



First Quarterly Report  
January - March  
2020

# CAPRI

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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

## Board Audit Committee

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

## Human Resource & Remuneration Committee

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

### **Statutory Auditors**

KPMG Taseer Hadi & Co.  
Chartered Accountants

### **Legal Advisor**

Hussain & Haider, Advocates

### **Registered Office**

Ground Floor, Bahria Complex III,  
M. T. Khan Road, Karachi - Pakistan.  
Tel: +9221 35630251-60  
Fax: +9221 35630266  
Website: [www.zil.com.pk](http://www.zil.com.pk)  
Email: [info@zil.com.pk](mailto:info@zil.com.pk)

### **Factory**

Link Hali Road, Hyderabad - 71000

### **Bankers**

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

### **Shares Registrars**

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

### **Chief Financial officer**

Mr. Ata-ur-Rehman Shaikh

### **Company Secretary**

Mr. Muhammad Shahid

### **Head of Internal Audit**

Mr. Syed Abid Raza Rizvi

## Directors' Review

The directors of the company are pleased to present the unaudited financial results of the company for the first quarter ended March 31, 2020.

### Summary of Business Review:

The quarter began well but as COVID-19 cases increased in the country, a nationwide lockdown ensued which impacted sales negatively in the last month of the quarter. The company achieved net sales of Rs. 488m down 1% from previous year.

As a response to the Government measures to limit the spread of COVID-19, the management implemented work from home (WFH) policy in this new normal. Human Resources provided the WFH policy and guidelines to the staff and IT developed the WFH compatible working environment within stipulated time to ensure smooth running of operations. Emergency Response Teams were formed across functions and management introduced business continuity and employee safety measures. The top most priority was and remains the safety and well-being of all our people.

Gross profit remained at 28.4% due to the increase in raw material prices from the beginning of the year and was further squeezed by the 6% devaluation of PKR against the USD in the last month of the current period.

Administrative expenses have declined as compared to last year and financial cost has reduced as a result of better cash flow management.

### Financial Position at a Glance:

	Three month period from January to March		
	2020	2019	Growth %
Net Sales	488M	494M	-1%
Gross Profit	139M	151M	-8%
Gross Profit %	28.4%	30.6%	-216 bps
Profit/(Loss) after taxation	3.2M	10.2M	-69%
EPS (Rupees)	0.52	1.69	-63%

## Future Outlook:

The COVID-19 health crisis and uncertainty attached to it are expected to widely affect the business performance in a short to medium term. However, product categories like personal wash, hygiene and skin care are expected to perform better to meet consumer needs. While uncertainty remains due to lockdown measures, but trade and businesses are reopening gradually across the country.

Challenging, yet achievable business plans have been set by the management for the balance of the year. The management is continuously developing strategies for better cost management and to strengthen its market position to achieve these plans.

## Acknowledgement

On behalf of the Board of Directors and employees of the company we would like to thank our customers for their trust and loyalty to our brands. Further we express our gratitude and appreciation to all our valued distributors, dealers, bankers and all other stakeholders for the support and confidence reposed in the Company in such desperate times when we must stay together and stay strong against this pandemic which is having a lasting impact on our and international economy. Lastly, we also appreciate our employees for their dedication to the Company.

For and on behalf of the Board of Directors



Mubashir Hasan Ansari  
Director and CEO

Karachi: April 28, 2020

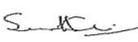
ZIL Limited  
Condensed Interim Statement of Financial Position (Un-audited)  
As at 31 March 2020

