کی اس غیر معقول کارکردگی کی بنیاد کمپنی کے سب سے نمایاں برانڈ کیپری کی فروخت میں زبردست اضافہ ہے۔ آگے بڑھنے میں کسی بھی بندش کو توڑنے کی حکمت عملی، کمپنی کی مرکب مصنوعات (پروڈکٹس مکس)، پرکشش پیکیجنگ، فروخت میں اضافے، دکانوں اور گھروں میں برانڈ کی موجودگی اور نمائش، اور صارف و کاروبار کرنے والوں کے درمیان فروخت میں اضافے کی مؤثر کوششوں سے گزشتہ سال کے مقابلے میں شرحِ منافع میں اضافہ ہوا۔ سال کے دوران کمپنی نے تجارت کے جدید ماحول میں ہینڈ واش کو دوبارہ لانچ کیا اور کاروبار کی تمام سطحوں اور ذرائع پر کیپری ویلویٹ آرکڈ صابن متعارف کرایا جس سے صارفین کی برادری میں کیپری کی مقبولیت اور ساکھ میں اضافہ ہوا۔

لاگت پر قابو پانے کے اقدامات، وافر مقدار اور قیمت میں اضافے کی وجہ سے مجموعی منافع میں بہتری آئی ہے۔ اس کے نتیجے میں مجموعی منافع کے تناسب میں 114 بی پی ایس کا اضافہ ہوا۔ اشتہار اور فروغ کی لاگت، کاروباری منصوبوں کے مطابق رہی۔ فروخت اور تقسیم کے دیگر اخراجات، فروخت کی خالص قدر (NSV) کے مقابلے میں 13.2 فیصد سے کم ہو کر 11.5 فیصد رہ گئے ہیں۔ انتظامی اخراجات میں اضافے کی بنیادی وجہ کیپری کی 50 ویں سالگرہ کی تقریبات ہیں۔

Vertical Analysis of Financial Statements

Statement of Financial Position (Balance Sheet)	Dec-19 Rs. In '000'	Dec-19 %	Dec-18 Rs. In '000'	Dec-18 %
Non-Current Assets	766,684	63.03	720,399	64.99
Current Assets	449,685	36.97	388,138	35.01
Total Assets	1,216,369	100.00	1,108,537	100
Equity	611,094	50.24	567,467	51.19
Non-Current Liabilities	195,034	16.03	104,075	9.39
Current Liabilities	410,241	33.73	436,995	39.42
Total Equity and Liabilities	1,216,369	100.00	1,108,537	100.00

Profit and Loss Account

	Dec-19 Rs. In '000'	Dec-19 %	Dec-18 Rs. In '000'	Dec-18 %
Net sales	2,419,329	100.00	1,894,705	100.00
Cost of sales	(1,706,308)	(70.53)	(1,357,923)	(71.67)
Gross Profit	713,021	29.47	536,782	28.33
Selling and distribution expenses	(381,517)	(15.77)	(344,873)	(18.20)
Administrative expenses	(163,327)	(6.75)	(117,950)	(6.23)
	168,177	6.95	73,959	3.90
Other operating income	3,583	0.15	15,003	0.79
Other operating expense	(20,231)	(0.84)	(11,680)	(0.62)
	151,529	6.26	77,282	4.08
Financial expenses	(25,918)	(1.07)	(18,125)	(0.96)
Profit before tax	125,611	5.19	59,157	3.12
Taxation	(59,869)	(2.47)	(31,224)	(1.65)
Profit for the year	65,742	2.72	27,933	1.47

	Dec-17		Dec-16		Dec-15		Dec-14	
	Rs. In '000'	%	Rs. In '000'	%	Rs. In '000'	%	Rs. In '000'	%
	499,847	57.41	520,601	62.23	432,572	54.99	418,098	50.69
	370,807	42.59	315,923	37.77	354,125	45.01	406,650	49.31
	870,654	100	836,524	100.00	786,697	100.00	824,748	100
	351,917	40.42	342,537	40.95	254,469	32.35	373,085	45.24
	103,013	11.83	91,702	10.96	91,078	11.58	83,119	10.08
	415,724	47.75	402,285	48.09	441,150	56.08	368,544	44.69
	870,654	100.00	836,524	100.00	786,697	100.00	824,748	100

	Dec-17		Dec-16		Dec-15		Dec-14	
	Rs. In '000'	%	Rs. In '000'	%	Rs. In '000'	%	Rs. In '000'	%
	1,599,376	100.00	1,463,042	100.00	1,342,843	100.00	1,298,182	100.00
	(1,148,227)	(71.79)	(1,055,056)	(72.11)	(1,095,917)	(81.61)	(1,016,412)	(78.30)
	451,149	28.21	407,986	27.89	246,926	18.39	281,770	21.70
	(300,353)	(18.78)	(284,889)	(19.47)	(277,597)	(20.67)	(309,289)	(23.82)
	(104,712)	(6.55)	(102,947)	(7.04)	(91,734)	(6.83)	(109,088)	(8.40)
	46,084	2.88	20,150	1.38	(122,405)	(9.12)	(136,607)	(10.52)
	20,382	1.27	6,457	0.44	4,860	0.36	4,878	0.38
	(7,146)	(0.45)	(558)	(0.04)	(2,123)	(0.16)	-	0.00
	59,320	3.71	26,049	1.78	(119,668)	(8.91)	(131,729)	(10.15)
	(18,092)	(1.13)	(20,006)	(1.37)	(22,913)	(1.71)	(27,115)	(2.09)
	41,228	2.58	6,043	0.41	(142,581)	(10.62)	(158,844)	(12.24)
	(24,352)	(1.52)	(2,107)	(0.14)	22,019	1.64	55,375	4.27
	16,876	1.06	3,936	0.27	(120,562)	(8.98)	(103,469)	(7.97)

Horizontal Analysis of Financial statements

Statement of Financial Position (Balance Sheet)

	Dec-19 Rs. In '000'	Dec-18 Rs. In '000'	Dec-17 Rs. In '000'	Dec-16 Rs. In '000'
Non-Current Assets	766,684	720,399	499,847	520,601
Current Assets	449,685	388,138	370,807	315,923
Total Assets	1,216,369	1,108,537	870,654	836,524
Equity	611,094	567,467	351,917	342,537
Non-Current Liabilities	195,034	104,075	103,013	91,702
Current Liabilities	410,241	436,995	415,724	402,285
Total Equity and Liabilities	1,216,369	1,108,537	870,654	836,524

Profit and Loss Account

	Dec-19	Dec-18	Dec-17	Dec-16
Net sales	2,419,329	1,894,705	1,599,376	1,463,042
Cost of sales	(1,706,308)	(1,357,923)	(1,148,227)	(1,055,056)
Gross Profit	713,021	536,782	451,149	407,986
Selling and distribution expenses	(381,517)	(344,873)	(300,353)	(284,889)
Administrative expenses	(163,327)	(117,950)	(104,712)	(102,947)
	168,177	73,959	46,084	20,150
Other operating income	3,583	15,003	20,382	6,457
Other operating expense	(20,231)	(11,680)	(7,146)	(558)
	151,529	77,282	59,320	26,049
Financial expenses	(25,918)	(18,125)	(18,092)	(20,006)
Profit before tax	125,611	59,157	41,228	6,043
Taxation	(59,869)	(31,224)	(24,352)	(2,107)
Profit for the year	65,742	27,933	16,876	3,936

SUMMARY OF CASH FLOWS

	Dec-19 Rs. In '000'	Dec-18 Rs. In '000'	Dec-17 Rs. In '000'	Dec-16 Rs. In '000'
Net cash flows from operating activities	283,084	80,302	59,006	99,678
Net cash flows from investing activities	(47,783)	(40,719)	(41,456)	(39,998)
Net cash flows from financing activities	(215,260)	(28,531)	(23,004)	(20,053)
Net change in cash and cash equivalents	20,041	11,052	(5,454)	39,627

Dec-15 Rs. In '000'	Dec-14 Rs. In '000'	% increase/ (decrease) over preceeding year Dec-19	Dec-18	Dec-17	Dec-16	Dec-15	Dec-14
432,572	418,098	6.42	44.12	(3.99)	20.35	3.46	(0.83)
354,125	406,650	15.86	4.67	17.37	(10.79)	(12.92)	(27.28)
786,697	824,748	9.73	27.32	4.08	6.33	(4.61)	(15.91)
254,469	373,085	7.69	61.25	2.74	34.61	(31.79)	(23.45)
91,078	83,119	87.40	1.03	12.33	0.69	9.58	(27.84)
441,150	368,544	(6.12)	5.12	3.34	(8.81)	19.70	(2.58)
786,697	824,748	9.73	27.32	4.08	6.33	(4.61)	(15.91)

Dec-15	Dec-14	Dec-19	Dec-18	Dec-17	Dec-16	Dec-15	Dec-14
1,342,843	1,298,182	27.69	18.47	9.32	8.95	3.44	(19.92)
(1,095,917)	(1,016,412)	25.66	18.26	8.83	(3.73)	7.82	(12.18)
246,926	281,770	32.83	18.98	10.58	65.23	(12.37)	(39.23)
(277,597)	(309,289)	10.63	14.82	5.43	2.63	(10.25)	12.75
(91,734)	(109,088)	38.47	12.64	1.71	12.22	(15.91)	(9.68)
(122,405)	(136,607)	127.39	60.49	128.70	116.46	10.40	(299.13)
4,860	4,878	(76.12)	(26.39)	215.66	32.86	(0.37)	55.15
(2,123)	-	73.21	63.45	1,180.65	(73.72)	-	(100.00)
(119,668)	(131,729)	96.07	30.28	127.72	121.77	9.16	(293.99)
(22,913)	(27,115)	43.00	0.18	(9.57)	(12.69)	(15.50)	44.21
(142,581)	(158,844)	112.33	43.49	582.24	(104.24)	(10.24)	(423.50)
22,019	55,375	91.74	28.22	1,055.77	(109.57)	(60.24)	(440.62)
(120,562)	(103,469)	135.36	65.52	328.76	103.26	16.52	(415.02)

Dec-15 Rs. In '000'	Dec-14 Rs. In '000'	% increase/ (decrease) over preceeding year Dec-19	Dec-18	Dec-17	Dec-16	Dec-15	Dec-14
(59,731)	4,396	252.52	36.09	(40.80)	266.88	(1,458.76)	107.36
(8,072)	(22,616)	17.35	(1.78)	(3.65)	(395.52)	64.31	13.25
50,000	(5,949)	654.48	24.03	(14.72)	(140.11)	940.48	(105.09)
(17,803)	(24,169)	(81.33)	302.64	(113.76)	322.59	26.34	(177.69)

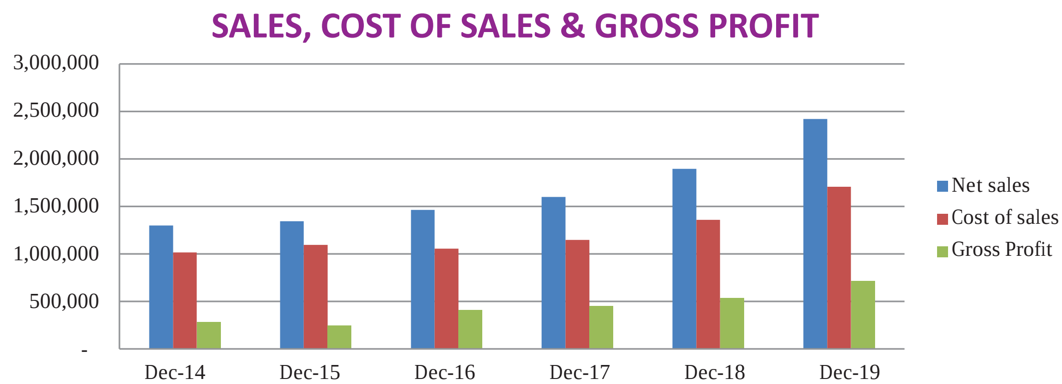
RATIO OF LAST SIX YEARS

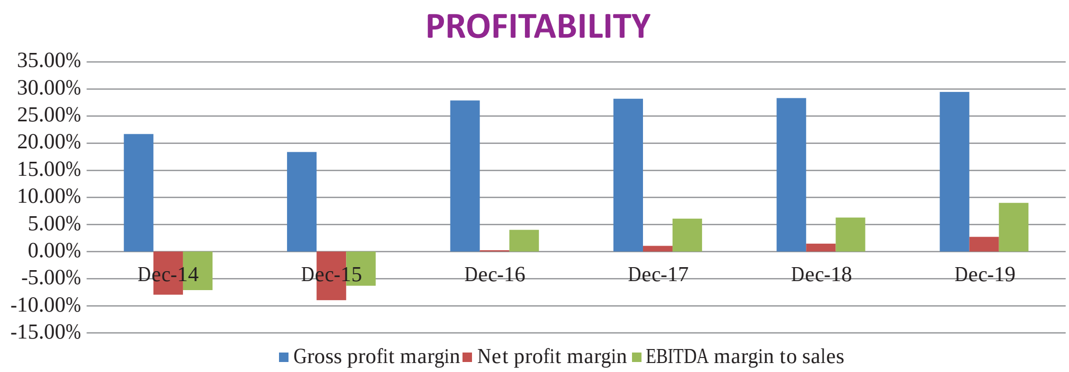
Financial Ratios

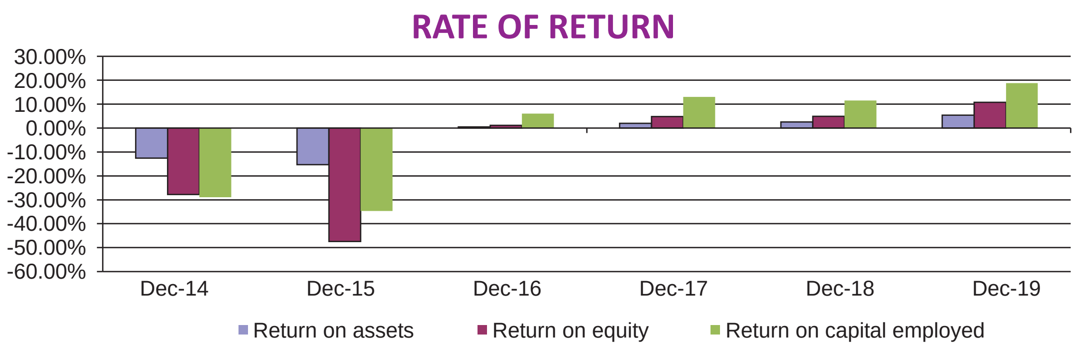
	Unit	Dec-19	Dec-18
Rate of return			
Return on assets	%	5.40	2.52
Return on equity	%	10.76	4.92
Return on capital employed	%	18.80	11.51
Interest cover	Times	6.49	4.08
Profitability			
Gross profit margin	%	29.47	28.33
Net profit to sales	%	2.72	1.47
EBITDA	Rs.	218,055	119,323
EBITDA Margin to sales	%	9.01	6.30
Liquidity			
Current ratio		1.10	0.89
Quick ratio		0.64	0.46
Financial gearing			
Debt-Equity ratio	Times	0.99	0.95
Debt to Assets	%	49.76%	48.81%
Capital Efficiency			
Debtor turnover/ No. of days in receivables	Days	9	9
Inventory turnover/ No. of days in inventory	Days	50	50
Creditor turnover/ No. of days in payables	Days	16	16
Operating cycle	Days	43	43
Fixed assets turnover ratio	Times	3.39	2.65
Total asset turnover ratio	Times	1.99	1.71
Investment measures per ordinary share			
Earnings	Rs.	4.56	4.56
Price earning ratio	Times	16.44	16.44
Cash dividend	Rs.	1.50	1.50
Dividend yield	%	2.00	2.00
Dividend payout	%	32.89	32.89
Dividend cover	Times	0.00	3.04
Breakup value including surplus on revaluation	Rs.	92.68	92.68
Breakup value excluding surplus on revaluation	Rs.	30.14	30.14
Market value - year end	Rs.	75	75
Market value - high	Rs.	144	144
Market value - low	Rs.	64	64
Market value - average	Rs.	100	100

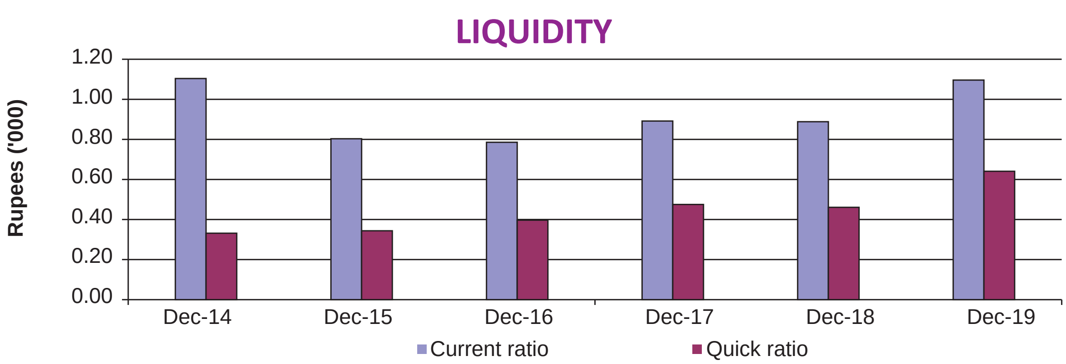
Dec-17	Dec-16	Dec-15	Dec-14
1.94	0.47	(15.33)	(12.55)
4.80	1.15	(47.38)	(27.73)
13.04	6.00	(34.63)	(28.88)
2.55	1.01	(5.34)	(5.04)
28.21	27.89	18.39	21.70
1.06	0.27	(8.98)	(7.97)
97,505	58,875	(84,474)	(92,430)
6.10	4.02	(6.29)	(7.12)
0.89	0.79	0.80	1.10
0.47	0.40	0.34	0.33
1.47	1.44	2.09	1.21
59.58%	59.05%	67.65%	54.76%
8	6	12	8
55	63	70	102
16	21	23	26
47	48	59	84
3.30	3.03	3.65	3.30
1.84	1.75	1.71	1.57
2.76	0.64	(19.69)	(16.90)
32.61	143.73	(3.96)	(5.88)
1.25	0.50	0.00	0.00
1.39	0.54	0.00	0.00
45.29	78.13	0.00	0.00
2.21	1.29	-	-
57.48	55.95	41.56	60.94
25.96	22.73	21.65	41.03
90	91.99	78.00	99.39
199	134.02	101.43	165.02
74	77.00	43.51	85.00
121	86.40	68.87	113.09

