



Half Yearly Report  
January - June  
2022



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## Company Information

### Board of Directors

Mrs. Feriel Ali-Mehdi  
Chairman, Non-Executive Director

Mr. Mubashir Hasan Ansari  
Executive Director & Chief Executive Officer

Mr. Saad Amanullah Khan  
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. Feriel Ali-Mehdi  
Member

Mr. Mir Muhammad Ali  
Member

### Human Resource and Remuneration Committee

Mr. Ahsan Rashid  
Chairman

Mrs. Feriel 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

### Head of Internal Audit

Mr. Syed Abid Raza Rizvi

### Legal Advisors

Pinjani & Vadria Lawyers

### Registered Office

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

### Factory

Link Hali Road, Hyderabad - 71000

### Bankers

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

### Shares Registrar

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

## Directors' Review

The directors of the company are pleased to present the reviewed financial results of the company for the first six months ended June 30, 2022.

### Summary of Business Review:

During the period, gross sales value of the company grew considerably by 50% on the strong volumetric growth momentum coupled with various price increases. The volumetric increase was achieved on account of improved sales productivity to trade customers, growth in e-commerce channel, addition of a key account and competitive consumer promotions and change in consumer purchasing habits.

Despite healthy growth in the topline, from the beginning of the current period there has been continuous and enormous pressure on margins due to drastic increase in the raw material prices and rupee devaluations. Already sky rocketed Palm Oil prices which serve as the primary raw material in soap making, has continued its upward trend to the highest ever level. Although consumer price increases occurred during the period; however these price increases couldn't suffice to restore the margins at normal levels. To reduce the impacts of abovementioned challenge on gross margins and bottom line, the management took prompt decisions on pricings, rationalization of SKUs, streamlining of trade promotions and modification in bill of materials. Due to enhanced working capital requirements along with increasing markup rates, the financial cost increased two folds as compared to same period last year.

### Financial Position at a Glance:

	Six month period from January to June		
	2022	2021	Growth %
Gross Sales	2,269M	1,510M	50%
Net Sales	1,690M	1,113M	52%
Gross Profit	140M	120M	16%
Gross Profit %	8.3%	10.8%	-253 bps
Profit/(Loss) after taxation	(159)M	(95)M	67%

### Future Outlook:

Global commodity prices have begun to come down gradually in the end of second quarter which will likely to have positive impact on domestic inflation. Management is anticipating better margins in second half of the year but it will be heavily dependent on strengthening of Rupee Dollar parity.

Management is fully aware of the current economic landscape and remains vigilant. Plans for the second half of year are in place. Appropriate changes in consumer prices, buying at suitable time, and continuous improvements in product mix are being implemented. Management is fully committed to deliver improved financial results with maintaining its position and increasing its market share.

### Acknowledgement:

The Board would like to place on record its sincere appreciation for the hard work and dedication shown by the employees of the Company during the period. On behalf of the Board and employees of the Company, the Board expresses its gratitude and appreciation to all valued business partners including customers, distributors, dealers, bankers, suppliers and all other stakeholders for their continued trust and support.

For and on behalf of the Board of Directors



**Mubashir Hasan Ansari**  
Director and CEO

Karachi: August 26, 2022

Half Yearly Report June 30, 2022



## Independent Auditors' Review Report To the members of ZIL Limited Report on review of Interim Financial Statements

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of ZIL Limited (the Company) as at June 30, 2022 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income and the notes forming part thereof for the three months ended June 30, 2022 and 2021 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended June 30, 2022.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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

Chartered Accountants  
Place: Karachi  
Date:



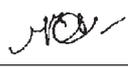
## Condensed Interim Statement of Financial Position As at 30 June 2022