		31 March 2020 (Un-audited)	31 December 2019 (Audited)
<b>ASSETS</b>	<i>Note</i>	<b>(Rupees in '000)</b>	
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	750,791	764,360
Intangible assets		83	101
Long term deposits		1,593	1,593
Long term loans to employees		521	630
<i>Total non-current assets</i>		<u>752,988</u>	<u>766,684</u>
<b>CURRENT ASSETS</b>			
Stores and spares		7,037	6,725
Stock-in-trade	8	285,338	179,267
Trade debts	9	47,161	45,560
Advances, prepayments and other receivables	10	161,208	154,493
Cash and bank balances	11	16,268	63,640
<i>Total current assets</i>		<u>517,012</u>	<u>449,685</u>
<b>TOTAL ASSETS</b>		<u><b>1,270,000</b></u>	<u><b>1,216,369</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Authorised capital 40,000,000 (31 December 2019: 40,000,000) ordinary shares of Rs. 10 each		<u>400,000</u>	<u>400,000</u>
Issued, subscribed and paid up capital		61,226	61,226
Capital reserves			
Surplus on revaluation of property, plant and equipment - net of tax		361,460	363,711
Revenue reserves			
General Reserves		6,000	6,000
Un-appropriated profits		<u>185,582</u>	<u>180,157</u>
		<b>614,268</b>	<b>611,094</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liability - net	7	28,459	27,724
Deferred staff liabilities		98,622	107,155
Liabilities against leased Assets		57,079	60,155
		<u>184,160</u>	<u>195,034</u>
<b>CURRENT LIABILITIES</b>			
Current maturity of liabilities against leased assets		11,746	11,182
Trade and other payables	12	327,219	260,163
Contract liabilities		15,101	84,148
Short term borrowings	13	61,593	-
Taxation		54,735	53,570
Unclaimed dividends		1,178	1,178
		<u>471,572</u>	<u>410,241</u>
<b>TOTAL LIABILITIES</b>		<b>655,732</b>	<b>605,275</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	14		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>1,270,000</b></u>	<u><b>1,216,369</b></u>

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
Chief Executive officer

  
\_\_\_\_\_  
Director

# ZIL Limited

## Condensed Interim Profit and Loss Account (Un-audited)

For the three months period ended 31 March 2020

	Note	Three months period ended	
		31 March 2020	31 March 2019
(Rupees in '000)			
Sales - net	15	488,328	493,971
Cost of sales	16	(349,414)	(342,783)
<b>Gross profit</b>		<b>138,914</b>	<b>151,188</b>
Selling and distribution expenses	17	(88,367)	(84,324)
Administrative expenses		(42,490)	(46,824)
		<b>(130,857)</b>	<b>(131,148)</b>
		<b>8,057</b>	<b>20,040</b>
Other income		626	655
Other charges		(450)	(814)
		<b>8,233</b>	<b>19,881</b>
Finance cost		(3,159)	(5,543)
<b>Profit before taxation</b>		<b>5,074</b>	<b>14,338</b>
Taxation	7.3	(1,900)	(3,988)
<b>Profit for the period</b>		<b>3,174</b>	<b>10,350</b>
(Rupees)			
Profit per share - basic and diluted		<b>0.52</b>	<b>1.69</b>

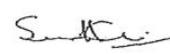
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Chief Financial Officer



Chief Executive officer



Director

# ZIL Limited

## Condensed Interim Statement of Comprehensive Income (Un-audited)

For the three months period ended 31 March 2020

	<b>Three months period ended</b>	
	<b>31 Mar 2020</b>	<b>31 Mar 2019</b>
	<b>(Rupees in '000)</b>	
Profit/(Loss) for the period after taxation	<b>3,174</b>	10,350
Other comprehensive income for the period	-	-
Total comprehensive income/(loss) for the period	<u><u><b>3,174</b></u></u>	<u><u>10,350</u></u>

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.



**Chief Financial Officer**



**Chief Executive officer**



**Director**

# ZIL Limited

## Condensed Interim Cash Flow Statement (Un-audited)

For the three months period ended 31 March 2020

	<b>Three months period ended</b>	
	<b>31 March 2020</b>	<b>31 March 2019</b>
	<b>(Rupees in '000)</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	5,074	14,338
<b>Adjustments for:</b>		
Finance Costs	3,159	5,543
Depreciation and amortisation	15,728	11,964
Provision against staff gratuity	4,623	3,495
Provision against other staff retirement benefits	591	618
Return on bank deposits - under markup arrangements	(68)	(10)
(Gain)/Loss on disposal of operating fixed assets	1	(107)
	<b>24,034</b>	<b>21,503</b>
	<b>29,108</b>	<b>35,841</b>
<i>Decrease / (Increase) in assets:</i>		
Stores and spares	(313)	(768)
Stock-in-trade	(106,073)	(17,977)
Trade debts	(1,601)	(14,640)
Loans to employees	(191)	(616)
Advances, prepayments and other receivables	(2,602)	(2,840)
	<b>(110,780)</b>	<b>(36,841)</b>
<i>(Decrease) / increase in current liabilities:</i>		
Trade and other payables	(2,654)	62,229
	<b>(84,326)</b>	<b>61,229</b>
Income tax paid	(4,809)	(17,200)
Staff gratuity paid	(6,850)	(1,277)
Other staff retirement benefits paid	(6,897)	(1,346)
Return received on bank deposits - under markup arrangements	68	10
Finance costs paid	(835)	(3,782)
	<b>(19,323)</b>	<b>(23,595)</b>
<i>Net cash flows from operating activities</i>	<b>(103,649)</b>	<b>37,634</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(2,167)	(5,410)
Proceeds from disposal of operating fixed assets	-	2,984
<i>Net cash flows from investing activities</i>	<b>(2,167)</b>	<b>(2,426)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Lease repayment	(4,742)	(226)
Short term borrowings - Karobar and Salam finances	61,593	(25,000)
<i>Net cash generated from financing activities</i>	<b>56,851</b>	<b>(25,226)</b>
Net increase / (decrease) in cash and cash equivalents during the period	<b>(48,965)</b>	<b>9,982</b>
Cash and cash equivalents at beginning of the period	<b>23,640</b>	<b>43,600</b>
<b>Cash and cash equivalents at end of the period</b>	<b>(25,325)</b>	<b>53,582</b>
<b>Cash and cash equivalents at end of the period comprises of:</b>		
- Cash and bank balances	<b>16,268</b>	<b>53,582</b>
- Short term borrowing - running finance	<b>(41,593)</b>	<b>-</b>
	<b>(25,325)</b>	<b>53,582</b>

