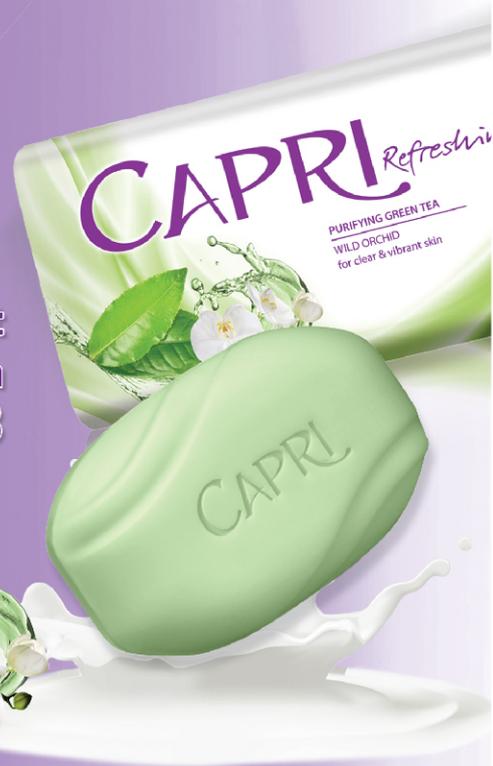




**First Quarterly Report  
January - March  
2023**





## Content

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



## Company Information

### Board of Directors

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

Mr. Mubashir Hasan Ansari  
Executive Director & Chief Executive Officer

Mr. Saad Amanullah Khan  
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

BDO Ebrahim & Co.  
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



## Directors' Review

The Board of Directors of ZIL Limited is pleased to present the unaudited financial results of the Company for the period ended March 31, 2023.

### Company Operating Performance:

Despite acute economic and political challenges ZIL Limited delivered a topline growth of 68% and reported a net revenue of PKR. 1,242 million against PKR. 793 million last year on the back of healthy volume growth, increase in consumer price, and improvements in the sales mix. Despite unfavorable economic conditions, gross profits showed significant enhancement from 14.1% to 28.3% owing to efficient procurement of raw materials, product price increases, and taking timely business decisions.

In addition, due to rising markup rates financial costs increased three folds against last year for the same period. The company also had to record significant exchange losses caused by the worsening rupee-dollar parity. The imposition of super tax further reduced the Profit After Tax result. Nevertheless, the company is happy to report a healthy profit of PKR. 67.6 million as compared to PKR. (37.7) million loss last year.

### Financial Performance at a Glance:

	YTD Mar-23	YTD Mar-22	Increase %
	Rs. In Millions		
Gross Sales	1,676	985	70%
Net Sales	1,242	739	68%
Gross Profit	352	104	238%
Gross Profit %	28.3%	14.1%	1424 bps
Operating Profit	118	(17)	776%
Profit/(Loss) after taxation	68	(38)	280%
Earnings/(Loss) per share	11.04	(6.15)	280%

### Future Outlook:

High inflation, currency devaluation, and restrictive import policies continue to put pressure on the Company's operations and consequently on profitability. Actions such as increasing sales tax and markup rates and imposition of super tax create significant uncertainty for a conducive business environment any time soon. In light of the continued volatility in the macroeconomic situation it is expected that input costs will maintain a rising trend that will make managing profitability a continuous challenge in the foreseeable future.

The management remains committed to materializing on potential efficiencies in the value chain, review consumer prices in line with the competitors and improving the overall product mix to maintain margins whilst keeping in mind its market share and position.

### Acknowledgement:

The Board would like to place on record its sincere gratitude for the hard work and dedication shown by the employees of the Company during the period. The board is also thankful to our valued customers, suppliers, distributors, dealers, bankers, shareholders and all other stakeholders for their trust in our brands.

