



Annual Report  
2020







## About Us

ZIL Limited, with its soap brands Capri, Lily, Opal, Capri Hand wash range and Beauty Drop 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 standards 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 2020

## Highlights of Outdoor Activities 2020





# Activity Calendar 2020

## Highlights of Annual Sales Conference 2020



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# Company Information

## Board of Directors

Mrs. Ferial 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
Mr. Ahsan Rashid*	Non-Executive Director

## Board Audit Committee

Mr. Muhammad Salman H. Chawala (Representing NIT)	Chairman
Mrs. Ferial Ali Mehdi	Member
Mr. Kemal Shoaib**	Member
Mr. Saad Amanullah Khan**	Member

## Human Resource and Remuneration committee

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

\*Mr. Kemal Shoaib expired on November 26, 2020 and Mr. Ahsan Rashid appointed as a director in place of Mr. Kemal Shoaib.

\*\*Mr. Saad Amanullah Khan appointed as member of Audit Committee in place of Mr. Kemal Shoaib.



### **Statutory Auditors**

EY Ford Rhodes  
Chartered Accountants

### **Chief Financial Officer**

Mr. Ata-ur-Rehman Shaikh

### **Company Secretary**

Mr. Muhammad Shahid

### **Head of Internal Audit**

Mr. Syed Abid Raza Rizvi

### **Legal Advisors**

Pinjani & Vadria Lawyers

### **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](http://www.zil.com.pk)  
Email: [Info@zil.com.pk](mailto:Info@zil.com.pk)

### **Factory**

Link Hali Road, Hyderabad - 71000

### **Bankers**

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

### **Shares Registrar**

THK Associates (Pvt) Limited  
Plot No. 32, Jami Commercial Street 2,  
D.H.A., Phase VII,  
Karachi.  
Ph: (021) 111-000-322



## Our MISSION

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

## Our VISION

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

## 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 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 Plant Manager 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 and 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 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 system remained robust and in-line with best industry practices. Our key area of focus for the year 2020 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.

## Corporate Social Responsibility

- 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 have been installed at high torque electric motors to reduce consumption.

### ENVIRONMENT PROTECTION MEASURE

- 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 RECYCLED AND USED IN PLANTATION

- Recycling of contaminated water is ensuring 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](http://www.kcci.com.pk)
- **Pakistan Institute of Corporate Governance**  
[www.picg.org.pk](http://www.picg.org.pk)
- **Hyderabad Chamber of Commerce & Industry**
- **WWF - Pakistan**  
[www.wwfpak.org](http://www.wwfpak.org)
- **Marketing Association of Pakistan**  
[www.map.org.pk](http://www.map.org.pk)
- **Pakistan Advertising Society (PAS)**  
[www.pas.org.pk](http://www.pas.org.pk)
- **Pakistan Soap Manufacturers Association**  
[www.pasma.com.pk](http://www.pasma.com.pk)
- **Pakistan Chemical Manufacturers Association**  
[www.pcma.org.pk](http://www.pcma.org.pk)



## Directors' Profile



**Mrs. Ferial Ali-Mehdi**

Mrs. Ferial Ali-Mehdi took over the reins of the company as CEO in November 1998. She remained at the position till December 2012. She is acting as Chairman since July 2007. She has led 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 Bachelors 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 to turnaround the company by mid-2003. They grew the business from a Rs. 390 mn net turnover in 1999 to a Rs. 1.6 bn by 2011. She then 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's 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 Hasan Ansari**

Mr. Mubashir H Ansari joined ZIL Limited in April 2011 as GM- Marketing & 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, UK. He started his career journey from 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 in 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. Saad has nearly three decades of experience of working for Gillette Pakistan as CEO, and Procter and 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's (OICCI), the largest foreign business chamber.

Mr. Saad is an active social worker, involved in I am Karachi Consortium, Pakistan Innovation Foundation (PIF), and National Entrepreneurship Working Group (NEW-G), South East Asia Leadership Academy (SEALA), helper of HOPE and Aga Khan Hospitals Patient Welfare Committee.

He is also the President of Public Interest Law Association of Pakistan (PILAP), civil rights organization. He is also a board member of Patient Aid foundation, a private group helping the largest public hospitals in the region Jinnah Post Graduate Medical Centre (JPMC); Lettuce Bee Kids, an organization helping the cause of street kids; Naya Gevan, working to offer health insurance to urban poor; AIESEC which provides young people with leadership opportunities to develop into global leaders; National University of Science and Technologies (Islamabad); Corporate Advisory Council (CAC) Society of Human Resources Management; Ladies Fund Board (Women Empowerment); Professional School 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 Pakistan Institute of Corporate Governance (PICG).



**Mr. Syed Hasnain Ali**

Mr. Syed Hasnain Ali is 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 in 2005, and went on to complete a Post-Graduate Diploma in Service Management in 2006. He began his professional career at Nestle Pakistan Ltd. in 2006 as a training coordinator in the HR department, and launched the HY Group of Companies from 2007.

He has also served on the board at Wazir Ali Industries and is a member of the Lahore Chamber of Commerce and Industry. Mr. Hasnain is certified member of Pakistan Institute of Corporate Governance (PICG).



**Mr. Muhammad Salman Husain Chawala**

Mr. Salman has over 15 years of experience in various sectors which includes Pharmaceutical, Agriculture, Chemicals, Engineering and Financial Sectors. He has played key role in Business Development, Corporate Governance, Corporate Affairs, and General Management. He is currently 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 Member of Institute of Corporate Secretaries of Pakistan. He is also a Certified Director from Pakistan Institute of Corporate Governance (PICG).



**Mr. Mir Muhammad Ali**

Mr. Mir Muhammad Ali has 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 faltering 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 Shariah-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 recognised 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.



### **Mr. Ahsan Rashid**

Mr. Ahsan has over 30 years of diverse experience, mainly with major multinationals including more than 13 years as Company Head. He has been Managing Director of Coca-Cola Beverages Pakistan Limited and Ghani Glass Limited. He has also worked in Rafhan Best Foods Limited (now Unilever Foods), Pepsi Cola International and Tetra Tech Inc., USA. He is currently working as Founder and CEO of Optimus Group of Companies, providing services in areas of Management Consulting, Distribution and IT. His areas of expertise are Business Transformation / Restructuring, M&A, Strategic Planning, Management / Information Systems and People Development. He has extensive international market visit exposure - 20 countries in 6 continents and is proficient in adapting international best practices to local environment.

Ahsan did his MBA from University of California, Riverside, USA and MS in Industrial & Operations Engineering from University of Michigan, Ann Arbor, USA. He also has BSc. in Mechanical Engineering from University of Engineering & Technology, Lahore as well as Certificate in Hazardous Materials Management from University of California - Extension, Riverside, USA.

He is President of Pakistan Celiac Society and a life member of Adventure Foundation of Pakistan.



## 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. Ferial Ali-Mehdi, Member
- Mr. Kemal Shoaib, Member\*
- Mr. Saad Amanullah Khan, Member\*

\*Mr. Kemal Shoaib expired on November 26, 2020, and Mr. Saad Amanullah Khan appointed in his place.

### BOARD HUMAN RESOURCE & REMUNERATION 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. Ferial 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  
Mr. Ata-ur-Rehman Shaikh  
Syed Shiblee Abdullah  
Mr. Shabbir Hussain  
Mrs. Sahrish Rehan  
Mr. Faisal Ajmal

Chief Executive Officer  
General Manager Finance  
General Manager Supply Chain  
National Sales Manager  
Marketing Manager  
Head of Human Resources

## Personal Care

### Capri Liquid Handwash Range

This year more and more consumers opted for liquid soaps due to increased hygiene awareness. Capri Handwash based on the natural ingredients positioning offered consumers skin care benefits, better product quality and performance than competitors. Capri handwash received encouraging response from the market.



### Capri Beauty Soap Range

We introduced a new Velvet Orchid variant under Capri, our flagship brand, for the younger consumer need for soft and supple skin. Its feminine and stylish look makes it very attractive for the target market.



We also re-launched the Capri soap range with vibrant colors to enhance pack attractiveness and the richness of our natural ingredients and their benefits.

### Opal Beauty Soap

Opal offers its consumers a unique combination of affordability and variety. This year Opal Gentle Floral Freshness design was upgraded to a more gentle and attractive theme. To further strengthen Opal beauty soap range, a new variant of Opal Natural Silky Shine was introduced. Since then, the brand retail penetration has doubled.



### Lily Beauty Soap

To increase choice for the consumers, Lily new variant with herbal fragrance was introduced in purple colour pack design. The herbal fragrance provides refreshing and purifying experience.



### Beauty Drop Soap

Beauty Drop is a new addition in our beauty soap segment targeting low income households. It has a delicate, feminine and soft feel for the consumer with a highly attractive fragrance.





## **Top 25 Companies Award**

For the first time, Pakistan Stock Exchange ranked ZIL Limited among the top 25 listed companies. This award has been achieved after meeting stringent criteria set by PSX, which among other requirements, includes compliances with corporate governance regulations, capital efficiency, dividend distribution, top-line and margins growth.

## **ZIL Limited – Supporting organisations during COVID-19 Pandemic**

During the COVID-19 pandemic this year we made soap donations associating with different NGOs and Government bodies to promote cleanliness among the most vulnerable. Our initiative delivered over 355,000 pieces of Capri soap as donations to these organizations.

## Chairman's Review Report

It gives me great 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 year 2020 saw an unprecedented global COVID-19 pandemic which deeply impacted human along with economic activities and continuous to do so. Unfortunately, no one was spared including the company, its staff and customers. Our sympathies go out to all those who were affected during this difficult time

Not only globally, the spread of pandemic has also significantly affected the economic landscape of the country impacting everything from the way we live to the way we operate, further reducing consumers' purchasing power, change in consumers' choices and increasing inputs costs have also impacted the business. Despite these challenges the management of the Company under the leadership of CEO, remained focused and withstood the prevailing challenges through its continued operational efforts and the strategic directions provided by the Board of Directors.

When the pandemic struck, the company's Board and the Management played an integral role in steering the organization through uncertainty. The management accelerated efforts to digitize our processes and develop innovative ways to stay connected with our employees and customers. Our employees were frontline workers across the country who deserve acknowledgment and praise for ensuring that production and supply of our essential product were optimally delivered during these turbulent times. Our achievements are due to their resilience and adaptability to the evolving environment. Our strong systems allowed seamless transition to remote ways of working with minimal service disruptions. We are determined to maintain this momentum so we may continue to provide our customers with the quality of service they associate with the company.

The Company has a diverse and competent Board of Directors which holds to the Company's vision and mission with the ultimate goal of serving the interests of stakeholders. The Board of Directors led and guided the Company through strategic planning with a focus on the future. The Board of Directors of ZIL Limited has formed two committees namely Human Resources & Remuneration Committee and Audit Committee which have established a strong governance framework that supports an effective and prudent management of business matters. Company regards its people as its assets, and the Human Resources & Remuneration Committee is entrusted to continuously strive towards betterment of human resources and embed company's vision and mission in organizational culture. The Audit Committee is delegated with the objective to maintain a system that ensures compliance with statutory and regulatory requirements and inculcates a culture of integrity and objectivity and ensures strengthening financial and operational controls.

The management of the company place high importance on the stringent compliance of governance framework, which is embedded in the organization culture and flows from the leadership. It is due to this culture that the company was included in the top 25 companies of 2019 by the Pakistan Stock exchange. We feel immense pride on receiving this award which reflects the efforts and highest commitment of the management.

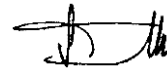
The board has formal and transparent remuneration policy which is adhered to for the board members' remuneration. An annual self-assessment is carried out to determine the effectiveness and performance of the Board of Directors as a whole, and the Committees, the integral components of which include strategic planning, composition of the Board, policies and procedures, compensation procedures and completeness of information provision. The outcome of this assessment is that the Directors feel that the Board of Directors is engaged in strategic matters, has put in place the required controls and gets all the necessary information in a timely manner. The Directors further feel that the Independent Directors are equally involved in all decisions.

November of the year, bore sad news of the demise of our board member Mr. Kemal Shoaib. Mr. Shoaib had a very long association with ZIL Limited and its imperative to put on record his immense contribution on the Board. We pray to the Almighty ALLAH for his maghfirat and for his family to have the strength and fortitude to bear such a loss. Ameen.

Going forward, global uncertainty caused by the COVID-19 pandemic will continue to pose a risk to the Company's profitability. It is unclear as to how market dynamics will evolve in the coming year and given this uncertainty the Board of Directors and Management will remain focused on making efforts to improve shareholders' value through operational efficiency enhancement and cost cutting measures while building on the Company's existing strengths.

As Chairman of the Board, I would like to thank the Board for their utmost contribution during these testing times, as it enabled us to create sustainable value for the stakeholders of the company. Furthermore, I would like to thank our shareholders for placing their continued trust in the company. Despite the challenging circumstances facing Pakistan and the world at large, we remain focused on the way forward, and on deepening our relationships with our stakeholder universe. We will continue to reinforce our systems and infrastructures to remain resilient and agile to face challenges of the coming year.

Karachi: February 27, 2021



**Ferial Ali-Mehdi**  
Chairman



## 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, 2020.

### Economic Landscape:

As a result of the pandemic COVID-19, not only the global economy, the country's economy also faces multiple challenges, the extent and duration of which remains uncertain. While the government has announced relaxation measures against the pandemic, however its effects on distribution and supply chain, growth in domestic markets and people's disposable incomes have been discouraging during the year.

During the year, fatty raw material prices remained at peak and reached highest ever rupee value in last 5 years, thus eroding margins significantly. Furthermore 7% devaluation of the PKR against the USD, increasing other input costs and spike in consumer demand towards antibacterial alternatives further worsened company's gross margins.

As a result of these challenges, the management reassessed the organizational objectives towards the end of first half of the year and took measures to minimize the impacts of these challenges for the balance of the year. This resulted in maintaining topline and protecting bottom line.

### Company Business Performance:

Despite one of the most challenging environment faced by the company in over a decade on account of the unprecedented COVID-19 situation and its impact on its customer base, the company demonstrated perseverance and resilience in achieving the results and managed to deliver 1% growth in the net sales. The volume gained some momentum in second half of the year as new product variants were introduced in both premium and economy segments of the personal wash category, implemented price adjustments as-well as realignment trade strategy across segments and channels. The company's supply chain, sales and distribution network responded with agility to the

global and local supply difficulties of raw materials and production of finished goods and Government's measures to curb spread of COVID-19 restricting supplies to stores and hindering mobility of sales staff respectively.

Though input costs kept pressure on margins, 24.5% gross profit was delivered during the period. Advertising and other selling expenses remained under control as management reworked advertising and selling strategies during the year, as a result of which advertising and selling expenses reduced to 15% of net sales as compared to 16% in same period last year. Management also concentrated on efforts to control overheads resultantly reducing administrative expenses by 5%. Despite increased inventory levels during the peak pandemic periods, better working capital management, government's relaxation measures and utilizing the cheapest sources of funds resulted in lowering the financial expenses. It was due to maintaining the net sales value, managing raw material prices and controlling overheads that a bottom-line of PKR 13MN was achieved during the period.

### Future Outlook:

The management recognizes the uncertainty emanating from the presence and evolution of the COVID-19. The presence of the pandemic has had strong and lasting impact on consumers' purchasing behavior while its impact on the economy has made its recovery slow. The outlook of fatty raw material prices remains volatile, as these continue to stay at increased levels therefore constant pressures on margins shall continue to pose major challenges in the next year.

The management of the company being cognizant of changes in consumer buying behavior remains committed to maintaining market share through new propositions and innovation to meet consumer expectations. Management continues to focus on its vision of growth through sustainable business plans and will deliver value to stakeholders.

## Summary of Financial Performance

	For the year ended December		
	2020	2019	2018
Net Sales	<b>2,443 M</b>	2,423 M	1,895 M
Gross Profit%	<b>24.5%</b>	29.6%	28.3%
Selling Expenses	<b>373.5 M</b>	385.4 M	344.9 M
Admin Expenses	<b>154.5 M</b>	163.3 M	118.0 M
Financial Expenses	<b>16.6 M</b>	25.9 M	18.1 M
Profit after Taxation	<b>13.3 M</b>	65.7 M	27.9 M
EPS (Rupees)	<b>2.17</b>	10.74	4.56

### Dividend

Keeping in view the profitability of the company, the Board of Directors are pleased to propose 12.5% cash dividend for the year ended December 31, 2020, which will be presented at the Annual General Meeting on 31st March 2021 before the members for the final approval.

### Business Ethics

The management's Code of Conduct constitutes a set of principles and ethics which form an essential part of our corporate philosophy and is a statement of who we are and how we conduct business. These highlight professional ethics, the Company's duties towards its employees, and employee responsibilities towards the Company. Along with good corporate governance, practicing ethical behavior is a fundamental part of everything that ZIL does. 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.

### Impact of Company's Business on Environment

Continuous improvement and modernization of business and 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.

### 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.

### PSX - Top 25 Companies Award 2019

The management expresses pride in addressing to shareholders that the company has been recognized in the prestigious ranking of Top 25 Companies Award by Pakistan Stock Exchange for the year 2019. This award has been achieved after meeting stringent criteria set by the PSX, which among other requirements, includes compliances with corporate governance regulations, capital efficiency, dividend distribution, and top-line and margins growth. The Directors acknowledges the diligent support of all stakeholders - employees, management, and shareholders - that had led the company to be a recipient of this prestigious award by PSX.

### 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 requires 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 Mrs. Ferial Ali Mehdi (Director and Chairman of the Board) purchased 134,700 shares of the company at various occasions through brokerage houses. 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 5.6.4 of PSX subject to additional regulatory requirements for trading and disclosing their transactions in company shares.

#### Casual Vacancy

During the year a casual vacancy occurred due to the sad demise of Mr. Kemal Shoaib. The chair and the board would like to place on record, Mr. Kemal Shoaib's in valuable contribution on the board and its various committees. His absence and guidance will be greatly missed. Consequent to the creation of the vacancy, Mr. Ahsan Rashid joined the board in January 2021.



### **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.

After the sad demise of Mr. Kemal Shoaib, board has nominated Mr. Saad Amanullah Khan as a member of Board Audit Committee in January 2021.

### **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. Head of HR acted

as a secretary of the committee.

### **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 33 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 namely Yousuf Adil, Chartered Accountants. 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 Yousuf Adil and the Board Audit Committee as required by the Code of Corporate Governance.

### **External Auditors**

The present auditors, EY Ford Rhode, Chartered Accountants are due to retire and being eligible, offer themselves for reappointment for the year 2021. They have confirmed:

- 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.

As suggested by the Board Audit Committee, the Board of Directors has recommended their re-appointment as the auditors of the company for the year 2021 and recommended to fix their remuneration at Rs. 1.5 million.

### 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, 2020 is 127.020 million

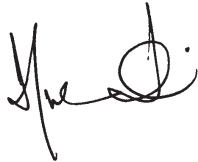
### Unclaimed Dividend

During the year unclaimed dividends were transferred into specifically designated saving bank account and income from this account will be used in CSR activities. During the year there was no claim in respect of the unclaimed dividends.

