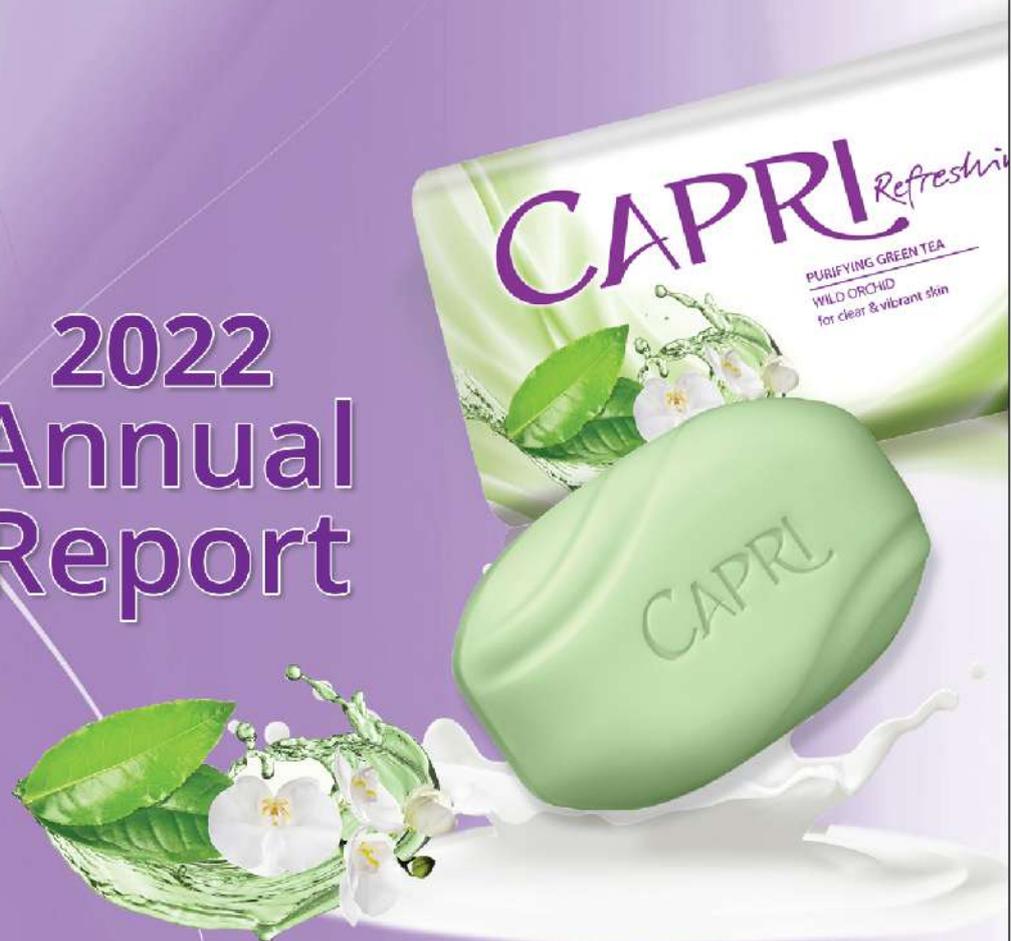




2022 Annual Report





About Us

ZIL Limited has established itself as a leading “Personal Care and Hygiene Company” of Pakistan with its brands Capri, HYPro & Opal. ZIL Limited is constantly working towards improving quality and standards of its products while introducing innovative variants in the market according to the changing needs and preferences of Pakistani women. The resilience, agility, commitment and strategic vision ensued in our ZIL team has enabled us to grow and prosper in this dynamic market environment.

Activity Calendar 2022

Highlights of Activity Calendar 2022



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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
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

Mr. Ahsan Rashid
Independent, Non-Executive Director

Board Audit Committee

Mr. Muhammad Salman H. Chawala
Chairman

Mrs. Ferial Ali-Mehdi
Member

Mr. Mir Muhammad Ali
Member

Human Resource and Remuneration Committee

Mr. Ahsan Rashid
Chairman

Mrs. Ferial Ali-Mehdi
Member

Mr. Saad Amanullah Khan
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

Secretary HR&R Committee

Mr. Aneel Arshad Ali

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

Our Mission

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

Our Vision

To be admired as a leading & 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

ZIL is an values based organization, Customer Centric is one of our Values at ZIL & we are fully committed with our values. Our Customers are the center of our universe & ZIL keeps that on top of all. Substantial measures are always ensured at all levels to benefit our customers from the highest standards of quality and gets feedback through keeping connect with our customers.

- Concern for standards is the utmost priority at ZIL
- At ZIL, we follow international quality standards in order to enhance defective free products. PSQCA certified.
- As disclosed on the packing of our products, natural ingredients are used in manufactured.
- Consumers also contact the company directly or via sales agents.
- To connect with our customers & to gain the general response of the consumers at large regular surveys and home visits are done.

Workplace Safety & Security

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 working environment to all employees, contractors and visitors.

Business Ethics & Anti-Corruption Measures

The Code of Conduct at ZIL has number of preventive measure and frequent activities to ensure that the employees follow the business ethics & good practices. These measures and activities are frequently re-evaluated and amended to modernize current the existing ethical system. The Code of Conduct is scrupulously followed throughout the organization.

Our Human Resources

At ZIL, Human Resource is our secret of success, the winning team has proven its strength & strategic role in survival & growth of this organization. Team work & empowered manpower is the pride of ZIL. The commitment to achieve & going extra mile is born by all the team members, contributing towards achieving with zeal & enthusiasm. 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 2022 remained performance improvement diversity and inclusion, capability development, competency realignment, health and wellness amongst other key areas.

Energy Conservation

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

- Employees are encouraged to minimize the use of air conditioning, switch of room or cubicle lights, printers, monitors and other electronics when not required.
- Fuel limits are regularly evaluated and amended in concurrence to contemporary needs.
- Additionally a number of initiatives have been taken in all our locations 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 ad drain is ensured free of any acid or alkali and other chemicals used in soap making process as per EPA standard.

Corporate Social Responsibility

Economic Responsibility:

ZIL fulfills its economic responsibility by focusing on the practices that support long-term business growth. It offers products and services that the society needs. Following initiatives are taken by ZIL Limited to fulfill its Economic Responsibilities:

- **Increase operational efficiency:** ZIL Limited strives to operate its business with high efficiency. To this end, the company organizes regular training courses to reduce error rates and optimize communication between all partners in its supply chain. The company promotes a culture of continuous improvement and has mechanisms in place to measure performance. Data is collected to review and refine processes, and the information needed to address operational inefficiencies is made easily accessible.
- **Minimize Costs:** Minimizing costs is another important economic goal. ZIL Limited reduces costs through active variable cost management. The company is also investing in automation technology to reduce labor costs. Cost reduction goals are also achieved by carefully tracking expenses and maximizing the use of available resources.
- **Maximize sales:** ZIL adopts various strategies to maximize the sales through successful cost reduction. Other measures taken to achieve the increased sales target include; expansion to new markets, introducing new products, and implementing effective marketing and communication strategies.
- **Maintain strong competitive positioning:** To strengthen the competitive positioning, ZIL invests on emerging innovative technologies. ZIL also invests on market research to know its customers, and strengthens collaboration with its strategic partners to proactively respond to the external environmental changes.

Corporate Memberships

- **Karachi Chamber of Commerce & Industry**
www.kcci.com.pk
- **Pakistan Institute of Corporate Governance**
www.picg.org.pk
- **Hyderabad Chamber of Commerce & Industry**
- **Marketing Association of Pakistan**
www.map.org.pk
- **Pakistan Soap Manufacturers Association**
www.pdma.com.pk
- **Pakistan Chemical Manufacturers Association**
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 and Sales and was appointed to the position of CEO in January 2013. Under his stewardship Mr. Ansari has successfully delivered strong results and brought about a transformative change within the organization.

Mr. Ansari holds an MBA from the University College of Wales, Aberystwyth, UK. He joined Unilever Pakistan in 1991 where he demonstrated his leadership capabilities in marketing as well as sales function. He has contributed to various organisations internationally and locally including ICI, Savola, English Biscuits Manufactures and Shan Foods where he has held leadership roles in Middle East region, and Pakistan.

Mr. Ansari has championed innovative business models and successfully created a growth mindset for major brands in the FMCG industry. A special focus on people development, inclusivity, collaborative mindset and change management has created organizational success stories throughout his professional tenure.

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 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 and founder and chairman of "I am Karachi Consortium", and "Pakistan Innovation Foundation" (PIF). He also helped establish the "South East Asia Leadership Academy" (SEALA), a leadership academy for c-suite leaders across 10 nations of South Asia. He is also the Chairman of "Public Interest Law Association of Pakistan: (PILAP), civil rights organization. He is also active in the "Patient Aid foundation" (PAF), a private group helping the largest public hospitals in the region Jinnah Post Graduate Medical Centre (JPMC).

Mr. Saad is a published author with his book "It's Business, It's Personal" which covers topics from company's vision, strategies to organizational excellence and culture. He also 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

Salman has over 20 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

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. 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 Pakistan's first dedicated online sports store. Also working as Executive Director for Training Impact delivering training in leadership and team development through experiential based learning. Currently serving as independent director on boards of Mutual Funds Association of Pakistan (MUFAP) and Kashmir Education Foundation. Also a certified director and faculty member of Pakistan Institute of Corporate Governance. Previous member Academic Board of IBA, Karachi.



Mr. Ahsan Rashid

Ahsan has over 32 years of diverse experience, mainly with major multinationals including more than 15 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 and IT. His areas of expertise are Business Optimization, M&A, Sales Transformation, 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 Pakistani Celiac Society and a life member of Adventure Foundation of Pakistan.

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 Chairman of the Committee is Independent non - executive director.

The audit committee comprises of following non - executive directors:

- Mr. Muhammad Salman H. Chawala, Chairman
- Mrs. Ferial Ali Mehdi, Member
- Mr. Mir Muhammad Ali, Member

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 Chairman of the Committee is Independent non - executive director.

The committee comprises of following directors:

- Mr. Ahsan Rashid , Chairman
- Mrs. Fereil Ali Mehdi, Member
- Mr. Mubashir Hasan Ansari, Member
- Mr. Saad Amanullah Khan, 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

Chief Executive Officer
Chief Financial Officer
General Manager Supply Chain
National Sales Manager

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

Personal Care

Capri Bar Soap Range



Capri Bar Soap Range has a trendy look and freshness of colors making it an attractive proposition for the target market. The imagery establishes Capri soap equity with nature based ingredients and benefits which add depth to the offering under the Capri brand. It is formulated with pleasant scents that leave the skin smelling fresh and clean. Capri aims to inspire women to embrace their inner beauty and be comfortable in their own skin.

Capri Liquid Handwash Range



Capri Handwash continues to enhance the equity of natural ingredients to consumers for better skin care benefits, better product quality and better performance than competition. Capri Handwash contains moisturising ingredients which can help to keep the skin soft and hydrated. Activation was conducted in two major cities to entice shoppers and generate trial with a fun game and gift offer at major outlets.

HYPro Anti-Bacterial Bar Soap



ZIL continued to focus on establishing HYPro in the health segment by offering consumers high quality hygiene protection. It is formulated with proven antibacterial agent that provides 100% protection against germs after every wash for you and your family, while being mild on the skin. It currently has three variants: HYPro Extra, which promises top defense, HYPro Fresh with long lasting freshness and HYPro Energetic with energy essence, promising uplifting confidence. The message of daily hygiene with an effective germ fighting soap which keeps you protected has been leveraged on various shopper touch points .

Opal Beauty Soap



Opal beauty soap range brings the sweet sensation of flowers and a variety of colors altogether for relaxing smooth skin. Opal is designed to clean the skin effectively, removing dirt, oil, and other impurities. Opal continued to offer its consumers a unique range for the discerning user. The range offers a special offering of an economical beauty proposition for the budget conscious consumer.



ZIL Limited – Digital Overview

In 2022, Consumer engagement was carried out on digital platform including Facebook posts, like ads, promo offers and audience interaction activities, for both Capri soap and Handwash, which resulted in a significant increase in Facebook fan base and Instagram followers. Consumer promotion for Handwash, Women’s Day to celebrate Capri Women, Ramadan campaign for skin care, Mothers’ Day campaign to celebrate mother and child relationship and Handwash activation details were very well executed and our Facebook page reach grew to new customers.

Corporate Social Responsibility

ZIL Ltd was proud to support SRSC (Society for the Rehabilitation of Special Children), during the year 2022, SRSC was established in 1955 as a voluntary Social Welfare Institute. Over the years, SRSC has offered underprivileged children in our society physical, mental, and vocational rehabilitation in the form of therapy and skills with a focus on their unique requirements. ZIL Limited made a small contribution to their great cause by helping them in refurbishment of their building, and sponsored a stall in Behbud Festival.

ZIL and its partners joined hands with a leading NGO to curtail the spread of germs and disease that can have a devastating impact on flood affected population. ZIL donated HYPro anti-bacterial soaps to keep the flood affected people protected against germs and other diseases.

Chairman's Review Report

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

During the year 2022 effects of COVID-19 started to normalize but challenges of extra ordinary high commodity prices coupled with rupee devaluation continued to affect the performance of local industry. Unstable political situation and devastated floods also impacted the overall economic canvas of the country. Despite these challenges, Company under the leadership of CEO and management team has shown remarkable turnaround performance in the second half of the year. I, on behalf of Board of Directors, would like to place on record my appreciation and gratitude for the management team on showing resilience and commitment with the company and its objectives.

Elections of the Board of Directors of the Company were successfully held during the year and same members were re-elected for a new term of three years commencing from July 1, 2022. I sincerely hope that the new board will continue to provide oversight of company matters.

The Board of Directors of ZIL Limited consists of a good diversity of experience, skills and knowledge which enabled the Board to fulfill its fiduciary duties and responsibilities with objectivity. Board Audit and Human Resources & Remuneration Committees were reconstituted after the elections. All Directors, other than those who are exempted, have already completed directors' training program. Board and its Committees have implemented a strong framework of corporate governance and farsighted management of business matters.

HR&R committee is delegated with the objective to continuously strive towards betterment of our people aligning with the company's vision and values in organizational culture. The Board Audit Committee is entrusted with the objective to maintain a system that ensures compliance with statutory and regulatory requirements and inculcates a culture of objectivity & integrity to strengthen financial & operational controls. The board, its committees and management of the company place high importance on the stringent compliances of governance framework, which is rooted in the organization culture and flows from the top leadership.

The Executive and Non-executive Directors are equally involved in the strategic matters, and have put in place controls that ensure alignment with vision and mission statements and overall strategy of the company. There has been no departure from the best practices of corporate governance and the system of internal controls is sound in design and has been effectively implemented and appropriately monitored.

Board of Directors and its Committees have met adequately to discharge their duties & responsibilities and worked with a marked level of diligence and proficiency to best advice and guide the company towards curtailing impacts of challenges that faced the company during the year. It was ensured that agenda of the meetings and supporting materials were circulated in sufficient time prior to the meetings and reasonable time is available for discussion on the same during the proceedings of the meetings.

The board has formal and transparent remuneration policy which is adhered to for the board and committee members' remuneration including meeting fee.

A formal and effective mechanism is in place for conducting annual evaluation of Board's and its committees' performance, based on which an annual self-assessment is carried out during the year to determine the effectiveness and performance of the Board of Directors as a whole, the Committees and the Directors and to identify the gaps for improvement. The assessment carried includes critical areas such as strategic planning, composition of the board, leadership, policies and procedures, effectiveness of the board and performance monitoring. HR&R Committee and Board reviewed the evaluation results and showed satisfaction on the performance of the committees and the board. The Board feels that evaluation is comprehensive and covered all relevant areas and the Directors feel that the Board is adequately engaged in strategic matters, has put in place the required controls and get all the necessary information in timely manner. The Directors further feel that the Independent Directors are equally involved in all decision-making matters.

Finally, as Chairman of the Board, I would like to thank all my fellow board members who discharged their duties with utmost diligence and provided valuable guidance to the management team, I would also like to thank our employees for their dedication and hard work in such challenging circumstances. Furthermore, I like to thank the customers, suppliers and shareholders for their continued support. I look forward for a wonderful 2023.

Karachi: February 23, 2023

A handwritten signature in black ink, appearing to read 'Ferial Ali-Mehdi'.

Ferial Ali-Mehdi
Chairman

Directors' Report

The Directors are pleased to present the Annual Report with the audited financial results of the Company for the year ended December 31, 2022.

Principal Business Activities:

The Company manufactures and markets home and personal care products such as Beauty, Antibacterial soaps and handwashes under the brand names Capri, HYPro and Opal.

Economic Landscape:

The year 2022 has been quite challenging for the country's economy. The effects of COVID-19 started to normalize but this was overshadowed by ballooning current account deficit, ever rising commodity prices including increase in energy and fuel prices, country's unstable political situation, and continuously escalating inflation.

Palm Oil, which is a key component used in the soap making process, reached its highest ever price level in the international market by the mid of 2022. Subsequently these prices depicted a declining trend owing to normalization in international supply chain and COVID-19 constraints. On the flip side, the continued Pak rupee devaluation against the dollar posed pressure on the import of raw materials.

On the domestic front, the country witnessed massive floods which destroyed crops and livestock, made millions homeless, and damaged the country's roads and communication network. On account of these un-favorable conditions, local businesses found many difficulties in managing daily operations.



Financial Performance at a Glance

Company achieved improved margins and profits in the second half of 2022 mainly due to decline in global commodity rates, retail price increases and improved sales volumes coupled with enhanced business efficiencies. A brief comparative analysis of the annual and last quarter's financial performance is presented hereunder:

	2022		2021		Growth %	
	Annual Jan to Dec	4th Quarter Oct to Dec	Annual Jan to Dec	4th Quarter Oct to Dec	Annual Jan to Dec	4th Quarter Oct to Dec
	Rs in Millions					
Gross Sales	5,448	1,501	3,629	971	50%	54.6%
Net Sales	4,062	1,132	2,689	721	51%	57%
Gross Profit	747	364	238	33	214%	1003%
Gross Profit %	18.4%	32.2%	8.9%	4.60%	950 bps	2760 bps
Operating Profit	151	187	(232)	(90)	165%	308%
Profit/(Loss) after tax	23	148	(292)	(143)	108%	203%
Earnings/(Loss) per share - Rs	3.82	24.2	(47.63)	(23.4)	108%	203%

Company Operating Performance:

Amid these challenging times, the Company continuously worked to enhance margins by improving sales volume, identifying and capitalizing on opportunities to bring efficiencies in raw material purchases, outsourcing the manufacturing facilities, prioritizing Company's resources on more profitable channels, taking timely decisions on discontinuing non-profitable SKUs, optimizing product formulations, rationalizing sales volume mix and increasing retail prices considering market dynamics.

Consequently, the Management achieved a significant turnaround this year, where Gross Sales Value for the year increased by 50% as compared to last year. As a result, Net Sales Value increased by 51% which stood at Rs.4.1 billion vs 2.7 billion. Gross Profits observed healthy growth of 950 bps. Other positive measures employed by the Management further helped the Company to deliver Profit After Tax of Rs.23 M vs a loss of Rs.292 M last year.

We have always taken pride in our unique culture and people practices. Our employees have been our strength, who showed their usual commitment and passion, thereby contributed to this turnaround through their dedication and hard work along with their "can-do" attitude in this volatile and uncertain environment. They ensured that all operations continued smoothly in these challenging business conditions. Our people developed sound business improvement strategies and initiatives and successfully translated those strategies into actions with teamwork, perseverance and resilience, which has created good momentum for future endeavors.

Future Outlook and Key Risks:

Considering the current economic situation of the country, the Company, like many others, is facing extreme difficulties in establishing and retiring letters of credit. As a result, this is creating unprecedented problems in importation of critical raw materials and ensuring continued availability of the same.

Further, high inflation has seriously affected the sourcing of local raw and packaging materials as well. Economic indicators show a disappointing trend of real GDP growth vs rising inflation. Therefore, Management still expects uncertainty in the foreseeable future with progressive rise in input and logistics costs. The uprising inflationary environment is taking a serious toll on the consumers' purchasing

power, which constitutes an underlying risk to the Company as the consumers may shift towards more economical products.

The political landscape of the country has been unstable during the year especially with the sudden change in the government. These conditions have shaken the investors' confidence and costs of doing business have also significantly increased owing to rising interest rates.

Devaluation of Pak rupee will consequently result in high import cost of Palm Oil and Perfumes which in result can seriously impact the Company's gross margins. The Management will however continue to remain vigilant in closely monitoring the import costs and take necessary actions by placing orders at favorable times to mitigate some of these impacts.

Management fully understands the impacts of these factors and remains committed to protecting both margins and volumes by meeting consumer expectations.

Dividend:

Considering the business challenges and uncertain future outlook, the Board of Directors has decided not to give any dividend this year.

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 processes has enabled the Company to improve in terms of its environmental diligence. Supply chain,

through its continuous efforts and dedication, has moved way 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 in its scope of work.

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 Corporate Governance Regulations. Statement of compliance with Listed Companies (Code of Corporate Governance) Regulations 2019 and Independent Auditor's Review Report to the members thereon are included in the Annual Report.

Corporate and Financial Reporting Framework:

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

- a) The financial statements, prepared by the Management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b) Proper books of accounts 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 controls 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 program.
- 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 disclosure of all trading in the shares of the Company carried out by its Directors, Executives and their spouses and minor children. During the year Mrs. Ferial Ali Mehdi (Director and Chairman of the Company) acquired 1,322,417 shares of the Company from her brother. No other executives, CEO, CFO, Company Secretary and Head of Internal Audit and their spouses and minor children traded in the shares of the Company

The Board has approved the threshold for defining executives in terms of clause 5.6.4 of PSX Regulations subject to additional regulatory requirements for trading and disclosing their transactions in Company shares.