Graphical Presentation

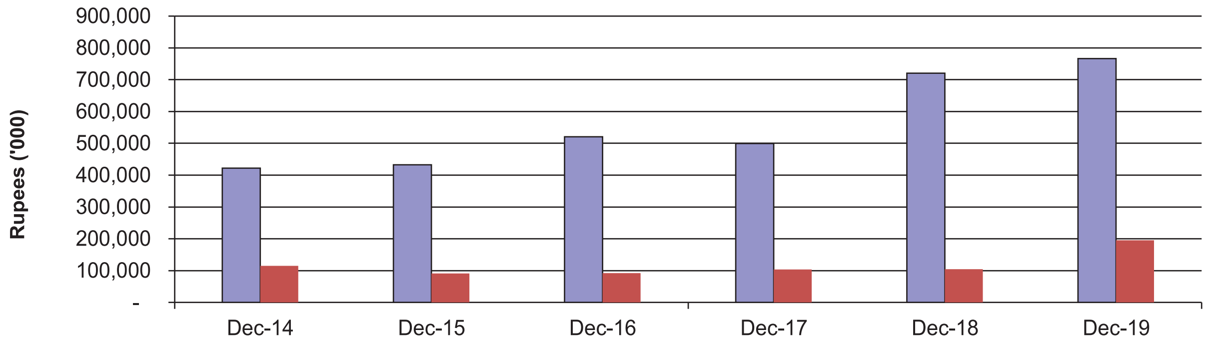




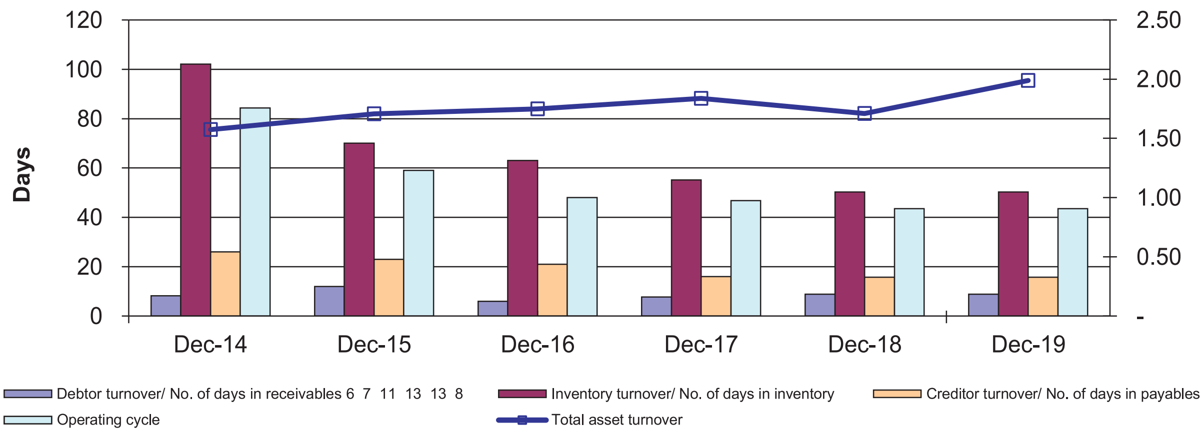




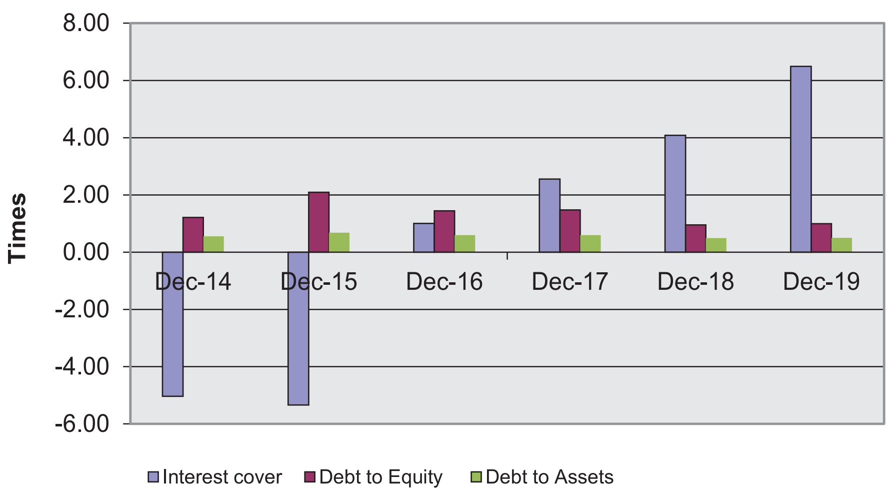
NON-CURRENT ASSETS & LIABILITIES



ASSETS MANAGEMENT RATIOS



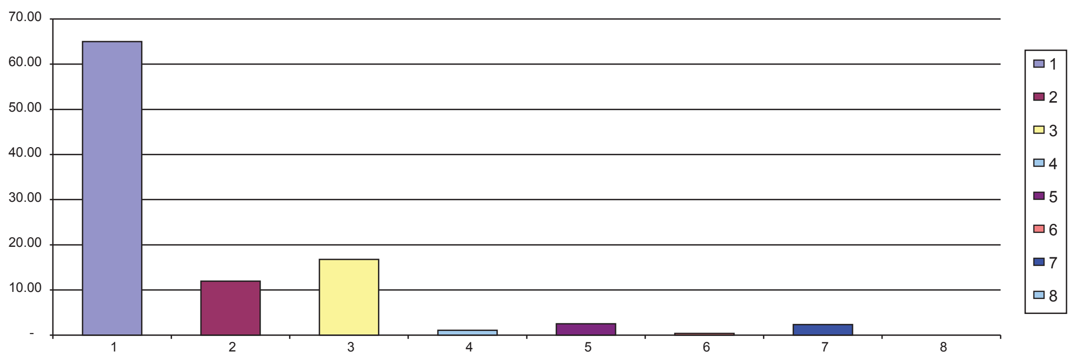
DEBT MANAGEMENT RATIOS



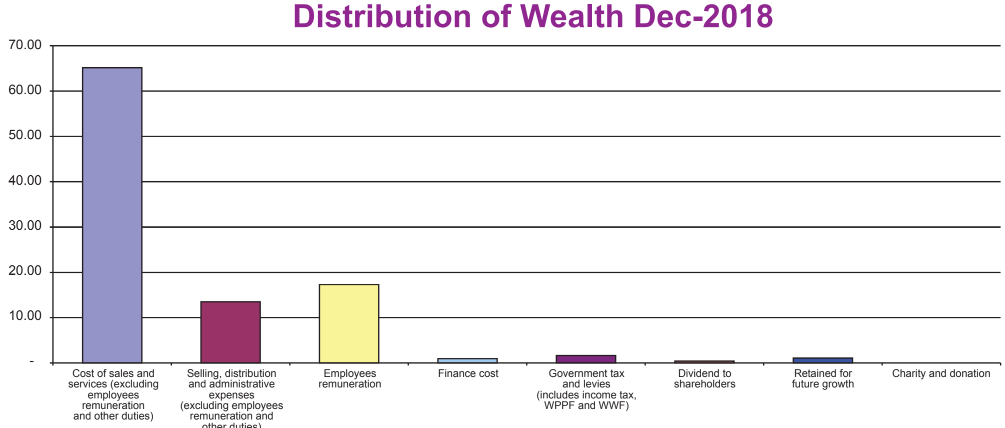
Statement of Value Addition

	Dec-19 Rs. In '000	Dec-19 %	Dec-18 Rs. In '000	Dec-18 %
Wealth Generated				
Net sales	2,419,329	99.85	1,894,705	99.21
Other operating income	3,583	0.15	15,003	0.79
	2,422,912	100	1,909,708	100
Distribution of Wealth				
Cost of sales and services (excluding employees remuneration and other duties)	1,569,723	64.97	1,244,626	65.17
Selling, distribution and administrative expenses (excluding employees remuneration and other duties)	288,751	11.95	257,520	13.48
Employees remuneration	405,090	16.77	330,187	17.29
Finance cost	25,918	1.07	18,125	0.95
Government tax and levies (includes income tax,WPPF and WWF)	60,802	2.52	31,317	1.64
Dividend to shareholders	9,184	0.38	7,654	0.40
Retained for future growth	56,558	2.34	20,279	1.06
Charity and donation	-	-	-	-
	2,416,026	100.00	1,909,708	100.00

Distribution of Wealth Dec-2019



Distribution of Wealth Dec-2018



Pattern of Shareholding

Central Depository Company and Physical as at December 31, 2019

Number of Shareholders	Having Shares From	To	Shares Held	Percentage
875	1	100	14,686	0.2399
220	101	500	61,321	1.0016
59	501	1000	48,675	0.7950
71	1001	5000	179,100	2.9252
17	5001	10000	115,921	1.8933
4	10001	15000	53,877	0.8800
3	15001	20000	52,643	0.8598
2	20001	25000	48,700	0.7954
2	30001	35000	68,363	1.1166
2	35001	40000	73,337	1.1978
1	40001	45000	42,500	0.6941
1	50001	55000	53,500	0.8738
1	155001	160000	156,200	2.5512
2	190001	195000	384,556	6.2809
1	195001	200000	199,169	3.2530
1	275001	280000	276,000	4.5079
1	355001	360000	356,987	5.8306
1	590001	595000	591,236	9.6566
1	730001	735000	731,181	11.9423
1	735001	740000	736,325	12.0263
1	905001	910000	907,033	14.8145
1	970001	975000	971,290	15.8640
1268			**6,122,600**	**100.0000**

Pattern of Shareholding

Categories of Shareholders as at December 31, 2019

S.No.	Categories of Shareholders	Number of Shares held	Percentage
1.	DIRECTORS, CEO, THEIR SPOUSE AND MINOR CHILDREN	1,672,550	27.3176
2.	BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS	220	0.0036
3.	INSURANCE COMPANY	34,863	0.5694
4.	MUTUAL FUND	356,987	5.8306
5.	GENERAL PUBLIC		
	a. Local	3,698,356	60.4050
	b. Foreign	63,281	1.0336
6.	OTHERS	296,343	4.8401
		6,122,600	**100.0000**

Key Shareholding

As at December 31, 2019

Sr. No	Categories of Shareholders	No. of Shareholders	Shares Held	Percentage
I	**Directors, CEO, their spouse & minor children**			
	1. Mrs. Feriel Ali Mehdi - Director / Chairman	3	1,644,988	26.8675
	2. Mr. Mubashir Hasan Ansari - Director / Chief Executive Officer	1	500	0.0082
	3. Syed Hasnain Ali - Director	1	562	0.0092
	4. Mr. Mir Muhammad Ali - Director	1	25,000	0.4083
	5. Mr. Saad Amanullah Khan - Director	2	1,000	0.0163
	6. Mr. Kemal Shoaib - Director	1	500	0.0082
	7. Mr. Salman H. Chawala - Director (Representing NIT)		NIL	NIL
II	**Executives**		NIL	NIL
III	**Associated Companies, Undertakings and Related Parties**		NIL	NIL
IV	**Mutual Funds**			
	CDC - Trustee National Investment (Unit)Trust	1	356,987	5.8306
V	**Banks, Development Financial Institutions, Non- Banking Financial Institutions**	1	220	0.0036
VI	**Insurance Companies**	1	34,863	0.5694
VII	**General Public**			
	Local	1217	3,698,356	60.4050
	Foreign	22	63,281	1.0336
VIII	**Others**			
	Joint Stock Companies	17	296,343	4.8401
	Foreign Companies	-	-	-
	TOTAL	**1268**	**6,122,600**	**100.0000**

SHAREHOLDERS HOLDING 5% OR MORE VOTING RIGHTS IN THE COMPANY

	Shares Held	Percentage
1. Mrs. Feriel Ali- Mehdi	1,644,988	26.8675
2. Syed Yawar Ali	994,411	16.2416
3. Syed Muhammad Zeyd Ali	1,322,417	21.5989
4. CDC - Trustee National Investment (Unit)Trust	356,987	5.8306

Statement of Compliance

with Listed Companies (Code of Corporate Governance) Regulations, 2019
For the year ended December 31, 2019

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

1. The total number of directors are seven as per the following:

   a. Male 6
   b. Female 1

2. The composition of the Board is as follows:

   i. Independent directors
   Mr. Saad Amanullah Khan
   Mr. Muhammad Salman Husain Chawala
   Mr. Mir Muhammad Ali

   ii. Non-executive directors
   Mr. Kemal Shoaib
   Mr. Syed Hasnain Ali

   iii. Executive director
   Mr. Mubashir Hasan Ansari

   iv. Female director (non-executive)
   Mrs. Feriel Ali Mehdi

3. The directors have confirmed that none of them is serving as a director on more than seven Listed companies, including this company;

4. 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;

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updation is maintained by the company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;

7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. Six directors of the company are certified under Directors Training Programme as prescribed by the Regulations while remaining one director (Mr. Kemal Shoaib) is exempted from the requirement of this program;

10. The Board has approved appointment, remuneration, terms and condition of employment of new Company Secretary. There was no new appointment of Chief Financial Officer and Head of Internal Audit during the year. The changes in remuneration including terms and conditions of employment of the Chief Financial Officer and Head of Internal Audit were approved by the board and complied with relevant requirements of the Regulations;

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below:

    a) Audit Committee (Name of members and Chairman)

Mr. M. Salman Husain Chawala	Chairman
Mrs. Feriel Ali Mehdi	Member
Mr. Kemal Shoaib	Member

    b) HR and Remuneration Committee (Name of members and Chairman)

Mr. Saad Amanullah Khan	Chairman
Mrs. Feriel Ali Mehdi	Member
Mr. Syed Hasnain Ali	Member
Mr. Mubashir Hasan Ansari	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

    a) Audit Committee: Quarterly;
    b) HR and Remuneration Committee: On required basis (once in the year);

15. The board has outsourced the internal audit function to M/s. Deloitte Yousuf Adil & Co., Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

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

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

MR. MUBASHIR HASAN ANSARI
Director / CEO

MRS. FERIEL ALI MEHDI
Chairman

Dated: March 05, 2020

Independent Auditor’s Review Report

To the members of ZIL Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of ZIL Limited (‘the Company’) for the year ended 31 December 2019 in accordance with the requirements of the regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 31 December 2019.

Dated: May 9, 2020

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

Financial Statements

INDEPENDENT AUDITORS' REPORT

To the members of ZIL Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of ZIL Limited (the Company), which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

S.No.	Key audit matters	How the matter was addressed in our audit
1.	**Revenue Recognition**	
	Refer note 23 to the financial statements and the accounting policy in note 3.10 to the financial statements regarding the sale of goods. The Company generates revenue from sale of goods to domestic customers. We identified recognition of revenue (against the sale of goods) as a key audit matter because	Our audit procedures to assess the timing of revenue recognized from the sale of products included the following: • obtained an understanding of the processes relating to the recognition of revenue and accessing the design, implementation and operating effectiveness of key internal controls over the recording of revenue;

S.No.	Key audit matters	How the matter was addressed in our audit
	revenue is one of the key performance indicators of the company which gives rise to an inherent risk of the existence and the accuracy of the revenue.	• comparing a sample of revenue transactions recognized during the year with the sales invoices, delivery orders and other relevant underlying documentations including also to assess if the related revenue was recorded in the appropriate accounting period.
2.	**Valuation of Stock-in-Trade**	
	Refer to note 11 to the financial statements and the accounting policy in note 3.7 to the financial statements. As at 31 December 2019, the Company's stock in-trade amounted to Rs. 179.267 million. We identified the valuation of stock-in-trade as a key audit matter because determining an appropriate write-down as a result of net realizable value (NRV) being lower than their cost involved significant management judgement and estimation.	Our audit procedures to assess the valuation of stock-in-trade included the following: • obtaining an understanding of the management's basis for the determination of NRV and the key estimates adopted, including future selling prices and costs necessary to make the sales and the basis of the calculation and justification for the amount of the write downs and provisions; • assessing the NRV of stock-in-trade by comparing, on a sample basis, management's estimation of future selling prices for the products with the selling prices achieved subsequent to the end of the reporting period; and • comparing NRV to the cost of a sample of stock-in-trade and comparison to the associated provision to assess whether stock-in-trade provisions are complete.
3.	**Application of new accounting policies – IFRS 16**	
	Refer notes 3.1.3 and 4.3 relating to the application of IFRS 16 - leases arrangements effective from 1 January 2019. The application of IFRS-16 required judgments as to recognition, measurement adjustments, including considering of renewal options and discount rates.	Our procedures included: • Evaluated the appropriateness of the selection of accounting policies based on the requirements of IFRS 16 and our understanding of the business. • Evaluated management's process for identifying lease contracts to be assessed based on the selected transition approach and practical expedients applied. • Evaluated Management's process and tested the controls relating to completeness and accuracy of the transition adjustment. • Evaluated the reasonableness of management's key judgments and estimates made in respect of leases to be recorded under IFRS 16. • Considered the adequacy of disclosures of leases meeting IFRS 16 requirements.

Information Other than the Financial Statements and Auditor’s Report Thereon

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

Board of directors are responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Amyn Pirani.