### 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.

For and on behalf of the Board



**Mubashir Hasan Ansari**  
Director / CEO

Karachi: February 27, 2021

### Corporate Social Responsibility

Due to the presence of the pandemic, ZIL Limited has played its role of a responsible corporate citizen. Being the manufacturer of soaps, which is an essential product used against the spread of pandemic, company in coordination with one of its supplier made soap donations to various Government and non-Government organizations. Furthermore, discounted sales were also made to various institutions to assist in their welfare activities.

In addition to the above, the management responded with agility and responsibly to the COVID-19 situation throughout the year. Immediately towards the end of first quarter, work from home policy was implemented. As the circumstances progressed, 50% attendance on alternate days policy was implemented with strict compliance with COVID related SOPs.

Special arrangements were also made for COVID-19 tests on company's expense and special allocations were made for medical treatment of pandemic effected employees.

### Acknowledgment:

The Board would like to convey its gratitude to all the people involved with ZIL Limited with particular appreciation to all front-line sales and supply chain staff, who worked with zeal and enthusiasm even in the lockdown period to deliver the need of the time. Over the years, our people have enabled the company to flourish and achieve its business goals. They 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



**M. Salman H. Chawala**  
Director

## Board and Committees Meetings

### Meetings of the Board of Directors held during January to December 2020

Five meetings of the Board of Directors of the Company were held on March 05, April 28, July 28, August 25 and October 27 2020. Following was the attendance of the directors:

Director	No. of meetings attended	Leave of absence granted
Mrs. Ferial Ali-Mehdi	5	-
Mr. Mubashir Hasan Ansari	5	-
Syed Hasnain Ali	5	-
Mr. Saad Amanullah Khan	5	-
Mr. Kemal Shoaib	4	1
Mr. Mir Muhammad Ali	5	-
Mr. M. Salman H. Chawala (Representing NIT)	5	-

Leave of absence was granted to the director who could not attend the Board meeting.

### COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors of the Company oversees the operations and affairs of the Company in an efficient and effective manner.

For the sake of smooth functioning, the Board has constituted two committees. These committees are entrusted with the task of ensuring speedy management decisions relating 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 comprises of the following directors

Director	Designation
Mr. M. Salman H. Chawala (Representing NIT) (Independent Non-Executive)	Chairman
Mrs. Ferial Ali-Mehdi	Member
Mr. Kemal Shoaib	Member

### Meetings of the Board Audit Committee held during January to December 2020

Four meetings of the Board Audit Committee of the Company were held on March 04, April 28, August 25 and October 27, 2020. Following was the attendance of the members:



Director	No. of meetings attended	Leave of absence granted
Mr. M. Salman H. Chawala (Representing NIT)	4	-
Mrs. Ferial Ali-Mehdi	4	-
Mr. Kemal Shoaib	3	1

Leave of absence was granted to the member who could not attend the Audit Committee meeting.

### HR AND REMUNERATION COMMITTEE COMPOSITION

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

Director	Designation
Mr. Saad Amanullah Khan (Independent, Non-Executive)	Chairman
Mrs. Ferial Ali-Mehdi	Member
Syed Hasnain Ali	Member
Mr. Mubashir Hasan Ansari	Member

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 held during January to December 2020

Two meetings of the Board HR&R Committee of the Company were held on February 28 and July 28, 2020

Following was the attendance of the directors:

Mr. Saad Amanullah Khan	2	-
Mrs. Ferial Ali-Mehdi	2	-
Syed Hasnain Ali	2	-
Mr. Mubashir Hasan Ansari	2	-

## جنوری تا دسمبر 2020 بورڈ آف ڈائریکٹرز کے اجلاس اور حاضری

کمپنی کے بورڈ آف ڈائریکٹرز کے پانچ اجلاس 05 مارچ، 28 اپریل، 28 جولائی، 25 اگست اور 27 اکتوبر 2020 کو منعقد ہوئے۔ ڈائریکٹرز کی حاضریاں مندرجہ ذیل رہیں۔

ڈائریکٹر	اجلاس میں شرکت کی تعداد	رخصت منظور کی گئی
محترمہ فیروز علی۔ مہدی	5	-
جناب مہر حسن انصاری	5	-
سید حسین علی	5	-
جناب سعد امان اللہ خان	5	-
جناب کمال شعیب	4	1
جناب میر محمد علی	5	-
جناب ایم سلمان ایچ چاؤلہ (نمائندہ NIT)	5	-

☆ (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 کاؤٹ 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 مندرجہ ذیل ڈائریکٹرز پر مشتمل ہے۔

ڈائریکٹر	عہدہ
جناب ایم سلمان ایچ چاؤلہ (نمائندہ NIT)	چیئرمین
محترمہ فیروز علی۔ مہدی	ممبر
جناب کمال شعیب	ممبر

## جنوری تا دسمبر 2020 بورڈ آف آڈٹ کمیٹی کے اجلاس

بورڈ آف آڈٹ کمیٹی کے چار اجلاس 04 مارچ، 28 اپریل، 25 اگست، 27 اکتوبر 2020 کو منعقد ہوئے۔ ڈائریکٹرز کی حاضریاں مندرجہ ذیل رہیں۔

جناب ایم سلمان ایچ چاؤلہ (نمائندہ NIT)	4	-
محترمہ فیروز علی۔ مہدی	4	-
جناب کمال شعیب	3	1

### ایچ۔ آر۔ اینڈ۔ آر کمیٹی

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

ڈائریکٹر	عہدہ
جناب سعد امان اللہ خان	چیئرمین
محترمہ فیروز علی۔ مہدی	ممبر
سید حسین 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 فوراً اور منظوری کے لئے بورڈ کو پیش کرنا ہے۔

### جنوری تا دسمبر 2020 ایچ۔ آر کمیٹی کا اجلاس

ایچ آر اینڈ آر کمیٹی کے دو اجلاس 28 فروری اور 28 جولائی 2020 کو منعقد ہوئے۔ ڈائریکٹرز کی حاضریاں مندرجہ ذیل رہیں۔

ڈائریکٹر	اجلاس میں شرکت کی تعداد	رخصت منظور کی گئی
جناب سعد امان اللہ خان	2	-
محترمہ فیروز علی۔ مہدی	2	-
سید حسین علی	2	-
جناب مبشر حسن انصاری	2	-



## بورڈ کی تشکیل بندی

ڈائریکٹران کی تشکیل بندی کے ساتھ ان کی ان کی کل تعداد اور بورڈ کی آڈٹ کمیٹیوں کے ممبران کے نام پر مشتمل گوشوارہ علیحدہ سے سالانہ رپورٹ کے ساتھ منسلک کیا گیا ہے۔

## ادارتی سماجی ذمہ داری

وبا کے پھیلاؤ کے نتیجے میں ZIL نے ذمہ دار ادارتی شہری کے طور پر اپنا کردار انجام دیا۔ صابن جو کہ وباء کے پھیلاؤ کے خلاف بنیادی مصنوعات میں سے ایک ہے، اس کے تیار کنندہ کی حیثیت سے کمپنی نے اپنے ایک سپلائرز کے تعاون سے سرکاری اور غیر سرکاری اداروں کو صابن کے عطیات فراہم کئے تاکہ وہ اسے مفت تقسیم کر سکیں۔ مزید برآں کچھ فلاحی تنظیموں کو ان کی فلاحی سرگرمیوں میں معاونت کے لئے رعایتی قیمت پر مصنوعات فراہم کی گئیں۔

اس کے علاوہ انتظامیہ نے سال 2019 COVID کی صورتحال کا دانشمندی اور ذمہ داری سے مقابلہ کیا۔ فوری طور پر پہلی سہ ماہی کے اختتام پر گھر سے کام کرنے کی پالیسی نافذ کی گئی۔ جیسے جیسے صورتحال آگے بڑھتی رہی 50 فیصد متبادل ایام میں حاضری کی پابندی کو نافذ کیا گیا تاکہ COVID سے ملحقہ SOPs کی سختی سے پاسداری کی جاسکے۔ کمپنی کے اخراجات پر COVID-19 کے ٹیسٹ کا خصوصی اہتمام کیا گیا اور وباء سے متاثرہ ملازمین کے علاج کے لئے خصوصی رقومات مختص کی گئیں۔

## اعتراف

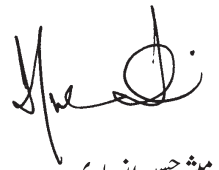
بورڈ ZIL اپنے ساتھ مصروف عمل تمام لوگوں کو ستائش پیش کرتا ہے خاص طور پر اگلے محاذ پر کام کرنے والے فروخت اور رسد کی زنجیر کے ملازمین کا معترف ہے جنہوں نے جوش اور ولولے سے لاک ڈاؤن کی مدت کے دوران کام کیا جو کہ اس وقت کی اہم ضرورت تھی۔ سالہا سال سے ہمارے لوگوں کی وجہ سے کمپنی نے یہ نمونہ اور اپنے کاروباری مقاصد حاصل کئے ہیں۔ وہ کمپنی کی بہتری کے لئے پر عزم اور شائستہ ہیں جس کی وجہ سے ہم انتہائی مسابقت پذیر مارکیٹ میں قدم جمانے کے قابل رہے، جس کی عکاسی کمپنی کی مالیاتی کارکردگی میں ہوتی ہے۔ ہم ان کی سرگرم کوششوں کو تسلیم کرتے ہیں اور ان کے مشکور ہیں۔

برائے وٹجانب بورڈ



ایم سلمان حسین چاؤلہ  
ڈائریکٹر

برائے وٹجانب بورڈ



مبشر حسن انصاری  
ڈائریکٹر/CEO

کراچی: 27 فروری 2021

## نان ایگزیکٹو ڈائریکٹران کے معاوضہ کی پالیسی

نان ایگزیکٹو ڈائریکٹران (بشمول آزاد ڈائریکٹران) کو ہر اجلاس میں حاضر ہونے پر 30,000 روپے فیس ادا کی جاتی ہے۔ اس کے علاوہ سفر اور قیام و طعام کے اخراجات کی اصل کی بنیاد پر ادائیگی کی جاتی ہے۔ چیئرمین کو کمپنی کے اخراجات پر کار اور اس کے عہدے سے متعلق دیگر فوائد و ماہانہ مراعات منظور شدہ پالیسی کے مطابق ادا کئے جاتے ہیں۔ سال کے دوران اجلاس میں حاضری کی فیس اور ادا شدہ مراعات کو مالیاتی گوشواروں کے نوٹ 33 میں منکشف کیا گیا ہے۔

بورڈ اور اس کی کمیٹیوں کے اجلاس میں حاضری اور اضافی خدمات انجام دینے بشمول چیئرمین کے عہدے کے لئے انفرادی ڈائریکٹران کے معاوضہ کے پیکیج کے لئے بورڈ نے ایک باضابطہ پالیسی اور شفاف طریقہ کار وضع کیا ہے اور تمام ڈائریکٹران کو منظور شدہ پالیسی کے مطابق ادائیگی کی جاتی ہے۔

## اندرونی آڈٹ

ادارتی نظم و ضبط کے تقاضوں کے تحت موزوں اندرونی آڈٹ کا شعبہ ہونا ضروری ہے۔ اس سلسلے میں کمپنی نے ایک مشہور زمانہ چارٹرڈ اکاؤنٹنٹ فرم یوسف عادل، چارٹرڈ اکاؤنٹنٹس کی بیرونی خدمات حاصل کی ہیں۔ بیرونی خدمات کمپنی کو ایک آزادانہ جائزہ اس کے اندرونی گرفت کے نظام پر پیش کرتی ہے جو کمپنی کے لئے مزید اپنے عزم کے تحت مستعد رہنے کے لئے معاون ہے۔ ادارتی نظم و ضبط کے ضابطہ کے تحت اندرونی آڈٹ کا سربراہ یوسف عادل اور بورڈ کی آڈٹ کمیٹی کے درمیان رابطہ کار کی حیثیت سے کام کرتا ہے۔

## بیرونی آڈیٹرز

بیرونی آڈیٹرز EY فورڈر ہوڈ، چارٹرڈ اکاؤنٹنٹس سبکدوش ہونے والے ہیں اور اہلیت کے باعث انہوں نے سال 2021 کے لئے اپنی دوبارہ تقرری کی پیشکش کی ہے۔ وہ تصدیق کرتے ہیں:

- ☆ ZIL لمیٹڈ کے کوئی حصص آڈٹ فرم کی ملکیت میں نہیں ہیں نہ ہی ان کے شراکت داروں اور ان کے شریک حیات اور چھوٹے بچوں کی ملکیت میں ہیں۔
  - ☆ آڈٹ فرم کو انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کے کوالٹی کنٹرول جائزہ پروگرام کے تحت تسلی بخش ریٹنگ حاصل ہے اور آڈٹ اور سائٹ بورڈ آف پاکستان میں رجسٹر ہے۔
  - ☆ آڈٹ فرم اور اس کے شراکت دار ICAP کے اختیار کردہ انسٹیٹیوٹ آف فیڈریشن آف پاکستان کے ضابطہ اخلاق کے رہنما اصولوں کی پاسداری کرتے ہیں۔
  - ☆ آڈٹ فرم نے PSX کے لسٹنگ ریگولیشنز کے مطابق کوئی دیگر خدمات فراہم نہیں کی ہیں۔
- بورڈ کی آڈٹ کمیٹی کی تجویز پر بورڈ آف ڈائریکٹرز نے کمپنی کے آڈیٹرز کی دوبارہ تقرری کی سفارش کی ہے اور ان کا معاوضہ 1.5 ملین روپے طے کرنے کی سفارش کی ہے۔

## گرینچو بی اور پروویڈنٹ فنڈ

کمپنی ایک پروویڈنٹ فنڈ اور منظور شدہ گرینچو بی اسکیم چلا رہی ہے۔ پروویڈنٹ فنڈ کی سرمایہ کاری مناسب طریقے سے منظور شدہ حصص میں کی جاتی ہے اور اس کا سالانہ آڈٹ آزاد آڈیٹرز کرتے ہیں۔ 31 دسمبر 2020 کو پروویڈنٹ فنڈ سے کی گئی سرمایہ کاریوں کی مالیت 127.020 ملین روپے تھی۔

## غیر دعویٰ شدہ منافع منقسمہ

سال کے دوران غیر دعویٰ شدہ منافع منقسمہ خصوصی طور پر نامزد کردہ سبوینگ بینک اکاؤنٹ میں منتقل کر دیئے گئے ہیں اور ان سے حاصل ہونے والی آمدنی کو CSR سرگرمیوں میں استعمال کیا جائے گا۔ تین سال کے دوران غیر دعویٰ شدہ منافع منقسمہ سے متعلق کوئی دعویٰ موصول نہیں ہوا۔

سال کے دوران مس فریل علی مہدی (ڈائریکٹر اینڈ چیئر مین آف دی بورڈ) نے مختلف بروکریج ہاؤسز کے ذریعے کمپنی کے 134,700 حصص خریدے۔ کسی دیگر اعلیٰ انتظامی افسر، CFO، CEO، کمپنی سیکریٹری، اندرونی آڈٹ کے سربراہ اور دیگر اعلیٰ انتظامی افسران اور ان کے شریک حیات اور چھوٹے بچوں نے کمپنی کے حصص میں کوئی خرید و فروخت نہیں کی۔ BOD نے PSX کے شق 5.6.4 کے تحت انتظامی افسران کی تعریف میں ایک حد منظور کی ہے جو کہ ضابطوں کی اضافی ضروریات پوری کرنا اور کمپنی کے حصص میں ان کی خرید و فروخت کو منکشف کرنا ہے۔

## اتفاقی آسامی

سال کے دوران جناب کمال شعیب کی افسوسناک رحلت سے ایک آسامی خالی ہوئی۔ چیئر مین اور بورڈ کمال شعیب صاحب کی اُن خدمات کا جو انہوں نے بحیثیت اس کمپنی کے بورڈ اور ان کی کمیٹیوں میں انجام دیں کا تہ دل سے اعتراف کرتے ہیں۔ ان کی کمی ہمیشہ محسوس کی جاتی رہے گی۔

## خطراتی فریم ورک اور اندرونی مالیاتی گرفت کی موزونیت

ZIL لمیٹڈ خطرات مخالف کمپنی ہے، اس کی مجموعی خطراتی نوعیت زیریں سطح پر ہے یعنی یہ اپنے کلیدی مقاصد کے حصول میں کوئی غیر ضروری اور ناموافق بڑے خطرات مول نہیں لیتی۔ گرفتیں اس طرح تشکیل دی گئی ہیں کہ جن سے ادارے کی باوثوق مالیاتی کارکردگی حاصل ہو، مالیاتی اعداد و شمار کی موزونیت اور درستگی برقرار رہے، کمپنی کے افعال مستعدی کے ساتھ جاری رہیں اور مقامی کے ساتھ ساتھ عالمی معیارات، قوانین و ضوابط کی پاسداری ہو۔ انتظامیہ نے حصص یافتگان اور بورڈ آف ڈائریکٹرز کو یقین دہانی فراہم کی ہے کہ کمپنی بہتر ساخت شدہ موثر اور مستعد اندرونی گرفت کے نظام میں کام کر رہی ہے۔ اندرونی مالیاتی گرفت سے کمپنی کی پالیسیوں اور SOPs کی پاسداری کو یقین بنایا جاتا ہے جو کہ ادارے کے مجموعی مقاصد میں معاون ہے۔

## اندرونی مالیاتی گرفت کے نظام کی موزونیت سے متعلق ڈائریکٹران کی ذمہ داری

اندرونی مالیاتی گرفت کے نظام کی نگرانی کی ذمہ داری بورڈ آف ڈائریکٹرز کی ہے جس کے لئے بورڈ بخوشی یقین دہانی کراتا ہے کہ کمپنی کا اندرونی گرفت کا نظام مضبوط ہے جو کہ کمپنی میں ہر سطح پر نافذ ہے اور اس پر عمل کیا جاتا ہے۔

## بورڈ کی آڈٹ کمیٹی

بورڈ نے ایک آڈٹ کمیٹی قائم کی ہے جو کہ بشمول چیئر مین تین ممبران پر مشتمل ہے۔ کمیٹی کے تمام ممبران نان ایگزیکٹو ڈائریکٹران ہیں بشمول چیئر مین جو کہ ایک آزاد ڈائریکٹر ہے۔ لاگو قوانین اور ادارتی نظم و ضبط کے ضوابط کے تقاضوں کے تحت مدت کے دوران آڈٹ کمیٹی کے چار اجلاس ہوئے۔ چیف فنانشل آفیسر، انٹرنل آڈیٹر کے ساتھ ساتھ ایکسٹرنل آڈیٹرز کو بھی اجلاسوں میں مدعو کیا گیا تھا۔ انٹرنل آڈٹ کا سربراہ کمیٹی میں سیکریٹری کی حیثیت سے کام کرتا ہے۔ جناب کمال شعیب صاحب کی افسوسناک رحلت کے بعد بورڈ نے جنوری 2021 میں جناب سعد اللہ خان کو بورڈ کی آڈٹ کمیٹی کا ممبر مقرر کیا ہے۔