Election of Directors

During the year, elections of the Board of Directors of the Company were held in an Extraordinary General Meeting held on June 28, 2022. In accordance with the provisions of Section 159 of Companies Act 2017, persons who offered themselves for the election of directors were not more than the number of directors fixed by the Board. Therefore, all seven such persons were declared elected unanimously by the house for a term of three years commencing from July 1, 2022. The names of elected directors are Mrs. Ferial Ali Mehdi (Non-Executive Director), Mr. Mubashir Hasan Ansari (CEO and Executive Director), Syed Hasnain Ali (Non-

Executive Director), Mr. Saad Amanullah Khan (Non-Executive Director), Mr. Mir Muhammad Ali (Independent, Non-Executive Director), Mr. Ahsan Rashid (Independent, Non-Executive Director) and Mr. Muhammad Salman Husain Chawala (Independent, Non-Executive Director) representing NIT.

Intentions of Acquiring Controlling Interest in the Company

On July 6th, 2022 the board of Directors of ZIL Limited received a notice of public announcement of intentions from M/s. Alpha Beta Core Solutions (Private) Limited (as the Manager to the Offer) on behalf of M/s. New Future Consumer International General Trading LLC to acquire more than 51% voting shares and control of ZIL Limited. Subsequently, the potential acquirer commissioned a due diligence process of the Company which has been completed successfully.

Further, a letter dated December 27, 2022 received by the Company from the aforesaid Manager to the Offer regarding extension of time period required for making the Public Announcement of Offer (PAO) by an additional period of 90 days. Company is appropriately disclosing the information accordingly.

Factory Operations:

In the meeting of the Board of Directors of ZIL Limited held on January 12, 2022, the Board has discussed and reviewed the operational difficulties of existing manufacturing facility located at Hyderabad due to housing society built in its surrounding area and approved the closure of factory, offering of Voluntarily Separation Scheme (VSS) to factory staff and shifting of all manufacturing operations to toll manufacturing through third party arrangements. It was also decided that consequent to the above decisions, the factory shall be disposed-off in due course of time, after appropriate final approval by the shareholders in general meeting. Resultantly, the factory was officially closed and VSS has been paid to majority of the factory staff.

Subsequently, an Extraordinary General Meeting (EOGM) of the Company's shareholders was held on November 30, 2022 wherein the sale of Hyderabad factory related assets was approved by the shareholders. It was further authorized in the EOGM that the Chairman, Directors and/or any board authorized person shall be empowered to carry out

all necessary steps for the execution of the said disposal.

Risk Framework and Adequacy of Internal Financial Controls:

ZIL Limited, is a risk averse Company, with an overall low risk appetite. Therefore, it is unwilling to take unwanted and unnecessary big risks 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.

Business Continuity and Disaster Recovery Plans:

In order to maintain a competitive advantage and realizing the significance of business continuity, comprehensive business continuity and disaster recovery plans (DRPs) of IT are in place to ensure that the Company's operations are not disrupted. The DRPs cover all business process in ERP environment which spans multiple functions.

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 report 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 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. CEO, CFO, Internal Auditors as well as External Auditors were invited to the meetings. Head of internal audit acted

as a secretary of the Committee.

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. Senior Manager 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 and 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 30 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.

Performance Evaluation of Board of Directors and its Committees

Complying with the Listed Companies (Code of Corporate Governance) Regulations, 2019 the Board has adopted comprehensive mechanism for conducting evaluation of Board's and its committees' performance. The Company has introduced a questionnaire on composition, leadership, effectiveness, planning, and overall Company's strategy, performance and monitoring. The Board and committees evaluate all factors based on inputs received from every director and member of the committees annually.

Internal Audit:

The Corporate Governance encompasses a compelling need of an adequately resourced internal audit function. Therefore, 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. Head of Internal Audit acts as coordinator between Yousuf Adil, Chartered Accountants and the Board Audit Committee as required by the Code of Corporate Governance.

External Auditors:

EY Ford Rhode, Chartered Accountants have completed the annual audit for the year ended December 31, 2022, and have issued an unmodified audit report. The auditors will retire on the conclusion of the upcoming Annual General Meeting (AGM) of the Company. On the completion of three year period of the audit firm, based on the suggestion of Board Audit Committee for the rotation of auditors in line with the best corporate practices, the Board has recommended the appointment of BDO, Chartered Accountants as external auditors of the Company at a mutually agreed fee for the upcoming financial year 2023 in AGM to be held on March 30th, 2023. BDO, Chartered Accountants have confirmed that:

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

Gratuity and Provident Fund:

The Company is operating a Provident Fund and an approved Gratuity Scheme. The provident fund has been appropriately invested in the allowed securities and is audited annually by independent auditors. The value of investments of Provident Fund as at December 31, 2022 is Rs.128.738 million.

Unclaimed Dividend:

Unclaimed dividends were already transferred into

specifically designated saving bank account and income from this account will be used in CSR activities. During the year Rs. 52,536 were paid from unclaimed dividends account.

Composition of the Board:

The Board comprises of six male and one female member. Out of total seven directors, three directors are independent, three are non-executive and one director is executive. Statement regarding total number as well as composition of directors and names of members of board committees are annexed separately in the annual report.

Loan from Directors:

The Company has acquired Rs. 100 million unsecured loan from a director of the Company as per agreed terms and conditions dated 30 December 2021. The loan carried markup rate of one-month KIBOR less one percent per annum, payable monthly and has been obtained to meet working capital and other requirements. In December 2022, both parties agreed to extend the loan tenure for an additional one-year period. The loan is repayable by 2024, or earlier.

Related Party Transactions

The related party transactions entered into by the Company during the year are disclosed in Note 39 of the Financial Statements for the year ended December 31, 2022.

Health & Safety

The Company recognizes its legal and moral responsibility for hygiene and safety in workplace, and is committed to constantly improve and provide a well maintained healthy and safe environment to all its employees, contractors and visitors. The Company also endeavors to ensure that its community and its members are not placed at risk by

any of its operational activities.

Following are the salient features of ZIL's health and safety policies:

- Dedicated people are resourced for safety programs in the organization
- People are aware of emergency preparation and risk management
- People are trained on key safety components, permit to work system and PPE
- People are involved up to floor level
- Safety program results are properly tracked, reviewed and shared across the organization
- Reward and recognition program is applicable on safety achievements

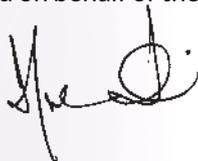
Corporate Social Responsibility:

In light of its duty to support the community, ZIL Limited entered into an arrangement with one of its key business partners to donate HYPro soap to the flood victims via a renowned NGO.

Acknowledgment:

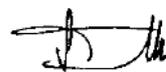
On behalf of the Board of Directors and the Management, we would like to record our sincere gratitude to our valued customers, suppliers, distributors, bankers and all business partners for their continuing patronage and trust. The Directors also appreciate all employees of the Company for their relentless dedication and immense contribution to the growth of Company in these challenging business conditions throughout the year.

For and on behalf of the Board



Mubashir Hasan Ansari
Director / CEO

For and on behalf of the Board



Ferial Ali Mehdi
Director / Chairman

Karachi: February 23, 2023

Board and Committees Meetings

Meetings of the Board of Directors held during January to December 2022

Six meetings of the Board of Directors of the Company were held on January 12, March 24, April 28, August 26, October 28 and December 14, 2022. Following was the attendance of the directors:

	No. of meetings attended
Mrs. Ferial Ali Mehdi	6
Mr. Mubashir Hasan Ansari	6
Syed Hasnain Ali	6
Mr. Saad Amanullah Khan	6
Mr. Ahsan Rashid	5
Mr. Mir Muhammad Ali	6
Mr. M. Salman H. Chawala (Representing NIT)	6

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. Mir Muhammad Ali	Member

Meetings of the Board Audit Committee held during January to December 2022

Four meetings of the Board Audit Committee of the Company were held on March 24, April 28, August 26 and October 28, 2022

Following was the attendance of the members:

Mr. M. Salman H. Chawala (Representing NIT)	4
Mrs. Ferial Ali Mehdi	4
Mr. Saad Amanullah Khan*	2
Mr. Mir Muhammad Ali**	2

* He was member of the committee upto June 30, 2022.

** He appointed as member of the committee from July, 2022.

HR AND REMUNERATION COMMITTEE COMPOSITION

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

Director	Designation
Mr. Ahsan Rashid (Independent Non-Executive)	Chairman
Mr. Saad Amanullah Khan	Member
Mrs. Ferial Ali Mehdi	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 2022

Three meetings of the Board HR&R Committee of the Company were held on January 12, April 28 and December 14, 2022

Following was the attendance of the directors:

Mr. Ahsan Rashid**	1
Mr. Saad Amanullah Khan	3
Mrs. Ferial Ali Mehdi	3
Syed Hasnain Ali*	2
Mr. Mubashir Hasan Ansari	3

* He was member of the committee upto June 30, 2022.

** He appointed as member of the committee from July, 2022.

ایچ۔ آر۔ اینڈ۔ آر کیٹی

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

عہدہ	ڈائریکٹر
چیئرمین	جناب احسن رشید (آزادان ایگزیکٹو)
ممبر	جناب سعدامان اللہ خان
ممبر	محترمہ فیروز علی مہدی
ممبر	جناب میشر حسن انصاری

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

جنوری تا دسمبر 2022 ایچ۔ آر۔ اینڈ۔ آر کمیٹی کا اجلاس

ایچ آر اینڈ آر کمیٹی کے تین اجلاس 12 جنوری، 28 اپریل اور 14 دسمبر 2022ء کو منعقد ہوئے۔ ڈائریکٹرز کی حاضریاں مندرجہ ذیل رہیں۔

اجلاس میں شرکت کی تعداد	ڈائریکٹر
1	جناب احسن رشید **
3	جناب سعدامان اللہ خان
3	محترمہ فیروز علی مہدی
2	سید حسین علی *
3	جناب میشر حسن انصاری

* جون 2022-30 تک کمیٹی کے ممبر رہے

** جولائی 2022ء کو کمیٹی کے ممبر منتخب ہوئے۔

جنوری تا دسمبر 2022ء بورڈ آف ڈائریکٹرز کے اجلاس اور حاضری

کمپنی کے بورڈ آف ڈائریکٹرز کے چھ اجلاس 12 جنوری، 24 مارچ، 28 اپریل، 26 اگست اور 28 اکتوبر 2022ء کو منعقد ہوئے۔ ڈائریکٹرز کی حاضریاں مندرجہ ذیل رہیں۔

ڈائریکٹر اجلاس میں شرکت کی تعداد

ڈائریکٹر	تعداد
محترمہ فیربیل علی مہدی	6
جناب مبشر حسن انصاری	6
سید حسین علی	6
جناب سعد امان اللہ خان	6
جناب احسن رشید	5
جناب میر محمد علی	6
جناب ایم سلمان ایچ چاؤلہ (نمائندہ NIT)	6

بورڈ کے ڈائریکٹرز کی کمیٹیاں

کمپنی کے بورڈ کے ڈائریکٹرز منوثر 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)	آزاد ناں ایگزیکٹو
محترمہ فیربیل علی مہدی	چیئر مین
جناب میر محمد علی	ممبر

جنوری تا دسمبر 2022ء بورڈ آڈٹ کمیٹی کے اجلاس

بورڈ آڈٹ کمیٹی کے چار اجلاس 24 مارچ، 28 اپریل، 26 اگست اور 28 اکتوبر 2022ء کو منعقد ہوئے۔ ڈائریکٹرز کی حاضریاں مندرجہ ذیل رہیں۔

ڈائریکٹر	تعداد
جناب ایم سلمان ایچ چاؤلہ (نمائندہ NIT)	4
محترمہ فیربیل علی مہدی	4
جناب سعد امان اللہ خان*	2
جناب میر محمد علی**	2

* جون 2022ء تک کمیٹی کے ممبر رہے

** جولائی 2022ء کو کمیٹی کے ممبر منتخب ہوئے۔

صحت اور تحفظ:

کام کی جگہ پر کمپنی صحت و صفائی اور تحفظ کی قانونی اور اخلاقی ذمہ داری کو تسلیم کرتی ہے اور اپنے تمام ملازمین، ٹھیکیداروں اور ملاقاتیوں کے لئے بہترین صحت مند اور محفوظ ماحول فراہم کرنے کے لئے کوشاں ہے۔ کمپنی اس بات کو یقینی بنانے کے لئے کوشاں ہے کہ معاشرے اور اس کے لوگ کمپنی کی آپریشنل سرگرمیوں کے اثرات سے خطرے میں نہ آئیں۔

ZIL کی صحت اور تحفظ کی پالیسیوں کی نمایاں خصوصیات درج ذیل ہیں:

- ☆ ادارے میں مسلسل حفاظتی پروگرام کے لئے صنعتی اور سرشار لوگوں کو استعمال کیا جاتا ہے۔
- ☆ لوگ ہنگامی حالات اور خطرات سے نمٹنے کی تیاری سے آگاہ رہیں
- ☆ لوگوں کو بنیادی حفاظتی اجزاء، کام کرنے کی اجازت کا نظام اور PPE استعمال کرنے کی مشق کرائی جائے
- ☆ نجی سطح تک کے لوگ مصروف عمل رہیں
- ☆ حفاظتی منصوبوں کے نتائج کی درست سمت بندی کا جائزہ لیا جائے اور انہیں ادارے بھر میں اشتراک کیا جائے۔
- ☆ حفاظتی کامیابیوں کے حصول پر انعام اور صلہ کا پروگرام لاگو ہوتا ہے۔

ادارتی سماجی ذمہ داری:

معاشرے کی مدد کے لئے ذمہ داریوں کو مد نظر رکھتے ہوئے ZIL لمیٹڈ نے اپنے بنیادی کاروباری شراکت داروں کے ساتھ مل کر ایک مشہور زمانہ NGO کے ذریعے HYP Pro صابن سیلاب کے متاثرہ افراد کو عطیہ کرنے کا اہتمام کیا ہے۔

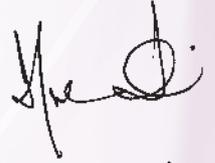
اعتراف:

یورڈ آف ڈائریکٹرز اور انتظامیہ کی جانب سے ہم اپنے قابل قدر صارفین، سپلائرز، ڈسٹری بیوٹرز، بیکاروں اور تمام کاروباری شراکت داروں کی مسلسل سرپرستی اور اعتماد پر ان کے لئے مخلصانہ ستائش ریکارڈ پر لانا چاہتے ہیں۔ ان دشوار گزار کاروباری حالات میں سال بھر کمپنی کے تمام ملازمین کی انتھک محنت اور قابل قدر معاونت پر ڈائریکٹران ان کو سراہتے ہیں۔

برائے و مخانب:



فیریل علی مہدی
ڈائریکٹر/چیئرمین



مبشر حسن انصاری
ڈائریکٹر/CEO

بیرونی آڈیٹرز

EY فورڈ روڈز، چارٹرڈ اکاؤنٹنٹس نے سال ختمہ 31 دسمبر 2022 کا سالانہ آڈٹ مکمل کر لیا ہے اور انہوں نے غیر ترمیم شدہ آڈٹ رپورٹ جاری کر دی ہے۔ آڈیٹرز کمپنی کے آنے والے سالانہ اجلاس عام (AGM) کے اختتام پر سبکدوش ہو جائیں گے۔ آڈٹ فرم کی تین سالہ مدت مکمل ہونے پر بہترین ادارتی طور طریقوں کے تحت بورڈ کی آڈٹ کمیٹی کی تجویز پر بورڈ نے BDO چارٹرڈ اکاؤنٹنٹس کی بطور بیرونی آڈیٹرز باہمی طے شدہ معاوضہ پر آنے والے مالیاتی سال 2023 کے لئے تقرری کی سفارش کی ہے جس کی منظوری 30 مارچ 2023 کی AGM میں لی جائے گی۔ BDO چارٹرڈ اکاؤنٹنٹس تصدیق کرتے ہیں کہ:

- ☆ آڈٹ فرم یا اس کے کسی شراکت دار اور ان کے شریک حیات اور چھوٹے بچوں کی ملکیت میں ZIL لمیٹڈ کے حصص نہیں ہیں۔
- ☆ آڈٹ فرم کو دی انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) سے تسلی بخش ریٹنگ حاصل ہے اور آڈٹ اور سائٹ بورڈ آف پاکستان میں رجسٹرڈ ہے۔
- ☆ آڈٹ فرم اور اس کے شراکت دار ICAP کے اختیار کردہ انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس ضابطہ اخلاق کے رہنما اصولوں کے پاسداری کرتے ہیں۔
- ☆ آڈٹ فرم نے PSX لسٹنگ ریگولیشنز کے مطابق کوئی دیگر خدمات فراہم نہیں کی ہیں۔

گرپچو بی اور پروویڈنٹ فنڈ:

کمپنی ایک پروویڈنٹ فنڈ اور ایک منظور شدہ گرپچو بی اسکیم چلا رہی ہے اور آزاد آڈیٹرز اس کا سالانہ آڈٹ کرتے ہیں۔ 31 دسمبر 2022 کو پروویڈنٹ فنڈ سے کی گئی سرمایہ کاریوں کی مالیت 128.738 ملین روپے تھی۔ پروویڈنٹ فنڈ کی سرمایہ کاری اجازت شدہ تمسکات میں کی گئی ہے۔

غیر دعویٰ شدہ منافع منقسمہ:

غیر دعویٰ شدہ منافع منقسمہ کو مخصوص مجاز سیونگ بینک اکاؤنٹ میں منتقل کر دیا گیا اور حاصل ہونے والی آمدنی کو CSR سرگرمیوں میں استعمال کیا جائے گا۔ سال کے دوران -/52,536 روپے غیر دعویٰ شدہ اکاؤنٹ سے ادا کئے گئے۔

بورڈ کی تشکیل بندی:

بورڈ چھ مرد اور ایک خاتون ممبر پر مشتمل ہے۔ کل سات ڈائریکٹران میں سے تین ڈائریکٹران آزاد ہیں، تین نان ایگزیکٹو ہیں اور ایک ڈائریکٹر ایگزیکٹو ہے۔ ڈائریکٹران کی کل تعداد کے ساتھ ڈائریکٹران کی تشکیل بندی اور بورڈ کی کمیٹیوں کے ممبران کے نام سالانہ رپورٹ کے ساتھ علیحدہ سے شامل کئے گئے ہیں۔

ڈائریکٹران سے قرضہ:

کمپنی نے 30 دسمبر 2021 کو کمپنی کے ایک ڈائریکٹر سے طے شدہ شرائط و ضوابط پر 100 ملین روپے کا غیر تحفظ شدہ قرضہ لیا تھا۔ قرضہ کی مارک اپ کی شرح ایک ماہی KIBOR یعنی منفی ایک فیصد سے کم ہے، جو کہ ماہانہ واجب الادا ہے اور اسے رواں کھاتے کے سرمائے اور دیگر ضروریات کے لئے حاصل کیا گیا تھا۔ دسمبر 2022 میں دونوں فریقین مزید ایک سال کے لئے قرضہ کی مدت بڑھانے پر متفق ہو گئے ہیں۔ قرضہ 2024 تک یا اس سے پہلے قابل واپسی ہے۔

مالحقہ فریقین کے ساتھ سودے:

سال کے دوران مالحقہ فریقین کے ساتھ کئے گئے سودوں کو سال ختمہ 31 دسمبر 2022 کے مالیاتی گوشواروں کے نوٹ 39 میں منکشف کیا گیا ہے۔

اندرونی مالیاتی تنظیم کی موزونیت سے متعلق ڈائریکٹران کی ذمہ داری:

اندرونی مالیاتی تنظیم کی موزونیت کو برقرار رکھنے کی ذمہ داری بورڈ آف ڈائریکٹرز کی ہے جس کے لئے بورڈ مسرت کے ساتھ بتاتا ہے کہ کمپنی میں اندرونی کنٹرول کا نظام موجود ہے جو کہ بہتر انداز میں نافذ العمل ہے اور کمپنی میں ہر سطح پر رائج ہے۔

بورڈ کی آڈٹ کمیٹی:

بورڈ نے تین ممبران بشمول چیئر مین پر مشتمل ایک آڈٹ کمیٹی تشکیل دی ہے۔ کمیٹی کے ممبران نان ایگزیکٹو ڈائریکٹران ہیں بشمول چیئر مین جو کہ ایک آزاد ڈائریکٹر ہے۔ لاگو قوانین اور کارپوریٹ گورننس ریگولیشنز کے تحت اس مدت کے دوران آڈٹ کمیٹی کے چار اجلاس ہوئے۔ چیف فنانشل آفیسر، اندرونی آڈیٹرز کے ساتھ ساتھ بیرونی آڈیٹرز کو اجلاسوں میں مدعو کیا جاتا ہے۔ انٹرنل آڈٹ کا سربراہ کمیٹی کے سیکریٹری کے طور پر کام کرتا ہے۔

انسانی وسائل اور معاوضہ کمیٹی:

کمپنی کی HR&R کمیٹی اپنے چیئر مین کے ساتھ مکمل طور پر فعال ہے اور اسے کے زیادہ تر ممبران نان ایگزیکٹو ڈائریکٹران ہیں۔ معاوضہ سے متعلق تمام مسائل کو HR&R کمیٹی کے اجلاسوں میں مکمل طور پر منکشف اور بحث کی جاتی ہے اور ان کا فیصلہ کیا جاتا ہے۔

نان ایگزیکٹو ڈائریکٹران کے معاوضہ کی پالیسی:

