



**Quarterly Report
January - September
2023**





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Company Information

Board of Directors

Dr. Salomon Jacobus Van Rooijen
Chairman, Non-Executive Director

Mr. Mubashir Hasan Ansari
Executive Director & Chief Executive Officer

Mrs. Feriel Ali-Mehdi
Non-Executive Director

Mr. Saad Amanullah Khan
Non-Executive Director

Mr. Muhammad Irfan-ul-Haq
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. Ahsan Rashid
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

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

Dubai Islamic Bank
Habib Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan Limited
Soneri Bank Limited
United Bank Limited
Standard Chartered Bank

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 announce the unaudited financial results of the Company for the nine-month period ended September 30, 2023.

Company's operating performance:

The company's net sales value grew by 43% as compared to the corresponding period last year. This achievement was on account of sales mix optimization and consumer price increases to meet the challenges created by ever rising inflation. Gross profit of the company showed significant increase from 13% to 29% owing to efficient raw material procurement, product price adjustments and savings accruing from production facility related decisions.

During the period ended September 2023, the financial cost of the company increased by 37M due to high markup rates. Other charges are increased on account of unfavorable currency exchange fluctuations and costs related to shifting of plant and machinery. Selling & Administrative expenses increased as company started sales and distribution expansion. Although the imposition of super tax reduced the profitability attributable to the shareholders, the bottom line witnessed a turnaround when compared with comparable period last year by transforming a loss of Rs. (125) million into a historic profit of Rs. 227 million for the nine-month period. Had super-tax not been imposed, the profit after tax would amount to Rs.270 million for this period.

Financial Performance at a Glance:

| | YTD Sept-23 Rs. In Millions | YTD Sep-22 Rs. In Millions |
|------------------------------------|--------------------------------|-------------------------------|
| Net Sales Value | 4.19Bn | 2.93Bn |
| Gross Profit | 1.23Bn | 0.38Bn |
| Gross Profit % | 29.3% | 13.1% |
| Profit/(Loss) before taxation | 398M | (91)M |
| Profit/(Loss) after taxation | 227M | (125)M |
| Earnings/(Loss) per share - Rupees | 37.05 | (20.41) |

Future Outlook:

Surging inflation coupled with removal of power subsidy is continuously impacting consumer purchasing power resultantly consumer is likely to shift to more economical options. Political uncertainty, fiscal management complexities, foreign currency fluctuations, and restrictions on free movement of foreign currency will continue to negatively impact economic growth.

To address these challenges, the company management is actively working on and implementing important go to market and new product development initiatives to grow in both volume and value. The management will remain committed in materializing the potentials in the value chain and reviewing the consumer prices in line with competitors, giving value for money options and improving overall consumer satisfaction to expand its market share.

Acknowledgement:

The Board wishes to express its profound appreciation to the diligent employees of the company whose steadfast dedication and tireless efforts have played a pivotal role in effectively overcoming the difficulties company faced during previous couple of years. The board would also like to place its sincere appreciation to company's esteemed business partners, including customers, distributors, dealers, bankers, suppliers, and all stakeholders.

