



Half Yearly Report
January - June
2021



Content

Company Information	02
Directors' Review	03
Condensed Interim Statement of Financial Position (Un-audited)	04
Condensed Interim Statement of Profit and Loss (Un-audited)	05
Condensed Interim Statement of Comprehensive Income (Un-audited)	06
Condensed Interim Statement of Cash Flows (Un-audited)	07
Condensed Interim Statement of Changes in Equity (Un-audited)	08
Notes to the Condensed Interim Financial Information (Un-audited)	09



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. Syed Hasnain Ali
Non-Executive Director

Mr. Mir Muhammad Ali
Independent, Non-Executive Director

Mr. Muhammad Salman H. Chawala
Independent, Non-Executive Director
(Representing NIT)

Mr. Ahsan Rashid
Non-Executive Director

Board Audit Committee

Mr. Muhammad Salman H. Chawala
Chairman
(Representing NIT)

Mrs. Ferial Ali-Mehdi
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

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
Email: 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

Directors' Review

The Directors of the Company are pleased to present the unaudited financial results of the company for the first six months ended June 30, 2021.

Summary of Business Review:

The first half of the fiscal period remained challenging as uncertainty due to the COVID pandemic impacted the financial performance of the company. However, the Management's continued focus on topline resulted in Company achieving 5% growth as compared to same period last year.

As the world experiences the pandemic waves, Palm Oil production in Malaysia and Indonesia hasn't reached the pre COVID levels. This has caused the prices of the raw material to surge to record levels causing extreme pressure on the Edible Oil and Soap Manufacturers globally. The changes in the raw material prices have caused the Company's gross margin to shrink significantly. In addition to the raw material prices, the freight costs also pose a challenge, as the pandemic has not only caused the marine freight costs to increase considerably, but delay in deliveries has also been a regular trend during this period. Although these pressures were partially offset by improvements in product mix and prompt pricing decisions, however considering the competitive environment, it's not possible to transfer all of the cost impacts to the consumers within this period. Thus the gross margins have remained under tremendous pressure in the first half of the year.

The Company has also tried to minimize the cost increase impact by limiting the selling and administrative expenses to last year's level. However, financial costs have increased due to higher working capital requirements.

Financial Position at a Glance:

	Six month period from January to June		
	2021	2020	Growth %
Gross Sales	1,510M	1,443M	5%
Gross Profit	142M	286M	-50%
Gross Profit %	13%	26%	-1,353 bps
Profit/(Loss) after taxation	-95M	12M	-898%

Future Outlook:

As businesses and markets have adapted to these new ways of carrying out business activities in the pandemic, there is some recovery taking place. In future, returning back to pre-pandemic horizon would be dependent on the ability to develop herd immunity and carry out mass vaccinations. However the challenges persist, the economic recovery is slow and repetitive waves of the pandemic have discouraged businesses to carry out their growth and expansion plans. Furthermore, persistent inflation has had material impact on consumer's purchasing power. Although there was stability in the PKR against the USD in the period, however we are witnessing significant PKR devaluation during the month of August 2021 and there is a risk of more devaluation in the future, which will correspondingly result in further price increase of all imported raw materials.

The Management has reviewed the business goals for the balance of the year considering the first six months as well as the foreseen challenges, and has developed distinct strategies to cope with the change in the environment. It is fully committed to drive business fundamentals and maintain its market position.

Acknowledgement:

On behalf of the Board of Directors, we would like to express our gratitude and appreciation to all our employees, shareholders, business partners and other institutions for their continued trust and support.

For and on behalf of the Board of Directors



Mubashir Hasan Ansari
Director and CEO

Karachi: August 25th, 2021



Condensed Interim Statement of Financial Position (Un-audited) As at 30 June 2021