نان ایگزیکٹو ڈائریکٹران بشمول (آزاد ڈائریکٹران) کو -/30,000 روپے اجلاس میں حاضری کی فیس کے طور پر ادا کئے جاتے ہیں۔ اس کے علاوہ سفر اور طعام و قیام کے اخراجات کی بھی اصل لاگت کی بنیاد پر ادائیگی کی جاتی ہے۔ چیئر مین کو ماہانہ مراعات دی جاتی ہیں جن میں کمیٹی کی فراہم کردہ کار اور دیگر فوائد دیئے جاتے ہیں جو کہ منظور شدہ پالیسی کے تحت اس عہدے سے متعلق یا ضروری ہوں۔ سال کے دوران ادا شدہ اجلاسوں کی فیس اور مراعات کو مالیاتی گوشواروں کے نوٹ 30 میں منکشف کیا گیا ہے۔ بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں حاضری اور غیر معمولی خدمات انجام دینے پر انفرادی ڈائریکٹران اور چیئر مین کے عہدے کے لئے معاوضہ کے پیکج کو مرتب کرنے کے لئے بورڈ نے ایک باضابطہ پالیسی اور شفاف طریقہ کار منظور کیا ہے اور ڈائریکٹران کو تمام ادائیگیاں اسی منظور شدہ پالیسی کے مطابق کی جاتی ہیں۔

بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی کارکردگی:

سیکرٹری (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی پاسداری کرتے ہوئے بورڈ نے بورڈ اور اس کی کمیٹیوں کی کارکردگی کا تجزیہ کرنے کے لئے جامع نظام تشکیل دیا ہے۔ کمپنی نے ایک سوالنامہ متعارف کروایا ہے جس میں تشکیل بندی، قیادت، اثر پذیری، منصوبہ بندی اور کمیٹی کی مجموعی حکمت عملی، کارکردگی اور نگرانی شامل ہیں۔ بورڈ اور اس کی کمیٹیاں ہر ڈائریکٹر اور کمیٹی کے ہر ممبر سے حاصل ہونے والے آراء کی بنیاد پر تمام عوامل کا تجزیہ کرتی ہیں۔

اندرونی آڈٹ:

کارپوریٹ گورننس کے تحت ضروری ہے کہ ادارے سے باہر مناسب افراد کو انٹرنل آڈٹ کا شعبہ سونپا جائے۔ لہذا کمیٹی نے ادارے سے باہر ایک مشہور زمانہ چارٹرڈ اکاؤنٹنٹ فرم میسرز یوسف عادل چارٹرڈ اکاؤنٹنٹس کو یہ شعبہ سونپ دیا ہے۔ بیرونی ادارے نے کمپنی کو ایک آزادانہ جائزہ اس کے اندرونی کنٹرولز پر فراہم کیا ہے۔ یوسف عادل چارٹرڈ اکاؤنٹنٹس اور بورڈ کی آڈٹ کمیٹی کے درمیان انٹرنل آڈٹ کا سربراہ بطور رابطہ کار کام کرتا ہے جو کہ ادارتی نظم و ضبط کے ضابطہ کے تحت ضروری ہے۔

ڈائریکٹران کے انتخابات:

سال کے دوران کمپنی کے ڈائریکٹران کے انتخابات 28 جون 2022 کو منعقدہ غیر معمولی اجلاس عام میں ہوئے۔ کمپنیز ایکٹ 2017 کی دفعہ 159 کی شقوں کے تحت جن افراد نے اپنے آپ کو ڈائریکٹر کے انتخابات کے لئے پیش کیا ان کی تعداد بورڈ کی طے کردہ تعداد سے زیادہ نہیں تھی۔ لہذا تمام سات افراد کو متفقہ طور پر یکم جولائی 2022 سے منتخب قرار دے دیا گیا۔ منتخب ڈائریکٹران کے ناموں میں مسز فیمل علی مہدی (نان ایگزیکٹو ڈائریکٹر)، جناب مبشر حسن انصاری (CEO اور ایگزیکٹو ڈائریکٹر)، سید حسین علی (نان ایگزیکٹو ڈائریکٹر)، جناب سعد امان اللہ خان (نان ایگزیکٹو ڈائریکٹر)، جناب میر محمد علی (آزاد، نان ایگزیکٹو ڈائریکٹر)، جناب احسن رشید (آزاد، نان ایگزیکٹو ڈائریکٹر) اور جناب محمد سلمان حسین چاؤلہ (آزاد ڈائریکٹر، نان ایگزیکٹو۔ نمائندہ NIT) شامل ہیں۔

کمپنی کے انتظامی اختیارات اور ملکیت کے حصول کا ارادہ:

6 جولائی 2022 کو ایک عندیہ برائے ارادہ منتسب عام صورت میں ZIL کے بورڈ آف ڈائریکٹرز کو میسرز نیو فیوچر کنٹریوورٹس پرائیویٹ لمیٹڈ کی جانب سے بذریعہ میسرز ایلفا بیٹا کورسولوشنز (پرائیویٹ) لمیٹڈ (بطور مینیجر برائے پیشکش) 51 فیصد ووٹنگ حصص اور ZIL لمیٹڈ کے انتظامی اختیارات کے حصول کے لئے پیشکش موصول ہوئی۔ بعد ازاں امکانی خریدار نے کمپنی کا ایک حفاظتی جائزہ کا عمل شروع کروایا جو کہ کامیابی سے مکمل ہو گیا ہے۔ مزید برآں 27 دسمبر 2022 کو مذکورہ بالا مینیجر سے کمپنی کو ایک خط موصول ہوا جس میں پیشکش کے عوامی اعلان (PAO) کے لئے درکار مدت میں مزید 90 دن تو وسیع کر دی گئی۔ کمپنی تمام معلومات کو درست انداز سے منکشف کر رہی ہے۔

فیکٹری کے معاملات:

ZIL لمیٹڈ کے بورڈ آف ڈائریکٹرز نے اپنے اجلاس منعقدہ 12 جنوری 2022 میں حیدرآباد میں واقع موجودہ پیداواری سہولیات کے قرب و جوار میں رہائشی سوسائٹی کی تعمیرات کی وجہ سے فیکٹری کو چلانے میں مشکلات کا جائزہ لیا اور فیکٹری کی بندش کی منظوری دی جس کے تحت فیکٹری کے ملازمین کو رضا کارانہ علیحدگی اسکیم (VSS) اور تمام پیداواری افعال کو کسی تیسرے فریق کو منتقل کرنے کی منظوری دی گئی۔ یہ فیصلہ بھی کیا گیا کہ مذکورہ بالا فیصلوں کے نتیجے میں اجلاس عام میں حصص یافتگان کی حتمی منظوری سے فیکٹری کو مقررہ مدت میں فروخت کر دیا جائے۔ جس کے نتیجے میں فیکٹری کو باضابطہ بند کر دیا گیا ہے اور فیکٹری کے زیادہ تر ملازمین کو VSS ادا کر دیا گیا ہے۔ بعد ازاں، کمپنی کے حصص یافتگان کا ایک غیر معمولی اجلاس (EOGM) 30 نومبر 2022 کو منعقد ہوا جس میں حصص یافتگان نے حیدرآباد کی فیکٹری سے متعلق اثاثوں کو فروخت کرنے کی منظوری دی۔ EOGM میں چیئرمین، ڈائریکٹران اور/یا بورڈ کے کسی مجاز افراد کو اختیارات دیئے گئے تاکہ مذکورہ فروخت کی تکمیل کے لئے تمام ضروری اقدامات کئے جاسکیں۔

خطرات کا نظام اور مالیاتی گرفت کے نظام کی موزونیت:

ZIL لمیٹڈ ایسی کمپنی ہے جو کہ خطرات مول لینے سے گریزاں ہیں۔ لہذا اکلیدی مقاصد کے حصول کے لئے کمپنی کسی ناموافق اور غیر ضروری بڑے خطرات کو مول لینے پر رضامند نہیں ہے۔ کنٹرولز کو اس طرح مرتب کیا گیا کہ جس سے ادارے کی مالیاتی کارکردگی، اعتماد اور مالیاتی اعداد و شمار کی موزونیت، کمپنی کے آپریشنز کی استعداد اور مقامی کے ساتھ عالمی معیارات، قوانین اور ضابطوں کی پاسداری ہوتی ہو۔ انتظامیہ نے حصص یافتگان اور بورڈ آف ڈائریکٹرز کو یقین دہانی کرائی ہے کہ کمپنی موثر اور مستعد اندرونی گرفت کے نظام کے تحت چل رہی ہے جنہیں موثر انداز میں مرتب کیا گیا ہے۔ یہ اندرونی مالیاتی گرفتیں کمپنی کی پالیسیوں اور SOPs پر عملدرآمد کے ساتھ ادارے کے مقاصد کے حصول میں معاون ہیں۔

کاروباری تسلسل اور قدرتی آفات سے بازیابی کے منصوبے:

مستقبل کے فوائد کو برقرار رکھنے اور کاروباری تسلسل کی اہمیت کو تسلیم کرتے ہوئے (I.T) آئی ٹی جامع کاروباری تسلسل اور قدرتی آفات سے بازیابی کے منصوبے موجود ہیں تاکہ اس بات کو یقینی بنایا جاسکے کمپنی کے افعال میں کوئی رکاوٹ نہ ہو۔ ERP ماحول کے تحت DPRs تمام کاروباری عمل کا احاطہ کرتے ہیں جو کہ متحدہ افعال پر محیط ہیں۔

کمپنی کے کاروبار سے ماحولیات پر اثرات:

مستقل بہتری اور جدت کے عمل سے کمپنی اپنی ماحولیاتی شائستگی کو بہتر بنانے میں کامیاب رہی۔ مسلسل کوششوں اور کوششوں کے ذریعے سپلائی چین کو خطرناک ماحولیاتی عمل سے دور کر کے ماحول دوست کے قریب کر دیا گیا ہے اور اپنے ادارہ جاتی یقین کے تحت ZIL اپنے دائرہ کار میں ایک ذمہ دار ادارتی شہری بننے کی جدوجہد کرتی ہے۔

ادارتی نظم و ضبط کی پاسداری:

ZIL لمیٹڈ کسی استثناء کے بغیر اچھے ادارتی نظم و ضبط کے اعلیٰ معیارات کو برقرار رکھنے کے لئے کوشاں ہے۔ ڈائریکٹران مسرت کے ساتھ بیان کرتے ہیں کہ کمپنی نے ادارتی نظم و ضبط کے ضابطوں کو اختیار کیا ہے اور ان کی پاسداری کرتی ہے۔ لیکچرینز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی پاسداری پر بیان اور آزاد آڈیٹرز کی جائزہ رپورٹ برائے ممبران اس سالانہ رپورٹ میں شامل کئے گئے ہیں۔

ادارتی اور مالیاتی رپورٹنگ کا نظام:

- ZIL کی انتظامیہ اچھے ادارتی نظم و ضبط کے لئے کوشاں اور بہترین طور طریقوں پر عمل پیرا ہے۔ ڈائریکٹران بخوشی درج ذیل بیان کرتے ہیں:
- 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 مرتب کی گئی ہیں۔
 - درست حساباتی پالیسیوں کو تسلسل کے ساتھ مالیاتی گوشواروں کی تیاری کے دوران ملحوظ خاطر رکھا گیا ہے اور حسابات کی پالیسیوں میں کسی بھی تبدیلی کو مالیاتی گوشواروں میں منکشف کیا گیا ہے۔ حساباتی تخمینوں کی بنیاد معقول اور مضبوط فیصلوں پر ہے۔
 - عالمی مالیاتی رپورٹنگ کے معیارات جو کہ پاکستان میں لاگو ہیں ان پر مالیاتی گوشواروں کی تیاری میں ملحوظ خاطر رکھا گیا ہے اور کسی بھی انحراف کو موزوں طور پر منکشف کیا گیا ہے 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 بھی انحراف نہیں کیا گیا ہے۔
 - سوائے ایک ڈائریکٹر جو کہ مستثنیٰ ہیں، ان کے علاوہ تمام ڈائریکٹران نے تربیتی پروگرام مکمل کر لیا ہے۔
 - مندرجہ ذیل گوشوارے اس رپورٹ کے ساتھ علیحدہ منسلک کئے گئے ہیں:
 - گزشتہ 6 سالوں کے اہم کاروباری اور مالیاتی اعداد و شمار
 - حصص داری کی ساخت
 - 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 کمپنی کے ڈائریکٹران، اعلیٰ انتظامی عملے اور ان کے شریک حیات اور چھوٹے بچوں کی کمپنی کے حصص میں تمام خرید و فروخت کو منکشف کرنا ضروری ہوتا ہے۔ سال کے دوران مسز فیمل علی مہدی (کمپنی کی ڈائریکٹر اور چیئر مین) نے اپنے بھائی سے کمپنی کے 1,322,417 حصص حاصل کیے۔ دیگر کسی اعلیٰ انتظامی عملے، CFO، CEO، کمپنی سیکریٹری اور انٹرنل آڈٹ کے سربراہ اور ان کے شریک حیات اور چھوٹے بچوں نے کمپنی کے حصص میں کوئی خرید و فروخت نہیں کی۔

PSX ریگولیشنز کی شق 5.6.4 اور اضافی انضباطی تقاضوں کے تحت بورڈ نے کمپنی کے حصص میں خرید و فروخت منکشف کرنے کے حوالے سے اعلیٰ انتظامی عملے کی حد مقرر کی ہے۔

کمپنی کی کاروباری کارکردگی:

ان دشوار گزار اوقات میں کمپنی نے تسلسل کے ساتھ فروخت کے حجم میں بہتری، خام مال کی خریداری میں مختلف مواقعوں کی شناخت اور استفادہ، پیداواری سہولیات کے بیرونی ذرائع، کمپنی کے وسائل کو زیادہ منافع بخش ذرائع میں استعمال، غیر منافع بخش SKU میں کمی کے بروقت فیصلوں، مصنوعات کی ترکیب میں بہتری، مصنوعات کے فروخت کے بہتر مرکب اور مارکیٹ کے پہلوؤں کو مد نظر رکھتے ہوئے خوردہ قیمتوں میں اضافہ کے ذریعے شرح منافع میں اضافہ کے لئے کام کیا۔

جس کے نتیجے میں انتظامیہ کو اس سال قابل ذکر سنگ میل حاصل ہوا جس میں سالانہ فروخت کی مالیت میں گزشتہ سال کی نسبت 50 فیصد اضافہ ہوا۔ نتیجتاً خالص فروخت کی مالیت میں 51 فیصد اضافہ ہوا جو کہ گزشتہ سال کے 2.7 بلین روپے کے مقابلے میں 4.1 بلین روپے رہی۔ منافع میں 950 بنیادی پوائنٹس کا صحت مند اضافہ ہوا۔ انتظامیہ کے دیگر مثبت اقدامات کی وجہ سے کمپنی کا بعد از ٹیکس منافع 23 بلین روپے رہا جبکہ گزشتہ سال 292 بلین روپے کا خسارہ تھا۔

ہم نے اپنی امتیازی ثقافت اور لوگوں کے طور طریقوں پر ہمیشہ فخر کیا ہے۔ ہمارے ملازمین ہماری طاقت ہیں جنہوں نے عمومی ذمہ داری اور گرجوشی کا مظاہرہ کیا، لہذا اس متنزل اور غیر یقینی ماحول میں ان کی انتھک محنت کے ساتھ "کر سکتے ہیں" کے رویہ نے اور لگن سے یہ سنگ میل حاصل ہوا۔ ان دشوار گزار کاروباری حالات میں انہوں نے تمام افعال کے ہموار تسلسل کو یقینی بنایا۔ ہمارے لوگوں نے بہتری کے لئے مضبوط کاروباری حکمت عملیاں ترتیب دیں اور اقدامات کئے اور کامیابی سے ان حکمت عملیوں کو ٹیم ورک، استقامت اور شائستگی میں ڈھالا جس سے مستقبل کی جدوجہد کو تقویت ملی۔

مستقبل کی پیش بینی اور کلیدی خطرات:

ملک کی موجودہ معاشی صورتحال کو مد نظر رکھتے ہوئے کمپنی کو لیٹر آف کریڈٹس کھولنے اور ان کو ریٹائر کرانے میں شدید مشکلات کا سامنا ہے۔ جس کے نتیجے میں بنیادی خام مال کی درآمد اور اس کی مسلسل فراہمی کو یقینی بنانے میں غیر معمولی مسائل کا سامنا ہے۔

مزید برآں، بلند افراط زر کی وجہ سے مقامی خام اور پیننگ کے مال کی فراہمی پر بھی شدید اثرات مرتب ہوئے ہیں۔ معاشی اشاریے حقیقی GDP کے نمو برخلاف بڑھتے ہوئے افراط زر کا مایوس کن رجحان دکھا رہے ہیں۔ لہذا انتظامیہ مستقبل میں بھی خام مال اور انتظام و انصرام کی لاگوں میں مسلسل اضافہ دیکھ رہی ہے۔ بڑھتے ہوئے افراط زر کا ماحول صارفین کی قوت خرید پر شدید اثرات مرتب کر رہا ہے جس سے کمپنی کو بھی خطرات لاحق ہیں کیونکہ صارفین مزید سستی مصنوعات کی جانب مائل ہو سکتے ہیں۔

خاص طور پر حکومت کی اچانک تبدیلی کی وجہ سے ملک کا سیاسی منظر نامہ سال کے دوران غیر مستحکم رہا۔ ان حالات نے سرمایہ کاروں کے اعتماد کو گھٹیس پہنچائی ہے اور بڑھتی ہوئی شرح سود کی وجہ سے کاروباری لاگت میں قابل ذکر اضافہ ہوا ہے۔

پاکستان روپے کی قدر میں کمی کے نتیجے میں پام آئل اور عطریات کی بلند درآمدی لاگت کی وجہ سے کمپنی کی شرح منافع پر شدید اثرات مرتب ہوئے۔ تاہم انتظامیہ تسلسل کے ساتھ درآمدی لاگوں کا باریک بینی سے جائزہ لے رہی ہے اور موزوں اوقات میں آرڈرز دینے کے لئے ضروری اقدامات کر رہی ہے تاکہ ان اثرات کو کم کیا جاسکے۔ انتظامیہ ان عوامل کے اثرات سے مکمل آگاہ ہے اور صارفین کی توقعات پر پورا اترتے ہوئے شرح منافع اور حجم کو محفوظ رکھنے کے لئے پرعزم ہے۔

منافع منقسمہ:

کاروباری دشواریوں اور غیر یقینی مستقبل کے منظر نامہ کو مد نظر رکھتے ہوئے بورڈ آف ڈائریکٹرز نے اس سال کوئی منافع منقسمہ نہ دینے کا فیصلہ کیا ہے۔

کاروباری اخلاقیات:

انتظامیہ کا ضابطہ اخلاق مخصوص اصولوں اور اخلاقیات پر مشتمل ہے جو کہ ہماری ادارتی فلاسفی کا بنیادی جزو ہیں اور ایک بیانیہ ہے کہ ہم کون ہیں اور ہم کس طرح کاروبار کرتے ہیں۔ اس میں پیشہ ورانہ اخلاقیات، ملازمین کے لئے کمپنی کی ذمہ داریوں اور کمپنی کے لئے ملازمین کی ذمہ داریوں کو اجاگر کیا گیا ہے۔ ادارتی نظم و ضبط کے ساتھ اخلاقی رویے پر عمل بنیادی جزو ہے جس کی عکاسی ہر اس چیز میں ہوتی ہے جو ZIL کرتی ہے۔ کمپنی اور اس کے تمام ملازمین کمپنی کے کاروبار کو چلانے میں اعلیٰ اخلاقی معیارات برقرار رکھتے ہیں۔ پائیداری، تنوع، کسٹمر پرمکوز حکمت عملی، اختیارات اور سیکھنے کا عمل بنیادی اقدار ہیں جس پر ZIL عمل کرتا ہے اور حوصلہ افزائی کرتا ہے اور یہ اقدار اس ضابطہ اخلاق کے بنیادی اصول ہیں۔

ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹران سالانہ رپورٹ کے ساتھ آڈٹ شدہ مالیاتی نتائج برائے سال ختمہ 31 دسمبر 2022 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

بنیادی کاروباری سرگرمیاں:

کمپنی گھریلو اور ذاتی نگہداشت کی اشیاء جیسے کہ خوبصورتی، جراثیم کشن صابن اور ہینڈ واش کو یکپہری، ہائیر اور اوپل کے برانڈ ناموں سے تیار اور فروخت کرتی ہے۔

معاشی منظر نامہ:

سال 2022 ملکی معیشت کے لئے انتہائی دشوار گزار رہا۔ COVID-19 کے اثرات کے بعد سرگرمیاں معمول پر آنے لگی لیکن بڑھتے ہوئے رواں کھاتے کے خسارے، اشیاء بشمول توانائی اور ایندھن کی مسلسل بڑھتی ہوئی قیمتوں، ملک میں سیاسی عدم استحکام کی صورتحال اور مسلسل بڑھتے ہوئے افراط زر سے ماند پڑ گئی۔ پام آئل جو کہ صابن بنانے کے عمل میں ایک بنیادی جزو ہے 2022 کے وسط میں اس کی قیمت عالمی مارکیٹ میں بلند ترین سطح پر پہنچ گئی۔ تاہم عالمی سطح پر طلب و رسد معمول پر آنے اور COVID-19 کی پابندیاں ختم ہونے کے بعد قیمتیں معمول پر آنا شروع ہوئیں۔ اس کے ساتھ ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں مسلسل کمی سے خام مال کی درآمدات پر دباؤ برقرار رہا۔