For and on behalf of the Board of Directors

Mubashir Hasan Ansari
Director / CEO


Karachi: October 18, 2023



**Condensed Interim Statement of Financial Position (Un-audited)
As at 30 September 2023**

| | | 30 September 2023 (Un-audited) | 31 December 2022 (Audited) |
|---|------|--------------------------------------|----------------------------------|
| | Note | (Rs. in '000) | |
| ASSETS | | | |
| NON CURRENT ASSETS | | | |
| Property, plant and equipment | 5 | 1,149,201 | 1,031,953 |
| Intangible assets | | 3,924 | 1,735 |
| Long term deposits | | 11,471 | 5,161 |
| Long term loans to employees | | 722 | 978 |
| Total non-current assets | | <u>1,165,318</u> | <u>1,039,827</u> |
| CURRENT ASSETS | | | |
| Stock-in-trade | 6 | 676,044 | 528,305 |
| Trade debts | 7 | 234,184 | 140,669 |
| Advances, prepayments and other receivables | 8 | 135,501 | 13,720 |
| Taxation-Net | 14 | - | 17,326 |
| Short term investment | | 150,000 | 150,434 |
| Cash and bank balances | 9 | 249,040 | 73,356 |
| Total current assets | | <u>1,444,769</u> | <u>923,810</u> |
| Assets classified as held for sale | 10 | <u>590,963</u> | <u>583,897</u> |
| TOTAL ASSETS | | <u><u>3,201,050</u></u> | <u><u>2,547,534</u></u> |
| EQUITY AND LIABILITIES | | | |
| Authorised capital | | | |
| 40,000,000 (31 December 2022: 40,000,000) ordinary shares of Rs. 10 each | | <u>400,000</u> | <u>400,000</u> |
| Issued, subscribed and paid up capital | | <u>61,226</u> | <u>61,226</u> |
| Capital reserves | | | |
| Surplus on revaluation of property, plant and equipment - net of tax | | <u>964,626</u> | <u>976,744</u> |
| Revenue reserves | | | |
| General Reserves | | <u>6,000</u> | <u>6,000</u> |
| Un-appropriated profits | | <u>174,826</u> | <u>(64,094)</u> |
| | | <u>1,206,678</u> | <u>979,876</u> |
| LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| Long Term Loan | 11 | 7,183 | 5,122 |
| Deferred tax liability - net | | 206,625 | 206,058 |
| Deferred staff liabilities | | 135,840 | 104,278 |
| Lease liabilities | | 46,909 | 27,192 |
| | | <u>396,557</u> | <u>342,650</u> |
| CURRENT LIABILITIES | | | |
| Current maturity of non-current liabilities | | 126,332 | 124,505 |
| Trade and other payables | 12 | 1,317,566 | 1,037,756 |
| Contract liabilities | | 46,900 | 61,337 |
| Taxation | 14 | 105,607 | - |
| Unclaimed dividends | | 1,410 | 1,410 |
| | | <u>1,597,815</u> | <u>1,225,008</u> |
| TOTAL LIABILITIES | | <u><u>1,994,372</u></u> | <u><u>1,567,658</u></u> |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 15 | | |
| TOTAL EQUITY AND LIABILITIES | | <u><u>3,201,050</u></u> | <u><u>2,547,534</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


Quarterly Report September 30, 2023



**Condensed Interim Statement of
Comprehensive Income (Un-audited)
For the Nine months and quarter ended September 30, 2023**

| | <u>Nine months period ended</u> | | <u>Three months ended</u> | |
|---|-------------------------------------|---------------------------|---------------------------|---------------------------|
| | <u>September 30, 2023</u> | <u>September 30, 2022</u> | <u>September 30, 2023</u> | <u>September 30, 2022</u> |
| | <u>----- (Rupees in '000) -----</u> | | | |
| Profit/(Loss) for the period | 226,799 | (124,933) | 81,362 | 33,730 |
| Other comprehensive income for the period | - | - | - | - |
| Total comprehensive Profit / (loss) for the period | <u>226,799</u> | <u>(124,933)</u> | <u>81,362</u> | <u>33,730</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

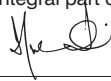


Condensed Interim Statement of Cash Flow (Un-audited) For the Nine months period ended September 30, 2023

