



 **ZIL**
LIMITED
Personal Care & Hygiene Products Company

Annual Report
2023



About Us

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

Activity Calendar 2023

Highlights of Activity Calendar 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. Ferial 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

* Joined in place of Syed Hasnain Ali who resigned on
May 31, 2023.

** Joined in place of Mr. Mir Muhammad Ali who resigned
on May 31, 2023.

Board Audit Committee

Mr. Muhammad Salman H. Chawala
Chairman

Mrs. Ferial Ali-Mehdi
Member

Mr. Ahsan Rashid
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

A. Qadir & Company

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

Our Mission

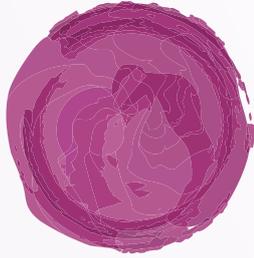
Enrich everyday lives of individuals, families and communities by providing products which offer quality, convenience & affordability.



Our Vision

To be admired as a leading & innovative consumer goods company offering delightful propositions that rivals any other major company.

Core Values



Sustainability

We consider balancing long-term goals with short-term needs



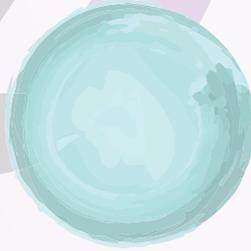
Customer Centric

Understanding & satisfying customer needs, wants & expectations



Innovation

We add value to delight our customers



Learning

Outstanding quality through continuous improvement



Empowerment

Grow our people to be autonomous, responsible and engaged

Code of Conduct

It is the fundamental policy of ZIL Limited to conduct its business with honesty, integrity and in accordance with the highest ethical and legal standards. The company has adopted comprehensive Code of Conduct (herein after called 'Code') to provide guidance to foster a culture of uprightness, accountability & high standards of personal and professional veracity and to promote integrity for the board, senior management and other employees.

The company carefully checks for compliance with the Code by providing suitable information, prevention and control tools and ensuring transparency in all transactions and behaviors by taking corrective measure if and when required.

PERSONS TO WHOM THIS CODE APPLIES:

- All Directors, executives, officers and employees of ZIL Limited;
- All persons, whether or not employees, who are at any time acting as agents or affiliates, contractor or representatives of ZIL Limited who act for the company countrywide, within all sectors, regions, areas and functions.

PERSONS RESPONSIBLE FOR IMPLEMENTATION:

Board Responsibilities.

This Code has been developed and approved by the Board of Directors of ZIL (the "Board"). The Board shall periodically review the adequacy and appropriateness of and compliance with this Code and implement any changes it believes are necessary or desirable in order to achieve its purposes.

MANAGEMENT RESPONSIBILITIES.

The Chief Executive Officer of ZIL is responsible for ensuring that ZIL conducts business in accordance with this Code. The Chief Executive Officer shall communicate the strong support of senior management for this Code and shall endeavor to foster a strong "culture of compliance".

GENERAL PRINCIPLES:

- Relationships amongst employees, at all levels, must be truthful, trustworthy and honest.
- Compliance with the law, regulations, statutory provisions and company's policies & procedures is a constant commitment and duty of all ZIL employees.
- The Company's business and activities have to be carried out in a transparent, honest and fair manner. Any discrimination because of race, color, religion, gender, age, nationality, marital status or physical disability is rejected.
- Employees must be committed to customer satisfaction and strive to provide quality in all business dealings.
- Employees must avoid any investment, arrangement or other association, whether their own, an immediate family or household member, which could give the appearance of, or actually interfere with, the independent exercise of sound business judgment in the best interests of the Company, or otherwise represents a real or apparent conflict of interest between the interests of the employee and those of the Company.

BUSINESS ETHICS:

The Company and each of its employees, wherever they may be located, must conduct their affairs with uncompromising honesty and integrity. Employees are expected to be honest and ethical in dealing with each other, with clients, suppliers and all other third parties.

Misconduct cannot be excused because it was directed or requested by another. Any illegal, dishonest or unethical act must immediately be reported to the competent authority for remedial and corrective action.

COMPLIANCE WITH LAWS:

General

It is the Company's policy to comply with all laws, rules and regulations that are applicable to business in Pakistan.

Corporate and Taxation Laws

It is the Company's policy to adhere with all applicable corporate, and taxation laws, rules, regulations and directives for the time being enforced.

Employment laws

It is the Company's policy to comply with applicable employment laws, including those governing working conditions, wages, benefits, and minimum age for employment.

Environmental Laws

It is the Company's policy to comply with all applicable laws and regulations for the protection of the environment.

FAIR COMPETITION AND ANTITRUST LAWS

The Company must comply with all fair competition and antitrust laws to ensure that businesses compete fairly and honestly and prohibit conduct seeking to reduce or restrain competition.

CONFLICTS OF INTEREST:

Employees must not engage in activities or transactions which may give rise, or which may be seen to have given rise, to conflict between their personal interests and the interest of the Company.

There is a likely conflict of interest if employees:

- cause the Company to engage in business transactions with relatives or friends;
- use nonpublic information of the Company, customer or supplier for personal gain by employees, relatives or friends (including securities transactions based on such information);

- have more than a modest financial interest in the Company's suppliers, customers or competitors;
- receive a loan, or guarantee of obligations, from the Company (other than as specifically allowed) or a third party as a result of position within the Company;
- compete, or prepare to compete, with the Company while still employed by the Company; or
- perform work (with or without compensation) for a competitor, governmental or regulatory entity, customer or supplier of the Company, or do any work for a third party that may adversely affect performance or judgment on the job or diminish ability to devote the necessary time and attention to the duties.

GIFTS, BRIBES AND KICKBACKS:

Bribes, kickbacks or other payments, (other than received in the normal course of business including travel or entertainment) which are intended to influence a business decision or compromise independent judgment are strictly prohibited.

Accepting cash or cash equivalents, including cheques, money orders, vouchers, gift certificates, loans, stock or stock options that might place an employee under obligation is forbidden. Employees must politely but firmly decline any such offer.

Employee found guilty of paying or receiving bribes, gifts or kickbacks should be promptly reported to the appropriate authorities.

FINANCIAL INTEGRITY:

All financial books, records and accounts must accurately reflect transactions and events and conform to generally accepted accounting principles and to the Company's system of internal controls.

Information must not be falsified or concealed under any circumstances. Examples of unethical financial or accounting practices include:

- Making false entries that intentionally hide or disguise the true nature of any transaction;
- Improperly accelerating or deferring the recording of expenses or revenues to achieve financial results or goals;
- Maintaining any undisclosed or unrecorded funds or "off the book" assets;
- Establishing or maintaining improper, misleading, incomplete or fraudulent account documentation or financial reporting;
- Making any payment for purposes other than those described in documents supporting the payment; and
- Signing any documents believed to be inaccurate or untruthful.

PROTECTION AND PROPER USE OF THE COMPANY PROPERTY:

Employees must safeguard the Company property from loss or theft, and should not take such property for unauthorized personal use. The Company property includes confidential information, software, computers, office equipment, and supplies.

CONFIDENTIALITY OF INFORMATION:

Employees are expected to safeguard confidential information and must not, without authority, disclose such information about the Company's activities to the press, to any outside source or to employees who are not entitled to such information.

RECORD RETENTION:

The company's business records shall be maintained for a period specified in the law and in accordance with specific policies.

SECURITIES TRADING:

Trading in the securities of the Company by the employee, or any of his relatives or friends, while possessing "inside" information related to that company is strictly prohibited.

POLITICAL AFFILIATIONS:

ZIL Limited is an independent organization free from any political affiliation. No funds or assets of the Company may be contributed to any political party or organization or any individual who either holds public office or is a candidate for public office except where such a contribution is permitted by law.

REPORTING ETHICAL VIOLATIONS:

All matters of ethical / legal violations, accounting or auditing matters, fraud, misconduct or other instances of unauthorized behavior should be promptly reported to the competent authorities in the manner prescribed / laid down by such authorities. Confidentiality would be strictly maintained in all such reported cases. Protection will also be provided from any kind of retaliation / consequence for all reports made in good faith.

WORKPLACE SAFETY:

Every employee at work must take reasonable care for the health and safety of himself / herself and others who may be affected by his / her acts or omissions at work; and co-operate with the Company in its efforts to protect the health and safety of its employees and visitors.

It is the policy of the Company to promote a productive work environment and not to tolerate verbal or physical conduct by any employee that harasses, disrupts, or interferes with another's work performance or that creates an intimidating, humiliating, offensive or hostile environment.

Corporate Social Responsibility

Consumer Protection Measures

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

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

Workplace Safety & Security

We at ZIL Limited recognize our legal and moral responsibility for Hygiene and Safety in work place and are committed to constantly improving and providing a well maintained healthy and safe working environment to all employees, contractors and visitors.

Business Ethics & Anti-Corruption Measures

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

Our Human Resources

At ZIL, Human Resource is our secret of success, the winning team has proven its strength & strategic role in survival & growth of this organization. Team work & empowered manpower is the pride of ZIL. The commitment to achieve & going extra mile is born by all the team members, contributing towards achieving with zeal & enthusiasm. Through the year, we worked on various HR initiatives and processes to ensure that our induction schemes, training and development methodologies, compensation strategies and performance management system remained robust and in line with best industry practices. Our key area of focus for the year 2022 remained performance improvement diversity and inclusion, capability development, competency realignment, health and wellness amongst other key areas.

Energy Conservation

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

- Employees are encouraged to minimize the use of air conditioning, switch of room or cubicle lights, printers, monitors and other electronics when not required.
- Fuel limits are regularly evaluated and amended in concurrence to contemporary needs.
- Additionally a number of initiatives have been taken in all our locations to conserve energy.
- Power factor is improved and monitored for heavy machines.
- Inverters have been installed at high torque electric motors to reduce consumption.

Environment Protection Measure

- Sewerage ad drain is ensured free of any acid or alkali and other chemicals used in soap making process as per EPA standard.

Corporate Social Responsibility

Economic Responsibility:

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

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

Corporate Memberships

- **Karachi Chamber of Commerce & Industry**
www.kcci.com.pk
- **Pakistan Institute of Corporate Governance**
www.picg.org.pk
- **Hyderabad Chamber of Commerce & Industry**
- **Marketing Association of Pakistan**
www.map.org.pk
- **Pakistan Soap Manufacturers Association**
www.psma.com.pk
- **Pakistan Chemical Manufacturers Association**
www.pcma.org.pk

Directors' Profile



Dr. Saloman Jacobus Van Rooijen

Chairman & Non-Executive Director

Cobus Van Rooijen is the founder of New Future Consumer General Trading LLC. He has had a long career in several multinational companies, having served on the boards of Castle Brewing Namibia as MD, Heineken Russia as MD of Heineken Commercial Services and member of the executive board of Heineken Russia, executive board member of Vlisco BV in the Netherlands, executive board member of Amber Beverage Group in Latvia and currently MD of NFCI. Cobus has held global executive positions with SABMiller (now part of AB InBev) as global Exports director, Heineken International (Amsterdam, the Netherlands) as global functional head of Sales, Distribution and Trade Marketing, Vlisco BV (Helmond, the Netherlands) as global Sales director as well as global Brand director for the Vlisco brand and ABG (Riga, Latvia) as global Sales and Marketing director. In these capacities he has worked on all five continents on commercial turnarounds and M&A due diligence projects. He is currently the MD of NFCI, focusing on FMCG business development and JV/M&A projects as well as being a business coach to several companies globally in GTM and Trade Marketing, based in Dubai, UAE.



Mr. Mubashir Hasan Ansari

Executive Director & Chief Executive Officer

Mr. Mubashir H. Ansari joined ZIL Limited in April 2011 as GM-Marketing and Sales and was appointed to the position of CEO in January 2013. Under his stewardship Mr. Ansari has successfully delivered strong results and brought about a transformative change within the organization.

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

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

He attended IMD's Orchestrating Winning Performance Program (OWP) in 2015 and gained exposure to thinking on current leadership challenges and key management issues. Mr. Ansari is also a certified director from Pakistan Institute of Corporate Governance (PICG).



Mrs. Ferial Ali-Mehdi

Non-Executive Director

Mrs. Ferial Ali-Mehdi took over the reins of the company as CEO in November 1998. She remained at the position till December 2012. She is acting as Chairman since July 2007. She has led the turnaround of ZIL Limited by turning a constantly loss making business into a profitable entity and wiped out all accumulated losses within 3 years of becoming the CEO.

Mrs. Mehdi holds a Bachelors degree in Economics from Karachi University. She started her career at Wazir Ali Industries as a Marketing Trainee and rapidly climbed up the corporate ladder to become Brand Manager. She has had exposure on all the levels in Marketing and chiefly looked after the Cooking Oil category of the business.

In 1996, Mrs. Mehdi resigned from Wazir Ali to join ZIL Limited. She took over as the marketing manager looking after the entire range of the products and later excelled to the position of Director Marketing. She took over as Managing Director in 1998 and streamlined costs, processes and benchmarked various aspects of the business to make it more state-of-the-art. This resulted in lowering the losses and eventually with her team to turnaround the company by mid-2003. They grew the business from a Rs. 390 mn net turnover in 1999 to a Rs. 1.6 bn by 2011. She then put into place a new team to invigorate, innovate and eventually grow the business into a more diverse and strong FMCG company.

She attended IMD's Orchestrating Winning Performance Program (OWP) in 2006 and gained intensive exposure to current thinking on today's key management issues. Mrs. Mehdi is certified member of Pakistan Institute of Corporate Governance (PICG).



Mr. Muhammad Irfan-ul-Haq

Non-Executive Director

Muhammad Irfan-ul-Haq, is currently the Country Manager, Pakistan for New Future Consumer General Trading LLC. He has had more than 17 years' experience in Nestlé in different positions inside and outside Pakistan. Among his many assignments, Irfan has previously as Head of Commercial Development team in Nestle Pakistan as well as Head of Sales Operations and Capability Development in PT Nestle Indonesia. He has a strong background in commercial areas including business strategy, category management, and shopper marketing.



Mr. Saad Amanullah Khan

Non-Executive Director

Mr. Saad has nearly three decades of experience working for Gillette Pakistan as CEO, and Procter and Gamble in Senior Executive positions. He is a graduate of the University of Michigan MBA (Class of 1987) and holds two engineering degrees.

Elected twice as President of American Business Council (ABC), the largest single-country business chamber in Pakistan, Mr. Saad was also elected twice to the Executive Committee of Overseas Investors Chamber of Commerce and Industry's (OICCI), the largest foreign business chamber.

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

Mr. Saad is a published author with his book "It's Business, It's Personal" which covers topics from company's vision, strategies to organizational excellence and culture. He also conceptualized, led and delivered Rs 1 billion from USAID to the Bolton Market Victims in an efficient and transparent manner under the umbrella of American Business Council.

He is a certified member of Pakistan Institute of Corporate Governance (PICG).



Mr. Muhammad Salman Husain Chawala

Independent, Non-Executive Director

Salman has over 20 years of experience in various sectors which includes Pharmaceutical, Agriculture, Chemicals, Engineering and Financial Sectors. He has played key role in Business Development, Corporate Governance, Corporate Affairs, and General Management. He is currently associated with NIT and is also representing the organization as a board member. Salman holds a Master's degree in Business Administration from IBA - Karachi and is also Member of Institute of Corporate Secretaries of Pakistan. He is also a Certified Director from Pakistan Institute of Corporate Governance (PICG).



Mr. Ahsan Rashid

Independent, Non-Executive Director

Ahsan has over 32 years of diverse experience, mainly with major multinationals including more than 15 years as Company Head. He has been Managing Director of Coca-Cola Beverages Pakistan Limited and Ghani Glass Limited. He has also worked in Rafhan Best Foods Limited (now Unilever Foods), Pepsi Cola International and Tetra Tech Inc., USA. He is currently working as Founder and CEO of Optimus Group of Companies, providing services in areas of Management Consulting and IT. His areas of expertise are Business Optimization, M&A, Sales Transformation, Strategic Planning, Management Information Systems and People Development. He has extensive international market visit exposure - 20 countries in 6 continents and is proficient in adapting international best practices to local environment.

Ahsan did his MBA from University of California, Riverside, USA and MS in Industrial & Operations Engineering from University of Michigan, Ann Arbor, USA. He also has BSc. in Mechanical Engineering from University of Engineering & Technology, Lahore as well as Certificate in Hazardous Materials Management from University of California - Extension, Riverside, USA.

He is President of Pakistani Celiac Society and a life member of Adventure Foundation of Pakistan.

Board and Management Committees

BOARD AUDIT COMMITTEE

The Board Audit Committee assists the BOD in fulfilling its responsibilities, including reviewing the financial reporting process, the system of internal control over financial reporting, the risk management and internal audit process and the company's process for monitoring compliance with laws and regulations. The Chairman of the Committee is Independent non - executive director.

The audit committee comprises of following non - executive directors:

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

BOARD HUMAN RESOURCE & REMUNERATION COMMITTEE

The company has established the HR&R committee. The Chairman and majority of members of the committee are non - executive directors. All relevant issues of appointment & remuneration are fully disclosed, deliberated and decided at the meetings of the committee. The Chairman of the Committee is Independent non - executive director.

The committee comprises of following directors:

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

MANAGEMENT COMMITTEE

The management committee provides direction and leadership to the organization by:

- Setting the strategic direction
- Formulation policies and implementing risk management and internal control procedures
- Ensuring effective management of resources
- Monitoring activities to ensure objectives are met in a transparent, ethical manner in line with the values of the organization

The management committee comprises of:

Mr. Mubashir Hasan Ansari
Mr. Ata-ur-Rehman Shaikh
Syed Shiblee Abdullah
Mr. Shabbir Hussain

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

Management Committee



Mr. Mubashir Hasan Ansari
Director / CEO



Mr. Ata-ur-Rehman Shaikh
GM Finance



Syed Shiblee Abdullah
GM Supply Chain



Mr. Shabbir Hussain
General Manager Sales

Personal Care

Capri Bar Soap Range



Our soap celebrates the richness of natural ingredients, offering a luxurious experience that nourishes and enhances your skin. Designed for Pakistani women who exude confidence and authenticity, Capri embraces individual beauty, leaving skin moisturized, soft, and beautiful. With Capri, you'll not only experience the indulgence of luxury, but also the functional benefits of healthier, more beautiful skin.

To further enhance our brand presence and engagement, we have implemented a series of strategic initiatives this year:

- We ensured widespread visibility and accessibility by strategically placing Out of Category Displays (OCDs) nationwide. Additionally, we employed pigeon hole branding techniques to make our products stand out on the shelves, capturing consumer attention and reinforcing our brand identity. This distinctive approach to branding not only makes Capri products easily recognizable among competitors but also solidifies our position in the market.
- We launched Instore Visibility Campaigns to spotlight our diverse product range, amplifying brand exposure and consumer awareness. Additionally, we introduced Innovative Display Jackets aimed at increasing variants penetration by enhancing visual appeal at retail outlets. These initiatives not only elevate brand visibility but also bolster overall stock depth, ensuring a comprehensive presence in the shop..
- Engaging digital activities and contests have been launched to foster deeper connections with our audience. These initiatives include the highly successful "Get Ready with Me For Iftar/Sehri" campaign, which invited users to share their skincare routines and beauty tips using Capri soap. Additionally, the Capri filter activity allowed users to interact with our brand in a fun and creative way, while the Capri Heritage campaign showcased the rich history and values behind our brand. Together, these digital campaigns generated millions of views and impressions, significantly enhancing our brand image and strengthening our connection with consumers.

With Capri, we are committed to not only providing exceptional products but also delivering memorable experiences that resonate with our consumers.

Capri Liquid Handwash Range

Elevating Natural Ingredients for Superior Skin Care. Our commitment to excellence extends to Capri Handwash, where we prioritize the power of natural ingredients to deliver unparalleled skin care benefits, unmatched product quality, and exceptional performance, setting us apart from the competition. Infused with moisturizing elements, Capri Handwash ensures soft, hydrated skin with every use.



HYPro Anti-Bacterial Bar Soap



Dedication to Health and Hygiene with HYPro. Our unwavering commitment to establishing HYPro as a recognizable player in the health segment drives us forward. Crafted with precision, our formula contains a proven antibacterial agent, ensuring 100% germ protection after each wash, while remaining gentle on the skin. HYPro offers three distinct variants: HYPro Extra for top-tier defense, HYPro Fresh for enduring freshness, and HYPro Energetic infused with energy essence for a confidence boost. Our message of daily hygiene, combined with effective germ-fighting properties, resonates across various shopper touchpoints, reinforcing our mission to keep you protected day in and day out.

To further solidify our commitment, we have implemented various strategic initiatives:

- Banners were placed Pan-Pakistan to enhance brand visibility and awareness among consumers in high-traffic areas.
- Soap Dispensers to help in increasing variant penetration, and wider availability of our products.
- Out of Category Displays strategically placed in USC stores maximize visibility and accessibility.
- Trade Promotion Activity: A two-phase trade promotion activity TO boost sales, offering valuable gifts with purchases of stock such as water coolers, lunch carriers, hotpots, and dinner sets.

With HYPro, we strive to keep you and your family protected while ensuring convenience and satisfaction in every use.

Opal Beauty Soap

Opal Beauty Soap range is a harmonious blend of delightful floral fragrances and vibrant colors, crafted to evoke a sense of relaxation and promote smooth, supple skin. Formulated to effectively cleanse the skin by removing dirt, oil, and impurities, Opal remains dedicated to providing consumers with a unique range tailored for the discerning user. Our collection also caters to budget-conscious consumers with a special offering of an economical beauty proposition, ensuring everyone can enjoy the luxury of Opal without compromise.

In response to valuable customer feedback, we have implemented a new lock bottom packaging for Opal Beauty Soap. This innovative packaging design addresses concerns raised by customers to ensure that the soap remains intact throughout its use. We are committed to continuously improving our products to meet and exceed customer expectations.



Corporate Social Responsibility

ZIL Limited participated in the flagship annual fundraiser held at St. Anthony Church by sponsoring the event and providing gift boxes filled with our premium products to support this noble cause. The funds raised during this event were directed towards initiatives focused on education, healthcare, and charitable assistance for the needy.

Furthermore, ZIL Ltd continued its support for SRSC (Society for the Rehabilitation of Special Children) in 2023. Since 1955, SRSC has been dedicated to providing vital physical, mental, and vocational rehabilitation services to underprivileged children, focusing on their unique needs. Our ongoing partnership with SRSC exemplifies our commitment to fostering inclusivity and promoting social welfare within our community.



Chairman's Review Report

It is my privilege to present this review to the shareholders of the company under the provision of section 192 of the Companies Act 2017, outlining the overall performance of the Board and its effectiveness in guiding the company toward its aims and objectives.

The business maintained its growth momentum and had a record-breaking performance in 2023 despite macroeconomic uncertainties. This was made possible through the efforts of our experienced management team led by CEO under the guidance of the board. The board's involvement was crucial in guiding the business ahead in a difficult environment so that it could accomplish its main goals and enhance the benefits for all stakeholders.

After the completion of the acquisition process of the company in 2023, two directors from the Board of Directors of the company voluntarily resigned and the board appointed new directors to fill these vacancies. On behalf of the Board of Directors, I would like to record my appreciation for the valuable services rendered by outgoing members during their tenure on the board and its committees.

Election of the new Chairman of the board by the members took place after the voluntary resignation of the previous Chairperson, following the acquisition of the company and reorganization of the board. I would like to record my appreciation for the valuable services rendered by Mrs. Ferial Ali Mehdi as Chairperson of the board. The board and company will continue to reap benefits from her vast experience as she is staying on as Advisor to the board.

The good diversity of experience, abilities, and knowledge on the Board of Directors allowed the board to carry out its statutory obligations and responsibilities impartially. The Board was assisted by sub-committees i.e., the Audit Committee and the Human Resources & Remuneration Committee. The Board and its Committees have put in place a robust corporate governance framework that encourages prudent and efficient governance of business affairs, which is essential for the company's long-term success.

It's critical to acknowledge the significant contribution that the Audit Committee and HR&R Committee have made in identifying areas for improvement and offering effective solutions for ultimate performance. For the benefit of all stakeholders, we will keep up our efforts to adopt and put into practice excellent governance practices to achieve continuous growth.