		30 June 2021 (Un-audited)	31 December 2020 (Audited)
	Note	(Rs. in '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	729,516	716,717
Intangible assets		6,034	7,489
Deferred tax asset - net		4,940	-
Long-term deposits		5,042	5,042
Long-term loans to employees		552	497
Total non-current assets		<u>746,084</u>	<u>729,745</u>
CURRENT ASSETS			
Stores and spares		6,190	7,132
Stock-in-trade	5	453,722	205,426
Trade debts - unsecured, considered good	6	50,190	41,028
Advances, prepayments and other receivables	7	153,898	120,742
Short-term investment		-	60,000
Cash and bank balances	8	32,464	103,230
Total current assets		<u>696,464</u>	<u>537,558</u>
TOTAL ASSETS		<u><u>1,442,548</u></u>	<u><u>1,267,303</u></u>
EQUITY AND LIABILITIES			
EQUITY			
Authorised capital 40,000,000 (31 December 2020: 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 reserve			
Surplus on revaluation of property, plant and equipment - net of tax		350,488	354,672
Revenue reserves			
General reserve		6,000	6,000
Un-appropriated profit		<u>85,773</u>	<u>184,390</u>
		<u>503,487</u>	<u>606,288</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred tax liability - net		-	27,287
Deferred staff liabilities		107,527	106,034
Lease liabilities		36,084	43,009
Long-term loan	9	24,813	44,034
Deferred government grant		713	2,115
		<u>169,137</u>	<u>222,479</u>
CURRENT LIABILITIES			
Trade and other payables	10	450,634	254,598
Short-term borrowings	11	129,763	-
Taxation		85,306	71,118
Contract liabilities		41,377	55,225
Current maturity on non-current liabilities	9.3	57,409	56,126
Accrued mark-up		3,969	83
Unclaimed dividend		1,466	1,386
Total current liabilities		<u>769,924</u>	<u>438,536</u>
Contingencies and Commitments	12		
TOTAL EQUITY AND LIABILITIES		<u><u>1,442,548</u></u>	<u><u>1,267,303</u></u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial information.


Chief Financial Officer


Chief Executive Officer


Director

Condensed Interim Statement of Profit and Loss (Un-audited)

For the three months and six months period ended 30 June 2021

	Six months period ended		Three months period ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Note	----- (Rupees in '000) -----			
Sales - net	13 1,134,101	1,099,575	633,143	611,247
Cost of sales	14 (992,389)	(813,397)	(560,055)	(463,983)
Gross profit	141,712	286,178	73,088	147,264
Selling and distribution expenses	(173,900)	(174,018)	(92,819)	(85,651)
Administrative expenses	(74,565)	(74,420)	(34,824)	(31,930)
	(248,465)	(248,438)	(127,643)	(117,581)
	(106,753)	37,740	(54,555)	29,683
Other income	4,459	1,598	3,449	972
Other charges	(999)	(4,934)	(337)	(4,484)
	(103,293)	34,404	(51,443)	26,171
Finance costs	(9,897)	(8,316)	(5,799)	(5,157)
(Loss) / profit before taxation	(113,190)	26,088	(57,242)	21,014
Taxation	18,042	(14,166)	22,645	(12,266)
(Loss) / profit for the period	(95,148)	11,922	(34,597)	8,748
	(Rupees)		(Rupees)	
(Loss) / earning per share - basic and diluted	(15.54)	1.95	(5.65)	1.43

The annexed notes from 1 to 17 form an integral part of these condensed interim financial information.


Chief Financial Officer


Chief Executive Officer


Director




Condensed Interim Statement of Comprehensive Income (Un-audited) For the three months and six months period ended 30 June 2021

	Six months period ended		Three months period ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Note	----- (Rupees in '000) -----			
(Loss) / profit for the period after taxation	(95,148)	11,922	(34,597)	8,748
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(95,148)</u>	<u>11,922</u>	<u>(34,597)</u>	<u>8,748</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial information.


Chief Financial Officer



Chief Executive Officer


Director

Condensed Interim Statement of Cash Flows (Un-audited) For the six months period ended 30 June 2021