مقامی سطح پر ملک میں بڑے پیمانے پر سیلاب کا مشاہدہ کیا گیا جس سے فصلیں اور مویشی تباہ ہو گئے، لاکھوں لوگ بے گھر ہو گئے اور ملک کی سڑکوں اور ذرائع ابلاغ کا نیٹ ورک تباہ ہو گیا۔ ان ناموافق حالات کی وجہ سے مقامی کاروبار کو اپنے روزمرہ معاملات کو چلانے میں کئی مشکلات کا سامنا کرنا پڑا۔

مالیاتی کارکردگی کا خلاصہ:

2022 کی دوسری ششماہی میں کمپنی کے منافع اور شرح منافع میں بہتری کی بنیادی وجہ اشیاء کی عالمی قیمتوں میں کمی، خوردہ قیمت میں اضافہ اور فروخت کے حجم میں بہتری کے ساتھ کاروباری صلاحیت تھی۔ سالانہ اور گزشتہ سہ ماہی کی مالیاتی کارکردگی کا مختصر اکتالی تجزیہ درج ذیل ہے:

نمو فیصد		2021		2022		
چوتھی سہ ماہی	سالانہ	چوتھی سہ ماہی	سالانہ	چوتھی سہ ماہی	سالانہ	
اکتوبر تا دسمبر	جنوری تا دسمبر	اکتوبر تا دسمبر	جنوری تا دسمبر	اکتوبر تا دسمبر	جنوری تا دسمبر	
روپے "ملین میں"						
54.6%	50%	971	3,629	1,501	5,448	خام فروخت
57%	51%	721	2,689	1,132	4,062	خالص فروخت
1003%	214%	33	238	364	747	خام منافع
2760 bps	950 bps	4.60%	8.9%	32.2%	18.4%	خام منافع فیصد
308%	165%	(90)	(232)	187	151	کاروباری منافع
203%	108%	(143)	(292)	148	23	منافع (خسارہ) بعد از ٹیکس
203%	108%	(23.4)	(47.63)	24.2	3.82	آمدن / (خسارہ) فی حصص - روپے

Vertical Analysis of Financial Statements

Statement of Financial Position (Balance Sheet)

	Dec-22		Dec-21	
	Rs. In '000	%	Rs. In '000	%
Non-Current Assets	1,039,827	39.51	1,602,978	70.89
Current Assets	1,591,898	60.49	658,086	29.11
Total Assets	2,631,725	100.00	2,261,064	100.00
Equity	979,876	37.23	956,775	42.32
Non-Current Liabilities	342,650	13.02	455,977	20.17
Current Liabilities	1,309,199	49.75	848,312	37.52
Total Equity and Liabilities	2,631,725	100.00	2,261,064	100.00

Profit and Loss Account

	Dec-22		Dec-21	
	Rs. In '000	%	Rs. In '000	%
Net sales	4,061,842	100.00	2,737,550	100.00
Cost of sales	(3,314,497)	(81.60)	(2,451,352)	(89.55)
Gross Profit	747,345	18.40	286,198	10.45
Selling and distribution expenses	(378,352)	(9.31)	(372,138)	(13.59)
Administrative expenses	(202,341)	(4.98)	(150,341)	(5.49)
	166,652	4.10	(236,281)	(8.63)
Other operating income	12,719	0.31	10,197	0.37
Other operating expense	(28,671)	(0.71)	(6,005)	(0.22)
	150,700	3.71	(232,089)	(8.48)
Financial expenses	(81,027)	(1.99)	(25,556)	(0.93)
Profit before tax	69,673	1.72	(257,645)	(9.41)
Taxation	(46,297)	(1.14)	(33,949)	(1.24)
Profit for the year	23,376	0.58	(291,594)	(10.65)

Dec-20		Dec-19		Dec-18		Dec-17	
Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%
729,745	57.58	770,133	63.31	720,399	64.99	499,847	57.41
537,558	42.42	446,236	36.69	388,138	35.01	370,807	42.59
<u>1,267,303</u>	<u>100.00</u>	<u>1,216,369</u>	<u>100.00</u>	<u>1,108,537</u>	<u>100</u>	<u>870,654</u>	<u>100</u>
606,288	47.84	611,094	50.24	567,467	51.19	351,917	40.42
222,479	17.56	195,034	16.03	104,075	9.39	103,013	11.83
438,536	34.60	410,241	33.73	436,995	39.42	415,724	47.75
<u>1,267,303</u>	<u>100.00</u>	<u>1,216,369</u>	<u>100.00</u>	<u>1,108,537</u>	<u>100.00</u>	<u>870,654</u>	<u>100.00</u>

Dec-20		Dec-19		Dec-18		Dec-17	
Rs. In '000	%						
2,443,461	100.00	2,423,185	100.00	1,894,705	100.00	1,599,376	100.00
(1,843,796)	(75.46)	(1,706,308)	(70.42)	(1,357,923)	(71.67)	(1,148,227)	(71.79)
<u>599,665</u>	<u>24.54</u>	<u>716,877</u>	<u>29.58</u>	<u>536,782</u>	<u>28.33</u>	<u>451,149</u>	<u>28.21</u>
(373,513)	(15.29)	(385,373)	(15.90)	(344,873)	(18.20)	(300,353)	(18.78)
(154,528)	(6.32)	(163,327)	(6.74)	(117,950)	(6.23)	(104,712)	(6.55)
<u>71,624</u>	<u>2.93</u>	<u>168,177</u>	<u>6.94</u>	<u>73,959</u>	<u>3.90</u>	<u>46,084</u>	<u>2.88</u>
7,119	0.29	3,583	0.15	15,003	0.79	20,382	1.27
(11,228)	(0.46)	(20,231)	(0.83)	(11,680)	(0.62)	(7,146)	(0.45)
<u>67,515</u>	<u>2.76</u>	<u>151,529</u>	<u>6.25</u>	<u>77,282</u>	<u>4.08</u>	<u>59,320</u>	<u>3.71</u>
(16,575)	(0.68)	(25,918)	(1.07)	(18,125)	(0.96)	(18,092)	(1.13)
<u>50,940</u>	<u>2.08</u>	<u>125,611</u>	<u>5.18</u>	<u>59,157</u>	<u>3.12</u>	<u>41,228</u>	<u>2.58</u>
(37,679)	(1.54)	(59,869)	(2.47)	(31,224)	(1.65)	(24,352)	(1.52)
<u>13,261</u>	<u>0.54</u>	<u>65,742</u>	<u>2.71</u>	<u>27,933</u>	<u>1.47</u>	<u>16,876</u>	<u>1.06</u>

Horizontal Analysis of Financial Statements

Statement of Financial Position (Balance Sheet)	Dec-22	Dec-21	Dec-20	Dec-19
	Rs. In '000	Rs. In '000	Rs. In '000	Rs. In '000
Non-Current Assets	1,039,827	1,602,978	729,745	770,133
Current Assets	1,591,898	658,086	537,558	446,236
Total Assets	2,631,725	2,261,064	1,267,303	1,216,369
Equity	979,876	956,775	606,288	611,094
Non-Current Liabilities	342,650	455,977	222,479	195,034
Current Liabilities	1,309,199	848,312	438,536	410,241
Total Equity and Liabilities	2,631,725	2,261,064	1,267,303	1,216,369
Profit and Loss Account	Dec-22	Dec-21	Dec-20	Dec-19
Net sales	4,061,842	2,737,550	2,443,461	2,423,185
Cost of sales	(3,314,497)	(2,451,352)	(1,843,796)	(1,706,308)
Gross Profit	747,345	286,198	599,665	716,877
Selling and distribution expenses	(378,352)	(372,138)	(373,513)	(385,373)
Administrative expenses	(202,341)	(150,341)	(154,528)	(163,327)
	166,652	(236,281)	71,624	168,177
Other operating income	12,719	10,197	7,119	3,583
Other operating expense	(28,671)	(6,005)	(11,228)	(20,231)
	150,700	(232,089)	67,515	151,529
Financial expenses	(81,027)	(25,556)	(16,575)	(25,918)
Profit before tax	69,673	(257,645)	50,940	125,611
Taxation	(46,297)	(33,949)	(37,679)	(59,869)
Profit for the year	23,376	(291,594)	13,261	65,742
SUMMARY OF CASH FLOWS	Dec-21	Dec-21	Dec-20	Dec-19
	Rs. In '000'	Rs. In '000'	Rs. In '000'	Rs. In '000'
Net cash flows from operating activities	366,200	(105,970)	84,396	283,084
Net cash flows from investing activities	(165,842)	(85,231)	(47,882)	(87,783)
Net cash flows from financing activities	(188,711)	149,680	43,076	(215,260)
Net change in cash and cash equivalents	11,647	(41,521)	79,590	(19,959)

Dec-18 Rs. In '000'	Dec-17 Rs. In '000'	% increase/ (decrease) over preceeding year					
		Dec-22	Dec-21	Dec-20	Dec-19	Dec-18	Dec-17
720,399	499,847	(35.13)	119.66	(5.24)	6.90	44.12	(3.99)
388,138	370,807	141.90	22.42	20.46	14.97	4.67	17.37
<u>1,108,537</u>	<u>870,654</u>	<u>16.39</u>	<u>78.42</u>	<u>4.19</u>	<u>9.73</u>	<u>27.32</u>	<u>4.08</u>
567,467	351,917	2.41	57.81	(0.79)	7.69	61.25	2.74
104,075	103,013	(24.85)	104.95	14.07	87.40	1.03	12.33
436,995	415,724	54.33	93.44	6.90	(6.12)	5.12	3.34
<u>1,108,537</u>	<u>870,654</u>	<u>16.39</u>	<u>78.42</u>	<u>4.19</u>	<u>9.73</u>	<u>27.32</u>	<u>4.08</u>
Dec-18	Dec-17	Dec-22	Dec-21	Dec-20	Dec-19	Dec-18	Dec-17
1,894,705	1,599,376	48.38	12.04	0.84	27.89	18.47	9.32
(1,357,923)	(1,148,227)	35.21	32.95	8.06	25.66	18.26	8.83
<u>536,782</u>	<u>451,149</u>	<u>161.13</u>	<u>(52.27)</u>	<u>(16.35)</u>	<u>33.55</u>	<u>18.98</u>	<u>10.58</u>
(344,873)	(300,353)	1.67	(0.37)	(3.08)	11.74	14.82	5.43
(117,950)	(104,712)	34.59	(2.71)	(5.39)	38.47	12.64	1.71
<u>73,959</u>	<u>46,084</u>	<u>(170.53)</u>	<u>(429.89)</u>	<u>(57.41)</u>	<u>127.39</u>	<u>60.49</u>	<u>128.70</u>
15,003	20,382	24.73	43.24	98.69	(76.12)	(26.39)	215.66
(11,680)	(7,146)	377.45	(46.52)	(44.50)	73.21	63.45	1,180.65
<u>77,282</u>	<u>59,320</u>	<u>(164.93)</u>	<u>(443.76)</u>	<u>(55.44)</u>	<u>96.07</u>	<u>30.28</u>	<u>127.72</u>
(18,125)	(18,092)	217.06	54.18	(36.05)	43.00	0.18	(9.57)
59,157	41,228	(127.04)	(605.78)	(59.45)	112.33	43.49	582.24
(31,224)	(24,352)	36.37	(9.90)	(37.06)	91.74	28.22	1,055.77
<u>27,933</u>	<u>16,876</u>	<u>(108.02)</u>	<u>(2,298.88)</u>	<u>(79.83)</u>	<u>135.36</u>	<u>65.52</u>	<u>328.76</u>
Dec-18	Dec-17	Dec-22	Dec-21	Dec-20	Dec-19	Dec-18	Dec-17
80,302	59,006	(445.57)	(225.56)	(70.19)	252.52	36.09	(40.80)
(40,719)	(41,456)	94.58	78.00	(45.45)	115.58	(1.78)	3.65
(28,531)	(23,004)	(226.08)	247.48	(120.01)	654.48	24.03	14.72
<u>11,052</u>	<u>(5,454)</u>	<u>128.05</u>	<u>152.17</u>	<u>498.77</u>	<u>280.59</u>	<u>302.64</u>	<u>(113.76)</u>

Ratios of Last Six Years

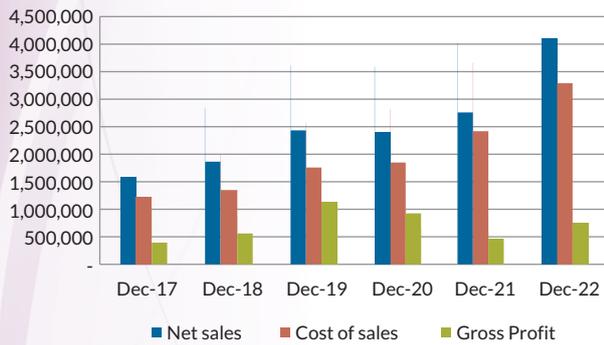
Financial Ratios

	Unit	Dec-22
Rate of return		
Return on assets	%	0.89
Return on equity	%	2.39
Return on capital employed	%	11.39
Interest cover	Times	2.06
Profitability		
Gross profit margin	%	18.40
Net profit to sales	%	0.58
EBITDA	Rs.	237,494
EBITDA Margin to sales	%	5.85
Liquidity		
Current ratio		1.22
Quick ratio		0.81
Financial gearing		
Debt-Equity ratio	Times	1.69
Debt to Assets	%	62.77%
Capital Efficiency		
Debtor turnover/ No. of days in receivables	Days	13
Inventory turnover/ No. of days in inventory	Days	58
Creditor turnover/ No. of days in payables	Days	97
Operating cycle	Days	(26.23)
Fixed assets turnover ratio	Times	3.94
Total asset turnover ratio	Times	1.54
Investment measures per ordinary share		
Earnings	Rs.	3.82
Price earning ratio	Times	48.43
Cash dividend	Rs.	0.00
Dividend yield	%	0.00
Dividend payout	%	0.00
Dividend cover	Times	0.00
Breakup value including surplus on revaluation	Rs.	160.04
Breakup value excluding surplus on revaluation	Rs.	0.51
Market value - year end	Rs.	185.00
Market value - high	Rs.	195.87
Market value - low	Rs.	68.00
Market value - average	Rs.	114.35
Shareholders' Funds/Shareholders equity ratio	%	37.23
Price to Book ratio	Times	1.16

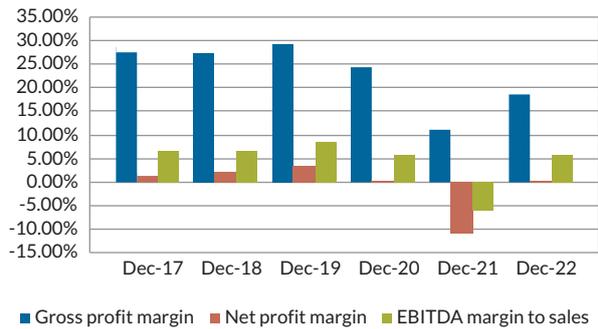
Dec-21	Dec-20	Dec-19	Dec-18	Dec-17
(12.90)	1.05	5.40	2.52	1.94
(30.48)	2.19	10.76	4.92	4.80
(16.43)	8.15	18.80	11.51	13.04
(9.25)	4.32	6.49	4.08	2.55
10.45	24.54	29.58	28.33	28.21
(10.65)	0.54	2.71	1.47	1.06
(166,925)	134,277	217,332	119,323	97,505
(6.10)	5.50	8.97	6.30	6.10
0.78	1.23	1.09	0.89	0.89
0.40	0.76	0.65	0.46	0.47
1.36	1.09	0.99	0.95	1.47
57.68%	52.16%	49.76%	48.81%	59.58%
16	6	7	9	8
47	41	38	50	55
63	32	27	16	16
(0.33)	14	19	43	47
1.72	3.41	3.17	2.65	3.30
1.21	1.93	1.99	1.71	1.84
(47.63)	2.16	10.73	4.56	2.76
(1.85)	51.39	10.62	16.44	32.61
0.00	1.25	3.50	1.50	1.25
0.00	1.13	3.07	2.00	1.39
0.00	57.87	32.62	32.89	45.29
0.00	1.73	3.07	3.04	2.21
156.27	99.83	99.81	92.68	57.48
(6.72)	41.90	40.40	30.14	25.96
88.15	111.00	114	75	90
122.00	130.00	114	123	199
69.01	103.73	66	75	74
95.00	115.26	85	100	121
42.32	47.84	50	51	40
0.56	1.12	1	1	2

Graphical Presentation

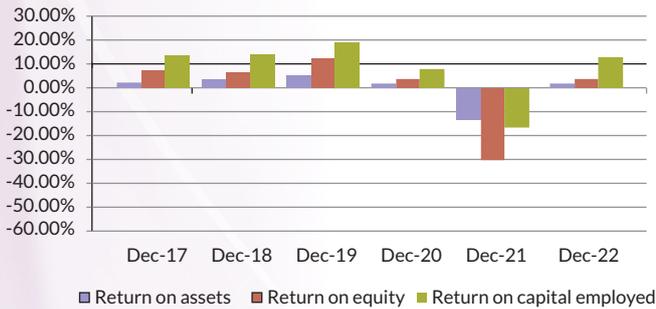
Sales, Cost Of Sales & Gross Profit



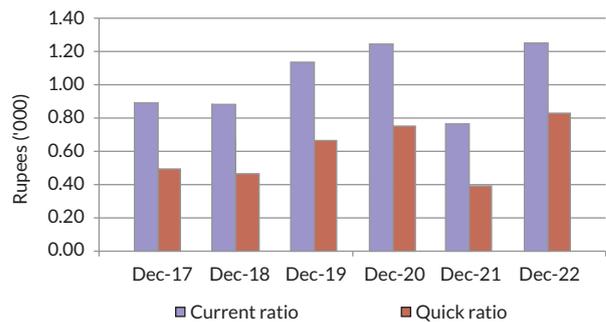
Profitability



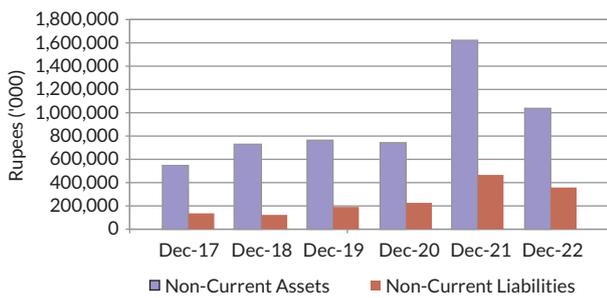
Rate Of Return



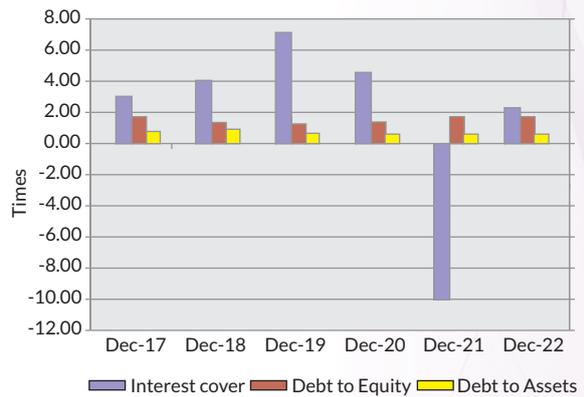
Liquidity



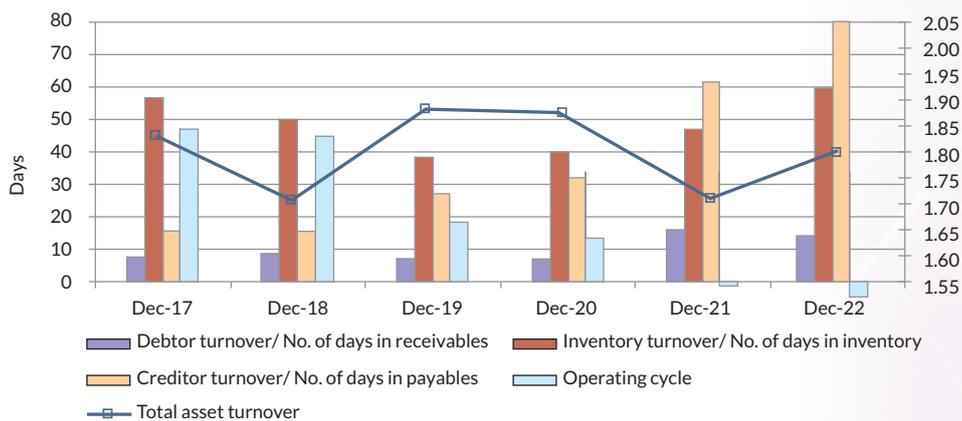
Non-current Assets & Liabilities



Debt Management Ratios



Asset Management Ratios



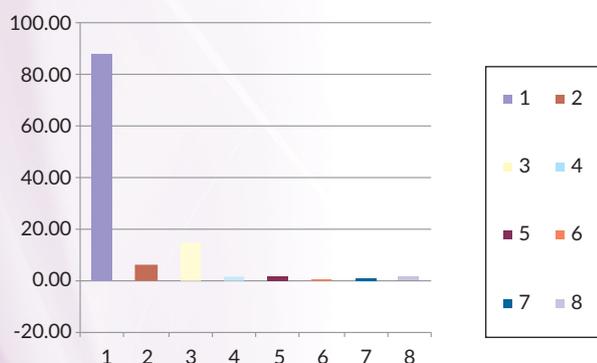
Statement of Value Addition

	Dec-22		Dec-21	
	Rs. In '000	%	Rs. In '000	%
Wealth Generated				
Net sales	4,061,842	99.69	2,737,550	99.63
Other operating income	12,719	0.31	10,197	0.37
	<u>4,074,561</u>	<u>100.00</u>	<u>2,747,747</u>	<u>100.00</u>