## انسانی وسائل اور معاوضہ کمیٹی

کمپنی کی HR&R کمیٹی اپنے چیئر مین کے ساتھ مکمل طور پر فعال ہے اور ممبران کی زیادہ تر تعداد نان ایگزیکٹو ڈائریکٹران پر مشتمل ہے۔ HR&R کمیٹی کے اجلاسوں میں معاوضہ سے متعلق تمام معاملات کو مکمل طور پر منکشف کرتے ہوئے ان پر غور کیا جاتا ہے اور ان پر فیصلے کئے جاتے ہیں۔ HR کا سربراہ کمیٹی میں سیکریٹری کی حیثیت سے کام کرتا ہے۔



## ادارتی نظم و ضبط کے ضابطہ کی پاسداری

ZIL لمیٹڈ کسی استثناء کے بغیر ادارتی نظم و ضبط کے اعلیٰ معیارات قائم کرنے کے لئے کوشاں ہے۔ ڈائریکٹران، بخوشی اس بات کا اظہار کرتے ہیں کہ کمپنی نے SECP کے تقاضوں کے تحت ادارتی نظم و ضبط کو اختیار کیا ہے اور اس کی پاسداری کرتی ہے۔ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی پاسداری کے بیان اور آزاد ڈیٹریز کی جائزہ رپورٹ برائے ممبران کو اس سالانہ رپورٹ میں شامل کیا گیا ہے۔

## PSX - سرفہرست 25 کمپنیوں کا ایوارڈ 2019

انتظامیہ حصص یافتگان کو یہ بتاتے ہوئے فخر محسوس کرتی ہے کہ کمپنی کو پاکستان اسٹاک ایکسچینج کی سال 2019 میں 25 سرفہرست کمپنیوں کی قابل قدر صف میں شامل کیا گیا ہے۔ اس ایوارڈ کو PSX کے طے کردہ سخت معیار اہلیت پر پورا اترنے پر نوازا گیا ہے، جس میں دیگر تقاضوں کے ساتھ ادارتی نظم و ضبط کے ضوابط کی پاسداری، سرمایہ جاتی استعداد، منافع منقسمہ کی تقسیم اور فروخت اور منافع میں نموشامل ہیں۔ اس موقع پر ڈائریکٹران تمام متعلقین یعنی ملازمین، انتظامیہ اور حصص یافتگان کے مستعد تعاون کا اعتراف کرتے ہیں جس کی وجہ سے PSX سے کمپنی کو یہ انتہائی قابل قدر ایوارڈ ملا۔

## ادارتی اور مالیاتی رپورٹنگ کا طریقہ کار

- ZIL لمیٹڈ کی انتظامیہ اچھے ادارتی نظم و ضبط کے لئے کوشاں ہے اور بہترین طور طریقوں کی پاسداری کر رہی ہے۔ ڈائریکٹران مسرت کے ساتھ بیان کرتے ہیں کہ:
- کمپنی کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے کمپنی کے معاملات، اس کے کاروباری نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کو شفافیت کے ساتھ پیش کرتے ہیں۔
  - کمپنی میں حسابات کی کتابیں مناسب انداز میں تیار کی گئی ہیں۔
  - درست حساباتی پالیسیوں کو تسلسل کے ساتھ مالیاتی گوشواروں کی تیاری کے دوران ملحوظ خاطر رکھا گیا ہے اور حساباتی پالیسیوں میں کسی بھی قسم کی تبدیلیوں کو منکشف کیا گیا ہے۔ حساباتی تخمینوں کی بنیاد معقول اور مضبوط فیصلوں پر ہے۔
  - مالیاتی گوشواروں کی تیاری کے دوران عالمی مالیاتی رپورٹنگ معیارات، جو پاکستان میں لاگو ہیں ملحوظ خاطر رکھا گیا ہے اور کسی بھی انحراف کو مناسب انداز میں منکشف اور وضاحت کی گئی ہے۔
  - اندرونی گرفت کے نظام کی شکل مضبوط ہے اور موثر انداز میں نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔
  - کمپنی کی چلتے ہوئے ادارے کی صلاحیت میں کوئی قابل ذکر شک و شبہ نہیں ہے۔
  - لسٹنگ ریگولیشنز میں دیئے گئے ادارتی نظم و ضبط کے بہترین طور طریقوں سے کوئی قابل ذکر انحراف نہیں ہوا۔
  - تمام ڈائریکٹران نے سوائے جو مستثنیٰ ہیں، ڈائریکٹران کا تزیینی پروگرام مکمل کر لیا ہے۔
  - i - مندرجہ ذیل سے متعلق گوشوارے اس رپورٹ کے ساتھ علیحدہ منکشف یا منسلک کئے گئے ہیں:
    - i - گزشتہ چھ سالوں کے اہم کاروباری اور مالیاتی اعداد و شمار
    - ii - حصص داری کی ساخت
    - iii - بورڈ آف ڈائریکٹرز، بورڈ کی آڈٹ کمیٹی اور HR&R کمیٹی کے اجلاس اور ہر ڈائریکٹر کی متعلقہ حاضری

## حصص میں خرید و فروخت

ادارتی نظم و ضبط کے ضابطے کے تحت ضروری ہے کہ ڈائریکٹران، اعلیٰ انتظامی افسران اور ان کے شریک حیات اور چھوٹے بچوں کی کمپنی کے حصص میں خرید و فروخت کو منکشف کیا جائے۔

## مالیاتی کارکردگی کا خلاصہ

برائے سال مختتمہ			
2018	2019	2020	
1,895 M	2,423 M	<b>2,443 M</b>	خالص فروخت
28.3%	29.6%	<b>24.5%</b>	خام منافع (فیصد)
344.9 M	385.4 M	<b>373.5 M</b>	فروخت کے اخراجات
118.0 M	163.3 M	<b>154.5 M</b>	انتظامی اخراجات
18.1 M	25.9 M	<b>16.6 M</b>	مالیاتی اخراجات
27.9 M	65.7M	<b>13.3M</b>	منافع بعد از ٹیکس
4.56	10.74	<b>2.17</b>	ای پی ایس (روپے)

## منافع منقسمہ

کمپنی کے منافع کو مد نظر رکھتے ہوئے بورڈ آف ڈائریکٹرز نے سال مختتمہ 31 دسمبر 2020 کے لئے 12.5% فیصد کے حساب سے منافع منقسمہ کی تجویز دیتے ہوئے اظہار مسرت کرتے ہیں، جس کی حتمی منظوری 31 مارچ 2021 کے سالانہ اجلاس عام میں ممبران سے لی جائے گی۔

## کاروباری اخلاقیات

انتظامیہ کا ضابطہ اخلاق چند اصولوں اور اخلاقیات پر مبنی ہے جو کہ ہماری ادارتی فلسفہ کا بنیادی حصہ ہے اور ایک بیانیہ ہے کہ ہم کون ہیں اور کس طرح کاروبار انجام دیتے ہیں۔ یہ ہمارے پیشہ ورانہ اخلاقیات، ملازمین کے لئے کمپنی کے فرائض اور کمپنی کے لئے ملازمین کی ذمہ داریوں کو اجاگر کرتے ہیں۔ اچھے ادارتی نظم و ضبط، اخلاقی رویوں پر عمل ZIL کے ہر کام کا بنیادی حصہ ہوتا ہے۔ کمپنی اور اس کے ملازمین کمپنی کا کاروبار انجام دینے میں اعلیٰ اخلاقی معیارات برقرار رکھتے ہیں۔ پائیدار، تنوع، گاہکوں کی توقعات، اختیارات سوچنا اور سیکھنا ہماری بنیادی اقدار ہیں جن پر ZIL عمل کرتا ہے اور ان کی حوصلہ افزائی کرتا ہے اور یہ اقدار اس کے طرز عمل کے بنیادی اصول ہیں۔

## ماحول پر کمپنی کے کاروبار کے اثرات

کاروبار اور طریق عمل میں تسلسل کے ساتھ بہتری اور جدت سے کمپنی ماحولیاتی سرگرمی میں بہتری لانے میں کامیاب ہوئی ہے۔ مسلسل کوششوں اور جدوجہد سے رسد کی زنجیر ماحولیات کے لئے ضرر رساں طریق عمل سے ماحول دوست طریق عمل پر منتقل ہو گئی ہے اور ZIL کے ادارتی طور طریقوں کے عین مطابق ہے جو اپنے کام کے دائرہ کار میں ایک ذمہ دار ادارتی شہری کے لئے کوشاں ہے۔

## کمپنی کی بنیادی سرگرمیاں

کمپنی کی بنیادی سرگرمیوں میں گھریلو اور ذاتی نگہداشت کی مصنوعات کی پیداوار اور فروخت شامل ہے۔

## ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹران سالانہ رپورٹ کے ساتھ کمپنی کے آڈٹ شدہ مالیاتی گوشوارے برائے ختمہ مدت 31 دسمبر 2020 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

### اقتصادی منظر نامہ

COVID-19 وباء کے نتیجے میں نہ صرف عالمی معیشت بلکہ ملکی معیشت کو بھی کئی دشواریوں کا سامنا کرنا پڑا جن کی حد اور مدت ابھی تک غیر یقینی ہے۔ جبکہ حکومت نے وبا کے خلاف رعایتی اقدامات کا اعلان کیا لیکن سال کے دوران طلب و رسد کی زنجیر، مقامی مارکیٹ میں نموا اور لوگوں کی قابل صرف آمدنی پر اثرات حوصلہ شکن رہے۔ سال کے دوران خام مال کی قیمتیں بلند رہیں اور پانچ سال کی بلند ترین سطح پر پہنچ گئیں، جس سے منافع پر قابل ذکر اثرات مرتب ہوئے۔ USD کے مقابلے میں PKR کی قدر میں 7 فیصد کمی، بڑھتی ہوئی خام لاگتوں اور بیکیٹیر یا کس متبادلات کے لئے صارفین کی طلب میں اضافہ نے کمپنی کے خام منافع کو مزید بدتر کر دیا۔ ان چیلنجز کے نتیجے میں انتظامیہ نے سال کی پہلی ششماہی کے آخر میں ادارتی مقاصد کی از سر نو تشخیص کی اور سال کے بقایا حصے میں ان چیلنجز کے اثرات کو کم کرنے کے لئے اقدامات کئے۔ جس سے کل فروخت برقرار رہی جبکہ خالص منافع بھی قابو میں رہا۔

### کمپنی کی کاروباری کارکردگی

COVID-19 کی غیر متوقع صورتحال کے نتیجے میں ایک سے زیادہ عشرے میں یہ سال انتہائی دشوار گزار رہا جس نے گاہکوں کی بنیاد کو متاثر کیا، ان نتائج کے حصول کے لئے کمپنی نے ثابت قدمی اور دانشمندی کا مظاہرہ کیا اور خالص فروخت میں 1 فیصد اضافہ کرنے میں کامیاب رہی۔ سال کے آخری نصف میں کمپنی نے نئی مصنوعات کے تعارف، قیمتوں میں تبدیلی اور تمام تر شعبہ جات میں تجارتی سمت بندی کی درستی سے فروخت کی تعداد میں کامیابی سے اضافہ کیا۔ کمپنی کی رسد کی زنجیر کے لئے فروخت اور تقسیمی نیٹ ورک نے خام مال کی عالمی و مقامی رسد اور تیار مال کی پیداوار میں مشکلات اور حکومت کی جانب سے COVID-19 کے پھیلاؤ کو روکنے کی پابندیوں کی وجہ سے اسٹور پر فراہمی اور فروخت کے عملہ کی نقل و حرکت میں رکاوٹ کا دانشمندی سے مقابلہ کیا۔

اگرچہ کہ خام مال کی لاگتوں نے منافع پر دباؤ برقرار رکھا، اس کے باوجود اس مدت کے دوران خام منافع 24.5 فیصد رہا۔ دوران سال انتظامیہ کی اشتہاری اور فروخت کی حکمت عملیوں کو از سر نو ترتیب دینے کی وجہ سے سال کے دوران اشتہاری اور فروخت کے دیگر اخراجات قابو میں رکھے گئے جو کہ خالص فروخت کا 15 فیصد رہے جبکہ گزشتہ سال 16 فیصد تھے۔ انتظامیہ نے بالائی مصارف کو قابو کرنے پر کوششیں مرکوز کیں، جس کے نتیجے میں انتظامی اخراجات میں 5 فیصد کمی ہوئی۔ وباء کی انتہائی پھیلاؤ کی مدت میں انویسٹری کی بلند سطح کے باوجود واں سرمائے کے بہتر انتظام، حکومت کے رعایتی اقدامات اور فنڈز کے سستے ترین وسائل کے استعمال سے مالیاتی اخراجات میں کمی ہوئی۔ خالص فروخت کی مالیت کو برقرار رکھنے، خام مال کی قیمتوں کے بہتر انتظام اور بالائی مصارف کو قابو کرنے کے نتیجے میں مدت کے دوران 13 ملین روپے کا خالص منافع ہوا۔

### مستقبل کی پیش بینی

انتظامیہ COVID-19 کی موجودگی اور پھیلاؤ کی وجہ سے پیدا ہونے والی صورتحال کو تسلیم کرتی ہے۔ وباء کی موجودگی نے صارفین کی خریداری کے رویے پر شدید اور دوسرا اثرات مرتب کئے ہیں جبکہ اس نے معیشت کی بحالی کو بھی سست کر دیا ہے۔ خام مال کی قیمتیں غیر مستحکم رہیں گی کیونکہ قیمتیں تسلسل کے ساتھ بلند سطح پر جاری ہیں، لہذا منافع پر مسلسل دباؤ اگلے سال بھی جاری رہے گا۔

کمپنی کی انتظامیہ سنجیدگی سے صارفین کے خریداری کے رویے کو تسلیم کرتی ہے اور تنوع اور تخلیق کے ذریعے مارکیٹ میں اپنے حصہ کو برقرار رکھنے اور صارفین کی توقعات پر پورا اترنے کے لئے کوشاں ہے۔ پائیدار کاروباری منصوبوں کے ذریعے انتظامیہ تسلسل کے ساتھ نمو کے مقصد پر توجہ مرکوز کئے ہوئے ہے اور مستقبل میں ان کو مزید قدر فراہم کرے گی۔



## Vertical Analysis of Financial Statements

### Balance Sheet

	Dec-20		Dec-19	
	Rs. In '000	%	Rs. In '000	%
Non-Current Assets	729,745	57.58	770,133	63.31
Current Assets	537,558	42.42	446,236	36.69
<b>Total Assets</b>	<b>1,267,303</b>	<b>100.00</b>	<b>1,216,369</b>	<b>100.00</b>
Equity	606,288	47.84	611,094	50.24
Non-Current Liabilities	222,479	17.56	195,034	16.03
Current Liabilities	438,536	34.60	410,241	33.73
<b>Total Equity and Liabilities</b>	<b>1,267,303</b>	<b>100.00</b>	<b>1,216,369</b>	<b>100.00</b>

### Profit and Loss Account

	Jan - Dec-20		Jan - Dec-19	
	Rs. In '000	%	Rs. In '000	%
Net sales	2,443,461	100.00	2,423,185	100.00
Cost of sales	(1,843,796)	(75.46)	(1,706,308)	(70.42)
<b>Gross Profit</b>	<b>599,665</b>	<b>24.54</b>	<b>716,877</b>	<b>29.58</b>
Selling and distribution expenses	(373,513)	(15.29)	(385,373)	(15.90)
Administrative expenses	(154,528)	(6.32)	(163,327)	(6.74)
	71,624	2.93	168,177	6.94
Other operating income	7,119	0.29	3,583	0.15
Other operating expense	(11,228)	(0.46)	(20,231)	(0.83)
	67,515	2.76	151,529	6.25
Financial expenses	(16,575)	(0.68)	(25,918)	(1.07)
<b>Profit before tax</b>	<b>50,940</b>	<b>2.08</b>	<b>125,611</b>	<b>5.18</b>
Taxation	(37,679)	(1.54)	(59,869)	(2.47)
<b>Profit for the year</b>	<b>13,261</b>	<b>0.54</b>	<b>65,742</b>	<b>2.71</b>

Dec-18		Dec-17		Dec-16		Dec-15	
Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%
720,399	64.99	499,847	57.41	520,601	62.23	432,572	54.99
388,138	35.01	370,807	42.59	315,923	37.77	354,125	45.01
<u>1,108,537</u>	<u>100.00</u>	<u>870,654</u>	<u>100.00</u>	<u>836,524</u>	<u>100.00</u>	<u>786,697</u>	<u>100.00</u>
567,467	51.19	351,917	40.42	342,537	40.95	254,469	32.35
104,075	9.39	103,013	11.83	91,702	10.96	91,078	11.58
436,995	39.42	415,724	47.75	402,285	48.09	441,150	56.08
<u>1,108,537</u>	<u>100.00</u>	<u>870,654</u>	<u>100.00</u>	<u>836,524</u>	<u>100.00</u>	<u>786,697</u>	<u>100.00</u>

Jan - Dec-18		Jan - Dec-17		Jan - Dec-16		Jan - Dec-15	
Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%
1,894,705	100.00	1,599,376	100.00	1,463,042	100.00	1,342,843	100.00
(1,357,923)	(71.67)	(1,148,227)	(71.79)	(1,055,056)	(72.11)	(1,095,917)	(81.61)
<u>536,782</u>	<u>28.33</u>	<u>451,149</u>	<u>28.21</u>	<u>407,986</u>	<u>27.89</u>	<u>246,926</u>	<u>18.39</u>
(344,873)	(18.20)	(300,353)	(18.78)	(284,889)	(19.47)	(277,597)	(20.67)
(117,950)	(6.23)	(104,712)	(6.55)	(102,947)	(7.04)	(91,734)	(6.83)
<u>73,959</u>	<u>3.90</u>	<u>46,084</u>	<u>2.88</u>	<u>20,150</u>	<u>1.38</u>	<u>(122,405)</u>	<u>(9.12)</u>
15,003	0.79	20,382	1.27	6,457	0.44	4,860	0.36
(11,680)	(0.62)	(7,146)	(0.45)	(558)	(0.04)	(2,123)	(0.16)
<u>77,282</u>	<u>4.08</u>	<u>59,320</u>	<u>3.71</u>	<u>26,049</u>	<u>1.78</u>	<u>(119,668)</u>	<u>(8.91)</u>
(18,125)	(0.96)	(18,092)	(1.13)	(20,006)	(1.37)	(22,913)	(1.71)
59,157	3.12	41,228	2.58	6,043	0.41	(142,581)	(10.62)
(31,224)	(1.65)	(24,352)	(1.52)	(2,107)	(0.14)	22,019	1.64
<u>27,933</u>	<u>1.47</u>	<u>16,876</u>	<u>1.06</u>	<u>3,936</u>	<u>0.27</u>	<u>(120,562)</u>	<u>(8.98)</u>