	Six months period ended	
	30 June 2021	30 June 2020
	(Rs. in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(113,190)	26,088
Adjustments for:		
Finance costs	9,897	8,316
Depreciation and amortisation	31,376	32,611
Provision against staff gratuity	8,621	9,246
Provision against other staff retirement benefits	648	1,182
Provision against slow-moving stock-in-trade	2,126	-
Impairment loss on operating fixed assets	1,000	-
Return on bank deposits	(438)	(109)
Provision against slow moving stores and spares	-	584
Amortization of government grant	(1,402)	-
loss on disposal of operating fixed assets	89	-
	<u>51,917</u>	<u>51,830</u>
	(61,273)	77,918
(Increase) / decrease in current assets:		
Stores and spares	942	31
Stock-in-trade	(250,422)	(132,624)
Trade debts	(9,162)	(1,322)
Loans to employees	165	(3,148)
Advances, prepayments and other receivables	(2,114)	2,587
	<u>(260,591)</u>	<u>(134,476)</u>
Increase / (decrease) in current liabilities:		
Trade and other payables	180,432	(9,276)
Contract liabilities	(13,848)	(48,934)
	<u>(155,280)</u>	<u>(114,768)</u>
Income tax paid	(15,657)	(14,962)
Staff gratuity paid	(4,941)	(7,825)
Other staff retirement benefits paid	(2,834)	(6,897)
Return on bank deposits received	438	109
Finance costs paid	(5,096)	(1,412)
	<u>(28,090)</u>	<u>(30,987)</u>
Net decrease in cash flows from operating activities	<u>(183,370)</u>	<u>(145,755)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(48,908)	(12,862)
Redemption of short-term investment	60,000	-
Proceeds from disposal of operating fixed assets	5,098	27
Net cash flows from / (used in) investing activities	<u>16,190</u>	<u>(12,835)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(7,573)	(21,220)
Lease rentals paid	(9,510)	(9,460)
Long-term loan obtained	(16,266)	41,923
Short term borrowings acquired	125,000	110,000
Net cash flows from financing activities	<u>91,651</u>	<u>121,243</u>
Net decrease in cash and cash equivalents during the period	(75,529)	(37,347)
Cash and cash equivalents at beginning of the period	103,230	63,640
Cash and cash equivalents at end of the period	<u>27,701</u>	<u>26,293</u>
Cash and cash equivalents at end of the period comprises of:		
- Cash and bank balances	32,464	26,293
- Short term borrowing - running finance	(4,763)	-
	<u>27,701</u>	<u>26,293</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial information.



Chief Financial Officer



Chief Executive Officer



Director

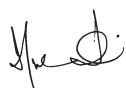
Condensed Interim Statement of Changes in Equity (Un-audited)

For the six months period ended 30 June 2021

	Issued, subscribed and paid up capital	Capital Reserves	Reserves		Total
		Surplus on Revaluation of assets - net of tax	General reserve	Un-appropriated profit	
(Rs. in '000)					
Balance as at 1 January 2020	61,226	363,711	6,000	180,157	611,094
Total comprehensive income for the period					
Profit after taxation	-	-	-	11,922	11,922
Other comprehensive income	-	-	-	-	-
	-	-	-	11,922	11,922
Cash dividend for the year ended 31 December 2019 (Rs.3.5 per share) - approved in 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)	-	(4,501)	-	4,501	-
Balance as at 30 June 2020	61,226	359,210	6,000	175,151	601,587
Balance as at 1 January 2021	61,226	354,672	6,000	184,390	606,288
Total comprehensive loss for the period					
Loss after taxation	-	-	-	(95,148)	(95,148)
Other comprehensive income	-	-	-	-	-
	-	-	-	(95,148)	(95,148)
Cash dividend for the year ended 31 December 2020 (Rs. 1.25 share) - approved in annual general meeting held on 31 March 2021	-	-	-	(7,653)	(7,653)
Transferred from surplus on revaluation of property, plant and equipment - net of tax (incremental depreciation)	-	(4,184)	-	4,184	-
Balance as at 30 June 2021	61,226	350,488	6,000	85,773	503,487

The annexed notes from 1 to 17 form an integral part of these condensed interim financial information.


Chief Financial Officer


Chief Executive Officer


Director

Notes to the Condensed Interim Financial Information (Un-audited) For the six months period ended 30 June 2021

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.

- 1.1** The impact of the COVID-19 coronavirus outbreak is expected 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 condensed interim financial statements.

2. BASIS OF PRESENTATION

2.1 Statement of compliance

These condensed interim financial statements of the Company have been prepared in accordance with the requirements of the International Accounting Standard (IAS 34) "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act) and the provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ with the requirements of IAS 34, the provisions of and directives issued under the Act have been followed.

These condensed interim financial statements are un-audited but subject to limited scope review by the statutory auditors and is being submitted to the shareholders as required under Section 237 of the Act. These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2020.

The comparative statement of financial position presented in these condensed interim financial statements has been extracted from the annual audited financial statements of the Company for the year ended December 31, 2020, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been extracted from the un-audited condensed interim financial statements of the Company for the period ended June 30, 2020.

Notes to the Condensed Interim Financial Information (Un-audited) For the six months period ended 30 June 2021

The figures of the condensed interim statement of profit or loss for the quarter ended June 30, 2021 and June 30, 2020 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the half year ended June 30, 2021 and June 30, 2020.

2.2 Functional and presentation currency

These condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Company.

2.3 Significant Accounting Judgements, Estimates and Financial Risk Management

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 2020.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2020. The carrying value of all financial and non-financial assets and liabilities, measured at other than amortised cost, approximate their fair values.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2020.