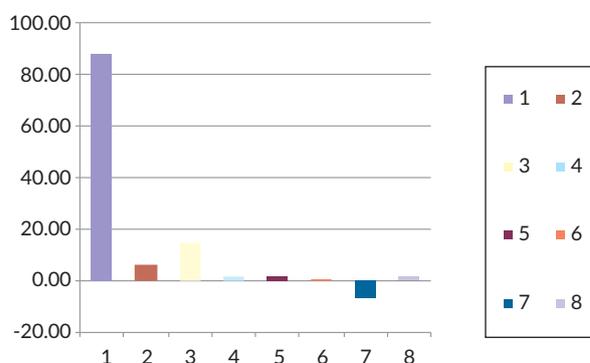
Distribution of Wealth

■ Cost of sales and services (excluding employees remuneration and other duties)	3,204,695	78.65	2,335,920	85.01
■ Selling, distribution and administrative expenses (excluding employees remuneration and other duties)	252,697	6.20	247,800	9.02
■ Employees remuneration	463,109	11.37	395,986	14.41
■ Finance cost	81,027	1.99	25,556	0.93
■ Government tax and levies (includes income tax, WPPF and WWF)	48,547	1.19	33,949	1.24
■ Dividend to shareholders	-	-	-	-
■ Retained for future growth	23,376	0.57	(291,594)	(10.61)
■ Charity and donation	1,110	0.03	130	0.00
	<u>4,074,561</u>	<u>100.00</u>	<u>2,747,747</u>	<u>100.00</u>

Distribution of Wealth Dec-2022



Distribution of Wealth Dec-2021



Pattern of Shareholding

Central Depository Company and Physical
As at December 31, 2022

Number of shareholders	Having Shares		Shares Held	Percentage
	From	To		
880	1	100	15118	0.2469
191	101	500	49407	0.8070
47	501	1000	37854	0.6183
58	1001	5000	141146	2.3053
13	5001	10000	94869	1.5495
7	10001	15000	94688	1.5465
4	15001	20000	71500	1.1678
1	20001	25000	20500	0.3348
1	25001	30000	27000	0.4410
1	30001	35000	34863	0.5694
1	35001	40000	35837	0.5853
1	40001	45000	45000	0.7350
1	95001	100000	95500	1.5598
1	110001	115000	114000	1.8620
1	145001	150000	150000	2.4499
1	165001	170000	170000	2.7766
1	195001	200000	199169	3.2530
1	355001	360000	356987	5.8306
1	4365001	4370000	4369162	71.3612
1212	Company Total		6,122,600	100.0000

Pattern of Shareholding

Categories of Shareholders
As at December 31, 2022

S.No.	Categories of Shareholders	No. of Folio	Number of shares held	Percentage
1	DIRECTORS, CEO, THEIR SPOUSE AND MINOR CHILDREN	8	4,391,934	71.7332
2	BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS	1	220	0.0036
3	INSURANCE COMPANY	1	34,863	0.5694
4	MUTUAL FUNDS	1	356,987	5.8306
5	MODARABA	1	500	0.0082
6	GENERAL PUBLIC			
	a. Local	1170	773,131	12.6275
	b. Foreign	11	11,737	0.1917
7	OTHERS	19	553,228	9.0358
		1,212	6,122,600	100.0000

Key shareholding

As at December 31, 2022

S.No.	Categories of Shareholders	No. of Shareholders	Shares Held	Percentage
I	Directors, CEO, their spouse & minor children			
	1. Mrs. Ferial Ali Mehdi - Director / Chairman	2	4,369,872	71.3728
	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	19,500	0.3185
	5. Mr. Saad Amanullah Khan - Director	2	1,000	0.0163
	6. Mr. Ahsan Rashid - Director	1	500	0.0082
	7. Mr. Salman H. Chawala - Director (Representing NIT)		NIL	NIL
II	Executives		NIL	NIL
III	Associated Companies, Undertakings and Related Parties		NIL	NIL
IV	Mutual Funds			
	CDC - Trustee National Investment (Unit)Trust	1	356,987	5.8306
V	Banks, Development Financial Institutions, Non- Banking Financial Institutions	1	220	0.0036
VI	Insurance Companies	1	34,863	0.5694
VII	General Public			
	Local	1170	773,131	12.6275
	Foreign	11	11,737	0.1917
	Others			
	Joint Stock Companies	20	553,728	9.0440
	Foreign Companies	-	-	-
	TOTAL	1212	6,122,600	100.0000
VIII	SHAREHOLDERS HOLDING 5% OR MORE VOTING RIGHTS IN THE COMPANY			
	1. Mrs. Ferial Ali- Mehdi		4,369,872	71.3728
	2. 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, 2022**

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. Ahsan Rashid
Mr. Muhammad Salman Husain Chawala
Mr. Mir Muhammad Ali

 - ii. **Non-executive directors**
Mr. Saad Amanullah Khan
Mr. Syed Hasnain Ali

 - iii. **Executive director**
Mr. Mubashir Hasan Ansari

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

3. The directors have confirmed that none of them is serving as a director on more than seven Listed companies, including this company;
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updation is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. Six directors of the company are certified under Directors Training Programme as prescribed by the Regulations while remaining one director (Mr. Ahsan Rashid) 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. Mir Muhamad Ali
Member

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

Mr. Ahsan Rashid	Chairman
Mrs. Ferial Ali Mehdi	Member
Mr. Saad Amanullah Khan	Member
Mr. Mubashir Hasan Ansari	Member

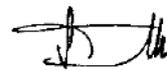
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
- a) Audit Committee: Quarterly;
- b) HR and Remuneration Committee: On required basis (three 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 23, 2023



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 [the Regulations]

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **ZIL Limited** (the Company) for the year ended 31 December 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

As 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 controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement 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 2022.

EY Ford Rhodes
Chartered Accountants
Place: Karachi
Date:

UDIN Number:

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 2022**, 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 2022 and of the loss, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current 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 are the Key audit matters:

Key audit matter	How the matter was addressed in our audit
<p>1. Assets Classified as Held for Sale</p> <p>As at the date of financial statements the Company has disclosed assets classified as held for sale amounting to Rs.584 million. As described in note 15 to the accompanying financial statements, assets are classified as held for sale in relation to the decision of the board and shareholders' approval with respect to the closure of manufacturing facility.</p>	<p>Our audit procedures amongst others comprised of:</p> <ul style="list-style-type: none"> - Reviewed underlying evidence including but not limited to shareholders' approval related to decision to sell the assets rather than use them; - We assessed the competence of the management independent external valuer and reviewed the valuation report prepared by them to ascertain the reasonableness of fair value less cost to sell;

Key audit matter	How the matter was addressed in our audit
<p>We identified assets classified as held for sale as a key audit matter due to its financial magnitude and judgement and estimates involved in the assessment of the fair value of these assets.</p>	<ul style="list-style-type: none"> - Involved EY's external valuer to assess the appropriateness of assumptions and estimates used by management's independent valuer to assess the appropriateness of the methodology, assumptions and estimates used to determine the fair value less cost to sell; - We evaluated the conditions as per International Financial Reporting Standard (IFRS) 5 - 'Non-current Assets Held for Sale and Discontinued Operations', for classifying the assets held for sale; and - Assessed the adequacy of the presentation and disclosures in the accompanying financial statements in respect of the assets classified as held for sale in accordance with approved financial and reporting standards.
<p>2. Existence and Valuation of stock-in-trade</p>	
<p>As of the date of statement of financial position, the Company held stock-in-trade balance of Rs. 528 million, as disclosed in note 10 to the accompanying financial statements.</p> <p>As described in note 3.4 to the accompanying financial statements, stock-in-trade is measured at lower of cost and net realizable value (NRV). The cost of finished goods is determined at average 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>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.</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>

Key audit matter	How the matter was addressed in our audit
<p>3. Revenue Recognition</p> <p>As described in Note 3.15 and Note 27 to the accompanied financial statements, the Company generates revenue from sale of home and personal care products.</p> <p>The Company generated net revenue of Rs. 4.06 billion as compared to Rs. 2.69 billion during the previous year, which represents an increase of approximately 51% as compared to last year.</p> <p>The revenue recognition is identified as a key audit matter due to significant increase during the year and being one of the key performance indicators of the Company.</p>	<p>Our audit procedures amongst others comprised of:</p> <ul style="list-style-type: none"> - Obtained an understanding of the Company's processes and related internal controls for revenue recognition and on a sample basis, tested the effectiveness of those controls, specifically in relation to recognition of revenue and timing thereof - On a sample basis, reviewed sales transactions near the reporting date to assess whether transactions are recorded in relevant accounting period; - Performed procedures to analyze the variation in price and quantity sold during the year; - Reconciled revenue recorded in the books of account on a sample basis with underlying accounting records including dispatch and delivery documents; and - Assessed the adequacy of the related disclosures in accordance with the applicable financial reporting standards and the Companies Act, 2017.

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) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980)

The engagement partner on the audit resulting in this independent auditor's report is Shaikh Ahmed Salman.

Chartered Accountants

Place: Karachi

Date:

UDIN:



Financial Statement



Statement of Financial Position

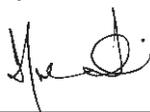
As at 31 December 2022

	Note	2022	2021
----- (Rupees in '000) -----			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,031,953	1,595,631
Intangible assets	5	1,735	4,597
Long-term deposits	6	5,161	2,256
Loans and advances to employees-secured	7	978	494
Total non-current assets		1,039,827	1,602,978
CURRENT ASSETS			
Stores and spares	9	-	6,467
Stock-in-trade	10	528,305	315,081
Trade debts	11	140,669	116,439
Advances, deposits, prepayments and other receivables	12	115,237	98,390
Short-term investment	13	150,434	90,000
Cash and bank balances	14	73,356	31,709
		1,008,001	658,086
Assets classified as held for sale	15	583,897	-
TOTAL ASSETS		2,631,725	2,261,064
EQUITY			
Authorised capital 40,000,000 (2021: 40,000,000) ordinary shares of Rs. 10 each		400,000	400,000
Issued, subscribed and paid up capital	16	61,226	61,226
Capital reserves			
Surplus on revaluation of assets (land, building and plant and machinery) - net of tax	17	976,744	997,902
Revenue reserves			
General reserve		6,000	6,000
Accumulated losses		(64,094)	(108,353)
		979,876	956,775
NON-CURRENT LIABILITIES			
Long-term loan	18	5,122	113,058
Deferred tax liability - net	8	206,058	212,183
Deferred staff liabilities	20	104,278	99,750
Lease liabilities	21	27,192	30,986
Total non-current liabilities		342,650	455,977
CURRENT LIABILITIES			
Current maturity of non-current liabilities	22	124,505	72,312
Trade and other payables	23	1,037,756	540,704
Contract liabilities	23.4	61,337	51,914
Short-term borrowings	24	-	115,000
Taxation	25	84,191	66,919
Unclaimed dividend		1,410	1,463
Total current liabilities		1,309,199	848,312
Contingencies and Commitments	26		
TOTAL EQUITY AND LIABILITIES		2,631,725	2,261,064

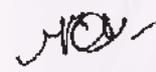
The annexed notes from 1 to 43 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Director

Statement of Profit or Loss

For the year ended 31 December 2022

	Note	2022	2021
		----- (Rupees in '000) -----	
Sales - net	27	4,061,842	2,689,015
Cost of sales	28	(3,314,497)	(2,451,352)
Gross profit		747,345	237,663
Selling and distribution expenses	29	(378,352)	(323,603)
Administrative expenses	30	(202,341)	(150,341)
		(580,693)	(473,944)
		166,652	(236,281)
Other income	31	12,719	10,197
Other charges	32	(28,671)	(6,005)
		150,700	(232,089)
Finance costs	33	(81,027)	(25,556)
Profit / (loss) before taxation		69,673	(257,645)
Taxation	25	(46,297)	(33,949)
Profit/(loss) after tax		23,376	(291,594)
		----- (Rupees) -----	
Earnings/(loss) per share - basic and diluted	34	3.82	(47.63)

The annexed notes from 1 to 43 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 2022

	Note	2022	2021
		----- (Rupees in '000) -----	
Profit / (Loss) after taxation		23,376	(291,594)
Other comprehensive income			
Items that will not be reclassified to statement of profit or loss :			
Actuarial loss on remeasurement of defined benefit obligations	20.6	(387)	(2,624)
Less: Tax effect	8	112 (275)	761 (1,863)
Surplus on revaluation of property, plant and equipment	17	-	837,427
Less: Tax effect	17	-	(185,830)
		-	651,597
Other comprehensive (loss) / income for the year		(275)	649,734
Total comprehensive income for the year		23,101	358,140

The annexed notes from 1 to 43 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

Director

Statement of Cash Flows

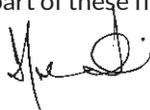
For the year ended 31 December 2022

	Note	2022	2021
----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (Loss) before taxation		69,673	(257,645)
Adjustments for non cash and other items:			
Depreciation and amortization	4.3	86,794	65,164
Allowance for expected credit losses	11.3	-	-
Provision against staff gratuity	20.5	20,192	16,836
Provision against other staff retirement benefits	20.5	1,812	876
Reversal against slow moving and obsolete stock	10.1	(8,789)	(8,172)
Provision for slow moving stores and spares	9.1	475	153
Finance costs	33	81,027	25,373
Dividend Income		(3,572)	(368)
Reversal of liability no longer payable	31	(1,330)	-
Return on bank deposits	31	(1,114)	(170)
Gain on modification of financial liability	31	(250)	(1,289)
Amortization of government grant	31	(505)	(2,827)
(Gain) / loss on disposal of operating fixed assets	31	(429)	59
		<u>174,311</u>	<u>95,635</u>
		243,984	(162,010)
Increase in current assets:			
Long-term loans to employees		(2,124)	1,147
Stores and spares		289	512
Stock-in-trade		(204,435)	(101,483)
Trade debts		(24,230)	(75,411)
Long term deposit		(2,905)	-
Advances, deposits, prepayments and other receivables		(6,295)	2,041
		<u>(239,700)</u>	<u>(173,194)</u>
Increase in current liabilities:			
Trade and other payables		508,864	278,972
Cash flows generated from / (used in) operating activities		<u>513,148</u>	<u>(56,232)</u>
Income tax paid			
Staff gratuity paid	20.4	(46,737)	(16,367)
Staff retirement benefits paid	20.4	(16,051)	(12,204)
Return received on bank deposits	31	(8,448)	(6,253)
Finance costs paid		1,114	170
		<u>(76,826)</u>	<u>(15,084)</u>
		<u>(146,948)</u>	<u>(49,738)</u>
Net cash flows generated from / (used in) operating activities		<u>366,200</u>	<u>(105,970)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(87,152)	(96,587)
Short-term investments made		(425,434)	(60,000)
Short-term investments encashed		335,000	60,000
Proceeds from disposal of operating fixed assets		8,605	10,988
Dividend income received		3,139	368
Net cash flows used in investing activities		<u>(165,842)</u>	<u>(85,231)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(53)	(7,576)
Lease rentals paid		(25,851)	(20,509)
Long-term loan obtained		-	100,000
Long-term loan repaid		(47,807)	(37,235)
Short-term borrowings obtained		60,000	455,000
Short term borrowings repaid		(175,000)	(340,000)
Net cash flows (used in) / generated from financing activities		<u>(188,711)</u>	<u>149,680</u>
Net increase / (decrease) in cash and cash equivalents during the year		<u>11,647</u>	<u>(41,521)</u>
Cash and cash equivalents at beginning of the year		61,709	103,230
Cash and cash equivalents at end of the year		<u>73,356</u>	<u>61,709</u>
Cash and cash equivalents comprises of the following:			
Cash and bank balances	14	73,356	31,709
Short term investments - maturity of less than 3 months	13	-	30,000
		<u>73,356</u>	<u>61,709</u>

The annexed notes from 1 to 43 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Director

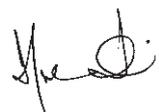
Statement of Changes in Equity

For the year ended 31 December 2022

	Note	Issued, subscribed and paid up capital	Capital Reserve	Revenue Reserves		Total
			Surplus on Revaluation of assets - net of tax	General reserve	Accumulated losses	
----- (Rupees in '000) -----						
Balance as at 01 January 2021		61,226	354,672	6,000	184,390	606,288
Loss after taxation		-	-	-	(291,594)	(291,594)
Other comprehensive income						
Actuarial loss on remeasurement of defined benefit obligations	20.6	-	-	-	(2,624)	(2,624)
Less: Tax effect	8	-	-	-	761	761
Surplus on revaluation of property, plant and equipment	17	-	837,427	-	-	837,427
Less: Tax effect	8	-	(185,830)	-	-	(185,830)
		-	651,597	-	(1,863)	649,734
Total comprehensive income for the year		-	651,597	-	(293,457)	358,140
Cash dividend for the year ended 31 December 2020 (Rs. 1.25 per share) - approved in the 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)	17	-	(8,367)	-	8,367	-
Balance as at 31 December 2021		61,226	997,902	6,000	(108,353)	956,775
Profit after taxation		-	-	-	23,376	23,376
Other comprehensive income						
Actuarial loss on remeasurement of defined benefit obligations	20.6	-	-	-	(387)	(387)
Less: Tax effect	8	-	-	-	112	112
Surplus on revaluation of property, plant and equipment	17	-	-	-	-	-
Less: Tax effect	8	-	-	-	-	-
		-	-	-	(275)	(275)
Total comprehensive income for the year		-	-	-	23,101	23,101
Transferred from surplus on revaluation of property, plant and equipment - net of tax (incremental depreciation)	17	-	(21,158)	-	21,158	-
Balance as at 31 December 2022		61,226	976,744	6,000	(64,094)	979,876

The annexed notes from 1 to 43 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 2022

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 to 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.

The Company received a letter dated July 06, 2022 from Alpha Beta Core Solutions (Private) Limited (Manager to the offer) in which they have communicated intention of M/s. New Future Consumer International General Trading LLC to acquire a controlling stake in the company by subscribing to shares. This was followed by a Public Announcement of Intention by the Investor to acquire controlling interest of the Company together with the management control. Subsequently on December 27, 2022 Manager to the Offer communicated that negotiations are under process between the parties and extended the time period for making the Public Announcement of Offer in accordance with Regulation 7(1) of the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017. As of the date of the approval of these financial statements there was no further progress in terms of said acquisition by the potential acquirer.

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

Location	Address
Head office	Bahria Complex 3, plot no. MISC-2, M.T. Khan Road, Karachi.
Factory	Link Hali Road, Hyderabad (Refer note 15 to these financial statements).
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 and 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.
Quality Assurance lab	1st Floor, Pardesi House, Plot No. 2/1, RY-16, Old Queens Road, Karachi

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.

Notes to the Financial Statements

For the year ended 31 December 2022

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.
- 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 Taxation

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.

Deferred tax assets are recognized for all credits against future taxable profits and deferred tax liabilities are recognized for future taxable events. The management estimates for temporary differences, their timing and level together with tax planning strategy.

2.4.2 Staff gratuity and other staff retirement benefits

Certain actuarial assumptions have been adopted (as disclosed in note 20.3 to these financial statements) for the actuarial valuation of staff gratuity. Changes in these assumptions in future years may affect the liability under these schemes in those years.

Notes to the Financial Statements

For the year ended 31 December 2022

2.4.3 Stock-in-trade and stores and spares

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

2.4.4 Trade debts and other receivables

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

2.4.5 Property, plant and equipment

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

2.4.6 Intangible assets

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

2.4.7 Assets classified as held for sale

The Company considered the manufacturing facility to meet the criteria to be classified as held for sale at the that date for the following reasons:

- The manufacturing facility is available for immediate sale and can be sold to the buyer in its current condition
- The actions to complete the sale were initiated and expected to be completed within one year from the date of classification.
- An active buyer programme has been located and negotiations as at the reporting date are in progress.
- The shareholders approved the plan to sell on 30 November 2022.

2.4.8 Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / nonoccurrence of the uncertain future events.

Notes to the Financial Statements

For the year ended 31 December 2022

2.4.9 Impairment of financial and non-financial assets

Estimates with respect to impairment of financial and non-financial assets as disclosed in note 3.18 to these financial statements.

2.4.10 Revaluation of property, plant and equipment

The fair value of the freehold land has been determined based on residential use of the land which reflects the highest and best use of the land as per applicable financial reporting standards. Consequently, the fair values of the leasehold land, building on freehold / leasehold land and plant and machinery have been restricted to the disposal value which represents the exit price under the applicable financial reporting standards and fall under level 2 "Valuation Techniques (market observable)" of fair value hierarchy as disclosed in notes 3.1.1,4 and 17 to these financial statements.

2.4.11 Leases

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its Incremental Borrowing Rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Company estimates the IBR using observable inputs (such as market interest rates) and incorporate applicable spread.

2.5 Adoption of standards, amendments and improvements to International Financial Reporting Standards (IFRSs) 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:

Amendments

- IFRS 3 - Reference to the Conceptual Framework (Amendments)
- IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use (Amendments) and
- IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract (Amendments)

Improvement to accounting standards issued by the IASB (2018 – 2020 cycle)

IASB effective date (annual periods beginning on or after)

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 adoption of the above standards, amendments and improvements of IFRSs and framework for financial reporting did not have any material effect on the Company's financial statements.

Notes to the Financial Statements

For the year ended 31 December 2022

2.5.1 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)
IAS 8 - Definition of Accounting Estimates (Amendments)	01 January 2023
IAS 12 - Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments)	01 January 2023
IAS 1 - Disclosure of Accounting Policies (Amendments)	01 January 2023
IAS 1 - Classification of Liabilities as Current or Non-Current (Amendments)	01 January 2024
IFRS 16 - Lease Liability in a Sale and Leaseback (Amendments)	01 January 2024
IFRS 10 / IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet finalised

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

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

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First time adoption of IFRSs	01 July 2009
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.