## Horizontal Analysis of Financial Statements

Balance Sheet	Dec-20	Dec-19	Dec-18	Dec-17
	Rs. In '000	Rs. In '000	Rs. In '000	Rs. In '000
Non-Current Assets	729,745	770,133	720,399	499,847
Current Assets	537,558	446,236	388,138	370,807
<b>Total Assets</b>	<b>1,267,303</b>	<b>1,216,369</b>	<b>1,108,537</b>	<b>870,654</b>
<b>Equity</b>	<b>606,288</b>	<b>611,094</b>	<b>567,467</b>	<b>351,917</b>
Non-Current Liabilities	222,479	195,034	104,075	103,013
Current Liabilities	438,536	410,241	436,995	415,724
<b>Total Equity and Liabilities</b>	<b>1,267,303</b>	<b>1,216,369</b>	<b>1,108,537</b>	<b>870,654</b>
<b>Profit and Loss Account</b>	<b>Jan - Dec-20</b>	<b>Jan - Dec-19</b>	<b>Jan - Dec-18</b>	<b>Jan - Dec-17</b>
	Rs. In '000	Rs. In '000	Rs. In '000	Rs. In '000
Net sales	2,443,461	2,423,185	1,894,705	1,599,376
Cost of sales	(1,843,796)	(1,706,308)	(1,357,923)	(1,148,227)
Gross Profit	599,665	716,877	536,782	451,149
Selling and distribution expenses	(373,513)	(385,373)	(344,873)	(300,353)
Administrative expenses	(154,528)	(163,327)	(117,950)	(104,712)
	71,624	168,177	73,959	46,084
Other operating income	7,119	3,583	15,003	20,382
Other operating expense	(11,228)	(20,231)	(11,680)	(7,146)
	67,515	151,529	77,282	59,320
Financial expenses	(16,575)	(25,918)	(18,125)	(18,092)
Profit before tax	50,940	125,611	59,157	41,228
Taxation	(37,679)	(59,869)	(31,224)	(24,352)
Profit for the year	13,261	65,742	27,933	16,876
<b>Summary of Cash Flows</b>	<b>Dec-19</b>	<b>Dec-19</b>	<b>Dec-18</b>	<b>Dec-17</b>
	Rs. In '000'	Rs. In '000'	Rs. In '000'	Rs. In '000'
Net cash flows from operating activities	84,396	283,084	80,302	59,006
Net cash flows from investing activities	(47,882)	(87,783)	(40,719)	(41,456)
Net cash flows from financing activities	43,076	(215,260)	(28,531)	(23,004)
Net change in cash and cash equivalents	79,590	(19,959)	11,052	(5,454)



Dec-16 Rs. In '000	Dec-15 Rs. In '000	% increase/ (decrease) over preceeding year					
		Dec-20	Dec-19	Dec-18	Dec-17	Dec-16	Dec-15
520,601	432,572	(5.24)	6.90	44.12	(3.99)	20.35	3.46
315,923	354,125	20.46	14.97	4.67	17.37	(10.79)	(12.92)
<u>836,524</u>	<u>786,697</u>	<u>4.19</u>	<u>9.73</u>	<u>27.32</u>	<u>4.08</u>	<u>6.33</u>	<u>(4.61)</u>
342,537	254,469	(0.79)	7.69	61.25	2.74	34.61	(31.79)
91,702	91,078	14.07	87.40	1.03	12.33	0.69	9.58
402,285	441,150	6.90	(6.12)	5.12	3.34	(8.81)	19.70
<u>836,524</u>	<u>786,697</u>	<u>4.19</u>	<u>9.73</u>	<u>27.32</u>	<u>4.08</u>	<u>6.33</u>	<u>(4.61)</u>
Jan-Dec-16 Rs. In '000	Jan-Dec-15 Rs. In '000	Dec-20	Dec-19	Dec-18	Dec-17	Dec-16	Dec-15
1,463,042	1,342,843	0.84	27.89	18.47	9.32	8.95	3.44
(1,055,056)	(1,095,917)	8.06	25.66	18.26	8.83	(3.73)	7.82
<u>407,986</u>	<u>246,926</u>	<u>(16.35)</u>	<u>33.55</u>	<u>18.98</u>	<u>10.58</u>	<u>65.23</u>	<u>(12.37)</u>
(284,889)	(277,597)	(3.08)	11.74	14.82	5.43	2.63	(10.25)
(102,947)	(91,734)	(5.39)	38.47	12.64	1.71	12.22	(15.91)
<u>20,150</u>	<u>(122,405)</u>	<u>(57.41)</u>	<u>127.39</u>	<u>60.49</u>	<u>128.70</u>	<u>116.46</u>	<u>10.40</u>
6,457	4,860	98.69	(76.12)	(26.39)	215.66	32.86	(0.37)
(558)	(2,123)	(44.50)	73.21	63.45	1,180.65	(73.72)	-
<u>26,049</u>	<u>(119,668)</u>	<u>(55.44)</u>	<u>96.07</u>	<u>30.28</u>	<u>127.72</u>	<u>121.77</u>	<u>9.16</u>
(20,006)	(22,913)	(36.05)	43.00	0.18	(9.57)	(12.69)	(15.50)
6,043	(142,581)	(59.45)	112.33	43.49	582.24	(104.24)	(10.24)
(2,107)	22,019	(37.06)	91.74	28.22	1,055.77	(109.57)	(60.24)
<u>3,936</u>	<u>(120,562)</u>	<u>(79.83)</u>	<u>135.36</u>	<u>65.52</u>	<u>328.76</u>	<u>103.26</u>	<u>16.52</u>
Dec-16 Rs. In '000	Dec-15 Rs. In '000	% increase/ (decrease) over preceeding year					
		Dec-20	Dec-19	Dec-18	Dec-17	Dec-16	Dec-15
99,678	(59,731)	(70.19)	252.52	36.09	(40.80)	(266.88)	(1,458.76)
(39,998)	(8,072)	(45.45)	115.58	(1.78)	3.65	395.52	(64.31)
(20,053)	50,000	(120.01)	654.48	24.03	14.72	(140.11)	(940.48)
<u>39,627</u>	<u>(17,803)</u>	<u>498.77</u>	<u>280.59</u>	<u>302.64</u>	<u>(113.76)</u>	<u>(322.59)</u>	<u>(26.34)</u>

## Ratios of Last Six Years

### Financial Ratios

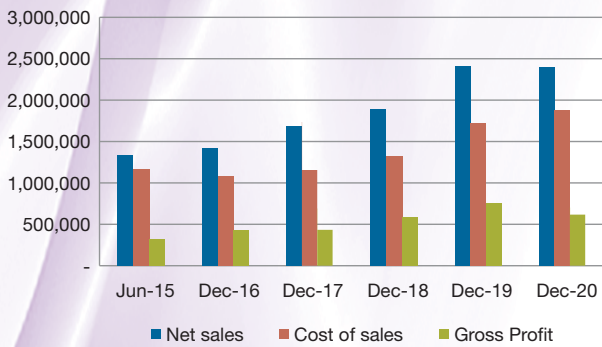
	Unit	Dec-20
<b>Rate of return</b>		
Return on assets	%	1.05
Return on equity	%	2.19
Return on capital employed	%	8.15
Interest cover	Times	4.32
<b>Profitability</b>		
Gross profit margin	%	24.54
Net profit to sales	%	0.54
EBITDA	Rs.	134,277
EBITDA Margin to sales	%	5.50
<b>Liquidity</b>		
Current ratio		1.23
Quick ratio		0.76
<b>Financial gearing</b>		
Debt-Equity ratio	Times	1.09
Debt to Assets	%	52.16%
<b>Capital Efficiency</b>		
Debtor turnover/ No. of days in receivables	Days	6
Inventory turnover/ No. of days in inventory	Days	41
Creditor turnover/ No. of days in payables	Days	32
Operating cycle	Days	14
Fixed assets turnover ratio	Times	3.41
Total asset turnover ratio	Times	1.93
<b>Investment measures per ordinary share</b>		
Earnings per share	Rs.	2.17
Price earning ratio	Times	51.39
Cash dividend	Rs.	1.25
Dividend yield	%	1.13
Dividend payout	%	57.87
Dividend cover	Times	1.73
Breakup value including surplus on revaluation	Rs.	99.83
Breakup value excluding surplus on revaluation	Rs.	41.90
Market value - year end	Rs.	111.00
Market value - high	Rs.	130.00
Market value - low	Rs.	103.73
Market value - average	Rs.	115.26

Dec-19	Dec-18	Dec-17	Dec-16	Dec-15
5.40	2.52	1.94	0.47	(15.33)
10.76	4.92	4.80	1.15	(47.38)
18.80	11.51	13.04	6.00	(34.63)
6.49	4.08	2.55	1.01	(5.34)
29.58	28.33	28.21	27.89	18.39
2.71	1.47	1.06	0.27	(8.98)
217,332	119,323	97,505	58,875	(84,474)
8.97	6.30	6.10	4.02	(6.29)
1.09	0.89	0.89	0.79	0.80
0.65	0.46	0.47	0.40	0.34
0.99	0.95	1.47	1.44	2.09
49.76%	48.81%	59.58%	59.05%	67.65%
7	9	8	6	12
38	50	55	63	70
27	16	16	21	23
19	43	47	48	59
3.17	2.65	3.30	3.03	3.65
1.99	1.71	1.84	1.75	1.71
10.74	4.56	2.76	0.64	(19.69)
10.62	16.44	32.61	143.73	(3.96)
3.50	1.50	1.25	0.50	0.00
3.07	2.00	1.39	0.54	0.00
32.62	32.89	45.29	78.13	0.00
3.07	3.04	2.21	1.29	-
99.81	92.68	57.48	55.95	41.56
40.40	30.14	25.96	22.73	21.65
114.00	74.96	90	91.99	78.00
114.00	122.89	199	134.02	101.43
66.39	74.96	74	77.00	43.51
84.74	99.73	121	86.40	68.87

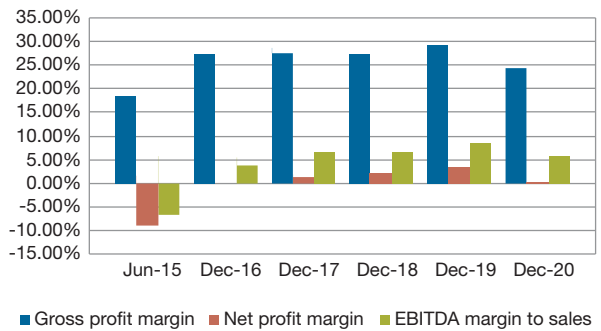


# Graphical Presentation

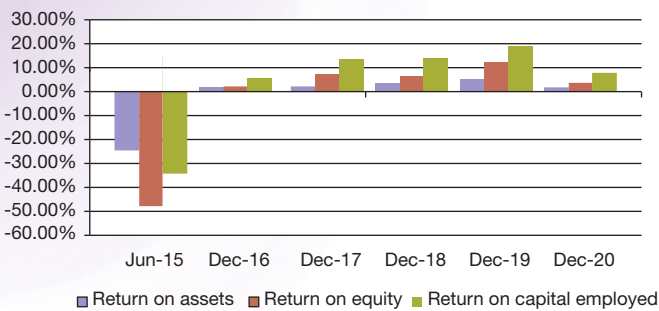
Sales, Cost of Sales & Gross Profit



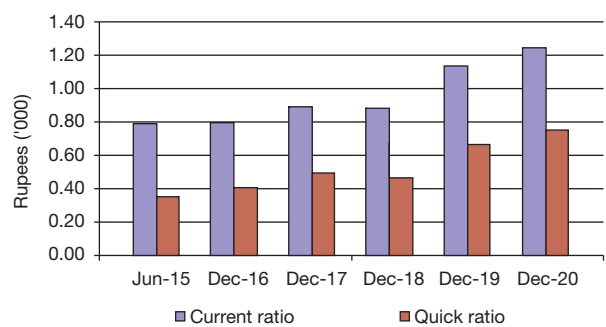
Profitability



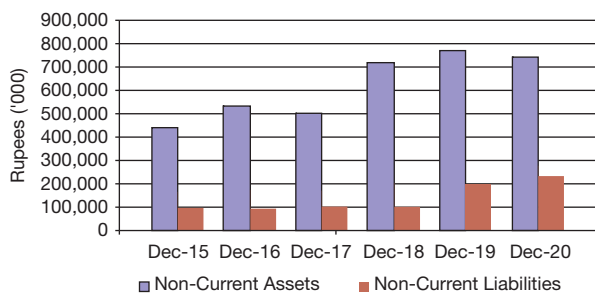
RATE OF RETURN



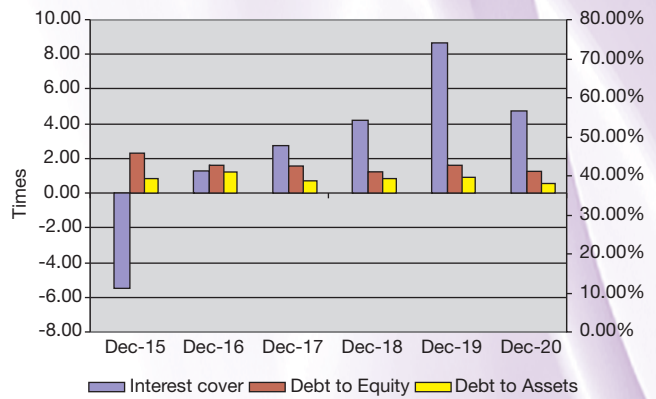
LIQUIDITY



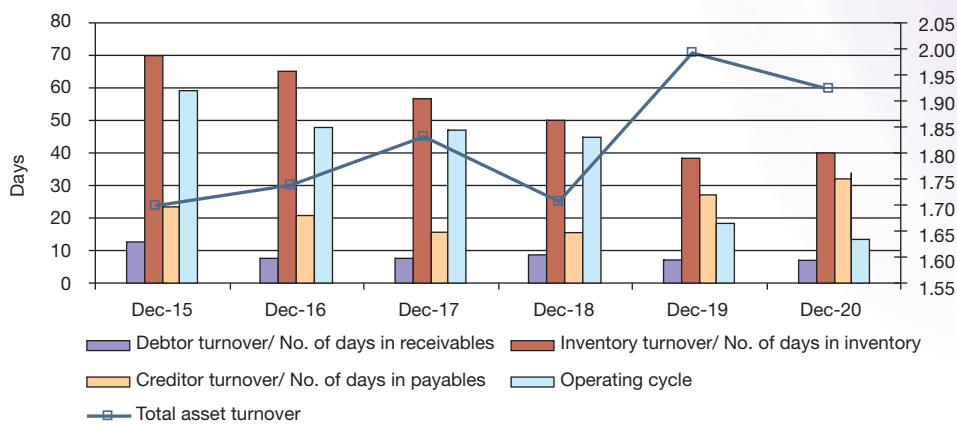
### NON-CURRENT ASSETS & LIABILITIES



### DEBT MANAGEMENT RATIOS



### ASSET MANAGEMENT RATIOS



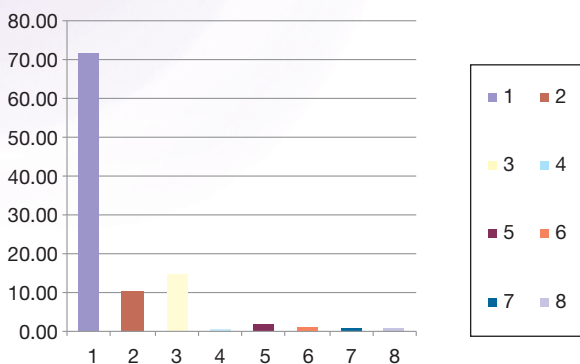
## Statement of Value Addition

	Dec-20		Dec-19	
	Rs. In '000	%	Rs. In '000	%
<b>Wealth Generated</b>				
Net sales	2,443,461	99.71	2,423,185	99.85
Other operating income	7,119	0.29	3,583	0.15
	<u>2,450,580</u>	<u>100.00</u>	<u>2,426,768</u>	<u>100.00</u>

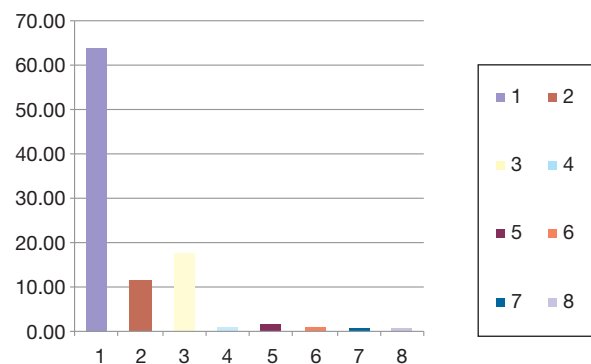
### Distribution of Wealth

■ Cost of sales and services (excluding employees remuneration and other duties)	1,741,597	71.07	1,576,609	64.97
■ Selling, distribution and administrative expenses (excluding employees remuneration and other duties)	250,196	10.21	292,607	12.06
■ Employees remuneration	386,292	15.76	405,090	16.69
■ Finance cost	16,575	0.68	25,918	1.07
■ Government tax and levies (includes income tax, WPPF and WWF)	40,667	1.66	60,802	2.51
■ Dividend paid to shareholders	21,429	0.87	9184	0.38
■ Retained for future growth	(8,168)	(0.33)	56,558	2.33
■ Charity and donation	1,922	0.08	-	-
	<u>2,450,580</u>	<u>100.00</u>	<u>2,426,768</u>	<u>100.00</u>

Distribution of Wealth Dec-2020



Distribution of Wealth Dec-2019





## Pattern of Shareholding

Central Depository Company and Physical As at December 31, 2020

Number of shareholders	Having Shares		Shares Held	Percentage
	From	To		
877	1	100	15,686	0.2562
222	101	500	60,422	0.9869
56	501	1000	44,474	0.7264
65	1001	5000	162,800	2.6590
17	5001	10000	127,862	2.0884
7	10001	15000	96,536	1.5767
2	15001	20000	37,143	0.6067
2	20001	25000	48,000	0.7840
2	30001	35000	69,863	1.1411
2	35001	40000	74,337	1.2141
1	50001	55000	53,500	0.8738
1	75001	80000	75,400	1.2315
1	95001	100000	100,000	1.6333
1	155001	160000	156,200	2.5512
1	180001	185000	180,400	2.9465
1	190001	195000	192,056	3.1368
1	195001	200000	199,169	3.2530
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	970001	975000	971,290	15.8640
1	1040001	1045000	1,041,733	17.0146
<b>1265</b>	<b>Company Total</b>		<b>6,122,600</b>	<b>100.0000</b>

## Pattern of Shareholding

Categories of Shareholders As at December 31, 2020

S.No.	Categories of Shareholders	No.of Folio	Number of shares held	Percentage
1	DIRECTORS, CEO, THEIR SPOUSE AND MINOR CHILDREN	9	1,807,250	29.5177
2	BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS	1	220	0.0036
3	INSURANCE COMPANY	1	34,863	0.5694
4	MUTUAL FUNDS	2	366,487	5.9858
5	GENERAL PUBLIC			
	a. Local	1210	3,492,288	57.0393
	b. Foreign	25	124,249	2.0294
6	OTHERS	17	297,243	4.8548
		<b>1,265</b>	<b>6,122,600</b>	<b>100.0000</b>

## Key shareholding

As at December 31, 2020

S.No.	Categories of Shareholders	No. of Shareholders	Shares Held	Percentage
<b>I</b>	<b>Directors, CEO, their spouse &amp; minor children</b>			
1.	Mrs. Ferial Ali-Mehdi - Director / Chairman	3	1,779,688	29.0675
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
<b>II</b>	<b>Executives</b>		NIL	NIL
<b>III</b>	<b>Associated Companies, Undertakings and Related Parties</b>		NIL	NIL
<b>IV</b>	<b>Mutual Funds</b>			
	CDC - Trustee National Investment (Unit)Trust	1	356,987	5.8306
	MC FSL Trustee JS Growth Fund	1	9,500	0.1552
<b>V</b>	<b>Banks, Development Financial Institutions, Non- Banking Financial Institutions</b>	1	220	0.0036
<b>VI</b>	<b>Insurance Companies</b>	1	34,863	0.5694
<b>VII</b>	<b>General Public</b>			
	Local	1210	3,492,288	57.0393
	Foreign	25	124,249	2.0294
	Others			
	Joint Stock Companies	17	297,243	4.8548
	Foreign Companies	-	-	-
	<b>TOTAL</b>	<b>1265</b>	<b>6,122,600</b>	<b>100.0000</b>
<b>VIII</b>	<b>Shareholders Holding 5% or More Voting Rights In The Company</b>			
1.	Mrs. Ferial Ali- Mehdi		1,779,688	29.0675
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

Name of company: **ZIL LIMITED**

Year ending: **DECEMBER 31, 2020**

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  
(expired on November 26th, 2020)  
Mr. Syed Hasnain Ali

**iii. Executive director**

Mr. Mubashir Hasan Ansari

**iv. Female director (non-executive)**

Mrs. Ferial Ali-Mehdi

\* Subsequent to the year end, casual vacancy was filled by Mr. Ahsan Rashid who joined as a member of Board of Director on 26th January 2021.