		30 June 2022 (Un-audited)	31 December 2021 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	1,589,425	1,595,631
Intangible assets		3,166	4,597
Long-term deposits		5,161	2,256
Long-term loans to employees		523	494
		<u>1,598,275</u>	<u>1,602,978</u>
<b>CURRENT ASSETS</b>			
Stores and spares		6,089	6,467
Stock-in-trade	8	306,446	315,081
Trade debts	9	120,673	116,439
Loans and advances		116,354	93,700
Deposits, prepayments and other receivables		34,171	4,690
Short-term investments	10	100,000	90,000
Cash and bank balances	11	115,374	31,709
		<u>799,107</u>	<u>658,086</u>
<b>TOTAL ASSETS</b>		<u>2,397,382</u>	<u>2,261,064</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital 40,000,000 (December 31, 2021: 40,000,000) ordinary shares of Rs. 10/- each		<u>400,000</u>	<u>400,000</u>
Issued, subscribed and paid up capital		61,226	61,226
Capital reserve			
Surplus on revaluation of property, plant and equipment - net of tax		987,102	997,902
Revenue reserves			
General reserve		6,000	6,000
Accumulated losses		<u>(256,216)</u>	<u>(108,353)</u>
		<u>798,112</u>	<u>956,775</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term loans	12	56,977	113,058
Deferred tax liability - net	13	212,427	212,183
Deferred staff liabilities		99,070	99,750
Lease liabilities		29,472	30,986
		<u>397,946</u>	<u>455,977</u>
<b>CURRENT LIABILITIES</b>			
Current maturity of non-current liabilities	14	75,548	72,312
Trade and other payables	15	983,631	540,704
Contract liabilities		52,473	51,914
Short-term borrowings		-	115,000
Taxation		88,209	66,919
Unclaimed dividends		1,463	1,463
		<u>1,201,324</u>	<u>848,312</u>
<b>TOTAL LIABILITIES</b>		<u>1,599,270</u>	<u>1,304,289</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	16		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>2,397,382</u>	<u>2,261,064</u>

The annexed notes from 1 to 21 form an integral part of this condensed interim financial statements.

  
Chief Financial Officer  
Half Yearly Report June 30, 2022

  
Chief Executive Officer

  
Director



**Condensed Interim Statement of Profit or Loss (Un-audited)  
For the Half Year ended 30 June 2022**

	Half year ended		Quarter ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Note	----- (Rupees in '000) -----			
Sales - net	17 1,690,137	1,112,807	939,257	611,849
Cost of sales	18 (1,550,010)	(992,389)	(915,327)	(560,055)
<b>Gross profit</b>	<b>140,127</b>	<b>120,418</b>	<b>23,930</b>	<b>51,794</b>
Selling and distribution expenses	(163,736)	(152,606)	(67,759)	(71,525)
Administrative expenses	(81,876)	(74,565)	(42,105)	(34,824)
	(245,612)	(227,171)	(109,864)	(106,349)
	(105,485)	(106,753)	(85,934)	(54,555)
Other income	4,736	4,459	2,078	3,449
Operating loss	(100,749)	(102,294)	(83,856)	(51,106)
Other charges	(5,485)	(999)	(4,923)	(337)
Finance costs	(30,207)	(9,897)	(22,587)	(5,799)
	(35,692)	(10,896)	(27,510)	(6,136)
<b>Loss before taxation</b>	<b>(136,441)</b>	<b>(113,190)</b>	<b>(111,366)</b>	<b>(57,242)</b>
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Taxation	(22,222)	18,042	(9,653)	22,645
<b>Loss for the period</b>	<b>(158,663)</b>	<b>(95,148)</b>	<b>(121,019)</b>	<b>(34,597)</b>
Loss per share - basic and diluted	(25.92)	(15.54)	(19.77)	(5.65)

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

  
Chief Financial Officer

  
Chief Executive Officer

  
Director

Half Yearly Report June 30, 2022



**Condensed Interim Statement of  
Comprehensive Income (Un-audited)  
For the Half Year ended 30 June 2022**

	Half year ended		Quarter ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	<i>Note</i> ----- (Rupees in '000) -----			
Loss for the period	(158,663)	(95,148)	(121,019)	(34,597)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	<u>(158,663)</u>	<u>(95,148)</u>	<u>(121,019)</u>	<u>(34,597)</u>

The annexed notes from 1 to 21 form an integral part of this condensed interim financial statements.