For and on behalf of the Board of Directors

**Mubashir Hasan Ansari**  
Director / CEO

Karachi: April 27, 2023

Quarterly Report March 31, 2023



**Condensed Interim Statement of Financial Position (Un-audited)**  
**As at 31 March 2023**

	31 March 2023 (Un-audited)	31 December 2022 (Audited)
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	5 1,026,227	1,031,953
Intangible assets	5,626	1,735
Long term deposits	5,161	5,161
Long term loans to employees	1,027	978
Total non-current assets	<u>1,038,041</u>	<u>1,039,827</u>
<b>CURRENT ASSETS</b>		
Stock-in-trade	6 671,605	528,305
Trade debts	7 237,598	140,669
Advances, prepayments and other receivables	8 230,893	115,237
Short term investment	-	150,434
Cash and bank balances	9 230,387	73,356
Total current assets	1,370,483	1,008,001
<b>Assets classified as held for sale</b>	10 590,859	583,897
<b>TOTAL ASSETS</b>	<u>2,999,383</u>	<u>2,631,725</u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Authorised capital		
40,000,000 (31 December 2022: 40,000,000)		
ordinary shares of Rs. 10 each	400,000	400,000
Issued, subscribed and paid up capital	61,226	61,226
Capital reserves		
Surplus on revaluation of property, plant and equipment - net of tax	972,704	976,744
Revenue reserves		
General Reserves	6,000	6,000
Un-appropriated profits	7,540	(64,094)
	<u>1,047,470</u>	<u>979,876</u>
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Long Term Loan	11 5,311	5,122
Deferred tax liability - net	202,488	206,058
Deferred staff liabilities	113,593	104,278
Lease liabilities	23,130	27,192
	<u>344,522</u>	<u>342,650</u>
<b>CURRENT LIABILITIES</b>		
Current maturity of non-current liabilities	121,944	124,505
Trade and other payables	12 1,304,941	1,037,756
Contract liabilities	52,716	61,337
Short term borrowings	13 10,000	-
Taxation	116,380	84,191
Unclaimed dividends	1,410	1,410
	<u>1,607,391</u>	<u>1,309,199</u>
<b>TOTAL LIABILITIES</b>	<u>1,951,913</u>	<u>1,651,849</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	14	
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>2,999,383</u>	<u>2,631,725</u>

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

  
Chief Financial Officer

  
Chief Executive Officer

  
Director

Quarterly Report March 31, 2023



**Condensed Interim Statement of  
Profit or Loss (Un-audited)  
For the three months period ended 31 March 2023**

	Note	Three months period ended	
		31 March 2023	31 March 2022
		(Rs. in '000)	
Sales - net	15	1,241,617	738,712
Cost of sales	16	(889,940)	(634,683)
Gross profit		<u>351,677</u>	<u>104,029</u>
Selling and distribution expenses	17	(130,538)	(83,809)
Administrative expenses		(70,084)	(39,771)
		<u>(200,622)</u>	<u>(123,580)</u>
		151,055	(19,551)
Other income		5,738	2,658
Other charges		(38,757)	(562)
		<u>118,036</u>	<u>(17,455)</u>
Finance cost		(21,826)	(7,620)
Profit/(loss) before taxation		<u>96,210</u>	<u>(25,075)</u>
Taxation		(28,616)	(12,569)
<b>Profit/(Loss) for the period</b>		<u><b>67,594</b></u>	<u><b>(37,644)</b></u>
		----- (Rupees) -----	
<b>Profit per share - basic and diluted</b>		<u><b>11.04</b></u>	<u><b>(6.15)</b></u>

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

  
Chief Financial Officer

  
Chief Executive Officer

  
Director



**Condensed Interim Statement of  
Comprehensive Income (Un-audited)  
For the three months period ended 31 March 2023**

	<u>Three months period ended</u>	
	<u>31 March 2023</u>	<u>31 March 2022</u>
	(Rs. in '000)	
<b>Profit/(Loss) for the period after taxation</b>	<b>67,594</b>	<b>(37,644)</b>
Other comprehensive income for the period	-	-
Total comprehensive income/(loss) for the period	<u><u>67,594</u></u>	<u><u>(37,644)</u></u>

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

  
Chief Financial Officer

  
Chief Executive Officer

  
Director



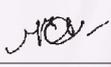
**Condensed Interim Statement of Cash Flow (Un-audited)  
For the three months period ended 31 March 2023**