The strict adherence to the corporate governance framework, which is ingrained in the organizational culture and emanates from the top leadership, is highly valued by the board, its committees, and the management of the business.

Both the Executive and Non-executive directors participate equally in strategic considerations and have implemented mechanisms to guarantee alignment with the company's overarching strategy, purpose, and vision statements. The system of internal controls has been well-designed, successfully implemented, and duly monitored. There has been no deviance from the best standards of corporate governance. All Directors, other than those who are exempted or newly appointed have already completed the directors' training program.

Agendas and written supporting materials, including follow-up documents, were sent to the company's Board of Directors well in advance of scheduled meetings. Frequent meetings took place for the Board and committees to effectively carry out their duties. Additionally, the Board ensures that all decisions are made with equal input from the independent directors.

The Board and Committee members' compensation, including meeting fees, is determined by adhering to a formal and transparent compensation policy.

The Board carries out a review of its effectiveness and performance each year on a self-assessment basis. The board performance assessment for the year was based on an evaluation of the integral components such as strategic planning, composition of the board, leadership, policies and procedures, effectiveness of the board, and performance monitoring. The Board members expressed satisfaction with their respective performances after reviewing the evaluation results. The Board believes that the review is thorough and addresses all pertinent topics and the directors affirmed that the Board is appropriately involved in strategic matters, has implemented the necessary controls, and promptly obtains all the information it needs.

The economic and operating environment is expected to remain challenging. However, the business continues to be dedicated to producing excellent results and having a beneficial societal impact.

On behalf of the board of directors, I want to thank all our stakeholders for their unwavering encouragement and support. I would also like to acknowledge the professionalism, agility, and commitment displayed by our management team and all our employees over the last year. I further acknowledge the commitment and diligence of my fellow directors and want to express my appreciation for their valuable contributions to the continued growth of the company. I am confident that the bonds we share will continue to flourish.



Karachi:

Dr Salomon Jacobus Van Rooijen
Chairman

Directors' Report

The Directors are pleased to present the Annual Report with the audited financial results of the Company for the year ended December 31, 2023.

Principle Business Activities:

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

Economic Landscape:

The Country continued to face significant challenges in 2023 due to its limited foreign reserves, weakening currency, and high inflation which caused an economic slowdown.

The proliferation of risks, including the global economic slowdown, coupled with the SBP's restrictive policies such as high interest rates and import restrictions have created headwinds for businesses and investments.

The international market for Palm oil, a crucial ingredient in the production of soap, reduced significantly and stabilized by the middle of 2023 compared to 2022, which helped in achieving high margins and profitability.

Financial Performance at a Glance

Company recorded a topline growth of 40% and improved gross margins and profits in 2023 on account of sustained sales volumes and decline in global commodity rates and stable exchange rates in later part of the year. The annual financial performance is compared and shown as follows:



Company Operating Performance:

The Company was able to accomplish sizable sales volume and ever-highest profitability. As compared to last year, Net Sales Value increased by 40% which stood at Rs.5.67 billion vs 4.06 billion during 2022 on back of distribution expansion, sales mix optimization, introduction of appropriate SKUs to capture market opportunities and prompt pricing decisions.

| | 2023 Jan to Dec | 2022 Jan to Dec | Growth % |
|--------------------------|--------------------|--------------------|----------|
| Rs in Millions | | | |
| Net Sales | 5,674 | 4,062 | 39.7% |
| Gross Profit | 1,609 | 747 | 115.3% |
| Gross Profit % | 28% | 18% | 996 bps |
| Profit after taxation | 248 | 23 | 960.8% |
| Earnings per share (Rs.) | 40.5 | 3.8 | 960.8% |

Gross Profits witnessed significant growth of 996 bps from 18% to 28% on account of efficient raw material procurement and timely business decisions. Selling and distribution expenses increased mainly due to investments in brand equity through marketing & promotional activities and in strengthening of sales team to increase market penetration and expansion. Administrative expenses increased on account of emoluments, performance related incentives, professional fee and travelling. An increase in dividend income on short term investments increased other income whereas an increase in WWF & WPPF and a one-time occurrence of plant shifting and dismantling costs resulted in an increase in other expenses. Due to the high markup rates and increased working capital requirements the financial cost of the company increased significantly. The company's Profit After Tax rose significantly to Rs. 248M from Rs. 23M in the previous year.

Future Outlook and Key Risks:

The economic and geo political difficulties facing the country pose challenges to the Company.

Consistent high inflation is affecting consumer spending and demand. The management is trying hard to exceed the consumer expectations by offering better value-for-money options to not only preserve but also grow its market share.

The risk of further instability in the economy due to the above factors and the political situation exists and any further devaluation of the exchange rate, which has been stable for the last few months, will lead to elevated import costs of raw materials which will impact the Company's gross margins negatively. To counteract these effects, the management will continue to keep a careful eye on evolving situations and will take appropriate measures to maintain growth and margins.

Dividend:

Keeping in view the profitability of the Company and plans for reinvestments in brands and future expansion plans, the Board of Directors is pleased to propose a 20% cash dividend for the year ended December 31, 2023, which will be presented at the Annual General Meeting on the 24th of April 2024

before the members for the final approval.

Business Ethics:

The management's Code of Conduct constitutes a set of principles and ethics which form an essential part of our corporate philosophy and is a statement of who we are and how we conduct business. These professional ethics, highlights the Company's duties towards its employees, and employee responsibilities towards the Company. Along with good corporate governance, practicing ethical behavior is a fundamental part of everything that ZIL does. The Company and all its employees maintain the highest ethical standards in the conduct of the Company's business. Sustainability, Innovation, Customer Centric, Empowerment and Learning are the core values which ZIL practices and encourages; and these values are the underlying principles of its code of Conduct.

Compliance with Code of Corporate Governance:

ZIL limited is committed to upholding high standards of good corporate governance without exception. The Directors are pleased to state that the Company has adopted and is compliant with Corporate Governance Regulations. Statement of compliance with Listed Companies (Code of Corporate Governance) Regulations 2019 and Independent Auditor's Review Report to the members thereon are included in the Annual Report.

Impact of Company's Business on Environment:

The company's environmental diligence has improved as a result of ongoing process modernization and business improvement. Supply chain has transitioned from environmentally hazardous procedures to environmentally friendly ones that are in keeping with ZIL's corporate ideals and aim to be a responsible corporate citizen through its scope of work, especially to its persistent efforts and dedication.

Corporate and Financial Reporting Framework:

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

- a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b) Proper books of account of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and any changes in accounting policies have been disclosed in the financial statements accordingly. The accounting estimates are based on reasonable and prudent judgments.
- d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts upon the Company's ability to continue as a going concern.
- g) There has been no departure from the best practices of corporate governance
- h) All directors, except those who are exempted or newly appointed have already completed directors training program
 - i) Statements regarding the following are annexed or disclosed separately in the report:
 - i. Key operating & financial data for last six years
 - ii. Pattern of shareholding
 - iii. Meetings of the board of Directors, board audit committee and HR&R committee and respective attendance by each director

Trading of Shares:

The Code of Corporate Governance requires disclosure of all trading in the shares of the Company carried out by its Directors, Executives and their spouses and minor children. During the year Mrs. Ferial Ali Mehdi (Director) sold 3,756,796 shares of the Company through a share purchase agreement to acquirer of the company M/s New Future Consumer International General Trading LLC. Mr. Saad Amanullah Khan (Director) sold 500 shares and Mr. M. Salman Husain Chawla (Director) bought 500 shares of the Company.

M/s New Future Consumer International General Trading LLC 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 under the Securities Act 2015 and the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations 2017.

No other executives, CEO, CFO, Company Secretary and Head of Internal Audit and their spouses and minor children traded in the shares of the Company

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

Acquisition of the Company under the Securities Act 2015 and the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations 2017

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

M/s New Future Consumer International General Trading LLC 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 and through a Mandatory Tender Offer 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 contemplated under the Share Purchase Agreement and the Mandatory Tender Offer has taken place.

Change in Directorship

On completion of acquisition process under the Securities Act 2015 and the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations 2017, two directors of the Company namely, Mr. Syed Hasnain Ali and Mr. Mir Muhammad Ali voluntarily tendered their resignation in writing on 30 May 2023 to accommodate nominee directors of the acquirer M/s New Future Consumer International General Trading LLC. Upon these casual vacancies, the board appointed Dr. Salomon Jacobus Van Rooijen and Mr. Muhammad Irfan-ul-Haq, who are nominees of NFCL as a Directors of the Company in place of outgoing directors.

Board of Directors would like to record its appreciation for the valuable services rendered by outgoing members Syed Hasnain Ali and Mr. Mir Muhammad Ali during the tenure they remained on the Board of Directors and committees of the board of the Company.

Change in Chairmanship

During the year after acquisition of 84.84% voting shares and control of the Company by New Future Consumer International General Trading LLC, Mrs. Ferial Ali Mehdi, voluntarily resigned from the position of Chairman of the Board of directors of the Company. Subsequently the board members appointed Dr. Salomon Jacobus Van Rooijen as Chairman of the board of directors of the company in place of Mrs. Ferial Ali Mehdi.

Assets Held for Sales:

In the meeting of the board of Directors of ZIL

Limited, held on January 12, 2022, the board has decided that consequent to the decision of factory closure, the factory shall be disposed-off in due course of time.

In terms of section 183(3)(a) Company's shareholders' approval for sale of assets of ZIL Limited Hyderabad factory obtained in the EOGM held on November 30, 2022, the assets of ZIL Limited Hyderabad factory were offered for sale. However, due to depressed economic conditions, the availability of prospective buyers offering respectable prices remained restricted and factory assets could not be sold during the period despite the hectic efforts of the management of the Company.

The Board of Directors in its meeting re-approved the sale of assets of Hyderabad factory. Subsequently, an Extra-Ordinary General Meeting (EOGM) of the Company's shareholders was held on December 08, 2023 wherein the sale of Hyderabad factory related assets was approved by the shareholders. It was further authorized in the EOGM that the Chairman, Directors and/or any board authorized person shall be empowered to carry out all necessary steps for the execution of the said disposal.

During the year, the company has entered into a contract with a contractor to sell the portion of the plant & machinery on agreed rates. Evaluation of different proposals for selling of remaining assets is under consideration, board is confident in expecting that disposal of all or major portion of held for sale assets will be completed within extended timelines as approved by the shareholders.

Business Continuity and Disaster Recovery Plans:

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

Risk Framework and Adequacy of Internal Financial Controls:

ZIL Limited, is a risk averse Company, it has an overall

low risk appetite i.e., it is unwilling to take unwanted and unnecessary big risk while achieving its strategic objectives. The controls are intended to give assurances regarding the organization's financial performance, the reliability and accuracy of financial statistics, the competence of the business's operations, and compliance with relevant national and international laws, rules, and regulations. The Board of Directors and shareholders have received assurances from management that the company operates under well-designed, efficient, and effective internal control mechanisms. Internal financial controls support overall organizational goals and guarantee the Company's compliance with policies and standard operating procedures.

Directors' Responsibility in respect of Adequacy of Internal Financial Controls:

The Board of Directors is in the role of ensuring that the company has an effective framework of internal controls in place, which is then admirably implemented and sustained at all levels of the company. The Board is delighted to regulate the sufficiency of internal financial controls.

Board Audit Committee:

The board established with an Audit committee comprises three members including the Chairman. Majority members of the committee are non-executive directors, including its chairman, who is also an independent director. Due to resignation of Mr. Mir Muhammad Ali from the board as well as member of Audit committee, the board appointed Mr. Ahsan Rashid in place of him. The audit committee held four meetings during the period as per the requirement of applicable laws and Corporate Governance Regulations. The Chief Financial Officer, Internal Auditors as well as External Auditors were invited to the meetings. Head of internal audit acted as a secretary of the committee.

Human Resource & Remuneration Committee:

The Company's HR&R committee is fully functioning with its chairman and majority of members being non-executive directors. All issues of remuneration are fully disclosed, deliberated, and decided at the meetings of HR&R committee. Senior Manager HR acted as a secretary of the committee.

Remuneration Policy for Non-Executive Directors:

The Non-Executive Directors (including independent directors) are paid Rs. 30,000 as fee for attending each meeting. In addition, travelling & boarding expense are also reimbursed on actual basis. Company-maintained car and other benefits incidental or relating to the office to certain directors are being facilitated in accordance with approved policy. Meeting fee and emoluments paid during the year are disclosed in Note 35.1 to the Financial Statements.

Board has approved formal policy and transparent procedure for fixing the remuneration packages of individual directors for attending meetings of the board and its committees and performing of extra services, and all payments to directors are made according to that approved policy and contract.

Performance Evaluation of Board of Directors and its Committees:

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

Internal Audit:

The Corporate Governance encompasses with the compelling need of an adequately resourced internal audit function. In term of this, the Company has outsourced its internal audit function to a renowned Chartered Accountants firm of repute, namely Yousuf Adil, Chartered Accountants. The outsourcing has provided the Company an independent review on its internal controls that helps the Company & further its aim to remain competent. Head of Internal Audit acts as coordinator between Yousuf Adil, Chartered Accountants and the Board Audit Committee as required by the Code of Corporate Governance.

External Auditors:

The present auditors, BDO Pakistan, Chartered Accountants are due to retire and being eligible, offer themselves for reappointment for the year 2024. They have confirmed:

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

On recommendation of the Board Audit Committee, the Board of Directors recommended the appointment and remuneration of Rs.2.100m for the year 2024 subject to the approval by the members in Annual General Meeting of the Company.

Gratuity and Provident Fund:

The Company is operating a Provident Fund and an approved Gratuity Scheme. The provident fund has been appropriately invested in the allowed securities and is audited annually by independent auditors. The value of investments of Provident Fund as at December 31, 2023 is Rs.178.537 million.

Unclaimed Dividend:

Unclaimed dividends were transferred into specifically designated saving bank account and income from this account will be used in CSR activities. During the year, no claim for payment of unclaimed dividend received.

Composition of the Board:

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

Loan from Directors:

The Company has acquired Rs. 100 million unsecured loan from a director of the Company as per agreed terms and conditions dated 30 December 2021. The loan carried markup rate of one-month KIBOR reduced by one percent per annum payable monthly and has been obtained to meet working capital and other requirements. In December 2022, both parties agreed to extend the loan tenure for an additional one-year period. The loan is now repayable in four equal installments of rupees twenty-five million each. Subsequent to the year end, 1st installment of twenty-five million was paid in January 2024.

Related Party Transactions

The related party transactions entered into by the Company during the year are disclosed in Note 39 of the Financial Statements for the year ended December 31, 2023.

Health & Safety

The company is dedicated to continuously improving and providing a well-maintained, safe, and healthy environment for all of its workers, contractors, and clients. The company understands its legal and moral responsibility for healthy and safe workplace practices. The Company also makes an effort to ensure that none of its operational activities put the community or its members in risk.

Following are the salient features of ZILs health and safety policies:

- Dedicated people are resourced for safety program and organization
- People are aware of emergency preparation and risk management

- People are trained on key safety components, permit to work system and PPE
- People are involved up to floor level
- Safety program results are properly tracked, reviewed and shared across the organization
- Reward and recognition program is applicable on safety achievements

Corporate Social Responsibility:

ZIL Limited, as part of its social responsibility, made a donation to a renowned non-governmental organization.

Acknowledgment:

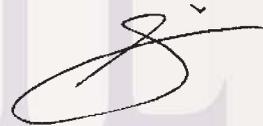
We would like to express our profound thanks to our valued clients, vendors, distributors, bankers, and business partners on behalf of the Board of Directors and the management for their ongoing support and confidence. The Directors are also pleased to express their gratitude to the company's management and staff for their undying dedication and essential role in the company's success despite the difficult business environment they faced all year.

For and on behalf of the Board



Mubashir Hasan Ansari
Director / CEO

For and on behalf of the Board



Dr. Salomon Jacobus Van Rooijen
Director / Chairman

Karachi: February 27, 2024

Board and Committees Meetings

Meetings of the Board of Directors held during January to December 2023

Six meetings of the Board of Directors of the Company were held on February 23, April 27, June 01, August 16 and October 18 and December 07, 2023.

Following was the attendance of the directors:

| | No. of meetings attended |
|----------------------------------|--------------------------|
| Dr. Salomon Jacobus Van Rooijen* | 4 |
| Mr. Mubashir Hasan Ansari | 6 |
| Mrs. Ferial Ali Mehdi | 6 |
| Mr. M. Salman H. Chawala | 6 |
| Mr. Saad Amanullah Khan | 4 |
| Mr. Ahsan Rashid | 6 |
| Mr. Irfan-ul-Haq* | 4 |
| Mr. Mir Muhammad Ali** | 2 |
| Syed Hasnain Ali** | 2 |

* Appointed on board of the company on casual vacancy on June 01, 2023

** Resigned from the board of the company on May 31, 2023

Leave of absence was granted to Mr. Saad Amanullah Khan

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors of the Company oversees the operations and affairs of the Company in an efficient and effective manner. For the sake of smooth functioning, the Board has constituted two committees. These committees are entrusted with the task of ensuring speedy management decisions relating to their respective domains.

AUDIT COMMITTEE COMPOSITION

The Board of Directors of the Company, in compliance with the Code of Corporate Governance, has established an Audit Committee which comprises of the following directors

| Director | Designation |
|---|-------------|
| Mr. M. Salman H. Chawala (Independent Non-Executive) | Chairman |
| Mrs. Ferial Ali Mehdi | Member |
| Mr. Ahsan Rashid (Independent Non-Executive) | Member |

Meetings of the Board Audit Committee held during January to December 2023

Four meetings of the Board Audit Committee of the Company were held on February 23, April 27, August 16 and October 18, 2023

Following was the attendance of the members:

| | |
|--|---|
| Mr. M. Salman H. Chawala (Independent Non-Executive) | 4 |
| Mrs. Ferial Ali Mehdi | 4 |
| Mr. Ahsan Rashid* (Independent Non-Executive) | 2 |
| Mr. Mir Muhammad Ali** | 2 |

*He appointed as member of the committee from August 09, 2023

**He was member of the committee up to May 31, 2023

HUMAN RESOURCE AND REMUNERATION COMMITTEE COMPOSITION

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

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

The major role of the Committee is to review HR related matters of the Company and present its recommendations to the consideration and approval.

Meetings of the Board HR&R Committee held during January to December 2023

Three meetings of the Board HR&R Committee of the Company were held on February 23, August 16 and December 07, 2023

Following was the attendance of the members:

| | |
|--|---|
| Mr. Ahsan Rashid (Independent Non-Executive) | 3 |
| Mr. Saad Amanullah Khan | 3 |
| Mrs. Ferial Ali Mehdi | 3 |
| Mr. Mubashir Hasan Ansari | 3 |

جنوری تا دسمبر 2023 بورڈ کی آڈٹ کمیٹی کے منعقدہ اجلاس

23 فروری، 27 اپریل، 16 اگست اور 18 اکتوبر کو بورڈ کی آڈٹ کمیٹی کے چار اجلاس ہوئے۔

ہر ممبر کی حاضری درج ذیل رہی:

| | |
|---|--|
| 4 | جناب ایم سلمان ایچ چاؤلہ (آزادانان ایگزیکٹو) |
| 4 | مسز فریل علی مہدی |
| 2 | جناب احسن رشید ((آزادانان ایگزیکٹو)*) |
| 2 | جناب میر محمد علی** |

* اگست 2023-09 سے ان کی کمیٹی کے ممبر کے طور پر تقرری کی گئی۔

** 31 مئی 2023 سے ان کی کمیٹی کے ممبر کے طور پر تقرری کی گئی۔

انسانی وسائل و معاوضہ کمیٹی کی تشکیل بندی

عہدہ

چیئر مین

ممبر

ممبر

ممبر

ڈائریکٹر

جناب احسن رشید (آزادانان ایگزیکٹو)

مسز فریل علی مہدی

جناب سعد امان اللہ خان

جناب مبشر حسن انصاری

کمیٹی کا ایک بڑا کردار کمپنی کے HR سے متعلق معاملات کا جائزہ لینا اور اسے غور و خصوص اور منظوری کے لئے اپنی سفارشات پیش کرنا۔

جنوری تا دسمبر 2023 بورڈ کی آڈٹ کمیٹی کے منعقدہ اجلاس

23 فروری، 16 اگست اور 18 اکتوبر کو بورڈ کی آڈٹ کمیٹی کے تین اجلاس ہوئے۔

میران کی حاضری درج ذیل رہی:

| | |
|---|------------------------------------|
| 3 | جناب احسن رشید (آزادانان ایگزیکٹو) |
| 3 | جناب سعد امان اللہ خان |
| 3 | مسز فریل علی مہدی |
| 3 | جناب مبشر حسن انصاری |

بورڈ اور اس کی کمیٹیوں کے اجلاس

جنوری تا دسمبر 2023 بورڈ آف ڈائریکٹرز کے منعقدہ اجلاس
27 فروری، 27 اپریل، یکم جون، 16 اگست، 18 اکتوبر اور 07 دسمبر 2023 کو بورڈ آف ڈائریکٹرز کے چھ اجلاس ہوئے۔
ہر ڈائریکٹر کی حاضری درج ذیل رہی:

حاضر اجلاس کی تعداد

| | |
|---|------------------------------|
| 4 | ڈاکٹر سلو من جیکوبس وان روجن |
| 6 | جناب مبشر حسن انصاری |
| 6 | مسز فریل علی مہدی |
| 6 | جناب ایم سلمان ایچ چاؤلہ |
| 4 | جناب سعد امان اللہ |
| 6 | جناب احسن رشید |
| 4 | جناب عرفان الحق* |
| 2 | جناب میر محمد علی** |
| 2 | سید حسین علی** |

* یکم جون 2023 کو کمپنی کے بورڈ کی آسامی پر تقرری ہوئی۔

** کمپنی کے بورڈ سے 31 مئی 2023 کو استعفیٰ دیا۔

جناب سعد امان اللہ خان کی غیر حاضری کی رخصت منظور کر لی گئی۔

بورڈ آف ڈائریکٹرز کی کمیٹیاں

بورڈ آف ڈائریکٹرز کمپنی کے آپریشنز اور معاملات کی نگرانی ایک مستعد اور موثر انداز میں کرتا ہے۔ ہمارا طریقہ سے کاروبار چلانے کے لئے بورڈ نے دو کمیٹیاں تشکیل دی ہیں۔ ان کمیٹیوں کو اپنے متعلقہ دائرہ کار میں تیز ترین انتظامی فیصلوں کا کام سونپا گیا ہے۔

آڈٹ کمیٹی کی تشکیل بندی

کمپنی کے بورڈ آف ڈائریکٹرز نے کوڈ آف کارپوریٹ گورننس کی پاسداری کرتے ہوئے ایک آڈٹ کمیٹی تشکیل دی ہے جو کہ مندرجہ ذیل ڈائریکٹران پر مشتمل ہے:

| | |
|----------|--|
| ڈائریکٹر | ڈاکٹر سلو من جیکوبس وان روجن |
| چیئرمین | جناب ایم سلمان ایچ چاؤلہ (آزاد دان ایگزیکٹو) |
| ممبر | مسز فریل علی مہدی |
| ممبر | جناب احسن رشید (آزاد دان ایگزیکٹو) |

- ☆ حفاظتی منصوبوں کے نتائج کی درست سمت بندی کا جائزہ لیا جائے اور انہیں ادارے بھر میں اشتراک کیا جائے۔
- ☆ حفاظتی کامیابیوں کے حصول پر انعام اور صلہ کا پروگرام لاگو ہوتا ہے۔

ادارتی سماجی ذمہ داری

اپنی سماجی ذمہ داری کے تحت ZIL لمیٹڈ نے ایک مشہور غیر سرکاری ادارے کو عطیات دیئے ہیں۔

اعتراف

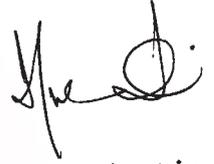
ہم اپنے گاہکوں، وینڈرز، ڈسٹری بیوٹرز، بیکار اور کاروباری شراکت داروں کو بورڈ آف ڈائریکٹرز اور انتظامیہ کی جانب سے جاری تعاون اور اعتماد پر ان کو انتہائی ستائش پیش کرنا چاہتے ہیں۔ سال بھر مشکل کاروباری ماحول کے باوجود کمپنی کی انتظامیہ اور عملے کی محنت اور بنیادی کردار پر ڈائریکٹران ان کے لئے اظہار تشکر کرتے ہوئے خوشی محسوس کرتے ہیں۔