| | Nine months ended | |
|--|-------------------|-------------------|
| | 30 September 2023 | 30 September 2022 |
| | (Rs. in '000) | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit/(Loss) before taxation | 398,334 | (91,032) |
| Adjustments for: | | |
| Finance Costs | 92,309 | 54,706 |
| Depreciation and amortization | 65,011 | 64,072 |
| Provision against staff gratuity | 33,885 | 14,975 |
| Provision against other staff retirement benefits | 493 | 1,378 |
| Provision of slow moving Store & Spares | - | 72 |
| Return on Bank deposit | (652) | (917) |
| Amortization of Government grant | - | (2,115) |
| Liability no longer payable written off | - | (1,330) |
| Dividend Income | (5,293) | (1,597) |
| Gain on early termination of lease | - | (250) |
| Provision of slow moving obsolete stock | (7,711) | 1,498 |
| (Gain)/Loss on disposal of operating fixed assets | 19 | (461) |
| | 178,061 | 130,031 |
| | 576,395 | 38,999 |
| Decrease / (Increase) in current assets: | | |
| Stores and spares | (46) | 326 |
| Stock-in-trade | (140,026) | (46,063) |
| Trade debts | (93,514) | (48,815) |
| Loans to employees | (1,490) | (1,134) |
| Long term deposits | (6,310) | (2,905) |
| Advances to suppliers | - | (1,209) |
| Advances, prepayments and other receivables | (127,053) | (7,510) |
| | (368,439) | (107,310) |
| (Decrease) / increase in current liabilities: | | |
| Contract Liabilities | (14,437) | 18,046 |
| Trade and other payables | 279,425 | 356,870 |
| | 472,944 | 306,605 |
| Income tax paid | (48,038) | (38,845) |
| Staff gratuity paid | (2,324) | (14,853) |
| Other staff retirement benefits paid | (325) | (8,448) |
| Return received on bank deposits - under markup arrangements | 651 | 917 |
| Dividend received | 5,293 | 1,598 |
| Finance costs paid | (85,651) | (52,651) |
| | (130,394) | (112,282) |
| Net cash flows from operating activities | 342,550 | 194,323 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Capital expenditure | (149,859) | (39,189) |
| Short term investment | 434 | 40,000 |
| Proceeds from disposal of operating fixed assets | 4,520 | 6,415 |
| Net cash flows from investing activities | (144,905) | 7,226 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Lease repayment | (23,030) | (17,885) |
| Long term loan | 1,069 | (47,099) |
| Short term borrowings - Karobar and Salam finances | - | (115,000) |
| Net cash generated from financing activities | (21,961) | (179,984) |
| Net increase / (decrease) in cash and cash equivalents during the period | 175,684 | 21,565 |
| Cash and cash equivalents at beginning of the period | 73,356 | 31,709 |
| Cash and cash equivalents at end of the period | 249,040 | 53,274 |
| Cash and cash equivalents at end of the period comprises of: | | |
| - Cash and bank balances | 249,040 | 53,274 |
| | 249,040 | 53,274 |

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 Nine months period ended September 30, 2023**

| | Capital Reserves | | Reserves | | | Total |
|--|---|---|--------------------|--------------------------------|-------------------|------------------|
| | Issued, subscribed and paid up capital | Surplus on Revaluation of fixed assets | General reserve | Un-appro- priated profit | Total Reserves | |
| (Rs. in '000) | | | | | | |
| Balance as at 1 January 2022 | 61,226 | 997,902 | 6,000 | (108,353) | (102,353) | 956,775 |
| Total comprehensive income/(loss) for the period | | | | | | |
| Loss after taxation | - | - | - | (124,933) | (124,933) | (124,933) |
| Transferred from surplus on revaluation of property, plant and equipment - net of tax (incremental depreciation) | - | (16,208) | | 16,208 | 16,208 | - |
| Balance as at 30 September 2022 | 61,226 | 981,694 | 6,000 | (217,078) | (211,078) | 831,842 |
| Balance as at 1 January 2023 | 61,226 | 976,747 | 6,000 | (64,094) | (58,094) | 979,879 |
| Total comprehensive income/(loss) for the period | | | | | | |
| Profit after taxation | - | - | - | 226,799 | 226,799 | 226,799 |
| Transferred from surplus on revaluation of property, plant and equipment - net of tax (incremental depreciation) | - | (12,121) | | 12,121 | 12,121 | - |
| Balance as at 30 September 2023 | 61,226 | 964,626 | 6,000 | 174,826 | 180,826 | 1,206,678 |

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 Statements (Un-audited) For the Nine months period ended September 30, 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.