	Three months period ended	
	31 March 2023	31 March 2022
	(Rs. in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	96,210	(25,075)
<b>Adjustments for:</b>		
Finance Costs	21,686	7,620
Depreciation and amortization	19,213	20,379
Provision against staff gratuity	11,295	4,418
Provision against other staff retirement benefits	493	287
Amortization of Government grant	-	(505)
Profit on short term Investment	(230)	(267)
Dividend Income	(507)	(203)
Impairment expense	-	-
Provision of slow moving obsolete stock	(3,036)	-
(Gain)/Loss on disposal of operating fixed assets	24	(787)
	<u>48,940</u>	<u>30,942</u>
	145,150	5,867
<b>Decrease / (Increase) in assets:</b>		
Stores and spares	58	134
Stock-in-trade	(140,264)	70,485
Trade debts	(96,928)	(9,838)
Loans to employees	743	(377)
Long term deposits	-	(2,665)
Advances, prepayments and other receivables	(102,484)	(10,771)
	<u>(338,875)</u>	<u>46,968</u>
(Decrease) / increase in current liabilities:		
Trade and other payables	258,021	114,671
	<u>64,296</u>	<u>167,506</u>
Income tax paid	(20,983)	(18,543)
Staff gratuity paid	(1,981)	(11,221)
Other staff retirement benefits paid	(325)	(8,448)
Return received on bank deposits - under markup arrangements	230	267
Dividend received	507	203
Finance costs paid	(19,741)	(7,724)
	<u>(42,293)</u>	<u>(45,466)</u>
<b>Net cash flows from operating activities</b>	<u>22,003</u>	<u>122,040</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(19,097)	(11,752)
Short term investment	150,434	90,000
Proceeds from disposal of operating fixed assets	1,687	2,958
<b>Net cash flows from investing activities</b>	<u>133,024</u>	<u>81,206</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Lease repayment	(7,081)	(5,501)
Long term loan	(913)	(47,353)
Short term borrowings - Karobar and Salam finances	10,000	(55,000)
<b>Net cash generated from financing activities</b>	<u>2,006</u>	<u>(107,854)</u>
Net increase / (decrease) in cash and cash equivalents during the period	<u>157,033</u>	<u>95,392</u>
Cash and cash equivalents at beginning of the period	<u>73,356</u>	<u>31,709</u>
Cash and cash equivalents at end of the period	<u>230,389</u>	<u>127,101</u>
<b>Cash and cash equivalents at end of the period comprises of:</b>		
- Cash and bank balances	<u>230,387</u>	<u>127,101</u>
	<u>230,387</u>	<u>127,101</u>

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

  
Chief Financial Officer

  
Chief Executive Officer

  
Director



**Condensed Interim Statement of  
Changes in Equity (Un-audited)  
For the three months period ended 31 March 2023**

	Capital Reserves		Reserves		Total Reserves	Total
	Issued, subscribed and paid up capital	Surplus on Revaluation of fixed assets	General reserve	Un-appropriated profit		
(Rs. in '000)						
Balance as at 1 January 2022	61,226	997,902	6,000	(108,353)	(102,353)	956,775
<b>Total comprehensive income for the period</b>						
Loss after taxation	-	-	-	(37,644)	(37,644)	(37,644)
Transferred from surplus on revaluation of property, plant and equipment - net of tax (incremental depreciation)	-	(5,403)		5,403	5,403	-
<b>Balance as at 31 March 2022</b>	<u>61,226</u>	<u>992,499</u>	<u>6,000</u>	<u>(140,594)</u>	<u>(134,594)</u>	<u>919,131</u>
<b>Balance as at 1 January 2023</b>	61,226	976,744	6,000	(64,094)	(58,094)	979,876
<b>Total comprehensive income/(loss) for the period</b>						
Profit after taxation	-	-	-	67,594	67,594	67,594
Transferred from surplus on revaluation of property, plant and equipment - net of tax (incremental depreciation)	-	(4,040)		4,040	4,040	-
<b>Balance as at 31 March 2023</b>	<u>61,226</u>	<u>972,704</u>	<u>6,000</u>	<u>7,540</u>	<u>13,540</u>	<u>1,047,470</u>

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

  
Chief Financial Officer

  
Chief Executive Officer

  
Director



## Notes to the Condensed Interim Financial Information (Un-audited) For the three months period ended 31 March 2023

### 1. STATUS AND NATURE OF BUSINESS

ZIL Limited (“the Company”) was incorporated as a private limited company in February 1960 under the Companies Act, 1913 (now the Companies Act, 2017) and was subsequently converted into a public limited company in November 1986. Its shares are listed on the Pakistan Stock Exchange Limited (formerly Karachi and Lahore Stock Exchanges). The principal activity of the Company is manufacture and sale of home and personal care products.