برائے و مخانب بورڈ

برائے و مخانب بورڈ



ڈاکٹر سولومن جیکولس وان روجن
ڈائریکٹر/چیئرمین



مبشر حسن انصاری
ڈائریکٹر/سی ای او

کراچی: 27 فروری 2024

گرپچو بیٹی اور پروویڈنٹ فنڈ

کمپنی ایک پروویڈنٹ فنڈ اور ایک منظور شدہ گرپچو بیٹی اسکیم چلا رہی ہے۔ پروویڈنٹ فنڈ کی درست انداز میں منظور شدہ تسکات میں سرمایہ کاری کی گئی ہے اور آزاد ڈیٹریٹس کا سالانہ آڈٹ کرتے ہیں۔ 31 دسمبر 2023 کو پروویڈنٹ فنڈ سے کی گئی سرمایہ کاریوں کی مالیت 178.53 ملین روپے ہے۔

غیر دعویٰ شدہ منافع منقسمہ

غیر دعویٰ شدہ منافع منقسمہ کو مخصوص سیونگ بینک اکاؤنٹ میں منتقل کر دیا گیا ہے اور اس اکاؤنٹ سے حاصل ہونے والی آمدنی کو CSR سرگرمیوں میں استعمال کیا جائے گا۔ سال کے دوران غیر دعویٰ شدہ منافع منقسمہ سے متعلق کوئی دعویٰ موصول نہیں ہوا۔

بورڈ کی تشکیل بندی

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

ڈائریکٹران سے حاصل شدہ قرضہ

کمپنی نے طے شدہ شرائط و ضوابط موضوع 30 دسمبر 2021 کے تحت کمپنی کے ڈائریکٹر سے 100 ملین روپے کا غیر محفوظ شدہ قرضہ لیا ہے۔ قرضہ پر مارک اپ کی شرح ایک ماہی KIBOR سے ایک فیصد کم سالانہ ہے جو کہ ماہانہ قابل ادا ہے اور اسے رواں سرمائے اور دیگر ضروریات کو پورا کرنے کے لئے حاصل کیا گیا ہے۔ دسمبر 2022 میں دونوں فریقین قرضہ کی مدت میں مزید ایک سال کی توسیع پر رضامند ہو گئے تھے۔ اب یہ قرضہ 25 ملین روپے کی چار مساوی قسطوں میں قابل ادا ہے۔ اس سال کے اختتام کے بعد 25 ملین روپے کی پہلی قسط جنوری 2024 میں ادا کی گئی تھی۔

ملحقہ فریقین کے سودے

سال کے دوران کمپنی کے ملحقہ فریقین کے ساتھ سودے مالیاتی گوشوارے برائے سال ختمہ 31 دسمبر 2023 کے نوٹ 39 میں منکشف کئے گئے ہیں۔

صحت اور تحفظ

کمپنی اپنے تمام ملازمین، ٹھیکیداروں اور گاہکوں کے لئے تسلسل کے ساتھ محفوظ اور صحت مند ماحول کو بہتر بنانے اور فراہم کرنے کے کوشاں ہے۔ کمپنی کام کی جگہ پر صحت مند اور محفوظ طور پر یقین اپنانے کے لئے اپنی قانونی اور اخلاقی ذمہ داری کو سمجھتی ہے۔ کمپنی نے اس بات کو بھی یقینی بنایا ہے کہ اس کی کاروباری سرگرمیاں معاشرے یا اس کے کسی فرد کو خطرے میں نہ ڈالیں۔

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

- ☆ ادارے میں مسلسل حفاظتی پروگرام کے لئے محتاتی اور سرشار لوگوں کو استعمال کیا جاتا ہے۔
- ☆ لوگ ہنگامی حالات اور خطرات سے نمٹنے کی تیاری سے آگاہ رہیں
- ☆ لوگوں کو بنیادی حفاظتی اجزاء، کام کرنے کی اجازت کا نظام اور PPE استعمال کرنے کی مشق کرائی جائے
- ☆ نجلی سطح تک کے لوگ مصروف عمل رہیں

نان ایگزیکٹو ڈائریکٹران کے معاوضہ کی پالیسی

نان ایگزیکٹو ڈائریکٹران (بشمول آزاد ڈائریکٹران) کو اجلاس میں حاضری کی فیس ادا کی جاتی ہے۔ اس کے علاوہ سفری اور رہائشی اخراجات اصل کی بنیاد پر ادا کئے جاتے ہیں۔ کمپنی کی فراہم کردہ گاڑی اور دیگر فوائد جو کہ مخصوص ڈائریکٹران کے ناگزیر یا اس سے متعلق ہوں وہ منظور شدہ پالیسی کے تحت فراہم کئے جاتے ہیں۔ اجلاس کی فیس اور مراعات جو کہ سال کے دوران ادا کی گئیں انہیں مالیاتی گوشواروں کے نوٹ 35.1 میں منکشف کیا گیا ہے۔

بورڈ نے ایک باضابطہ ایک پالیسی اور شفاف طریقہ کار انفرادی ڈائریکٹران کے بورڈ اور اس کی کمیٹیوں کے اجلاس میں حاضری اور اضافی خدمات انجام دینے کے لئے معاوضہ کے پیکج مخصوص کئے ہیں اور ڈائریکٹران کو تمام ادائیگیاں اس منظور شدہ پالیسی اور معاہدہ کے تحت کی جاتی ہیں۔

بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی کارکردگی کا تجزیہ

لےڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی پاسداری کرتے ہوئے بورڈ نے بورڈ اور اس کی کمیٹیوں کی کارکردگی کی تشخیص کے لئے ایک جامع نظام اختیار کیا ہے۔ کمپنی نے ایک سولنامہ متعارف کرایا ہے جو کہ تشکیل بندی، قیادت، اثر پذیری، منصوبہ بندی اور کمپنی کی مجموعی حکمت عملی، کارکردگی اور نگرانی پر مشتمل ہے۔ بورڈ اور اس کمیٹیوں ہر انفرادی ڈائریکٹر اور کمیٹی کے ممبر کی حاصل شدہ معلومات کی بنیاد پر ان عناصر کا سالانہ تجزیہ کرتی ہے۔

انٹرنل آڈٹ

ادارتی نظم و ضبط کے تقاضوں کے تحت ضروری ہے کہ انٹرنل آڈٹ کا عمل کا بیرونی ادارے کو سونپا جائے۔ اس تقاضے کے تحت کمپنی نے انٹرنل آڈٹ کا عمل ادارے سے باہر مشہور زمانہ چارٹرڈ اکاؤنٹنٹ فرم یوسف عادل چارٹرڈ اکاؤنٹنٹس کو سونپا ہے۔ یہ ادارہ کمپنی کو اس کی اپنے اندرونی گرفت کے نظام پر ایک آزادانہ جائزہ فراہم کرتا ہے جو کمپنی کے لئے معاون ہے اور اس کے مستعد رہنے کے عزم کو تقویت دیتا ہے۔ کوڈ آف کارپوریٹ گورننس کے تقاضوں کے تحت انٹرنل آڈٹ کا سربراہ یوسف عادل چارٹرڈ اکاؤنٹنٹس اور بورڈ کی آڈٹ کمیٹی کے درمیان کوآرڈینیشن کی حیثیت سے کام کرتا ہے۔

بیرونی آڈیٹرز:

موجودہ آڈیٹرز BDO پاکستان چارٹرڈ اکاؤنٹنٹس سبکدوش ہونے والے ہیں اور اہلیت کے باعث انہوں نے سال 2024 کے لئے اپنی دوبارہ تقرری کی پیشکش کی ہے۔ وہ اس بات کی تصدیق کرتے ہیں کہ:

- ☆ آڈٹ فرم یا اس کے کوئی پارٹنر اور ان کے شریک حیات اور چھوٹے بچوں کی ملکیت میں ZIL کے کوئی حصص نہیں ہیں۔
 - ☆ آڈٹ فرم کی ریٹنگ انٹینٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کے کوالٹی ریویو پروگرام میں تسلی بخش ہے اور آڈٹ اور سائٹ بورڈ آف پاکستان میں رجسٹرڈ ہے۔
 - ☆ آڈٹ فرم اور اس کے پارٹنرز ICAP کے اختیار کردہ انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس کی پاسداری کرتے ہیں۔
 - ☆ PSX سٹاک ریگولیشنز کے تحت اس کے علاوہ آڈٹ فرم نے کوئی دیگر خدمات فراہم نہیں کیں۔
- بورڈ کی آڈٹ کمیٹی کی سفارش پر بورڈ آف ڈائریکٹرز نے تقرری اور 2.100 ملین روپے کے معاوضہ کی سفارش کی ہے جس کی منظوری کمپنی کے سالانہ اجلاس عام میں لی جائے گی۔

بورڈ آف ڈائریکٹرز نے حیدرآباد فیکٹری کے اثاثوں کی دوبارہ فروخت کی منظوری دی۔ بعد ازاں کمپنی کے حصص یافتگان کے ایک غیر معمولی اجلاس عام (EOGM) منعقدہ 08 دسمبر 2023 میں میں حصص یافتگان نے حیدرآباد فیکٹری کے متعلقہ اثاثوں کی فروخت کی منظوری دی۔ مزید یہ کہ EOGM میں چیئرمین، ڈائریکٹران اور/یا کسی بورڈ کے کسی بھی فرد کو مذکورہ فروخت کی تکمیل کے لئے تمام ضروری اقدامات کرنے کے اختیار دیئے گئے۔

سال کے دوران کمپنی نے طے شدہ نرخ پر پلانٹ اور مشینری کے ایک حصے کو فروخت کرنے کے لئے ایک ٹھیکیدار سے معاہدہ کیا ہے۔ بقایا اثاثوں کی فروخت کے لئے مختلف تجاویز کا تجزیہ بورڈ کے زیر غور ہے، بورڈ پر اعتماد ہے کہ اثاثوں کے بڑے حصے کی فروخت حصص یافتگان کے منظور کردہ مستقبل کے توسیع شدہ وقت میں مکمل ہو جائے گی۔

کاروباری تسلسل اور آفات سے بحالی کے منصوبے

مسابقتی برتری کو برقرار رکھنے اور کاروباری تسلسل کی اہمیت کو تسلیم کرتے ہوئے جامع کاروباری تسلسل اور آفات سے بحالی کے آئی ٹی منصوبے (DRPs) موجود ہیں تاکہ کمپنی کے افعال میں رکاوٹ سے بچ کر انہیں یقینی بنایا جاسکے۔ ERPDPRs ماحول کے تمام طریق عمل کا احاطہ کرتے ہیں جو کہ مختلف افعال پر پھیلے ہوئے ہیں۔

خطرات کا نظام اور اندرونی مالیاتی گرفت کی موزونیت

ZIL لمیٹڈ خطرات سے بیزار کمپنی ہے، یہ کم سے کم خطرات مول لینے کے لئے کوشاں ہے یعنی اپنے کلیدی مقاصد کے حصول میں ناخوشگوار اور غیر ضروری بڑے خطرات مول لینے پر راضی نہیں ہے۔ ان کٹرولز کا مقصد ادارے کی مالیاتی کارکردگی، قابل اعتبار اور درست مالیاتی اعداد و شمار، کاروباری افعال کی اہلیت اور متعلقہ قومی اور عالمی قوانین، ضوابط اور ضابطوں کی پاسداری کی یقین دہانی کرانا ہے۔ بورڈ آف ڈائریکٹرز اور حصص یافتگان کو انتظامیہ نے یقین دہانی کرائی کہ کمپنی ایک بہتر مرتب کردہ، مستعد اور موثر اندرونی گرفت کے نظام کے تحت کام کر رہی ہے۔ اندرونی مالیاتی کٹرولز ادارے کے مجموعی مقاصد میں معاون ہیں اور کمپنی کی پالیسیوں اور معیاری ضابطہ کار کی پاسداری کی ضمانت ہیں۔

اندرونی مالیاتی گرفت کی موزونیت سے متعلق ڈائریکٹران کی ذمہ داری

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

بورڈ کی آڈٹ کمیٹی

بورڈ نے ایک آڈٹ کمیٹی تشکیل دی ہے جو کہ تین ممبران بشمول چیئرمین پر مشتمل ہے۔ کمیٹی کے ممبران کی بڑی تعداد نان ایگزیکٹو ڈائریکٹران ہیں بشمول چیئرمین کہ جو آڈٹ آڈٹریکٹر ہے۔ بورڈ کے ممبر کے ساتھ آڈٹ کمیٹی کے ممبر کی حیثیت سے جناب میر محمد علی کے استعفیٰ کی وجہ سے بورڈ نے جناب احسن رشید کی ان کی جگہ پر تقرری کی ہے۔ کارپوریٹ گورننس اور لاگو قوانین کے تقاضوں کے تحت آڈٹ کمیٹی کے مدت کے دوران چار اجلاس ہوئے۔ چیف فنانشل آفیسر، انٹرنل آڈیٹرز کے ساتھ ساتھ ایکسٹرنل آڈیٹرز کو اجلاسوں میں مدعو کیا جاتا ہے۔ انٹرنل آڈٹ کا سربراہ کمیٹی کے سیکریٹری کے طور پر کام کرتا ہے۔

انسانی وسائل و معاوضہ کمیٹی

کمپنی کی HR&R کمیٹی اپنے چیئرمین اور ممبران کی بڑی تعداد بطور نان ایگزیکٹو ڈائریکٹران کے ساتھ مکمل طور پر فعال ہے۔ معاوضہ سے متعلق تمام معاملات کو HR&R کمیٹی کے اجلاسوں میں مکمل منکشف، جائزہ اور فیصلے کئے جاتے ہیں۔ سینئر مینیجر HR اس کمیٹی کے سیکریٹری کے طور پر کام کرتا ہے۔

کسی دیگر اعلیٰ انتظامی عملے، CFO، CEO، کمپنی سیکریٹری اور انٹرنل آڈٹ کے سربراہ اور ان کے شریک حیات اور چھوٹے بچوں نے کمپنی کے حصص میں کوئی خرید و فروخت نہیں کی۔ بورڈ نے کمپنی کے حصص میں خرید و فروخت اور سودوں کے منکشف کرنے کے لئے PSX ریگولیشنز کی شق 5.6.4 بمع اضافی انضباطی تقاضوں کے تحت اعلیٰ انتظامی عملے کی حد منظور کی ہے۔

سیکیورٹیز ایکٹ 2015 اور لسٹنگ کمپنیز (سبسٹینشل ایکویزیشن آف ووٹنگ شیئرز اینڈ ٹیک اورز) ریگولیشنز 2017 کے تحت کمپنی کا حصول

6 جولائی 2022 کو ZIL کے بورڈ آف ڈائریکٹرز کو ایک عوامی اعلان برائے ارادے کا نوٹس میسرز ایلفا بیٹا کورسولیوشنز (پرائیویٹ) لمیٹڈ (پبلیکیشن کے منتظم کی حیثیت سے) کے ذریعے میسرز نیوفیو چرکٹرز یومر انٹرنیشنل جنرل ٹریڈنگ LLC سے 51 فیصد سے ووٹنگ حصص اور ZIL لمیٹڈ کے انتظام کے حصول کے لئے موصول ہوا۔ بعد ازاں امکانی خریدار نے کمپنی کی تفتیش و تصدیق کا عمل شروع کیا جو کہ کامیابی سے پایہ تکمیل کو پہنچا۔

میسرز نیوفیو چرکٹرز یومر انٹرنیشنل جنرل ٹریڈنگ LLC نے کمپنی کے 5,194,514 عمومی حصص (10 روپے مالیت)، حصص خریداری معاہدے اور کمپنی کے بقایا حصص یافتگان کو ایک لازمی ٹینڈر پبلیکیشن کے ذریعے حاصل کئے ہیں اس طرح وہ سیکیورٹیز ایکٹ 2015 اور لسٹنگ کمپنیز (سبسٹینشل ایکویزیشن آف ووٹنگ شیئرز اینڈ ٹیک اورز) ریگولیشنز 2017 کے تحت کمپنی کے جاری کردہ کل حصصی سرمائے کا 84.84 فیصد کی نمائندگی کرتے ہیں اور یہ کہ حصص کی خریداری اور لازمی بولی کی پبلیکیشن کا سودا مکمل ہو چکا ہے۔

ڈائریکٹران کی تبدیلی

سیکیورٹیز ایکٹ 2015 اور لسٹنگ کمپنیز (سبسٹینشل ایکویزیشن آف ووٹنگ شیئرز اینڈ ٹیک اورز) ریگولیشنز 2017 کے تحت خریداری کا عمل مکمل ہونے پر ڈائریکٹران بنام جناب سید حسین علی اور جناب میر محمد علی نے رضا کارانہ طور پر اپنا تحریری استعفیٰ 30 مئی 2023 کو پیش کر دیا تاکہ خریدار میسرز نیوفیو چرکٹرز یومر انٹرنیشنل جنرل ٹریڈنگ LLC کے ڈائریکٹران کو ضم کیا جاسکے۔ ان آسامیوں پر بورڈ نے ڈاکٹر سولومن جیکولس وان روجن اور جناب محمد عرفان الحق کی تقرری کی جو کہ سبکدوش ہونے والے ڈائریکٹران کی جگہ پر NFCL کے نامزد ڈائریکٹران ہیں۔

بورڈ آف ڈائریکٹرز سبکدوش ہونے والے میران سید حسین علی اور جناب میر محمد علی کو بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں میں اپنی عہدے کی مدت کے دوران قابل قدر خدمات انجام دینے پر ان کو ستائش پیش کرتا ہے۔

چیئرمین کی تبدیلی

نیوفیو چرکٹرز یومر انٹرنیشنل جنرل ٹریڈنگ LLC کی جانب سے کمپنی کے 84.84 فیصد ووٹنگ حصص اور انتظام کے حصول کے بعد مسز فریل علی مہدی نے رضا کارانہ طور پر کمپنی کے بورڈ آف ڈائریکٹرز کے چیئرمین کے عہدے سے استعفیٰ دے دیا۔ بعد ازاں بورڈ کے ممبران نے مسز فریل علی مہدی کی جگہ پر ڈاکٹر سولومن جیکولس وان روجن کو کمپنی کا بورڈ آف ڈائریکٹرز کا چیئرمین مقرر کیا ہے۔

اعاٹے برائے فروخت:

ZIL کے بورڈ آف ڈائریکٹرز نے اپنے اجلاس منعقدہ 12 جنوری 2022 میں فیکٹری کی بندش کے فیصلے کے بعد فیصلہ کیا تھا کہ فیکٹری کو متعین مدت میں فروخت کر دیا جائے گا۔ کمپنیز ایکٹ 2017 کی شق (3)(a) 183 کے تحت ZIL لمیٹڈ کی حیدرآباد فیکٹری کے اعاٹوں کی فروخت کے لئے ایک EOGM منعقدہ 30 نومبر 2022 میں کمپنی کے حصص یافتگان سے منظوری لی گئی، جس کے تحت حیدرآباد کی فیکٹری کو فروخت کے لئے پیش کر دیا گیا۔ تاہم ناسازگار معاشی صورتحال کی وجہ سے متوقع خریداروں کی جانب سے متعلقہ قیمتوں پر پبلیکیشن محدود رہی اور انتظامیہ کی شدید کوششوں کے باوجود فیکٹری کے اعاٹوں کو متعین مدت کے دوران فروخت نہ کیا جاسکا۔

کمپنی کے کاروبار سے ماحولیات پر اثرات

جدت کے مسلسل جاری عمل اور کاروبار میں بہتری کے نتیجے میں ماحولیاتی شائستگی میں بہتری ہوئی ہے۔ سپلائی چین ماحولیات کے لئے مضر عمل سے ماحول دوست پر منتقل ہو چکی ہے جو کہ ZIL's کے ادارتی نظریات کے مطابق ہے اور اپنے کام کے دائرہ کار خاص طور پر مسلسل کوشش اور محنت کے ذریعے ایک ذمہ دار ادارتی شہری بننے کا عزم رکھتی ہے۔

ادارتی اور مالیاتی رپورٹنگ کا نظام

ZIL کی انتظامیہ اچھے ادارتی نظم و ضبط کے لئے کوشاں ہے اور بہتر طور طریقوں پر عمل پیرا ہے۔ ڈائریکٹران مسرت کے ساتھ درج ذیل بیان کرتے ہیں:

- کمپنی کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے کمپنی کے معاملات، اس کے کاروباری نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کو شفافیت کے ساتھ پیش کرتے ہیں۔
- کمپنی میں حسابات کی کتابیں مناسب انداز میں مرتب کی گئی ہیں۔
- درست حساباتی پالیسیوں کو تسلسل کے ساتھ مالیاتی گوشواروں کی تیاری کے دوران ملحوظ خاطر رکھا گیا ہے اور حساباتی پالیسیوں میں تبدیلیوں کو مالیاتی گوشواروں میں باضابطہ منکشف کیا گیا ہے۔ حساباتی تخمینوں کی بنیاد معقول اور مضبوط فیصلوں پر ہے۔
- مالیاتی گوشواروں کی تیاری کے دوران عالمی مالیاتی رپورٹنگ معیارات، جو پاکستان میں لاگو ہیں کو ملحوظ خاطر رکھا گیا ہے اور کسی بھی انحراف کی درست انداز میں منکشف کیا گیا ہے اور وضاحت کی گئی ہے۔
- اندرونی گرفت کے نظام کی شکل مضبوط ہے اور موثر انداز میں نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔
- کمپنی کی چلتے ہوئے ادارے کی صلاحیت میں کوئی قابل ذکر ٹینک و شبہ نہیں ہے۔
- ادارتی نظم و ضبط کے بہترین طور طریقوں سے کوئی انحراف نہیں ہوا۔
- تمام ڈائریکٹران نے ڈائریکٹریٹی پروگرام مکمل کر لیا ہے سوائے جو مستثنیٰ ہیں یا جن کی نئی تقرری ہوئی ہے۔
- مندرجہ ذیل سے متعلق گوشوارے رپورٹ میں علیحدہ سے منسلک یا منکشف کئے گئے ہیں:
 - گزر چھ سالوں کے اہم کاروباری اور مالیاتی اعداد و شمار
 - حصص داری کی ساخت
 - بورڈ آف ڈائریکٹرز، بورڈ کی آڈٹ کمیٹی اور HR&R کمیٹی کے اجلاس اور ہر ڈائریکٹر کی متعلقہ حاضری

حصص کی خرید و فروخت

ادارتی نظم و ضبط کے ضابطہ کے تحت ضروری ہے کہ کمپنی کے ہر ڈائریکٹر، اعلیٰ انتظامی عملے اور ان کے شریک حیات اور چھوٹے بچوں کی کمپنی کے حصص میں خرید و فروخت کو منکشف کرنا ضروری ہوتا ہے۔ سال کے دوران مسز فیمل علی مہدی (ڈائریکٹر) نے ایک خریداری معاہدہ کے تحت خریداری کمپنی میسرز نیونیو چرکٹرز یومر انٹرنیشنل جنرل ٹریڈنگ LLC کو کمپنی کے 3,756,796 حصص فروخت کئے۔ مسٹر سعد امان اللہ خان (ڈائریکٹر) نے 500 حصص فروخت کئے اور مسٹر ایم سلمان حسین چاؤلہ (ڈائریکٹر) نے کمپنی کے 500 حصص خریدے۔

میسرز نیونیو چرکٹرز یومر انٹرنیشنل جنرل ٹریڈنگ LLC نے سیکورٹیز ایکٹ 2015 اور سیکورٹیز ایکٹ 2017 کے تحت کمپنی کے 5,154,514 عمومی حصص (10 روپے مالیت) حاصل کیے۔ جو کہ کمپنی کے جاری کردہ کل حصصی سرمائے کا 84.84% فیصد کی نمائندگی کرتے ہیں۔