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. There was no new appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year. The changes in remuneration including terms and conditions of employment of Chief Financial Officer, Company Secretary and Head of Internal Audit were approved by the Board;

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. Muhammad Salman Husain Chawala	Chairman
Mrs. Ferial Ali-Mehdi	Member
Mr. Kemal Shoaib*	Member

\*Mr. Kemal Shoaib expired on November 26th, 2020.

Subsequent to the year end, casual vacancy was filled by Mr. Ahsan Rashid who joined as a member of Board of Director on 26th January 2021.

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

Mr. Saad Amanullah Khan	Chairman
Mrs. Ferial 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:

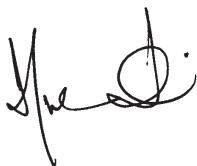
- a) Audit Committee: Quarterly;
- b) HR and Remuneration Committee: On required basis (two in the year);

15. The board has outsourced the internal audit function to M/s. 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;

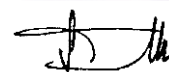
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance 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**  
Chief Executive Officer



**Mrs. Ferial Ali-Mehdi**  
Chairman

Karachi: February 27, 2021



# Independent Auditor's Review Report

To the member of ZIL Limited (the Company)

## 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** for the year ended 31 December 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulation required 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 2020.

**EY Ford Rhodes**  
Chartered Accountants  
Place: Karachi  
Date:



# Independent Auditor's 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 2020, and the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity 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, the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity 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 2020 and of the profit, 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 Matter

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

Following is the Key audit matter:

Key audit matter	How the matter was addressed in our audit
<b>1. Existence and Valuation of stock-in-trade</b>	
As of the date of statement of financial position, the Company held stock-in-trade balance of Rs. 205.426 million, as disclosed in note 10 to the accompanying financial statements.	Our audit procedures in this area included, amongst others, reviewing the management's procedures for evaluating the NRV of stock-in-trade, observing stock counts to ascertain the condition and existence of stock-in-trade, performing testing on a sample of items to assess the NRV of the stock-in-trade held and evaluating the adequacy of write down of stock-in-trade to NRV as at the year end.
As described in note 3.4 to the accompanying financial statements, stock-in-trade is measured at lower of cost and net realizable value. The cost of finished goods is determined at average	

Key audit matter	How the matter was addressed in our audit
<p>manufacturing cost, including a proportion of production overheads. There is an element of judgement involved in determining an appropriate costing basis and assessing the amount of provision for slow moving and obsolete stock-in-trade.</p> <p>Given the level of judgements and estimates involved, we have identified valuation of stock-in-trade as a key audit matter.</p>	<p>Further, we evaluated the appropriateness of the basis of identification of the obsolete stock-in-trade and the accuracy of provision for slow moving stock-in-trade assessed by the management, on a test basis.</p> <p>We also tested the calculations of per unit cost of finished goods and assessed the appropriateness of management's basis for the allocation of cost and production overheads.</p> <p>We further tested the NRV of stock-in-trade by performing a review of sales subsequent to the year-end and comparing with the cost for a sample of products.</p> <p>We further assessed the adequacy of financial statement disclosures in accordance with the applicable financial reporting framework.</p>

### 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 auditor's 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.

The 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 period 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, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity 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.

### Other Matter

The financial statements of the Company for the year ended December 31, 2019, were audited by another auditor who expressed an unmodified opinion on those statements on May 09, 2020.

The engagement partner on the audit resulting in this independent auditor's report is **Tariq Feroz Khan**.

Chartered Accountants  
Place: Karachi  
Date:

## Statement of Financial Position

As at 31 December 2020

	Note	2020	2019
----- (Rupees in '000) -----			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	716,717	764,360
Intangible assets	5	7,489	101
Long-term deposits	6	5,042	5,042
Long-term loans to employees	7	497	630
<b>Total Non-Current Assets</b>		<b>729,745</b>	<b>770,133</b>
<b>CURRENT ASSETS</b>			
Stores and spares	9	7,132	6,725
Stock-in-trade	10	205,426	179,267
Trade debts	11	41,028	45,560
Advances, prepayments and other receivables	12	120,742	151,044
Short-term investment	13	60,000	40,000
Cash and bank balances	14	103,230	23,640
<b>Total Current Assets</b>		<b>537,558</b>	<b>446,236</b>
<b>TOTAL ASSETS</b>		<b>1,267,303</b>	<b>1,216,369</b>
<b>EQUITY</b>			
Authorised capital 40,000,000 (2019: 40,000,000) ordinary shares of Rs. 10 each		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	354,672	363,711
Revenue reserves			
General reserve		6,000	6,000
Un-appropriated profit		184,390	180,157
<b>Total Equity</b>		<b>606,288</b>	<b>611,094</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term loan	17	44,034	3,563
Deferred government grant	18	2,115	-
Deferred tax liability - net	8	27,287	27,724
Deferred staff liabilities	19	106,034	107,155
Lease liabilities	20	43,009	56,592
<b>Total Non-Current Liabilities</b>		<b>222,479</b>	<b>195,034</b>
<b>CURRENT LIABILITIES</b>			
Current maturity on non-current liabilities	20.2	56,126	11,182
Trade and other payables	21	254,681	260,163
Contract liabilities	21.4	55,225	84,148
Taxation	23	71,118	53,570
Unclaimed dividend		1,386	1,178
<b>Total Current Liabilities</b>		<b>438,536</b>	<b>410,241</b>
<b>Contingencies and Commitments</b>	24	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,267,303</b>	<b>1,216,369</b>

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



Chief Financial Officer



Chief Executive Officer



Director

## Statement of Profit or Loss

For the year ended 31 December 2020

	Note	2020	2019
		----- (Rupees in '000) -----	
Sales - net	25	2,443,461	2,423,185
Cost of sales	26	(1,843,796)	(1,706,308)
<b>Gross profit</b>		<u>599,665</u>	<u>716,877</u>
Selling and distribution expenses	27	(373,513)	(385,373)
Administrative expenses	28	(154,528)	(163,327)
		<u>(528,041)</u>	<u>(548,700)</u>
		71,624	168,177
Other income	29	7,119	3,583
Other charges	30	(11,228)	(20,231)
		<u>67,515</u>	<u>151,529</u>
Finance costs	31	(16,575)	(25,918)
<b>Profit before taxation</b>		<u>50,940</u>	<u>125,611</u>
Taxation	23	(37,679)	(59,869)
<b>Profit for the year</b>		<u>13,261</u>	<u>65,742</u>
		(Rupees)	
<b>Earnings per share - basic and diluted</b>	32	<u>2.17</u>	<u>10.74</u>

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



Chief Financial Officer



Chief Executive Officer



Director

## Statement of Comprehensive Income

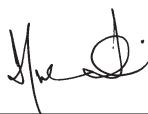
For the year ended 31 December 2020

	Note	2020	2019
		----- (Rupees in '000) -----	
<b>Profit after taxation</b>		13,261	65,742
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to statement of profit or loss :</i>			
Actuarial gain / (loss) on remeasurement of defined benefit obligations	19.6	4,786	(4,874)
Less: Tax effect	8	(1,388)	1,413
		3,398	(3,461)
<b>Total comprehensive income for the year</b>		<u>16,659</u>	<u>62,281</u>

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



Chief Financial Officer



Chief Executive Officer



Director



# Statement of Cash Flows

For the year ended 31 December 2020

## CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation

Note 2020 2019  
----- (Rupees in '000) -----

50,940 125,611

### Adjustments for non cash and other items:

Depreciation and amortization  
Allowance for expected credit loss  
Provision against staff gratuity  
Provision against other staff retirement benefits  
Provision against slow moving and obsolete stock  
Provision for slow moving stores and spares  
Finance costs  
Impairment against operating fixed assets  
Return on bank deposits  
Amortization of government grant  
Loss / (gain) on disposal of operating fixed assets

4.3	66,762	65,803
11.3	300	858
19.5	19,206	14,962
19.5	2,572	3,647
10.1	1,870	14,265
9.1	518	(906)
31	16,575	25,918
30	1,170	6,886
29	(407)	(92)
29	(1,067)	-
29	169	(330)
	<u>107,668</u>	<u>131,011</u>
	158,608	256,622

(Increase) / decrease in assets:

Long-term loans to employees  
Stores and spares  
Stock-in-trade  
Trade debts  
Advances, prepayments and other receivables

(450)	(72)
(925)	6,864
(28,029)	(6,600)
4,232	(230)
1,093	(4,085)
(24,079)	(4,123)

(Decrease) / increase in current liabilities:

Trade and other payables

(34,410)	115,253
<u>100,119</u>	<u>367,752</u>

Income tax paid  
Staff gratuity paid  
Staff retirement benefits paid  
Return received on bank deposits  
Finance costs paid

7,836	(51,056)
(9,618)	(8,451)
(8,495)	(6,457)
407	92
(5,853)	(18,796)
<u>(15,723)</u>	<u>(84,668)</u>

Net cash flows from operating activities

84,396 283,084

## CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditure  
Short-term investments made  
Short-term investments encashed  
Proceeds from disposal of operating fixed assets  
Net cash flows used in investing activities

4.2	(28,096)	(56,402)
	(60,000)	(40,000)
	40,000	-
	214	8,619
	<u>(47,882)</u>	<u>(87,783)</u>

## CASH FLOWS FROM FINANCING ACTIVITIES

Dividend paid  
Lease rentals paid  
Long-term loans  
Net cash flows generated from / (used in) financing activities

(21,221)	(9,040)
(17,992)	(16,220)
82,289	(190,000)
<u>43,076</u>	<u>(215,260)</u>

Net increase / (decrease) in cash and cash equivalents during the year

79,590 (19,959)

Cash and cash equivalents at beginning of the year

23,640 43,599

Cash and cash equivalents at end of the year

103,230 23,640

Cash and cash equivalents comprise of the following:

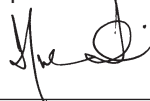
Cash and bank balances

14 103,230 23,640

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



Chief Financial Officer



Chief Executive Officer




Director

## Statement of Changes in Equity

For the year ended 31 December 2020

	Note	Capital Reserve		Revenue Reserves		Total
		Issued, subscribed and paid up capital	Surplus on Revaluation of assets - net of tax	General reserve	Unappropriated profit	
(Rupees in '000)						
Balance as at 01 January 2019		61,226	382,962	6,000	117,279	567,467
<b>Total comprehensive income for the year ended 31 December 2019</b>						
Profit after taxation		-	-	-	65,742	65,742
Other comprehensive income						
Actuarial loss on remeasurement of defined benefit obligations	19.6	-	-	-	(4,874)	(4,874)
Less: Tax effect	8	-	-	-	1,413	1,413
		-	-	-	(3,461)	(3,461)
<b>Total comprehensive income for the year</b>		-	-	-	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 disposal of assets	16	-	(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
<b>Total comprehensive income for the year</b>						
Profit after taxation		-	-	-	-	-
Other comprehensive income						
Actuarial gain on remeasurement of defined benefit obligations	19.6	-	-	-	13,261	13,261
Less: Tax effect	8	-	-	-	4,786	4,786
		-	-	-	(1,388)	(1,388)
		-	-	-	3,398	3,398
<b>Total comprehensive income for the year</b>		-	-	-	16,659	16,659
Cash dividend for the year ended 31 December 2019 (Rs. 3.5 per share) - approved in the annual general meeting held on 29 May 2020		-	-	-	(21,429)	(21,429)
Transferred from surplus on revaluation of property, plant and equipment - net of tax (incremental depreciation)	16	-	(9,003)	-	9,003	-
Reversal of surplus due to impairment of assets	16	-	(36)	-	-	(36)
<b>Balance as at 31 December 2020</b>		<b>61,226</b>	<b>354,672</b>	<b>6,000</b>	<b>184,390</b>	<b>606,288</b>

The annexed notes from 1 to 40 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 2020

## 1. STATUS AND NATURE OF BUSINESS

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 to have a significant impact on 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 Company’s products. With prudent risk management practice, the Company will be able to settle its financial liabilities when due and would be able to pursue its normal business activities. Accordingly, there is no material financial impact of COVID-19 in these financial statements.

**1.3** The geographical location and addresses of the Company’s business units / immovable assets are as under:

Location	Address
Head office	Bahria Complex 3, Plot # MISC-2, M.T. Khan Road, Karachi.
Factory	Link Hali Road, Hyderabad.
Factory - Under Construction	Plot # G-1 Located In Chemical Area Of Eastern Industrial Zone, Port Qasim Authority, Karachi.
Warehouse	1st Part of Plot No. 21-B, Industrial Estate, Multan.
Warehouse & Sales Office	Khewat No. 55, situated at 16-KM, Multan Road, Lahore.
Warehouse	Plot No. C-6, SITE Area, Near Mirpurkhas Road, SITE, Hyderabad.
Regional sales office	House No. 522, Street No. 18, Chaklala Scheme 3, Rawalpindi.

## 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 for below;

- certain class of property, plant and equipment (i.e. land, buildings and plant and machineries) have been measured at revalued amounts.



## Notes to the Financial Statements

For the year ended 31 December 2020

- deferred staff liabilities that have been measured at present value.

### 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 19.3 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.



## Notes to the Financial Statements

For the year ended 31 December 2020

### 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 Adoption of standards, amendments and framework effective during the year

The Company has adopted the following accounting standards and amendments of IFRSs and the framework for financial reporting which became effective for the current year:

### Standard or Amendment or Framework:

IFRS 3 - Definition of a Business (Amendments);

IFRS 9 / IAS 39 / IFRS 7 - Interest Rate Benchmark Reform (Amendments);

IFRS 14 - Regulatory Deferral Accounts;

IAS 1 / IAS 8 - Definition of Material (Amendments);

IFRS 16 - COVID 19 Related Rent Concessions (Amendments); and

The Conceptual Framework for Financial Reporting

The adoption of above standards, amendments and framework did not have material impact on these financial statements.

## 2.6 Standards, amendments and improvements that are not yet effective

The following standards, amendments of IFRSs and improvements to accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, amendments or improvements:

Amendment	Effective date (annual periods beginning on or after)
IFRS 3 - Reference to the Conceptual Framework (Amendments)	01 January 2022
IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use (Amendments)	01 January 2022
IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	01 January 2022
IAS 1 - Classification of Liabilities as Current or Non-Current (Amendments)	01 January 2023

## Notes to the Financial Statements

For the year ended 31 December 2020

<b>Amendment</b>	<b>Effective date (annual periods beginning on or after)</b>
IFRS 10 / IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet finalised
<b>Improvement to accounting standards issued by the IASB (2018 – 2020 cycle)</b>	<b>IASB effective date (annual periods beginning on or after)</b>
IFRS 9 - Financial Instruments - Fees in the '10 percent' test for the derecognition of financial liabilities	01 January 2022
IAS 41 - Agriculture - Taxation in fair value measurement	01 January 2022

The management expects that the adoption of above standards, amendments and improvements will not have material impact in the period of application.

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

<b>Standard</b>	<b>IASB Effective date (annual periods beginning on or after)</b>
IFRS 1 – First time adoption of IFRSs	01 January 2004
IFRS 17 – Insurance Contracts	01 January 2023

### 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.

#### 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 property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by the management.

###### *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 4.1) are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

## Notes to the Financial Statements

For the year ended 31 December 2020

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. 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 and amortization**

Depreciation is charged to the statement of profit or loss 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 4.1. 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 statement of profit or loss 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 statement of profit or loss during the financial year in which these are incurred.



## Notes to the Financial Statements

For the year ended 31 December 2020

### 3.1.2 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 re-measurements 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 5 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 the statement of profit or loss when the asset is derecognised.

### 3.3 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 statement of profit or loss.

### 3.4 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 ordinary course of business less estimated cost of completion and selling expenses.



## Notes to the Financial Statements

For the year ended 31 December 2020

### 3.5 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 there is no expectation of recovery. Trade debts and other receivables are written off when considered irrecoverable.

### 3.6 Cash and cash equivalents

Cash and cash equivalents are stated at cost and comprise cash in hand and balances with banks. Cash and cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash that are subject to insignificant risk of change in value.

### 3.7 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 reporting date - 31 December 2020) 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 statement of profit or loss. Amount recognised in the statement of financial position 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 reporting date - 31 December 2020) 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 expense relating to defined benefit plan are recognised in the statement of profit or loss. Amount recognised in the statement of financial position 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.

### 3.8 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 reporting date on the basis of un-availed earned leaves balance at the end of the year.

## Notes to the Financial Statements

For the year ended 31 December 2020

Provisions are made to cover the obligation on accrual basis and are charged as an expense. The amount of liability recognized in the statement of financial position is calculated by the Company using the above basis as the difference in liability is not expected to be material using the Projected Unit Credit method.

### 3.9 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of profit or loss 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.

Deferred tax assets and deferred tax liabilities are offset only if there is a legally enforceable right to offset current tax assets and liabilities and they relate to the income tax levied by the same authorities.

### 3.10 Lease liabilities

The Company assesses at contract inception whether a contract is, or contains a lease, i.e., if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

### 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.

## Notes to the Financial Statements

For the year ended 31 December 2020

### 3.12 Provisions

Provisions are recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimates.

### 3.13 Government grant

Government grants are recognised when there is a reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to expense, it is recognised as income on a systematic basis over the periods that the related cost, for which it is introduced to compensate, are expensed out.

### 3.14 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 have 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.

### 3.15 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.

#### a) Initial recognition and measurement

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or Fair Value through Profit or Loss (FVTPL).

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and



## Notes to the Financial Statements

For the year ended 31 December 2020

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding."

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and"
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

### b) Subsequent measurement

Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit or loss. Any gain or loss on derecognition is recognised in statement of profit or loss.

Debt investments at FVOCI - These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in statement of profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit or loss.

Equity investments at FVOCI - These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses including on account of derecognition are recognised in OCI and are never reclassified to statement of profit or loss.

### c) Derecognition of financial assets

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 derecognition is recognised in the statement of profit or loss.



## Notes to the Financial Statements

For the year ended 31 December 2020

### 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 statement of financial position, 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

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.

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 amount 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 qualitative 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, and if such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised, as an expense in the statement of profit or loss, 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.