  
Chief Financial Officer

  
Chief Executive Officer

  
Director



## Condensed Interim Statement of Changes in Equity (Un-audited) For the Half year ended 30 June 2022

	Capital Reserves		Reserves		Total Reserves	Total
	Issued, subscribed and paid up capital	Surplus on Revaluation of assets - net of tax	General reserve	Un-appropriated profit		
	(Rs. in '000)					
<b>Balance as at December 31, 2020 (audited)</b>	61,226	354,672	6,000	184,390	190,390	606,288
Loss after taxation	-	-	-	(95,148)	(95,148)	(95,148)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(95,148)	(95,148)	(95,148)
Cash dividend for the year ended December 31, 2020 (Rs. 1.25 per share) - approved in annual general meeting held on March 31, 2021	-	-	-	(7,653)	(7,653)	(7,653)
Transferred from surplus on revaluation of property, plant and equipment - net of tax (incremental depreciation)	-	(4,184)	-	4,184	4,184	-
<b>Balance as at June 30, 2021 (un-audited)</b>	<u>61,226</u>	<u>350,488</u>	<u>6,000</u>	<u>85,773</u>	<u>91,773</u>	<u>503,487</u>
<b>Balance as at December 31, 2021 (audited)</b>	61,226	997,902	6,000	(108,353)	(102,353)	956,775
Loss after taxation	-	-	-	(158,663)	(158,663)	(158,663)
Other comprehensive loss	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(158,663)	(158,663)	(158,663)
Transferred from surplus on revaluation of property, plant and equipment - net of tax (incremental depreciation)	-	(10,800)	-	10,800	10,800	-
<b>Balance as at June 30, 2022 (un-audited)</b>	<u>61,226</u>	<u>987,102</u>	<u>6,000</u>	<u>(256,216)</u>	<u>(250,216)</u>	<u>798,112</u>

The annexed notes from 1 to 21 form an integral part of this condensed interim financial statements.

  
Chief Financial Officer

  
Chief Executive Officer

  
Director

Half Yearly Report June 30, 2022

## Condensed Interim Statement of Cash Flow (Un-audited) For the Half Year ended 30 June 2022

	Half Year ended	
	June 30 2022	June 30 2021
	(Rs. in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(136,441)	(113,190)
<b>Adjustments for non-cash changes and other items:</b>		
Finance Costs	30,207	9,897
Depreciation and amortization	41,650	31,376
Provision against staff gratuity	10,540	8,621
Provision against other staff retirement benefits	1,378	648
Provision against slow-moving of stores and spares	72	-
Amortization of deferred government grant	(2,115)	(1,402)
Return on bank deposits	(421)	(438)
Dividend Income	(393)	-
Liability no longer payable written off	(1,330)	-
Gain on early termination of lease	(250)	-
Impairment loss on operating fixed assets	-	1,000
Provision against slow-moving and obsolete stock	-	2,126
(Gain) / loss on disposal of operating fixed assets	(784)	89
	78,554	51,917
	(57,887)	(61,273)
<b>(Increase) / decrease in assets:</b>		
Stores and spares	306	942
Stock-in-trade	8,635	(250,422)
Trade debts	(4,234)	(9,162)
Loans to employees	(1,188)	165
Long-term deposits	(2,905)	-
Advances to suppliers	(95)	(515)
Advances, prepayments and other receivables	(29,481)	(1,599)
	(28,962)	(260,591)
<b>Increase / (decrease) in current liabilities:</b>		
Trade and other payables	446,858	180,432
Contract liabilities	559	(13,848)
	447,417	166,584
	360,568	(155,280)
Income tax paid	(22,094)	(15,657)
Staff gratuity paid	(11,221)	(4,941)
Other staff retirement benefits paid	(8,448)	(2,834)
Return received on bank deposits	421	438
Dividend received	393	-
Finance costs paid	(28,994)	(5,096)
	(69,943)	(28,090)
<b>Net cash generated from / (used in) operating activities</b>	290,625	(183,370)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(26,894)	(48,908)
Short-term investment	(10,000)	60,000
Proceeds from disposal of operating fixed assets	3,357	5,098
Net cash (used in) / generated from investing activities	(33,537)	16,190



**Condensed Interim Statement of Cash Flow (Un-audited)  
For the Half Year ended 30 June 2022**

	Half Year ended	
	June 30 2022	June 30 2021
	(Rs. in '000)	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	-	(7,573)
Lease repayment	(11,310)	(9,510)
Long-term loan repaid	(47,113)	(16,266)
Short-term borrowings repaid	(115,000)	125,000
Net cash (used in) / generated from financing activities	<u>(173,423)</u>	<u>91,651</u>
Net increase / (decrease) in cash and cash equivalents during the period	<b>83,665</b>	(75,529)
Cash and cash equivalents at beginning of the period	<u>31,709</u>	<u>103,230</u>
Cash and cash equivalents at end of the period	<u><b>115,374</b></u>	<u>27,701</u>