خام مال کی مستعد خریداری اور بروقت کاروباری فیصلوں کی وجہ سے خام منافع میں 996 بی پی ایس یعنی 18 فیصد سے بڑھ کر 28 فیصد نمودار کی گئی۔ فروخت اور تنقیحی اخراجات میں اضافہ کی بنیادی وجہ برانڈ کے لئے مارکیٹنگ اور اشتہاری سرگرمیوں اور مارکیٹ میں داخلہ اور قدم جمانے کے لئے بیلڈ ٹیم کو مستحکم کرنے میں سرمایہ کاری تھی۔ انتظامی اخراجات میں اضافہ کی وجہ مراعات، کارکردگی سے متعلق ترغیبات، پیشہ ورانہ فیس اور سفری اخراجات میں اضافہ تھا۔ دیگر آمدن میں اضافہ کی وجہ قلیل مدتی سرمایہ کاری سے حاصل ہونے والی منافع منقسمہ کی آمدنی تھی جبکہ WWF اور WPPF میں اضافہ اور ایک مرتبہ پلانٹ کی منتقلی اور اکھاڑنے کی لاگتوں کی وجہ سے دیگر اخراجات میں اضافہ ہوا۔ بلند شرح سود اور رواں سرمائے کی ضروریات میں اضافہ کی وجہ سے کمپنی کی مالیاتی لاگت میں قابل ذکر اضافہ ہوا۔ کمپنی کا منافع بعد از ٹیکس گزشتہ سال کے 23 ملین روپے سے بڑھ کر 248 ملین روپے ہو گیا۔

مستقبل کی پیش بینی اور بنیادی خطرات:

معاشی اور سیاسی جغرافیائی مشکلات کی وجہ سے ملک کو چیلنجز کا سامنا رہا۔ مسلسل بلند افراط زر سے صارف کے اخراجات اور طلب پر اثرات مرتب ہوئے۔ قیمت کے لحاظ سے بہتر مصنوعات پیش کر کے انتظامیہ صارفین کی توقعات پر پورا اترنے کے لئے شدید کوششیں کر رہی ہے تاکہ نہ صرف مارکیٹ میں اس کا حصہ محفوظ رہے بلکہ اس میں اضافہ ہو۔ مندرجہ بالا عوامل اور سیاسی صورتحال کی وجہ سے معیشت میں مزید عدم استحکام کا خطرہ اور زرمبادلہ کے نرخ میں مزید کمی جو کہ گزشتہ چند ماہ سے مستحکم ہے، کے نتیجے میں خام مال کی لاگتوں میں اضافہ ہوگا جس سے کمپنی کے مجموعی مارجن پر منفی اثرات مرتب ہوں گے۔ ان اثرات کو قابو کرنے کے لئے انتظامیہ ابھرتی ہوئی امکانی صورتحال پر مسلسل گہری نگاہ رکھے ہوئے ہے اور نمو اور منافع کو برقرار رکھنے کے لئے مناسب اقدامات کرے گی۔

منافع منقسمہ

کمپنی کے منافع اور برانڈز میں دوبارہ سرمایہ کاری کے منصوبوں اور مستقبل کے توسیع کے منصوبوں کو مد نظر رکھتے ہوئے بورڈ آف ڈائریکٹرز نہایت مسرت کے ساتھ 20 فیصد نقد منافع منقسمہ برائے سال مختتمہ 31 دسمبر 2023 کی تجویز پیش کرتا ہے، جسے 12 اپریل 2024 کو سالانہ اجلاس عام میں ممبران کی حتمی منظوری کے لئے پیش کیا جائے گا۔

کاروباری اخلاقیات

انتظامیہ کا ضابطہ اخلاق مخصوص اصولوں اور اخلاقیات پر مبنی ہے جو کہ ہماری ادارتی فلاسفی کا بنیادی جزو ہیں اور ایک بیانیہ ہے کہ ہم کون ہیں اور کس طرح ہم کاروبار انجام دیتے ہیں۔ یہ پیشہ ورانہ اخلاقیات کمپنی کے ملازمین کے لئے اس کی ذمہ داریاں اور ملازمین کی کمپنی کے لئے ذمہ داریاں اجاگر کرتی ہیں۔ اس کے ساتھ ساتھ اچھا ادارتی نظم و ضبط، اخلاقی طرز عمل ZIL کی ہر چیز کا بنیادی جزو ہے۔ کمپنی اور اس کے تمام ملازمین کمپنی کے امور کی انجام دہی میں اعلیٰ اخلاقی معیارات کو برقرار رکھتے ہیں۔ پائیداری، تنوع، گاہک کی مرکزیت، اختیارات سونپنا اور سیکھنے کا عمل ہماری بنیادی اقدار ہیں جن پر ZIL عمل کرتی ہے اور حوصلہ افزائی کرتی ہے اور یہی اقدار اس کے ضابطہ اخلاقیات کے بنیادی اصول ہیں۔

ادارتی نظم و ضبط کے ضابطہ کی پاسداری

ZIL لمیٹڈ کسی استثناء کے بغیر اچھے ادارتی نظم و ضبط کے اعلیٰ معیارات کو قائم کرنے کے لئے کوشاں ہے۔ ڈائریکٹرز، انجمنی بیان کرتے ہیں کہ کمپنی نے کارپوریٹ گورننس ریگولیشنز کو اختیار کیا ہے اور ان کی پاسداری کرتی ہے۔ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی پاسداری کا بیان اور اس سلسلے میں آزاد آڈیٹرز کی جائزہ رپورٹ برائے ممبران سالانہ رپورٹ میں شامل کی گئی ہے۔

ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹران آڈٹ شدہ مالیاتی نتائج برائے سال ختمہ 31 دسمبر 2023 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

بنیادی کاروباری سرگرمیاں

کمپنی کیپری، ہاپچرو، اوپل اور ٹلی کے برانڈ نام سے گھریلو اور ذاتی نگہداشت جیسے خوبصورتی اور جراثیم کش صابن اور ہاتھ دھونے کی مصنوعات کی تیاری اور مارکیٹنگ کرتی ہے۔

معاشی منظر نامہ

ملک کو 2023 میں محدود زر مبادلہ کے ذخائر، کمزور کرنسی اور بلند افراط زر کی وجہ سے مسلسل قابل ذکر دشواریوں کا سامنا رہا جس سے معاشی سست روی رہی۔ خطرات کے پھیلاؤ بشمول عالمی معاشی کساد بازاری کے ساتھ ساتھ SBP کی تحدیدی پالیسیوں جیسے کہ بلند شرح سود اور درآمدی پابندیوں سے کاروباری اداروں اور سرمایہ کاریوں کو دھچکے لگے۔ پام آئل کی بین الاقوامی منڈی، جو صابن کی پیداوار میں ایک اہم جزو ہے، 2022 کے مقابلے میں 2023 کے وسط تک نمایاں طور پر کم اور مستحکم ہو گئی، جس سے اعلیٰ مارجن اور منافع حاصل کرنے میں مدد ملی۔

مالیاتی کارکردگی کا خلاصہ

کمپنی کی ٹاپ لائن برانڈ کی فروخت میں 40 فیصد اضافہ ہوا اور 2023 میں فروخت کے پائیدار حجم اور ایشیائے صرف کے عالمی نرخوں میں کمی اور سال کے آخری حصے میں مستحکم زر مبادلہ کے نرخ کی وجہ سے اس کے مجموعی مارجن اور خالص منافع میں بہتری آئی۔ سالانہ کارکردگی کا موازنہ درج ذیل ہے:

| نمو (فیصد) | 2022 جنوری تا دسمبر | 2023 جنوری تا دسمبر | |
|------------|------------------------|------------------------|--------------------|
| | روپے ملین میں | | |
| 39.7% | 4,062 | 5,674 | خالص فروخت |
| 115.3% | 747 | 1,609 | خام منافع |
| 996 bps | 18% | 28% | خام منافع کی شرح |
| 960.8% | 23 | 248 | منافع بعد از ٹیکس |
| 960.8% | 3.8 | 40.5 | نی تھص آمدن (روپے) |

کمپنی کی کاروباری کارکردگی

فروخت کے ایک قابل ذکر حجم اور بلند ترین منافع کے حصول میں کمپنی کامیاب رہی۔ گزشتہ سال کی بہ نسبت خالص فروخت کی مالیت میں 40 فیصد اضافہ ہوا جو کہ گزشتہ سال کے 4.06 بلین کے مقابلے میں اس سال 5.67 بلین رہی، جس کی وجہ سے تقسیمی پھیلاؤ، فروخت کی مصنوعات میں بہتری، مارکیٹ کے مواقعوں کے حصول کے لئے مناسب SKUs متعارف کروانا اور قیمت گری کے فوری فیصلے تھے۔

Vertical Analysis of Financial Statements

Statement of Financial Position (Balance Sheet)

| | Dec-23 | | Dec-22 | |
|-------------------------------------|------------------|---------------|------------------|---------------|
| | Rs. In '000 | % | Rs. In '000 | % |
| Non-Current Assets | 1,188,384 | 37.76 | 1,039,827 | 39.51 |
| Current Assets | 1,958,429 | 62.24 | 1,591,898 | 60.49 |
| Total Assets | 3,146,813 | 100.00 | 2,631,725 | 100.00 |
| Equity | 1,224,854 | 38.92 | 979,876 | 37.23 |
| Non-Current Liabilities | 422,466 | 13.43 | 342,650 | 13.02 |
| Current Liabilities | 1,499,493 | 47.65 | 1,309,199 | 49.75 |
| Total Equity and Liabilities | 3,146,813 | 100.00 | 2,631,725 | 100.00 |

Profit and Loss Account

| | Dec-23 | | Dec-22 | |
|-----------------------------------|------------------|--------------|----------------|--------------|
| | Rs. In '000 | % | Rs. In '000 | % |
| Net sales | 5,674,322 | 100.00 | 4,061,842 | 100.00 |
| Cost of sales | (4,064,983) | (71.64) | (3,314,497) | (81.60) |
| Gross Profit | 1,609,339 | 28.36 | 747,345 | 18.40 |
| Selling and distribution expenses | (731,987) | (12.90) | (378,352) | (9.31) |
| Administrative expenses | (346,808) | (6.11) | (202,341) | (4.98) |
| | 530,544 | 9.35 | 166,652 | 4.10 |
| Other operating income | 19,439 | 0.34 | 12,719 | 0.31 |
| Other operating expense | (64,417) | (1.14) | (28,671) | (0.71) |
| | 485,566 | 8.56 | 150,700 | 3.71 |
| Financial expenses | (138,783) | (2.45) | (81,027) | (1.99) |
| Profit before tax | 346,783 | 6.11 | 69,673 | 1.72 |
| Taxation | (98,811) | (1.74) | (46,297) | (1.14) |
| Profit for the year | 247,972 | 4.37 | 23,376 | 0.58 |

| Dec-21 | | Dec-20 | | Dec-19 | | Dec-18 | |
|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| Rs. In '000 | % |
| 1,602,978 | 70.89 | 729,745 | 57.58 | 770,133 | 63.31 | 720,399 | 64.99 |
| 658,086 | 29.11 | 537,558 | 42.42 | 446,236 | 36.69 | 388,138 | 35.01 |
| <u>2,261,064</u> | <u>100.00</u> | <u>1,267,303</u> | <u>100.00</u> | <u>1,216,369</u> | <u>100.00</u> | <u>1,108,537</u> | <u>100</u> |
| 956,775 | 42.32 | 606,288 | 47.84 | 611,094 | 50.24 | 567,467 | 51.19 |
| 455,977 | 20.17 | 222,479 | 17.56 | 195,034 | 16.03 | 104,075 | 9.39 |
| 848,312 | 37.52 | 438,536 | 34.60 | 410,241 | 33.73 | 436,995 | 39.42 |
| <u>2,261,064</u> | <u>100.00</u> | <u>1,267,303</u> | <u>100.00</u> | <u>1,216,369</u> | <u>100.00</u> | <u>1,108,537</u> | <u>100.00</u> |

| Dec-21 | | Dec-20 | | Dec-19 | | Dec-18 | |
|------------------|----------------|---------------|-------------|---------------|-------------|---------------|-------------|
| Rs. In '000 | % | Rs. In '000 | % | Rs. In '000 | % | Rs. In '000 | % |
| 2,737,550 | 100.00 | 2,443,461 | 100.00 | 2,423,185 | 100.00 | 1,894,705 | 100.00 |
| (2,451,352) | (89.55) | (1,843,796) | (75.46) | (1,706,308) | (70.42) | (1,357,923) | (71.67) |
| 286,198 | 10.45 | 599,665 | 24.54 | 716,877 | 29.58 | 536,782 | 28.33 |
| (372,138) | (13.59) | (373,513) | (15.29) | (385,373) | (15.90) | (344,873) | (18.20) |
| (150,341) | (5.49) | (154,528) | (6.32) | (163,327) | (6.74) | (117,950) | (6.23) |
| (236,281) | (8.63) | 71,624 | 2.93 | 168,177 | 6.94 | 73,959 | 3.90 |
| 10,197 | 0.37 | 7,119 | 0.29 | 3,583 | 0.15 | 15,003 | 0.79 |
| (6,005) | (0.22) | (11,228) | (0.46) | (20,231) | (0.83) | (11,680) | (0.62) |
| (232,089) | (8.48) | 67,515 | 2.76 | 151,529 | 6.25 | 77,282 | 4.08 |
| (25,556) | (0.93) | (16,575) | (0.68) | (25,918) | (1.07) | (18,125) | (0.96) |
| (257,645) | (9.41) | 50,940 | 2.08 | 125,611 | 5.18 | 59,157 | 3.12 |
| (33,949) | (1.24) | (37,679) | (1.54) | (59,869) | (2.47) | (31,224) | (1.65) |
| <u>(291,594)</u> | <u>(10.65)</u> | <u>13,261</u> | <u>0.54</u> | <u>65,742</u> | <u>2.71</u> | <u>27,933</u> | <u>1.47</u> |

Horizontal Analysis of Financial Statements

| Statement of Financial Position (Balance Sheet) | Dec-23 Rs. In '000 | Dec-22 Rs. In '000 | Dec-21 Rs. In '000 | Dec-20 Rs. In '000 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Non-Current Assets | 1,188,384 | 1,039,827 | 1,602,978 | 729,745 |
| Current Assets | 1,958,429 | 1,591,898 | 658,086 | 537,558 |
| Total Assets | 3,146,813 | 2,631,725 | 2,261,064 | 1,267,303 |
| Equity | 1,224,854 | 979,876 | 956,775 | 606,288 |
| Non-Current Liabilities | 422,466 | 342,650 | 455,977 | 222,479 |
| Current Liabilities | 1,499,493 | 1,309,199 | 848,312 | 438,536 |
| Total Equity and Liabilities | 3,146,813 | 2,631,725 | 2,261,064 | 1,267,303 |

Profit and Loss Account

| | Dec-23 | Dec-22 | Dec-21 | Dec-20 |
|-----------------------------------|----------------|---------------|------------------|---------------|
| Net sales | 5,674,322 | 4,061,842 | 2,737,550 | 2,443,461 |
| Cost of sales | (4,064,983) | (3,314,497) | (2,451,352) | (1,843,796) |
| Gross Profit | 1,609,339 | 747,345 | 286,198 | 599,665 |
| Selling and distribution expenses | (731,987) | (378,352) | (372,138) | (373,513) |
| Administrative expenses | (346,808) | (202,341) | (150,341) | (154,528) |
| | 530,544 | 166,652 | (236,281) | 71,624 |
| Other operating income | 19,439 | 12,719 | 10,197 | 7,119 |
| Other operating expense | (64,417) | (28,671) | (6,005) | (11,228) |
| | 485,566 | 150,700 | (232,089) | 67,515 |
| Financial expenses | (138,783) | (81,027) | (25,556) | (16,575) |
| Profit before tax | 346,783 | 69,673 | (257,645) | 50,940 |
| Taxation | (98,811) | (46,297) | (33,949) | (37,679) |
| Profit for the year | 247,972 | 23,376 | (291,594) | 13,261 |

SUMMARY OF CASH FLOWS

| | Dec-23 Rs. In '000' | Dec-22 Rs. In '000' | Dec-21 Rs. In '000' | Dec-20 Rs. In '000' |
|--|------------------------|------------------------|------------------------|------------------------|
| Net cash flows from operating activities | 274,062 | 366,200 | (105,970) | 84,396 |
| Net cash flows from investing activities | (183,990) | (165,842) | (85,231) | (47,882) |
| Net cash flows from financing activities | (36,135) | (188,711) | 149,680 | 43,076 |
| Net change in cash and cash equivalents | 53,937 | 11,647 | (41,521) | 79,590 |

| Dec-19 Rs. In '000' | Dec-18 Rs. In '000' | % increase/ (decrease) over preceeding year | | | | | |
|------------------------|------------------------|---|-----------------|-------------------|----------------|---------------|---------------|
| | | Dec-23 | Dec-22 | Dec-21 | Dec-20 | Dec-19 | Dec-18 |
| 770,133 | 720,399 | 14.39 | (35.13) | 119.66 | (5.24) | 6.90 | 44.12 |
| 446,236 | 388,138 | 22.96 | 141.90 | 22.42 | 20.46 | 14.97 | 4.67 |
| <u>1,216,369</u> | <u>1,108,537</u> | <u>19.57</u> | <u>16.39</u> | <u>78.42</u> | <u>4.19</u> | <u>9.73</u> | <u>27.32</u> |
| 611,094 | 567,467 | 25.00 | 2.41 | 57.81 | (0.79) | 7.69 | 61.25 |
| 195,034 | 104,075 | 23.29 | (24.85) | 104.95 | 14.07 | 87.40 | 1.03 |
| 410,241 | 436,995 | 14.54 | 54.33 | 93.44 | 6.90 | (6.12) | 5.12 |
| <u>1,216,369</u> | <u>1,108,537</u> | <u>19.57</u> | <u>16.39</u> | <u>78.42</u> | <u>4.19</u> | <u>9.73</u> | <u>27.32</u> |
| Dec-19 | Dec-18 | Dec-23 | Dec-22 | Dec-21 | Dec-20 | Dec-19 | Dec-18 |
| 2,423,185 | 1,894,705 | 39.70 | 48.38 | 12.04 | 0.84 | 27.89 | 18.47 |
| (1,706,308) | (1,357,923) | 22.64 | 35.21 | 32.95 | 8.06 | 25.66 | 18.26 |
| <u>716,877</u> | <u>536,782</u> | <u>115.34</u> | <u>161.13</u> | <u>(52.27)</u> | <u>(16.35)</u> | <u>33.55</u> | <u>18.98</u> |
| (385,373) | (344,873) | 93.47 | 1.67 | (0.37) | (3.08) | 11.74 | 14.82 |
| (163,327) | (117,950) | 71.40 | 34.59 | (2.71) | (5.39) | 38.47 | 12.64 |
| <u>168,177</u> | <u>73,959</u> | <u>218.35</u> | <u>(170.53)</u> | <u>(429.89)</u> | <u>(57.41)</u> | <u>127.39</u> | <u>60.49</u> |
| 3,583 | 15,003 | 52.83 | 24.73 | 43.24 | 98.69 | (76.12) | (26.39) |
| (20,231) | (11,680) | 124.68 | 377.45 | (46.52) | (44.50) | 73.21 | 63.45 |
| <u>151,529</u> | <u>77,282</u> | <u>222.21</u> | <u>(164.93)</u> | <u>(443.76)</u> | <u>(55.44)</u> | <u>96.07</u> | <u>30.28</u> |
| (25,918) | (18,125) | 71.28 | 217.06 | 54.18 | (36.05) | 43.00 | 0.18 |
| 125,611 | 59,157 | 397.73 | (127.04) | (605.78) | (59.45) | 112.33 | 43.49 |
| (59,869) | (31,224) | 113.43 | 36.37 | (9.90) | (37.06) | 91.74 | 28.22 |
| <u>65,742</u> | <u>27,933</u> | <u>960.80</u> | <u>(108.02)</u> | <u>(2,298.88)</u> | <u>(79.83)</u> | <u>135.36</u> | <u>65.52</u> |
| Dec-19 | Dec-18 | Dec-23 | Dec-22 | Dec-21 | Dec-20 | Dec-19 | Dec-18 |
| 283,084 | 80,302 | (25.16) | (445.57) | (225.56) | (70.19) | 252.52 | 36.09 |
| (87,783) | (40,719) | 10.94 | 94.58 | 78.00 | (45.45) | 115.58 | (1.78) |
| (215,260) | (28,531) | (80.85) | (226.08) | 247.48 | (120.01) | 654.48 | 24.03 |
| <u>(19,959)</u> | <u>11,052</u> | <u>(363.10)</u> | <u>128.05</u> | <u>152.17</u> | <u>498.77</u> | <u>280.59</u> | <u>302.64</u> |

Ratios of Last Six Years

Financial Ratios

| | Unit | Dec-23 |
|----------------------------|-------|--------|
| Rate of return | | |
| Return on assets | % | 7.88 |
| Return on equity | % | 20.25 |
| Return on capital employed | % | 29.48 |
| Interest cover | Times | 3.82 |

Profitability

| | | |
|------------------------|-----|---------|
| Gross profit margin | % | 28.36 |
| Net profit to sales | % | 4.37 |
| EBITDA | Rs. | 578,507 |
| EBITDA Margin to sales | % | 10.20 |

Liquidity

| | | |
|---------------|--|------|
| Current ratio | | 1.31 |
| Quick ratio | | 0.86 |

Financial gearing

| | | |
|-------------------|-------|--------|
| Debt-Equity ratio | Times | 1.57 |
| Debt to Assets | % | 61.08% |

Capital Efficiency

| | | |
|--|-------|------|
| Debtor turnover/ No. of days in receivables | Days | 15 |
| Inventory turnover/ No. of days in inventory | Days | 61 |
| Creditor turnover/ No. of days in payables | Days | 75 |
| Operating cycle | Days | 0.56 |
| Fixed assets turnover ratio | Times | 4.83 |
| Total asset turnover ratio | Times | 1.80 |

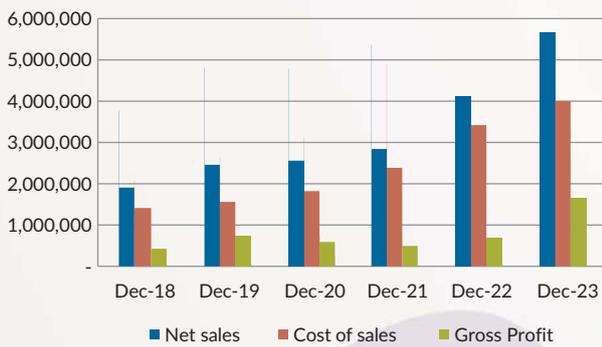
Investment measures per ordinary share

| | | |
|--|-------|--------|
| Earnings | Rs. | 40.50 |
| Price earning ratio | Times | 6.99 |
| Cash dividend | Rs. | 0.00 |
| Dividend yield | % | 0.00 |
| Dividend payout | % | 0.00 |
| Dividend cover | Times | 0.00 |
| Breakup value including surplus on revaluation | Rs. | 200.05 |
| Breakup value excluding surplus on revaluation | Rs. | 43.44 |
| Market value - year end | Rs. | 283.10 |
| Market value - high | Rs. | 359.00 |
| Market value - low | Rs. | 159.10 |
| Market value - average | Rs. | 250.66 |