The registered office of the Company is situated at Ground Floor, Bahria Complex III, M.T. Khan Road, Karachi.

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 (the “Acquirer”) 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 more than 51% of the issued and paid up capital of the company together with the management control. Subsequently on 27 December, 2022 Manager to the offer communicated that negotiation 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 listed companies (Substantial Acquisition of voting shares and takeovers) Regulation, 2017. On March 1, 2023 the majority shareholder of ZIL limited and acquirer have entered into Share Purchase Agreement for the acquisition of 61.36% of the issued and paid -up capital of the company. Subsequently, on March 16, 2023 the Target Company has received a letter of public announcement of offer (PAO) from M/s Alpha Beta Core Solutions (Private) Limited on behalf of the Acquirer, to acquire up to 19.32% ordinary shares from Shareholders (other than shareholder who has already entered into a share purchase agreement with the acquirer) of the Company.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017



## Notes to the Condensed Interim Financial Information (Un-audited) For the three months period ended 31 March 2023

Where the provisions of and directives issued under Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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

**2.3** This condensed interim financial information does not include all the information required for full annual financial statements and should be read in conjunction with the financial statements of the Company as at and for the year ended 31 December 2022.

**2.4** The comparative balance sheet presented in this condensed interim financial information as at 31 December 2022 has been extracted from the audited financial statements of the Company for the year ended 31 December 2022, whereas the comparative profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement have been extracted from the unaudited condensed interim financial information for the three months period ended 31 March 2022 (as applicable).

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

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

### **2.6 Use of judgments and estimates**

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

Estimates and judgements made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the audited financial statements of the Company for the year ended 31 December 2022

## **3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial report are the same as those applied in the preparation of the financial statements for the year ended 31 December 2022.

## **4. FINANCIAL RISK MANAGEMENT**

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 December 2022.



**Notes to the Condensed Interim  
Financial Information (Un-audited)  
For the three months period ended 31 March 2023**

	Note	31 March 2023 (Un-audited)	31 December 2022 (Audited)
<b>(Rs. in '000)</b>			
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	921,257	886,671
Right of use assets		32,135	37,051
Capital work-in-progress	5.2	72,835	108,231
		<u>1,026,227</u>	<u>1,031,953</u>

**5.1 Operating fixed assets**

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

	Additions	Disposals	
		Cost	Accumulated depreciation
	----- (Rs. in '000) -----		
Building on freehold land			
Plant, machinery and equipment	29	-	-
Furniture and Fixtures	365	-	-
Dies & change parts	0	-	-
Vehicles	33,164	5,582	3,953
Computers	16,212	448	365
Intangibles	4,724	-	-
	<u>54,494</u>	<u>6,030</u>	<u>4,318</u>

	Note	31 March 2023 (Un-audited)	31 December 2022 (Audited)
<b>(Rs. in '000)</b>			
<b>5.2 Capital work-in-progress</b>			
Opening balance		108,231	76,986
Additions during the period		<u>19,098</u>	<u>87,152</u>
		<b>127,329</b>	<b>164,138</b>
Transfers during the period		<u>(54,494)</u>	<u>(55,907)</u>
	5.2.1	<u>72,835</u>	<u>108,231</u>

**5.2.1** This represents building and plant ,machinery & equipment .



**Notes to the Condensed Interim  
Financial Information (Un-audited)  
For the three months period ended 31 March 2023**