Cash and cash equivalents at end of the period comprises of:

- Cash and bank balances	<b>115,374</b>	32,464
- Short term borrowing - running finance	<u>-</u>	<u>(4,763)</u>
	<u><b>115,374</b></u>	<u>27,701</u>

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

  
Chief Financial Officer

  
Chief Executive Officer

  
Director  
Half Yearly Report June 30, 2022

## Notes to the Condensed Interim Financial Statements (Un-audited) For the Half Year ended 30 June 2022

### 1. THE COMPANY AND ITS OPERATIONS

- 1.1 ZIL Limited ("the Company") was incorporated as a private limited company in February 1960 under the Companies Act, 1913 (now the Companies Act, 2017) and was subsequently converted into a public limited company in November 1986. Its shares are listed on the Pakistan Stock Exchange Limited. 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.
- 1.2 During the period, the Board of Directors in their meeting held on January 12, 2022 has discussed and reviewed the operational difficulties of existing manufacturing facility (comprising of freehold land, building and plant and machinery) 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 to be executed upon final approval of the shareholders under section 183 (3) of Companies Act, 2017. The management and Board of the Company firmly believes that such regulatory approval from shareholder is necessary and till the same is not done the Company does not meet the requirements of classifying related assets as "non-current asset held for sale " under the requirement of IFRS 5.
- 1.3 As at the period end, the current liabilities of the Company exceeds its current assets by Rs. 402.217 million and its accumulated losses aggregate to Rs. 256.216 million. However, the management of the Company is of the view that in pursuance of positive net equity and continuance of normal operating activities, there are no issues in terms of continuity of operations and accordingly, these condensed interim financial statements are prepared on going concern basis.
- 1.4 The geographical location and addresses of the Company's business units / immovable properties 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 1.2 above).
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.
Regional sales office	House No. 522, Street No. 18, Chaklala Scheme 3, Rawalpindi.
QA Laboratory	Plot No, 2/1 RY – 16, old Queens Road, Karachi.

## **Notes to the Condensed Interim Financial Statements (Un-audited) For the Half Year ended 30 June 2022**

### **2. STATEMENT OF COMPLIANCE**

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting which comprise of International Accounting Standard (IAS) 34 - 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### **3. BASIS OF PREPARATION**

- 3.1** This condensed interim financial statements are un-audited but subject to limited scope review by the statutory auditors and is being submitted to the shareholders as required under Section 237 of the Act. These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2021.
- 3.2** The comparative statement of financial position presented in these condensed interim financial statements has been extracted from the annual audited financial statements of the Company for the year ended December 31, 2021, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been extracted from the un-audited condensed interim financial statements of the Company for the period ended June 30, 2021.
- 3.3** The figure of the condensed interim statement of profit or loss, condensed interim statement of comprehensive income for the quarter ended June 30, 2022 and June 30, 2021 and notes forming part thereof have not been reviewed by the statutory auditors of the Company, as they are required to review only the cumulative figures for the half year ended June 30, 2022.
- 3.4** These condensed interim financial statements are presented in Pak Rupees which is the functional and presentation currency of the Company.

### **4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND FINANCIAL RISK MANAGEMENT**

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting

## Notes to the Condensed Interim Financial Statements (Un-audited) For the Half Year ended 30 June 2022

policies and the reporting amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and judgements made by the management in the preparation of this condensed interim financial statements are the same as those that were applied to the audited financial statements of the Company for the year ended December 31, 2021.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended December 31, 2021. The carrying value of all financial and non-financial assets and liabilities, measured at other than amortised cost, approximate their fair value.

### 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2021, except for the adoption of and the amendments to approved accounting standards adopted during the period as disclosed in note 6.