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
Chief Executive officer

  
\_\_\_\_\_  
Director

ZIL Limited  
 Condensed Interim Statement of Changes in Equity (Un-audited)  
 For the three months period ended 31 Mar 2020

	Issued, subscribed and paid-up capital	Capital Reserve Surplus on revaluation of fixed assets	Reserves		Total	
			General reserve	Unappropriated profit		Total Reserves
------(Rupees in '000)-----						
<b>Balance as at 1 January 2019</b>	61,226	382,962	6,000	117,279	123,279	567,467
Total comprehensive income for the period						
Profit after taxation	-		-	10,350	10,350	10,350
Transferred from surplus on revaluation of property, plant and equipment - net of tax (incremental depreciation)	-	(2,480)	-	2,480	2,480	-
<b>Balance as at 31 Mar 2019</b>	<b>61,226</b>	<b>380,482</b>	<b>6,000</b>	<b>130,110</b>	<b>136,110</b>	<b>577,817</b>
<b>Balance as at 1 January 2020</b>	61,226	363,711	6,000	180,157	186,157	611,094
Total comprehensive income for the period						
Profit after taxation	-		-	3,174	3,174	3,174
Transferred from surplus on revaluation of property, plant and equipment - net of tax (incremental depreciation)	-	(2,251)	-	2,251	2,251	-
<b>Balance as at 31 Mar 2020</b>	<b>61,226</b>	<b>361,460</b>	<b>6,000</b>	<b>185,582</b>	<b>191,582</b>	<b>614,268</b>

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

  
 Chief Financial Officer

  
 Chief Executive officer

  
 Director

# ZIL Limited

## Notes to the Condensed Interim Financial Information (Un-audited)

*For the three months period ended 31 Mar 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 Limited (formerly Karachi and Lahore Stock Exchanges). 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.

### **2. BASIS OF PRESENTATION**

#### **2.1 Statement of compliance**

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards 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 Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2** This condensed interim financial information is unaudited and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017 and the listing regulations of Pakistan Stock Exchange Limited (formerly Karachi and Lahore Stock Exchanges).

**2.3** This condensed interim financial information does not include all the information required for full annual financial statements and should be read in conjunction with the financial statements of the Company as at and for the year ended 31 December 2019.

**2.4** The comparative balance sheet presented in this condensed interim financial information as at 31 December 2019 has been extracted from the audited financial statements of the Company for the year ended 31 December 2019, whereas the comparative profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement have been extracted from the unaudited condensed interim financial information for the three months period ended 31 March 2019 (as applicable).

#### **2.5 Functional and presentation currency**

This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Company. Figures have been rounded off to the nearest thousand rupees.

## 2.6 Use of judgments and estimates

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgements made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the audited financial statements of the Company for the year ended 31 December 2019.

## 3. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

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

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Company's financial statements.
- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The application of interpretation is not likely to have an impact on Company's financial statements.

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

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

- The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2020:
  - IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
  - IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
  - IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2020 and are not likely to have material impact on Company's financial statements.

#### **4. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial report are the same as those applied in the preparation of the financial statements for the year ended 31 December 2019.

#### **5. FINANCIAL RISK MANAGEMENT**

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 December 2019.