	Note	31 March 2023 (Un-audited)	31 December 2022 (Audited)
<b>(Rs. in '000)</b>			
<b>6. STOCK-IN-TRADE</b>			
Raw material - in hand		78,739	149,197
- in transit		<u>68</u>	<u>69,378</u>
		<b>78,807</b>	<b>218,575</b>
Packing material		76,702	56,482
Work-in-progress		1,550	1,550
Finished goods		<u>529,039</u>	<u>269,227</u>
		<b>686,098</b>	<b>545,834</b>
Provision against slow moving items of stock-in-trade		<u>(14,493)</u>	<u>(17,529)</u>
		<b>671,605</b>	<b>528,305</b>
<b>7. TRADE DEBTS</b>			
Considered good		237,598	140,669
Considered doubtful		<u>9,397</u>	<u>9,397</u>
		<b>246,995</b>	<b>150,066</b>
Provision against doubtful debts		<u>(9,397)</u>	<u>(9,397)</u>
		<b>237,598</b>	<b>140,669</b>
<b>8. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES</b>			
<b>Considered good</b>			
Advance			
- for taxation		122,499	101,517
LC Margin against imports		86,609	-
Advances to suppliers and contractors		15,908	1,656
Prepayments		3,953	508
Current maturity of loans to employees		1,519	2,311
Other receivables		<u>405</u>	<u>1,874</u>
		<b>230,893</b>	<b>118,023</b>
<b>Considered doubtful</b>			
Advances to suppliers and contractors		803	803
Less: Provision held		<u>(803)</u>	<u>(803)</u>
		-	-
Asset classified held for sale		-	(2,786)
Advances, prepayments and other receivables - net		<u>230,893</u>	<u>115,237</u>



**Notes to the Condensed Interim  
Financial Information (Un-audited)  
For the three months period ended 31 March 2023**

	Note	31 March 2023 (Un-audited)	31 December 2022 (Audited)
(Rs. in '000)			
<b>9. CASH AND BANK BALANCES</b>			
Cash in hand		238	101
Cash at banks			
- Current / Collection accounts		226,315	67,418
- Profit & loss sharing accounts	9.1	3,834	5,837
		<u>230,149</u>	<u>73,255</u>
		<u>230,387</u>	<u>73,356</u>

**9.1** This carries interest rate ranging from 6.5% to 16.5% (31 December 2022: 4.0% to 14.5%) per annum.

	31 March 2023 (Un-audited)	31 December 2022 (Audited)
(Rs. in '000)		
<b>10 Assets classified as held for sale</b>		
Freehold land	400,040	400,040
Building on freehold land	40,223	40,223
Plant Machinery & equipment	116,823	116,823
Furniture & fixtures	1,283	1,283
Capital Spares	17,039	17,039
Stores & spares	5,644	5,703
Deposit to Sui Southern Gas Company Limited	9,807	2,786
	<u>590,859</u>	<u>583,897</u>

**10.1** 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.



**Notes to the Condensed Interim  
Financial Information (Un-audited)  
For the three months period ended 31 March 2023**

**10.2** 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<sup>nd</sup> Valuation Techniques (market observable)<sup>1</sup> 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.

	Note	31 March 2023 (Un-audited)	31 December 2022 (Audited)
(Rs. in '000)			
<b>11 LONG TERM LOAN</b>			
Diminishing musharaka		7,953	8,866
Loan from director		100,000	100,000
		<b>107,953</b>	108,866
Less: current maturity shown under current liability		<b>(102,642)</b>	(103,744)
		<b>5,311</b>	5,122
<b>12. TRADE AND OTHER PAYABLES</b>			
Trade creditors		1,099,886	881,269
Accrued expenses		140,293	105,339
Sales tax payable		47,364	41,140
Deposit from employees against vehicles		1,880	357
Accrued mark-up on short term borrowings		1,980	1,429
Workers' welfare fund		6,273	4,084
Workers' profit participation fund		5,291	3,897
Other liabilities		1,974	241
		<b>1,304,941</b>	1,037,756
<b>13. SHORT TERM BORROWINGS</b>			
Salam financing	13.1	10,000	-
		<b>10,000</b>	0



## Notes to the Condensed Interim Financial Information (Un-audited) For the three months period ended 31 March 2023

- 13.1** The facility represents Salam financing facility available from a commercial bank amounting to Rs. 150 million (2022: Salam and Istisna finance facility of Rs. 150 million) and carries mark-up of 6 months' KIBOR+1.5% (2022: 6 months' KIBOR+1.5%) 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. 140 million (2022: Rs. 150 million). Above facility is valid up to 30 April 2023 and is generally renewable.
- 13.2** At 31 March 2023, unutilised letter of credit facilities from certain banks amounted to Rs.78.5 million (31 December 2022: Rs.64.9 million). These are secured against the import bills of the Company. Total facilities sanctioned to the Company amounted to Rs. 200 million (31 December 2022: Rs. 200 million).