### 6. NEW AMENDMENTS AND IMPROVEMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

"Following are the amendments and improvements to International Financial Reporting Standards (IFRSs) which became effective during the current period:

#### Amendments

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

#### Improvement

IFRS 9 - Financial Instruments - Fees in the '10 percent' test for the derecognition of financial liabilities  
IAS 41 - Agriculture - Taxation in fair value measurement  
IFRS 16 - Leases: Lease incentives

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

**Notes to the Condensed Interim  
Financial Statements (Un-audited)  
For the Half Year ended 30 June 2022**

	Note	30 June 2022 (Un-audited)	31 December 2021 (Audited)
<b>(Rs. in '000)</b>			
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	7.1	1,463,889	1,479,884
Capital work-in-progress	7.2	85,188	76,986
Right-of-use assets	7.3	40,348	38,761
		<u>1,589,425</u>	<u>1,595,631</u>
<b>7.1 Operating fixed assets</b>			
Opening Net Book Value (NBV)		1,479,884	659,570
Additions including transfers during the period / year - at cost	7.1.1	18,692	41,297
Revaluation surplus		-	837,427
		<u>1,498,576</u>	<u>1,538,294</u>
Disposals during the period / year - at NBV	7.1.1	(2,573)	(11,047)
Depreciation charged during the period / year		(32,114)	(47,363)
Closing NBV		<u>1,463,889</u>	<u>1,479,884</u>

Additions at cost / Transfers		Disposals at NBV	
June 30, 2022 (Un-audited)	December 31, 2021 (Audited)	June 30, 2022 (Un-audited)	December 31, 2021 (Audited)
----- (Rupees in '000) -----			

**7.1.1 Additions and disposals of operating fixed assets**

Building on freehold land	-	76	-	-
Plant, machinery and equipment	1,873	3,021	77	217
Dies and change parts	5,475	7,958	-	-
Capital spares	-	3690	-	273
Furniture and fixtures	405	1,214	40	19
Computers	47	4,050	211	532
Vehicles	10,892	21,288	2,245	10,006
	<u>18,692</u>	<u>41,297</u>	<u>2,573</u>	<u>11,047</u>

**Notes to the Condensed Interim  
Financial Statements (Un-audited)  
For the Half Year ended 30 June 2022**

	Note	30 June 2022 (Un-audited)	31 December 2021 (Audited)
<b>(Rs. in '000)</b>			
<b>7.2 Capital work-in-progress</b>			
Leasehold improvements		3,890	-
Building on leasehold land		69,611	63,097
Plant, machinery and equipment		3,300	3,320
Dies and change parts		-	2,200
Furniture and fixtures		1,458	124
Vehicles		6,929	8,245
		<u>85,188</u>	<u>76,986</u>
<b>7.2.1 Movement in capital work-in-progress</b>			
Balance at beginning of the period / year		76,986	10,084
Additions during the period / year		26,894	108,212
Transfers to operating fixed assets	7.1.1	<u>(18,692)</u>	<u>(41,310)</u>
Balance at end of the period / year		<u>85,188</u>	<u>76,986</u>
<b>7.3 Right-of-use assets</b>			
<b>Cost</b>			
Balance at the beginning of the period / year		82,387	75,779
Additions during the period / year		15,441	6,608
Disposal during the period / year		<u>(6,608)</u>	<u>-</u>
Balance at end of the period / year		<u>91,220</u>	<u>82,387</u>
<b>Accumulated Depreciation</b>			
Balance at beginning of the period / year		43,626	28,717
Depreciation charged during the period / year		8,103	14,909
Disposal during the period / year		<u>(857)</u>	<u>-</u>
Balance at end of the period / year		<u>50,872</u>	<u>43,626</u>
<b>Net Book Value</b>		<u>40,348</u>	<u>38,761</u>

**Notes to the Condensed Interim  
Financial Statements (Un-audited)  
For the Half Year ended 30 June 2022**

	Note	30 June 2022 (Un-audited)	31 December 2021 (Audited)
<b>(Rs. in '000)</b>			
<b>8. STOCK-IN-TRADE</b>			
Raw material - in hand		133,769	108,289
- in transit		<u>898</u>	<u>19,653</u>
		134,667	127,942
Packing material		63,901	48,174
Work-in-progress		9,414	13,085
Finished goods		<u>124,782</u>	<u>152,198</u>
		<b>332,764</b>	<b>341,399</b>
Provision against slow moving items of stock-in-trade		<u>(26,318)</u>	<u>(26,318)</u>
		<b>306,446</b>	<b>315,081</b>
<b>9. TRADE DEBTS</b>			
Considered good		120,673	116,439
Considered doubtful		<u>9,397</u>	<u>9,397</u>
		130,070	125,836
Allowance for expected credit loss		<u>(9,397)</u>	<u>(9,397)</u>
		<b>120,673</b>	<b>116,439</b>
<b>10. SHORT-TERM INVESTMENT</b>			
<b>At amortised cost:</b>			
Term deposit receipts (TDRs)	10.1	25,000	30,000
<b>At fair value through profit or loss:</b>			
Money market funds	10.2	75,000	60,000
		<u>100,000</u>	<u>90,000</u>

**10.1** These represent investments in local currency TDRs carrying profit at the rate of 13.5% (2021: ranging from 8.25% to 9.8%) per annum.