		<b>31 March 2020 (Un-audited) (Rupees in '000)</b>	31 December 2019 (Audited)
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	6.1	<b>743,606</b>	757,397
Capital work-in-progress	6.2	<b>7,185</b>	6,963
		<b><u>750,791</u></b>	<u>764,360</u>

#### 6.1 Operating fixed assets

Following are the details of the additions and disposals of operating fixed assets during the period:

	Additions	Disposals	
		Cost	Accumulated depreciation
	----- (Rupees in '000) -----		
Plant, machinery and equipment	580	-	-
Furniture and Fixtures	118	-	-
Vehicles	76	64	36
Computers	1,171	-	-
	<u>1,945</u>	<u>64</u>	<u>36</u>

#### 6.2 Capital work-in-progress

Opening balance		<b>6,963</b>	11,471
Additions during the period		<b>2,167</b>	56,402
		<b>9,130</b>	67,873
Transfers during the period		<b>(1,945)</b>	(60,910)
	6.2.1	<b><u>7,185</u></b>	<u>6,963</u>

6.2.1 This represents plant, machinery and equipment, furniture and fixtures, computers and intangibles .

6.2.2 Following are the details of the additions and transfers of capital work-in-progress during the period:

	Additions	Transfers
	----- (Rupees in '000) -----	
Plant, machinery and equipment	1,565	580
Furniture and fixtures	307	118
Vehicles	75	76
Computers	220	1,171
	<u>2,167</u>	<u>1,945</u>

## 7. DEFERRED TAX Liability - net

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

	Balance at 01 January 2020	Recognized in profit and loss	Balance at 31 March 2020
----- (Rupees in '000) -----			
<b>Taxable temporary differences on:</b>			
- accelerated tax depreciation	(22,775)	442	(22,333)
- surplus on revaluation of property, plant and equipment	(65,458)	919	(64,539)
- Leased Liability	1,548	378	1,926
	<u>(86,685)</u>	<u>1,739</u>	<u>(84,946)</u>
<b>Deductible temporary differences on:</b>			
- provision for defined benefit plans	31,075	(2,474)	28,601
- provision against slow moving and obsolete stock and doubtful trade debts	14,736	-	14,736
- tax losses (note 7.1)	13,150	-	13,150
	<u>58,961</u>	<u>(2,474)</u>	<u>56,487</u>
<b>Deferred tax liability -net</b>	<u>(27,724)</u>	<u>(735)</u>	<u>(28,459)</u>

- 7.1 This includes deferred tax of Rs. 13.15million (2019: Rs. 13.15 million) recorded on unabsorbed tax depreciation and amortisation.
- 7.2 Deferred tax liability has been recognised at the rate applicable when the asset is realised or the liability is expected to be settled
- 7.3 The tax expense for the period includes deferred tax expense (net) of Rs. 0.735 million.
- 7.4 The management has recorded deferred tax asset based on financial projections indicating the absorption of deferred tax asset over a number of future years against future expected taxable profits. The financial projections involve certain key assumptions such as sales price and composition, raw materials, labour prices and distribution channels, etc. Any significant change in the key assumptions may have an effect on the absorption of the deferred tax asset. Nonetheless, the management is confident of the achievement of its targeted results.

## 8. STOCK-IN-TRADE

	31 March 2020 (Un-audited)	31 December 2019 (Audited)
(Rupees in '000)		
Raw material - in hand	97,831	69,897
- in transit	1,505	5,942
	<u>99,336</u>	<u>75,839</u>
Packing material	33,026	29,160
Work-in-progress	4,300	5,050
Finished goods	181,296	101,838
	<u>317,958</u>	<u>211,887</u>
Provision against slow moving items of stock-in-trade	(32,620)	(32,620)
	<u>285,338</u>	<u>179,267</u>

<b>9. TRADE DEBTS</b>	<b>30 March 2020 (Un-audited) (Rupees in '000)</b>	<b>31 December 2019 (Audited)</b>
Considered good	47,161	45,560
Considered doubtful	9,097	9,097
	<u>56,258</u>	<u>54,657</u>
 Provision against doubtful debts	 (9,097)	 (9,097)
	<u><u>47,161</u></u>	<u><u>45,560</u></u>
 <b>10. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES</b>		
<b>Considered good</b>		
Advance		
- for taxation	146,370	141,562
Advances to suppliers and contractors	5,463	4,232
Prepayments	3,887	3,563
Current maturity of loans to employees	1,532	1,232
Deposit with Sui Southern Gas Company Limited	2,786	2,786
Letter of guarantee deposit	650	650
Deposit with Central Depository Company of Pakistan Limited	13	13
Other receivables	507	455
	<u>161,208</u>	<u>154,493</u>
 <b>Considered doubtful</b>		
Advances to suppliers and contractors	803	803
Less: Provision held	(803)	(803)
	-	-
 Advances, prepayments and other receivables - net	<u><u>161,208</u></u>	<u><u>154,493</u></u>
 <b>11. CASH AND BANK BALANCES</b>		
Cash in hand	432	156
Cash at banks		
- current / collection accounts	14,899	20,239
- Profit & loss sharing accounts	937	3,245
	15,836	23,484
 Term deposit receipt	 -	 40,000
	<u><u>16,268</u></u>	<u><u>63,640</u></u>