Date: May 9, 2020

KPMG Taseer Hadi & Co.
Chartered Accountants
Karachi

ZIL Limited

Statement of Financial Position

As at 31 December 2019

	Note	2019	2018
		(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	764,360	713,945
Intangible assets	6	101	228
Long term deposits	7	1,593	1,593
Long term loans to employees	8	630	784
Total non-current assets		766,684	716,550
CURRENT ASSETS			
Stores and spares	10	6,725	12,683
Stock-in-trade	11	179,267	186,932
Trade debts	12	45,560	46,188
Advances, prepayments and other receivables	13	154,493	102,585
Cash and bank balances	14	63,640	43,599
Total current assets		449,685	391,987
TOTAL ASSETS		1,216,369	1,108,537
EQUITY			
Authorised capital			
40,000,000 (2018: 40,000,000) ordinary shares of Rs. 10 each	15	400,000	400,000
Issued, subscribed and paid up capital	15	61,226	61,226
Capital reserves			
Surplus on revaluation of assets (land, building and plant and machinery) - net of tax	16	363,711	382,962
Revenue reserves			
General reserve		6,000	6,000
Un-appropriated profit		180,157	117,279
		611,094	567,467
NON-CURRENT LIABILITIES			
Deferred tax liability - net	9	27,724	980
Deferred staff liabilities	17	107,155	98,580
Liabilities against leased assets	18	60,155	4,515
CURRENT LIABILITIES			
Current maturity of liabilities against leased assets	18.3	11,182	941
Trade and other payables	19	260,163	188,335
Contract liabilities	19.2	84,148	43,147
Short term borrowings	20	-	190,000
Taxation	21	53,570	13,538
Unclaimed dividend		1,178	1,034
Total current liabilities		410,241	436,995
Contingencies and Commitments	22		
TOTAL EQUITY AND LIABILITIES		1,216,369	1,108,537

The annexed notes from 1 to 38 form an integral part of these financial statements.

Chief Financial Officer	Chief Executive Officer	Director

ZIL Limited

Statement of Profit and Loss Account

For the year ended 31 December 2019

	Note	2019	2018
		(Rupees in '000)	
Sales - net	23	2,419,329	1,894,705
Cost of sales	24	(1,706,308)	(1,357,923)
Gross profit		713,021	536,782
Selling and distribution expenses	25	(381,517)	(344,873)
Administrative expenses	26	(163,327)	(117,950)
		(544,844)	(462,823)
		168,177	73,959
Other income	27	3,583	15,003
Other charges	28	(20,231)	(11,680)
		151,529	77,282
Finance cost	29	(25,918)	(18,125)
Profit before taxation		125,611	59,157
Taxation	21	(59,869)	(31,224)
Profit for the year		65,742	27,933
		(Rupees)	
Earnings per share - basic and diluted	30	10.74	4.56

The annexed notes from 1 to 38 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

Director

ZIL Limited

Statement of Comprehensive Income

For the year ended 31 December 2019

	Note	2019	2018
		(Rupees in '000)	
Profit after taxation		**65,742**	27,933
Other comprehensive income			
Items that will not be reclassified to profit and loss account:			
Actuarial losses on remeasurement of defined benefit obligations	*17.8*	**(4,874)**	(4,321)
Less: Tax effect	*9*	**1,413**	1,253
		(3,461)	(3,068)
Surplus on revaluation carried out during the year	*16*	**-**	217,951
Less: Tax effect	*16*	**-**	(26,433)
		-	191,518
Total comprehensive income for the year		**62,281**	216,383

The annexed notes from 1 to 38 form an integral part of these financial statements.

Chief Financial Officer	Chief Executive Officer	Director

Statement of Cash Flow

For the year ended 31 December 2019

	2019	2018
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	125,611	59,157
Adjustments for:		
Depreciation and amortization	65,803	42,041
Provision against doubtful trade debts	858	-
Provision against staff gratuity	14,962	12,566
Provision against other staff retirement benefits	3,647	2,740
Provision against slow moving and obsolete stock	14,265	40
Provision for slow moving stores and spares	(906)	-
Finance costs	25,918	18,125
Impairment against operating fixed assets	6,886	-
Return on bank deposits	(92)	(43)
Gain on disposal of operating fixed assets	(330)	(6,843)
	131,011	68,626
	256,622	127,783
(Increase) / decrease in assets:		
Long term loans to employees	(72)	(364)
Long term deposit	-	(136)
Stores and spares	6,864	3,115
Stock-in-trade	(6,600)	(13,501)
Trade debts	(230)	(12,645)
Advances, prepayments and other receivables	(4,085)	10,887
	(4,123)	(12,644)
Increase in current liabilities:		
Trade and other payables	115,253	40,709
	367,752	155,848
Income tax paid	(51,056)	(33,051)
Staff gratuity paid	(8,451)	(13,215)
Staff retirement benefits paid	(6,457)	(10,845)
Return received on bank deposits	92	43
Finance costs paid (including bank charges)	(18,796)	(18,478)
	(84,668)	(75,546)
Net cash flows from operating activities	283,084	80,302
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(56,402)	(59,026)
Proceeds from disposal of operating fixed assets	8,619	18,307
Net cash flows from investing activities	(47,783)	(40,719)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(9,040)	(7,534)
Lease rentals paid	(16,220)	(997)
Short term borrowings payments	(190,000)	(20,000)
Net cash flows from financing activities	(215,260)	(28,531)
Net increase in cash and cash equivalents during the year	20,041	11,052
Cash and cash equivalents at beginning of the year	43,599	32,547
Cash and cash equivalents at end of the year	63,640	43,599
Cash and cash equivalents comprises of the following:		
Cash and bank balances	63,640	43,599
	63,640	43,599

The annexed notes from 1 to 38 form an integral part of these financial statements.

Chief Financial Officer	Chief Executive Officer	Director

Statement of Changes in Equity

As at 31 December 2019

	Note	Issued, subscribed and paid up capital	of assets - Net of tax			
		---------------------------------- (Rupees in '000) ----------------------------------				
Balance as at 01 January 2018		61,226	192,954	6,000	91,737	351,917
Total comprehensive income for the year ended 31 December 2018						
Profit after taxation		-	-	-	27,933	27,933
Other comprehensive income						
Actuarial losses on remeasurement of defined benefit obligations	*17.8*	-	-	-	(4,321)	(4,321)
Less: Tax effect	*9*	-	-	-	1,253	1,253
					(3,068)	(3,068)
Surplus on revaluation carried out during the year		-	217,951	-	-	217,951
Less: Tax effect		-	(26,433)	-	-	(26,433)
		-	191,518	-	-	191,518
Total comprehensive income for the year		-	191,518	-	24,865	216,383
Cash dividend for the year ended 31 December 2017 (Rs. 1.25 per share) - approved in the annual general meeting held on 26 April 2018		-	-	-	(7,654)	(7,654)
Transferred from surplus on revaluation of property, plant and equipment - net of tax (incremental depreciation)	*16*	-	(6,896)	-	6,896	-
Reversal of surplus due to disposal of assets	*16*	-	(1,435)	-	1,435	-
Reversal of deferred tax on revaluation surplus due to disposal of assets	*16*	-	416	-	-	416
Effect of change in future tax rate	*16*	-	6,405	-	-	6,405
Balance as at 31 December 2018		61,226	382,962	6,000	117,279	567,467
Total comprehensive income for the year						
Profit after taxation		-	-	-	65,742	65,742
Other comprehensive income						
Actuarial losses on remeasurement of defined benefit obligations	*17.8*	-	-	-	(4,874)	(4,874)
Less: Tax effect	*9*	-	-	-	1,413	1,413
		-	-	-	(3,461)	(3,461)
Total comprehensive income for the year		-	-	-	62,281	62,281
Cash dividend for the year ended 31 December 2018 (Rs. 1.5 per share) - approved in the annual general meeting held on 29 April 2019		-	-	-	(9,184)	(9,184)
Transferred from surplus on revaluation of property, plant and equipment - net of tax (incremental depreciation)	*16*	-	(9,781)	-	9,781	-
Reversal of surplus due to impairment of assets		-	(916)	-	-	(916)
Effect of change in future tax rate	*16*	-	(8,554)	-	-	(8,554)
Balance as at 31 December 2019		**61,226**	**363,711**	**6,000**	**180,157**	**611,094**

The annexed notes from 1 to 38 form an integral part of these financial statements.

Chief Financial Officer	Chief Executive Officer	Director

Notes to the Financial Statements

For the year ended 31 December 2019

1. STATUS AND NATURE OF BUSINESS

1.1 ZIL Limited ("the Company") was incorporated as a private limited company in February 1960 under the Companies Act, 1913 (now the Companies Act, 2017) and was subsequently converted into a public limited company in November 1986. Its shares are listed on the Pakistan Stock Exchange. The principal activity of the Company is manufacture and sale of home and personal care products. The registered office of the company is situated at Ground Floor, Bahria Complex III, M.T. Khan Road, Karachi.

1.2 The impact of the COVID-19 coronavirus outbreak is expected to have a significant impact on the economic conditions and an increase in economic uncertainty around the globe. Since the company is manufacturing products such as personal wash, hygiene and skin care and therefore possesses minimal risk of decrease in demand of the company's product. With prudent risk management practice, the company will be able to meet its financial liabilities when due and would be able to pursue its normal business activities.

The company is confident that the ability of the company to continue as a going concern has not been materially impacted by the effects of Pandemic-COVID-19.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

- Provisions of and directives issued under the Companies Act 2017.

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that certain class of property, plant and equipment (i.e. land, buildings and plant and machineries) have been included at revalued amounts.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani rupee which is also the Company's functional and presentation currency and have been rounded off to the nearest thousand.

2.4 Use of estimates and judgments

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

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates underlying the 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.

Information about the judgments made by the management in the application of the accounting policies, that have the most significant effect on the amount recognized in these financial statements, assumptions and estimation uncertainties with significant risk of material adjustment to the carrying amount of asset and liabilities in the next year are described as follows:

2.4.1 Income taxes

In making the estimates for income taxes currently payable by the Company, the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past.

2.4.2 Staff gratuity and other staff retirement benefits

Certain actuarial assumptions have been adopted (as disclosed in note 17.3 to these financial statements) for the actuarial valuation of staff gratuity and other staff retirement benefits. Changes in these assumptions in future years may affect the liability under these schemes in those years.

2.4.3 Stock-in-trade and stores and spares

The Company reviews the net realizable value (NRV) and impairment of stores and spare parts to assess any diminution in the respective carrying values and wherever required provision for NRV / impairment is made. The calculation of provision involves the use of estimates with regards to future estimated use and past consumption along with stores and spares holding period.

2.4.4 Trade debts and other receivables

The Company's management reviews its trade debts on a continuous basis to identify receivables where collection of amount is no longer probable. These estimates are based on historical experience and are subject to change in the conditions at the time of actual recovery.

2.4.5 Property, plant and equipment

The Company reviews the rate of depreciation, useful lives and value of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amount of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

2.4.6 Intangible assets

The Company reviews the rate of amortization and value of intangible assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amount of intangible assets with the corresponding effect on the amortization charge and impairment.

2.5 Change In Accounting Standards, Interpretations And Amendments To Published Approved Accounting Standards

a) Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after 1 January 2019. However, these did not have any significant impact on the Company's financial reporting and therefore have not been detailed in these financial statements, except for the changes mentioned in note 4 to these financial statements.

b) Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after 1 January 2020, that may have an impact on the financial statements of the Company:

- IFRIC 23 ‘Uncertainty over Income Tax Treatments’ (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Company’s financial statements.

- Amendment to IFRS 3 ‘Business Combinations’ – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The application of interpretation is not likely to have an impact on Company's financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS.

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2020:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

Above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on Company's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied in the preparation of these financial statements are set forth below and have been applied consistently to all years presented except for the changes mentioned in note 4 to these financial statements.

3.1 Property, plant and equipment

3.1.1 Owned assets

Initial recognition

The cost of an item of property, plant and equipment is recognized as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost of such item can be measured reliably.

Recognition of the cost in the carrying amount of an item of prope
is in the location and condition necessary for it to be capable of opera

Measurement

Except for the leasehold and freehold lands, buildings on leasehold and freehold lands and plant and machinery, all others items of property, plant and equipment (refer note 5.1) are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Freehold land is measured at revalued amount. Leasehold land and buildings on leasehold land and free hold land and plant and machinery are measured at revalued amounts, which is the fair value at the date of revaluation less accumulated amortisation / depreciation / accumulated impairment losses, if any, recognised subsequent to the date of revaluation. In case of revalued assets, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount restated at the revalued amount of the asset. The surplus arising on revaluation is disclosed as surplus on revaluation of property, plant and equipment (as part of equity - refer note 4 also). The revaluation is carried out under the market value basis at regular intervals so as to ensure that the revalued amounts are not significantly different from the carrying amounts. For the purpose of revaluation, the Company also takes into consideration the highest and best use considering the alternate use if legally permissible, less costs to be incurred for the alternate use in which case the value is then allocated to land and building in proportion to the values determined on "as is" basis.

Cost in relation to items of property, plant and equipment stated at cost represents the historical costs. Capital stores and spares which form part of the machinery are also capitalized.

Expenditure incurred to replace a component of an item of operating assets is capitalised and the asset so replaced is retired. Other subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised.

Capital work in progress

Capital work-in-progress is stated at cost less impairment losses, if any, and consists of expenditure incurred and advances made in respect of their construction and installation. The assets are transferred to relevant category of operating fixed assets when they are available for intended use.

Depreciation & amortization

Depreciation is charged to profit and loss account applying the reducing balance method whereby costs of assets, less their residual values, is written off over their estimated useful lives at rates disclosed in note 5.1. Cost of the leasehold land is amortised over the period of the lease. Depreciation of the above assets / amortization of the cost of land on additions is charged from the month in which the asset is available for use up to the month preceding the disposal.

Useful lives are determined by the management based on expected usage of asset, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of assets and other similar factors.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit and loss account in the year the asset is derecognized.

When revalued assets are sold, the relevant remaining surplus is transferred directly by the Company to its retained earnings.

Normal repairs and maintenance are charged to the profit and loss account during the financial year in which these are incurred.

3.1.2 Leased assets - assets acquired under finance lease arranger

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, an asset acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of minimum lease payments, determined at the inception of the lease. Subsequent to initial recognition, the asset is stated at the amount determined at initial recognition less accumulated depreciation and impairment losses, if any.

Depreciation is charged on the same basis as used for owned assets.

3.1.3 Right-of-use assets

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Company mainly leases properties for its operations. The Company recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeaurements of the lease liability. The right-of-use asset is depreciated using the straight line method from the commencement date to the earlier of end of the useful life of right-of-use asset or end of the lease term. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

3.2 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Costs that are directly associated with identifiable software products controlled by the Company and have probable economic benefit beyond one year are recognized as intangible assets. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Cost associated with maintaining computer software products are recognised as an expense when incurred.

Intangible assets with finite useful lives are amortised over the useful economic life as specified in note 6 and assessed for impairment whenever there is an indication that the intangible asset may be impaired. In respect of additions and deletions of intangible assets during the year, amortization is charged from the month of acquisition and up to the month preceding the deletion, respectively.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

3.3 Staff Retirement benefits

a) Gratuity scheme - defined benefit plan

The Company operates an unfunded gratuity scheme for its eligible employees. Permanent employees who have completed four years of service with the company are eligible employees for this scheme and payment is made on the basis of employee's last drawn basic salary. Provision is made in the financial statements based on actuarial valuation (conducted at the balance sheet date - 31 December 2019) using the projected unit credit method. Remeasurement of the defined benefit liability, which comprises actuarial gain and losses are recognised immediately in other comprehensive income. Net interest expense and other expenses relating to defined benefit plan are recognised in the profit and loss account. Amount recognised in the balance sheet represents the present value of defined benefit obligation.

b) Retirement benefit scheme - defined benefit plan

In addition, the Company also operates an un-funded retirement benefit scheme for its eligible employees. The employees who were on Company’s permanent payroll on or before 30 June 1999 and have completed ten years of services with the Company are eligible for benefits under this scheme and payment is made on the basis of employee's last drawn basic salary. Provision is made in these financial statements based on

the actuarial valuation (conducted at the balance sheet date ·
Credit Method.

Remeasurement of the defined benefit liability, which comprises actuarial gain and losses are recognised immediately in other comprehensive income. Net interest expense and other expense relating to defined benefit plan are recognised in the profit and loss account. Amount recognised in the balance sheet represents the present value of defined benefit obligation.

c) Provident fund - defined contribution plan

Provident fund is a defined contribution plan for regular staff. Monthly contributions are made both by the Company and the employees to the fund at the rate of 10% of the basic salary.

3.4 Compensated absences

The Company recognises the liability for compensated absences in respect of employees in the period in which they are earned up to the balance sheet date on the basis of un-availed earned leaves balance at the end of the year.

3.5 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account except to the extent that it relates to items recognized directly in Equity.

Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any, and the minimum tax payable, in accordance with the provisions of Income Tax Ordinance, 2001. The charge for current tax includes adjustments to charge for prior years, if any.

Deferred

Deferred tax is recognised using balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax recognised is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation. A deferred tax asset is recognised to the extent that it is probable that the future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax arising on surplus on revaluation of property, plant and equipment is recorded directly in the surplus account.

3.6 Stores and spares

These are stated at moving average cost less impairment loss, if any. The Company reviews the carrying amount of the stores and spares on a regular basis for slow moving items. Adequate provision is made for any excess carrying value over the estimated net realizable value and is recognized in the profit and loss account.

3.7 Stock-in-trade

These are valued at lower of cost and net realisable value (NRV). Cost of raw materials, packing materials, work in process and finished goods is determined on weighted average cost basis, except that in case of stock in transit, it is determined at invoice value and other charges incurred thereon, net of NRV adjustment.

Cost of finished goods consists of materials, labour and applicable production overheads. However, the work-in-process is valued at material cost only as conversion costs are immaterial.

Net realisable value signifies the estimated selling price in the ordi
completion and selling expenses.

3.8 Trade debts and other receivables

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortized cost. Credit loss is based on the expected credit loss model and also considers the specific exposure where their is no expectation of recovery. Trade debts and other receivables are written off when considered irrecoverable.