**10.2** Represents 1,500,000 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).

**Notes to the Condensed Interim  
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	Note	30 June 2022 (Un-audited)	31 December 2021 (Audited)
(Rs. in '000)			
<b>11. CASH AND BANK BALANCES</b>			
Cash in hand		169	210
Cash at banks			
- current / collection accounts		108,786	8,610
- saving accounts	11.1	6,419	22,889
		115,205	31,499
		115,374	31,709

**11.1** These carry profit at the rates ranging from 4% to 10% (December 31, 2021: 5.5% to 7.25%).

**12. LONG-TERM LOANS**

Diminishing musharaka	12.1	10,578	11,944
Loan from director	12.2	100,000	100,000
Refinance scheme for the payment of salaries and wages		-	44,895
		110,578	156,839
Less: current maturity shown under current liability	14	(53,601)	(43,781)
		56,977	113,058

**12.1** The Company has acquired vehicles under diminishing musharaka agreement from First Habib Modaraba. The loan is for a period of four years expiring on September 17, 2025, with an option to purchase the asset at nominal amount. This carries profit at the rate 3 months' KIBOR + 2% per annum (December 31, 2021: 3 months' KIBOR + 2% per annum).

**12.2** The Company has acquired Rs. 100 million unsecured loan from the director of the company as per agreed terms and conditions. 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 in four equal installments of Rs. 25 million each with principal repayments starting from January 05, 2023 and ending on July 05, 2023.

**13. DEFERRED TAX LIABILITY - NET**

As at the reporting date, the Company has unrecognized deferred tax on unused tax losses amounted to Rs. 111.214 million (December 31, 2021: Rs. 73.557 million).

**Notes to the Condensed Interim  
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Note	30 June 2022 (Un-audited)	31 December 2021 (Audited)
(Rs. in '000)		
<b>14. CURRENT MATURITY OF NON-CURRENT LIABILITIES:</b>		
Loan from director	50,000	-
Refinance scheme for the payment of salaries and wages	-	40,321
Diminishing musharaka	3,601	3,460
	<u>53,601</u>	<u>43,781</u>
Deferred government grant	-	2,115
Lease liabilities	20,856	18,253
Other staff retirement benefits scheme	1,091	8,163
	<u>75,548</u>	<u>72,312</u>

**15. TRADE AND OTHER PAYABLES**

Trade creditors	850,768	421,587
Accrued expenses	95,507	93,890
Sales tax payable	26,989	17,268
Deductions on account of vehicles for the employees	1,052	779
Accrued mark-up	1,232	3,823
Workers' welfare fund	1,833	1,834
Workers' profit participation fund	112	112
Other liabilities	6,138	1,411
	<u>983,631</u>	<u>540,704</u>

**16. CONTINGENCIES AND COMMITMENTS**

**16.1** There has been no change in the status of contingencies as disclosed in note 23 and 24 to the annual financial statements of the Company for the year ended December 31, 2021.

**16.2** 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) In addition to which security deposit of Rs. 2.786 million has also been given to Sui Southern Gas Company Limited. Bank guarantee has also been issued in favour of Pakistan State Oil for issuance of PSO fleet card aggregating to Rs. 1.3 million (2021: Rs. 1.3 million) against which security deposit of Rs. 0.715 million has been given.

**16.3** Commitment under letters of credit for the import of stock-in-trade items amounted to Rs. 63.19 million (December 31, 2021: Rs. 19.18 million).