NEW STANDARDS, AMENDMENTS AND IMPROVEMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

There are no amendments, interpretations or improvements to International Financial Reporting Standards (IFRSs) which became effective during the current period except for:

- Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The adoption of the above amendments to accounting standards did not have any material effect on these condensed interim financial statements.

**Notes to the Condensed Interim
Financial Information (Un-audited)
For the six months period ended 30 June 2021**

	Note	30 June 2021 (Un-audited)	31 December 2020 (Audited)
(Rs. in '000)			
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	652,512	659,570
Capital work-in-progress	4.2	37,120	10,084
Right of use assets	4.3	39,884	47,063
		<u>729,516</u>	<u>716,717</u>

4.1 Operating fixed assets

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

	Additions	Disposals	
		Cost	Accumulated depreciation
	(Rs. in '000)		
Building on freehold land	76	-	-
Plant, machinery and equipment	1,525	298	91
Dies and change parts	7,418	-	-
Furniture and fixtures	599	50	31
Computers	687	-	-
Vehicles	7,942	9,584	4,894
Capital Spares	3,625	570	298
	<u>21,872</u>	<u>10,502</u>	<u>5,314</u>

	Note	30 June 2021 (Un-audited)	31 December 2020 (Audited)
(Rs. in '000)			
4.2 Capital work-in-progress			
Opening balance		10,084	6,963
Additions during the period / year	4.2.2	<u>48,908</u>	<u>28,096</u>
		58,992	35,059
Transfers during the period / year	4.2.2	<u>(21,872)</u>	<u>(24,975)</u>
	4.2.1	<u>37,120</u>	<u>10,084</u>

Notes to the Condensed Interim Financial Information (Un-audited) For the six months period ended 30 June 2021

4.2.1 This includes construction cost on building amounting to Rs. 25 million, advance for vehicles of Rs. 6 million, plant and machinery (including dies and change parts) of Rs. 6 million.

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

	Additions (Rs. in '000)	Transfers
Building on freehold land	-	76
Building on leasehold land	20,421	-
Plant, machinery and equipment	3,892	1,525
Dies and change parts	5,215	7,418
Furniture and fixtures	553	599
Computers	940	687
Vehicles	14,262	7,942
Capital spares	3,625	3,625
	<u>48,908</u>	<u>21,872</u>

4.3 Right-of-use assets pertains to rental payments of head office, warehouses and sales office.

Note	30 June 2021 (Un-audited)	31 December 2020 (Audited)
	(Rs. in '000)	

5. STOCK-IN-TRADE

Raw material		
- in hand	153,727	61,355
- in transit	<u>27,665</u>	<u>17,876</u>
	181,392	79,231
Packing material	65,043	42,583
Work-in-progress	12,135	9,554
Finished goods	5.2 <u>231,768</u>	<u>108,548</u>
	490,338	239,916
Provision against slow moving items of stock-in-trade	5.1 <u>(36,616)</u>	<u>(34,490)</u>
	<u>453,722</u>	<u>205,426</u>

Notes to the Condensed Interim Financial Information (Un-audited) For the six months period ended 30 June 2021

	Note	30 June 2021 (Un-audited)	31 December 2020 (Audited)
(Rs. in '000)			
5.1 Provision against slow moving stock-in-trade			
Opening balance		34,490	32,620
Charge for the period / year		<u>2,126</u>	<u>1,870</u>
Closing balance		<u><u>36,616</u></u>	<u><u>34,490</u></u>
5.2 Stock-in-trade includes items costing Rs.12.9 million (December 31, 2020: Rs. 14.4 million) valued at net realisable value of Rs. 4.7 million (2020: Rs. 5.0 million) resulting in a write down of Rs. 8.2 million (December 31, 2020: Rs. 9.4 million)			
6. TRADE DEBTS - unsecured, considered good			
Considered good		50,190	41,028
Considered doubtful		<u>9,397</u>	<u>9,397</u>
		59,587	50,425
Allowance for expected credit loss		<u>(9,397)</u>	<u>(9,397)</u>
		<u><u>50,190</u></u>	<u><u>41,028</u></u>
7. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Considered good			
Advance for taxation		127,427	111,770
Advances to suppliers and contractors			
Considered good		5,644	2,697
Considered doubtful		<u>802</u>	<u>803</u>
		6,446	3,500
Provision for doubtful advances		<u>(802)</u>	<u>(803)</u>
		5,644	2,697
Prepayments		3,178	3,655
Current maturity of loans to employees		1,595	1,815
Sales tax receivable		15,604	-
Others		<u>450</u>	<u>805</u>
		20,827	6,275
		<u><u>153,898</u></u>	<u><u>120,742</u></u>
8. CASH AND BANK BALANCES			
Cash in hand		338	235
Cash at banks			
- current / collection accounts		30,578	101,545
- saving accounts	8.1	<u>1,548</u>	<u>1,450</u>
		32,126	102,995
		<u><u>32,464</u></u>	<u><u>103,230</u></u>