M/s New Future Consumer International General Trading LLC had acquired a total of 5,194,514 ordinary shares of PKR 10 each of the Company, representing 84.84% of the total issued share capital of the Company, through a share purchase agreement dated 1 March 2023 entered into with Ms. Ferial Ali-Mehdi at PKR 286.64 per share and through a Mandatory Tender Offer at PKR 340.00 per share to the remaining shareholders of the Company as required under the Securities Act 2015 and the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations 2017 and that closing of the transaction as contemplated under the Share Purchase Agreement and the Mandatory Tender Offer has taken place.

1.1 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS / IMMOVABLE PROPERTIES

| Location | Address |
|-------------------------------------|---|
| Head office | Bahria Complex 3, M.T Khan Road, Karachi |
| Factory | Link Hali Road, Hyderabad (Refer note 12 below) |
| Plot under construction | Plot No 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 Regional 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 Lab & Regional Sales Office | Plot No, 2/1 RY-16, old Queens Road, Karachi. |



Notes to the Condensed Interim Financial Statements (Un-audited) For the Nine months period ended September 30, 2023

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

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 nine months period ended 30 September 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.



Notes to the Condensed Interim Financial Statements (Un-audited) For the Nine months period ended September 30, 2023

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

2.7 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention unless stated otherwise.

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 Statements (Un-audited)
For the Nine months period ended September 30, 2023**

| | Note | September 30, 2023 (Un-audited) | December 31, 2022 (Audited) |
|---|------|---------------------------------------|-----------------------------------|
| (Rs. in '000) | | | |
| 5. PROPERTY, PLANT AND EQUIPMENT | | | |
| Operating fixed assets | 5.1 | 969,995 | 886,671 |
| Right of use assets | | 60,377 | 37,051 |
| Capital work-in-progress | 5.2 | <u>118,829</u> | <u>108,231</u> |
| | | <u>1,149,201</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 | 2,676 | 157 | 98 |
| Furniture and Fixtures | 603 | 600 | 549 |
| Vehicles | 107,390 | 10,724 | 6,658 |
| Computers | 23,868 | 3,759 | 2,975 |
| Intangibles | <u>4,724</u> | <u>2,512</u> | <u>2,512</u> |
| | <u>139,261</u> | <u>17,752</u> | <u>12,792</u> |

| | Note | September 30, 2023 (Un-audited) | December 31, 2022 (Audited) |
|-------------------------------------|-------|---------------------------------------|-----------------------------------|
| (Rs. in '000) | | | |
| 5.2 Capital work-in-progress | | | |
| Opening balance | | 108,231 | 76,986 |
| Additions during the period | | <u>149,859</u> | <u>87,152</u> |
| | | 258,090 | 164,138 |
| Transfers during the period | | <u>(139,261)</u> | <u>(55,907)</u> |
| | 5.2.1 | <u>118,829</u> | <u>108,231</u> |



**Notes to the Condensed Interim
Financial Statements (Un-audited)
For the Nine months period ended September 30, 2023**

| Note | September 30, 2023 (Un-audited) | December 31, 2022 (Audited) |
|---|---------------------------------------|-----------------------------------|
| | (Rs. in '000) | |
| 5.2.1 Capital work-in-progress | | |
| - Building on leasehold land | 75,794 | 72,825 |
| - Vehicles | 30,915 | 23,866 |
| - Intangibles | - | 4,724 |
| - Plant, machinery and equipment | 12,120 | 9 |
| - Computers | - | 6,807 |
| | <u>118,829</u> | <u>108,231</u> |
| 6. STOCK-IN-TRADE | | |
| Raw material - in hand | 52,576 | 149,197 |
| - in transit | 70,824 | 69,378 |
| | <u>123,400</u> | <u>218,575</u> |
| Packing material | 68,655 | 56,482 |
| Work-in-progress | - | 1,550 |
| Finished goods | 493,806 | 269,227 |
| | <u>685,861</u> | <u>545,834</u> |
| Provision against slow moving items of stock-in-trade | (9,817) | (17,529) |
| | <u>676,044</u> | <u>528,305</u> |
| 7. TRADE DEBTS | | |
| Considered good | 234,184 | 140,669 |
| Considered doubtful | 9,397 | 9,397 |
| | <u>243,581</u> | <u>150,066</u> |
| Provision against doubtful debts | (9,397) | (9,397) |
| | <u>234,184</u> | <u>140,669</u> |
| 8. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES | | |
| Considered good: | | |
| LC Margin against imports | 123,623 | - |
| Advances to suppliers and contractors | 2,336 | 1,656 |
| Prepayments | 4,933 | 508 |
| Current maturity of loans to employees | 4,057 | 2,311 |
| Deposit to Sui Southern Gas Company Limited | 9,807 | 10,157 |
| Other receivables | 552 | 1,874 |
| | <u>145,308</u> | <u>16,506</u> |