## Notes to the Financial Statements

For the year ended 31 December 2020

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 statement of 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 the statement of profit or loss.

### 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 Foreign currency translation and transactions

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 reporting date. Gains and losses on translation are taken to the statement of profit or loss currently.

### 3.20 Dividend and appropriations

Dividends and appropriations to reserves are recognised in the period in which these are declared / approved. However, if these are approved after the reporting date but before the financial statements are authorised for issue, they are disclosed in the notes to the financial statements.

### 3.21 Earnings 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.

	Note	2020	2019
----- (Rupees in '000) -----			
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	4.1	706,633	757,397
Capital work-in-progress	4.2	10,084	6,963
		<u>716,717</u>	<u>764,360</u>





## Notes to the Financial Statements

For the year ended 31 December 2020

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

**4.1.3** During the year ended 31 December 2020, the Company introduced category of dies & change parts which were previously included in plant & machinery category and revised its depreciation rate with effect from 01 January 2020 from 10% to 30% as it more appropriately reflects the remaining expected pattern of usage. The financial impact of re-estimation is Rs. 1.243 million which has been recognized in the statement of profit or loss .

### 4.2 Capital work-in-progress

	As at 01 January 2020	Addition	(Transfers to operating assets)	As at 31 December 2020
----- (Rupees in '000) -----				
- Building on freehold land	-	239	(150)	89
- Building on leasehold land	531	5,546	(1,860)	4,217
- Plant, machinery and equipments	460	4,075	(3,327)	1,208
- Dies and change parts	-	6,681	(2,241)	4,440
- Furniture and fixtures	104	1,612	(1,671)	45
- Vehicles (advance)	-	2,935	(2,935)	-
- Capital spares	-	955	(955)	-
- Computers	1,066	1,315	(2,296)	85
	<u>2,161</u>	<u>23,358</u>	<u>(15,435)</u>	<u>10,084</u>
- Intangibles (advance payment regarding a software in process of development)	4,802	4,738	(9,540)	-
	<u>6,963</u>	<u>28,096</u>	<u>(24,975)</u>	<u>10,084</u>

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

	Note	2020	2019
----- (Rupees in '000) -----			
Depreciation on property, plant and equipment - operating fixed assets	4.1	64,610	65,676
Amortization on intangible assets	5	2,152	127
		<u>66,762</u>	<u>65,803</u>
Cost of sales	26	34,949	35,887
Selling and distribution expenses	27	12,907	13,819
Administrative expenses	28	18,906	16,097
		<u>66,762</u>	<u>65,803</u>



**Notes to the Financial Statements**  
For the year ended 31 December 2020

**5. INTANGIBLE ASSETS**

	2020							
	COST			Rate %	AMORTIZATION			Written down value as on 31 December 2020
	As at 1 January 2020	Additions	As at 31 December 2020		As at 1 January 2020	For the year	As at 31 December 2020	
Computer software and licenses	15,954	9,540	25,494	30	15,853	2,152	18,005	7,489

	2019							
	COST			Rate %	AMORTIZATION			Written down value as on 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	
Computer software and licenses	15,954	-	15,954	30	15,726	127	15,853	101

- 5.1.** Cost of above assets include cost of assets of Rs. 15.718 million (2019: Rs. 14.976 million) having net book value of Rs. nil (2019: Rs. nil) at the reporting date which are still in use.

Note	2020	2019
	----- (Rupees in '000) -----	

**6. LONG-TERM DEPOSITS**

Considered good		
Sui Southern Gas Company Limited	2,786	2,786
Office and warehouse premises	1,593	1,593
Letter of guarantee	650	650
Central Depository Company of Pakistan Limited	13	13
	<u>5,042</u>	<u>5,042</u>
Considered doubtful		
Others	121	121
Provision held against others	(121)	(121)
	<u>-</u>	<u>-</u>
	<u>5,042</u>	<u>5,042</u>

**7. LONG-TERM LOANS TO EMPLOYEES - secured**

Considered good			
Loans to employees	7.1	2,312	1,862
Less: current maturity	12	(1,815)	(1,232)
Long term portion		<u>497</u>	<u>630</u>

- 7.1** 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 considered material.

## Notes to the Financial Statements

For the year ended 31 December 2020

### 8. 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 2019	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	Recognized in profit and loss account	Recognized in other comprehensive income	Balance as at 31 December 2020
----- (Rupees in '000) -----								
<b>Taxable temporary differences on:</b>								
- accelerated tax depreciation	(19,822)	(2,953)	-	-	(22,775)	993	-	(21,782)
- surplus on revaluation of property, plant and equipment	(60,899)	3,995	(8,554)	-	(65,458)	3,677	-	(61,781)
- Leased liability	(67)	1,615	-	-	1,548	1,216	-	2,764
	<u>(80,788)</u>	<u>2,657</u>	<u>(8,554)</u>	<u>-</u>	<u>(86,685)</u>	<u>5,886</u>	<u>-</u>	<u>(80,799)</u>
<b>Deductible temporary differences on:</b>								
- provision for defined benefit plans	25,660	4,002	-	1,413	31,075	1,063	(1,388)	30,750
- provision against slow moving and obsolete stock and doubtful trade debts	8,651	6,085	-	-	14,736	787	-	15,523
- Government grant	-	1,433	-	-	-	1,433	-	1,433
- tax losses (note 8.1)	45,497	(32,347)	-	-	13,150	(7,344)	-	5,806
	<u>79,808</u>	<u>(22,260)</u>	<u>-</u>	<u>1,413</u>	<u>58,961</u>	<u>(4,061)</u>	<u>(1,388)</u>	<u>53,512</u>
<b>Deferred tax liability - net</b>	<u><b>(980)</b></u>	<u><b>(19,603)</b></u>	<u><b>(8,554)</b></u>	<u><b>1,413</b></u>	<u><b>(27,724)</b></u>	<u><b>1,825</b></u>	<u><b>(1,388)</b></u>	<u><b>(27,287)</b></u>

8.1 This represents deferred tax of Rs. 5.8 million (2019: Rs. 13.15 million) recorded on unabsorbed tax depreciation and amortisation.

	Note	2020	2019
----- (Rupees in '000) -----			
<b>9. STORES AND SPARES</b>			
Stores and spares		15,829	14,904
Provision against slow moving stores and spares	9.1	<u>(8,697)</u>	<u>(8,179)</u>
		<u>7,132</u>	<u>6,725</u>
<b>9.1 Provision against slow moving stores and spares</b>			
Balance as at 01 January		8,179	9,085
Charge / (reversal) for the year	26	<u>518</u>	<u>(906)</u>
Balance as at 31 December		<u>8,697</u>	<u>8,179</u>

**Notes to the Financial Statements**  
For the year ended 31 December 2020

	Note	2020	2019
		----- (Rupees in '000) -----	
<b>10. STOCK-IN-TRADE</b>			
Raw material			
- in hand		61,355	69,897
- in transit		<u>17,876</u>	<u>5,942</u>
		79,231	75,839
Packing material		42,583	29,160
Work-in-process		9,554	5,050
Finished goods		<u>108,548</u>	<u>101,838</u>
		239,916	211,887
Provision against slow moving and obsolete stock	10.1	<u>(34,490)</u>	<u>(32,620)</u>
		<u>205,426</u>	<u>179,267</u>
<b>10.1 Provision against slow moving and obsolete stock</b>			
Balance as at 01 January		32,620	16,363
Charge for the year	26	1,870	14,265
Write off / (reversal) during the year		-	1,992
Balance as at 31 December		<u>34,490</u>	<u>32,620</u>
<b>11. TRADE DEBTS - unsecured</b>			
Considered good	11.1	41,028	45,560
Considered doubtful		<u>9,397</u>	<u>9,097</u>
		50,425	54,657
Allowance for expected credit loss	11.3	<u>(9,397)</u>	<u>(9,097)</u>
		<u>41,028</u>	<u>45,560</u>
<b>11.1</b> Above balances are mark-up free and unsecured.			
<b>11.2</b> There are no balances due from the related parties.			
<b>11.3 Allowance for expected credit loss:</b>			
Balance as at 01 January		9,097	8,239
Charge for the year	28	<u>300</u>	<u>858</u>
Balance as at 31 December		<u>9,397</u>	<u>9,097</u>

## Notes to the Financial Statements

For the year ended 31 December 2020

	Note	2020	2019
		----- (Rupees in '000) -----	
<b>12. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES</b>			
<b>Considered good</b>			
Advance			
- for taxation		111,770	141,562
Advances to suppliers and contractors		2,697	4,232
Prepayments		3,655	3,563
Current maturity of loans to employees	7	1,815	1,232
Others		805	455
		<u>120,742</u>	<u>151,044</u>
<b>Considered doubtful</b>			
Advances to suppliers and contractors		803	803
Less: Provision against doubtful advances		(803)	(803)
		-	-
		<u>120,742</u>	<u>151,044</u>

## 13. SHORT-TERM INVESTMENT

### At amortised cost:

Term deposit receipt	13.1	-	40,000
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### At fair value through profit or loss:

Money market funds	13.2	60,000	-
		<u>60,000</u>	<u>40,000</u>

**13.1** These carried rate of 5.5% per annum and were encashed during the year.

**13.2** Represents 1,201,803 units of Meezan Rozana Amdani Fund having net asset value of Rs. 50 per unit as of reporting date. The fair value falls under level of fair value hierarchy (i.e. Quoted price).

## 14. CASH AND BANK BALANCES

Cash in hand		235	156
Cash at banks			
- current / collection accounts		101,545	20,239
- saving accounts	14.1	1,450	3,245
		<u>102,995</u>	<u>23,484</u>
		<u>103,230</u>	<u>23,640</u>

**14.1** This carries profit rate at 2.75% - 5% (31 December 2019: 5.5% - 11.25%) per annum.



**Notes to the Financial Statements**  
For the year ended 31 December 2020

**15. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**

2020	2019		2020	2019
----- (Numbers of shares) -----			----- (Rupees in '000) -----	
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	Ordinary shares of Rs. 10 each issued for consideration other than cash	500	500
2,522,600	2,522,600	Ordinary shares of Rs. 10 each issued as bonus shares	25,226	25,226
<u>6,122,600</u>	<u>6,122,600</u>		<u>61,226</u>	<u>61,226</u>

**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	2020	2019
		----- (Rupees in '000) -----	
Opening balance		429,169	443,861
Reversal of surplus due to impairment of assets		(36)	(916)
- incremental depreciation charged during the year		<u>(12,680)</u>	<u>(13,776)</u>
		416,453	429,169
- at beginning of the year		65,458	60,899
- effect of change in future tax rates		-	8,554
- on incremental depreciation charged during the year	8	<u>(3,677)</u>	<u>(3,995)</u>
		61,781	65,458
Closing balance		<u>354,672</u>	<u>363,711</u>

**17. LONG-TERM LOAN**

Diminishing Musharaka	17.1	3,539	4,558
Refinance scheme for the payment of salaries and wages	17.2	80,211	-
		83,750	4,558
Less: current maturity shown under current liability	20.2	<u>(39,716)</u>	<u>(995)</u>
		<u>44,034</u>	<u>3,563</u>

**17.1** The Company has acquired a vehicle under diminishing musharaka arrangement from First Habib Modaraba. The loan is for a period of five years expiring on 27 September 2023, with an option to purchase the asset at nominal amount. This carries profit rate of 6 months' KIBOR + 2% per annum (2019: 6 months' KIBOR + 2% per annum).

## Notes to the Financial Statements

For the year ended 31 December 2020

**17.2** Represents long term financing obtained from commercial banks under the refinance scheme for payment of salaries and wages by State Bank of Pakistan. These facilities carry on flat rate of 2.75% & 3% per annum, however, the effective interest rate ranged from 8.25%-8.92% per annum and the loan has been recognize at present value, the loan is repayable in 8 equal quarterly installments commencing from Jan 2021 discounted at the effective rate of interest. The differential mark up recognized as government grant (as disclosed on note 18) which will be amortised to other income over the period of the facility. The financing is secured against first Pari Passu charge over plant and machinery of the Company amounting to Rs. 66 million and Rs. 113 million respectively.

Note	2020	2019
	----- (Rupees in '000) -----	

### 18 DEFERRED GOVERNMENT GRANT

As at 01 January 2020	-	-
Recognised during the year	6,009	-
Amortized during the period	(1,067)	-
	<u>4,942</u>	<u>-</u>
Current portion	(2,827)	-
Non-current portion	<u>2,115</u>	<u>-</u>

As aforementioned in note 17.2, the purpose of the government grant is to facilitate the Company in making timely payments of salaries and wages to its employees in light of the COVID-19 pandemic. The grant is conditional upon the fact that the Company would not terminate any employee, due / owing to cash flow limitations, for a period of three months from the date of receipt of the first tranche.

Note	2020	2019
	----- (Rupees in '000) -----	

### 19. DEFERRED STAFF LIABILITIES

Gratuity scheme	19.4	93,590	87,162
Other staff retirement benefits scheme	19.4	<u>12,444</u>	<u>19,993</u>
		<u>106,034</u>	<u>107,155</u>

#### 19.1 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

## Notes to the Financial Statements

For the year ended 31 December 2020

### 19.2 Number of Employees under the scheme

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

	Note	2020	2019
		----- (Number) -----	
Gratuity Scheme		158	171
Other Retirement Benefit Scheme		19	30

### 19.3 Principal actuarial assumptions

The latest actuarial valuations of the above gratuity and retirement benefit schemes were carried out as at 31 December 2020 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	
	2020 (%)	2019 (%)	2020 (%)	2019 (%)
	----- (Rupees in '000) -----			
<b>Financial assumptions</b>				
Valuation discount rate	9.75	12.5	9.75	12.5
Salary increase rate	9.75	12.5	9.75	12.5
<b>Demographic assumptions</b>				
Mortality rate	SLIC (2001- 2005)	SLIC (2001- 2005)	SLIC (2001- 2005)	SLIC (2001- 2005)

### 19.4 Reconciliation of the present value of the defined benefit obligations

	Gratuity Scheme		Other staff retirement benefits scheme		Total	
	2020	2019	2020	2019	2020	2019
	----- (Rupees in '000) -----					
Present value of obligation - opening balance	87,162	77,276	19,993	21,304	107,155	98,580
Current service cost	8,912	7,657	604	1,781	9,516	9,438
Interest cost	10,294	7,305	1,968	1,866	12,262	9,171
Benefits paid	(9,618)	(8,451)	(8,495)	(6,457)	(18,113)	(14,908)
Remeasurement of actuarial losses on obligation	(3,160)	3,375	(1,626)	1,499	(4,786)	4,874
Present value of obligation - closing balance	<u>93,590</u>	<u>87,162</u>	<u>12,444</u>	<u>19,993</u>	<u>106,034</u>	<u>107,155</u>

## Notes to the Financial Statements

For the year ended 31 December 2020

### 19.5 Recognised in statement of profit or loss

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

	Gratuity Scheme		Other staff retirement benefits scheme		Total	
	2020	2019	2020	2019	2020	2019
	----- (Rupees in '000) -----					
Current service cost	8,912	7,657	604	1,781	9,516	9,438
Interest cost	10,294	7,305	1,968	1,866	12,262	9,171
	<u>19,206</u>	<u>14,962</u>	<u>2,572</u>	<u>3,647</u>	<u>21,778</u>	<u>18,609</u>

### 19.6 Remeasurement recognised in other comprehensive income

	Gratuity Scheme		Other staff retirement benefits scheme		Total	
	2020	2019	2020	2019	2020	2019
	----- (Rupees in '000) -----					
Actuarial losses on obligation						
- Experience adjustment	(3,160)	3,375	(1,626)	1,499	(4,786)	4,874
Total remeasurement recognised in other comprehensive income	<u>(3,160)</u>	<u>3,375</u>	<u>(1,626)</u>	<u>1,499</u>	<u>(4,786)</u>	<u>4,874</u>

19.7 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	<u>17,242</u>
Other staff retirement benefit scheme	1,296

### 19.8 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:



## Notes to the Financial Statements

For the year ended 31 December 2020

	Present value obligation		Rate effect	
	Gratuity Scheme	Other staff retirement benefits scheme	Gratuity Scheme	Other staff retirement benefits scheme
<b>2020</b>	----- (Rupees in '000) -----			
<b>Discount rate effect</b>				
<b>Original liability</b>	<b>93,590</b>	<b>12,444</b>	<b>9.75%</b>	<b>9.75%</b>
1% increase	86,706	12,207	10.75%	10.75%
1% decrease	101,490	12,694	8.75%	8.75%
<b>Salary increase rate effect</b>				
<b>Original liability</b>	<b>93,590</b>	<b>12,444</b>	<b>9.75%</b>	<b>9.75%</b>
1% increase	101,874	12,749	10.75%	10.75%
1% decrease	86,251	12,149	8.75%	8.75%
<b>If Life expectancy increases by one year</b>				
			Gratuity Scheme	Other staff retirement benefits scheme
			----- (Rupees in '000) -----	
<b>Original liability</b>			<b>93,590</b>	<b>12,444</b>
1% increase			93,591	12,444
Current duration (years)			7.09	1.69

The sensitivity analysis prepared and 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.

	Present value obligation		Rate effect	
	Gratuity Scheme	Other staff retirement benefits scheme	Gratuity Scheme	Other staff retirement benefits scheme
<b>2019</b>	----- (Rupees in '000) -----			
<b>Discount rate effect</b>				
<b>Original liability</b>	<b>87,162</b>	<b>19,933</b>	<b>12.50%</b>	<b>12.50%</b>
1% increase	81,384	19,664	13.50%	13.50%
1% decrease	93,737	20,339	11.50%	11.50%
<b>Salary increase rate effect</b>				
<b>Original liability</b>	<b>87,162</b>	<b>19,933</b>	<b>12.50%</b>	<b>12.50%</b>
1% increase	94,090	20,426	13.50%	13.50%
1% decrease	80,973	19,573	11.50%	11.50%

## Notes to the Financial Statements

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### If Life expectancy increases by one year

	Gratuity Scheme	Other staff retirement benefits scheme
	----- (Rupees in '000) -----	
Original liability	87,162	19,933
1% increase	81,384	19,933
Current duration (years)	7.09	1.69

The sensitivity analysis prepared and 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.