8.1 This carries profit rate at 2.75% to 5.5% (31 December 2020: 2.75% to 5%) per annum.

Notes to the Condensed Interim Financial Information (Un-audited) For the six months period ended 30 June 2021

	Note	30 June 2021 (Un-audited)	31 December 2020 (Audited)
(Rs. in '000)			
9. LONG-TERM LOAN			
Diminishing Musharaka Refinance scheme for the payment of salaries and wages	9.1	2,984	3,539
	9.2	62,045	80,211
Less: current maturity shown under current liability	9.3	(40,216)	(39,716)
		<u>24,813</u>	<u>44,034</u>

9.1 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 at the rate of 6 months' KIBOR + 2% per annum (2020: 6 months' KIBOR + 2% per annum).

9.2 This represents long-term financing facility availed under the refinance scheme for payment of wages and salaries by State Bank of Pakistan. It carries flat rate of 2.75% and 3% per annum. The financings are recognized at the present value using the effective interest rates applicable at the dates of drawdown. The differential of present value and the drawn amounts has been recognized as government grant which will be amortised over the period of financing facility. The loan is repayable in eight equal quarterly installments commencing from 01 January 2021. The loan is secured against first pari passu hypothecation charge of Rs. 66 million and Rs. 113 million respectively over plant and machinery of the Company.

	30 June 2021 (Un-audited)	31 December 2020 (Audited)
(Rs. in '000)		
9.3 Current maturity of non-current liabilities:		
Lease liabilities	14,366	13,583
Long-term loan	40,216	39,716
Deferred government grant	2,827	2,827
	<u>57,409</u>	<u>56,126</u>

**Notes to the Condensed Interim
Financial Information (Un-audited)
For the six months period ended 30 June 2021**

	Note	30 June 2021 (Un-audited)	31 December 2020 (Audited)
(Rs. in '000)			
10. TRADE AND OTHER PAYABLES			
Trade creditors		363,546	164,033
Accrued expenses		79,420	71,828
Sales tax payable		-	8,326
Deposit on account of vehicles from employees		1,428	1,306
Workers' Welfare Fund		4,839	4,839
Workers' Profit Participation Fund		-	2,767
Other liabilities		1,401	1,499
		<u>450,634</u>	<u>254,598</u>

11. SHORT TERM BORROWINGS

Salam finance - under shariah arrangement	11.1	125,000	-
Running finance - under mark-up arrangements	11.2	4,763	-
		<u>129,763</u>	<u>-</u>

11.1 Represent Salam, Istisna and FG Murabaha facilities, obtained from certain commercial banks up to Rs. 245 million (31 December 2020: Rs. 245 million) and carries mark-up of 6 months' KIBOR+0.5% to 1% (2020: 6 months' KIBOR+0.5% to 1%) per annum. The facilities are secured by way of first pari passu charge over present and future current assets of the Company. As at 30 June 2021, unutilised facilities aggregated to Rs. 120 million (2020: Rs. 245 million).

11.2 The facility for running finance is available from a commercial bank amounting to Rs. 200 million (31 December 2020: Rs. 200 million) carrying mark-up at 1 month KIBOR+1% (31 December 2020: 1 month KIBOR+1%) per annum valid until 30 June 2022 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 Rs. 400 million of the Company and first pari passu charge of Rs. 113.33 million over plant and machinery of the Company. As at 30 June 2021, unutilised facility for running finance aggregated to Rs. 195 million (31 December 2020: Rs. 200 million).

11.3 As at 30 June 2021, unutilised letter of credit facilities from certain commercial banks amounted to Rs. 264.86 million (31 December 2020: Rs. 258.58 million). These are secured against the import bills of the Company. Total facilities sanctioned to the Company amounted to Rs. 350 million (31 December 2020: Rs. 350 million).

Notes to the Condensed Interim Financial Information (Un-audited) For the six months period ended 30 June 2021

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

There has been no change in the status of contingencies as disclosed in note 23 and 24 to the annual financial statements of the Company for the year ended 31 December 2020.