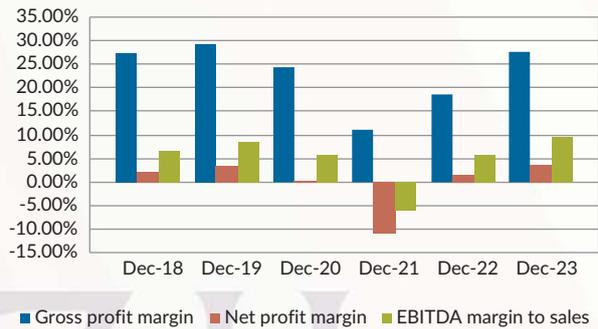
| | Dec-22 | Dec-21 | Dec-20 | Dec-19 | Dec-18 |
|--|---------|-----------|---------|---------|---------|
| | 0.89 | (12.90) | 1.05 | 5.40 | 2.52 |
| | 2.39 | (30.48) | 2.19 | 10.76 | 4.92 |
| | 11.39 | (16.43) | 8.15 | 18.80 | 11.51 |
| | 2.06 | (9.25) | 4.32 | 6.49 | 4.08 |
| | 18.40 | 10.45 | 24.54 | 29.58 | 28.33 |
| | 0.58 | (10.65) | 0.54 | 2.71 | 1.47 |
| | 237,494 | (166,925) | 134,277 | 217,332 | 119,323 |
| | 5.85 | (6.10) | 5.50 | 8.97 | 6.30 |
| | 1.22 | 0.78 | 1.23 | 1.09 | 0.89 |
| | 0.81 | 0.40 | 0.76 | 0.65 | 0.46 |
| | 1.69 | 1.36 | 1.09 | 0.99 | 0.95 |
| | 62.77% | 57.68% | 52.16% | 49.76% | 48.81% |
| | 13 | 16 | 6 | 7 | 9 |
| | 58 | 47 | 41 | 38 | 50 |
| | 97 | 63 | 32 | 27 | 16 |
| | (26.23) | (0.33) | 14 | 19 | 43 |
| | 3.93 | 1.72 | 3.41 | 3.17 | 2.65 |
| | 1.54 | 1.21 | 1.93 | 1.99 | 1.71 |
| | 3.82 | (47.63) | 2.16 | 10.73 | 4.56 |
| | 48.43 | (1.85) | 51.39 | 10.62 | 16.44 |
| | 0.00 | 0.00 | 1.25 | 3.50 | 1.50 |
| | 0.00 | 0.00 | 1.13 | 3.07 | 2.00 |
| | 0.00 | 0.00 | 57.87 | 32.62 | 32.89 |
| | 0.00 | 0.00 | 1.73 | 3.07 | 3.04 |
| | 160.04 | 156.27 | 99.83 | 99.81 | 92.68 |
| | 0.51 | (6.72) | 41.90 | 40.40 | 30.14 |
| | 185.00 | 88.15 | 111.00 | 114 | 75 |
| | 195.87 | 122.00 | 130.00 | 114 | 123 |
| | 68.00 | 69.01 | 103.73 | 66 | 75 |
| | 114.35 | 95.02 | 115.26 | 85 | 100 |

Graphical Presentation

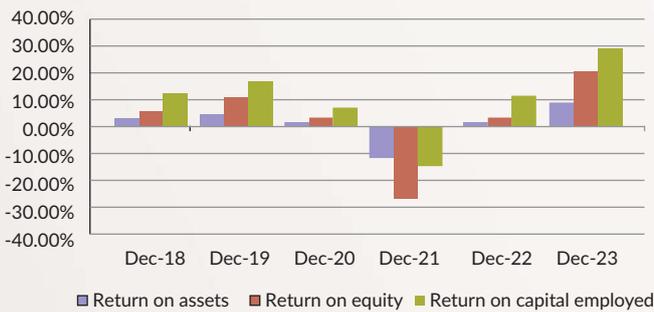
Sales, Cost Of Sales & Gross Profit



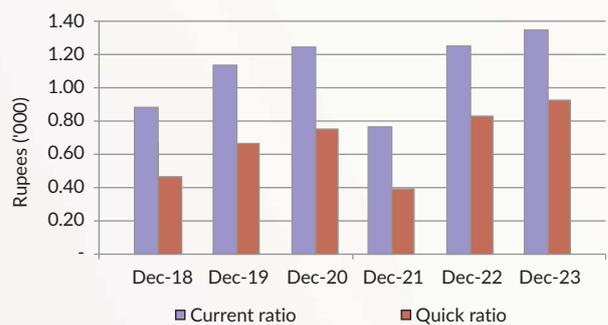
Profitability



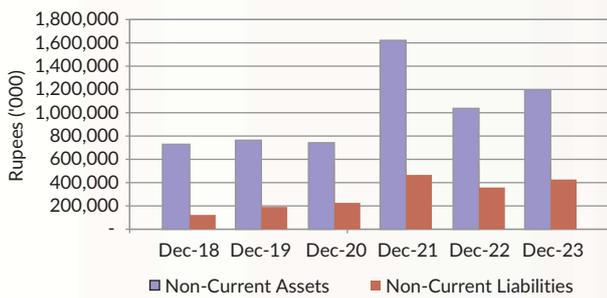
Rate Of Return



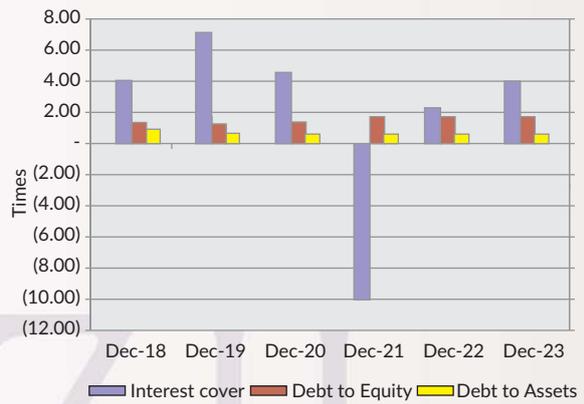
Liquidity



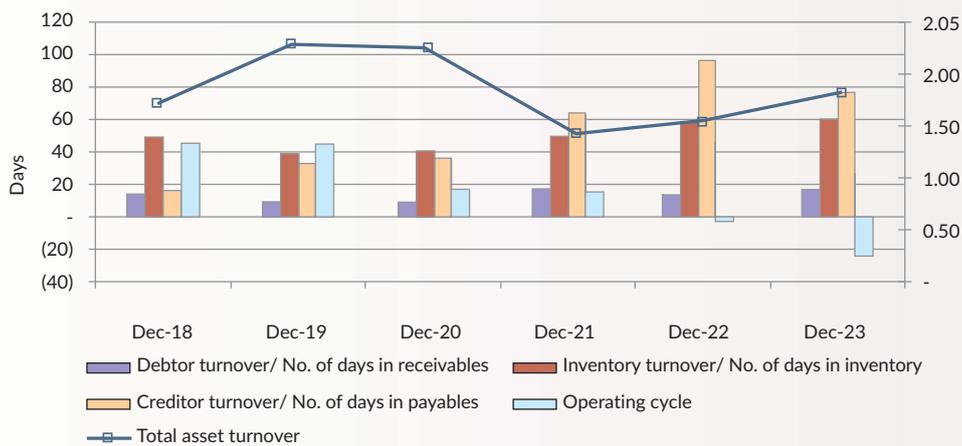
Non-current Assets & Liabilities



Debt Management Ratios



Asset Management Ratios



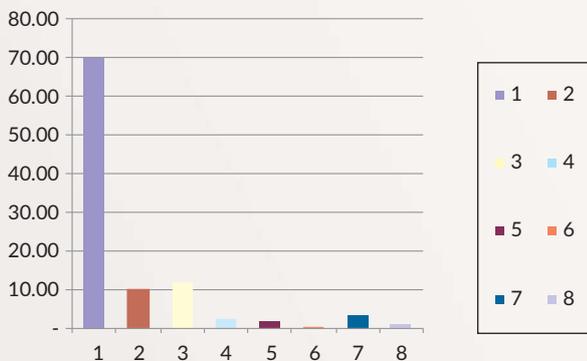
Statement of Value Addition

| | Dec-23 | | Dec-22 | |
|-------------------------|------------------|---------------|------------------|---------------|
| | Rs. In '000 | % | Rs. In '000 | % |
| Wealth Generated | | | | |
| Net sales | 5,674,322 | 99.66 | 4,061,842 | 99.69 |
| Other operating income | 19,439 | 0.34 | 12,719 | 0.31 |
| | <u>5,693,761</u> | <u>100.00</u> | <u>4,074,561</u> | <u>100.00</u> |

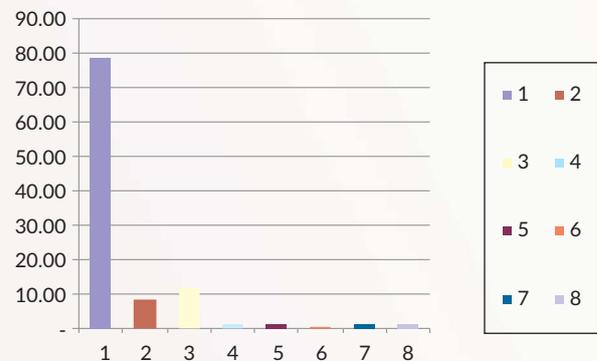
Distribution of Wealth

| | | | | |
|---|------------------|---------------|------------------|---------------|
| ■ Cost of sales and services (excluding employees remuneration and other duties) | 3,977,410 | 69.86 | 3,204,695 | 78.65 |
| ■ Selling, distribution and administrative expenses (excluding employees remuneration and other duties) | 550,804 | 9.67 | 252,697 | 6.20 |
| ■ Employees remuneration | 674,564 | 11.85 | 463,109 | 11.37 |
| ■ Finance cost | 138,783 | 2.44 | 81,027 | 1.99 |
| ■ Government tax and levies (includes income tax, WPPF and WWF) | 103,911 | 1.82 | 48,547 | 1.19 |
| ■ Dividend to shareholders | - | - | - | - |
| ■ Retained for future growth | 247,972 | 4.36 | 23,376 | 0.57 |
| ■ Charity and donation | 317 | 0.01 | 1,110 | 0.03 |
| | <u>5,693,761</u> | <u>100.00</u> | <u>4,074,561</u> | <u>100.00</u> |

Distribution of Wealth Dec-2023



Distribution of Wealth Dec-2022



Pattern of Shareholding

Central Depository Company and Physical
As at December 31, 2023

| Number of shareholders | Having Shares | | Shares Held | Percentage |
|---------------------------|----------------------|---------|------------------|-----------------|
| | From | To | | |
| 883 | 1 | 100 | 14248 | 0.2327 |
| 171 | 101 | 500 | 41593 | 0.6793 |
| 32 | 501 | 1000 | 24436 | 0.3991 |
| 30 | 1001 | 5000 | 59152 | 0.9661 |
| 6 | 5001 | 10000 | 38981 | 0.6367 |
| 2 | 10001 | 15000 | 27873 | 0.4552 |
| 1 | 15001 | 20000 | 17200 | 0.2809 |
| 1 | 20001 | 25000 | 20100 | 0.3283 |
| 2 | 35001 | 40000 | 72137 | 1.1782 |
| 1 | 610001 | 615000 | 612366 | 10.0017 |
| 1 | 5190001 | 5195000 | 5194514 | 84.8416 |
| 1130 | Company Total | | 6,122,600 | 100.0000 |

Pattern of Shareholding

Categories of Shareholders
As at December 31, 2023

| S.No. | Categories of Shareholders | No. of Folio | Number of shares held | Percentage |
|-------|---|--------------|-----------------------|-----------------|
| 1 | DIRECTORS, CEO, THEIR SPOUSE AND MINOR CHILDREN | 6 | 615,076 | 10.0460 |
| 2 | ASSOCIATED COMPANY | 1 | 5,194,514 | 84.8416 |
| 3 | BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS | 1 | 220 | 0.0036 |
| 4 | GENERAL PUBLIC (LOCAL) | 1098 | 225,590 | 3.6845 |
| 5 | GENERAL PUBLIC (FOREIGN) | 10 | 9,276 | 0.1515 |
| 6 | OTHERS | 14 | 77,924 | 1.2727 |
| | | 1,130 | 6,122,600 | 100.0000 |

Key shareholding

As at December 31, 2023

| S.No. | Categories of Shareholders | No. of Shareholders | Shares Held | Percentage |
|-------------|---|---------------------|------------------|-----------------|
| I | Directors, CEO, their spouse & minor children | | | |
| 1. | Dr. Salomon Jacobus Van Rooijen - Director / Chairman (Representing NFCI) | | NIL | NIL |
| 2. | Mr. Mubashir Hasan Ansari - Director / Chief Executive Officer | 1 | 500 | 0.0082 |
| 3. | Mrs. Ferial Ali Mehdi - Director | 2 | 613,076 | 10.0133 |
| 4. | Muhammad Irfan-UI-Haq - Director (Representing NFCI) | | NIL | NIL |
| 5. | Mr. Saad Amanullah Khan - Director | 1 | 500 | 0.0082 |
| 6. | Mr. Ahsan Rashid - Independent Director | 1 | 500 | 0.0082 |
| 7. | Mr. Salman H. Chawala - Independent Director | 1 | 500 | 0.0082 |
| II | Executives | | NIL | NIL |
| III | Associated Companies, Undertakings and Related Parties | | | |
| | New Future Consumer International General Trading L.L.C (NFCI) | 1 | 5,194,514 | 84.8416 |
| IV | Mutual Funds | | NIL | NIL |
| V | Banks, Development Financial Institutions, Non- Banking Financial Institutions | 1 | 220 | 0.0036 |
| VI | Insurance Companies | | NIL | NIL |
| VII | General Public | | | |
| | Local | 1098 | 225,590 | 3.6845 |
| | Foreign | 10 | 9,276 | 0.1515 |
| | Others | | | |
| | Joint Stock Companies | 14 | 77,924 | 1.2727 |
| | TOTAL | 1130 | 6,122,600 | 100.0000 |
| VIII | SHAREHOLDERS HOLDING 5% OR MORE VOTING RIGHTS IN THE COMPANY | | | |
| 1. | New Future Consumer International General Trading L.L.C (NFCI) | | 5,194,514 | 84.8416 |
| 2. | Mrs. Ferial Ali- Mehdi | | 613,076 | 10.0133 |

Statement of Compliance

with Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of company: **ZIL LIMITED**

Year ending: **DECEMBER 31, 2023**

The company has complied with the requirements of the Regulations in the following manner:-

1. The total number of directors are seven as per the following:
 - a. Male 6
 - b. Female 1
2. The composition of the Board is as follows:

 - i. **Independent directors**
Mr. Ahsan Rashid
Mr. Muhammad Salman Husain Chawala

 - ii. **Non-executive directors**
Dr. Salomon Jacobus Van Rooijen
Mr. Saad Amanullah Khan
Mr. Irfan-Ul-Haq

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

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

3. The directors have confirmed that none of them is serving as a director on more than seven Listed companies, including this company;
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updation is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. All directors, except those who are exempted or newly appointed have already completed directors training program;
10. There was no new appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year. The changes in remuneration including terms and conditions of employment of Chief Financial Officer, Company Secretary and Head of Internal Audit were approved by the Board;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:
 - a) **Audit Committee**
(Name of members and Chairman)

Mr. Muhammad Salman Husain Chawala
Chairman
Mrs. Ferial Ali Mehdi
Member
Mr. Ahsan Rashid
Member

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

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

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

- a) Audit Committee: Quarterly;
- b) HR and Remuneration Committee: On required basis;

15. The board has outsourced the internal audit function to M/s. Yousuf Adil & Co., Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;

16. The BDO, Chartered Accountants statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the

Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with. Please refer paragraph 2 above of the Statement. However, fraction (0.33) contained in one-third number for Independent directors has not been rounded up as one, as the existing independent directors have the requisite skills, knowledge and diversified work experience to take independent decision in the interest of the Company.



Mr. Mubashir Hasan Ansari
Chief Executive Officer



Dr. Salomon Jacobus Van Rooijen
Chairman

Karachi: February 27, 2024



Independent Auditor's Review Report

Report To The Members Of Zil Limited

On The Statement Of Compliance Contained In Listed Companies (Code Of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **ZIL Limited** (the Company) for the year ended December 31, 2023 in accordance with the requirements of regulation 36 of the Regulations.

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

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2023.

KARACHI

DATED: March 21, 2024

UDIN: CR202310166eL6G1K1qm

CHARTERED ACCOUNTANTS

Engagement Partner: Tariq Feroz Khan

Independent Auditor's Report

To the members of ZIL Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **ZIL LIMITED** (the Company), which comprise the statement of financial position as at **December 31, 2023**, and the statement of profit or loss, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended, and notes to the financial statements, including a material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2023 and of the profit, other comprehensive loss, its cash flows and the changes in equity for the year then ended.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

| Key audit matter | How the matter was addressed in our audit |
|---|--|
| <p>1. Existence and valuation of stock in trade</p> <p>Stock-in-trade has been valued following an accounting policy as stated in note 3.4 to the financial statements. As at the reporting date, the value of stock-in-trade as disclosed in note 10 to the financial statements amounted to Rs. 676 million.</p> | <p>Our audit procedures in this area included, amongst others, reviewing the management's procedures for evaluating the NRV of stock-in-trade, observing stock counts to ascertain the condition and existence of stock-in-trade, performing testing on a sample items to assess the NRV of the stock-in-trade held and evaluating the adequacy of write down of stock-in-trade to NRV as at year end.</p> |

| Key audit matter | How the matter was addressed in our audit |
|---|--|
| <p>The stock-in-trade is measured at lower of cost and net realizable value (NRV). The cost of finished goods is determined at average manufacturing cost, including a proportion of production overheads. There is an element of judgement involved in determining an appropriate costing basis and assessing the amount of provision for slow moving and obsolete stock-in-trade.</p> <p>Given the level of judgement and estimates involved, we have identified valuation of stock-in-trade as a key audit matter.</p> | <p>Further, we evaluated the appropriateness of the basis of identification of obsolete stock-in-trade held and the accuracy of provision for slow moving stock-in-trade assessed by the management, on a test basis.</p> <p>We also tested the calculation of per unit cost of finished goods and assessed the appropriateness of management's basis for the allocation of cost and production overheads.</p> <p>We further tested the NRV of stock-in-trade by performing a review of sales subsequent to the year-end and comparing with the cost for a sample of products.</p> <p>We further assessed the adequacy of financial statement disclosures in accordance with the applicable financial reporting framework.</p> |
| <p>2. Revenues</p> | |
| <p>As described in Note 3.16 and Note 27 to the accompanied financial statements, the Company generated revenue from sale of home and personal care products.</p> <p>The Company generated net revenue of Rs. 5,674 million as compared to Rs. 4,061 million during the previous year, which represents an increase of approximately 41% as compared to last year.</p> <p>The revenue recognition is identified as a key audit matter due to significant increase during the year and being one of the key performance indicators of the Company.</p> | <p>Our audit procedures amongst others comprised of:</p> <ul style="list-style-type: none"> • Obtained an understanding of the process related to internal control for revenue recognition and on a sample basis, tested the effectiveness of those controls, specifying in relation to recognition of revenue and timing thereof. • On a sample basis, reviewed sales transactions near the reporting date to assess whether transactions are recorded in relevant accounting period; • Performed cut-off procedures on year end to ensure revenue has been recorded in correct period; • Performed procedures to analyze the variation in price and quantity sold during the year; • Reconciled revenue recorded in the books of account on a sample basis with underlying accounting records including dispatch and delivery documents; and • Assessed the adequacy of the related disclosures in accordance with applicable financial reporting standards and the Companies Act, 2017. |

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other Matter

The financial statements of the Company for the year ended December 31, 2022 were audited by another firm of chartered accountants who had expressed an unmodified opinion thereon vide their report dated March 14, 2023.

The engagement partner on the audit resulting in this independent auditor's report is Tariq Feroz Khan.

KARACHI
DATED: March 21, 2024

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

UDIN: AR2023101667Scngx6Nu

Financial Statement



ZIL
LIMITED
Personal Care & Hygiene Products Company

Statement of Financial Position

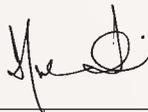
As at December 31, 2023

| | Note | 2023 | 2022 |
|--|------|------------------------------|------------------|
| | | ----- (Rupees in '000) ----- | |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 4 | 1,170,070 | 1,027,229 |
| Intangible assets | 5 | 5,094 | 6,459 |
| Long-term deposits | 6 | 12,286 | 5,161 |
| Loans and advances to employees-secured | 7 | 934 | 978 |
| | | <u>1,188,384</u> | <u>1,039,827</u> |
| CURRENT ASSETS | | | |
| Stores and spares | 9 | - | - |
| Stock-in-trade | 10 | 676,181 | 528,305 |
| Trade debts | 11 | 231,219 | 140,669 |
| Advances, deposits, prepayments and other receivables | 12 | 159,131 | 115,237 |
| Short-term investment | 13 | 176,243 | 150,434 |
| Cash and bank balances | 14 | 127,293 | 73,356 |
| | | <u>1,370,067</u> | <u>1,008,001</u> |
| Assets classified as held for sale | 15 | 588,362 | 583,897 |
| | | <u>3,146,813</u> | <u>2,631,725</u> |
| TOTAL ASSETS | | | |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorised capital | 1 | | |
| 40,000,000 (2022: 40,000,000) ordinary shares of Rs. 10 each | | <u>400,000</u> | <u>400,000</u> |
| Issued, subscribed and paid up capital | 16 | 61,226 | 61,226 |
| Surplus on revaluation of property, plant and equipment | 17 | 958,870 | 976,744 |
| Revenue reserves | | | |
| General reserve | | 6,000 | 6,000 |
| Unappropriated profit / accumulated loss | | 198,758 | (64,094) |
| | | <u>1,224,854</u> | <u>979,876</u> |
| NON-CURRENT LIABILITIES | | | |
| Long-term loan | 18 | 6,228 | 5,122 |
| Deferred tax liability - net | 8 | 204,010 | 206,058 |
| Deferred staff liabilities | 20 | 151,089 | 104,278 |
| Lease liabilities | 21 | 61,139 | 27,192 |
| | | <u>422,466</u> | <u>342,650</u> |
| CURRENT LIABILITIES | | | |
| Current maturity of non-current liabilities | 22 | 125,594 | 124,505 |
| Trade and other payables | 23 | 1,169,205 | 1,037,756 |
| Contract liabilities | 23.4 | 83,368 | 61,337 |
| Taxation | 25 | 119,916 | 84,191 |
| Unclaimed dividend | | 1,410 | 1,410 |
| | | <u>1,499,493</u> | <u>1,309,199</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>3,146,813</u> | <u>2,631,725</u> |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 26 | | |

The annexed notes from 1 to 44 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Director

Statement of Profit or Loss

For the year ended December 31, 2023

| | Note | 2023 | 2022 |
|---|------|------------------------------|---------------|
| | | ----- (Rupees in '000) ----- | |
| Sales - net | 27 | 5,674,322 | 4,061,842 |
| Cost of sales | 28 | (4,064,983) | (3,314,497) |
| Gross profit | | 1,609,339 | 747,345 |
| Selling and distribution expenses | 29 | (731,987) | (378,352) |
| Administrative expenses | 30 | (346,808) | (202,341) |
| Other operating income | 31 | 19,439 | 12,719 |
| Other operating expenses | 32 | (64,417) | (28,671) |
| | | (1,123,773) | (596,645) |
| Operating profit | | 485,566 | 150,700 |
| Finance costs | 33 | (138,783) | (81,027) |
| Profit before taxation | | 346,783 | 69,673 |
| Taxation | 25 | (98,811) | (46,297) |
| Profit for the year | | 247,972 | 23,376 |
| | | ----- (Rupees) ----- | |
| Earnings per share - basic and diluted | 34 | 40.50 | 3.82 |

The annexed notes from 1 to 44 form an integral part of these financial statements.


Chief Financial Officer


Chief Executive Officer


Director

Statement of Comprehensive Income

For the year ended December 31, 2023

| | Note | 2023 | 2022 |
|---|------|----------------|---------------|
| ----- (Rupees in '000) ----- | | | |
| Profit after taxation | | 247,972 | 23,376 |
| Other comprehensive income | | | |
| Items that will not be reclassified to statement of profit or loss : | | | |
| Actuarial loss on remeasurement of defined benefit obligations | 20.6 | (5,201) | (387) |
| Less: Tax effect | 8 | 1,508 | 112 |
| Other comprehensive loss for the year | | (3,693) | (275) |
| Total comprehensive income for the year | | 244,279 | 23,101 |

The annexed notes from 1 to 44 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Director

Statement of Changes in Equity

For the year ended December 31, 2023

| | Issued, subscribed and paid up capital | Capital Reserve | Revenue Reserves | | Total |
|---|---|--|--------------------|---|------------------|
| | | Surplus on Revaluation of assets - net of tax | General reserve | Unappropriated profit / accumulated loss | |
| Note ----- (Rupees in '000) ----- | | | | | |
| Balance as at January 01, 2022 | 61,226 | 997,902 | 6,000 | (108,353) | 956,775 |
| Total comprehensive income for the year | | | | | |
| Profit for the year | - | - | - | 23,376 | 23,376 |
| Other comprehensive income | | | | | |
| Actuarial loss on remeasurement of defined benefit obligations | - | - | - | (387) | (387) |
| Less: Tax effect | - | - | - | 112 | 112 |
| Transferred from surplus on revaluation of property, plant and of tax equipment - net of tax (incremental depreciation) | - | (21,158) | - | 21,158 | - |
| | - | (21,158) | - | 67,085 | 45,927 |
| Balance as at December 31, 2022 | 61,226 | 976,744 | 6,000 | (64,094) | 979,876 |
| Balance as at January 01, 2023 | 61,226 | 976,744 | 6,000 | (64,094) | 979,876 |
| Total comprehensive income for the year | | | | | |
| Profit for the year | - | - | - | 247,972 | 247,972 |
| Other comprehensive income | | | | | |
| Actuarial loss on remeasurement of defined benefit obligations | - | - | - | (5,201) | (5,201) |
| Less: Tax effect | - | - | - | 1,508 | 1,508 |
| Transferred from surplus on revaluation of property, plant and equipment - net of tax (incremental depreciation) | - | (16,161) | - | 16,161 | - |
| On disposal of assets | - | (2,412) | - | 2,412 | - |
| Deferred tax on disposal of assets | - | 699 | - | - | 699 |
| | - | (17,874) | - | 262,852 | 244,978 |
| Balance as at December 31, 2023 | 61,226 | 958,870 | 6,000 | 198,758 | 1,224,854 |

The annexed notes from 1 to 44 form an integral part of these financial statements.