3.9 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and balances with banks.

3.10 Revenue recognition

- Sales are stated net of sales tax, trade discount and sales return and are recognised when persuasive evidence of a sale exists. The key area of judgment in recognising revenue is the timing of recognition, which reflects the point or period when the Company has transferred the control of the product, being when the products are delivered to the customers. Delivery occurs when the product has been delivered to the customer destination / specific location, the risk of loss has been transferred to the customer and the customers has accepted the product either as per the sales contract or the Company has objective evidence that all criteria for acceptance has been satisfied. Revenue from sale of goods is measured at fair value of the consideration received or receivable.

- Scrap sales are stated net of sales tax and are recognised in the year in which scrap sales are made.

- Return on bank deposits is accounted for using effective interest method.

3.11 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost which approximates to its fair value.

3.12 Liability against assets subject to finance lease and right to use

Liability against assets subject to finance lease

Lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Liability against the right of use assets

The lease liability against right of use assets is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

3.13 Provisions

Provisions are recognised 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 the obligation. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimates.

3.14 Foreign currency translation

Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the balance sheet date. Gains and losses on translation are taken to the profit and loss account currently.

3.15 Financial instruments

The Company recognises financial asset or a financial liability when it becomes a party to the contractual provision of the instrument. Financial assets and liabilities are recognised initially at cost, which respectively is the fair value of the consideration given or received. These are subsequently measured at amortised cost.

Financial assets are derecognised when the contractual right to cash flows from the asset expire, or when substantially all the risks and reward of ownership of the financial asset are transferred. Financial liability is derecognised when the Company's contractual obligations are discharged, cancelled or expired. Gain or loss on derecognisation is recognised in the profit and loss account.

A financial asset is assessed at each reporting date to determine if there is an objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of the asset.

3.16 Off-setting of financial assets and financial liabilities

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

3.17 Impairment

Financial assets

The Company recognises loss allowances for Expected Credit Loss (ECLs) in respect of financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition (although in this case the measurement is at 12 month ECLs) or in cases where the likelihood of losses are remote.

Loss allowances for trade receivables are measured at an mount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and quanlitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the Gross carrying amount of the assets.

Non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised, as an expense in the profit and loss account, at the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is assessed through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

An impact on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that the financial asset is impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on the terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated cash flows discounted at the original effective interest rate. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in profit and loss account.

3.18 Borrowings

All interest bearing borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing borrowings are subsequently measured at amortized cost using the effective interest rate method.

Borrowing costs are recognised as an expense in the period in which these are incurred, except that those which are directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset.

3.19 Dividend and appropriations

Dividends and appropriations to reserves are recognised in the period in which these are declared / approved.

3.20 Earning per share

The Company presents basic and diluted earnings per shares (EPS) data. Basic EPS is calculated by dividing the profit or loss attributable to share holders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

4. CHANGES IN ACCOUNTING POLICIES

The Company has adopted IFRS 15 ‘Revenue from Contracts with Customers’, IFRS 9 ‘Financial Instruments’ and IFRS 16 'Leases' from 01 January 2019, being the dates from which these were applicable to the Company.

The details of the nature and effect of the changes are set out below:

4.1 IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 became applicable to the Company with effect from 1 January 2019 and replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods and services. The Company has applied the modified retrospective method upon adoption of IFRS 15 as allowed under the Standard. This method requires the recognition of the cumulative effect (without practical expedients) of initially applying IFRS 15 to retained earnings.

The Company produces and contracts with customers for the sale of home and personal care products which generally include single performance obligation. Management has concluded that revenue from sale of goods be recognised at the point in time when control of the product has transferred, being when the products are delivered to the customer. Invoices are generated and revenue is recognised on delivery of products. Delivery occurs when the products have been delivered to the customer's destination / specific location, the risks of loss have been transferred to the customer and the customer has accepted the product either as per the sales contract or on the lapse of acceptance provision or the Company has objective evidence that all criteria for acceptance have been satisfied. Revenue is measured based on the consideration specified in a contract with a customer.

The Company receives short term advances from its customers. Prior to the adoption of IFRS 15, an advance consideration received from customers was included in 'Trade and other payables' which now has been reclassified in 'Contract liabilities' presented separately on the statement of financial position. In addition, reclassification has been made from 'Trade and other payables' to 'Contract liabilities' for outstanding balance of advance from customers for prior year to provide comparison. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The above is generally consistent with the timing and amounts of revenue the Company recognised in accordance with the previous standard, IAS 18. Therefore, the adoption of IFRS 15 did not have an impact on the timing and amounts of revenue recognition of the Company.

Apart from providing more extensive disclosures, the application of IFRS 15 has not had a significant impact on the financial position and / or financial performance of the Company for the reasons described above. Accordingly there was no adjustment to retained earnings on application of IFRS 15 at 1 January 2019. However as required the Company has disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

4.2 IFRS 9 Financial Instruments

IFRS 9 replaces the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The Company has applied the modified retrospective method upon adoption of IFRS 9 as allowed under the Standard. This method requires the recognition of the cumulative effect (without practical expedients) of initially applying IFRS 9 to retained earnings. Accordingly, the informations presented for 2018 have not been restated i.e. it is presented, as previously reported under IAS 39 and related interpretations.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below:

i Classification and measurement of financial instrument

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, held for trading and available for sale. Although IFRS 9 classifies the financial assets in several categories, the only category currently applicable to the Company is measurement at 'ammortised cost'.

A financial asset is measured at ammortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- It is held within business model whose objective is to hold assets to collect contractual cashflows;
- its contractual terms give rise on specified dates to cashflows that are solely payments of principals and interest on prinicpal amount outstanding.

A financial asset is initially measured at fair value plus, trans acquisition.

The adoption of IFRS 9 did not have a significant effect on the Company's accounting policies related to the financial liabilities.

The accounting policies that apply to financial instruments are stated in notes 3.8, 3.15 and 3.17 to the financial statements.

ii Impact of the change in classification and measurement of financial assets due to adoption of IFRS 9

The following table explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at 31 December 2019:

	Original classification under IAS 39	New classification under IFRS 9	Original Carrying Amount	New Carrying Amount
			(Rupees in '000)	
Financial assets				
Deposits	Loans and receivables	Amortized cost	5,442	5,442
Loans to employees	Loans and receivables	Amortized cost	1,790	1,790
Trade debts	Loans and receivables	Amortized cost	46,188	46,188
Other receivables	Loans and receivables	Amortized cost	140	140
Cash and bank balances	Loans and receivables	Amortized cost	43,599	43,599
			97,159	97,159

iii Impairment of financial assets

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ (ECL) model. IFRS 9 introduces a forward looking expected credit losses model, rather than the current incurred loss model, when assessing the impairment of financial assets in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The Company has applied the IFRS 9 simplified approach to measure expected credit losses using a lifetime expected loss allowance for all trade and other receivables. Impairment losses (if any) relating to trade and other receivables, are presented separately in the statement of profit or loss. Trade and other receivables are written off when there is no reasonable expectation of recovery. Management uses actual credit loss experience over past years to base the calculation of ECL on the adoption of IFRS 9. Given the Company’s experience of collection history and no historical loss rates / bad debts and normal receivable aging, the move from an incurred loss model to an expected loss model has had no impact on the financial position and / or the financial performance of the Company. Bank balances and other financial instruments are also measured at under the expected credit model. However, since these assets are short term in nature or not considered to be material / carry significant credit risk, no credit loss is expected on these balances.

4.3 IFRS 16 - 'Leases'

On 1 January 2019, the Company adopted IFRS 16 Leases. This IFRS has introduced a single lease accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17 - Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases differently.

The significant judgments in the implementation were determining if a contract contained a lease, and the determination of whether the Company is reasonably certain that it will exercise extension options present in lease contracts. The significant estimates were the determination of incremental borrowing rates. The discount rate applied to lease liabilities on the transition date 1 January 2019 was 15.23 percent.

The impact of IFRS 16 on the Company is primarily where the Company is a lessee in property lease contracts. The Company has elected to adopt simplified approach on transition and has not restated comparative information. On 1 January 2019, the Company recognized a lease liability, being the remaining lease payments, including extension options where renewal is reasonably certain, discounted using the Company's incremental borrowing rate at the date of initial application. The corresponding right-of-use asset recognized is the amount of the lease liability adjusted by prepaid related to those leases. The balance sheet has increased as a result of the recognition of lease liability and right-to-use assets as of 1 January 2019 was Rs. 75,779 thousand with no adjustment to retained earnings. The asset is presented in 'Fixed Assets' and the liability is presented in 'Liability against right of use assets' presented separately on the statement of financial position. Also in relation to those leases under IFRS 16, the Company has recognized depreciation and interest costs, instead of operating lease expenses.

Upto 31 December 2018, assets held under property leases, not equivalent to ownership rights, were classified as operating leases and were not recognized as asset in the statement of financial position. Payments or accruals under operating leases were recognised in profit and loss on a straight line basis over term of the lease.

The effect of this change in accounting policy is as follows:

	31 December 2019 (Rupees in '000)
Impact on Statement of Financial Position	
Increase in fixed assets - right-of-use assets	61,421
Decrease in other assets - advances, deposits and other prepayments	(1,700)
Decrease in other assets - taxation	2,047
	61,768
Increase in other liabilities - lease liability against right-of-use assets	(66,779)
Decrease in net assets	**(5,011)**

	For the year ended 31 December 2019 (Rupees in '000)
Impact on Statement of Profit and Loss account	
Increase in mark-up expense - liability against right-of-use assets	(8,919)
(Increase) / decrease in administrative expenses:	
- Depreciation on right-of-use assets	(14,358)
- Rent expense	16,219
Decrease in profit before tax	**(7,058)**
Increase in tax	2,047
Decrease in profit after tax	**(5,011)**

In view of the application of above IFRS, the Company's accounting policy for right-of-use assets and its related lease liability are given in notes 3.1.3 and 3.12 to these financial statements.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	2019	2018
		(Rupees in '000)	
Operating fixed assets	*5.1*	**757,397**	702,474
Capital work-in-progress	*5.2*	**6,963**	11,471
		764,360	713,945

5.1 Operating fixed assets

2019

	Note	COST / REVALUED AMOUNT*							Rate	DEPRECIATION						Written down
		As at 1 January 2019	Additions	Disposals	Adjustment due to revaluation	Surplus on Revaluation	Impairment	As at 31 December 2019	%	As at 1 January 2019	Charge for the year	Disposals	Impairment	Adjustment due to revaluation	As at 31 December 2019	value as at 31 December 2019
		(Rupees in '000)								(Rupees in '000)						
Owned																
Freehold land*		203,407	-	-	-	-	-	203,407	-	-	-	-	-	-	-	203,407
Leasehold land*		156,486	-	-	-	-	-	156,486	2.59 & 10	-	4,361	-	-	-	4,361	152,125
Building on freehold land*		62,734	-	-	-	-	-	62,734	10	-	6,273	-	-	-	6,273	56,461
Building on leasehold land*		1,515	-	-	-	-	-	1,515	10	-	152	-	-	-	152	1,363
Plant, machinery and equipment*		182,078	29,839	(184)	-	-	(7,848)	203,885	10	-	19,316	(3)	(772)	-	18,541	185,344
Capital spares*		22,014	8,508	-	-	-	(1,113)	29,409	10	9,583	2,006	-	(388)	-	11,201	18,208
Furniture and fixtures		20,510	523	(250)	-	-	-	20,783	20	9,580	2,241	(141)	-	-	11,680	9,103
Computers		26,908	4,521	(1,209)	-	-	-	30,220	30	15,886	3,746	(940)	-	-	18,692	11,528
Vehicles		76,752	17,519	(15,754)	-	-	-	78,517	20	20,607	12,078	(8,024)	-	-	24,661	53,856
Leased																
Leasehold		6,135	-	-	-	-	-	6,135	20	409	1,145	-	-	-	1,554	4,581
		758,539	60,910	(17,397)	-	-	(8,961)	793,091		56,065	51,318	(9,108)	(1,160)	-	97,115	695,976
Right of use assets					-	-								-		
Right of use assets (buildings)	5.6	-	75,779	-	-	-	-	75,779	20	-	14,358	-	-	-	14,358	61,421
		758,539	136,689	(17,397)	-	-	(8,961)	868,870		56,065	65,676	(9,108)	(1,160)	-	111,473	757,397

2018

	Note	COST / REVALUED AMOUNT*							Rate	DEPRECIATION						Written down
		As at 1 January 2018	Additions	Disposals	Adjustment due to revaluation	Surplus on Revaluation	Impairment	As at 31 December 2018	%	As at 1 January 2018	Charge for the year	Disposals	Impairment	Adjustment due to revaluation	As at 31 December 2018	value as at 31 December 2018
		(Rupees in '000)								(Rupees in '000)						
Owned																
Freehold land*		90,000	-	-	-	113,407	-	203,407	-	-	-	-	-	-	-	203,407
Leasehold land*		88,000	-	-	(4,982)	73,468	-	156,486	2.59 & 10	2,506	2,476	-	-	(4,982)	-	156,486
Building on freehold land*		46,501	3,904	-	(9,161)	21,490	-	62,734	10	4,625	4,536	-	-	(9,161)	-	62,734
Building on leasehold land*		1,800	-	-	(342)	57	-	1,515	10	180	162	-	-	(342)	-	1,515
Plant, machinery and equipment*		192,946	19,329	(3,132)	(36,594)	9,529	-	182,078	10	18,168	18,753	(327)	-	(36,594)	-	182,078
Capital spares*		17,084	4,930	-	-	-	-	22,014	10	8,476	1,107	-	-	-	9,583	12,431
Furniture and fixtures		19,297	1,213	-	-	-	-	20,510	10	8,464	1,116	-	-	-	9,580	10,930
Computers		19,493	9,351	(1,936)	-	-	-	26,908	30	13,828	3,496	(1,438)	-	-	15,886	11,022
Vehicles		67,963	34,838	(26,049)	-	-	-	76,752	20	28,807	9,688	(17,888)	-	-	20,607	56,145
Leased																
Vehicles		-	6,135	-	-	-	-	6,135	20	-	409	-	-	-	409	5,726
		543,084	79,700	(31,117)	(51,079)	217,951	-	758,539		85,054	41,743	(19,653)	-	(51,079)	56,065	702,474

5.1.1 Cost of above assets include cost of assets of Rs. Nil value (2018: Rs. 2.227 million) at the reporting date which are still in use.

5.1.2 Factory of the Company is situated at 3.65 acres of land at link hali road Hyderabad and 11 acres of idle land is situated at plot no G1 chemical area eastern industrial zone Port Qasim Authority Karachi.

5.1.3 During the year ended 31 December 2019, the Company revised the depreciation rate on furniture and fixtures with effect from 01 January 2019 from 10% to 20% as it more appropriately reflects the remaining expected pattern of usage. The financial impact of re-estimation is 1.121 million which has been recognised in the profit and loss account as an expense.

5.2 Capital work in progress

	As at 01 January 2019	Additions	(Transfers to operating assets)	As at 31 December 2019
	(Rupees in '000)			
Payments for:				
- Building on freehold land	-	531	-	531
- Plant, machinery and equipments	3,014	27,285	(29,839)	460
- Furniture and fixtures	385	242	(523)	104
- Vehicles (advance)	3,270	14,249	(17,519)	-
- Capital spares	-	8,508	(8,508)	-
- Computers	-	5,587	(4,521)	1,066
	6,669	56,402	(60,910)	2,161
- Intangibles (advance payment regarding a software in process of development)	4,802	-	-	4,802
	11,471	56,402	(60,910)	6,963

5.3 Disposal of operating fixed assets

Items having net book value above Rs. 100,000 each	Year of purchase	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Sold to / settled from	Other Particulars
		(Rupees in '000)							
Vehicles									
Honda City Aspire	2018	1,971	297	1,674	1,980	306	Negotiation	Mr.Saad Ahmed	Individual Buyer
Toyota Carolla	2018	1,902	505	1,397	1,420	23	As per policy	Mr. Asad Ali Malik	Employee
Toyota Carolla	2016	1,888	838	1,050	1,051	1	As per policy	Mr. Syed Shiblee	Employee
Toyota Carolla	2013	1,673	1229	444	443	(1)	As per policy	Mr. M.Ibrahim	Employee
Suzuki Cultus	2014	1,039	628	411	411	-	As per policy	Mr.Usman Ali	Employee
Suzuki Mehran	2016	708	306	402	402	-	As per policy	Mr. Shoaib Ali Khan	Employee
Suzuki Mehran	2016	758	374	384	378	(6)	As per policy	Mr. Syed Waqaruddin	Employee
Suzuki WagonR	2014	1,094	732	362	363	1	As per policy	Mr. Mohsin Khan	Employee
Suzuki Cultus	2014	1,039	695	344	348	4	As per policy	Mr. Khurram Rizvi	Employee
Suzuki Cultus	2014	1,034	692	342	343	1	As per policy	Mr. Kunwar Viqar	Employee
Suzuki Cultus	2014	1,039	697	342	343	1	As per policy	Mr. Syed Abid Raza	Employee
Suzuki Cultus	2014	1,049	723	326	347	21	As per policy	Mr. Zubair	Employee
Computers									
UPS Batteries	2017	292	123	169	72	(97)	Negotiation	PDPL Energy (Pvt) Ltd	Company
		15,486	7,839	7,647	7,901	254			
Net book value not exceeding Rs. 100,000 each (several and cummulative amount not material either)		1,911	1,269	642	718	76	Negotiation	Several	-
31 December 2019		**17,397**	**9,108**	**8,289**	**8,619**	**330**			
31 December 2018		31,117	19,653	11,464	18,307	6,843			

5.4 Depreciation on property, plant and equipment - operating fixed assets and amortization on intangibles asset for the year has been allocated as follows:

	Note	2019	2018
		(Rupees in '000)	
Depreciation on property, plant and equipment - operating fixed assets	5.1	65,676	41,743
Amortization on intangible assets	6	127	298
		65,803	42,041
Cost of sales	24	35,887	28,315
Selling and distribution expenses	25	13,819	7,174
Administrative expenses	26	16,097	6,552
		65,803	42,041

5.5 At 31 December 2019, the written down value of the temporarily idle property, plant and equipments comprising of leasehold land and building (and leasehod improvements on leasehold land) amounted to Rs. 152.125 million and Rs 1.4 million respectively.