Notes to the Financial Statements

For the year ended 31 December 2022

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.

Leasehold and freehold land, buildings and plant and machinery are measured at revalued amounts, which is the fair value at the date of revaluation less accumulated depreciation / accumulated impairment losses, if any, recognised subsequent to the date of revaluation. In case of revalued assets, transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, 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. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings. A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus. 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.

Valuations are performed frequently to ensure that the fair value of the revalued assets do not differ materially from their carrying value amount at the reporting date.

Cost in relation to items of property, plant and equipment stated at cost represents the historical costs.

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. All expenditure connected with specific assets incurred during installation and construction period are carried under this head. The assets are transferred to relevant category of operating fixed assets when they are available for intended use.

Notes to the Financial Statements

For the year ended 31 December 2022

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 derecognition 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.

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 remeasurements 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.

Notes to the Financial Statements

For the year ended 31 December 2022

3.3 Stores and spares

These are stated at weighted 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.

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 losses, (ECLs) 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 and bank balances and short term investments having maturity of less than 3 months. 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 Assets classified as held for sale

Disposal group comprising of non-current assets and current assets is classified as asset held for sale when its carrying amount is to be recovered principally through a single sale transaction and a sale is considered highly probable. They are recorded at lower of their carrying amount and fair value less cost to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for assets held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Assets classified held for sale are not depreciated once classified as held for sale.

Assets classified as held for sale are presented separately as current items in the statement of financial position. Additional disclosures are provided in note 15 to these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2022

3.8 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 2022) 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.

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.

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.

3.9 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.

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.

3.10 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.

Notes to the Financial Statements

For the year ended 31 December 2022

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.

3.11 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. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

3.12 Trade and other payables

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

3.13 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.

3.14 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.

Notes to the Financial Statements

For the year ended 31 December 2022

3.15 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 customer has accepted the product either as per the sales contract or the Company has objective evidence that all criteria for acceptance has been satisfied. Revenue from sale of goods is measured at fair value of the consideration received or receivable.
- Scrap sales are stated net of sales tax and are recognised in the year in which scrap sales are made.
- Return on bank deposits is accounted for using effective interest method.
- Dividend income is recognized when the right to receive payment is established.

3.16 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
- 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.

Notes to the Financial Statements

For the year ended 31 December 2022

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.

3.17 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.

3.18 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.

Notes to the Financial Statements

For the year ended 31 December 2022

The Company recognises loss allowances for Expected Credit Losses (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.

Non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If any, such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised, as an expense in the 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.

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.

Notes to the Financial Statements

For the year ended 31 December 2022

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.

3.19 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 direct 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.

3.20 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.

3.21 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.

3.22 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.

3.23 Contract liabilities

A contract liability is the obligation to transfer services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs its obligation under the contract.

3.24 Sales tax

Revenues, expenses and assets are recognized, net of the amount of sales tax except:

- where sales tax incurred on a purchase of asset or service is not recoverable from the taxation authorities, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;

Notes to the Financial Statements

For the year ended 31 December 2022

- when receivables and payables are stated with the amount of sales tax included the net amount of sales tax recoverable from, or payable to, the taxation authorities is included as part of Receivables or payables in the statement of financial position.

3.25 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of obligation cannot be measured with sufficient reliability.

	Note	2022	2021
		----- (Rupees in '000) -----	
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	923,722	1,518,645
Capital work-in-progress	4.2	108,231	76,986
		<u>1,031,953</u>	<u>1,595,631</u>

Notes to the Financial Statements

For the year ended 31 December 2022

4.1 Operating fixed assets

2022

	COST/REVALUED AMOUNT/(DEFICIT)			Rate %	ACCUMULATED DEPRECIATION			Written down value as at 31 December 2022			
	As at 1 January 2022	Additions	Disposals		Non-current assets classified as held for sale	Surplus on revaluation	Modification		Disposals	Charge for the year	As at 1 January 2022
Owned											
Freehold land (note 4.1.2)	400,040	-	-	(400,040)	-	-	-	-	-	-	-
Leasehold land (note 4.1.2)	772,486	-	-	772,486	2.89 & 10	674	22,486	-	674	-	23,160
Building on freehold land	44,275	-	-	(44,275)	10	-	4,052	-	-	(4,052)	-
Building on leasehold land	7,000	-	-	-	10	-	700	-	-	-	700
Plant, machinery and equipment	160,250	7,119	(389)	(128,541)	10	38,439	15,273	(21)	-	(11,718)	3,534
Dies and change parts	27,108	5,475	-	32,583	30	17,350	4,186	-	17,350	-	21,536
Capital spares	33,484	-	-	(33,484)	10	14,725	1,720	-	14,725	(16,445)	-
Furniture and fixtures	23,573	12,566	(145)	(3,424)	20	32,570	2,440	(106)	15,489	(2,141)	15,682
Computers	34,373	2,329	(9,080)	-	30	27,622	3,030	(8,361)	24,412	-	19,081
Vehicles	76,258	19,864	(18,900)	-	20	77,222	9,340	(11,850)	32,456	-	29,946
Diminishing musharaka											
Vehicle	9,515	8,554	-	18,069	20	18,069	2,309	-	3,372	5,681	12,388
	1,588,362	55,907	(28,514)	(609,764)		1,005,991	65,536	(20,338)	108,478	(34,356)	119,320
Right of use assets	82,387	21,572	(6,607)	-	20	98,222	18,396	(851)	43,626	-	61,171
Rented premises	1,670,749	77,479	(35,121)	(609,764)		1,104,213	83,932	(21,189)	152,104	(34,356)	180,491

2021

	COST/REVALUED AMOUNT/(DEFICIT)			Rate %	ACCUMULATED DEPRECIATION			Written down value as at 31 December 2021			
	As at 1 January 2021	Additions	Disposals		Adjustment due to revaluation	Surplus on revaluation	Modification		Disposals	Charge for the year	As at 1 January 2021
Owned											
Freehold land	203,407	-	-	196,633	-	400,040	-	-	-	-	400,040
Leasehold land	156,486	-	-	628,335	2.67 & 10	8,696	4,313	-	8,696	(12,335)	674
Building on freehold land	62,884	76	-	(1,663)	10	44,275	5,102	-	11,920	(17,022)	44,275
Building on leasehold land	3,375	-	-	4,292	10	7,000	301	-	366	(667)	-
Plant, machinery and equipment	187,982	3,021	(312)	9,830	10	160,250	16,566	(95)	23,800	(40,271)	160,250
Dies and change parts	19,150	7,958	-	-	30	27,108	3,183	-	14,167	-	17,350
Capital spares	30,364	3,690	(570)	-	10	33,484	1,981	(297)	13,041	-	14,725
Furniture and fixtures	22,409	1,214	(50)	(3,424)	20	23,573	1,891	(31)	13,629	(31)	15,489
Computers	32,314	4,050	(1,991)	-	30	34,373	3,335	(1,459)	22,536	-	24,412
Vehicles	81,022	17,908	(22,672)	-	20	76,258	9,789	(12,666)	35,333	-	32,456
Diminishing musharaka											
Vehicles	6,135	3,380	-	9,515	20	9,515	902	-	2,470	-	3,372
	805,528	41,297	(25,595)	837,427		1,588,362	47,363	(14,548)	145,958	(70,295)	108,478
Right of use assets	75,779	6,608	-	-	20	82,387	14,909	-	28,717	-	43,626
Rented premises	881,307	47,905	(25,595)	837,427		1,670,749	62,272	(14,548)	174,675	(70,295)	152,104

Notes to the Financial Statements

For the year ended 31 December 2022

4.1.1 Factory of the Company is situated at 3.65 acres of land at link hali road Hyderabad (Refer note 15) and 11 acres of land is situated at plot no G1 chemical area eastern industrial zone Port Qasim Authority Karachi.

4.1.2 Disposal of operating fixed assets (particulars of assets having book value above Rs. 500,000).

Description	Cost	Written down value	Sale Proceeds	Gain / (loss)	Mode of disposal	Particulars of buyers and relationship
	----- (Rupees in '000) -----					
Vehicles						
Honda City Aspire Prosmatec 1.5CC	1,971	843	843	-	Employee car scheme	Sehrish Rehan -Employee
Toyota Corolla GLI	1,863	540	550	10	Employee car scheme	Kashif Mehmood -Employee"
Suzuki Cultus VXL	1,391	576	576	-	Employee car scheme	Shahbaz Siddiqui-Employee
Suzuki Cultus VXL	1,391	559	559	-	Employee car scheme	Muddasir Hussain -Employee
Suzuki Cultus VXL	1,391	543	543	-	Employee car scheme	Arshad Abbasi -Employee
Suzuki Cultus VXL	1,391	543	543	-	Employee car scheme	Muhammad Kazafee -Employee
2022	9,398	3,604	3,614	10		

4.1.2.1 None of the buyers had any relationship with the directors of the Company.

4.1.2.2 The Company had revalued its leasehold / freehold land, their buildings and plant and machinery as at 31 December 2021. The valuations had been performed by the valuer and were based on proprietary databases of prices of transaction for properties of similar nature, location and condition. As at the date of revaluation, the fair values were based on valuations performed by Arif Evaluators, an accredited independent valuer certified by Pakistan Bankers' Association. A gain from the revaluation of above assets of Rs. 796.317 million had been recognized in OCI. The fair values of the above assets fall under level 2 " Valuation Techniques (market observable)" of fair value hierarchy.

4.1.2.3 Had there been no revaluation, the written down values of the revalued leasehold land, building on leasehold land and plant and machinery as at 31 December 2022 would have been Rs. 10.97 million (2021: Rs. 12.19 million), Rs. 1.95 million (2021: Rs. 2.17 million) and Rs. 25 million (2021: Rs. 26 million) respectively.

4.1.2.4 Cost of above assets include cost of assets of Rs. 59.96 million (2021: Rs. 59.56 million) having net book value of Rs. nil (2021: Rs. nil) at the reporting date which are still in use.

Notes to the Financial Statements

For the year ended 31 December 2022

4.2 Capital work-in-progress

	As at 01 January 2022	Addition	(Transfers to operating fixed assets)	As at 31 December 2022
----- (Rupees in '000) -----				
- Building on leasehold land	63,097	9,728	-	72,825
- Plant, machinery and equipment	3,320	3,808	(7,119)	9
- Dies and change parts	2,200	3,275	(5,475)	-
- Furniture and fixtures	124	12,442	(12,566)	-
- Vehicles	8,245	44,039	(28,418)	23,866
- Intangibles	-	4,724	-	4,724
- Computers	-	9,136	(2,329)	6,807
	<u>76,986</u>	<u>87,152</u>	<u>(55,907)</u>	<u>108,231</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	2022	2021
----- (Rupees in '000) -----			
Depreciation on property, plant and equipment - operating fixed assets	4.1	83,932	62,272
Amortization on intangible assets	5	2,862	2,892
		<u>86,794</u>	<u>65,164</u>
Cost of sales	28	50,560	33,721
Selling and distribution expenses	29	15,271	13,163
Administrative expenses	30	20,963	18,280
		<u>86,794</u>	<u>65,164</u>

5. INTANGIBLE ASSETS

	2022							
	COST			Rate %	ACCUMULATED AMORTIZATION			Written down value as on 31 December 2022
	As at 1 January 2022	Additions	As at 31 December 2022		As at 1 January 2022	For the year	As at 31 December 2022	
Computer software and licenses	25,494	-	25,494	30	20,897	2,862	23,759	1,735

	2021							
	COST			Rate %	ACCUMULATED AMORTIZATION			Written down value as on 31 December 2021
	As at 1 January 2021	Additions	As at 31 December 2021		As at 1 January 2021	For the year	As at 31 December 2021	
Computer software and licenses	25,494	-	25,494	30	18,005	2,892	20,897	4,597

Notes to the Financial Statements

For the year ended 31 December 2022

- 5.1 Cost of above assets include cost of assets of Rs. 15.954 million (2021: Rs. 15.954 million) having net book value of Rs. nil (2021: Rs. nil) at the reporting date which are still in use.

	Note	2022	2021
----- (Rupees in '000) -----			
6. LONG-TERM DEPOSITS			
Considered good			
Office and warehouse premises		3,783	1,593
Letter of guarantee		1,365	650
Central Depository Company of Pakistan Limited		13	13
		<u>5,161</u>	<u>2,256</u>
Considered doubtful			
Others		121	121
Provision held against others		(121)	(121)
		<u>-</u>	<u>-</u>
		<u>5,161</u>	<u>2,256</u>
7. LOANS AND ADVANCES TO EMPLOYEES - secured			
Considered good			
Loans to employees	7.1	3,289	1,165
Less: current maturity	12	(2,311)	(671)
Long-term portion		<u>978</u>	<u>494</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 2022

8. DEFERRED TAX LIABILITY - net

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

	Balance as at 1 January 2021	Recognized in profit and loss	Recognised in surplus on revaluation of property, plant and equipment	Recognized in other comprehensive income	Balance as at 31 December 2021	Recognized in profit and loss	Recognised in surplus on revaluation of property, plant and equipment	Recognized in other comprehensive income	Balance as at 31 December 2022
----- (Rupees in '000) -----									
Taxable temporary differences on:									
- accelerated tax depreciation (note 8.1)	(21,782)	(150)	-	-	(21,932)	1,437	-	-	(20,495)
- surplus on revaluation of property, plant and equipment (note 8.2)	(61,781)	3,417	-	(185,830)	(244,194)	8,643	-	-	(235,551)
- Leased liability- net of asset	2,764	275	-	-	3,039	(320)	-	-	2,719
	<u>(80,799)</u>	<u>3,542</u>	<u>-</u>	<u>(185,830)</u>	<u>(263,087)</u>	<u>9,760</u>	<u>-</u>	<u>-</u>	<u>(253,327)</u>
Deductible temporary differences on:									
- provision for defined benefit plans	30,750	(216)	-	761	31,295	(723)	-	112	30,684
- provision against slow moving and obsolete stock and doubtful trade debts	15,523	(2,333)	-	-	13,190	(2,411)	-	-	10,779
- government grant	1,433	(820)	-	-	613	(613)	-	-	-
- tax losses (note 8.3)	5,806	-	-	-	5,806	-	-	-	5,806
	<u>53,512</u>	<u>(3,369)</u>	<u>-</u>	<u>761</u>	<u>50,904</u>	<u>(3,747)</u>	<u>-</u>	<u>112</u>	<u>47,269</u>
Deferred tax liability - net	<u>(27,287)</u>	<u>173</u>	<u>-</u>	<u>(185,069)</u>	<u>(212,183)</u>	<u>6,013</u>	<u>-</u>	<u>112</u>	<u>(206,058)</u>

- 8.1** Deferred tax on accelerated depreciation on non-current assets held for sale amounted to Rs 13.865 million (2021: Rs nil).
- 8.2** Deferred tax on surplus on revaluation of non-current assets held for sale amounted to Rs 20.064 million (2021: Rs nil).
- 8.3** Deferred tax on unused losses, in accordance with Company's accounting policy has not been recognised in these financial statements, amounted to Rs. 72.2 million (2021: Rs. 73.557).

9. STORES AND SPARES

	Note	2022	2021
----- (Rupees in '000) -----			
Stores and spares		15,028	15,317
Provision against slow moving stores and spares	9.1	(9,325)	(8,850)
Asset classified as held for sale	15	5,703	6,467
		<u>(5,703)</u>	<u>-</u>
		<u>-</u>	<u>6,467</u>
9.1 Provision against slow moving stores and spares			
Balance as at 01 January		8,850	8,697
Charge for the year	28	475	153
Balance as at 31 December		<u>9,325</u>	<u>8,850</u>

Notes to the Financial Statements

For the year ended 31 December 2022

	Note	2022	2021
		----- (Rupees in '000) -----	
10. STOCK-IN-TRADE			
Raw material			
- in hand		149,197	108,289
- in transit		69,378	19,653
		<u>218,575</u>	<u>127,942</u>
Packing material		56,482	48,174
Work-in-process		1,550	13,085
Finished goods		269,227	152,198
		<u>545,834</u>	<u>341,399</u>
Provision against slow moving and obsolete stock	10.1	(17,529)	(26,318)
		<u>528,305</u>	<u>315,081</u>
10.1 Provision against slow moving and obsolete stock			
Balance as at 01 January		26,318	34,490
Charge for the year	28	7,254	217
Reversal during the year		(16,043)	(8,389)
Balance as at 31 December		<u>17,529</u>	<u>26,318</u>
10.2 Stock-in-trade includes items costing nil (2021: 78.4) valued at net realisable value of nil million (2021: 73.6) resulting in a write down of nil million (2021: 4.79)			
11. TRADE DEBTS - unsecured			
Considered good	11.1	140,669	116,439
Considered doubtful		9,397	9,397
		<u>150,066</u>	<u>125,836</u>
Allowance for expected credit losses	11.3	(9,397)	(9,397)
		<u>140,669</u>	<u>116,439</u>
11.1 Trade debts are non-interest bearing and are generally on 30 to 45 day credit terms after delivery of goods.			
11.2 There are no balances due from the related parties.			
11.3 Allowance for expected credit losses:			
Balance as at 01 January		9,397	9,397
Charge for the year		-	-
Balance as at 31 December		<u>9,397</u>	<u>9,397</u>

Notes to the Financial Statements

For the year ended 31 December 2022

	Note	2022	2021
		----- (Rupees in '000) -----	
12. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Considered good			
Advance taxation		101,517	89,817
Advances to suppliers and contractors		1,656	3,212
Prepayments		508	448
Current maturity of loans to employees	7	2,311	671
Deposit to Sui Southern Gas Company Limited (SSGC)		2,786	2,786
Deposit to Bank against SSGC guarantee		7,371	-
Others		1,874	1,456
		<u>118,023</u>	<u>98,390</u>
Considered doubtful			
Advances to suppliers and contractors		803	803
Less: Provision against doubtful advances		(803)	(803)
		-	-
		<u>118,023</u>	<u>98,390</u>
Assets classified as held for sale	15	(2,786)	-
		<u>115,237</u>	<u>98,390</u>
13. SHORT-TERM INVESTMENT			
At amortised cost:			
Term deposit receipt (TDRs)	13.1	-	30,000
At fair value through profit or loss:			
Money market funds	13.2	150,434	60,000
		<u>150,434</u>	<u>90,000</u>
13.1 These carry profit at the rates 13.5% (2021: 8.25% to 9.8%) per annum.			
13.2 Represents 3,008,671 units (2021: 1,200,000 units) of Meezan Rozana Amdani Fund having net asset value of Rs. 50 (2021: Rs.50) per unit as of reporting date. The fair value falls under level 1 of fair value hierarchy (i.e. Quoted price).			
14. CASH AND BANK BALANCES			
Cash in hand		101	210
Cash at banks			
- current / collection accounts		67,418	8,610
- saving accounts	14.1	5,837	22,889
		<u>73,255</u>	<u>31,499</u>
		<u>73,356</u>	<u>31,709</u>
14.1 This carries profit rate at 4.0% - 14.5% (2021: 5.5% - 7.25%) per annum.			

Notes to the Financial Statements

For the year ended 31 December 2022

	Note	2022	2021
		----- (Rupees in '000) -----	
15. ASSETS CLASSIFIED AS HELD FOR SALE			
Freehold land	4.1	400,040	-
Building on freehold land	4.1	40,223	-
Plant, machinery & equipment	4.1	116,823	-
Furniture & Fixtures	4.1	1,283	-
Capital spares	4.1	17,039	-
Stores and spares	9	5,703	-
Other current assets	12	2,786	-
		<u>583,897</u>	<u>-</u>

15.1 On 12 January 2022, the Board of Directors in their meeting discussed and reviewed the operational difficulties of existing manufacturing facility (comprising of freehold land, building on freehold land, plant, machinery and equipment, capital spares, furniture and fixtures, store and spares tools and other related assets) located at Hyderabad due to housing society built in its surrounding area and approved the closure of factory, offering of Voluntarily Separation Scheme to factory staff and shifting of all manufacturing operations to toll manufacturing through third party arrangements. The above decisions have been approved by the shareholders in an extraordinary general meeting held on 30 November 2022 under section 183 (3) of Companies Act, 2017. The sale of manufacturing facility is expected to be completed within a year from the date of classification. At 30 November 2022, manufacturing facility is classified as assets held for sale. This facility is a part of the existing single operating segment of the Company as at 31 December 2022.

15.2 The Company hired an independent valuer for the determination of the fair values of the assets classified as held for sale. The valuations performed by the valuer are based on proprietary databases of prices of transaction for properties of similar nature, location and condition. The fair values are based on valuations performed by Arif Evaluators, an accredited independent valuer certified by Pakistan Bankers' Association. The fair values of the above assets fall under level 2 "Valuation Techniques (market observable)" of fair value hierarchy. Accordingly, the assets classified as held for sale are recorded at their carrying amounts as their fair values less cost to sell were higher than the carrying amounts at the date of classification.

16. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2022	2021		2022	2021
---- (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>

16.1 Voting rights, board selection, right of first refusal and block voting of all shareholders are in proportion to their shareholding.