Chief Financial Officer


Chief Executive Officer


Director

Statement of Cash Flows

For the year ended December 31, 2023

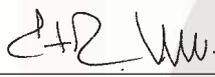
| | Note | 2023 | 2022 |
|---|------|------------------|------------------|
| ----- (Rupees in '000) ----- | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before taxation | | 346,783 | 69,673 |
| Adjustments for non cash and other items: | | | |
| Depreciation and amortization | 4.3 | 92,941 | 86,794 |
| Allowance for expected credit losses | 11.3 | - | - |
| Provision against staff gratuity | 20.5 | 49,113 | 20,192 |
| Provision against other staff retirement benefits | 20.5 | 493 | 1,812 |
| Reversal against slow moving and obsolete stock | 10.1 | (14,930) | (8,789) |
| Provision for slow moving stores and spares | 9.1 | - | 475 |
| Finance costs | 33 | 138,643 | 81,027 |
| Dividend Income | | (9,693) | (3,572) |
| Reversal of liability no longer payable | 31 | - | (1,330) |
| Return on bank deposits | 31 | (881) | (1,114) |
| Gain on modification of financial liability | 31 | (340) | (250) |
| Amortization of government grant | 31 | - | (505) |
| Gain on disposal of operating fixed assets | 31 | (1,715) | (429) |
| | | <u>253,631</u> | <u>174,311</u> |
| | | 600,414 | 243,984 |
| Increase in current assets | | | |
| Current portion of long-term loans to employees | | (223) | (2,124) |
| Stores and spares | | (6) | 289 |
| Stock-in-trade | | (132,946) | (204,435) |
| Trade debts | | (90,550) | (24,230) |
| Long term deposit | | (7,125) | (2,905) |
| Advances, deposits, prepayments and other receivables | | (16,533) | (6,295) |
| | | <u>(247,383)</u> | <u>(239,700)</u> |
| Increase in current liabilities | | | |
| Trade and other payables | | 153,100 | 508,864 |
| Cash flows generated from operating activities | | <u>506,131</u> | <u>513,148</u> |
| Income tax paid | | (97,048) | (46,737) |
| Staff gratuity paid | 20.4 | (7,503) | (16,051) |
| Staff retirement benefits paid | 20.4 | (325) | (8,448) |
| Return received on bank deposits | 31 | 881 | 1,114 |
| Finance costs paid | | (128,074) | (76,826) |
| | | <u>(232,069)</u> | <u>(146,948)</u> |
| Net cash flows generated from operating activities | | <u>274,062</u> | <u>366,200</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Capital expenditure | | (184,702) | (87,152) |
| Short-term investments made | | (876,243) | (425,434) |
| Short-term investments encashed | | 850,435 | 335,000 |
| Proceeds from disposal of operating fixed assets | | 16,827 | 8,605 |
| Dividend income received | | 9,693 | 3,139 |
| Net cash flows used in investing activities | | <u>(183,990)</u> | <u>(165,842)</u> |

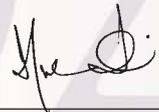
Statement of Cash Flows

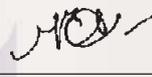
For the year ended December 31, 2023

| | Note | 2023 | 2022 |
|--|------|----------------|---------------|
| ----- (Rupees in '000) ----- | | | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Dividend paid | | - | (53) |
| Lease rentals paid | | (36,140) | (25,851) |
| Long-term loan obtained | | - | - |
| Long-term loan repaid | | 5 | (47,807) |
| Short-term borrowings obtained | | - | 60,000 |
| Short term borrowings repaid | | - | (175,000) |
| Net cash flows used in financing activities | | (36,135) | (188,711) |
| Net increase in cash and cash equivalents during the year | | 53,937 | 11,647 |
| Cash and cash equivalents at beginning of the year | | 73,356 | 61,709 |
| Cash and cash equivalents at end of the year | | 127,293 | 73,356 |

The annexed notes from 1 to 44 form an integral part of these financial statements.


 Chief Financial Officer


 Chief Executive Officer


 Director

Notes to the Financial Statements

For the year ended December 31, 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. 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.

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.

1.1 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

| Location | Address |
|------------------------------|--|
| Head office | Bahria Complex 3, plot no. MISC-2, M.T. Khan Road, Karachi. |
| Factory | Link Hali Road, Hyderabad (Refer note 15 to these financial statements). |
| Factory - under construction | Plot # G-1 Located In Chemical Area of Eastern Industrial Zone, Port Qasim Authority, Karachi. |
| Warehouse | Plot No. C-6, SITE Area, Near Mirpurkhas Road, SITE, Hyderabad. |
| 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. |
| Sale Region-Central 2 | Naeema Azam Tower 1st floor Office # 08. Commercial Area Phase I Industrial Estate. |
| Regional sales office | House No. 522, Street No. 18, Chaklala Scheme 3, Rawalpindi. |
| Quality Assurance lab | 1st Floor, Pardesi House, Plot No. 2/1, RY-16, Old Queens Road, Karachi |

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Act; and
- Provisions of and directives issued under the Companies Act 2017.

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

Notes to the Financial Statements

For the year ended December 31, 2023

2.1.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case the requirements differ, the provisions of and directives issued under the repealed Companies Ordinance, 1984 shall prevail.

2.1.2 Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017 which has its own set of disclosures. However, SECP vide their circular No. 23 / 2017 dated 4 October 2017 (read with a clarification issued by the Institute of Chartered Accountants of Pakistan on 6 October 2017), has directed that companies preparing financial statements for the periods ending on or before 31 December 2017, shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for below;

- certain class of property, plant and equipment (i.e. land, buildings and plant and machineries) have been measured at revalued amounts.
- deferred staff liabilities that have been measured at present value.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani rupee which is also the Company's functional and presentation currency and have been rounded off to the nearest thousand.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about the judgments made by the management in the application of the accounting policies, that have the most significant effect on the amount recognized in these financial statements, assumptions and estimation uncertainties with significant risk of material adjustment to the carrying amount of asset and liabilities in the next year are described as follows:

Notes to the Financial Statements

For the year ended December 31, 2023

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are set forth below:

2.4.1 Taxation

In making the estimates for income taxes currently payable by the Company, the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past.

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

2.4.2 Staff gratuity and other staff retirement benefits

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

2.4.3 Stock-in-trade and stores and spares

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

2.4.4 Trade debts and other receivables

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

2.4.5 Property, plant and equipment

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

Notes to the Financial Statements

For the year ended December 31, 2023

2.4.6 Intangible assets

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

2.4.7 Assets classified as held for sale

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

- The manufacturing facility is available for immediate sale and can be sold to the buyer in its current condition
- The actions to complete the sale were initiated and expected to be completed within one year from the date of classification.
- An active buyer programme has been located and negotiations as at the reporting date are in progress.
- The shareholders approved the plan to sell on 30 November 2022 and further extended the plan for sale on 08 December 2023.

2.4.8 Contingencies

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

2.4.9 Impairment of financial and non-financial assets

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

2.4.10 Revaluation of property, plant and equipment

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

2.4.11 Leases

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

Notes to the Financial Statements

For the year ended December 31, 2023

2.5 Adoption of standards, amendments and improvements to International Financial Reporting Standards (IFRSs) effective during the year

New accounting standards, amendments and IFRS interpretations that are effective for the year ended December 31, 2023.

The Company adopted the narrow-scope amendments to the International Accounting Standard (IAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after 1 January 2023. Although the amendments did not result in any changes to accounting policy themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting the Company to provide useful entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and updates to the information disclosed in Note 3 to the financial statements. Material accounting policy information (2022: Significant accounting policies) in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

The following standards, amendments and interpretations are effective for the year ended December 31, 2023. These standards, amendments and interpretations are either not relevant to the Company's operations or did not have significant impact on the financial statements other than certain additional disclosures. During the year the Company has adopted all the new standards and amendments to standards, including any consequential amendments to other standards which are applicable for the financial year beginning on January 1, 2023. The adoption of these new and amended standards did not have material impact on the Company's financial statements.

| | Effective date (annual periods beginning on or after) |
|--|--|
| - Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 Making Materiality Judgements- Disclosure of Accounting Policies | January 01, 2023 |
| - Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates | |
| - Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction | January 01, 2023 |
| - Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes | January 01, 2023 |

Notes to the Financial Statements

For the year ended December 31, 2023

New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

| | Effective date (annual periods beginning on or after) |
|--|---|
| Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements | January 01, 2024 |
| Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions | January 01, 2024 |
| Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current | January 01, 2024 |
| Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements | January 01, 2024 |
| Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability | January 01, 2025 |

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

- IFRS 1 First Time Adoption of International Financial Reporting Standards
- IFRS 17 Insurance Contracts

3. MATERIAL ACCOUNTING POLICY INFORMATION

Material accounting policies applied in the preparation of these financial statements are set forth below and have been applied consistently to all years presented.

3.1 Property, plant and equipment

3.1.1 Operating fixed assets - Owned

Initial recognition

The cost of an item of property, plant and equipment is recognized as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost of such item can be measured reliably. Recognition of the cost in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by the management.

Notes to the Financial Statements

For the year ended December 31, 2023

Measurement

Except for the leasehold and freehold lands, buildings on leasehold and freehold lands and plant and machinery, all others items of property, plant and equipment (refer note 4.1) are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Leasehold and freehold land, buildings and plant and machinery are measured at revalued amounts, which is the fair value at the date of revaluation less accumulated depreciation / accumulated impairment losses, if any, recognised subsequent to the date of revaluation. In case of revalued assets, transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount restated at the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings. A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus. The revaluation is carried out under the market value basis at regular intervals so as to ensure that the revalued amounts are not significantly different from the carrying amounts. For the purpose of revaluation, the Company also takes into consideration the highest and best use considering the alternate use if legally permissible, less costs to be incurred for the alternate use in which case the value is then allocated to land and building in proportion to the values determined on "as is" basis.

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

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

Expenditure incurred to replace a component of an item of operating assets is capitalised and the asset so replaced is retired. Other subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised.

Capital work-in-progress

Capital work-in-progress is stated at cost less impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under this head. The assets are transferred to relevant category of operating fixed assets when they are available for intended use.

Depreciation and amortization

Depreciation is charged to the statement of profit or loss applying the reducing balance method whereby costs of assets, less their residual values, is written off over their estimated useful lives at rates disclosed in note 4.1. Cost of the leasehold land is amortised over the period of the lease. Depreciation of the above assets / amortization of the cost of land on additions is charged from the month in which the asset is available for use up to the month preceding the disposal.

Notes to the Financial Statements

For the year ended December 31, 2023

Useful lives are determined by the management based on expected usage of asset, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of assets and other similar factors.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of profit or loss in the year the asset is derecognized.

When revalued assets are sold, the relevant remaining surplus is transferred directly by the Company to its retained earnings.

Normal repairs and maintenance are charged to the statement of profit or loss during the financial year in which these are incurred.

3.1.2 Right of use assets

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Company mainly leases properties for its operations. The Company recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the straight line method from the commencement date to the earlier of end of the useful life of right-of-use asset or end of the lease term. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

3.2 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Costs that are directly associated with identifiable software products controlled by the Company and have probable economic benefit beyond one year are recognized as intangible assets. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Cost associated with maintaining computer software products are recognised as an expense when incurred.

Intangible assets with finite useful lives are amortised over the useful economic life as specified in note 5 and assessed for impairment whenever there is an indication that the intangible asset may be impaired. In respect of additions and deletions of intangible assets during the year, amortization is charged from the month of acquisition and up to the month preceding the deletion, respectively.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

3.3 Stores and spares

These are stated at weighted average cost less impairment loss, if any. The Company reviews the carrying amount of the stores and spares on a regular basis for slow moving items. Adequate provision is made for any excess carrying value over the estimated net realizable value and is recognized in the statement of profit or loss.

Notes to the Financial Statements

For the year ended December 31, 2023

3.4 Stock-in-trade

These are valued at lower of cost and net realisable value (NRV). Cost of raw materials, packing materials, work in process and finished goods is determined on weighted average cost basis, except that in case of stock in transit, it is determined at invoice value and other charges incurred thereon, net of NRV adjustment.

Cost of finished goods consists of materials, labour and applicable production overheads. However, the work-in-process is valued at material cost only as conversion costs are immaterial.

Net realisable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and selling expenses.

3.5 Trade debts and other receivables

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortized cost. Credit loss is based on the expected credit losses, (ECLs) model and also considers the specific exposure where there is no expectation of recovery. Trade debts and other receivables are written off when considered irrecoverable.

3.6 Cash and cash equivalents

Cash and cash equivalents are stated at cost and comprise cash and bank balances and short term investments having maturity of less than 3 months. Cash and cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash that are subject to insignificant risk of change in value.

3.7 Assets classified as held for sale

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

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

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

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

Notes to the Financial Statements

For the year ended December 31, 2023

3.8 Staff Retirement benefits

a) Gratuity scheme - defined benefit plan

The Company operates an unfunded gratuity scheme for its eligible employees. Permanent employees who have completed four years of service with the Company are eligible employees for this scheme and payment is made on the basis of employee's last drawn basic salary. Provision is made in the financial statements based on actuarial valuation (conducted at the reporting date - 31 December 2023) using the projected unit credit method. Remeasurement of the defined benefit liability, which comprises actuarial gain and losses are recognised immediately in other comprehensive income. Net interest expense and other expenses relating to defined benefit plan are recognised in the statement of profit or loss. Amount recognised in the statement of financial position represents the present value of defined benefit obligation.

b) Retirement benefit scheme - defined benefit plan

In addition, the Company also operates an un-funded retirement benefit scheme for its eligible employees. The employees who were on Company's permanent payroll on or before 30 June 1999 and have completed ten years of services with the Company are eligible for benefits under this scheme and payment is made on the basis of employee's last drawn basic salary.

Provisions are made to cover the obligation on accrual basis and are charged as an expense. The amount of liability recognized in the statement of financial position is calculated by the Company using the above basis as the difference in liability is not expected to be material using the Projected Unit Credit method.

c) Provident fund - defined contribution plan

Provident fund is a defined contribution plan for regular staff. Monthly contributions are made both by the Company and the employees to the fund at the rate of 10% of the basic salary.

3.9 Compensated absences

The Company recognises the liability for compensated absences in respect of employees in the period in which they are earned up to the reporting date on the basis of un-availed earned leaves balance at the end of the year.

Provisions are made to cover the obligation on accrual basis and are charged as an expense. The amount of liability recognized in the statement of financial position is calculated by the Company using the above basis as the difference in liability is not expected to be material using the Projected Unit Credit method.

3.10 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of profit or loss except to the extent that it relates to items recognized directly in equity.

Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any, and the minimum tax payable, in accordance with the provisions of Income Tax Ordinance, 2001. The charge for current tax includes adjustments to charge for prior years, if any.

Notes to the Financial Statements

For the year ended December 31, 2023

Deferred

Deferred tax is recognised using balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax recognised is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation. A deferred tax asset is recognised to the extent that it is probable that the future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax arising on surplus on revaluation of property, plant and equipment is recorded directly in the surplus account.

3.11 Lease liability

Liability against assets subject to finance lease

Lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The Company assesses at contract inception whether a contract is, or contains a lease, i.e., if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The lease liability against right of use assets is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made.

It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

3.12 Ijarah

Ijarah in which a significant portion of the risks and rewards of ownership are retained by the Muj'ir (lessor) are classified as operating Ijarah. Payments made during the year are charged to the statement of profit or loss on a straight-line basis over the period of the Ijarah in accordance with Islamic Financial Accounting Standard-2.

3.13 Trade and other payables

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

Notes to the Financial Statements

For the year ended December 31, 2023

3.14 Provisions

Provisions are recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimates.

3.15 Government grant

Government grants are recognised when there is a reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to expense, it is recognised as income on a systematic basis over the periods that the related cost, for which it is introduced to compensate, are expensed out.

3.16 Revenue recognition

Sales are stated net of sales tax, trade discount and sales return and are recognised when persuasive evidence of a sale exists. The key area of judgment in recognising revenue is the timing of recognition, which reflects the point or period when the Company has transferred the control of the product, being when the products are delivered to the customers. Delivery occurs when the product has been delivered to the customer destination / specific location, the risk of loss has been transferred to the customer and the customer has accepted the product either as per the sales contract or the Company has objective evidence that all criteria for acceptance has been satisfied. Revenue from sale of goods is measured at fair value of the consideration received or receivable.

- Scrap sales are stated net of sales tax and are recognised in the year in which scrap sales are made.
- Return on bank deposits is accounted for using effective interest method.
- Dividend income is recognized when the right to receive payment is established.

3.17 Trade and other payables

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

3.18 Provisions

Provisions are recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimates.

3.19 Financial instruments

The Company recognises financial asset or a financial liability when it becomes a party to the contractual provision of the instrument. Financial assets and liabilities are recognised initially at cost, which respectively is the fair value of the consideration given or received. These are subsequently measured at amortised cost.

Notes to the Financial Statements

For the year ended December 31, 2023

a) Initial recognition and measurement

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or Fair Value through Profit or Loss (FVTPL).

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

b) Subsequent measurement

Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit or loss. Any gain or loss on derecognition is recognised in statement of profit or loss.

Debt investments at FVOCI - These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in statement of profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit or loss.

Notes to the Financial Statements

For the year ended December 31, 2023

Equity investments at FVOCI - These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses including on account of derecognition are recognised in OCI and are never reclassified to statement of profit or loss.

c) Derecognition of financial assets

Financial assets are derecognised when the contractual right to cash flows from the asset expire, or when substantially all the risks and reward of ownership of the financial asset are transferred. Financial liability is derecognised when the Company's contractual obligations are discharged, cancelled or expired. Gain or loss on derecognition is recognised in the statement of profit or loss.

3.20 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine if there is an objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of the asset.

The Company recognises loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition (although in this case the measurement is at 12 month ECLs) or in cases where the likelihood of losses are remote.

Loss allowances for trade receivables are measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the Gross carrying amount of the assets.

Notes to the Financial Statements

For the year ended December 31, 2023

Non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If any, such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised, as an expense in the statement of profit or loss, at the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is assessed through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

An impact on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that the financial asset is impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on the terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

3.21 Financial liabilities

Financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortized cost are initially measured at fair value less transaction costs.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortized cost using the effective yield method.

3.22 Off-setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount reported in the statement of financial position, if the Company has the enforceable legal right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated cash flows discounted at the original effective interest rate. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through statement of profit or loss.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in the statement of profit or loss.

Notes to the Financial Statements

For the year ended December 31, 2023

3.23 Borrowings

All interest bearing borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing borrowings are subsequently measured at amortized cost using the effective interest rate method.

Borrowing costs are recognised as an expense in the period in which these are incurred, except that those which are direct attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset.

3.24 Foreign currency translation and transactions

Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the reporting date. Gains and losses on translation are taken to the statement of profit or loss currently.

3.25 Dividend and appropriation to reserve

Dividends and appropriations to reserves are recognised in the period in which these are declared / approved. However, if these are approved after the reporting date but before the financial statements are authorised for issue, they are disclosed in the notes to the financial statements.

3.26 Earnings per share

The Company presents basic and diluted earnings per shares (EPS) data. Basic EPS is calculated by dividing the profit or loss attributable to share holders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

3.27 Contract liabilities

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

3.28 Sales tax

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

- where sales tax incurred on a purchase of asset or service is not recoverable from the taxation authorities, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- when receivables and payables are stated with the amount of sales tax included the net amount of sales tax recoverable from, or payable to, the taxation authorities is included as part of Receivables or payables in the statement of financial position.

Notes to the Financial Statements

For the year ended December 31, 2023

3.29 Contingent liabilities

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

| | Note | 2023 | 2022 |
|---|------|------------------------------|------------------|
| | | ----- (Rupees in '000) ----- | |
| 4. PROPERTY, PLANT AND EQUIPMENT | | | |
| Operating fixed assets | 4.1 | 1,120,198 | 923,722 |
| Capital work-in-progress | 4.2 | 49,872 | 103,507 |
| | | <u>1,170,070</u> | <u>1,027,229</u> |



Notes to the Financial Statements

For the year ended December 31, 2023

4.1 Operating fixed assets

2023

| | COST / REVALUED AMOUNT | | | Rate % | ACCUMULATED DEPRECIATION | | | Written down value as at December 31, 2023 |
|--|------------------------------|-------------------------|--|-----------|---|------------------------|--|---|
| | As at January 01, 2023 | Additions/ Transfers | Disposals Non-current assets classified as held for sale (note 15) | | Modification As at December 31, 2023 | Charge for the year | Disposals Non-current assets classified as held for sale (note 15) | |
| Owned | | | | | | | | |
| Leasehold land (note 4.1.1) | 772,486 | - | - | 772,486 | 2.89 & 10 | 22,495 | - | 726,831 |
| Building on leasehold land | 7,000 | 36,506 | - | 43,506 | 10 | 1,207 | - | 41,599 |
| Plant, machinery and equipment (note 4.1.2) | 38,439 | 19,105 | (126) | 57,418 | 10 | 3,816 | (65) | 50,133 |
| Dies and change parts | 32,583 | 2,400 | - | 34,983 | 30 | 3,374 | - | 10,073 |
| Furniture and fixtures | 32,570 | 2,764 | (601) | 34,733 | 20 | 15,682 | (549) | 16,029 |
| Computers and mobiles | 27,622 | 24,747 | (3,758) | 48,611 | 30 | 19,081 | (2,975) | 25,018 |
| Vehicles | 77,222 | 150,289 | (22,696) | 204,815 | 20 | 29,946 | (13,035) | 164,489 |
| Diminishing musharaka | | | | | | | | |
| Vehicle | 18,069 | 4,366 | (6,136) | 16,299 | 20 | 2,433 | (4,141) | 12,326 |
| Right of use assets | | | | | | | | |
| Rented premises | 1,005,991 | 240,177 | (33,317) | 1,212,851 | | 67,798 | (20,765) | 1,046,498 |
| | 98,222 | 61,947 | (3,783) | 156,386 | 20 | 22,145 | (630) | 73,700 |
| | 1,104,213 | 302,124 | (37,100) | 1,369,237 | | 89,943 | (21,395) | 1,120,198 |

2022

| | COST / REVALUED AMOUNT | | | Rate % | ACCUMULATED DEPRECIATION | | | Written down value as at December 31, 2022 |
|--|------------------------------|-------------------------|--|-----------|---|------------------------|--|---|
| | As at January 01, 2022 | Additions/ Transfers | Disposals Non-current assets classified as held for sale (note 15) | | Modification As at December 31, 2022 | Charge for the year | Disposals Non-current assets classified as held for sale (note 15) | |
| Owned | | | | | | | | |
| Freehold land | 400,040 | - | - | (400,040) | | - | - | - |
| Leasehold land | 772,486 | - | - | 772,486 | 2.89 & 10 | 22,486 | - | 749,326 |
| Building on freehold land | 44,275 | - | - | (44,275) | 10 | 4,052 | (4,052) | - |
| Building on leasehold land | 7,000 | - | - | 7,000 | 10 | 700 | - | 6,300 |
| Plant, machinery and equipment (note 4.1.2) | 160,250 | 7,119 | (389) | 38,439 | 10 | 15,273 | (21) | 34,905 |
| Dies and change parts | 27,108 | 5,475 | - | 32,583 | 30 | 4,186 | - | 11,047 |
| Capital spares | 33,484 | - | - | (33,484) | 10 | 1,720 | (16,445) | - |
| Furniture and fixtures | 23,573 | 12,566 | (145) | 32,570 | 20 | 15,489 | (106) | 16,888 |
| Computers and mobiles | 34,373 | 2,329 | (9,080) | 27,622 | 30 | 24,412 | (8,361) | 8,541 |
| Vehicles | 76,258 | 19,864 | (18,900) | 77,222 | 20 | 9,340 | (11,850) | 47,276 |
| Diminishing musharaka | | | | | | | | |
| Vehicles | 9,515 | 8,554 | - | 18,069 | 20 | 2,309 | - | 12,388 |
| | 1,588,362 | 55,907 | (28,514) | 1,609,764 | | 65,536 | (20,338) | 886,671 |
| Right of use assets | | | | | | | | |
| Rented premises | 82,387 | 21,572 | (6,607) | 98,222 | 20 | 18,396 | (851) | 37,051 |
| | 1,670,749 | 77,479 | (35,121) | 1,704,213 | | 83,932 | (21,189) | 923,722 |

Notes to the Financial Statements

For the year ended December 31, 2023

4.1.1 This represents at 11 acres of land situated at plot no G1 chemical Area Eastern Industrial Zone Port Qasim Authority Karachi.