5.6 This represents the right of use assets recognised in the financial statements as more fully explained in note 4.3 to the financial statements.

6. INTANGIBLE ASSETS

2019

	COST			Rate	AMORTIZATION			Written down value as at 31 December 2019
	As at 1 January 2019	Additions	As at 31 December 2019	%	As at 1 January 2019	For the year	As at 31 December 2019	
	(Rupees in '000)				(Rupees in '000)			
Computer software and licenses	15,954	-	15,954	30	15,726	127	15,853	101

2018

	COST			Rate	AMORTIZATION			Written down value as at 31 December 2018
	As at 1 January 2018	Additions	As at 31 December 2018	%	As at 1 January 2018	For the year	As at 31 December 2018	
	(Rupees in '000)				(Rupees in '000)			
Computer software and licenses	15,718	236	15,954	30	15,428	298	15,726	228

6.1 Cost of above assets include cost of assets of Rs. 14.976 million (2018: Rs. 2.227 million) having net book value of Nil value at the reporting date which are still in use.

7. LONG TERM DEPOSITS

	Note	2019	2018
		(Rupees in '000)	
Considered good			
Office and warehouse premises		1,593	1,593
Considered doubtful			
Others		121	121
Provision held against others		(121)	(121)
		-	-
		1,593	1,593

8. LONG TERM LOANS TO EMPLOYEES - secured

	Note	2019	2018
Considered good			
Loans to employees	8.1	1,862	1,790
Less: current maturity		(1,232)	(1,006)
Long term portion		630	784

Notes to the Financial Statements

For the year ended 31 December 2019

8.1 These mark-up free loans have been given to the employees. These are recoverable in 6 to 60 equal monthly instalments and are secured against employees' provident fund balances. These have not been discounted to their present value, as the financial impact is not material.

9. DEFERRED TAX ASSET / (LIABILITY) - net

Deferred tax asset and liability comprises of taxable and deductible temporary differences in respect of the following:

	Balance as at 1 January 2018	Recognized in profit and loss account	Recognised in surplus on revaluation of property, plant and equipment	Recognized in other comprehensive income	Balance as at 31 December 2018	Recognized in profit and loss account	Recognised in surplus on revaluation of property, plant and equipment	Recognized in other comprehensive income	Balance as at 31 December 2019
	(Rupees in '000)								
Taxable temporary differences on:									
- accelerated tax depreciation	(24,680)	4,858	-	-	(19,822)	(2,953)	-	-	(22,775)
- surplus on revaluation of property, plant and equipment	(44,104)	2,817	6,821	(26,433)	(60,899)	3,995	(8,554)	-	(65,458)
- Leased Liability	-	(67)	-	-	(67)	1,615	-	-	1,548
	(68,784	**7,608**	**6,821**	**(26,433)**	**(80,788)**	**2,657**	**(8,554)**	**-**	**(86,685)**
Deductible temporary differences on:									
- provision for defined benefit plans	30,904	(6,497)	-	1,253	25,660	4,002	-	1,413	31,075
- provision against slow moving and obsolete stock and doubtful trade debts	10,967	(2,316)	-	-	8,651	6,085	-	-	14,736
- tax losses (note 9.1)	35,938	9,559	-	-	45,497	(32,347)	-	-	13,150
	77,809	**746**	**-**	**1,253**	**79,808**	**(22,260)**	**-**	**1,413**	**58,961**
Deferred tax liability - net	**9,025**	**8,354**	**6,821**	**(25,180)**	**(980)**	**(19,603)**	**(8,554)**	**1,413**	**(27,724)**

9.1 This represents deferred tax of Rs. 13.15 million (2018: Rs. 12.24 million) recorded on unabsorbed tax depreciation and amortisation.

9.2 Deferred tax balance has been recognised at the rates at which these are expected to be settled / realised.

9.3 The management has recorded deferred tax asset based on financial projections indicating the absorption of deferred tax asset over a number of future years against future expected taxable profits. The financial projections involve certain key assumptions such as sales price and composition, raw materials, labour prices and distribution channels, etc. Any significant change in the key assumptions may have an effect on the absorption of the deferred tax asset. Nonetheless, the management is confident of the achievement of its targeted results.

10. STORES AND SPARES

	Note	**2019**	2018
		(Rupees in '000)	
Stores and spares		**14,904**	21,768
Provision against slow moving stores and spares	*10.1*	**(8,179)**	(9,085)
		6,725	12,683

10.1 Provision against slow moving stores and spares

Balance as at 01 January	**9,085**	9,085
Reversal for the year	**(906)**	-
Balance as at 31 December	**8,179**	9,085

11. STOCK-IN-TRADE

	Note	2019	2018
		(Rupees in '000)	
Raw material			
- in hand		69,897	64,303
- in transit		5,942	24,875
		75,839	89,178
Packing material		29,160	20,874
Work-in-process		5,050	7,814
Finished goods		101,838	85,429
		211,887	203,295
Provision against slow moving and obsolete stock		(32,620)	(16,363)
		179,267	186,932

11.1 At 31 December 2019, finished goods costing Rs. 13.926 (2018: Nil) were stated at their net realisable value of Rs. 7.975 million (2018: Nil).

11.2 Provision against slow moving and obsolete stock

	Note	2019	2018
Balance as at 01 January		16,363	18,315
Charge for the year	24	14,265	40
Write off / (reversal) during the year		1,992	(1,992)
Balance as at 31 December		32,620	16,363

12. TRADE DEBTS

	Note	2019	2018
Considered good	12.1	45,560	46,188
Considered doubtful		9,097	8,239
		54,657	54,427
Provision against doubtful trade debts	12.3	(9,097)	(8,239)
		45,560	46,188

12.1 Above balances are mark-up free and unsecured.

12.2 There are no balances due from the related parties.

12.3 Provision against doubtful trade debts

	Note	2019	2018
Balance as at 01 January		8,239	8,239
Charge for the year	26	858	-
Balance as at 31 December		9,097	8,239

13. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2019	2018
		(Rupees in '000)	
Considered good			
Advance			
- for taxation		141,562	90,740
- to sales staff		-	502
Advances to suppliers and contractors		4,232	3,489
Prepayments		3,563	2,859
Current maturity of loans to employees	8	1,232	1,006
Deposit with Sui Southern Gas Company Limited	22.1.1	2,786	2,786
Letter of guarantee deposit	22.1.1	650	650
Deposit with Central Depository Company of Pakistan Limited		13	13
Others		455	540
		154,493	102,585
Considered doubtful			
Advances to suppliers and contractors		803	803
Less: Provision against doubtful advances		(803)	(803)
		-	-
		154,493	102,585

14. CASH AND BANK BALANCES

	Note	2019	2018
Cash in hand		156	165
Cash at banks			
- current / collection accounts		20,239	43,350
- profit and loss sharing account	14.1	3,245	84
		23,484	43,434
Term deposit receipt	14.2	40,000	-
		63,640	43,599

14.1 This carries profit rate at 5.5% - 11.25% (31 December 2018: 3.5% - 4.5%) per annum.

14.2 These carry profit rate of 5.5% per annum and were encashed subsequent to the year end.

15. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2019	2018		2019	2018
(Numbers of shares)				
3,550,000	3,550,000	Fully paid ordinary shares of Rs. 10 each issued for cash	35,500	35,500
50,000	50,000	Fully paid ordinary shares of Rs. 10 each issued for consideration other than cash	500	500
2,522,600	2,522,600	Fully paid ordinary shares of Rs. 10 each issued as bonus shares	25,226	25,226
6,122,600	6,122,600		61,226	61,226

16. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net of tax

This represent surplus arising on revaluation of freehold land, leasehold land, buildings and plant & machinery net of deferred tax thereon.

	Note	2019	2018
Opening balance		443,861	237,058
Surplus on revaluation carried out during the year		-	217,951
Reversal of surplus due to disposal of assets		-	(1,435)
Reversal of surplus due to impairment of assets		(916)	-
Transferred to retained earnings in respect of:			
- incremental depreciation charged during the year		(9,781)	(6,896)
- related deferred tax liability	9	(3,995)	(2,817)
		429,169	443,861
Less: deferred tax liability			
- at beginning of the year		60,899	44,104
- Related to revaluation made during the year		-	26,433
- Effect of change in future tax rates		8,554	(6,405)
- Reversal due to disposal of assets		-	(416)
- on incremental depreciation charged during the year	9	(3,995)	(2,817)
		65,458	60,899
Closing balance		363,711	382,962

17. DEFERRED STAFF LIABILITIES - staff retirement benefits

17.1 Gratuity and other staff retirement benefit scheme (defined benefit obligations)

The Company operates two unfunded defined benefit plans namely the gratuity scheme and other staff retirement benefit scheme for its permanent eligible employees. Gratuity and the other retirement benefit are payable under the schemes to employees on cessation of employment on basic salary on the following grounds:

- Death
- Retirement
- Resignation

17.2 Number of Employees under the scheme

The number of employees covered under the following defined benefit schemes are:

	2019	2018
	(Number)	
Gratuity Scheme	171	172
Other Retirement Benefit Scheme	30	33

17.3 Principal actuarial assumptions

The latest actuarial valuations of the above gratuity and retirement benefit schemes were carried out as at 31 December 2019 under the Project Unit Credit Method. Principal actuarial assumptions used in the valuation of the schemes are as follows:

	Gratuity Scheme		Other Staff retirement benefit scheme	
	2019	2018	2019	2018
Financial assumptions	(%)	(%)	(%)	(%)
Valuation discount rate	12.5	10	12.5	10
Salary increase rate	12.5	10	12.5	10
Demographic assumptions				
Mortality rate	SLIC (2001- 2005)	SLIC (2001- 2005)	SLIC (2001- 2005)	SLIC (2001- 2005)
Employee turnover rate				
	age 20 = 220.32	age 20 = 220.32	age 20 = 110.16	age 20 = 110.16
	age 25 = 146.88	age 25 = 146.88	age 25 = 73.44	age 25 = 73.44
	age 30 = 102.82	age 30 = 102.82	age 30 = 51.41	age 30 = 51.41
	age 35 = 65.66	age 35 = 65.66	age 35 = 32.83	age 35 = 32.83
	age 40 = 32.83	age 40 = 32.83	age 40 = 16.42	age 40 = 16.42
	age 45 = 16.42	age 45 = 16.42	age 45 = 8.21	age 45 = 8.21
	age 50 = 9.5	age 50 = 9.5	age 50 = 4.75	age 50 = 4.75
	age 53 = 7.78	age 53 = Nil	age 53 = 3.89	age 53 = 3.89
	age 59 = 7.78	age 59 = Nil	age 59 = 3.89	age 59 = Nil

17.4 Payable to defined benefit schemes

	Note	Gratuity Scheme 2019	Gratuity Scheme 2018	Other staff retirement benefit scheme 2019	Other staff retirement benefit scheme 2018	Total 2019	Total 2018
		(Rupees in '000)					
Payable to defined benefit schemes	17.5	87,162	77,726	19,993	21,304	107,155	98,580

17.5 Movement in liability recognized

	Note	Gratuity Scheme 2019	Gratuity Scheme 2018	Other staff retirement benefit scheme 2019	Other staff retirement benefit scheme 2018	Total 2019	Total 2018
Opening balance		77,276	74,625	21,304	28,388	98,580	103,013
Recognized in the profit and loss account	17.7	14,962	12,566	3,647	2,740	18,609	15,306
Remeasurement loss recognised in other comprehensive income	17.8	3,375	3,300	1,499	1,021	4,874	4,321
Benefits paid during the year		(8,451)	(13,215)	(6,457)	(10,845)	(14,908)	(24,060)
Closing balance		87,162	77,276	19,993	21,304	107,155	98,580

17.6 Reconciliation of the present value of the defined benefit obligations

	Gratuity Scheme 2019	Gratuity Scheme 2018	Other staff retirement benefit scheme 2019	Other staff retirement benefit scheme 2018	Total 2019	Total 2018
	(Rupees in '000)					
Present value of obligation - opening balance	77,276	74,625	21,304	28,388	98,580	103,013
Current service cost	7,657	6,955	1,781	845	9,438	7,800
Interest cost	7,305	5,611	1,866	1,895	9,171	7,506
Benefits paid	(8,451)	(13,215)	(6,457)	(10,845)	(14,908)	(24,060)
Remeasurement of actuarial losses on obligation	3,375	3,300	1,499	1,021	4,874	4,321
Present value of obligation - closing balance	87,162	77,276	19,993	21,304	107,155	98,580

17.7 Recognised in profit and loss account

The following amounts have been charged to the profit and loss account in respect of defined benefit plan and other benefits:

	Gratuity Scheme		Other staff retirement benefits scheme		Total	
	2019	2018	2019	2018	2019	2018
	(Rupees in '000)					
Current service cost	7,657	6,955	1,781	845	9,438	7,800
Interest cost	7,305	5,611	1,866	1,895	9,171	7,506
	14,962	12,566	3,647	2,740	18,609	15,306

17.8 Remeasurement recognised in other comprehensive income

Actuarial losses on obligation						
- Financial assumptions	-	-	-	-	-	-
- Experience adjustment	3,375	3,300	1,499	1,021	4,874	4,321
Total remeasurement recognised in other comprehensive income	3,375	3,300	1,499	1,021	4,874	4,321

17.9 Expected accrual of expenses in respect of gratuity scheme and other staff retirement benefit scheme in the next financial year on the advice of the actuary are as follows:

	(Rupees in '000)
Gratuity scheme	18,493
Other staff retirement benefit scheme	2,364

17.10 Sensitivity analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations under the various employee benefit schemes. The increase / decrease in the present value of defined benefit obligations as a result of change in each assumption is summarized below:

	Present value obligation		Rate effect	
	Gratuity Scheme	Other staff retirement benefits scheme	Gratuity Scheme	Other staff retirement benefits scheme
	(Rupees in '000)			
Discount rate effect				
Original liability	87,162	19,993	12.50%	12.50%
1% increase	81,384	19,664	13.50%	13.50%
1% Decrease	93,737	20,339	11.50%	11.50%
Salary increase rate effect				
Original liability	87,162	19,993	12.50%	12.50%
1% increase	94,090	20,426	13.50%	13.50%
1% Decrease	80,973	19,573	11.50%	11.50%

If Life Expectancy increases by one year	Gratuity Scheme	Other staff retirement benefits scheme
	(Rupees in '000)	
Original liability	87,162	19,993
1% increase	81,384	19,993
Current duration (years)	7.09	1.69

The sensitivity analysis prepared presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

18. LIABILITIES AGAINST LEASED ASSETS

	Note	2019	2018
		(Rupees in '000)	
Liabilities against assets subject to finance lease - long term portion	18.1	3,563	4,515
Liabilities against right of use assets - long term portion	18.2	56,592	-
		60,155	4,515

18.1 The Company has acquired a vehicle under finance lease arrangement from First Habib Modaraba. The lease is for a period of five years expiring on 27 September 2023, with an option to purchase the asset at nominal amount. Effective interest rate is 10.27%. At the end of the reporting period, the future minimum lease payments under finance lease arrangement were as follows:

	Minimum Lease Payments	Future Finance Cost	Present value of Minimum Lease Payment
	(Rupees in '000)		
Not later than one year	1,583	588	995
Later than one year and not later than five years	4,223	660	3,563
	5,806	1,248	4,558
Less: Current portion			995
			3,563

18.2 This represents the liability recognised against the right of use assets on more fully explained in note 4.3. Other relevant details are as follows:

Not later than one year	17,992	7,805	10,187
Later than one year and not later than five years	70,057	13,465	56,592
	88,049	21,270	66,779
Less: Current portion			10,187
			56,592

18.3 Current maturity of liabilities against leased assets

	Note	2019	2018
		(Rupees in '000)	
Liabilities against assets subject to finance lease		995	941
Liability against right of use assets		10,187	-
		11,182	941

19. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

19.1 Trade and other payables

	Note	2019	2018
Trade creditors		124,650	58,348
Accrued expenses		117,672	89,472
Sales tax payable (subsequently paid)		10,917	28,256
Deductions on account of vehicles for the employees		1,126	3,089
Accrued mark-up on short term borrowings		78	2,502
Worker's Welfare Fund	19.1.1	1,851	918
Workers' Profit Participation Fund	19.1.2	2,013	3,116
Other liabilities		1,856	2,634
		260,163	188,335

19.1.1 Workers' Welfare Fund

	Note	2019	2018
Balance as at 1 January		918	2,198
Provision for the year	28	933	93
Payments during the year		-	(1,373)
Balance as at 31 December		1,851	918

19.1.2 Workers' Profit Participation Fund

	Note	2019	2018
Balance as at 1 January		3,116	2,241
Provision for the year	28	6,734	3,116
Payments during the year		(7,837)	(2,241)
Balance as at 31 December		2,013	3,116

19.2 Contract liabilities

This represents advance payments by the customers for the sale of Company's products.

20. SHORT TERM BORROWINGS

	Note	2019	2018
		(Rupees in '000)	
Salam and Istisna finances	20.1	-	190,000
Running finance	20.2	-	-
		-	190,000

20.1 These facilities, representing Salam, Istisna and Karobar financing facilities, are available from certain commercial banks up to Rs. 270 million (2018: Rs. 270 million) and carries mark-up of 6 Months KIBOR+0.5% - 1% (2018: 6 Months KIBOR+0.5% - 1%) per annum. The facilities are secured by way of first pari passu charge over present and future current assets of the Company. At 31 December 2019, unutilised facilities aggregated to Rs.270 million (2018: Rs. 80 million) and untilised portion of Salam and Istisna facilities amounted to Rs. 150 million from Soneri bank (2018: Rs. 50 million) and Istisna and Karobar financing of Rs. 120 million from Bank Islami (2018: Rs. 30 million). These facilities, being sub limit of the above available facility of Rs. 270 million, include Salam, Istisna, Karobar finance of Rs. 150 million from Soneri bank and Rs. 120 million from Bank Islami. Above facilities are valid upto 30 April 2020 and are generally renewable, except for a facility of Rs. 120 million has expired and renewal process has been initiated.