**Notes to the Condensed Interim
Financial Statements (Un-audited)
For the Nine months period ended September 30, 2023**

| | Note | September 30, 2023 (Un-audited) | December 31, 2022 (Audited) |
|---|--|---------------------------------------|-----------------------------------|
| (Rs. in '000) | | | |
| Considered doubtful: | | | |
| Advances to suppliers and contractors | | 803 | 803 |
| Less: Provision held | | (803) | (803) |
| | | - | - |
| Asset classified held for sale | | (9,807) | (2,786) |
| Advances, prepayments and other receivables - net | | <u>135,501</u> | <u>13,720</u> |
| 9. CASH AND BANK BALANCES | | | |
| Cash in hand | | 274 | 101 |
| Cash at banks | | | |
| - Current / Collection accounts | | 248,580 | 67,418 |
| - Profit & loss sharing accounts | 9.1 | 186 | 5,837 |
| | | <u>248,766</u> | 73,255 |
| | | <u>249,040</u> | <u>73,356</u> |
| 9.1 | This carries interest rate ranging from 14.5% to 20.5% (31 December 2022: 4.0% to 14.5%) per annum. | | |

| | Note | September 30, 2023 (Un-audited) | December 31, 2022 (Audited) |
|--|------|---------------------------------------|-----------------------------------|
| (Rs. in '000) | | | |
| 10 Assets classified as held for sale | | | |
| 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 | | 5,748 | 5,703 |
| Deposit to Sui Southern Gas Company Limited | | 9,807 | 2,786 |
| | | <u>590,963</u> | <u>583,897</u> |



**Notes to the Condensed Interim
Financial Statements (Un-audited)
For the Nine months period ended September 30, 2023**

- 10.1** 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 30 September 2023. Management is evaluating different options before taking final decision.
- 10.2** 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 | September 30, 2023 (Un-audited) | December 31, 2022 (Audited) |
|--|------|---------------------------------------|-----------------------------------|
| (Rs. in '000) | | | |
| 11 LONG TERM LOAN | | | |
| Diminishing musharaka | 11.1 | 9,934 | 8,866 |
| Loan from director | 11.2 | 100,000 | 100,000 |
| | | 109,934 | 108,866 |
| Less: current maturity shown under current liability | | (102,751) | (103,744) |
| | | 7,183 | 5,122 |

11.1 The Company has acquired vehicles under diminishing musharka 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, 2022: 3 months' KIBOR + 2% per annum).

11.2 The Company has obtained loan amounting to Rs. 100 million from director of the company for one and half year i.e. December 31, 2021 to July 05, 2023 for meeting its working capital requirement. It carries markup rate of 1 month KIBOR-1% per annum payable monthly. The Loan was originally agreed to be repaid by July 05, 2023. However with mutual consent of director and management, the terms of loan agreement has been renewed. The loan is now repayable in four equal installments of Rs. 25 million with principal repayment beginning from January 05, 2024 and ending on July 05, 2024.