4.1.2 This includes plant, machinery and equipment held with vendor of the Company for toll manufacturing costing Rs.10.672 million (2022: Rs.10.672 million) having written down value amounting to Rs. 8.644 million (2022; Rs.9.605 million).

4.1.3 Disposal of operating fixed assets

| Description | Cost | Written down value | Sale Proceeds | Gain / (loss) | Mode of disposal | Particulars of buyers and relationship |
|--------------------------------------|------------------------------|--------------------|---------------|---------------|---------------------|--|
| | ----- (Rupees in '000) ----- | | | | | |
| Vehicles | | | | | | |
| Assets having book due above | | | | | | |
| Rs. 500,000 | | | | | | |
| Toyota Fortuner | 6,135 | 1,994 | 2,001 | 7 | Employee car scheme | Mr. Mubashir Hasan Ansari - Employee |
| City Aspire Prosmatee 1.5CC | 1,943 | 575 | 582 | 7 | Employee ear scheme | Mr. Ata ur Rehman Shaikh - Employee |
| Suzuki Cultus VXL | 1,501 | 524 | 945 | 421 | Employee car scheme | Mr. Mubeen Butt Employee |
| Suzuki Cultus VXR | 1,551 | 631 | 631 | - | Employee car scheme | Mr. Muhammad Shoaib Khan Employee |
| Suzuki Cultus VXL | 1,970 | 1,250 | 1,250 | - | Employee car scheme | Mr. Muhammad Shafiq Chand Employee |
| Suzuki Cultus VXL | 3,024 | 2,570 | 2,570 | - | Employee car scheme | Mr. Abdul Rais - Employee |
| Civic 1.8LI-VIEC Oriel | 2,925 | 930 | 911 | (19) | Car Scheme | Ms Fariel - Director / Shareholder |
| Assets having book value upto | 16,809 | 4,074 | 3,635 | (439) | | |
| Rs. 500,000 | | | | | | |
| 2023 | <u>35,858</u> | <u>12,548</u> | <u>12,525</u> | <u>(23)</u> | | |

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

4.1.3.2 The forced sale value of the revalued lands, buildings and plant and machinery, at the date of revaluation was Rs. 818 million, Rs. 45 million and Rs. 238 million respectively.

4.1.3.3 Had there been no revaluation, the written down values of the revalued leasehold land, building on leasehold land and plant and machinery as at 31 December 2023, would have been Rs. 9.872 million (2022: Rs. 10.97 million), Rs. 34.46 million (2022: Rs 1.95 million) and Rs. 41 million (2022: Rs. 25 million) respectively.

4.1.3.4 Cost of above assets include cost of assets of Rs. 38 million (2022: Rs. 59.56 million) having net book value of Rs. nil (2022: Rs. nil) at the reporting date which are still in use.

Notes to the Financial Statements

For the year ended December 31, 2023

4.2 Capital work-in-progress

| | 2023 | | | | 2022 | | | |
|----------------------------------|------------------------------|----------------|---------------------------------------|-------------------|------------------------------|---------------|---------------------------------------|-------------------|
| | As at January 01 | Additions | Transferred to operating fixed assets | As at December 31 | As at January 01 | Additions | Transferred to operating fixed assets | As at December 31 |
| | ----- (Rupees in '000) ----- | | | | ----- (Rupees in '000) ----- | | | |
| - Building on leasehold land | 72,825 | 3,758 | (36,507) | 40,076 | 63,097 | 9,728 | - | 72,825 |
| - Plant, machinery and equipment | 9 | 19,105 | (19,105) | 9 | 3,320 | 3,808 | (7,119) | 9 |
| - Dies and change parts | - | 2,400 | (2,400) | - | 2,200 | 3,275 | (5,475) | - |
| - Furniture and fixtures | - | 12,539 | (2,764) | 9,775 | 124 | 12,442 | (12,566) | - |
| - Vehicles-owned | 23,866 | 126,435 | (150,289) | 12 | 8,245 | 44,039 | (28,418) | 23,866 |
| - Computers | 6,807 | 17,940 | (24,747) | - | - | 9,136 | (2,329) | 6,807 |
| | <u>103,507</u> | <u>182,177</u> | <u>(235,812)</u> | <u>49,872</u> | <u>76,986</u> | <u>82,428</u> | <u>(55,907)</u> | <u>103,507</u> |

4.3 Depreciation on property, plant and equipment - operating fixed assets for the year has been allocated as follows:

| | Note | 2023 | 2022 |
|--|------|------------------------------|---------------|
| | | ----- (Rupees in '000) ----- | |
| Depreciation on property, plant and equipment - operating fixed assets | 4.1 | 89,943 | 83,932 |
| Amortization on intangible assets | 5 | 2,998 | 2,862 |
| | | <u>92,941</u> | <u>86,794</u> |
| Cost of sales | 28 | 36,296 | 50,560 |
| Selling and distribution expenses | 29 | 23,223 | 15,271 |
| Administrative expenses | 30 | 33,422 | 20,963 |
| | | <u>92,941</u> | <u>86,794</u> |

5. INTANGIBLE ASSETS

| | Note | 2023 | 2022 |
|--|------|------------------------------|--------------|
| | | ----- (Rupees in '000) ----- | |
| | 5.1 | 5,094 | 1,735 |
| | 5.2 | - | 4,724 |
| | | <u>5,094</u> | <u>6,459</u> |

Notes to the Financial Statements

For the year ended December 31, 2023

5.1 Operating assets

| | 2023 | | | | | | | | |
|--------------------------------|------------------------------|-----------|-------------------|--------|------------------------------|-----------|-----------|-------------------|--------------------------------------|
| | COST | | | Rate % | ACCUMULATED AMORTIZATION | | | | Written down value as at December 31 |
| | As at January 01 | Additions | As at December 31 | | As at January 01 | Additions | Write-off | As at December 31 | |
| | ----- (Rupees in '000) ----- | | | | ----- (Rupees in '000) ----- | | | | |
| Computer software and licenses | 25,494 | 6,357 | 31,851 | 30 | 23,759 | 2,998 | - | 26,757 | 5,094 |

| | 2022 | | | | | | | | |
|--------------------------------|------------------------------|-----------|-------------------|--------|------------------------------|--------------|-----------|-------------------|--------------------------------------|
| | COST | | | Rate % | ACCUMULATED AMORTIZATION | | | | Written down value as at December 31 |
| | As at January 01 | Additions | As at December 31 | | As at January 01 | For the year | Write-off | As at December 31 | |
| | ----- (Rupees in '000) ----- | | | | ----- (Rupees in '000) ----- | | | | |
| Computer software and licenses | 25,494 | - | 25,494 | 30 | 20,897 | 2,862 | - | 23,759 | 1,735 |

5.2 Capital work in progress

| | 2023 | | | | 2022 | | | | |
|-------------------|------------------------------|-----------|----------------------------------|-------------------|------------------------------|-----------|----------------------------------|----------------------------------|-------------------|
| | As at January 01 | Additions | Transferred to intangible assets | As at December 31 | As at January 01 | Additions | Transferred to intangible assets | Transferred to intangible assets | As at December 31 |
| | ----- (Rupees in '000) ----- | | | | ----- (Rupees in '000) ----- | | | | |
| Intangible assets | 4,724 | 1,633 | (6,357) | - | - | 4,724 | - | - | 4,724 |

Note 2023 2022
----- (Rupees in '000) -----

6. LONG-TERM DEPOSITS

Considered good

Office and warehouse premises

Pakistan State Oil Limited

Central Depository Company of Pakistan Limited

Considered doubtful

Others

Provision held against others

| | | |
|--|--------|-------|
| | 5,073 | 3,783 |
| | 7,200 | 1,365 |
| | 13 | 13 |
| | 12,286 | 5,161 |
| | 121 | 121 |
| | (121) | (121) |
| | - | - |
| | 12,286 | 5,161 |

Notes to the Financial Statements

For the year ended December 31, 2023

Note 2023 2022
----- (Rupees in '000) -----

7. LOANS AND ADVANCES TO EMPLOYEES

| | | | |
|------------------------|-----|------------|------------|
| Considered good | | | |
| Loans to employees | 7.1 | 3,512 | 3,289 |
| Less: current maturity | 12 | (2,578) | (2,311) |
| Long-term portion | | <u>934</u> | <u>978</u> |

7.1 These mark-up free loans have been given to the employees. These are recoverable in 6 to 60 equal monthly instalments and are secured against employees' provident fund balances. These have not been discounted to their present value, as the financial impact is not considered material.

8. DEFERRED TAX LIABILITY - net

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

| | Balance as at 1 January 2022 | Recognized in profit and loss | Recognized in surplus on revaluation of property, plant and equipment | Recognized in other comprehensive income | Balance as at 31 December 2022 | Recognized in profit and loss | Recognized in surplus on revaluation of property, plant and equipment | Recognized in other comprehensive income | Balance as at 31 December 2023 |
|---|------------------------------|-------------------------------|---|--|--------------------------------|-------------------------------|---|--|--------------------------------|
| ----- (Rupees in '000) ----- | | | | | | | | | |
| Taxable temporary differences on: | | | | | | | | | |
| - accelerated tax depreciation (note 8.1) | (21,932) | 1,437 | - | - | (20,495) | (8,538) | - | - | (29,033) |
| - surplus on revaluation of property, plant and equipment (note 8.2) | (244,194) | 8,643 | - | - | (235,551) | 6,601 | 699 | - | (228,251) |
| - Leased liability- net of asset | 3,039 | (320) | - | - | 2,719 | (203) | - | - | 2,516 |
| | <u>(263,087)</u> | <u>9,760</u> | <u>-</u> | <u>-</u> | <u>(253,327)</u> | <u>(2,140)</u> | <u>699</u> | <u>-</u> | <u>(254,768)</u> |
| Deductible temporary differences on: | | | | | | | | | |
| - provision for defined benefit plans | 31,295 | (723) | - | 112 | 30,684 | 12,117 | - | 1,508 | 44,309 |
| - provision against slow moving and obsolete stock and doubtful trade debts | 13,190 | (2,411) | - | - | 10,779 | (4,330) | - | - | 6,449 |
| - government grant | 613 | (613) | - | - | - | - | - | - | - |
| - tax losses (note 8.3) | 5,806 | - | - | - | 5,806 | (5,806) | - | - | - |
| | <u>50,904</u> | <u>(3,747)</u> | <u>-</u> | <u>112</u> | <u>47,269</u> | <u>1,981</u> | <u>-</u> | <u>1,508</u> | <u>50,758</u> |
| Deferred tax liability - net | <u>(212,183)</u> | <u>6,013</u> | <u>-</u> | <u>112</u> | <u>(206,058)</u> | <u>(159)</u> | <u>699</u> | <u>1,508</u> | <u>(204,010)</u> |

8.1 Deferred tax on accelerated depreciation on non-current assets held for sale amounted to Rs 13.179 million (2022: Rs 13.865 million).

8.2 Deferred tax on unused losses, in accordance with Company's accounting policy has not been recognised in these financial statements, amounted to Rs. Nil. (2022: Rs. 72.2 million).

Notes to the Financial Statements

For the year ended December 31, 2023

| | Note | 2023 | 2022 |
|--|------|----------|----------|
| ----- (Rupees in '000) ----- | | | |
| 9. STORES AND SPARES | | | |
| Stores and spares | | 15,034 | 15,028 |
| Provision against slow moving stores and spares | 9.1 | (9,325) | (9,325) |
| Asset classified as held for sale | 15 | 5,709 | 5,703 |
| | | (5,709) | (5,703) |
| | | - | - |
| 9.1 Movement in provision against slow moving stores and spares | | | |
| Balance as at January 01 | | 9,325 | 8,850 |
| Charge for the year | 28 | - | 475 |
| Balance as at December 31 | | 9,325 | 9,325 |
| 10. STOCK-IN-TRADE | | | |
| Raw material | | | |
| - in hand | | 162,635 | 149,197 |
| - in transit | | 92,776 | 69,378 |
| | | 255,411 | 218,575 |
| Packing material | | 48,336 | 56,482 |
| Work-in-process | | - | 1,550 |
| Finished goods | | 375,033 | 269,227 |
| | | 678,780 | 545,834 |
| Provision against slow moving and obsolete stock | 10.1 | (2,599) | (17,529) |
| | | 676,181 | 528,305 |
| 10.1 Movement in provision against slow moving and obsolete stock | | | |
| Balance as at January 01 | | 17,529 | 26,318 |
| Provision for the year | 28 | - | 7,254 |
| Reversal for the year | | (2,408) | (16,043) |
| Write-off during the year | | (12,522) | - |
| Balance as at December 31 | | 2,599 | 17,529 |
| 11. TRADE DEBTS - unsecured | | | |
| Considered good | 11.1 | 231,219 | 140,669 |
| Considered doubtful | | 9,397 | 9,397 |
| | | 240,616 | 150,066 |
| Allowance for expected credit losses | 11.3 | (9,397) | (9,397) |
| | | 231,219 | 140,669 |
| 11.1 Trade debts are non-interest bearing and are generally on 30 to 45 day credit terms after delivery of goods. | | | |
| 11.2 There are no balances due from the related parties. | | | |
| 11.3 Movement in Provision for Allowance for expected credit losses: | | | |
| Balance as at 01 January | | 9,397 | 9,397 |
| Charge for the year | | - | - |
| Balance as at 31 December | | 9,397 | 9,397 |

Notes to the Financial Statements

For the year ended December 31, 2023

| | Note | 2023 | 2022 |
|--|------|------------------------------|---------|
| | | ----- (Rupees in '000) ----- | |
| 12. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES | | | |
| Considered good | | | |
| Advances to | | | |
| - employees | | 75 | - |
| - suppliers and contractors | | 4 | 1,656 |
| | | 79 | 1,656 |
| Advance taxation | | 135,634 | 101,517 |
| Advances to suppliers and contractors | | | |
| Prepayments | | 877 | 508 |
| Current maturity of loans to employees | 7 | 1,519 | 2,311 |
| Deposit to Sui Southern Gas Company Limited (SSGC) | | 9,807 | 2,786 |
| LC margin | | 16,161 | - |
| Deposit to Bank against SSGC guarantee | | - | 7,371 |
| Others | | 3,802 | 1,874 |
| Considered doubtful | | | |
| Advances to suppliers and contractors | | 803 | 803 |
| Less: Provision against doubtful advances | | (803) | (803) |
| | | - | - |
| | | 167,879 | 118,023 |
| Assets classified as held for sale | 15 | (9,807) | (2,786) |
| | | 158,072 | 115,237 |
| 13. SHORT-TERM INVESTMENT | | | |
| At amortised cost: | | | |
| Term deposit receipt (TDRs) | 13.1 | 40,000 | - |
| At fair value through profit or loss: | | | |
| Money market funds | 13.2 | 136,243 | 150,434 |
| | | 176,243 | 150,434 |

13.1 These represents placements with United Bank Limited which carry profit at the rate 20.5% (2022: 13.5%) per annum.

13.2 Includes 2,524,856 units (2022: 3,008,671 units) of Meezan Rozana Amdani Fund having net asset value of Rs. 50 (2022: Rs.50) per unit and 100,000 units of Pak Qatar Daily Dividend Plan having net asset value of Rs. 100 per unit as of reporting date and . The fair value falls under level 2 of fair value hierarchy.

14. CASH AND BANK BALANCES

| | | | |
|---------------------------------|------|---------|--------|
| Cash in hand | | 216 | 101 |
| Cash at banks | | | |
| - Current / collection accounts | | 120,933 | 67,418 |
| - Saving accounts | 14.1 | 6,144 | 5,837 |
| | | 127,077 | 73,255 |
| | | 127,293 | 73,356 |

14.1 This carries profit rate at 14.5% - 20.5% (2022: 4.0% - 14.5%) per annum.

Notes to the Financial Statements

For the year ended December 31, 2023

| | Note | 2023 | 2022 |
|---|------|------------------------------|----------------|
| | | ----- (Rupees in '000) ----- | |
| 15. ASSETS CLASSIFIED AS HELD FOR SALE | | | |
| Freehold land | 4.1 | 400,040 | 400,040 |
| Building on freehold land | 4.1 | 38,992 | 40,223 |
| Plant, machinery & equipment | 4.1 | 115,492 | 116,823 |
| Furniture & Fixtures | 4.1 | 1,283 | 1,283 |
| Capital spares | 4.1 | 17,039 | 17,039 |
| Stores and spares | 9 | 5,709 | 5,703 |
| Other current assets | 12 | 9,807 | 2,786 |
| | | <u>588,362</u> | <u>583,897</u> |

- 15.1** On January 12, 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 had been approved by the shareholders in an extraordinary general meeting held on November 30, 2022 under section 183 (3) of Companies Act, 2017. Accordingly, the stated assets have been classified as assets held for sale. The sale of manufacturing facility was expected to be completed within a year from the date of classification. However, due to depressed economic conditions, the availability of prospective buyers offering respectable prices remain restricted and factory assets can not be sold during the year despite the excessive efforts of the management of the Company. On December 8, 2023, in the Extra Ordinary General Meeting by the shareholders of the Company has re-approved the disposal of same. Further, during the year the Company has entered into a contract with a contractor to sell a portion of the plant & machinery to a third party on an agreed rate resulting a sale of Rs. 4.302 million having carrying amount of Rs.2.564 million.

The Company is evaluating different proposals for selling the rest of the asset before taking final decision.

16. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

| 2023 | 2022 | | 2023 | 2022 |
|-------------------------------|------------------|---|------------------------------|---------------|
| ---- (Numbers of shares) ---- | | | ----- (Rupees in '000) ----- | |
| 3,550,000 | 3,550,000 | Fully paid ordinary shares of Rs. 10 each issued for cash | 35,500 | 35,500 |
| 50,000 | 50,000 | Ordinary shares of Rs. 10 each issued for consideration other than cash | 500 | 500 |
| 2,522,600 | 2,522,600 | Ordinary shares of Rs. 10 each issued as bonus shares | 25,226 | 25,226 |
| <u>6,122,600</u> | <u>6,122,600</u> | | <u>61,226</u> | <u>61,226</u> |

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

Notes to the Financial Statements

For the year ended December 31, 2023

17. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net of tax

This represent surplus arising on revaluation of freehold land, leasehold land, buildings and plant & machinery net of deferred tax thereon.

| | Note | 2023 | 2022 |
|--|------|------------------------------|-----------|
| | | ----- (Rupees in '000) ----- | |
| Opening balance | | 1,212,295 | 1,242,096 |
| -transferred to retained earnings in respect of: | | | |
| - incremental depreciation charged during the year | | (22,762) | (29,801) |
| - on disposals made during the year | | (2,412) | - |
| | | 1,187,121 | 1,212,295 |
| Less: deferred tax liability | | | |
| Related deferred tax liability | | | |
| - at beginning of the year | | 235,551 | 244,194 |
| - on incremental depreciation | 8 | (6,601) | (8,643) |
| - charged during the year | | (699) | - |
| - on disposals made during the year | | 228,251 | 235,551 |
| Closing balance | | 958,870 | 976,744 |
| 18. LONG-TERM LOAN | | | |
| Diminishing musharaka | 18.1 | 8,870 | 8,866 |
| Loan from director | 18.2 | 100,000 | 100,000 |
| | | 108,870 | 108,866 |
| Less: current maturity | 22 | (102,642) | (103,744) |
| | | 6,228 | 5,122 |

18.1 The Company has acquired vehicles under diminishing musharaka arrangements from First Habib Modaraba. These loans are for a period of four years expiring by September 2025 with an option to purchase the assets at nominal amount. These carries profit rate of 3 months' KIBOR + 2% per annum (2022: 3 months' KIBOR + 2% per annum).

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

Notes to the Financial Statements

For the year ended December 31, 2023

| | Note | 2023 | 2022 |
|--|------|------------------------------|----------------|
| | | ----- (Rupees in '000) ----- | |
| 20. DEFERRED STAFF LIABILITIES | | | |
| Gratuity scheme | 20.4 | 151,089 | 104,278 |
| Other staff retirement benefits scheme | 20.4 | - | 1,527 |
| | | <u>151,089</u> | <u>105,805</u> |
| Current portion | 22 | - | (1,527) |
| Non-current portion | | <u>151,089</u> | <u>104,278</u> |

20.1 Gratuity and other staff retirement benefit scheme (defined benefit obligations)

The Company operates two unfunded defined benefit plans namely the gratuity scheme and other staff retirement benefit scheme for its permanent eligible employees. Gratuity and the other retirement benefit are payable under the schemes to employees on cessation of employment on basic salary on the following grounds:

- Death
- Retirement
- Resignation

20.2 Number of Employees under the scheme

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

| | Note | 2023 | 2022 |
|---------------------------------|------|----------------------|------|
| | | ----- (Number) ----- | |
| Gratuity Scheme | | 159 | 133 |
| Other Retirement Benefit Scheme | | 1 | 1 |

Notes to the Financial Statements

For the year ended December 31, 2023

20.3 Principal actuarial assumptions

The latest actuarial valuations of the gratuity scheme was carried out as at 31 December 2023 under the Project Unit Credit Method. Principal actuarial assumptions used in the valuation of the scheme is as follows:

| | Gratuity Scheme | | Other Staff retirement benefit scheme | |
|--------------------------------|----------------------|----------------------|---------------------------------------|----------------------|
| | 2023 (%) | 2022 (%) | 2023 (%) | 2022 (%) |
| Financial assumptions | | | | |
| Valuation discount rate | 15.5 | 14.5 | - | - |
| Salary increase rate | 15.5 | 14 | - | - |
| Demographic assumptions | | | | |
| Mortality rate | SLIC (2001- 2005) | SLIC (2001- 2005) | SLIC (2001- 2005) | SLIC (2001- 2005) |

20.4 Reconciliation of the present value of the defined benefit obligations

| | Gratuity Scheme | | Other staff retirement benefits scheme | | Total | |
|---|------------------------------|----------------|--|--------------|----------------|----------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | ----- (Rupees in '000) ----- | | | | | |
| Present value of obligation - opening balance | 104,278 | 99,750 | 1,527 | 8,163 | 105,805 | 107,913 |
| Current service cost | 9,993 | 8,323 | 493 | 1,812 | 10,486 | 11,226 |
| Interest cost | 13,742 | 10,778 | - | - | 13,742 | 10,778 |
| Benefits paid | (7,503) | (16,051) | (325) | (8,448) | (7,828) | (24,499) |
| Past service cost | 25,378 | 1,091 | | | | |
| Remeasurement of actuarial losses on obligation | 5,201 | 387 | - | - | 5,201 | 387 |
| Present value of obligation - closing balance | <u>151,089</u> | <u>104,278</u> | <u>1,695</u> | <u>1,527</u> | <u>152,784</u> | <u>105,805</u> |

Notes to the Financial Statements

For the year ended December 31, 2023

20.5 Recognised in statement of profit or loss

The following amounts have been charged to the statement of profit or loss in respect of defined benefit plan and other benefits:

| | Gratuity Scheme | | Other staff retirement benefits scheme | | Total | |
|----------------------|------------------------------|---------------|--|--------------|---------------|---------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | ----- (Rupees in '000) ----- | | | | | |
| Current service cost | 9,993 | 8,323 | 493 | 1,812 | 10,486 | 10,135 |
| Past service cost | 25,378 | 1,091 | - | - | 1,091 | 1,091 |
| Interest cost | 13,742 | 10,778 | - | - | 13,742 | 10,778 |
| | <u>49,113</u> | <u>20,192</u> | <u>493</u> | <u>1,812</u> | <u>25,319</u> | <u>22,004</u> |

20.6 Remeasurement recognised in other comprehensive income

| | Gratuity Scheme | | Other staff retirement benefits scheme | | Total | |
|--|------------------------------|------------|--|----------|--------------|------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | ----- (Rupees in '000) ----- | | | | | |
| Actuarial losses on obligation | | | | | | |
| - financial assumptions | - | - | - | - | - | - |
| - experience adjustment | 5,201 | 387 | - | - | 5,201 | 387 |
| Total remeasurement recognised in other comprehensive income | <u>5,201</u> | <u>387</u> | <u>-</u> | <u>-</u> | <u>5,201</u> | <u>387</u> |

20.7 Expected accrual of expenses in respect of gratuity scheme and other staff retirement benefit scheme in the next financial year on the advice of the actuary are as follows:

| | Note | ----- (Rupees in '000) ----- |
|---------------------------------------|--------|------------------------------|
| Gratuity scheme | | <u>73,177</u> |
| Other staff retirement benefit scheme | 20.7.1 | <u>-</u> |

20.7.1 The expected retirement benefit cost, comprising of service cost and net interest cost for the next year ending 31 December 2024, works out to Rs. nil, as the Company terminated the scheme during the year.