20.2 The facility for running finance available from a commercial bank of Rs. 200 million (2018: Rs. 300 million) carries mark-up at 1 month KIBOR+1% (2018: 1 month KIBOR+0.75%) per annum valid until 30 April 2020 and is generally renewable . The facility is secured by first pari passu charge by way of hypothecation over all present and future current assets of the Company of Rs. 400 million and first pari passu charge of Rs. 113.33 million over all plant and machinery of the Company. At 31 December 2019, unutilised facility for running finance aggregated to Rs. 200 million (2018: Rs. 300 million). At 31 December 2019, LC sight and usance facility available amounted to Rs. 200 million (31 December 2018: Rs. 200 million).

20.3 At 31 December 2019, unutilised letter of credit facilities from certain banks amounted to Rs. 353.43 million (31 December 2018: Rs. 357.85 million). These are secured against the import bills of the Company. Total facilities sanctioned to the Company amounted to Rs. 420 million (31 December 2018: Rs. 420 million).

21. TAXATION

	Note	2019	2018
		(Rupees in '000)	
Current year	21.2	36,332	21,962
Prior year		3,934	17,616
Deferred	9	19,603	(8,354)
		59,869	31,224

21.1 Relationship between income tax expense and accounting profit

	2019	2018
Profit before tax	125,611	59,157
Tax at the applicable tax rate of 29% (31 December 2018: 29%)	36,427	17,156
Tax credit	-	(1,931)
Tax effect of increase in tax losses due to the allowance of previously disallowed expenses	-	(11,000)
Insurance commission income taxed at lower rate	48	47
Effect of prior year tax	3,934	17,616
Effect of change in future tax rate	-	1,644
Additional charge due to minimum tax liability	23,046	21,014
Permanent differences	(3,586)	(13,322)
Tax expense	59,869	31,224

21.2 In view of loss for the financial year ended 31 December 2015, provision for tax for the then year ended 31 December 2015, including the minimum tax under the Income Tax Ordinance, 2001, was not made in the financial statements for the year ended 31 December 2015. The Company had obtained an opinion from a tax advisor based on which it believes that it is not required to pay tax under section 113 of the Income Tax Ordinance, 2001, in view of gross loss for the year ended 31 December 2015, before the set off of depreciation and other inadmissible expenses under the Income Tax Ordinance, 2001 (as under the above section minimum tax is not payable in case of gross loss before the set off of depreciation and other inadmissible expenses). However, Finance Act 2016 has deleted the said proviso of gross loss. The management, believes that the minimum tax for the year ended 31 December 2015 is not payable as the amendment to the said proviso is applicable for tax year 2017 and onwards and accordingly provision for minimum tax amounting to Rs. 14.23 million has not been made. However, CIR had levied minimum tax on the Company vide an amended assessment order, against which the Company has filed an appeal with the CIR Appeals. During the year ended 31 December 2018, CIR(A) vide an order dated 5 October 2018 has confirmed the levy of minimum tax. Disagreeing with this, the Company has filed an appeal with the Appellate Tribunal Inland Revenue, since the management believes that the minimum tax for the year ended 31 December 2015 is not payable due to the reason given above.

21.3 Income Tax Assessments of the Company have been completed up to and including the financial year ended 31 December 2018 with the exception of accounting years 2007, 2011, 2012, 2014, 2015, and 2016. For financial year ended 2011, audit proceedings were initiated and completed vide order passed under section 122(1)(5) of the Income Tax Ordinance, 2001 in which certain disallowances were made amounting to Rs. 12.289 million against which appeal was filed by the Company. The appeal was heard and then subsequently the CIR Appeals passed a revised order in which certain expenses earlier disallowed were allowed amounting to Rs. 4.66 million while expenses amounting to Rs. 6.65 million were remanded back by CIR Appeals to Deputy Commissioner Inland Revenue (DCIR). In respect of the remaining amount, the Company has already filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) which is pending decision. Based on the Company's tax advisor's view, a favourable decision is expected and therefore the subject demand is expected to be quashed.

Furthermore, on 21 April 2015, an order under sub-section (5A) of section 122 of the Income Tax Ordinance, 2001 was passed by the Additional Commissioner Inland Revenue for the financial year 2012, in which tax demand of Rs. 0.75 million was raised against certain disallowances. The Company has filed an appeal against the alleged order before the Commissioner Inland Revenue Appeals who vide its order dated 8 September 2016 has allowed certain expenses of Rs. 1.82 million which were earlier disallowed (tax effect being Rs. 0.65 million). In respect of the remaining amount, the Company has already filed an appeal before the ATIR which is pending decision. Based on the Company's tax advisor's view, a favourable decision is expected and therefore the subject demand is expected to be quashed.

21.4 Return for the financial year 2007 was selected for audit under section 177 of Income Tax Ordinance 2001 and an amended assessment order dated 30 March 2009 was passed in which certain disallowances were made by the taxation authorities. Disagreeing to the above, the Company filed an appeal before the Commissioner Inland Revenue, Appeal (CIR-A) and also filed an appeal before the CIR-A against the refusal of the Taxation Officer to rectify certain mistakes. The CIR-A vide his order No. 15 and 16 dated 25 October 2011 deleted all the additions except for the alledged unreconciled production of manufactured goods amounting to Rs. 3.3 million. The Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR) for not allowing relief in respect of disallowance of Rs. 3.3 million on account of alledged unreconciled production of manufactured goods. Further, the tax department has also filed an appeal before ATIR on certain reliefs of Rs. 4.8 million earlier decided in favour of the Company. In the Appellate Order (AO) dated 8 October 2013 passed by the ATIR, the issue of unreconciled production was deleted (decided in favour of the Company) simultaneously setting aside the same for reverification. In response to it the department filed MA in response to which, ATIR passed AO dated 5 May 2015 by remanding back the issue for reverification of unreconciled difference, strictly in the light of history of the case and subsequent years. Following the judgement of ATIR, department has initiated set-aside proceedings. The Company has submitted the response and details regarding unreconciled production. No order has been passed by the department in relation to the set-aside proceedings. The Company expects a decision in its favour.

21.5 Returns for the financial years ended 31 December 2014 and 31 December 2015 were amended under section 122(9) of Income Tax Ordinance 2001 and amended assessment orders dated 22 September 2017 and 18 April 2017 respectively were passed in which certain disallowances were made by the taxation authorities. Disagreeing to the above, the Company had filed appeals before the CIR Appeals. During the year 2018, these appeals were partly decided in favour of the Company by the CIR(A), allowing the Company expenses amounting to Rs. 15.70 million (for year ended 31 December 2014) and Rs. 36.6 million (for year ended 31 December 2015). The tax authorities have filed appeals before the ATIR against the CIR(A)'s order to allow relief to the Company. The Company expects a decision in its favor.

21.6 During the current year, on 25 September 2019 an order under sub section (1) of section 122 of the Income Tax Ordinance, 2001 was passed by the Deputy Commissioner Inland Revenue (DCIR) for the financial year 2016 in which certain disallowances amounting to Rs. 9.83 million were made. Disagreeing to the above, the company has filed an appeal before the Commissioner Inland Revenue - Appeals against the alleged order of DCIR, which is pending decision. However, adequate provision is being held by the Company.

22. CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

22.1.1 Bank guarantees have been issued in favour of Sui Southern Gas Company Limited for the supply of gas aggregating to Rs. 7.02 million (31 December 2018: Rs. 7.02 million) in addition to which security deposit of Rs. 2.786 million has also been given to Sui Southern Gas Company Limited. Bank guarantee has also been issued in favour of Pakistan State Oil for issuance of PSO fleet cards aggregating to Rs. 1.3 million (31 December 2018: Rs. 1.3 million) against which security deposit of Rs. 0.65 million have been given. These guarantees are also secured in the manner explained in note 20.2 to these financial statements.

22.1.2 Refer note 21 for tax related pending matters.

22.1.3 In addition, an ex-employee had filed a case on 25 March 2015 against the Company in National Industrial Relations Commission (NIRC) Multan for reinstatement on the job. The management based on discussions with the legal advisor is of the view that they have a good prospect of a decision in its favour. The amount involved cannot be presently determined, although it is not considered to be material.

22.2 Commitments

22.2.1 Commitments under letters of credit for the import of stock in trade items at 31 December 2019 amounted to Rs. 33.762 million (31 December 2018: Rs. 25.657 million) representing the LCs opened by the year end but no shipment made by that date.

22.2.2 Commitments relating to capital expenditure as at 31 December 2019 amounted to Rs. 4.918 million (2018: Rs. 4.8 million).

23. SALES - net

	2019	2018
	(Rupees in '000)	
Gross sales	3,254,521	2,569,323
Sales tax	(519,057)	(408,790)
Trade discount	(314,349)	(258,144)
Sales return and rebate	(1,786)	(7,684)
	(835,192)	(674,618)
	2,419,329	1,894,705

23.1 Company's main product toilet soap falls under Third Schedule under the Sales Tax Act, 1990 (Act) under Pakistan Custom Terrif (PCT) headings 3401.1100 and 3401.2000. These products are chargeable to Sales Tax under sub-section 2 of section 3 of the above Act at seventeen percent of the retail price. Accordingly the base price on which sales tax has been calculated is Rs. 3,572 million.

23.2 Other relevant details are as follows:

- Sales of the company mainly comprises of soaps and related products.

- All sales are in Pakistan.

- The contract liability of Rs. 43.147 million as at 31 December 2018 has been fully recognised in the statement of profit and loss account of the current year ended 31 December 2019. The contract liability as of 31 December 2019 would be recorded in the revenue only when the sales have taken place (and was so recorded in 2020).

- Credit periods has been specified for each customers regarding the credit sales to them. However, most of the portion of the net balance due as of the year-end was collected subsequent to the year end.

- These are no other performance obligation connected with the sales as recorded during the current year.

24. COST OF SALES

	Note	2019	2018
		(Rupees in '000)	
Raw material consumed	24.1	1,266,686	1,015,948
Packing material consumed	24.2	153,798	124,530
Salaries, wages and other benefits	24.3	142,263	121,768
Depreciation and amortisation	5.4	35,887	28,315
Fuel and power		15,708	21,084
Freight and handling charges		8,993	15,615
Provision for slow moving and obsolete stock	11.2	14,265	40
Stores and spares consumed		4,610	5,630
Rent, rates and taxes		6,554	6,300
Travelling and conveyance		4,253	3,363
Insurance expense		2,546	2,479
Repair and maintenance		686	913
Postage, telegrams and telephones		640	597
Printing and stationery		207	330
Legal and professional charges		35	202
Product research and development		2,150	104
Subscription charges		234	43
Goods purchased for resale		59,037	18,267
Water charges		-	36
Others		1,401	1,260
		1,719,953	1,366,824
Opening stock of work-in-process		7,814	6,379
Closing stock of work-in-process	11	(5,050)	(7,814)
Cost of good manufactured		1,722,717	1,365,389
Opening stock of finished goods		85,429	77,963
Closing stock of finished goods	11	(101,838)	(85,429)
		1,706,308	1,357,923

24.1 Raw material consumed

	Note	2019	2018
Opening stock		64,303	80,646
Purchases		1,272,280	999,605
		1,336,583	1,080,251
Closing stock	11	(69,897)	(64,303)
Raw material consumed		1,266,686	1,015,948

24.2 Packing material consumed

Opening stock		**20,874**	20,969
Purchases		**162,084**	124,435
		182,958	145,404
Closing stock	*11*	**(29,160)**	(20,874)
Packing material consumed		**153,798**	124,530

24.3 Salaries, wages and other benefits include Rs. 9.54 million (31 December 2018: Rs. 9.4 million) in respect of the accrual for defined benefit obligations of the Company and contribution of Rs. 2.54 million (2018: Rs. 2.12) to the provident fund.

25. SELLING AND DISTRIBUTION EXPENSES

Salaries, wages and other benefits	*25.1*	**149,391**	127,322
Advertisement expenses		**103,015**	94,965
Freight, distribution and handling charges		**74,384**	66,941
Travelling and conveyance		**22,708**	20,527
Depreciation and amortisation	*5.4*	**13,819**	7,174
Rent, rates and taxes		**94**	6,188
Product research and development		**8,000**	10,827
Meeting expenses		**979**	864
Postage, telegrams and telephones		**2,242**	2,079
Insurance expense		**1,892**	1,989
Legal and professional charges		**1,574**	1,418
Utility charges		**757**	707
Repair and maintenance		**444**	647
Printing and stationery		**365**	437
Others		**1,853**	2,788
		381,517	344,873

25.1 These include Rs. 2.5 million (31 December 2018: Rs. 2 million) in respect of the accrual for defined benefit obligations of the Company and contribution of Rs. 3.7 million (2018: Rs 2.8 million) to the provident fund.

26. ADMINISTRATIVE EXPENSES

Salaries, wages and other benefits	*26.1*	**106,702**	77,981
Depreciation and amortisation	*5.4*	**16,097**	6,552
Rent, rates and taxes		**506**	9,201
Legal and professional charges		**7,980**	7,931
Travelling and conveyance		**19,369**	5,072
Postage, telegrams and telephones		**2,552**	2,570
Fuel and power		**2,112**	1,803
Printing and stationery		**749**	727
Auditors' remuneration	*26.2*	**2,802**	1,074
Provision against doubtful trade debts	*12.3*	**858**	-
Insurance expense		**945**	715
Repair and maintenance		**971**	781
Training expenses		**507**	967
Directors' meeting fee		**830**	660
Computer equipment charges		**21**	11
Charity and donation		**-**	30
Others		**326**	1,875
		163,327	117,950

26.1 These include Rs. 4.5 million (2018: Rs. 3.2 million) in respect of tl
Company and contribution of Rs. 2.5 million (2018: Rs 2.2 million)

		Note	2019	2018
26.2	**Auditors' remuneration**		(Rupees in '000)	
	Audit fee		**725**	660
	Fee for half yearly review		**194**	160
	Fee for review of Code of Corporate Governance		**70**	65
	Corporate and other advisory services		**1,598**	-
	Out of pocket expenses		**215**	189
			2,802	1,074
27.	**OTHER INCOME**			
	Income from financial instruments			
	- Return on bank deposits		**83**	43
	- Return on term deposit receipts		**9**	-
	Income from non-financial instruments			
	- Scrap sales	*27.1*	**2,626**	4,737
	- (Loss) / gain on disposal of operating fixed assets - net	*5.3*	**330**	6,843
	- Insurance commission		**282**	275
	- Insurance claim income		**-**	253
	- Others		**253**	2,852
			3,583	15,003
27.1	Gross Scrap Sales		**3,164**	5,542
	Sales tax		**(538)**	(805)
	Net scrap sales		**2,626**	4,737
28.	**OTHER CHARGES**			
	Workers' Welfare Fund		**933**	93
	Workers' Profit Participation Fund		**6,734**	3,116
	Impairment against operating fixed assets		**6,886**	-
	Exchange loss on revaluation of financial liabilities		**5,678**	8,471
			20,231	11,680
29.	**FINANCE COSTS**			
	Mark-up on short term borrowings		**15,127**	16,901
	Financial charges on liability against right of use assets		**8,919**	-
	Financial charges on assets acquired under finance lease arrangements		**627**	146
	Bank charges		**1,245**	1,078
			25,918	18,125
30.	**EARNINGS PER SHARE - basic and diluted**			
	Profit for the year after taxation		**65,742**	27,933
			(Number of shares)	
	Weighted average number of ordinary shares		**6,122,600**	6,122,600
			(Rupees)	
	Earnings per share - basic and diluted		**10.74**	4.56

31. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	Key Management Personnel		Non Executive		Executives					
	Chief Executive (Key Management Person)		Director (Chair person) (Non-Executive Director & Key Management person)		Other Key Management Personnel		Others			
	For the year ended 31 December 2019	For the year ended 31 December 2018	For the year ended 31 December 2019	For the year ended 31 December 2018	For the year ended 31 December 2019	For the year ended 31 December 2018	For the year ended 31 December 2019	For the year ended 31 December 2018	For the year ended 31 December 2019	For the year ended 31 December 2018
	(Rupees in '000)									
Managerial remuneration	8,175	7,290	7,200	6,240	14,687	13,023	6,570	4,681	36,632	31,234
Provident fund	818	729	-	-	1,437	1,226	657	468	2,912	2,423
Special pay	5,496	4,900	-	-	9,872	8,754	4,417	3,147	19,785	16,801
Housing and utilities	4,605	4,109	-	-	8,275	7,404	3,697	2,631	16,577	14,144
Medical	117	192	-	-	571	490	112	69	800	751
Incentive	4,451	2,101	-	-	4,478	3,181	1,264	1,077	10,193	6,359
Gratuity	-	-	-	-	854	-	548	-	1,402	-
Other perquisites and benefits	60	60	-	-	-	-	-	-	60	60
	23,722	19,381	7,200	6,240	40,174	34,078	17,265	12,073	88,361	71,772
Number of persons	1	1	1	1	5	5	4	3	11	10

The chief executive and certain executives of the Company are provided with free use of cars and medical facilities in accordance with their entitlements.

Executives are those employees, other than the Chief Executive and directors, whose basic salary exceeds twelve hundred thousand Rupees in a financial year.

31.1 Remuneration of non-executive directors (key management personnel)

In addition to the above, aggregate amount charged in these financial statements for director's fee paid to non-executive directors was Rs. 0.83 million (31 December 2018: Rs. 0.66 million).