Notes to the Financial Statements

For the year ended 31 December 2022

17. 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	2022	2021
		----- (Rupees in '000) -----	
Opening balance		1,242,096	416,453
-revaluation surplus recognized during the year		-	837,427
-transferred to retained earnings in respect of:			
- incremental depreciation charged during the year		(29,801)	(11,784)
		<u>1,212,295</u>	<u>1,242,096</u>
Related deferred tax liability			
- at beginning of the year		244,194	61,781
- revaluation during the year		-	185,830
- on incremental depreciation charged during the year	8	(8,643)	(3,417)
		<u>235,551</u>	<u>244,194</u>
Closing balance		<u>976,744</u>	<u>997,902</u>
18. LONG-TERM LOAN			
Diminishing musharaka	18.1	8,866	11,944
Loan from director	18.2	100,000	100,000
Refinance scheme for the payment of salaries and wages	18.3	-	44,895
		<u>108,866</u>	<u>156,839</u>
Less: current maturity	22	(103,744)	(43,781)
		<u>5,122</u>	<u>113,058</u>

18.1 The Company has acquired vehicles under diminishing musharaka arrangements from First Habib Modaraba. These loans are for a period of four years expiring by September 2025 with an option to purchase the assets at nominal amount. These carries profit rate of 3 months' KIBOR + 2% per annum (2021: 3 months' KIBOR + 2% per annum).

18.2 The Company has acquired Rs.100 million unsecured loan from the director of the Company as per agreed terms and conditions dated 30 December 2021. The loan carries markup rate of 1 month KIBOR - 1% per annum payable monthly and has been obtained to meet working capital requirements. The loan is repayable by 2024, or earlier.

18.3 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% and 3% per annum, however, the effective interest rate ranged from 8.25%-8.93% per annum. The company has repaid the loan in full in March 2022, earlier than the committed date.

Notes to the Financial Statements

For the year ended 31 December 2022

	Note	2022	2021
		----- (Rupees in '000) -----	
19 DEFERRED GOVERNMENT GRANT			
As at 01 January		2,115	4,942
Recognised during the year		-	-
Amortized / adjusted during the year	31	(2,115)	(2,827)
		-	2,115
Current portion	22	-	(2,115)
Non-current portion		-	-

As aforementioned in note 18.3, 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 has been amortized by the Company during the year.

	Note	2022	2021
		----- (Rupees in '000) -----	
20. DEFERRED STAFF LIABILITIES			
Gratuity scheme	20.4	104,278	99,750
Other staff retirement benefits scheme	20.4	1,527	8,163
		105,805	107,913
Current portion	22	(1,527)	(8,163)
Non-current portion		104,278	99,750

20.1 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

20.2 Number of Employees under the scheme

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

	Note	2022	2021
		----- (Number) -----	
Gratuity Scheme		133	140
Other Retirement Benefit Scheme		1	11

Notes to the Financial Statements

For the year ended 31 December 2022

20.3 Principal actuarial assumptions

The latest actuarial valuations of the gratuity scheme was carried out as at 31 December 2022 under the Project Unit Credit Method. Principal actuarial assumptions used in the valuation of the scheme is as follows:

	Gratuity Scheme		Other Staff retirement benefit scheme	
	2022 (%)	2021 (%)	2022 (%)	2021 (%)
----- (Rupees in '000) -----				
Financial assumptions	(%)	(%)	(%)	(%)
Valuation discount rate	14.5	11.75	-	11.75
Salary increase rate	14	11.75	-	11.75
Demographic assumptions				
Mortality rate	SLIC (2001- 2005)	SLIC (2001- 2005)	SLIC (2001- 2005)	SLIC (2001- 2005)

20.4 Reconciliation of the present value of the defined benefit obligations

	Gratuity Scheme		Other staff retirement benefits scheme		Total	
	2022	2021	2022	2021	2022	2021
----- (Rupees in '000) -----						
Present value of obligation - opening balance	99,750	93,590	8,163	12,444	107,913	106,034
Current service cost	9,414	8,303	1,812	(35)	11,226	8,268
Interest cost	10,778	8,533	-	911	10,778	9,444
Benefits paid	(16,051)	(12,204)	(8,448)	(6,253)	(24,499)	(18,457)
Remeasurement of actuarial losses on obligation	387	1,528	-	1,096	387	2,624
Present value of obligation - closing balance	<u>104,278</u>	<u>99,750</u>	<u>1,527</u>	<u>8,163</u>	<u>105,805</u>	<u>107,913</u>

Notes to the Financial Statements

For the year ended 31 December 2022

20.5 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	
	2022	2021	2022	2021	2022	2021
	----- (Rupees in '000) -----					
Current service cost	8,323	8,303	1,812	(35)	10,135	8,268
Past service cost	1,091	-	-	-	1,091	-
Interest cost	10,778	8,533	-	911	10,778	9,444
	<u>20,192</u>	<u>16,836</u>	<u>1,812</u>	<u>876</u>	<u>22,004</u>	<u>17,712</u>

20.6 Remeasurement recognised in other comprehensive income

	Gratuity Scheme		Other staff retirement benefits scheme		Total	
	2022	2021	2022	2021	2022	2021
	----- (Rupees in '000) -----					
Actuarial losses on obligation						
- financial assumptions	-	-	-	-	-	-
- experience adjustment	387	1,528	-	1,096	387	2,624
Total remeasurement recognised in other comprehensive income	<u>387</u>	<u>1,528</u>	<u>-</u>	<u>1,096</u>	<u>387</u>	<u>2,624</u>

20.7 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:

	Note	----- (Rupees in '000) -----
Gratuity scheme		<u>21,620</u>
Other staff retirement benefit scheme	20.7.1	<u>-</u>

20.7.1 The expected retirement benefit cost, comprising of service cost and net interest cost for the next year ending 31 December 2023, works out to Rs. nil, as the Company has decided to terminate the scheme by middle of next year.

20.8 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 2022

	Present value obligation		Rate effect	
	Gratuity Scheme	Other staff retirement benefits scheme	Gratuity Scheme	Other staff retirement benefits scheme
2022	----- (Rupees in '000) -----			
Discount rate effect				
Original liability	104,278	1,527	14.50%	-
1% increase	98,263	-	15.50%	-
1% decrease	111,091	-	13.50%	-
Salary increase rate effect				
Original liability	104,278	1,527	14.00%	-
1% increase	111,529	-	15.00%	-
1% decrease	97,771	-	13.00%	-
If Life expectancy increases by one year				
			Gratuity Scheme	Other staff retirement benefits scheme
			----- (Rupees in '000) -----	
Original liability			104,278	1,527
1% increase			104,266	-
Current duration (years)			6.15	-

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

	Present value obligation		Rate effect	
	Gratuity Scheme	Other staff retirement benefits scheme	Gratuity Scheme	Other staff retirement benefits scheme
2021	----- (Rupees in '000) -----			
Original liability	99,750	8,163	11.75%	11.75%
1% increase	93,965	-	12.75%	12.75%
1% decrease	106,384	-	10.75%	10.75%
Salary increase rate effect				
Original liability	99,750	8,163	11.75%	11.75%
1% increase	106,691	-	12.75%	12.75%
1% decrease	93,599	-	10.75%	10.75%
If Life expectancy increases by one year				
			Gratuity Scheme	Other staff retirement benefits scheme
			----- (Rupees in '000) -----	
Original liability			99,750	8,163
1% increase			99,750	8,163
Current duration (years)			10.62	-

Notes to the Financial Statements

For the year ended 31 December 2022

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

21. LEASE LIABILITIES

The Company has lease contracts for rental of head office and sales offices used in its operations. These leases generally have lease terms between 4 to 5 years. In general, the Company is restricted from assigning and subleasing the leased assets. These lease contracts include extension and termination options subject to the mutual consent of the Company and the Lessors. The Company is bound by certain covenants, which includes but are not limited to payment of certain taxes and to exercise reasonable care. The rate of interest used as the discount factor is 14.02%.

	Note	2022	2021
		----- (Rupees in '000) -----	
As at January 01		49,239	56,592
Additions		21,572	6,608
Impact of modification		870	-
Accretion of interest		6,597	6,548
Deletions		(6,001)	-
Payments		(25,851)	(20,509)
Balance at December 31		46,426	49,239
Current portion of lease liabilities	22	19,234	18,253
Long-term portion of lease liabilities		27,192	30,986

21.1 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) -----		
2022			
Not later than one year	23,853	4,619	19,234
Later than one year and not later than five years	31,680	4,488	27,192
	<u>55,533</u>	<u>9,107</u>	<u>46,426</u>
Less: Current portion			<u>19,234</u>
			<u>27,192</u>
2021			
Not later than one year	23,138	4,885	18,253
Later than one year and not later than five years	34,427	3,441	30,986
	<u>57,565</u>	<u>8,326</u>	<u>49,239</u>
Less: Current portion			<u>18,253</u>
			<u>30,986</u>

Notes to the Financial Statements

For the year ended 31 December 2022

	Note	2022	2021
		----- (Rupees in '000) -----	
22 CURRENT MATURITY OF NON-CURRENT LIABILITIES			
Refinance scheme for the payment of salaries and wages	18	-	40,321
Diminishing musharaka	18	3,744	3,460
Loan from director	18	100,000	-
Deferred government grant	19	-	2,115
Lease liabilities	21.1	19,234	18,253
Other staff retirement benefits scheme	20	1,527	8,163
		<u>124,505</u>	<u>72,312</u>
23. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES			
23.1 Trade and other payables			
Trade creditors		881,269	421,587
Accrued expenses		105,339	93,890
Sales tax payable		41,140	17,268
Deductions on account of vehicles for the employees		357	779
Accrued mark-up		1,429	3,823
Worker's Welfare Fund	23.2	4,084	1,834
Workers' Profit Participation Fund	23.3	3,897	112
Other liabilities		241	1,411
		<u>1,037,756</u>	<u>540,704</u>
23.2 Workers' Welfare Fund			
Balance as at 1 January		1,834	4,839
Provision for the year	32	2,250	-
Payments during the year		-	(3,005)
Balance as at 31 December		<u>4,084</u>	<u>1,834</u>
23.3 Workers' Profit Participation Fund			
Balance as at 1 January		112	2,767
Provision for the year	32	3,785	-
Interest on WPPF	33	-	183
Payments during the year		-	(2,838)
Balance as at 31 December		<u>3,897</u>	<u>112</u>
23.4 This represents advance payments by the customers for the sale of Company's products. Revenue recognized during the year from contract liabilities as at the beginning of the year amounted to Rs. 51.914 million (2021: Rs. 55.225 million).			
	Note	2022	2021
		----- (Rupees in '000) -----	
24. SHORT-TERM BORROWINGS			
Salam finance	24.1	-	115,000
		<u>-</u>	<u>115,000</u>

Notes to the Financial Statements

For the year ended 31 December 2022

24.1 The facility represents Salam financing facility available from a commercial bank amounting to Rs. 150 million (2021: Salam and Istisna finance facility of Rs. 150 million) and carries mark-up of 6 months' KIBOR+1.5% (2021: 6 months' KIBOR+0.5%) per annum. The facility is secured by way of first pari passu charge over present and future current assets amounting to Rs. 400 million. As of the reporting date, unutilised facility aggregated to Rs. 150 million (2021: Rs. 35 million). Above facility is valid up to 30 April 2023 and is generally renewable.

24.2 As of the reporting date, unutilised letter of credit facilities from certain banks amounted to Rs. 64.9 million (2021: Rs. 272.8 million). These are secured against the import bills of the Company. Total facilities sanctioned to the Company amounted to Rs. 200 million (2021: Rs. 350 million).

	Note	2022	2021
		----- (Rupees in '000) -----	
25. TAXATION			
Current year	25.1	51,394	34,258
Prior year		916	(136)
Deferred	8	(6,013)	(173)
		<u>46,297</u>	<u>33,949</u>

25.1 Provision for current tax is based on minimum tax under section 113 of income tax ordinance 2001, accordingly reconciliation of tax expense and profit before tax has not not been presented in these financial statements.

25.2 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. 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.

Notes to the Financial Statements

For the year ended 31 December 2022

25.3 Income Tax Assessments of the Company have been completed up to and including the financial year ended 31 December 2021 with the exception of accounting years 2007, 2011, 2012, 2014, 2015, and 2016. For tax 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 tax 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.

25.4 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, 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.

On November 23, 2021, the Company had filed application for appeal effect u/s 124 of the Income Tax Ordinance 2001, in the light of the ATIR order dated on April 07, 2022. The Deputy Commissioner Inland Revenue (DCIR) has rejected the Company's appeal on the ground of ATIR order dated 5 May 2015 is barred by time. Disagreeing to the above order, the Company filed an appeal before the Commissioner (IR) Appeal (CIR-A). The CIR-A in its order vide bar code No. 100000138584499 dated 28 December 2022, remand back to the DCIR with the instruction to pass a speaking order u/s 124 preferably within 30 days of this order. The management believes that there is no merit in the above demands. Accordingly, no provision has been made in these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2022

25.5 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.

25.6 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.

25.7 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.

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.

25.8 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. 5.91 million respectively were made. Being aggrieved, the Company filed appeals before the Commissioner Inland Revenue - Appeals (CIR-A) against the alleged order of ACIR. During the year, these appeals were partly decided in favour of the Company by allowing the expenses amounting to Rs. 1.768 million and Rs 1.635 million respectively and remaining issues remanded back to the department for re examination after providing opportunity of being heard to the Company. Till date, the Department has not initiated set aside proceedings.

During the year, the Company filed an appeal before ATIR against the order for the tax year 2018 on the ground of remand back of issues. Based on the Company's tax advisor's view, reasonable grounds are available to contest the remand back issues. Being prudent, the management has provided Rs.1.01 million in these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2022

26. CONTINGENCIES AND COMMITMENTS

26.1 Contingencies

26.1.1 Bank guarantees have been issued in favour of Sui Southern Gas Company Limited for the supply of gas aggregating to Rs. 7.02 million (2021: Rs. 7.02 million) against which margin of Rs. 7.372 has been given to bank in addition to security deposit of Rs. 2.786 million 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 (2021: Rs. 1.3 million) against which margin of Rs. 1.365 million has been given to bank.

26.1.2 During the year, Wazir Ali Industries filed a suit in the court of first senior civil judge vide F.C Suit No. 495 of 2022 for the recovery of certain piece of land from Treat Corporation. ZIL Limited is a pro-forma party in this case as being a co-sharer of the land. As per the legal advisor, there is no apprehension of damages and no specific relief has been sought against the Company. The management based on the opinion of its legal advisor, believes that they have good case to argue before the honorable court and sufficient legal & factual grounds are available for the removal of its name from the list of defendants and/or dismissal of the case, accordingly no provision has been made in the financial statements, as there is no financial exposure to the Company.

26.1.3 Refer note 24 for tax related pending matters.

26.2 Commitments

26.2.1 As of the reporting date, commitments under letters of credit for the import of stock in trade items amounted to Rs. 1.19 million (2021: Rs. 19.18 million) representing the LCs opened by the year end but no shipment made by that date.

27. SALES - net

	2022	2021
	----- (Rupees in '000) -----	
Gross sales	5,448,430	3,629,435
Sales tax	(870,487)	(579,756)
Trade discount	(515,451)	(352,675)
Sales return and rebate	(650)	(7,989)
	(1,386,588)	(940,420)
	<u>4,061,842</u>	<u>2,689,015</u>

Notes to the Financial Statements

For the year ended 31 December 2022

27.1 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. 5,115 million (2021: Rs. 3,434 million).

27.2 Other relevant details are as follows:

- These financial statements are prepared on the basis of single reporting segment.
- 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.

2022 2021
----- (Rupees in '000) -----

28. COST OF SALES

Raw material consumed	28.1	2,853,206	2,037,470
Packing material consumed	28.2	243,369	198,615
Salaries, wages and other benefits	28.3	132,438	121,437
Depreciation and amortisation	4.3	50,560	33,721
Fuel and power		6,537	13,939
Freight and handling charges		3,318	7,805
Provision for slow moving and obsolete stock	10.1	7,254	217
Stores and spares consumed		757	4,748
Rates and taxes		13,536	5,381
Travelling and conveyance		5,726	4,512
Insurance expense		1,812	2,044
Repair and maintenance		240	581
Postage, telegrams and telephones		590	662
Printing and stationery		124	231
Legal and professional charges		132	258
Product research and development		4,860	8,867
Subscription charges		494	264
Toll manufacturing		89,241	53,658
Provision for obsolete stores and spares	9.1	475	153
Others		5,322	3,970
		<u>3,419,991</u>	<u>2,498,533</u>
Opening stock of work-in-process		13,085	9,554
Closing stock of work-in-process	10	(1,550)	(13,085)
Cost of good manufactured		<u>3,431,526</u>	<u>2,495,002</u>
Opening stock of finished goods		152,198	108,548
Closing stock of finished goods	10	(269,227)	(152,198)
		<u>3,314,497</u>	<u>2,451,352</u>

Notes to the Financial Statements

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	Note	2022	2021
		----- (Rupees in '000) -----	
28.1 Raw material consumed			
Opening stock		108,289	61,355
Purchases		2,894,114	2,084,404
		<u>3,002,403</u>	<u>2,145,759</u>
Closing stock	10	(149,197)	(108,289)
Raw material consumed		<u>2,853,206</u>	<u>2,037,470</u>
28.2 Packing material consumed			
Opening stock		48,174	42,583
Purchases		251,677	204,206
		<u>299,851</u>	<u>246,789</u>
Closing stock	10	(56,482)	(48,174)
Packing material consumed		<u>243,369</u>	<u>198,615</u>

28.3 Salaries, wages and other benefits include Rs. 11.5 million (2021: Rs. 9.75 million) in respect of defined benefit obligations and contribution of Rs. 2.4 million (2021: Rs. 2.75) to the provident fund.

29. SELLING AND DISTRIBUTION EXPENSES

Salaries, wages and other benefits	29.1	195,582	169,092
Advertisement expenses		20,477	19,790
Freight, distribution and handling charges		99,122	79,599
Travelling and conveyance		31,826	21,818
Depreciation and amortisation	4.3	15,271	13,163
Rent, rates and taxes	29.2	1,358	760
Product research and development		3,812	10,383
Meeting expenses		1,312	845
Postage, telegrams and telephones		2,171	2,067
Insurance expense		2,797	2,420
Legal and professional charges		1,808	1,720
Utility charges		1,489	968
Repair and maintenance		589	281
Printing and stationery		540	368
Others		198	329
		<u>378,352</u>	<u>323,603</u>

29.1 These include Rs.3.1 million (2021: Rs. 2.8 million) in respect of defined benefit obligations and contribution of Rs.3.9 million (2021: Rs 4.1 million) to the provident fund.

29.2 Includes rent related to short-term leases amounting to Rs. 1.03 million (2021: Nil)

Notes to the Financial Statements

For the year ended 31 December 2022

	Note	2022	2021
----- (Rupees in '000) -----			
30. ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	30.1	131,304	105,457
Depreciation and amortisation	4.3	20,963	18,280
Rates and taxes		826	355
Legal and professional charges		20,368	8,657
Travelling and conveyance		9,671	5,413
Postage, telegrams and telephones		4,043	2,505
Fuel and power		3,196	2,032
Printing and stationery		805	843
Auditors' remuneration	30.2	2,037	1,805
Insurance expense		1,033	809
Repair and maintenance		2,759	907
Training expenses		188	206
Directors' meeting fee		1,290	1,170
Computer equipment charges		214	21
Charity and donation	30.3	1,210	130
Others		2,434	1,751
		<u>202,341</u>	<u>150,341</u>

30.1 These include Rs.7.4 million (2021: Rs. 5.9 million) in respect of defined benefit obligations and contribution of Rs. 3.4 million (2021: Rs 3.1 million) to the provident fund.

	Note	2022	2021
----- (Rupees in '000) -----			
30.2 Auditors' remuneration			
Audit fee		1,200	1,000
Fee for half yearly review		400	350
Fee for review of Code of Corporate Governance		90	75
Corporate and other advisory services		54	120
Out of pocket expenses		293	260
		<u>2,037</u>	<u>1,805</u>

30.3 Charity and donation

Al - Khidmat foundation	30.3.1	1,110	-
		<u>1,110</u>	<u>-</u>

30.3.1 None of the directors and their spouses had any interest in the donees

31. OTHER INCOME

	Note	2022	2021
----- (Rupees in '000) -----			
Income from financial instruments			
- Return on bank deposits		663	162
- Return on term deposit receipts		451	8
- Amortization of government grant	19	505	2,827
- Gain on modification of leased liability		250	1,289
- Dividend Income		3,572	368
- Reversal of liability no longer payable		1,330	-
		<u>6,771</u>	<u>4,654</u>

Notes to the Financial Statements

For the year ended 31 December 2022

	Note	2022	2021
		----- (Rupees in '000) -----	
Income from non-financial instruments			
- Scrap sales	31.1	5,162	5,553
- Gain / (loss) on disposal of operating fixed assets - net		429	(59)
- Others		357	49
		<u>5,948</u>	<u>5,543</u>
		<u>12,719</u>	<u>10,197</u>
31.1 Gross Scrap Sales		6,149	6,540
Sales tax		(987)	(987)
Net scrap sales		<u>5,162</u>	<u>5,553</u>
32. OTHER CHARGES			
Workers' Welfare Fund	23.2	2,250	-
Workers' Profit Participation Fund	23.3	3,785	-
Exchange loss on revaluation of financial liabilities		22,636	6,005
		<u>28,671</u>	<u>6,005</u>
33. FINANCE COSTS			
Profit / markup on:			
Refinance scheme for the payment of salaries and wages		852	5,348
Assets acquired under diminishing musharaka		1,732	380
Loan from director		13,096	51
Finance cost on extended credit facility		53,585	-
Short-term borrowings		3,645	12,081
Lease liabilities		6,597	6,548
		<u>79,507</u>	<u>24,408</u>
Interest on WPPF	23.3	-	183
Bank charges		1,520	965
		<u>81,027</u>	<u>25,556</u>
34. EARNINGS / (LOSS) PER SHARE - basic and diluted			
Profit / (Loss) for the year after taxation		<u>23,376</u>	<u>(291,594)</u>
		(Number of shares)	
Weighted average number of ordinary shares		<u>6,122,600</u>	<u>6,122,600</u>
		(Rupees)	
Earnings / (Loss) per share - basic and diluted		<u>3.82</u>	<u>(47.63)</u>
34.1 There is no dilutive effect on basic earnings per share of the Company.			