### 14. CONTINGENCIES AND COMMITMENTS

#### 14.1 Contingencies

- 14.1.1** A bank guarantee has been issued in favour of Pakistan State Oil for issuance of PSO fleet cards aggregating to Rs. 1.3 million (31 December 2021: Rs. 1.3 million).
- 14.1.2** In view of loss for the financial year ended 31 December 2015, provision for tax for the then year ended 31 December 2015, including the minimum tax under the Income Tax Ordinance, 2001, was not made in the financial statements for the year ended 31 December 2015. The Company had obtained an opinion from a tax advisor based on which it believes that it is not required to pay tax under section 113 of the Income Tax Ordinance, 2001, in view of gross loss for the year ended 31 December 2015, before the set off of depreciation and other inadmissible expenses under the Income Tax Ordinance, 2001 (as under the above section minimum tax is not payable in case of gross loss before the set off of depreciation and other inadmissible expenses). However, Finance Act 2016 has deleted the said proviso of gross loss. The management, believes that the minimum tax for the year ended 31 December 2015 is not payable as the amendment to the said proviso is applicable for tax year 2017 and onwards and accordingly provision for minimum tax amounting to Rs. 14.23 million has not been made. However, CIR had levied minimum tax on the Company vide an amended assessment order, against which the Company has filed an appeal with the CIR Appeals. 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 Condensed Interim Financial Information (Un-audited) For the three months period ended 31 March 2023

**14.1.3** 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 favorable 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.

**14.1.4** 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.



## Notes to the Condensed Interim Financial Information (Un-audited) For the three months period ended 31 March 2023

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.

**14.1.5** Returns for the financial years ended 31 December 2014 and 31 December 2015 were amended under section 122(9) of Income Tax Ordinance 2001 and amended assessment orders dated 22 September 2017 and 18 April 2017 respectively were passed in which certain disallowances were made by the taxation authorities. Disagreeing to the above, the Company had filed appeals before the CIR Appeals. During the year 2018, these appeals were partly decided in favour of the Company by the CIR(A), allowing the Company expenses amounting to Rs. 15.70 million (for year ended 31 December 2014) and Rs. 36.6 million (for year ended 31 December 2015). The tax authorities have filed appeals before the ATIR against the CIR(A)'s order to allow relief to the Company. The management believes that there is no merit in above demands. Accordingly, no provision has been made in these financial statements.

**14.1.6** 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.

**14.1.7** 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.



## Notes to the Condensed Interim Financial Information (Un-audited) For the three months period ended 31 March 2023

**14.1.8** 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.

**14.1.9** In the year 2022, Wazir Ali Industries Limited 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 Treet Corporation Limited. 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.

### 14.2 Commitment

Commitment under letters of credit for the import of stock-in-trade items amounted to Rs. 88.5 million (31 December 2022: Rs40.28 million)

### 15. SALES - net

Gross sales  
Sales tax  
Trade discount  
Sales return and rebate

#### Three months period ended

31 March 2023      31 March 2022  
(Rs. in '000)

1,676,427	984,777
(274,038)	(157,397)
(160,772)	(88,347)
(321)	(321)
(434,810)	(246,065)
<u>1,241,617</u>	<u>738,712</u>



**Notes to the Condensed Interim  
Financial Information (Un-audited)  
For the three months period ended 31 March 2023**