32. PROVIDENT FUND RELATED DISCLOSURE

The investments out of provident fund have been made in accordance with the requirement of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

33. FINANCIAL INSTRUMENTS

33.1 Financial risk management

Overview

The Company has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The Company’s Board of Directors has overall responsibility for the establishment and oversight of the Company’s risk management framework. The Board of Directors is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company’s risk management policies and procedures. The Company's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

33.2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The carrying amount of financial assets represents the maximum credit exposure.

33.2.1 Exposure to credit risk

Credit risk of the Company arises principally from long term deposits, loans to employees, trade debts, others receivables and bank balances.

In summary, the maximum exposure to credit risk as at 31 December was as follows:

	Note	2019		2018	
		Financial assets	Maximum Exposure	Financial assets	Maximum Exposure
		(Rupees in '000)			
Deposits		4,792	4,792	4,792	4,792
Loans to employees	8	1,862	1,862	1,790	1,790
Trade debts	12	45,560	45,560	46,188	46,188
Other receivables	13	455	455	140	140
Bank balances (including security deposit)		64,134	64,134	44,084	44,084
		116,803	116,803	96,994	96,994

33.2.2 Concentration of credit risk

As at 31 December, the concentration of the financial assets in terms of the economic sectors was as follows:

	2019	2018
	(Rupees in '000)	
Distributors and retailers	45,560	46,188
Commercial banks	64,134	44,084
Utilities	-	2,786
Employees	1,862	1,790
Others	5,247	2,146
	116,803	96,994

33.2.3 Bank balances

The bank balances (including security deposit) are held with banks and financial institutions counterparties, which are rated as follows:

	Short term	Long term	2019 (Rupees in '000)
Habib Bank Limited	A-1+	AAA	9,466
MCB Bank Limited	A-1+	AAA	2,423
Soneri Bank Limited	A-1+	AA-	51,269
National Bank of Pakistan	A-1+	AAA	934
Standard Chartered Bank (Pakistan) Limited	A-1+	AAA	36
Bank Islami Pakistan Limited	A-1+	A+	6
			64,134

The above ratings are assigned by PACRA and JCR-VIS.

33.2.4 Trade debts

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered and also obtains security / advance payments, wherever considered necessary. Sale limits are established for each customer and reviewed regularly.

Most of the customers have been transacting with the Company since many years. The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade debts.

At 31 December 2019, the ageing of trade debts was as follows:

	2019		2018	
	Gross	Impairment loss	Gross	Impairment loss
	(Rupees in '000)		(Rupees in '000)	
Past due 1 - 60 days	45,560	-	45,878	-
Past due 61 days - 1 year	-	-	310	-
More than one year	9,097	9,097	8,239	8,239
Total	54,657	9,097	54,427	8,239

Management believes that the unimpaired amounts that are due for more than 60 days are good and collectible in full, based on historical payment behaviour of the customers. Movement of provision against doubtful trade debts is disclosed in note 12.3.

None of the financial assets of the Company are past due or impaired except as disclosed in notes 7, 12 and 13 to these financial statements.

33.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities by continuous monitoring of forecast and actual cash outflows. The Company also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables. In addition, the Company maintains lines of credit to meet its expected cash outflows (refer note 20).

33.3.1 Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted:

	2019			
Non-derivative financial liabilities	**Carrying amount**	**Contractual cash flows**	**12 months or less (on demand)**	**More than 12 months**
	---------- (Rupees in '000) ----------			
Mark-up due on short term borrowings	**78**	**78**	**78**	**-**
Trade and other payables	**244,178**	**244,178**	**244,178**	**-**
Liability against asset subject to Finance lease	**4,558**	**5,692**	**1,583**	**4,109**
Liability against Right of use asset (buildings)	**56,592**	**88,050**	**17,992**	**70,058**
	305,406	**337,998**	**263,831**	**74,167**

	2018			
Non-derivative financial liabilities	Carrying amount	Contractual cash flows	12 months or less (on demand)	More than 12 months
	---------- (Rupees in '000) ----------			
Short term borrowings (including mark-up due)	192,502	192,502	192,502	-
Trade and other payables	150,454	150,454	150,454	-
Liability Against Asset subject to Finance lease	5,456	6,963	1,466	5,497
	348,412	349,919	344,422	5,497

33.4 Market risk

Market risk is the risk that changes in market prices - such foreign exchange rates, interest rates and equity prices - will effect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. market. The Company is exposed to currency risk and interest rate risk only.

33.4.1 Currency risk

Currency risk is the risk that the value of financial instrument will fluctuate due to a change in foreign exchange rates. It arises mainly where payables exist due to transactions entered in foreign currencies.

Exposure to currency risk

The Company is exposed to currency risk on trade credit liability that is denominated in a foreign currency (primarily U.S. Dollar). The Company's exposure to foreign currency risk is as follows:

	2019		2018	
	(Rupees in '000)	**US Dollars**	(Rupees in '000)	US Dollars
Bills payable	**32,808**	**211,870**	36,495	262,365
Gross balance sheet exposure	**32,808**	**211,870**	36,495	262,365

Above exposure is payable by the Company in Rupees at the rate on which these are settled by the Company. Currently, the Company does not obtain forward cover against the net exposure.

The following significant exchange rates applied during the year:

	Average rates		Balance sheet date rate	
	2019	2018	**2019**	2018
Rupees / US Dollars	**132.63**	121.43	**154.85**	110.42

Sensitivity risk

A five percent strengthening / (weakening) of the Rupee against US Dollar at the year ended 31 December 2019 would have increased / (decreased) equity and profit and loss account by Rs. 9.177 million (31 December 2018: Rs. 3.108 million). This analysis assumes that all other variables, in particular interest rates, remaining constant. The analysis is performed on the same basis as of December 2018.

33.4.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Company's interest rate exposure arises on deposits with banks. At the balance sheet date the interest rate profile of the Company's interest-bearing financial instrument was as follows:

	Note	Carrying amount 2019	Carrying amount 2018
		(Rupees in '000)	
Fixed rate instruments			
Financial liabilities - liability against the leased assets	*18*	**61,150**	5,456
Bank balance - term deposit	*14.2*	**40,000**	-
Variable rate instruments			
Financial assets - bank balance in profit and loss sharing accounts - withdrawable on demand	*14*	**3,245**	84
Financial liabilities - short term borrowings	*20*	**-**	190,000

Fair value sensitivity analysis for variable rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at reporting date would not affect profit and loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the year end would not have a material impact on equity and profit for the year ended 31 December 2020 and 31 December 2019.

33.4.3 Capital risk management

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses. The Company is not subject to externally imposed capital requirements.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend to the shareholders or issue bonus / new shares.

The Company finances its operations through equity and borrowings and also manages of working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk.

33.4.3.1 Reconciliation of movements of liabilities to cash flows arisin

	2019					
	Liabilities			Revenue reserve		
	Short term borrowings (including accrued markup)	Liability against asset subject to finance lease	Share capital	General reserve	Unappropriated profits	Total
	(Rupees in '000)					
Balance as at 1 January 2019	192,502	5,456	61,226	6,000	117,279	382,463
Changes from financing cash flows						
Proceeds from short term borrowings	290,000	-	-	-	-	290,000
Repayment of short term borrowings	(480,000)	-	-	-	-	(480,000)
Liability against leased assets	-	75,779	-	-		75,779
Lease liability payments	-	(10,618)	-	-	-	(10,618)
Dividend paid	-	-	-	-	(9,040)	(9,040)
Total changes from financing cash flows	(190,000)	65,161	-	-	(9,040)	(133,879)
Other changes - liability related						
Interest expense	15,127	8,919	-	-	-	24,046
Interest paid	(17,551)	(8,199)	-	-	-	(25,750)
Total liability - related other changes	(2,424)	720	-	-	-	(1,704)
Total equity - related other changes	-	-	-	-	71,952	71,952
Balance as at 31 December 2019	78	71,337	61,226	6,000	180,191	318,832

33.5 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its objective of generating returns for stakeholders.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.
- senior management ensures that the Company's staff have adequate training and experience and fosters effective communication related to operational risk management.

33.6 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).

- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).

- Unobservable inputs for the asset or liability (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

2019	Note	Carrying Amount		Fair value
		Amortized Cost	Total	Total
On-balance sheet financial instruments		---------------- (Rupees in '000) ----------------		
Financial assets not measured at fair value	33.6.1			
Deposits		4,792	4,792	-
Loans to employees		1,862	1,862	-
Trade debts		45,560	45,560	-
Other receivables		455	455	-
Cash and bank balances (including security deposit with a bank and cash in hand)		64,110	64,110	-
		116,779	116,779	-

	Note	Carrying Amount		Fair value
		Other financial liabilities	Total	Total
		---------------- (Rupees in '000) ----------------		
Financial liabilities not measured at fair value	33.6.1			
Trade and other payables		244,178	244,178	-
Mark-up due on short term borrowings		78	78	-
Liability against the leased assets		71,337	71,337	-
		315,593	315,593	-

2018	Note	Carrying Amount		Fair value
		Amortized Cost	Total	Total
On-balance sheet financial instruments		(Rupees in '000)		
Financial assets not measured at fair value	*33.6.1*			
Deposits		4,792	4,792	-
Loans to employees		1,790	1,790	-
Trade debts		46,188	46,188	-
Other receivables		140	140	-
Cash and bank balances (including security deposit with a bank and cash in hand)		44,249	44,249	-
		97,159	97,159	-

	Note	Carrying Amount		Fair value
		Other financial liabilities	Total	Total
		(Rupees in '000)		
Financial liabilities not measured at fair value	*33.6.1*			
Trade and other payables		150,454	150,454	-
Short term borrowings (including mark-up)		192,502	192,502	-
Liability against assets subject to finance lease		5,456	5,456	-
		348,412	348,412	-

33.6.1 The Company has not disclosed the fair values of the above financial assets and financial liabilities, as these are either short term in nature or repriced, periodically. Therefore, their carrying amounts are reasonable approximations of their fair values.

34. PLANT CAPACITY AND PRODUCTION

	2019	2018
Soap	**(Metric Tons)**	
Annual assessed / rated	**10,500**	10,500
Actual production	**3,785**	7,496

Due to growing competition, availabilty of foreign brands and purchasing of finished goods, the assessed plant capacity could not be fully utilized as for certain part of the year only one shift operated. Further during the year 5,133 metric tons of finished goods were purchased externally.

35. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of associated companies, companies with common directors, major shareholders, staff retirement funds, directors and key management personnel. Details of transactions with related parties and balances with them, unless disclosed elsewhere are as follows:

	Note	2019	2018
Transactions with related parties:		**(Rupees in '000)**	
Other related parties			
Contribution to the employees' provident fund	*35.1*	**8,705**	7,216
Key Management Personnel			
Total remuneration of the Chief Executive, Chair person and other key management personnel	*31*	**71,096**	59,699
Other Director's remuneration (meeting fee)		**830**	660

35.1 Contribution to the provident fund is made in accordance with the requirements of staff service rules.

35.2 Remuneration of key management personnel in accordance with their terms of employment are given in note 31.

35.3 Other transactions with related parties are at agreed terms.

36. OPERATING SEGMENT

These financial statements have been prepared on the basis of a single reportable segment which is consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

The internal reporting provided to the chief operating decision-maker relating to the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

The Company does not have different reportable segments since all of the Company products are similar in nature and managed by the Company on a similar basis.

During the year, sales to one specific customer was more than 10% of the Company's total sales amounting to Rs. 682 million constituting 22% of the Company's sales (2018: Rs. 605 million constituting 24% of the Company's sales).

As at 31 December 2019 there were three shareholders (31 December 2018: 1) who held more than 10% of the Company's share capital. The holdings were 26.87%, 16.24% and 21.60% (31 December 2018: 38.81%).

37. NUMBER OF EMPLOYEES

The number of employees as on the year end were 171 (31 December 2018: 173) and average number of employees during the year were 172 (31 December 2018: 173).

The total number of factory employees as at year end were 30 (2018: 33) and average number of factory employees were 33 (2018: 35).

38. GENERAL

38.1 Security deposits of Rs. 3.849 million earlier classified as long term security deposits have been reclassified to short term security deposits for a better presentation.

38.2 Date Of Authorization For Issue

These financial statements were authorised for issue in the Board of Directors meeting held on March 5th, 2020.

38.3 Post balance sheet event

The Board of Directors in their meeting held on March 5th, 2020 have for the year ended December 31st 2019, proposed final cash dividend of Rs. 3.50 per share (2018: Rs. 1.50 per share) amounting to Rs. 21.429 million (2018: Rs. 9.184 million) for approval by the members of the Company in the Annual General Meeting to be held on 29th May, 2020. The financial statements for the year ended 31st December 2019 do not include the effect of the proposed cash dividend, which will be recognised in the financial statements for the year ending December 31st 2020.

Chief Financial Officer	Chief Executive Officer	Director

ZIL LIMITED

Shareholders' Information

Notice of 60th Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixtieth Annual General Meeting of ZIL Limited will be held on Friday, May 29, 2020 at 11:30 am to transact the following business at Karachi.

In wake of the outbreak of COVID-19 (Corona Virus Disease - 2019) shareholders are encouraged to attend the Meeting online as per the instructions given in notes section below.

ORDINARY BUSINESS:

1. To confirm the minutes of the last Extraordinary General Meeting held on Thursday, June 27, 2019.

2. To receive, consider and approve the Audited Financial Statements of the Company together with the Directors' and Auditors' report thereon for the year ended December 31, 2019.

3. To approve as recommended by directors a final cash dividend @ 35% per share for the financial year 2019.

4. To appoint Auditors of the Company and fix their remuneration.

By the order of the board

Muhammad Shahid
Company Secretary

Karachi: May 06, 2020

NOTES:

i) In order to determine the entitlement of Final Dividend, and to participate and vote via video link in the AGM of the Company , Share Transfer Book Closure dates shall remain the same i.e. April 10, 2020 to April 16, 2020, as previously mentioned in the initial notice of holding the Annual General Meeting and Book Closure published through PUCARS. Furthermore, only those shareholders will be entitled for the dividend payment and to vote at the AGM whose names will appear in the Register of Members on April 10, 2020.

ii) A member entitled to attend and vote at the meeting may appoint another person as his/her proxy to attend and vote in his/her place. Proxies completed in all respect, in order to be effective, must be received at the Registered Office of the Company not less than forty eight (48) hours before the time of meeting or email scanned copy of the same at agm@zil.com.pk. Attested copy of shareholder's Computerized National Identity Card (CNIC) must be attached with the Form.

iii) Members are requested to notify the change in their addresses, if any, immediately to the Share Registrars of the company, M/s THK Associates (Pvt) Ltd. 1st Floor, 40 – C, Block-6, P.E.C.H.S., Karachi 75400 Pakistan.

iv) The CDC/sub account holders are required to follow the guidelines as laid down by Securities & Exchange Commission of Pakistan contained in Circular No.1 of 2000.

Notice of 60th Annual General Meeting

SPECIAL NOTES TO THE SHAREHOLDERS:

v) WITHHOLDING OF PAYMENT OF DIVIDEND - SUBMISSION OF COPIES OF CNIC (URGENT & MANDATORY):

As per SECP directives the dividend of shareholders whose valid CNICs, are not available with the Share Registrar could be withheld. All shareholders having physical shareholding are therefore advised to submit a photocopy of their valid CNICs immediately, if already not provided, to the Share Registrar of the company without any further delay.

vi) PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE: (MANDATORY)

Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed company including to pay cash dividend to its shareholders ONLY through electronic mode directly into bank account designated by the entitled shareholders. In order to receive dividend directly into their bank account, shareholders are requested to fill in ELECTRONIC CREDIT MANDATE FORM available at Company's website and send it duly signed along with a copy of CNIC to the Share Registrar of the Company in case of physical shares. In case of shares held in CDC then ELECTRONIC CREDIT MANDATE FORM must be submitted directly to shareholder's broker/participant/ CDC account services. In case of non-receipt of IBAN detail, the Company will be constrained to withhold payment of dividend under Companies (Distribution of Dividends) Regulations, 2017.

vii) UNCLAIMED DIVIDENDS AND SHARES (IMPORTANT & MANDATORY)

Shareholders of the Company are hereby informed that as per the record, there are some unclaimed/uncollected / unpaid dividends and shares. Shareholders who could not collect their dividends/shares are advised to contact Company`s Share Registrar, to collect/enquire about their unclaimed dividend or shares, if any. In compliance with Section 244 (2) of the Companies Act, 2017, after having completed the stipulated procedure, of three (3) years or more from the date due and payable, shall be deposited to the credit of Federal Government in case of unclaimed dividend and in case of shares, shall be delivered to SECP.

viii) ONLINE PARTICIPATION IN AGM:

In pursuance of SECP Circular No. 5 dated March 17, 2020, Circular No. 6 dated March 22, 2020 and Circular No. 10 dated April 1, 2020 respectively regarding Regulatory Relief to dilute impact of Corona Virus (COVID 19) for Corporate Sector, the proceedings of the AGM shall be held online through video link only. The shareholders attending AGM through video link are requested to post/send their respective questions/comments/suggestions along with their Name and Folio Number on the following email address or WhatsApp number according to their convenience.
Email ID: agm@zil.com.pk
WhatsApp number 0334-3155091

Notice of 60th Annual General Meeting

In pursuance of SECP Circular No. 10 dated April 1, 2020 regarding Regulatory Relief to dilute impact of Corona Virus (COVID 19) for Corporate Sector, the Annual Report shall be circulated via email to those shareholders whose email addresses are present in the records/database of the company. The Annual Report has also been uploaded at the Company's website and is readily accessible to the shareholders (www.zil.com.pk).

In view of the evolving situation on the spread of the COVID-19, ZIL Limited has decided to conduct above Shareholders' Meeting online in order to protect the wellbeing of the shareholders.

The shareholders will be able to login and participate in the AGM proceedings through their smartphones or computer devices from their homes or any convenient location after completing all the formalities required for the verification and identification of the shareholders.