12.2 Commitment

Commitments under letters of credit for the import of stock in trade items at 30 June 2021 amounted to Rs. 46.6 million (31 December 2020: Rs. 36.6 million).

Six months period ended		Three months period ended	
30 June 2021	30 June 2020	30 June 2021	30 June 2020
----- (Rupees in '000) -----			

13. SALES - net (Un-audited)

Gross sales	1,510,187	1,442,700	846,046	800,055
Sales tax	(240,966)	(231,799)	(134,986)	(129,270)
Trade discount	(135,120)	(111,326)	(77,917)	(59,538)
	(376,086)	(343,125)	(212,903)	(188,808)
	<u>1,134,101</u>	<u>1,099,575</u>	<u>633,143</u>	<u>611,247</u>

Notes to the Condensed Interim Financial Information (Un-audited) For the six months period ended 30 June 2021

Note	Six months period ended		Three months period ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
----- (Rupees in '000) -----				
14. COST OF SALES (Un-audited)				
Raw material consumed	908,957	634,779	552,470	317,649
Packing material consumed	88,429	79,960	54,856	39,067
Salaries, wages and other benefits	54,477	52,186	26,053	25,091
Goods purchased for resale	25,622	38,793	16,091	16,654
Depreciation and amortisation	16,323	17,258	8,359	8,612
Fuel and power	6,129	5,448	3,418	2,744
Freight and handling charges	4,521	3,244	2,374	1,624
Stores and spares consumed	2,861	1,475	1,653	703
Rent, rates and taxes	2,819	11,559	1,304	6,617
Travelling and conveyance	1,691	1,406	828	384
Insurance	1,005	1,045	504	480
Repair and maintenance	243	228	73	90
Postage and telephones	293	317	184	187
Others	1,766	276	1,585	114
Legal and professional charges	139	32	32	-
Printing and stationery	96	204	38	100
Subscription charges	60	16	4	5
Provision for slow moving stock-in-trade	2,126	-	799	-
Product research and development	633	5,704	575	5,684
Provision for slow moving stores and spares	-	584	-	584
	<u>1,118,190</u>	<u>854,514</u>	<u>671,200</u>	<u>426,389</u>
Opening stock of work-in-process	9,554	5,050	13,384	4,301
Closing stock of work-in-process	<u>(12,135)</u>	<u>(4,926)</u>	<u>(12,135)</u>	<u>(4,926)</u>
Cost of good manufactured	<u>1,115,609</u>	<u>854,638</u>	<u>672,449</u>	<u>425,764</u>
Opening stock of finished goods	<u>108,548</u>	<u>101,837</u>	<u>119,374</u>	<u>181,297</u>
Closing stock of finished goods	<u>(231,768)</u>	<u>(143,078)</u>	<u>(231,768)</u>	<u>(143,078)</u>
	<u>(123,220)</u>	<u>(41,241)</u>	<u>(112,394)</u>	<u>38,219</u>
	<u><u>992,389</u></u>	<u><u>813,397</u></u>	<u><u>560,055</u></u>	<u><u>463,983</u></u>

Notes to the Condensed Interim Financial Information (Un-audited) For the six months period ended 30 June 2021

15. TRANSACTIONS WITH RELATED PARTIES

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

	Note	Six months period ended	
		30 June 2021	30 June 2020
----- (Rupees in '000) ----- (Un-audited)			
Transactions with related parties			
Contribution to the employees' provident fund	15.1	<u>4,887</u>	<u>4,662</u>
Key Management Personnel			
Total remuneration of the Chief Executive, Chair person and other key management personnel	15.2	<u>48,828</u>	<u>63,753</u>
Other Director's remuneration (meeting fee)	15.2	<u>630</u>	<u>480</u>

- 15.1** Contribution to the provident fund is made in accordance with the requirements of staff service rules.
- 15.2** 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.
- 15.3** Transactions with the related parties are at the agreed terms approved by the Board of Directors of the Company, if any.

16. DATE OF AUTHORISATION


This condensed interim financial information were authorised for issue on August 25, 2021 by the Board of Directors of the Company.

17. GENERAL

- 17.1** Certain corresponding figures have been rearranged and reclassified, where ever considered necessary. However, there are no material reclassifications to report in these condensed interim financial statements.
- 17.2** Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.



Chief Financial Officer



Chief Executive Officer



Director



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

SAAM PRINTERS