**Notes to the Condensed Interim  
Financial Statements (Un-audited)  
For the Half Year ended 30 June 2022**

Note	Half year ended		Quarter ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
----- (Rupees in '000) -----				
<b>17. SALES - net (un-audited)</b>				
Gross sales	2,269,239	1,510,187	1,284,462	846,046
Sales tax	(362,656)	(240,966)	(205,259)	(134,986)
Trade discount	(216,225)	(156,414)	(139,946)	(99,211)
Sales return and rebate	(221)	-	-	-
	<u>(579,102)</u>	<u>(397,380)</u>	<u>(345,205)</u>	<u>(234,197)</u>
	<u>1,690,137</u>	<u>1,112,807</u>	<u>939,257</u>	<u>611,849</u>
<b>18. COST OF SALES (un-audited)</b>				
Raw material consumed	1,242,736	908,957	752,385	552,470
Packing material consumed	106,382	88,429	58,402	54,856
Salaries, wages and other benefits	84,637	54,477	46,127	26,053
Goods purchased for resale	38,755	25,622	22,609	16,091
Depreciation and amortisation	25,566	16,323	12,894	8,359
Fuel and power	3,530	6,129	1,554	3,418
Freight and handling charges	1,015	4,521	598	2,374
Stores and spares consumed	362	2,861	216	1,653
Rent, rates and taxes	8,163	2,819	7,990	1,304
Travelling and conveyance	2,409	1,691	1,298	828
Insurance	982	1,005	555	504
Repair and maintenance	39	243	28	73
Postage and telephones	256	293	159	184
Others	3,487	1,766	3,316	1,585
Legal and professional charges	71	139	11	32
Printing and stationery	52	96	5	38
Subscription charges	63	60	56	4
Provision for slow moving stock-in-trade	-	2,126	-	799
Product research and development	346	633	-	575
Provision for slow moving stores and spares	72	-	99	-
	<u>1,518,923</u>	<u>1,118,190</u>	<u>908,302</u>	<u>671,200</u>
Opening stock of work-in-process	13,085	9,554	1,522	13,384
Closing stock of work-in-process	8 (9,414)	(12,135)	(9,414)	(12,135)
Cost of good manufactured	<u>1,522,594</u>	<u>1,115,609</u>	<u>900,410</u>	<u>672,449</u>
Opening stock of finished goods	152,198	108,548	139,699	119,374
Closing stock of finished goods	8 (124,782)	(231,768)	(124,782)	(231,768)
	<u>27,416</u>	<u>(123,220)</u>	<u>14,917</u>	<u>(112,394)</u>
	<u>1,550,010</u>	<u>992,389</u>	<u>915,327</u>	<u>560,055</u>

**Notes to the Condensed Interim  
Financial Statements (Un-audited)  
For the Half Year ended 30 June 2022**

**19. TRANSACTIONS WITH RELATED PARTIES**

Related parties of the Company comprise of associated companies, major shareholder, staff retirement funds, directors and key management personnel. Transactions with the related parties are at the agreed terms approved by the Board of Directors of the Company, if any. Details of transactions with related parties and balances with them, unless disclosed elsewhere are as:

		<b>Half year ended</b>	
		<b>June 30 2022</b>	<b>June 30 2021</b>
		<b>(Rs. in '000)</b>	
<b>Other related parties</b>			
Contribution to the employees' provident fund	19.1	<u>4,885</u>	<u>4,887</u>
<b>Directors and Chief Executive Officer (key management personnel)</b>			
Remuneration	19.2	<u>17,821</u>	<u>13,340</u>
Other directors remuneration - meeting fee	19.2	<u>690</u>	<u>630</u>
Interest on loan from director	12.2	<u>5,618</u>	<u>-</u>
<b>Other key management personnel</b>			
Managerial remuneration (excluding directors and Chief Executive Officer)		<u>41,819</u>	<u>35,488</u>

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

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

**20. DATE OF AUTHORISATION**

**20.1** This condensed interim financial information were authorised for issue on August 26, 2022 by the Board of Directors of the Company.

**Notes to the Condensed Interim  
Financial Statements (Un-audited)  
For the Half Year ended 30 June 2022**

**21. GENERAL**

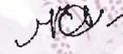
- 21.1** Certain corresponding figures have been rearranged and reclassified for better presentation. However, there are no material reclassifications to report in these condensed interim financial statements, except an amount of Rs. 21.294 million pertained with trade discount is reclassified from selling and distribution expense to sales-net in the comparative financial information of the condensed interim statement of profit and loss.
- 21.2** Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.



Chief Financial Officer



Chief Executive Officer



Director



**ZIL**  
LIMITED

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SAAW PARTITES