**11.1** This carries interest rate ranging from 4.5% to 5.5% (31 December 2019: 5.5% to 11.25%) per annum.

<b>12. TRADE AND OTHER PAYABLES</b>	<b>31 March 2020 (Un-audited)</b>	<b>31 December 2019 (Audited)</b>
	<b>(Rupees in '000)</b>	
Trade creditors	226,365	124,650
Accrued expenses	89,681	117,672
Sales tax payable	5,704	10,917
Deposit from employees against vehicles	1,168	1,126
Accrued mark-up on short term borrowings	174	78
Workers' welfare fund	1,931	1,851
Workers' profit participation fund	200	2,013
Other liabilities	1,996	1,856
	<b><u>327,219</u></b>	<b><u>260,163</u></b>

### 13. SHORT TERM BORROWINGS

Istisna and Salam finances - under shariah arrangements	13.1	20,000	-
Running finance - under mark-up arrangements	13.2	41,593	-
		<b><u>61,593</u></b>	<b><u>-</u></b>

#### 13.1

These facilities, representing Salam, Istisna and Karobar financing facilities, are available from certain commercial banks up to Rs. 270 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 March 2020, unutilised facilities aggregated to Rs.250 million (2019: Rs. 270 million) and utilised portion of Salam and Istisna facilities amounted to Rs. 130 million from Soneri bank (2019: Rs. 150 million) and Istisna and Karobar financing of Rs. 120 million from Bank Islami (2019: Rs. 120 million). These facilities, being sub limit of the above available facility of Rs. 270 million, include Salam, Istisna, Karobar finance of Rs. 150 million from Soneri bank and Rs. 120 million from Bank Islami. Above facilities are valid upto 30 April 2020 and are generally renewable, except for a facility of Rs. 120 million has expired and renewal process has been initiated.

#### 13.2

The facility for running finance available from a commercial bank of Rs. 200 million (2019: Rs. 300 million) carries mark-up at 1 month KIBOR+1% (2019: 1 month KIBOR+0.75%) per annum valid until 30 April 2020 and is generally renewable . The facility is secured by first pari passu charge by way of hypothecation over all present and future current assets of the Company of Rs. 400 million and first pari passu charge of Rs. 113.33 million over all plant and machinery of the Company. At 31 March 2020, unutilised facility for running finance aggregated to Rs. 158 million (2019: Rs. 300 million). At 31 March 2020, LC sight and usance facility available amounted to Rs. 200 million (31 December 2019: Rs. 200 million).

#### 13.3

At 31 March 2020, unutilised letter of credit facilities from certain banks amounted to Rs. 158 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. 420 million (31 December 2019: Rs. 420 million).

### 14. CONTINGENCIES AND COMMITMENTS

#### 14.1 Contingencies

- 14.1.1** Bank guarantees aggregating to Rs. 7.02 million (31 December 2019: Rs. 7.02 million) have been issued in favour of Sui Southern Gas Company Limited for the supply of natural gas. A 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).

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

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

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

**14.1.4** Return for the financial year 2007 was selected for audit under section 177 of Income Tax Ordinance 2001 and an amended assessment order dated 30 March 2009 was passed in which certain disallowances were made by the taxation authorities. Disagreeing to the above, the Company filed an appeal before the Commissioner Inland Revenue, Appeal (CIR-A) and also filed an appeal before the CIR-A against the refusal of the Taxation Officer to rectify certain mistakes. The CIR-A vide his order No. 15 and 16 dated 25 October 2011 deleted all the additions except for the 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, ATIR passed AO dated 5 May 2015 by remanding back the issue for reverification of unreconciled difference, strictly in the light of history of the case and subsequent years. Following the judgement of ATIR, department has initiated set-aside proceedings. The Company has submitted the response and details regarding unreconciled production. No order has been passed by the department in relation to the set-aside proceedings. The Company expects a decision in its favour.