12. TRADE AND OTHER PAYABLES

| | | |
|--|------------------|-----------|
| Trade creditors | 998,985 | 881,269 |
| Accrued expenses | 210,788 | 105,339 |
| Sales tax payable | 55,315 | 41,140 |
| Deduction on account of vehicles for the employees | 5,292 | 357 |
| Accrued mark-up on short term borrowings | 1,806 | 1,429 |
| Workers' welfare fund | 12,987 | 4,084 |
| Workers' profit participation fund | 21,686 | 3,897 |
| Payable to employee provident Fund | 3,015 | - |
| Tax deducted on salaries-payable to FBR | 3,515 | - |
| Other liabilities | 4,177 | 241 |
| | 1,317,566 | 1,037,756 |



**Notes to the Condensed Interim
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13. SHORT TERM BORROWINGS

- 13.1** The facility represents Salam/Istisna financing facility available from a commercial bank amounting to Rs. 150 million (2022: Salam /Istisna finance facility of Rs. 150 million) and carries mark-up of matching tenure KIBOR+1.5% (2022:matching tenure 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. 150 million (2022: Rs. 150 million). Above facility is valid up to 30 April 2024 and is generally renewable.
- 13.2** At 30 Sept 2023, unutilised letter of credit facilities from certain banks amounted to Rs.74 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. 300 million (31 December 2022: Rs. 200 million).

| | Note | September 30, December 31, | |
|---------------------------|------|----------------------------|-------------------|
| | | 2023 (Un-audited) | 2022 (Audited) |
| (Rs. in '000) | | | |
| 14 TAXATION-NET | | | |
| Advance taxation | | 103,196 | 101,517 |
| Prior years tax liability | | (38,236) | (32,797) |
| Provision for taxation | | (170,567) | (51,394) |
| | | <u>(105,607)</u> | <u>17,326</u> |

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

- 15.1.2** 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. 15.23 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 Statements (Un-audited) For the Nine months period ended September 30, 2023

15.1.3 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.

15.1.4 "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 Statements (Un-audited) For the Nine months period ended September 30, 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."

- 15.1.5** 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.
- 15.1.6** 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.
- 15.1.7** 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, the Appellate Tribunal upheld the order of the Commissioner Appeals-PRA. Disagreeing the order of Appellate Tribunal - PRA, Company has filed a reference application before Hon'ble Lahore High Court, who granted the Stay till the decision of reference application, the company based on the opinion of Tax & Legal Advisor, expects a favorable decision on the legal grounds.



Notes to the Condensed Interim Financial Statements (Un-audited) For the Nine months period ended September 30, 2023

15.1.8 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. The Department has issued the show cause notice for the tax year 2018 and 2019 on dated 15 Jun 2023 for proceeding of remanded back issues in the light of CIR(A) order. Proceeding initiated by department but yet not finalized.

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.

15.1.9 On May 30, 2023, Company received a Show Notice u/s 122(5A) read with section 122(9) of the Income Tax Ordinance ,2001 from Additional Commissioner Inland Revenue for the Tax Year 2020 (Corresponding financial year 2019). Proceeding initiated by the department but yet not finalized.

15.1.10 During the year, 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.

15.2 Commitment

Commitment under letters of credit for the import of stock-in-trade items amounted to Rs. 13.69 million (31 December 2022: Rs40.28 million) and against import contracts for Stock in trade items Rs 72.2Mn . (31 December 2022: NIL)



**Notes to the Condensed Interim
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For the Nine months period ended September 30, 2023**