In this regard, shareholders are required to update their valid e-mail addresses with the Share Registrar, latest by May 15, 2020. A detailed procedure shall be communicated through e-mail directly to the shareholders who have provided their valid e-mail IDs and same shall be placed at the Company's website www.zil.com.pk in investor relation section.

The shareholders who have already updated their valid e-mail addresses with the Company or its Share Registrar and are interested to attend AGM may send below information at agm@zil.com.pk for their / their appointed proxy's verification. Such information should be sent from their duly registered valid e-mail address for the registration purposes latest by May 24, 2020.

S. No.	Name of the Shareholder	CNIC Number	Folio Number	Cell Number	Registered E-mail Address

In case of appointment of a proxy, please communicate above information for the individual who has been appointed as proxy of the Shareholder to participate and vote on behalf of the respective shareholder along with the duly signed proxy form.

ix. Transmission of Annual Audited Financial Statements and Notice of AGM to Members through CD / DVD / USB and E-mail:

SECP through its SRO 470(1)/2016, dated May 31, 2016, has allowed companies to circulate the annual balance sheet, profit and loss account, auditors' report and Directors' report etc ("annual audited accounts") along with notice of general meeting to its members through CD/DVD/USB and email at their registered addresses. In view of the above, the Company has sent its Annual Report 2019 to its members in electronic form. The Company has placed on its website i.e. www.zil.com.pk a standard request form containing postal and e-mail address of Company Secretary/Share Registrar, so that shareholders may request a hard copy of the Annual Audited Accounts. The Company will provide one hard copy free of cost to the requesting shareholder at their registered address within one week of the request.

Notice of 60th Annual General Meeting

x. **Deduction of Withholding Tax on the Amount of Dividend:**

The Government of Pakistan through Finance Act, 2019, has made amendment in Section 150 of the Income Tax Ordinance, 2001, whereby, withholding tax on dividends has been enhanced as follows:

• For Filers of Income Tax Returns: 15%

• For Non-Filers of Income Tax Returns: 30%

In case of joint-shareholders, tax is to be deducted as per ratio of their shares in the ownership. Federal Board of Revenue ("FBR") has provided the Active Tax-Payer List ("ATL"), for identification on the basis of National Tax Number ("NTN")/Computerized National Identity Card ("CNIC") number; hence, in case of non-availability of valid NTN/CNIC number of the respective shareholder with the Company's Share Registrar and Transfer Agent, he/she will be treated as 'Non-Filer' and accordingly tax at the rate of 30% would be deducted. Therefore, the shareholders who have not yet provided such information are requested to ensure that their valid NTN/CNIC number should be available with the Share Registrar and Transfer Agent of ZIL Limited, whereas, shareholders having CDC Accounts would requires to provide their valid NTN/CNIC number to their respective CDC participants.

xi. **Requirement of Valid Tax Exemption Certificate for Claim of Exemption U/S 150 of the Income Tax Ordinance, 2001:**

Please be advised that in wake of recent judgments of respective courts of law, the exemption certificate u/s 159 of the Income Tax Ordinance, 2001, is mandatory to claim tax exemption u/s 150. Accordingly, the Company may not be awarding exemption on the basis of Clause 47B of Part IV of Second Schedule to the Income Tax Ordinance, 2001. However, if an entity has filed a petition against the FBR, in any relevant court, a certified true copy of the Stay Order of honorable court along with all latest court proceedings (if any) would be required in lieu of valid tax exemption certificate, for non-deduction of withholding tax. In case of non-availability of valid tax exemption, deduction of tax under relevant sections shall be made accordingly.

xii. **Deduction of Withholding Tax on Joint Account Holder(s):**

The Joint Account Holders whose shareholding details as to Principal Shareholder have not yet been determined for deduction of withholding tax on the upcoming dividend of the Company, are requested to please furnish to the Company's Share Registrar and Transfer Agent at below mentioned address, the shareholding details of yourself as Principal Shareholder and your Joint Holder(s) in the following manner, enabling the Company to compute withholding tax of each shareholder accordingly:

CDC Account No./Folio No.	Name of Principal Shareholder/Joint Holders	Shareholding Proportion (%)	CNIC No. (copy attached)	Signature

Notice of 60th Annual General Meeting

Kindly note that in case of non-receipt of the information each Account Holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly.

xiii. Deposit of Physical Shares into CDC Account:

The Shareholders having physical shareholding may open CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into script-less form, this will facilitate them in many ways including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Stock Exchange.

xiv. Merger of Different Folios into One Folio:

As per record, some of the shareholders are maintaining more than one folio under the same particulars. Carrying two different folios may be a hassle for the shareholders to reconcile and receive different benefits in the shape of dividends/ bonus. In order to provide better services and convenience, such shareholders are requested to send requests to the Company's Share Registrar and Transfer Agent at the below mentioned address to merge their folios into one folio.

- While sending the copy of NTN/CNIC number, the shareholders are requested to quote their respective folio numbers for identification purpose.

M/s THK Associates (Pvt) Ltd,
Share Registrar-ZIL Limited
First Floor, 40-C, Block-6,
P.E.C.H.S., Karachi-75530
UAN: +92 (21) 111-000-322
Direct: +92 (21) 34168266-68-70
Fax: +92 (21) 3 4168271
Email: secretariat@thk.com.pk

Important Information for Shareholder

Annual General Meeting

The annual shareholders' meeting will be held on Friday, May 29, 2020 at 11:30 am at Karachi, Pakistan. Shareholders are encouraged to participate in the meeting oline.

Book Closure Dates

In order to determine the entitlement the Share Transfer Books closure dates of the Company shall remain the same i.e. from April 10, 2020 to April 16, 2020 as previously mentioned in the initial notice of AGM and book closure published through PUCARS.

Registered Office

Ground Floor, Bahria Complex III,
M. T. Khan Road,
Karachi, Pakistan.
Tel: +9221 35630251 – 60
Fax: +9221 35630266

Shares Registrar

M/s THK Associates (Pvt) Ltd,
Share Registrar-ZIL Limited
First Floor, 40-C, Block-6,
P.E.C.H.S., Karachi-75530
UAN: +92 (21) 111-000-322
Direct: +92 (21) 34168266-68-70
Fax: +92 (21) 34168271
Email: secretariat@thk.com.pk

E- Dividend Mandate (Mandatory)

Under Section 242 of the Companies Act 2017, it is mandatory for all listed Companies to pay cash dividend to its shareholders only through electronic mode directly into the bank account designate by the entitled shareholders.

In order to receive dividend directly into their bank account, shareholders are requested (if not already provided) to fill in Bank Mandate Form for Electronic Credit of Cash Dividend available in the Annual Report and also on the Company's website and send it duly signed along with a copy of valid CNIC to the Share Registrar of the Company, THK Associates (Pvt.) Limited, 1st Floor, 40 – C, Block 6, P.E.C.H.S. Karachi 75400, in case of physical shares.

In case shares are held in CDC, electronic dividend mandate form must be directly submitted to shareholder's brokers/participant/CDC account services.

In case of non-receipt of information, the Company will be constrained to withhold payment of dividend to shareholders as per section 243(3) of the Companies Act, 2017.

Transmission of Annual Audited Financial Statements and Notice of AGM to Members through CD/DVD/USB and e-mail

The SECP through SRO 470 (1)/2016 dated May 31, 2016 has allowed companies to circulate the annual balance sheet and profit and loss account, auditor's report and directors report etc. ("annual audited accounts") along with notice of general meeting to its shareholders in electronic form through CD/DVD/USB and email at their registered addresses. This would result in timely delivery of Annual Audited Accounts to the shareholders. The Company has placed on its website i.e. www.zil.com.pk a standard request form containing postal and e-mail address of Company Secretary/Share Registrar, so that shareholders may request a hard copy of the Annual Audited Accounts. The Company will provide one hard copy free of cost to the requesting shareholder at their registered address within one week of the request.

Stock Code

The stock code for dealing in equity shares of ZIL Limited at Pakistan Stock Exchange is ZIL.

Shares Registrar

ZIL Limited shares department is operated by THK Associates (Pvt) Limited. It is managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the registration functions.

The share registrar has online connectivity with Central Depository Company of Pakistan Limited. It undertakes activities pertaining to dematerialized of shares, shares transfers, transmissions, issue of duplicate / replaced share certificates, change of address and other related matters.

For assistance, shareholders may contact either the Registered Office or the shares Registrar.

Statutory Compliance

During the year, the company has complied with all applicable provisions, filed all returns/forms and furnished the all relevant particulars as required under The Companies Act 2017 and Securities Act, 2015 and allied rules, the Securities and Exchange Commission of Pakistan (SECP) regulations and the listing requirements.

Dividend

Keeping in view the profitability of the company, the Board of Directors recommended final cash dividend Rs. 3.50 per share i.e 35% for the year ended December 31, 2019.

Earnings per Share

Earnings per share basic and diluted for the year Rs. 10.74 [(2018: Rs. 4.56)].

Shareholder's Grievances

To date none of the shareholders has filed any letter of complaint against any service provided by the company to its shareholders.

Legal Proceedings

No case has ever been filed by shareholders against the Company for non-receipt of shares.

General Meeting & Voting Rights

Pursuant to section 132 of the Companies Act, 2017, ZIL Limited holds a General Meeting of shareholders at least once a year. Every shareholders has right to attend the General Meeting. The notice of such meeting is sent to all the shareholders at least 21 days before the meeting and also advertised in at least one English and one Urdu newspaper having circulation in Karachi and Lahore. All ordinary shares issued by the Company carry equal voting rights. Generally, matters at the general meetings are decided by a show of hands in the first instance. Voting by show of hands operates on the principle of the “One Member-one Vote”. If majority of shareholders raise their hands in favour of a particular resolution, it is taken as passed, unless a poll is demanded.

Since the fundamental voting principle in a Company is “One share-One Vote”, voting takes place by a poll, if demanded. On a poll being taken, the decision arrived by poll is final, overruling any decision taken on a show of hands.

Proxies

Pursuant to Section 137 of the Companies Act, 2017 and according to the Memorandum and Articles of Association of the Company, every shareholders of the Company who is entitled to attend and vote at a general meeting of the Company can appoint another person as his/her proxy to attend and vote instead of him/her.

Every notice calling a General meeting of the Company contains a statement that a shareholder entitled to attend and vote is entitled to appoint a proxy. A proxy need not be a member of the Company.

The instrument appointing a proxy (duly signed by the shareholder appointing that proxy) should be deposited at the office of the company not less then forty-eight hours before the meeting or email scanned copy of the same at agm@zil.com.pk at attested copy of shareholder’s CNIC must be attached with the proxy form.

Web Presence

Update information regarding the company can be accessed at ZIL Limited website, www.zil.com.pk. The website contains the latest financial results of the company together with Company’s profile, the corporate philosophy and major products.

Quarterly Reports

The Company publishes interim reports for the first, second and third quarters of the financial year. The interim reports for the preceding year can be accessed at ZIL’s website www.zil.com.pk or printed copies can be obtained by writing to the Company Secretary.

The Company Secretary
ZIL Limited
Ground Floor, Bahria Complex III,
M. T. Khan Road, Karachi, Pakistan.
Tel: +9221 35630251 – 60
Fax: +9221 35630266

Annexures

ZIL
LIMITED

Form of Proxy

The Secretary
ZIL Limited
Ground Floor,
Bahria Complex III,
M.T. Khan Road, Karachi.

I/We ....

of........................ ....being a member of ZIL Limited and holding.......................... ordinary

shares as per Share Register Folio No. and / or CDC Participant I.D. No ....

and Sub-Account No ....hereby appoint...

of ....or failing him ....of ....as

my proxy to vote for me and on my behalf at the Annual General Meeting of the Company to be held

on Friday May 29, 2020, at 11:30 am at Karachi, Pakistan and at any adjournment thereof.

Signed this ....day of 2020

Witness:

Signature: ______________________

Name: ______________________

Address: ______________________

____

CNIC or |_|_|_|_|_|-|_|_|_|_|_|_|_|-|_|

Passport No. ______________________

Witness:

Signature: ______________________

Name: ______________________

Address: ______________________

____

CNIC or |_|_|_|_|_|-|_|_|_|_|_|_|_|-|_|

Passport No. ______________________

Paste Revenue
Stamp of Rs. 5/-

The Signature should agree
with the specimen registered
with the Company.

____
Signature of Member

____
Signature of Proxy

Notes:

The instrument appointing a proxy must be received at the registered office of the Company not less than forty-eight hours before the meeting. A proxy need not be a member of the company.

CDC Shareholders and their Proxies are each requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.

ZIL LIMITED

پراکسی فارم

سیکریٹری
زل لمیٹڈ
گراؤنڈ فلور، بحریہ کمپلیکس III، ایم۔ٹی۔خان روڈ، کراچی۔

میں/ہم ____________ ساکن ____________

بطور زل لمیٹڈ کے رکن وحامل ____________ عام حصص بمطابق شیئر رجسٹر ڈ فولیو نمبر ____________

اور یا سی ڈی سی کے شراکتی آئی ڈی نمبر ____________ اور ذیلی کھاتہ نمبر ____________ ساکن ____________

یا بصورتِ دیگر ____________

کو اپنی جگہ بروز جمعہ مورخہ ۲۹ مئی ۲۰۲۰ء بوقت ۱۱:۳۰ بجے بمقام: کراچی، پاکستان میں منعقد یا ملتوی ہونے والے سالانہ عام اجلاس میں رائے دہندگی کیلئے نمائندہ مقرر کرتا/کرتی ہوں۔

دستخط بروز ____________ مورخہ ____________ ۲۰۲۰ء

دستخط: ____________
نام: ____________
پتہ: ____________
شناختی کارڈ
یا
پاسپورٹ نمبر: ____________

دستخط: ____________
نام: ____________
پتہ: ____________
شناختی کارڈ
یا
پاسپورٹ نمبر: ____________

پانچ روپے کے ریونیو ٹکٹ چسپاں کریں۔

(دستخط کمپنی میں درج نمونہ کے دستخط کے مطابق ہونے چاہئے)

____
رکن کے دستخط

____
نمائندہ کے دستخط

نوٹ:

1. پراکسیز کے موثر ہونے کیلئے لازم ہے کہ وہ اجلاس سے 48 گھنٹہ قبل کمپنی کے رجسٹرڈ آفس کو موصول ہوں۔ نمائندے کو کمپنی کا رکن ہونا ضروری نہیں۔
2. سی ڈی سی نمائندہ (Member) اور انکے مقرر کردہ نمائندہ سے گزارش ہے کہ وہ تصدیق شدہ شناختی کارڈ یا پاسپورٹ اس پراکسی فارم کے ہمراہ کمپنی کو جمع کرائیں۔

ZIL LIMITED

Request For Video Conferencing Facility Form

The Company Secretary
ZIL Limited
Ground Floor, Bahria Complex III,
M. T. Khan Road,
Karachi, Pakistan.
Tel: +9221 35630251 – 60
Fax: +9221 35630266
e-mail: info@zil.com.pk

Consent Form for Video Conferencing Facility

I/We,____of_____________being a

Shareholder of ZIL Limited, holder of ______________________Ordinary Share(s) as per

Registered Folio No./CDC Account No._____________________________ hereby opt for

video conference facility at ____

____

____
Signature of Shareholder

Note:

To avail video conference facility please fill the aforementioned and submit to registered address of the Company at least 10 days prior to date of annual general meeting.

If the Company receives consent from shareholders holding in aggregate 10% or more shareholding and residing at geographical location, to participate in the meeting through video conference, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

The company will intimate shareholders regarding venue of video conference at least 5 days before the date of annual general meeting along with complete information necessary to enable them to access such facility.

ELECTRONIC CREDIT MANDATE FORM (MANDATORY)

Dear Shareholder,

We wish to inform you that in accordance with the provision of section 242 of the Companies Act, 2017, it is mandatory for a listed company to pay cash dividend to the shareholders only through electronic mode directly into the bank account designated by the entitled shareholders.

In order to receive your dividends directly in to your Bank account, please complete the particulars as mentioned below and return this letter duly signed along with a copy of your Computerized National Identity Card (CNIC) to the Registrar of the Company **THK Associates (Pvt.) Limited, 1st Floor, 40 – C, Block 6, P.E.C.H.S. Karachi 75400.**

CDC shareholders are requested to submit their Dividend Mandate Form and CNIC directly to their broker (participant)/CDC.

Yours faithfully
For ZIL Limited

(Muhammad Shahid)
Company Secretary

SHAREHOLDER'S SECTION,

I hereby communicate to receive my future dividends directly in my bank account as detailed below:

Name of shareholder: --

Folio Number/CDC Account No.: -- Company: **ZIL LIMITED**

Title of Bank Account of sharholder: --

IBAN Number (**see below Note No. 1**): ---

Name of Bank: --

Bank branch name & full mailing address: --

CNIC No. (copy attached): ---

NTN (in case of corporate entity): --

Cell / Landline number: --e-mail ID------------------------------------

It is stated that the above particulars given by me are correct and to the best of my knowledge; I shall keep the Company informed in case of any changes in the said particulars in future.

________________________ Date:__________________
Shareholder's Signature

Notes and Instructions:

1. **Please provide complete IBAN Number (24 digits), after checking with your concerned branch to enable electronic credit directly into your bank account.**

2. The payment of cash dividend will be processed based on the account number alone. The Company is entitled to rely on the account number as per your instructions. The Company shall not be responsible for any loss, damage, liability or claim arising, directly or indirectly, from any error, delay, or failure in performance of any of its obligations hereunder which is caused by incorrect payment instructions and /or due to any event beyond the control of the Company.

INVESTOR'S AWARENESS
For the year ended December 31, 2019

With reference to SRO 924(1) / 2015 dated September 9th, 2015 issued by the Securities and Exhange Commission of Pakistan (SECP), the following informational message has been added for investor's awareness.

ZIL LIMITED

Ground Floor, Bahria Complex III, M.T. Khan Road, Karachi, Pakistan.
Tel: +9221 35630251-60 Fax: +9221 35630266 Email : ask@zil.com.pk, info@zil.com.pk
Website : www.zil.com.pk