Notes to the Financial Statements

For the year ended 31 December 2022

35. 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 2022	For the year ended 31 December 2021	For the year ended 31 December 2022	For the year ended 31 December 2021	For the year ended 31 December 2022	For the year ended 31 December 2021	For the year ended 31 December 2022	For the year ended 31 December 2021	For the year ended 31 December 2022	For the year ended 31 December 2021
----- (Rupees in '000) -----										
Managerial remuneration	11,303	11,362	8,400	6,300	16,510	19,943	17,199	13,249	53,412	50,854
Provident fund	1,130	1,027	-	-	1,555	1,830	1,720	1,232	4,405	4,089
Special pay	7,598	6,907	-	-	10,095	12,302	11,918	8,284	29,611	27,493
Housing and utilities	6,274	5,746	-	-	9,466	10,270	9,584	6,933	25,324	22,949
Medical	397	136	-	-	547	687	563	321	1,507	1,144
Incentive	-	2,180	-	-	-	1,833	783	1,149	783	5,162
Gratuity	942	856	-	-	1,404	1,070	1,433	1,027	3,779	2,953
Other perquisites and benefits	72	68	-	-	-	-	-	-	72	68
	<u>27,716</u>	<u>28,282</u>	<u>8,400</u>	<u>6,300</u>	<u>39,577</u>	<u>47,935</u>	<u>43,200</u>	<u>32,195</u>	<u>118,893</u>	<u>114,712</u>
Number of persons	1	1	1	1	4	5	10	7	16	14

The chief executive and certain executives of the Company are provided with free use of cars, house 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.

35.1 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. 1.29 million (2021: Rs. 1.17 million).

36. 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 2022

37. FINANCIAL INSTRUMENTS

37.1 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.

37.2 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.

37.2.1 Exposure to credit risk

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

In summary, the maximum exposure to credit risk as at the reporting date was as follows:

Notes to the Financial Statements

For the year ended 31 December 2022

	Note	2022		2021	
		Financial assets	Maximum Exposure	Financial assets	Maximum Exposure
----- (Rupees in '000) -----					
Deposits	6	5,161	5,161	2,256	2,256
Loans to employees	7	3,289	3,289	1,165	1,165
Trade debts	11	140,669	140,669	116,439	116,439
Short-term investments	13	150,434	150,434	90,000	90,000
Bank balances	14	73,255	73,255	31,499	31,499
		<u>372,808</u>	<u>372,808</u>	<u>241,359</u>	<u>241,359</u>

37.2.2 Concentration of credit risk

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

	2022	2021
----- (Rupees in '000) -----		
Distributors and retailers	140,669	116,439
Mutual Fund	150,434	60,000
Commercial banks	73,255	61,499
Employees	3,289	1,165
Others	5,161	2,256
	<u>372,808</u>	<u>241,359</u>

37.2.3 Bank balances

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

	Short term	Long term	2022	2021
----- (Rupees in '000) -----				
Habib Bank Limited	A-1+	AAA	1,377	1,805
MCB Bank Limited	A-1+	A	41,676	3,110
Soneri Bank Limited	A-1+	AA-	23,328	4,099
National Bank of Pakistan	A-1+	AAA	1,886	1,056
Standard Chartered Bank (Pakistan) Limited	A-1+	AAA	3,720	21,381
Bank Islami Pakistan Limited	A-1	A+	11	5
MCB Islamic Bank	A-1	A	43	43
United Bank Limited	A-1+	AAA	1,214	-
			<u>73,255</u>	<u>31,499</u>

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

Notes to the Financial Statements

For the year ended 31 December 2022

37.2.4 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.

As of the reporting date, the ageing of trade debts was as follows:

	2022		2021	
	Gross	Impairment loss	Gross	Impairment loss
	(Rupees in '000)		(Rupees in '000)	
Not yet due	95,717	-	68,058	-
Past due				
1 - 30 days	30,810	-	44,300	-
31 - 60 days	12,895	-	5,876	-
61 - 90 days	-	-	-	-
Over 90 days	10,644	9,397	7,602	9,397
	54,349	9,397	57,778	9,397
Total	<u>150,066</u>	<u>9,397</u>	<u>125,836</u>	<u>9,397</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.

37.3 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 24).

Notes to the Financial Statements

For the year ended 31 December 2022

37.3.1 Exposure to liquidity risk

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

	2022			
	Carrying amount	Contractual cash flows	12 months or less (on demand)	More than 12 months
------(Rupees in '000)-----				
Non-derivative financial liabilities				
Accrued mark-up	1,429	1,429	1,429	-
Trade and other payables	986,849	986,849	986,849	-
Long-term loan (including current portion)	108,866	108,866	103,744	5,122
Lease liabilities (including current portion)	46,426	46,426	19,234	27,192
	<u>1,143,570</u>	<u>1,143,570</u>	<u>1,111,256</u>	<u>32,314</u>
	2021			
	Carrying amount	Contractual cash flows	12 months or less (on demand)	More than 12 months
------(Rupees in '000)-----				
Non-derivative financial liabilities				
Accrued mark-up	3,823	3,823	3,823	-
Trade and other payables	516,888	516,888	516,888	-
Long-term loan (including current portion)	156,839	156,839	43,781	113,058
Lease liabilities (including current portion)	49,239	49,239	18,253	30,986
	<u>726,789</u>	<u>726,789</u>	<u>582,745</u>	<u>144,044</u>

37.4 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.

37.4.1 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 2022

	2022		2021	
	(Rupees in '000)	US Dollars	(Rupees in '000)	US Dollars
Foreign supplier payables	133,923	593,887	57,916	328,141
Gross exposure	133,923	593,887	57,916	328,141

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 obtained forward cover against the net exposure.

The following significant exchange rates applied during the year:

	Average rates		Reporting date rate	
	2022	2021	2022	2021
Rupees / US Dollars	207.33	162.97	225.50	176.51

Sensitivity risk

A five percent strengthening / (weakening) of the Rupee against US Dollar as of the reporting date would have increased / (decreased) equity and the statement of profit or loss by Rs. 4.73 million (2021: Rs. 2.57 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 2022.

37.4.2 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 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	
		2022 (Rupees in '000)	2021
Fixed rate instruments			
Financial liabilities - lease liability	21	46,426	49,239
Short-term investment	13	-	30,000
Variable rate instruments			
Financial assets - bank balance in profit and loss			
sharing accounts - withdrawable on demand	14	5,837	22,889
Financial liabilities - short-term borrowings	24	-	115,000
Financial liabilities - long-term loan	18	108,866	156,839

Notes to the Financial Statements

For the year ended 31 December 2022

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 or 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 as of the reporting date would not have a material impact on equity and (loss) / profit For the year ended 31 December 2022 and 31 December 2022.

37.4.3 Capital risk management

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

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

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

37.4.3.1 Reconciliation of movements of liabilities to cash flows arising from financing activities

	2022				Total
	Liabilities			Un-claimed dividend	
	Short term borrowings (including accrued markup)	Lease liabilities	Long term loans		
----- (Rupees in '000) -----					
Balance as at 1 January 2022	115,000	49,239	156,839	1,463	322,541
Proceeds from short-term borrowings	60,000	-	-	-	60,000
Repayment of short-term borrowings	(175,000)	-	-	-	(175,000)
Lease rentals paid	-	(25,851)	-	-	(25,851)
Long-term loan obtained	-	-	-	-	-
Repayment of long-term loans	-	-	(47,807)	-	(47,807)
Dividend paid	-	-	-	(53)	(53)
Total changes from financing cash flows	(115,000)	(25,851)	(47,807)	(53)	(188,711)
Interest expense	3,645	6,597	15,680	-	25,922
Addition in lease liabilities	-	21,572	-	-	21,572
Dividend declared	-	-	-	-	-
Assets acquired under diminishing musharaka	-	-	-	-	-
Interest paid	(3,635)	-	(15,846)	-	(19,481)
Impact of modification	-	870	-	-	870
Deletions	-	(6,001)	-	-	(6,001)
Other changes- liability related	10	23,038	(166)	-	22,882
Balance as at 31 December 2022	10	46,426	108,866	1,410	156,712

Notes to the Financial Statements

For the year ended 31 December 2022

37.5 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;
- risk mitigation, including insurance where this is effective, and
- senior management ensures that the Company's staff have adequate training and experience and fosters effective communication related to operational risk management.

37.6 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 2022

- 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 of financial assets and financial liabilities, including their levels in the fair value hierarchy. The Company has not disclosed the fair values of 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.

2022

Financial assets not measured at fair value

Deposits
Loans to employees
Trade debts
Cash and bank balances
(including cash in hand)
Short-term investment

	Carrying Amount		Fair value
	Amortized cost	Total	Total
------(Rupees in '000)-----			
Deposits	7,947	7,947	-
Loans to employees	3,289	3,289	-
Trade debts	140,669	140,669	-
Cash and bank balances (including cash in hand)	73,356	73,356	-
Short-term investment	150,434	150,434	-
	<u>375,695</u>	<u>375,695</u>	<u>-</u>

Financial liabilities not measured at fair value

Trade and other payables
Accrued mark-up
Long-term loan
(including current portion)
Lease liabilities
(including current portion)

	Carrying Amount		Fair value
	Other financial liabilities	Total	Total
------(Rupees in '000)-----			
Trade and other payables	986,849	986,849	-
Accrued mark-up	1,429	1,429	-
Long-term loan (including current portion)	108,866	108,866	-
Lease liabilities (including current portion)	46,426	46,426	-
	<u>1,143,570</u>	<u>1,143,570</u>	<u>-</u>

Notes to the Financial Statements

For the year ended 31 December 2022

39. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of 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	2022	2021
		----- (Rupees in '000) -----	
Transactions with related parties:			
Other related parties			
Contribution to the employees' provident fund	39.1	9,573	9,934
Loan from Director		-	100,000
Interest on loan from Director	33	13,096	-
Key Management Personnel			
Total remuneration of the Chief Executive, Chair person and other key management personnel	35	75,693	82,517
Other Director's remuneration (meeting fee)		1,290	1,170

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

39.2 Remuneration of key management personnel in accordance with their terms of employment is given in note 35.

40. 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. 1,241 million constituting 22.78% of the Company's sales (2021: Rs. 850 million constituting 23% of the Company's sales).

As of the reporting date, there is 1 shareholder (2021: 2) who held more than 10% of the Company's share capital. The holding is 71.37% (2021: 49.77% and 21.60%).

Notes to the Financial Statements

For the year ended 31 December 2022

41. NUMBER OF EMPLOYEES

The total number of employees as of the reporting date were 128 (2021: 143) and average number of employees during the year were 128 (2021: 143).

42. DISCLOSURE REQUIREMENT FOR SHARIAH COMPLIANT COMPANIES

As per the requirements of the fourth schedule to the Companies Act, 2017, Shariah compliant companies and companies listed on the Islamic Index shall disclose the following:

	2022	2021
	----- (Rupees in '000) -----	
Long-term financings as per Islamic mode	-	11,944
Short-term borrowings as per Islamic mode	-	115,000
Shariah compliant bank balances	23,345	4,147
Revenue earned from shariah compliant business	4,061,842	2,689,015
Dividend earned from shariah compliant investment	3,572	368
Finance costs on Islamic mode of financings	6,229	10,022
Finance costs on conventional mode of financing	68,201	8,987

The Company has relationship with Bank Islami Pakistan Limited, Soneri Bank Limited and MCB Islamic Bank Limited being our Islamic banks which are fully disclosed in note 18 and note 24 to these financial statements.

43. GENERAL

43.1 Date Of Authorization For Issue

These financial statements were authorised for issue in the Board of Directors meeting held on 23 February, 2023.

43.2 Corresponding figures

Certain corresponding figures have been rearranged and reclassified wherever considered necessary for the purpose of comparison and to reflect the substance of the transactions. However, there are no material reclassifications to report in these financial statements except for reclassification of certain expenses pertaining to advertisement costs (Selling and distribution expenses) amounting to Rs 48.535 million to the following accounting head.

Reclassified to	Statement of Profit or Loss	(Rupees in '000)
Trade discounts	Sales- net	48,535


Chief Financial Officer


Chief Executive Officer


Director



Notice of 63rd Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixty-third Annual General Meeting of ZIL Limited will be held on Thursday, March 30, 2023 at 10:00 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 Extraordinary General Meeting held on Wednesday, November 30, 2022.
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, 2022.
3. To appoint Auditors of the Company and fix their remuneration.

By the order of the board

Muhammad Shahid
Company Secretary

Karachi: February 23, 2023

NOTES:

1. The Share Transfer Books of the Company will remain closed from March 24, 2023 to March 30, 2023 (both days inclusive). Physical transfers / CDS Transaction IDs received at the Company's Share Registrar, M/s. THK Associates (Private) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A Phase VII, Karachi, 75500 Pakistan (UAN: 111-000-322), at the close of business on March 23, 2023 will be considered in time to determine voting rights of the shareholders for attending the meeting.
2. A member eligible to attend, speak and vote at meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. The proxy, in order to be effective, properly filled in must be received at the Company's Registered Office not later than 48 hours before the time for holding the meeting.
3. The members are requested to bring their Folio / Account details (participant ID and sub-account) and original CNIC for identification purpose at the time of meeting. In case of corporate entity, the Board of Director's Resolution or power of attorney with specimen signatures of the nominee should be produced.
4. Members can also avail facility of video conference at their hometown. In this case if the Company receives consent from members holding aggregate 10% or more shareholding, residing at a geographical location to participate in the meeting through video conference at least 07 days prior to the date of meeting, the Company will arrange video conference facility. For the purpose, please fill the following and submit at Registered Office of the Company as per time frame given above:

I/We, _____ of _____, being a member of ZIL Limited, holder of _____ Ordinary Share(s) as per Registered Folio / CDC A/c _____ hereby opt for video conference facility at _____.

Signature of Member / Attorney".

5. 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.

SPECIAL NOTE TO THE SHAREHOLDERS:

1. 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 future cash dividend directly into 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.

2. 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.

3. TRANSMISSION OF ANNUAL AUDITED FINANCIAL STATEMENT AND NOTICE OF AGM TO MEMBER THROUGH CD/DVD/USB AND E-MAIL:

SECP through its SRO 470(1)/2016, dated May 31, 2016, has allowed companies to circulate the annual balance sheet, profit or loss account, Auditors' Report and Directors' Report etc. ("annual audited accounts") to its members through CD/DVD/USB at their registered addresses. In view of the above, the Company has sent its Annual Report 2022 to its shareholders in the form of CD accompanied with hard copy of notice of Annual General Meeting and Form of Proxy. Any member requiring printed copy of Annual Report 2022 may send a request for hard copy which shall be provided free of cost within seven days.

Members are hereby informed that pursuant to SECP SRO 787(1)/2014 dated September 8, 2014, and under Section 223(6) of the Companies Act 2017, circulation of Audited Financial Statements and Notice of Annual General Meeting has been allowed in electronic format through email. In compliance with the above requirements, soft copies of the Annual Report 2022 are being emailed to the members who provided their email ID. Other members who wish to receive the Annual Report 2022 in electronic form may file a request as per the format provided on the Company's website. The members who has provided email ID to receive Annual Report 2022 through email can subsequently request a hard copy which shall be provided free of cost within seven days. Annual Audited Financial Statements of the Company for the financial year ended December 31, 2022 have also been provided on the Company's website www.zil.com.pk.

Members are also requested to intimate any change in their registered email addresses on a timely manner, to ensure effective communication by the Company.

4. CONVERSION OF PHYSICAL SECURITIES INTO BOOK ENTRY FORM:

As per Section 72 of the Companies Act, 2017 every listed company is required to replace its physical shares with book entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Act, i.e., May 30, 2017. Further, vide its letter dated March 26, 2021; SECP has directed all the listed companies to pursue its shareholder for conversion of their physical securities into book entry form.



In light of the aforementioned directive, the Shareholders having physical shareholding are encouraged to open CDC account with CDS participant/CDC Investor Account Services and convert their existing physical securities into book entry form.

5. 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 Thursday, March 30, 2023 at 10:00 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.

Book Closure Dates:

The Share Transfer Books of the Company will remain closed from March 24, 2023 to March 30, 2023 (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
Email: sfc@thk.com.pk
www.thk.com.pk

Provision of International Banking Account Number (IBAN Detail)

Under the provisions of Section 242 of the Companies Act, 2017 and SECP's Circular No. 421(I) 2018 dated March 19, 2021, 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. Further, vide its letter dated March 19, 2021. SECP has directed all the listed companies to pursue its shareholder to obtain International Bank Account Number (IBAN) details. In this context, in order to receive future dividends directly into their bank account, shareholders having shareholding in physical form are requested to provide their IBAN details duly signed along with a copy of CNIC to the Registrar of the Company. Shareholder having shareholding in book entry form in CDS are advised to submit their IBAN details directly to relevant broker / participant/CDC Investor Account Services.

Conversion of Physical Securities into Book Entry Form

As per Section 72 of the Companies Act, 2017 every listed company is required to replace its physical shares with book entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Act, i.e., May 30, 2017. Further, vide its letter dated March 26, 2021; SECP has directed all the listed companies to pursue its shareholder for conversion of their physical securities into book entry form.

In light of the aforementioned directive, the Shareholders having physical shareholding are encouraged to open CDC account with CDS participant/CDC Investor Account Services and convert their existing physical securities into book entry form.



Transmission of Annual Audited Financial Statements and Notice of AGM to Members through CD/DVD/USB and email:

SECP through its SRO 470(1)/2016, dated May 31, 2016, has allowed companies to circulate the annual balance sheet, profit or loss account, Auditors' Report and Directors' Report etc. ("annual audited accounts") to its members through CD/DVD/USB at their registered addresses. In view of the above, the Company has sent its Annual Report 2022 to its shareholders in the form of CD accompanied with hard copy of notice of Annual General Meeting and Form of Proxy. Any member requiring printed copy of Annual Report 2022 may send a request a hard copy which shall be provided free of cost within seven days.

Members are hereby informed that pursuant to SECP SRO 787(1)/2014 dated September 8, 2014, and under Section 223(6) of the Companies Act 2017, circulation of Audited Financial Statements and Notice of Annual General Meeting has been allowed in electronic format through email. In compliance with the above requirements, soft copies of the Annual Report 2022 are being emailed to the members who provided their email ID. Other members who wish to receive the Annual Report 2022 in electronic form may file a request as per the format provided on the Company's website. The members who has provided email ID to receive Annual Report 2022 through email can subsequently request a hard copy which shall be provided free of cost within seven days. Annual Audited Financial Statements of the Company for the financial year ended December 31, 2022 have also been provided on the Company's website www.zil.com.pk.

Members are also requested to intimate any change in their registered email addresses on a timely manner, to ensure effective communication by the Company.

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:

Considering the business challenges and uncertain future outlook, the Board of Directors proposed not to give any dividend for the year ended December 31, 2022.

Earnings per Share:

Earnings / (loss) per share - basic and diluted for the year Rs. 3.82 [2021: Rs. (47.63)].



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. Proxy can be either a member or a non member.

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. 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. 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 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 63rd Annual General Meeting of the Company to be held on Thursday, March 30, 2023 at 10:00 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 _____ 2023.

Witness 1:

Signature: _____

Name: _____

Address: _____

CNIC or

					-								-	
--	--	--	--	--	---	--	--	--	--	--	--	--	---	--

Passport No. _____

Witness 2:

Signature: _____

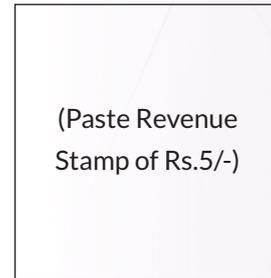
Name: _____

Address: _____

CNIC or

					-								-	
--	--	--	--	--	---	--	--	--	--	--	--	--	---	--

Passport No. _____



The signature should be agree with the specimen registered with the company

Signature of Member

Signature of Proxy

CNIC

					-								-	
--	--	--	--	--	---	--	--	--	--	--	--	--	---	--

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 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 برطابق شیئر 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 جمعرات مورخہ ۳۰ مارچ ۲۰۲۳ء، بوقت ۱۰:۰۰ بجے صبح بمقام رائل روڈ ٹیکس پلاٹ نمبر ٹی سی۔ ۵، ۳۴، اسٹریٹ، خیابان سحر، فیز ۵ (توسیع)، ڈی۔ ایچ۔ اے، کراچی، پاکستان میں منعقد یا ملتوی ہونے والے ۶۳ ویں سالانہ عام اجلاس میں رائے دہندگی کیلئے نمائندہ مقرر کرتا/کرتی ہوں۔

دستخط بروز _____ مورخہ _____ ۲۰۲۳ء

گواہ نمبر 1:

دستخط:

نام:

پتہ:

شناختی کارڈ

یا

پاسپورٹ نمبر:

پانچ روپے مالیت کے
ریونیٹنگ چیکس 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:

1. پراکسیز کے موثر ہونے کیلئے لازم ہے کہ وہ اجلاس سے 48 گھنٹہ قبل کمپنی کے رجسٹرڈ آفس کو موصول ہوں۔

2. حصص یافتگان اور انکے پراکسیز سے گزارش ہے کہ وہ اپنے قومی شناختی کارڈ / پاسپورٹ کی فوٹو کاپی اور کارپوریٹ ممبر کے نمائندے کی صورت میں درکار معمول کی دستاویزات پراکسی فارم کے ساتھ منسلک کریں۔



**Providing Quality,
Convenience & Affordability**



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Website: www.zil.com.pk