	Note	2020	2019
		----- (Rupees in '000) -----	

## 20. LEASE LIABILITIES

Liabilities against right of use assets - long term portion	20.1	<u>43,009</u>	<u>56,592</u>
		<u>43,009</u>	<u>56,592</u>

**20.1** This represents the liability recognised against the right of use assets. Other relevant details are as follows:

	Minimum lease payments	Future finance cost	Present value of minimum lease payment
	----- (Rupees in '000) -----		
<b>2020</b>			
Not later than one year	19,900	6,317	13,583
Later than one year and not later than five years	<u>50,157</u>	<u>7,148</u>	<u>43,009</u>
	<u>70,057</u>	<u>13,465</u>	<u>56,592</u>
Less: Current portion			<u>13,583</u>
			<u>43,009</u>
<b>2019</b>			
Not later than one year	17,992	7,805	10,187
Later than one year and not later than five years	<u>70,057</u>	<u>13,465</u>	<u>56,592</u>
	<u>88,049</u>	<u>21,270</u>	<u>66,779</u>
Less: Current portion			<u>10,187</u>
			<u>56,592</u>

**Notes to the Financial Statements**  
For the year ended 31 December 2020

	Note	2020	2019
		----- (Rupees in '000) -----	
<b>20.2 Current maturity of non-current liabilities</b>			
Refinance scheme for the payment of salaries and wages	17	38,576	-
Diminishing musharaka	17	1,140	995
Deferred government grant	18	2,827	-
Lease liabilities	20.1	13,583	10,187
		<u>56,126</u>	<u>11,182</u>
<b>21. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES</b>			
<b>21.1 Trade and other payables</b>			
Trade creditors		164,033	124,650
Accrued expenses		71,828	117,672
Sales tax payable		8,326	10,917
Deductions on account of vehicles for the employees		1,306	1,126
Accrued mark-up		83	78
Worker's Welfare Fund	21.2	4,839	1,851
Workers' Profit Participation Fund	21.3	2,767	2,013
Other liabilities		1,499	1,856
		<u>254,681</u>	<u>260,163</u>
<b>21.2 Workers' Welfare Fund</b>			
Balance as at 1 January		1,851	918
Provision for the year	30	2,988	933
Balance as at 31 December		<u>4,839</u>	<u>1,851</u>
<b>21.3 Workers' Profit Participation Fund</b>			
Balance as at 1 January		2,013	3,116
Provision for the year	30	2,838	6,734
Payments during the year		(2,084)	(7,837)
Balance as at 31 December		<u>2,767</u>	<u>2,013</u>
<b>21.4</b> This represents advance payments by the customers for the sale of Company's products.			
<b>22. SHORT-TERM BORROWINGS</b>			
	Note	2020	2019
		----- (Rupees in '000) -----	
Salam and Istisna finance	22.1	-	-
Running finance	22.2	-	-
		<u>-</u>	<u>-</u>

## Notes to the Financial Statements

For the year ended 31 December 2020

- 22.1** These facilities, representing Salam, Istisna and Karobar financing facilities, are available from certain commercial banks up to Rs. 245 million (2019: Rs. 270 million) and carries mark-up of 6 Months' KIBOR+0.5% - 1% (2019: 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 2020, unutilised facilities aggregated to Rs. 245 million (2019: Rs. 270 million) and un-utilised portion of Salam and Istisna facilities amounted to Rs. 150 million from Soneri bank (2019: Rs. 150 million) and Istisna, Murabah and Musharaka financing of Rs. 95 million from MCB Bank (2019: Rs. 120 million from Bank Islami). These facilities, being sub limit of the above available facility of Rs. 245 million, include Salam, Istisna, Karobar finance of Rs. 150 million from Soneri bank and Rs. 95 million from Bank Islami. Above facilities are valid upto 30 June 2021 and are generally renewable.
- 22.2** The facility for running finance available from a commercial bank of Rs. 200 million (2019: Rs. 200 million) carries mark-up at 1 month KIBOR+1% (2019: 1 month KIBOR+1%) per annum valid until 30 April 2021 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 2020, unutilised facility for running finance aggregated to Rs. 200 million (2019: Rs. 200 million). At 31 December 2020, LC sight and usance facility available amounted to Rs. 200 million (31 December 2019: Rs. 200 million).
- 22.3** At 31 December 2020, unutilised letter of credit facilities from certain banks amounted to Rs. 258.58 million (31 December 2019: Rs. 353.43 million). These are secured against the import bills of the Company. Total facilities sanctioned to the Company amounted to Rs. 350 million (31 December 2019: Rs. 420 million).

	Note	2020	2019
		----- (Rupees in '000) -----	
<b>23. TAXATION</b>			
Current year	23.1	36,738	36,332
Prior year		2,766	3,934
Deferred	8	(1,825)	19,603
		<u>37,679</u>	<u>59,869</u>

**23.1** Provision for current tax is based on minimum tax under section 113 of income tax ordinance 2001, Accordingly, recociliation of tax expense and profit before tax has not not been presented in these financial statements

**23.2** 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



## Notes to the Financial Statements

For the year ended 31 December 2020

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. The Company filed appeal before ITR(A) who 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. Accordingly, no provision of above demand, has been made in these financial statements.

**23.3** Income Tax Assessments of the Company have been completed up to and including the financial year ended 31 December 2019 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. Accordingly, no provision of above demand, has been made in these financial statements.

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. Accordingly, no provision of above demand, has been made in these financial statements.

**23.4** Return for the tax 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 alleged 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 alleged 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,

## Notes to the Financial Statements

For the year ended 31 December 2020

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 management believes that there is no merit in above demands. Accordingly, no provision has been made in these financial statements.

**23.5** 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 management believes that there is no merit in above demands. Accordingly, no provision has been made in these financial statements.

**23.6** During the year ended 31 December 2019, 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.

**23.7** During the year 2015, a show cause notice was issued by the Office Inland Revenue, Large Taxpayers' Unit, Karachi [OIR] for seeking information for the purposes of monitoring of withholding taxes for the tax year 2014. The Company submitted all the requisite details and explanations. However, the OIR had passed order under section 161/205 of the Income Tax Ordinance, 2001 vide order No. 11/77 dated 25 March 2015 and raised the demand in aggregate of Rs. 2.675 million including default surcharge and penalty.

The Company has filed an appeal before the Commissioner Inland Revenue - Appeals [CIRA] against the above-mentioned order dated 25 March 2015. The CIRA has passed order dated 10 September 2015 through which he had deleted aforesaid tax demand. However, the tax department had filed an appeal dated 23 February 2016 in Appellate Tribunal Inland Revenue [ATIR] against the aforesaid order, which is still pending. The management believes that there is no merit in above demands. Accordingly, no provision has been made in these financial statements.

**23.8** On 8 January 2019, the Company received a show cause notice from Additional Commissioner - I (AC-I) Punjab Revenue Authority (PRA) for failure to deduct and deposit withholding tax in full for the period 01 January 2015 to 31 December 2017 amounting to Rs. 70.401 million. The above show cause notice was converted into demand on 03 September 2019, creating demand of Rs. 60.241 million (including penalty of Rs. 2.869 million) and default surcharge to be calculated at the time of payment.

Being aggrieved, the Company filed an appeal before Commission Appeals-PRA who modified the above order of AC-I by reducing the amount of sales tax to Rs. 45.551 million along with default surcharge to be calculated at the time of payment.

## Notes to the Financial Statements

For the year ended 31 December 2020

The Company filed appeal before Appellate Tribunal - PRA against the above order of Commission Appeals which is pending adjudication. The Company, based on the opinion of tax advisor expects a favourable outcome on legal grounds which were not addressed by the Commission Appeals. Accordingly, no provision, in respect of above demand, has been made in these financial statements.

**23.9** During the year ended December 31, 2020, orders under sub section (1) of section 122(5A) of the Income Tax Ordinance, 2001 were passed by Additional Commissioner Inland Revenue (ACIR) for the tax year 2018 and 2019 (corresponding financial year 2017 and 2018) in which certain disallowances amounting to Rs. 7.463 million and Rs. 5.91million respectively were made. Being aggrieved, the Company filed appeals before the Commissioner Inland Revenue - Appeals (CIR-A) against the alleged order of ACIR, which is pending for adjudication. Based on the Company's tax advisor's view, reasonable grounds are available to contest the issues raised before CIR-A. Being prudent, provision of Rs. 1.01 million has been made by the management in these financial statements.

## 24. CONTINGENCIES AND COMMITMENTS

### 24.1 Contingencies

**24.1.1** 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 2019: 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 2019: 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 22.2 to these financial statements.

**24.1.2** Refer note 23 for tax related pending matters.

### 24.2 Commitments

**24.2.1** Commitments under letters of credit for the import of stock in trade items at 31 December 2020 amounted to Rs. 36.6 million (31 December 2019: Rs. 33.762 million) representing the LCs opened by the year end but no shipment made by that date.

**24.2.2** Commitments relating to capital expenditure as at 31 December 2020 amounted to Rs. nil (2019: Rs. 4.918 million).

	2020	2019
	----- (Rupees in '000) -----	
<b>25. SALES - net</b>		
Gross sales	3,227,201	3,254,521
Sales tax	(516,418)	(519,057)
Trade discount	(266,785)	(310,493)
Sales return and rebate	(537)	(1,786)
	(783,740)	(831,336)
	<u>2,443,461</u>	<u>2,423,185</u>



## Notes to the Financial Statements

For the year ended 31 December 2020

**25.1** 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. 3,032 million (2019: Rs. 3,572 million).

**25.2** Other relevant details are as follows:

- Sales of the company mainly comprises of soaps and related products.
- All sales are in Pakistan.
- 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.

## 26. COST OF SALES

		2020	2019
		----- (Rupees in '000) -----	
Raw material consumed	26.1	1,416,079	1,266,686
Packing material consumed	26.2	169,408	153,798
Salaries, wages and other benefits	26.3	107,601	142,263
Depreciation and amortisation	4.3	34,949	35,887
Fuel and power		11,462	15,708
Freight and handling charges		7,171	8,993
Provision for slow moving and obsolete stock	10.1	1,870	14,265
Stores and spares consumed		3,877	4,610
Rent, rates and taxes		11,505	6,554
Travelling and conveyance		3,268	4,253
Insurance expense		2,123	2,546
Repair and maintenance		494	686
Postage, telegrams and telephones		681	640
Printing and stationery		193	207
Legal and professional charges		75	35
Product research and development		5,836	2,150
Subscription charges		75	234
Goods purchased for resale		75,021	59,037
Provision for obsolete stores and spares	9.1	518	-
Others		2,804	1,401
		<u>1,855,010</u>	<u>1,719,953</u>
Opening stock of work-in-process		5,050	7,814
Closing stock of work-in-process	10	<u>(9,554)</u>	<u>(5,050)</u>
Cost of good manufactured		<u>1,850,506</u>	<u>1,722,717</u>
Opening stock of finished goods		101,838	85,429
Closing stock of finished goods	10	<u>(108,548)</u>	<u>(101,838)</u>
		<u>1,843,796</u>	<u>1,706,308</u>



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	Note	2020	2019
		----- (Rupees in '000) -----	
<b>26.1 Raw material consumed</b>			
Opening stock		69,897	64,303
Purchases		1,407,537	1,272,280
		<u>1,477,434</u>	<u>1,336,583</u>
Closing stock	10	<u>(61,355)</u>	<u>(69,897)</u>
Raw material consumed		<u>1,416,079</u>	<u>1,266,686</u>
<b>26.2 Packing material consumed</b>			
Opening stock		29,160	20,874
Purchases		182,831	162,084
		<u>211,991</u>	<u>182,958</u>
Closing stock	10	<u>(42,583)</u>	<u>(29,160)</u>
Packing material consumed		<u>169,408</u>	<u>153,798</u>
<b>26.3</b> Salaries, wages and other benefits include Rs. 13.237 million (31 December 2019: Rs. 9.54 million) in respect of the accrual for defined benefit obligations of the Company and contribution of Rs. 2.54 million (2019: Rs. 2.54 million) to the provident fund.			
<b>27. SELLING AND DISTRIBUTION EXPENSES</b>			
Salaries, wages and other benefits	27.1	173,775	169,113
Advertisement expenses		64,176	80,848
Freight, distribution and handling charges		83,301	80,685
Travelling and conveyance		20,940	22,708
Depreciation and amortisation	4.3	12,907	13,819
Rent, rates and taxes		316	94
Product research and development		8,363	8,000
Meeting expenses		893	979
Postage, telegrams and telephones		1,959	2,242
Insurance expense		2,267	1,892
Legal and professional charges		1,701	1,574
Utility charges		844	757
Repair and maintenance		277	444
Printing and stationery		547	365
Others		1,247	1,853
		<u>373,513</u>	<u>385,373</u>
<b>27.1</b> These include Rs. 2.56 million (31 December 2019: Rs. 2.51 million) in respect of the accrual for defined benefit obligations of the Company and contribution of Rs. 4.1 million (2019: Rs 3.7 million) to the provident fund.			

## Notes to the Financial Statements

For the year ended 31 December 2020

	Note	2020	2019
		----- (Rupees in '000) -----	
<b>28. ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and other benefits	28.1	102,078	106,702
Depreciation and amortisation	4.3	18,906	16,097
Rent, rates and taxes		685	506
Legal and professional charges		12,254	7,980
Travelling and conveyance		4,491	19,369
Postage, telegrams and telephones		2,816	2,552
Fuel and power		2,111	2,112
Printing and stationery		652	749
Auditors' remuneration	28.2	1,840	2,802
Allowance for expected credit loss	11.3	300	858
Insurance expense		920	945
Repair and maintenance		1,297	971
Training expenses		321	507
Directors' meeting fee		1,050	830
Computer equipment charges		8	21
Charity and donation	28.3	1,992	-
Others		2,807	326
		<u>154,528</u>	<u>163,327</u>

**28.1** These include Rs. 5.99 million (2019: Rs. 4.5 million) in respect of the accrual for defined benefit obligations of the Company and contribution of Rs. 2.85 million (2019: Rs 2.5 million) to the provident fund.

### 28.2 Auditors' remuneration

Audit fee	1,000	725
Fee for half yearly review	350	175
Fee for review of Code of Corporate Governance	75	75
Corporate and other advisory services	120	1,598
Out of pocket expenses	295	229
	<u>1,840</u>	<u>2,802</u>

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

## 29. OTHER INCOME

### Income from financial instruments

- Return on bank deposits	146	83
- Return on term deposit receipts	261	9
- Amortization of government grant	1,067	-
	<u>1,474</u>	<u>92</u>

## Notes to the Financial Statements

For the year ended 31 December 2020

	Note	2020	2019
		----- (Rupees in '000) -----	
<b>Income from non-financial instruments</b>			
- Scrap sales	29.1	5,688	2,626
- (Loss) / gain on disposal of operating fixed assets - net		(169)	330
- Insurance commission		-	282
- Others		126	253
		<u>5,645</u>	<u>3,491</u>
		<u>7,119</u>	<u>3,583</u>
29.1 Gross Scrap Sales		6,655	3,164
Sales tax		(967)	(538)
Net scrap sales		<u>5,688</u>	<u>2,626</u>
<b>30. OTHER CHARGES</b>			
Workers' Welfare Fund	21.2	2,988	933
Workers' Profit Participation Fund	21.3	2,838	6,734
Impairment against operating fixed assets		1,170	6,886
Exchange loss on revaluation of financial liabilities		4,232	5,678
		<u>11,228</u>	<u>20,231</u>
<b>31. FINANCE COSTS</b>			
Mark-up on short-term borrowings		4,801	15,127
Finance cost on refinance scheme for the payment of salaries and wages		2,454	-
Financial charges on lease liabilities		7,805	8,919
Financial charges on assets acquired under diminishing musharaka		458	627
Bank charges		1,057	1,245
		<u>16,575</u>	<u>25,918</u>
<b>32. EARNINGS PER SHARE - basic and diluted</b>			
Profit for the year after taxation		<u>13,261</u>	<u>65,742</u>
		(Number of shares)	
Weighted average number of ordinary shares		<u>6,122,600</u>	<u>6,122,600</u>
		(Rupees)	
Earnings per share - basic and diluted		<u>2.17</u>	<u>10.74</u>
<b>32.1</b>	There is no dilutive effect on basic earnings per share of the Company.		

## Notes to the Financial Statements

For the year ended 31 December 2020

### 33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	(Key Management Person)		Non-Executive		Executives				Total	Total
	Chief Executive		Director (Chair person)		Other Key Management Personnel		Others			
	For the year ended 31 December 2020	For the year ended 31 December 2019	For the year ended 31 December 2020	For the year ended 31 December 2019	For the year ended 31 December 2020	For the year ended 31 December 2019	For the year ended 31 December 2020	For the year ended 31 December 2019		
	----- (Rupees in '000) -----									
Managerial remuneration	8,232	8,175	6,300	7,200	14,925	14,687	6,736	6,570	36,193	36,632
Provident fund	932	818	-	-	1,657	1,437	738	657	3,327	2,912
Special pay	6,265	5,496	-	-	11,138	9,872	4,961	4,417	22,364	19,785
Housing and utilities	5,268	4,605	-	-	9,377	8,275	4,138	3,697	18,783	16,577
Medical	142	117	-	-	626	571	218	112	986	800
Incentive paid *	5,154	4,451	-	-	8,211	4,478	3,022	1,264	16,387	10,193
Gratuity	777	681	-	-	967	854	615	548	2,359	2,083
Other perquisites and benefits	68	60	-	-	-	-	-	-	68	60
	<u>26,838</u>	<u>24,403</u>	<u>6,300</u>	<u>7,200</u>	<u>46,901</u>	<u>40,174</u>	<u>20,428</u>	<u>17,265</u>	<u>100,467</u>	<u>89,042</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>5</u>	<u>5</u>	<u>4</u>	<u>4</u>	<u>11</u>	<u>11</u>

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.

\*Incentive paid figures pertain to year ended 2019 and year ended 2018 respectively.

#### 33.1 Remuneration of non-executive directors

In addition to the above, aggregate amount charged in these financial statements for director's fee paid to non-executive directors was Rs. 1.05 million (31 December 2019: Rs. 0.83 million).

### 34. 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.



## Notes to the Financial Statements

For the year ended 31 December 2020

### 35. FINANCIAL INSTRUMENTS

#### 35.1 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.

#### 35.2 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.

##### 35.2.1 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:

## Notes to the Financial Statements

For the year ended 31 December 2020

	Note	2020		2019	
		Financial assets	Maximum Exposure	Financial assets	Maximum Exposure
----- (Rupees in '000) -----					
Deposits	6	5,042	5,042	4,792	4,792
Loans to employees	7	2,312	2,312	1,862	1,862
Trade debts	11	41,028	41,028	45,560	45,560
Other receivables	12	-	-	455	455
Short-term investments	13	60,000	60,000	40,000	40,000
Bank balances	14	102,995	102,995	24,134	24,134
		<u>211,377</u>	<u>211,377</u>	<u>116,803</u>	<u>116,803</u>

### 35.2.2 Concentration of credit risk

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

	2020	2019
----- (Rupees in '000) -----		
Distributors and retailers	41,028	45,560
Mutual Fund	60,000	-
Commercial banks	102,995	64,134
Utilities	2,786	-
Employees	2,312	1,862
Others	2,256	5,247
	<u>211,377</u>	<u>116,803</u>

### 35.2.3 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	2020 (Rupees in '000)
Habib Bank Limited	A-1+	AAA	148
MCB Bank Limited	A-1	A	66,754
Soneri Bank Limited	A-1+	AA-	19,586
National Bank of Pakistan	A-1+	AAA	1,382
Standard Chartered Bank (Pakistan) Limited	A-1+	AAA	55
Bank Islami Pakistan Limited	A-1	A+	15,070
			<u>102,995</u>

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

## Notes to the Financial Statements

For the year ended 31 December 2020

### 35.2.4 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 respected losses in respect of trade debts.

At 31 December 2020, the ageing of trade debts was as follows:

	2020		2019	
	Gross	Impairment loss	Gross	Impairment loss
	(Rupees in '000)		(Rupees in '000)	
Past due 1 - 60 days	41,028	-	45,560	-
Past due 61 days - 1 year	-	-	-	-
More than one year	9,397	9,397	9,097	9,097
Total	<u>50,425</u>	<u>9,397</u>	<u>54,657</u>	<u>9,097</u>

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 allowance for expected credit loss in note 11.3.