| | Nine months period ended | | Quarter ended | | |
|---|---------------------------------|--|--|------------------|------------------|
| | Note | September 30, September 30, 2023 2022 | September 30, September 30, 2023 2022 | | |
| ----- (Rupees in '000) ----- | | | | | |
| 16. SALES - net | | | | | |
| Gross sales | | 5,738,123 | 3,946,779 | 2,278,425 | 1,677,540 |
| Sales tax | | (955,480) | (630,606) | (382,285) | (267,951) |
| Trade discount | | (588,434) | (386,153) | (254,676) | (169,927) |
| Sales return and rebate | | (68) | (440) | - | (219.00) |
| | | <u>(1,543,982)</u> | <u>(1,017,199)</u> | <u>(636,961)</u> | <u>(438,097)</u> |
| | | <u>4,194,141</u> | <u>2,929,580</u> | <u>1,641,464</u> | <u>1,239,443</u> |
| 17. COST OF SALES | | | | | |
| Raw material consumed | | 2,681,029 | 2,142,744 | 966,729 | 900,008 |
| Packing material consumed | | 250,995 | 178,059 | 98,037 | 71,677 |
| Salaries, wages and other benefits | | 86,463 | 106,128 | 32,120 | 21,491 |
| Toll Manufacturing Charges | | 98,225 | 65,790 | 36,287 | 27,035 |
| Depreciation and amortisation | | 26,509 | 38,733 | 9,003 | 13,167 |
| Fuel and power | | 3,693 | 5,226 | 1,436 | 1,697 |
| Freight and handling charges | | 3,902 | 1,920 | 1,792 | 905 |
| Stores and spares consumed | | 2,250 | 543 | 1,056 | 181 |
| Rent, rates and taxes | | 16,126 | 12,002 | 6,174 | 3,839 |
| Travelling and conveyance | | 6,026 | 4,280 | 2,497 | 1,872 |
| Insurance | | 1,543 | 1,310 | 543 | 328 |
| Repair and maintenance | | 397 | 67 | 57 | 28 |
| Postage and telephones | | 327 | 383 | 129 | 127 |
| Others | | 2,244 | 4,938 | 664 | 1,450 |
| Legal and professional charges | | 70 | 72 | 48 | - |
| Printing and stationery | | 110 | 108 | 54 | 56 |
| Subscription charges | | 626 | 165 | - | 103 |
| Provision for slow moving stock-in-trade | | 1,278 | 1,498 | 278 | 1,498 |
| Product research and development | | 4,494 | 409 | 1,781 | 63 |
| Provision for slow moving stores and spares | | - | 72 | - | - |
| | | <u>3,186,307</u> | <u>2,564,447</u> | <u>1,158,685</u> | <u>1,045,525</u> |
| Opening stock of work-in-process | | 1,550 | 13,085 | - | 9,414 |
| Closing stock of work-in-process | 6 | - | (10,867) | - | (10,867) |
| Cost of good manufactured | | <u>3,187,857</u> | <u>2,566,665</u> | <u>1,158,685</u> | <u>1,044,072</u> |
| Opening stock of finished goods | | 269,227 | 152,198 | 484,507 | 124,782 |
| Closing stock of finished goods | 6 | (493,806) | (172,195) | (493,806) | (172,195) |
| | | <u>(224,579)</u> | <u>(19,997)</u> | <u>(9,299)</u> | <u>(47,413)</u> |
| | | <u>2,963,278</u> | <u>2,546,668</u> | <u>1,149,386</u> | <u>996,659</u> |



**Notes to the Condensed Interim
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18. 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:

18.1 Names of related parties, nature and basis of relationship

| Name of related parties | Nature and basis of Relationship | Percentage of shareholding in the Company |
|-----------------------------------|----------------------------------|---|
| New Future Consumer International | Parent Company | 85.84% |
| General Trading LLC | Director | 10.01% |
| Mrs. Ferial Ali Mehdi | | |

18.2 Transaction with related parties

| | Nine months ended | |
|---|---------------------------------------|----------------------|
| | 30 September 2023 (Rs. in '000) | 30 September 2022 |
| Other related parties | | |
| Contribution to the employee's provident fund | 10,484 | 7,227 |
| Directors and chief executive officer (key management personnel) | | |
| Remuneration | 48,390 | 27,140 |
| Other directors remuneration -meeting fees | 750 | 900 |
| Interest on loan from Director | 15,177 | 9,269 |
| Other key management personnel | | |
| Managerial remuneration (excluding directors and chief executive officer) | 121,726 | 63,745 |

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

- 18.4 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.

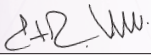
- 18.5 Other transactions with the related parties are at the agreed terms.



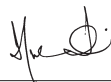
**Notes to the Condensed Interim
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19 GENERAL

19.1 This condensed interim financial information was authorised for issue on 18th October 2023 by the board of directors of the Company.



Chief Financial Officer



Chief Executive Officer



Director



**Providing Quality,
Convenience & Affordability**



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SAAWIBENTILES