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

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

## 14.2 Commitment

Commitment under letters of credit for the import of stock-in-trade items amounted to Rs. 38.3 million (31 December 2019 : Rs. 33.762 million).

15. SALES - net	Three months period ended	
	31 March 2020	31 March 2019
	(Rupees in '000)	
Gross sales	642,645	660,728
Sales tax	(102,529)	(105,217)
Trade discount	(51,788)	(61,540)
	(154,317)	(166,757)
	488,328	493,971

16. COST OF SALES	Three months period ended	
	31 March 2020	31 March 2019
	(Rupees in '000)	
Raw & packing material consumed	358,023	300,583
Stores and spares consumed	772	994
Salaries, wages and other benefits	26,449	36,715
Contribution to provident fund	646	617
Repair and maintenance	138	71
Fuel and power	2,704	4,055
Rent, rates and taxes	4,942	405
Insurance	564	664
Product research and development	20	-
Travelling and conveyance	1,023	720
Printing and stationery	104	29
Postage and telephones	130	97
Legal and professional charges	32	11
Subscription charges	12	34
Depreciation and amortisation	8,643	8,228
Freight and handling charges	1,620	3,173
Finished Goods purchased for resale	22,140	4,299
Others	162	466
	428,124	361,159
Opening stock of work-in-process	5,050	7,814
Closing stock of work-in-process	(4,301)	(10,062)
Cost of good manufactured	428,873	358,911
Opening stock of finished goods	101,838	85,430
Closing stock of finished goods	(181,297)	(101,560)
	(79,459)	(16,130)
	349,414	342,782

**16.1** Salaries, wages and other benefits include Rs.3.158 million (31 March 2019: Rs.2.389 million) in respect of the accrual for defined benefit obligations of the Company and contribution of Rs.0.646million (31 March,2019: Rs. 0.617 million) to the provident fund.

#### 17. SELLING AND DISTRIBUTION EXPENSES

Salaries, wages and other benefits	42,277	34,321
Utility charges	148	115
Repair and maintenance	80	15
Rent, rates and taxes	17	1,812
Depreciation and amortisation	3,162	1,928
Legal and Professional fee	330	300
Postage, telegram and telephone	560	477
Printing and stationery	233	72
Travelling and conveyance	6,068	4,409
Contribution to Provident Fund	982	895
Insurance expense	542	478
Advertising expense	14,082	22,583
Freight and handling charges	17,327	15,024
Product research and development	1,956	895
Meeting expenses	436	105
Others	167	895
	88,367	84,323

**17.1** Salaries, wages and other benefits include Rs. 0.615 million (31 March 2019: Rs. 0.627million) in respect of the accrual for defined benefit obligations of the Company and contribution of Rs. 0.98 million (31 March,2019: Rs. 0.8 million).

## 18. TRANSACTIONS WITH RELATED PARTIES

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

	<b>Three months period ended</b>	
	<b>31 Mar</b>	<b>31 Mar</b>
	<b>2020</b>	<b>2019</b>
	<b>(Rupees in '000)</b>	
<b>Other related parties</b>		
Contribution to the employees' provident fund	<u>2,317</u>	<u>2,126</u>
<b>Directors and Chief Executive Officer (Key management personnel)</b>		
Remuneration	<u>12,481</u>	<u>10,578</u>
Other directors remuneration -Meeting Fees	<u>270</u>	<u>280</u>
<b>Other Key Management Personnel</b>		
Managerial remuneration (excluding directors and Chief Executive Officer)	<u>18,029</u>	<u>13,727</u>

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

18.2 Remuneration of the key management personnel is in accordance with the terms of their employment. Directors meeting fee is as approved by the Board of Directors.

18.3 Other transactions with the related parties are at the agreed terms.

## 19 GENERAL

### 19.1 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in their meeting held on 05-March-2020 for the year ended 31 December 2019, proposed final cash dividend of Rs. 3.50 per share (2018: Rs. 1.50 per share) amounting to Rs.21.429 million (2018: Rs. 9.184 million) for approval by the members of the Company in the Annual General Meeting to be held on 29 May 2020. The financial statements for the period ended 31 March 2020 do not include the effect of the proposed cash dividend, which will be recognised in the financial statements for the period ending 30 June 2020.

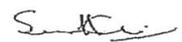
19.2 This condensed interim financial information were authorised for issue on 28th April 2020 by the board of directors of the Company.



Chief Financial Officer



Chief Executive officer



Director