None of the financial assets of the Company are past due or impaired except as disclosed in notes 6, 11 and 12 to these financial statements.

### 35.3 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 21).

#### 35.3.1 Exposure to liquidity risk

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

## Notes to the Financial Statements

For the year ended 31 December 2020

	2020			
	Carrying amount	Contractual cash flows	12 months or less (on demand)	More than 12 months
------(Rupees in '000)-----				
<b>Non-derivative financial liabilities</b>				
Accrued mark-up	83	83	83	-
Trade and other payables	237,360	237,360	237,360	-
Long-term loan (including current portion)	83,750	83,750	39,716	44,034
Lease liabilities (including current portion)	56,592	56,592	13,583	43,009
	<u>377,785</u>	<u>377,785</u>	<u>290,742</u>	<u>87,043</u>

	2019			
	Carrying amount	Contractual cash flows	12 months or less (on demand)	More than 12 months
------(Rupees in '000)-----				
<b>Non-derivative financial liabilities</b>				
Accrued mark-up	78	78	78	-
Trade and other payables	244,178	244,178	244,178	-
Long-term loan (including current portion)	4,558	4,558	995	3,563
Lease liabilities (including current portion)	66,779	66,779	10,187	56,592
	<u>315,593</u>	<u>315,593</u>	<u>255,438</u>	<u>60,155</u>

### 35.4 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 market return. The Company is exposed to currency risk and interest rate risk only.

#### 35.4.1 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:



## Notes to the Financial Statements

For the year ended 31 December 2020

	2020		2019	
	(Rupees in '000)	US Dollars	(Rupees in '000)	US Dollars
Foreign supplier payables	54,766	340,585	32,808	211,870
<b>Gross exposure</b>	<b>54,766</b>	<b>340,585</b>	<b>32,808</b>	<b>211,870</b>

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		Reporting date rate	
	2020	2019	2020	2019
Rupees / US Dollars	159.70	132.63	160.80	154.85

### Sensitivity risk

A five percent strengthening / (weakening) of the Rupee against US Dollar at the year ended 31 December 2020 would have increased / (decreased) equity and the statement of profit or loss by Rs. 2.73 million (31 December 2019: Rs. 1.64 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 2019.

### 35.4.2 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 long-term loans and deposits with banks. At the reporting date, the interest rate profile of the Company's interest-bearing financial instrument was as follows:

	Note	Carrying amount	
		2020	2019
		(Rupees in '000)	
<b>Fixed rate instruments</b>			
Financial liabilities - lease liability	20	56,592	66,779
Short-term investment	13	60,000	40,000
<b>Variable rate instruments</b>			
Financial assets - bank balance in profit and loss sharing accounts - withdrawable on demand	14	1,450	3,245
Financial liabilities - short-term borrowings	22	-	-
Financial liabilities - long-term loan	17	83,750	4,558

## Notes to the Financial Statements

For the year ended 31 December 2020

### 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.

### 35.4.3 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 working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk.

**Notes to the Financial Statements**  
For the year ended 31 December 2020

**35.4.3.1 Reconciliation of movements of liabilities to cash flows arising from financing activities**

	2020						Total	
	Liabilities			Revenue reserve				
	Short term borrowings (including accrued markup)	Lease liabilities	Diminishing musharaka	Long term loan to finance salaries and wages	Share capital	General reserve	Unappropriated profit	
<b>Balance as at 1 January 2020</b>	78	66,779	4,558	-	61,226	6,000	180,157	318,798
<b>Changes from financing cash flows</b>								
Proceeds from short term borrowings	215,000	-	-	-	-	-	-	215,000
Repayment of short term borrowings	(215,078)	-	-	-	-	-	-	(215,078)
Lease liability payments	-	(10,187)	(1,018)	-	-	-	-	(11,205)
Long-term loan received	-	-	-	83,765	-	-	-	83,765
Dividend paid	-	-	-	-	-	-	(21,221)	(21,221)
<b>Total changes from financing cash flows</b>	(78)	(10,187)	(1,018)	83,765	-	-	(21,221)	51,261
<b>Other changes - liability related</b>								
Interest expense	2,838	7,805	458	2,454	-	-	-	13,555
Recognition of government grant	-	-	-	(6,009)	-	-	-	-
Interest paid	(2,838)	(7,805)	(458)	-	-	-	-	(11,101)
<b>Total liability - related other changes</b>	-	-	-	(3,555)	-	-	-	2,454
Total equity - related other changes	-	-	-	-	-	-	25,454	25,454
<b>Balance as at 31 December 2020</b>	-	56,592	3,540	80,210	61,226	6,000	184,390	397,967

(Rupees in '000)

## Notes to the Financial Statements

For the year ended 31 December 2020

### 35.5 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.

### 35.6 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 reporting 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:



## Notes to the Financial Statements

For the year ended 31 December 2020

- 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 carrying value of all financial assets and liabilities reflected in the financial statements approximate fair values.

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

	Note	Carrying Amount		Fair value
		Amortized cost	Total	Total
<b>2020</b>		------(Rupees in '000)-----		
<b>Financial assets not measured at fair value</b>				
	35.2.1			
Deposits		5,042	5,042	-
Loans to employees		2,312	2,312	-
Trade debts		41,028	41,028	-
Cash and bank balances (including cash in hand)		<u>103,230</u>	<u>103,230</u>	-
		<u>151,612</u>	<u>151,612</u>	-
	35.3.1			
Trade and other payables		237,360	237,360	-
Accrued mark-up		83	83	-
Long-term loan (including current portion)		83,750	83,750	-
Lease liabilities (including current portion)		<u>56,592</u>	<u>56,592</u>	-
		<u>377,785</u>	<u>377,785</u>	-

## Notes to the Financial Statements

For the year ended 31 December 2020

2019	Note	Carrying Amount		Fair value
		Amortized cost	Total	Total
----- (Rupees in '000) -----				
<b>Financial assets not measured at fair value</b>	35.2.1			
Deposits		4,792	4,792	-
Loans to employees		1,862	1,862	-
Trade debts		45,560	45,560	-
Other receivables		455	455	-
Short-term investment		40,000	40,000	-
Cash and bank balances (including cash in hand)		23,640	23,640	-
		<u>116,309</u>	<u>116,309</u>	<u>-</u>
	Note	Carrying Amount		Fair value
		Other financial liabilities	Total	Total
----- (Rupees in '000) -----				
<b>Financial liabilities not measured at fair value</b>	35.3.1			
Trade and other payables		244,178	244,178	-
Accrued mark-up		78	78	-
Long-term loan (including current portion)		4,558	4,558	-
Lease Liabilities (including current portion)		66,779	66,779	-
		<u>315,593</u>	<u>315,593</u>	<u>-</u>

**35.6.1** 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.

## 36. PLANT CAPACITY AND PRODUCTION

	2020	2019
	(Metric Tons)	
<b>Soap</b>		
Annual assessed / rated	<u>10,500</u>	<u>10,500</u>
Actual production	<u>2,214</u>	<u>3,785</u>

Due to growing competition, including availability of foreign brands and varied consumers demands, the assessed plant capacity could not be fully utilized as for certain part of the year only one shift was operated.

## Notes to the Financial Statements

For the year ended 31 December 2020

### 37. TRANSACTIONS WITH RELATED PARTIES

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

	Note	2020	2019
		----- (Rupees in '000) -----	
<b>Transactions with related parties:</b>			
<b>Other related parties</b>			
Contribution to the employees' provident fund	37.1	<u>9,452</u>	<u>8,705</u>
<b>Key Management Personnel</b>			
Total remuneration of the Chief Executive, Chair person and other key management personnel	33	<u>79,262</u>	<u>71,096</u>
Other Director's remuneration (meeting fee)		<u>1,050</u>	<u>830</u>

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

**37.2** Remuneration of key management personnel in accordance with their terms of employment are given in note 33.

**37.3** Other transactions with related parties are at agreed terms.

### 38. 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. 606 million constituting 19% of the Company's sales (2019: Rs. 682 million constituting 22% of the Company's sales).

As at 31 December 2020 there were three shareholders (31 December 2019: 3) who held more than 10% of the Company's share capital. The holdings were 29.07%, 16.24% and 21.60% (31 December 2019: 60.71%).

## Notes to the Financial Statements

For the year ended 31 December 2020

### 39. NUMBER OF EMPLOYEES

The total number of employees as of the reporting date were 170 (31 December 2019: 171) and average number of employees during the year were 173 (31 December 2019: 172).

### 40. GENERAL

40.1 Certain corresponding figures have been rearranged and reclassified where ever considered necessary for the purpose of comparison and to reflect the substance of the transactions. Following major reclassifications have been made during the period:

	Reclassified from	Reclassified to	Rupees 000's
Statement of profit or loss	Trade discount	Freight, distribution and handling charges	6,301
Statement of financial position	Advances, prepayments and other receivables	Long-term deposits	3,449
Statement of profit or loss	Advertisement expenses	Trade discount	20,677
Selling and distribution expenses	Advertisement expenses	Salaries, wages and other benefits	1,490
Statement of profit or loss	Trade discount	Salaries, wages and other benefits	18,231
Statement of financial position	Lease liabilities	Long-term loan (including current maturity)	4,558
Statement of financial position	Cash and bank balance	Short-term investment	40,000

### 40.2 Date Of Authorization For Issue

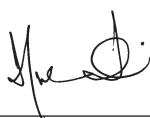
These financial statements were authorised for issue in the Board of Directors meeting held on February 27, 2021.

### 40.3 Post balance sheet event

The Board of Directors in their meeting held on February 27, 2021 have for the year ended December 31, 2020, proposed final cash dividend of Rs. 1.25 per share (2019: Rs. 3.50 per share) amounting to Rs. 7.653 million (2019: Rs. 21.429 million) for approval by the members of the Company in the Annual General Meeting to be held on March 31, 2021. The financial statements for the year ended 31 December 2020 do not include the effect of the proposed cash dividend, which will be recognised in the financial statements for the year ending 31 December 2021.



Chief Financial Officer



Chief Executive Officer



Director



## Notice of 61st Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixty-first Annual General Meeting of ZIL Limited will be held on Wednesday, March 31, 2021 at 09:00 am. at The Royal Rodale, Plot No. Tc-V, 34th Street, Khayaban-e-Sehar, Phase -V Ext., DHA, Karachi, Pakistan to transact the following business:

### ORDINARY BUSINESS:

1. To confirm the minutes of the last Annual General Meeting held on Friday, May 29, 2020.
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, 2020.
3. To approve as recommended by directors a final cash dividend @ 12.5% per share for the financial year 2020.
4. To appoint Auditors of the Company and fix their remuneration.

By the order of the board

**Muhammad Shahid**  
Company Secretary

Karachi: February 27, 2021

### NOTES:

1. The Share Transfer Books of the Company will remain closed from March 25, 2021 to March 31, 2021 (both days inclusive) and no request for transfer of shares will be accepted for registration. Transfers received at company's share registrar M/s. THK Associates (PVT) Ltd. Plot No.32, Jami Commercial Street 2, D.H.A, Phase VII, Karachi, by the close of business on March 24, 2021 will be considered in time for the purpose of payment of final dividend to the transferees.
2. A member entitled to attend and vote at the general meeting may appoint a person/representative as proxy to attend and vote in place of member at the meeting. Proxies in order to be effective must be received at the Registered Office of the Company not later than forty eight (48) hours before the time of holding the meeting and no account shall be taken of any part of the day that is not a working day. A member shall not be entitled to appoint more than one proxy.
3. Any individual Beneficial Owner of CDC entitled to vote at this meeting, must bring his/her original Computerized National Identity Card (CNIC) to prove identity and in case of proxy a copy of shareholders' attested CNIC must be attached with the proxy form. Representatives of corporate members should bring the usual documents required for such purpose.
4. 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.
5. Members are requested to notify the change in their addresses, if any, immediately to the Share Registrar of the company, M/s. THK Associates (PVT) Ltd. Plot No.32, Jami Commercial Street 2, D.H.A, Phase VII, Karachi.

#### **ONLINE PARTICIPATION IN AGM:**

6. In the light of COVID-19 situation, the Securities Exchange Commission of Pakistan (SECP), through its Circular No.4 dated: February 15, 2021 has directed all the listed companies to arrange participation of shareholders in Annual General Meeting through video link, webinar, zooming etc., in addition to allowing physical attendance. The direction has been issued to safeguard the shareholders against the continuing threat posed by the COVID-19 pandemic and to protect their well-being. Members are requested that in case of physical participation, please observe COVID-19 SOPs.
7. The shareholders of the company desirous of attending the meeting through video link etc., may inform the company at Email ID agm@zil.com.pk and provide their details including Name, CNIC to be scanned on both sides, Folio Number, Cell Phone No. and email address before the close of business on March 26, 2021. The video link of meeting shall be sent to the members on their registered email addresses.

#### **SPECIAL NOTES TO THE SHAREHOLDERS:**

**8. WITHHOLDING OF PAYMENT OF DIVIDEND - SUBMISSION OF COPIES OF CNIC (URGENT & MANDATORY):**

As per SECP directives that 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.

**9. 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 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 to respective 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 form must be submitted directly to shareholder's broker/participant/ CDC account services.

**10. UNCLAIMED DIVIDENDS AND SHARES (IMPORTANT & MANDATORY):**

Shareholders of the Company are hereby informed that as per the record, there are some uncollected shares and unpaid dividends, details of which are available on company's website. 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. A claim form is available on share registrar website [www.thk.com.pk](http://www.thk.com.pk).

**11. TRANSMISSION OF ANNUAL AUDITED FINANCIAL STATEMENT AND NOTICE OF AGM TO MEMBER 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 E-MAIL 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](http://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.

**12. 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:

- o For Filers of Income Tax Returns: 15%
- o 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, such shareholder 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 require to provide their valid NTN/CNIC number to their respective CDC participants.

**13. REQUIREMENT OF VALID TAX EXEMPTION CERTIFICATE FOR CLAIM OF EXEMPTION U/S 150 OF INCOME TAX ORDINANCE, 2001:**

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.

**14. 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 furnish to the Company's Share Registrar / 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

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.

**15. 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.



#### 16. 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,  
Plot No.32, Jami Commercial Street 2,  
D.H.A., Phase VII, Karachi,  
UAN: +92(21) 111-000-322



## Important Information for Shareholders

### Annual General Meeting:

The annual shareholders' meeting will be held on Wednesday March 31, 2021 at 09:00 am at The Royal Rodale, Plot No. Tc-V, 34th Street, Khayaban-e-Sehar, Phase -V Ext., DHA, Karachi, Pakistan. Shareholders are encouraged to participate either physical or online.

### Book Closure Dates:

The Share Transfer Books of the Company will remain closed from March 25, 2021 to March 31 2021 (both days inclusive).

### 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  
Plot No. 32, Jami Commercial Street 2  
D.H.A, Phase VII, Karachi-75530  
UAN: +92 (21) 111-000-322

### 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, 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.

### 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 E-mail 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](http://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 Symbol:**

The stock symbol 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 all the 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. 1.25 per share i.e 12.5% for the year ended December 31, 2020.

**Earnings per Share:**

Earnings per share basic and diluted for the year Rs. 2.17 [(2019: Rs. 10.74)].

**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.

**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 shareholder 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.

Proxies, in order to be effective, must be received at the Registered Office of the Company not later than forty eight (48) hours before the time of holding the meeting and no account shall be taken of any part of the day that is not a working day. A member shall not be entitled to appoint more than one proxy.

### **Web Presence:**

Update information regarding the company can be accessed at ZIL Limited website, [www.zil.com.pk](http://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 years can be accessed at ZIL's website [www.zil.com.pk](http://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

## Form of Proxy

The Company 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/her \_\_\_\_\_ of \_\_\_\_\_ as my proxy to vote for me and on my behalf at the 61st Annual General Meeting of the Company to be held on Wednesday, March 31, 2021 at 09:00 am at The Royal Rodale, Plot No. Tc-V, 34th Street, Khayaban-e-Sehar, Phase -V Ext., DHA, Karachi, Pakistan and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2021.

### Witness 1:

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_

CNIC or 

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Passport No. \_\_\_\_\_

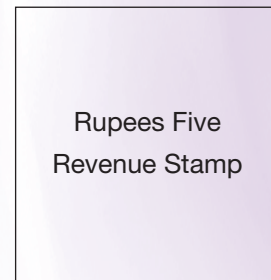
### Witness 2:

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_

CNIC or 

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Passport No. \_\_\_\_\_



The signature should be agree with the specimen registered with the company  
(Paste Revenue Stamp of Rs.5/-)

\_\_\_\_\_  
Signature of Member

\_\_\_\_\_  
Signature of Proxy

CNIC 

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### Notes:

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

Shareholders and their Proxies are each requested to attach an attested photocopy of their CNIC or Passport and in case of representatives of corporate member should attached the usual documents required for such purpose with this Proxy Form before submission to the Company.



# پراکسی فارم

سیکرٹری

زل لمیٹڈ

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

میں / ہم \_\_\_\_\_ ساکن \_\_\_\_\_

بطور زل لمیٹڈ کے رکن و حامل \_\_\_\_\_ عام حصص بہ مطابق سینئر رجسٹرڈ فوئیو نمبر \_\_\_\_\_

اور یا سی ڈی سی کے شراکتی آئی ڈی نمبر \_\_\_\_\_ اور ذیلی کھاتہ نمبر \_\_\_\_\_ ساکن \_\_\_\_\_

یا بصورت دیگر \_\_\_\_\_

کو اپنی جگہ بروز بدھ مورخہ ۳۱ مارچ ۲۰۲۱ء بوقت ۹:۰۰ بجے صبح بمقام: رائل روڈال، پلاٹ نمبر TC-V، اسٹریٹ ۳۴، خیابان سحر، فیز-۷، ایکسٹینشن، ڈی ایچ اے، کراچی، پاکستان میں منعقد یا ملتوی ہونے والے ۶۱ ویں سالانہ عام اجلاس میں رائے دہندگی کیلئے نمائندہ مقرر کرتا / کرتی ہوں۔

دستخط بروز \_\_\_\_\_ مورخہ \_\_\_\_\_ ۲۰۲۱ء

گواہ نمبر 1:

دستخط:

نام:

پتہ:

شناختی کارڈ

یا

پاسپورٹ نمبر:

پانچ روپے مالیت کے  
ریونیٹوٹ چسپاں کریں۔

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

رکن کے دستخط

نمائندہ کے دستخط

شناختی کارڈ

گواہ نمبر 2:

دستخط:

نام:

پتہ:

شناختی کارڈ

یا

پاسپورٹ نمبر:

نوٹ:

- پراکسیز کے موثر ہونے کیلئے لازم ہے کہ وہ اجلاس سے 48 گھنٹہ قبل کمپنی کے رجسٹرڈ آفس کو موصول ہوں۔
- حصص یافتگان اور ان کے پراکسیز سے گزارش ہے کہ وہ اپنے قومی شناختی کارڈ / پاسپورٹ کی تصدیق شدہ فوٹو کاپی اور کارپوریٹ ممبر کے نمائندے کی صورت میں درکار معمول کی دستاویزات پراکسی فارم کے ساتھ منسلک کریں۔



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 Website : www.zil.com.pk