	<b>Three months period ended</b>	
	<b>31 March 2023</b>	<b>31 March 2022</b>
	<b>(Rs. in '000)</b>	
<b>16. COST OF SALES</b>		
Raw & packing material consumed	<b>1,065,642</b>	538,331
Stores and spares consumed	<b>593</b>	146
Salaries, wages and other benefits	<b>28,821</b>	38,510
Repair and maintenance	<b>108</b>	11
Fuel and power	<b>948</b>	1,976
Rent, rates and taxes	<b>4,172</b>	173
Insurance	<b>508</b>	427
Product research and development	<b>74</b>	247
Travelling and conveyance	<b>1,638</b>	1,111
Printing and stationery	<b>41</b>	47
Postage and telephones	<b>96</b>	97
Legal and professional charges	<b>0</b>	60
Subscription charges	<b>469</b>	7
Depreciation and amortisation	<b>8,568</b>	12,672
Freight and handling charges	<b>876</b>	417
Finished Goods purchased for resale	<b>36,325</b>	16,146
Others	<b>873</b>	243
	<b>1,149,752</b>	610,621
Opening stock of work-in-process	<b>1,550</b>	13,085
Closing stock of work-in-process	<b>(1,550)</b>	(1,522)
Cost of good manufactured	<b>1,149,752</b>	622,184
Opening stock of finished goods	<b>269,227</b>	152,198
Closing stock of finished goods	<b>(529,039)</b>	(139,699)
	<b>(259,812)</b>	12,499
	<b>889,940</b>	634,683

**16.1** Salaries, wages and other benefits include Rs.4.6 million (31 March 2022: Rs.1.7 million) in respect of the accrual for defined benefit obligations of the Company and contribution of Rs.0.76million (31 March,2022: Rs. 0.594 million) to the provident fund.



**Notes to the Condensed Interim  
Financial Information (Un-audited)  
For the three months period ended 31 March 2023**

	<b>Three months period ended</b>	
	<b>31 March 2023</b>	<b>31 March 2022</b>
	<b>(Rs. in '000)</b>	
<b>17. SELLING AND DISTRIBUTION EXPENSES</b>		
Salaries, wages and other benefits	<b>60,814</b>	44,264
Utility charges	<b>455</b>	208
Repair and maintenance	<b>105</b>	98
Rent, rates and taxes	<b>582</b>	170
Depreciation and amortisation	<b>4,109</b>	3,407
Legal and Professional fee	<b>474</b>	360
Postage, telegram and telephone	<b>288</b>	327
Printing and stationery	<b>71</b>	105
Travelling and conveyance	<b>9,268</b>	6,750
Insurance expense	<b>1,007</b>	519
Advertising expense	<b>19,584</b>	6,331
Freight and handling charges	<b>28,199</b>	20,364
Product research and development	<b>4,613</b>	515
Meeting expenses	<b>850</b>	273
Others	<b>119</b>	118
	<b><u>130,538</u></b>	<b><u>83,809</u></b>

**17.1** Salaries, wages and other benefits include Rs. 2.2 million (31 March 2022: Rs. 0.7million) in respect of the accrual for defined benefit obligations of the Company and contribution of Rs. 1.5 million (31 March,2022: Rs. 0. 960 million)



**Notes to the Condensed Interim  
Financial Information (Un-audited)  
For the three months period ended 31 March 2023**

**18. TRANSACTIONS WITH RELATED PARTIES**

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

	<b>Three months period ended</b>	
	<b>31 March 2023</b>	<b>31 March 2022</b>
	<b>(Rs. in '000)</b>	
<b>Other related parties</b>		
Contribution to the employees' provident fund	<u>3,474</u>	<u>2,317</u>
<b>Directors and chief executive officer (key management personnel)</b>		
Remuneration	<u>27,460</u>	<u>8,734</u>
Other directors remuneration -meeting fees	<u>270</u>	<u>420</u>
Interest on loan from Director	<u>4,535</u>	<u>2,397</u>
<b>Other key management personnel</b>		
Managerial remuneration (excluding directors and chief executive officer)	<u>47,131</u>	<u>17,941</u>

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

**18.2** Remuneration of the key management personnel is in accordance with the terms of their employment. Director's meeting fee is as approved by the board of directors.

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

**19 GENERAL**

**19.1** This condensed interim financial information was authorised for issue on 27th April 2023 by the board of directors of the Company.



**Notes to the Condensed Interim  
Financial Information (Un-audited)  
For the three months period ended 31 March 2023**

**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 12.168 million to the following accounting head.

<b>Reclassified to</b>	<b>Statement of Profit or Loss</b>	<b>(Rupees in '000)</b>
Trade discounts	Sales- net	12,168

  
Chief Financial Officer

  
Chief Executive Officer

  
Director



**Providing Quality,  
Convenience & Affordability**



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