20.8 Sensitivity analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations under the various employee benefit schemes. The increase / decrease in the present value of defined benefit obligations as a result of change in each assumption is summarized below:

Notes to the Financial Statements

For the year ended December 31, 2023

| | Present value obligation | | Rate effect | |
|---|------------------------------|--|-----------------|--|
| | Gratuity Scheme | Other staff retirement benefits scheme | Gratuity Scheme | Other staff retirement benefits scheme |
| 2023 | ----- (Rupees in '000) ----- | | | |
| Discount rate effect | | | | |
| Original liability | 151,089 | 1,695 | 15.50% | - |
| 1% increase | 141,932 | - | 16.50% | - |
| 1% decrease | 161,431 | - | 14.50% | - |
| Salary increase rate effect | | | | |
| Original liability | 151,089 | 1,695 | 15.50% | - |
| 1% increase | 161,956 | - | 16.50% | - |
| 1% decrease | 141,315 | - | 14.50% | - |
| If Life expectancy increases by one year | | | Gratuity Scheme | Other staff retirement benefits scheme |
| ----- (Rupees in '000) ----- | | | | |
| Original liability | | | 151,089 | 1,695 |
| 1% increase | | | 151,065 | - |
| Current duration (years) | | | 6.98 | - |

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

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

Notes to the Financial Statements

For the year ended December 31, 2023

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

21. LEASE LIABILITIES

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

| | Note | 2023 | 2022 |
|--|------|------------------------------|---------------|
| | | ----- (Rupees in '000) ----- | |
| As at January 01 | | 46,426 | 49,239 |
| Additions | | 61,947 | 21,572 |
| Impact of modification | | - | 870 |
| Accretion of interest | | 10,161 | 6,597 |
| Deletions | | - | (6,001) |
| Payments | | (36,140) | (25,851) |
| Balance at December 31 | | <u>82,394</u> | <u>46,426</u> |
| Current portion of lease liabilities | 22 | <u>21,255</u> | <u>19,234</u> |
| Long-term portion of lease liabilities | | <u>61,139</u> | <u>27,192</u> |

21.1 This represents the liability recognised against the right of use assets. Other relevant details are as follows:

| | Minimum lease payments | Future finance cost | Present value of minimum lease payment |
|---|------------------------------|---------------------|--|
| | ----- (Rupees in '000) ----- | | |
| 2023 | | | |
| Not later than one year | 35,575 | 14,320 | 21,255 |
| Later than one year and not later than five years | <u>83,851</u> | <u>22,712</u> | <u>61,139</u> |
| | <u>119,426</u> | <u>37,032</u> | <u>82,394</u> |
| Less: Current portion | | | <u>21,255</u> |
| | | | <u>61,139</u> |
| 2022 | | | |
| Not later than one year | 23,853 | 4,619 | 19,234 |
| Later than one year and not later than five years | <u>31,680</u> | <u>4,488</u> | <u>27,192</u> |
| | <u>55,533</u> | <u>9,107</u> | <u>46,426</u> |
| Less: Current portion | | | <u>19,234</u> |
| | | | <u>27,192</u> |

Notes to the Financial Statements

For the year ended December 31, 2023

| | Note | 2023 | 2022 |
|---|------|------------------------------|------------------|
| | | ----- (Rupees in '000) ----- | |
| 22 CURRENT MATURITY OF NON CURRENT LIABILITIES | | | |
| Diminishing musharaka | 18 | 2,642 | 3,744 |
| Loan from director | 18 | 100,000 | 100,000 |
| Lease liabilities | 21.1 | 21,255 | 19,234 |
| Other staff retirement benefits scheme | 20 | 1,697 | 1,527 |
| | | <u>125,594</u> | <u>124,505</u> |
| 23 TRADE AND OTHER PAYABLES | | | |
| 23.1 Trade and other payables | | | |
| Trade creditors | | 835,638 | 881,269 |
| Accrued expenses | | 262,959 | 105,339 |
| Sales tax payable | | 31,132 | 41,140 |
| Deductions on account of vehicles for the employees | | 4,738 | 357 |
| Accrued mark-up | | 1,836 | 1,429 |
| Worker's Welfare Fund | 23.2 | 9,162 | 4,084 |
| Workers' Profit Participation Fund | 23.3 | 2,770 | 3,897 |
| Deposit against sale of assets held for sale | | 20,000 | - |
| Other liabilities | | 970 | 241 |
| | | <u>1,169,205</u> | <u>1,037,756</u> |
| 23.2 Workers' Welfare Fund | | | |
| Balance as at January 1 | | 4,084 | 1,834 |
| Provision for the year | 32 | 5,100 | 2,250 |
| Payments during the year | | (22) | - |
| Balance as at December 31 | | <u>9,162</u> | <u>4,084</u> |
| 23.3 Workers' Profit Participation Fund | | | |
| Balance as at January 1 | | 3,898 | 112 |
| Provision for the year | 32 | 18,518 | 3,785 |
| Interest on WPPF | 33 | 140 | - |
| Payments during the year | | (19,786) | - |
| Balance as at December 31 | | <u>2,770</u> | <u>3,897</u> |
| 23.4 CONTRACT LIABILITIES | | | |
| Opening as at January 1 | | 61,337 | 45,370 |
| Receipts during the year | | (6,543,495) | (4,332,162) |
| Sales during the year | | 6,565,526 | 4,348,129 |
| Balance as at December 31 | | <u>83,368</u> | <u>61,337</u> |

Notes to the Financial Statements

For the year ended December 31, 2023

24. SHORT-TERM BORROWINGS

24.1 The facility represents Salam and Istisna financing facility available from a commercial bank amounting to Rs. 150 million (2022: 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 (2022: 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.

24.2 As of the reporting date, unutilised letter of credit facilities from certain banks amounted to Rs. 285 million (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 (2022: Rs. 200 million).

| | Note | 2023 | 2022 |
|--------------------|------|------------------------------|---------------|
| | | ----- (Rupees in '000) ----- | |
| 25 TAXATION | | | |
| Current year | 25.1 | 97,030 | 51,394 |
| Prior year | | 1,623 | 916 |
| Deferred | 8 | 158 | (6,013) |
| | | <u>98,811</u> | <u>46,297</u> |

25.1 The provision for current tax charged for the year contains normal tax at the applicable tax rates.

25.2 In view of loss for the financial year ended 31 December 2015, provision for tax for the then year ended 31 December 2015, including the minimum tax under the Income Tax Ordinance, 2001, was not made in the financial statements for the year ended 31 December 2015. The Company had obtained an opinion from a tax advisor based on which it believes that it is not required to pay tax under section 113 of the Income Tax Ordinance, 2001, in view of gross loss for the year ended 31 December 2015, before the set off of depreciation and other inadmissible expenses under the Income Tax Ordinance, 2001 (as under the above section minimum tax is not payable in case of gross loss before the set off of depreciation and other inadmissible expenses). However, Finance Act 2016 has deleted the said proviso of gross loss. The management, believes that the minimum tax for the year ended 31 December 2015 is not payable as the amendment to the said proviso is applicable for tax year 2017 and onwards and accordingly provision for minimum tax amounting to Rs. 14.23 million has not been made. However, CIR had levied minimum tax on the Company vide an amended assessment order, against which the Company has filed an appeal with the CIR Appeals. The Company filed appeal before ITR(A) who vide an order dated 5 October 2018 has confirmed the levy of minimum tax. Disagreeing with this, the Company has filed an appeal with the Appellate Tribunal Inland Revenue, since the management believes that the minimum tax for the year ended 31 December 2015 is not payable due to the reason given above. Accordingly, no provision of above demand, has been made in these financial statements.

Notes to the Financial Statements

For the year ended December 31, 2023

25.3 Income Tax Assessments of the Company have been completed up to and including the financial year ended 31 December 2022 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.

25.4 Return for the tax year 2007 was selected for audit under section 177 of Income Tax Ordinance 2001 and an amended assessment order dated 30 March 2009 was passed in which certain disallowances were made by the taxation authorities. Disagreeing to the above, the Company filed an appeal before the Commissioner Inland Revenue, Appeal (CIR-A) and also filed an appeal before the CIR-A against the refusal of the Taxation Officer to rectify certain mistakes. The CIR-A vide his order No. 15 and 16 dated 25 October 2011 deleted all the additions except for the alleged unreconciled production of manufactured goods amounting to Rs. 3.3 million. The Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR) for not allowing relief in respect of disallowance of Rs. 3.3 million on account of alleged unreconciled production of manufactured goods. Further, the tax department has also filed an appeal before ATIR on certain reliefs of Rs. 4.8 million earlier decided in favour of the Company. In the Appellate Order (AO) dated 8 October 2013 passed by the ATIR, the issue of unreconciled production was deleted (decided in favour of the Company) simultaneously setting aside the same for reverification. In response to it the department filed MA in response to which, ATIR passed AO dated 5 May 2015 by remanding back the issue for reverification of unreconciled difference, strictly in the light of history of the case and subsequent years. Following the judgement of ATIR, department has initiated set-aside proceedings. The Company has submitted the response and details regarding unreconciled production.

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

Notes to the Financial Statements

For the year ended December 31, 2023

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

25.6 During the year ended 31 December 2019, on 25 September 2019 an order under sub section (1) of section 122 of the Income Tax Ordinance, 2001 was passed by the Deputy Commissioner Inland Revenue (DCIR) for the financial year 2016 in which certain disallowances amounting to Rs. 9.83 million were made. Disagreeing to the above, the Company has filed an appeal before the Commissioner Inland Revenue - Appeals against the alleged order of DCIR, which is pending decision. However, adequate provision is being held by the Company.

25.7 On 8 January 2019, the Company received a show cause notice from Additional Commissioner - I (AC-I) Punjab Revenue Authority (PRA) for failure to deduct and deposit withholding tax in full for the period 01 January 2015 to 31 December 2017 amounting to Rs. 70.401 million. The above show cause notice was converted into demand on 03 September 2019, creating demand of Rs. 60.241 million (including penalty of Rs. 2.869 million) and default surcharge to be calculated at the time of payment.

Being aggrieved, the Company filed an appeal before Commission Appeals-PRA who modified the above order of AC-I by reducing the amount of sales tax to Rs. 45.551 million along with default surcharge to be calculated at the time of payment.

The Company filed appeal before Appellate Tribunal - PRA against the above order of Commissioner Appeals, on dated 04 August 2023, Appellate Tribunal PRA passed the Order and upheld the CIT Appeal's Order.

Against the Order of Appellate Tribunal - PRA the Company has filed reference application before the Lahore High Court and the Learned Judge of LHC has granted stay till the decision of the reference application which is still pending. Based on the opinion of tax advisor expects a favourable outcome on legal grounds which were not addressed by the Appellate Tribunal. Accordingly, no provision, in respect of above demand, has been made in these financial statements.

25.8 During the year ended December 31, 2020, orders under sub section (1) of section 122(5A) of the Income Tax Ordinance, 2001 were passed by Additional Commissioner Inland Revenue (ACIR) for the tax year 2018 and 2019 (corresponding financial year 2017 and 2018) in which certain disallowances amounting to Rs. 7.463 million and Rs. 5.91 million respectively were made. Being aggrieved, the Company filed appeals before the Commissioner Inland Revenue - Appeals (CIR-A) against the alleged order of ACIR. During the year, these appeals were partly decided in favour of the Company by allowing the expenses amounting to Rs. 1.768 million and Rs 1.635 million respectively and remaining issues remanded back to the department for re examination after providing opportunity of being heard to the Company. The Department has initiated set aside proceedings in which it has allowed the expenses amounting to Rs. 1.768 million and 1.635 million respectively and remaining issues maintained being disallowed again. On dated 21 November 2023 the company has filed appeal against the impugned order of the Additional Commissioner before CIT Appeal. CIT Appeal has decided the appeal in favor of the Company except legal ground and directed the department to give appeal effect accordingly.

Notes to the Financial Statements

For the year ended December 31, 2023

26. CONTINGENCIES AND COMMITMENTS

26.1 Contingencies

26.1.1 Security deposit against the supply of gas has been given to Sui southern Gas Limited amounting to Rs. 9.806 million (2022: BG of Rs.7.02mn and cash deposit of Rs. 2.786mn). Security deposit against the issuance of PSO fleet cards has also been given to Pakistan State Oil amounting to Rs. 7.200 million (2022: BG of Rs. 1.3 million).

26.1.2 Refer note 25 for tax related pending matters.

26.1.3 During the Last 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.

26.2 Commitments

26.2.1 As of the reporting date, commitments under letters of credit for the import of stock in trade items amounted to Rs. 61.91 million (2022: Rs. 1.19 million) representing the LCs opened by the year end but no shipment made by that date.

26.2.2 The Company has entered into Ijarah arrangements for vehicles with bank. Aggregate commitments for these Ijarah arrangements as at December 31, are as follows:

| | 2023 | 2022 |
|---|------------------------------|----------|
| | ----- (Rupees in '000) ----- | |
| Not Later than one year | 10,649 | - |
| Later than one year and not later than five years | 42,304 | - |
| | <u>52,953</u> | <u>-</u> |

27 SALES - NET

| | | |
|-------------------------|--------------------|--------------------|
| Gross sales | 7,965,517 | 5,448,430 |
| Sales tax | (1,329,640) | (870,487) |
| Trade discount | (960,765) | (515,451) |
| Sales return and rebate | (790) | (650) |
| | <u>(2,291,195)</u> | <u>(1,386,588)</u> |
| | <u>5,674,322</u> | <u>4,061,842</u> |

Notes to the Financial Statements

For the year ended December 31, 2023

27.1 Company's main product toilet soap falls under Third Schedule under the Sales Tax Act, 1990 (Act) under Pakistan Custom Tarrif (PCT) headings 3401.1100 and 3401.2000. These products are chargeable to Sales Tax under sub-section 2 of section 3 of the above Act at Eighteen percent of the retail price. Accordingly, the base price on which sales tax has been calculated is Rs. 7,447 million (2022: Rs. 5,115 million).

27.2 Other relevant details are as follows:

- These financial statements are prepared on the basis of single reporting segment.
- Sales of the Company mainly comprises of soaps and related products.
- All sales are in Pakistan.
- Credit periods has been specified for each customers regarding the credit sales to them. However, most of the portion of the net balance due as of the year-end was collected subsequent to the year end.
- These are no other performance obligation connected with the sales as recorded during the current year.

| | | 2023 | 2022 |
|--|------|------------------|------------------|
| ----- (Rupees in '000) ----- | | | |
| 28. COST OF SALES | | | |
| Raw material consumed | 28.1 | 3,488,529 | 2,853,206 |
| Packing material consumed | 28.2 | 335,837 | 243,369 |
| Salaries, wages and other benefits | 28.3 | 128,372 | 132,438 |
| Depreciation and amortisation | 4.3 | 36,296 | 50,560 |
| Fuel and power | | 4,959 | 6,537 |
| Freight and handling charges | | 4,998 | 3,318 |
| Provision for slow moving and obsolete stock | 10.1 | (2,408) | 7,254 |
| Stores and spares consumed | | 3,745 | 757 |
| Rates and taxes | | 15,662 | 13,536 |
| Travelling and conveyance | | 9,484 | 5,726 |
| Insurance expense | | 2,511 | 1,812 |
| Repair and maintenance | | 646 | 240 |
| Postage, telegrams and telephones | | 597 | 590 |
| Printing and stationery | | 134 | 124 |
| Legal and professional charges | | 70 | 132 |
| Product research and development | | 5,099 | 4,860 |
| Subscription charges | | 627 | 494 |
| Toll manufacturing | | 130,650 | 89,241 |
| Provision for obsolete stores and spares | 9.1 | - | 475 |
| Others | | 3,432 | 5,322 |
| | | <u>4,169,239</u> | <u>3,419,991</u> |
| Opening stock of work-in-process | | 1,550 | 13,085 |
| Closing stock of work-in-process | 10 | - | (1,550) |
| Cost of good manufactured | | <u>4,170,789</u> | <u>3,431,526</u> |
| Opening stock of finished goods | | 269,227 | 152,198 |
| Closing stock of finished goods | 10 | (375,033) | (269,227) |
| | | <u>4,064,983</u> | <u>3,314,497</u> |

Notes to the Financial Statements

For the year ended December 31, 2023

| | Note | 2023 | 2022 |
|---|------|------------------------------|------------------|
| | | ----- (Rupees in '000) ----- | |
| 28.1 Raw material consumed | | | |
| Opening stock | | 149,197 | 108,289 |
| Purchases | | 3,501,967 | 2,894,114 |
| | | <u>3,651,164</u> | <u>3,002,403</u> |
| Closing stock | 10 | (162,635) | (149,197) |
| Raw material consumed | | <u>3,488,529</u> | <u>2,853,206</u> |
| 28.2 Packing material consumed | | | |
| Opening stock | | 56,482 | 48,174 |
| Purchases | | 327,691 | 251,677 |
| | | <u>384,173</u> | <u>299,851</u> |
| Closing stock | 10 | (48,336) | (56,482) |
| Packing material consumed | | <u>335,837</u> | <u>243,369</u> |
| 28.3 Salaries, wages and other benefits include Rs. 14.82 million (2022: Rs. 11.5 million) in respect of defined benefit obligations and contribution of Rs. 3.02 million (2022: Rs. 2.4 million) to the provident fund. | | | |
| 29. SELLING AND DISTRIBUTION EXPENSES | | | |
| Salaries, wages and other benefits | 29.1 | 313,297 | 195,582 |
| Advertisement expenses | | 145,524 | 20,477 |
| Freight, distribution and handling charges | | 144,207 | 99,122 |
| Travelling and conveyance | | 48,490 | 31,826 |
| Depreciation and amortisation | 4.3 | 23,223 | 15,271 |
| Rent, rates and taxes | | 1,203 | 1,358 |
| Product research and development | | 31,173 | 3,812 |
| Meeting expenses | | 12,038 | 1,312 |
| Postage, telegrams and telephones | | 2,407 | 2,171 |
| Insurance expense | | 4,413 | 2,797 |
| Legal and professional charges | | 1,977 | 1,808 |
| Utility charges | | 1,693 | 1,489 |
| Repair and maintenance | | 771 | 589 |
| Printing and stationery | | 481 | 540 |
| Others | | 1,090 | 198 |
| | | <u>731,987</u> | <u>378,352</u> |
| 29.1 These include Rs.9.97 million (2022: Rs. 3.1 million) in respect of defined benefit obligations and contribution of Rs.6.1 million (2022: Rs 3.9 million) to the provident fund. | | | |

Notes to the Financial Statements

For the year ended December 31, 2023

| | Note | 2023 | 2022 |
|---|--------|------------------------------|----------------|
| | | ----- (Rupees in '000) ----- | |
| 30. ADMINISTRATIVE EXPENSES | | | |
| Salaries, wages and other benefits | 30.1 | 214,377 | 131,304 |
| Depreciation and amortisation | 4.3 | 33,422 | 20,963 |
| Rates and taxes | | 3,311 | 826 |
| Legal and professional charges | | 37,858 | 20,368 |
| Travelling and conveyance | | 21,586 | 9,671 |
| Postage, telegrams and telephones | | 6,340 | 4,043 |
| Fuel and power | | 7,661 | 3,196 |
| Printing and stationery | | 1,317 | 805 |
| Auditors' remuneration | 30.2 | 2,286 | 2,037 |
| Insurance expense | | 1,931 | 1,033 |
| Repair and maintenance | | 1,892 | 2,759 |
| Training expenses | | 1,047 | 188 |
| Directors' meeting fee | | 1,140 | 1,290 |
| Computer equipment charges | | 102 | 214 |
| Charity and donation | 30.3 | 317 | 1,210 |
| Ijarah rentals | | 7,890 | |
| Others | | 4,331 | 2,434 |
| | | <u>346,808</u> | <u>202,341</u> |
| 30.1 These include Rs.20.78 million (2022: Rs. 7.4 million) in respect of defined benefit obligations and contribution of Rs. 4.9 million (2022: Rs 3.4 million) to the provident fund. | | | |
| | Note | 2023 | 2022 |
| | | ----- (Rupees in '000) ----- | |
| 30.2 Auditors' remuneration | | | |
| Audit fee | | 1,200 | 1,200 |
| Fee for half yearly review | | 400 | 400 |
| Fee for review of Code of Corporate Governance | | 90 | 90 |
| Corporate and other advisory services | | 60 | 54 |
| Out of pocket expenses | | 536 | 293 |
| | | <u>2,286</u> | <u>2,037</u> |
| 30.3 Charity and donation | | | |
| Deaf Reach /AI - Khidmat foundation | 30.3.1 | <u>317</u> | <u>1,110</u> |
| 30.3.1 None of the directors and their spouses had any interest in the donees. | | | |
| 31. OTHER INCOME | | | |
| | Note | 2023 | 2022 |
| | | ----- (Rupees in '000) ----- | |
| Income from financial instruments | | | |
| - Return on bank deposits | | 881 | 663 |
| - Return on term deposit receipts | | - | 451 |
| - Amortization of government grant | 19 | - | 505 |
| - Gain on modification of leased liability | | 340 | 250 |
| - Dividend Income | | 9,693 | 3,572 |
| - Reversal of liability no longer payable | | - | 1,330 |
| | | <u>10,914</u> | <u>6,771</u> |

Notes to the Financial Statements

For the year ended December 31, 2023

| | Note | 2023 | 2022 |
|---|------|------------------------------|------------------|
| | | ----- (Rupees in '000) ----- | |
| Income from non-financial instruments | | | |
| - Scrap sales | 31.1 | 6,626 | 5,162 |
| - Gain on disposal of operating fixed assets - net | | (23) | 429 |
| - Insurance claim income | | - | - |
| - Gain on disposal of assets held for sale | | 1,738 | - |
| - Others | | 184 | 357 |
| | | <u>8,525</u> | <u>5,948</u> |
| | | <u>19,439</u> | <u>12,719</u> |
| 31.1 Gross Scrap Sales | | 6,871 | 6,149 |
| Sales tax | | (245) | (987) |
| Net scrap sales | | <u>6,626</u> | <u>5,162</u> |
| 32. OTHER CHARGES | | | |
| Workers' Welfare Fund | 23.2 | 5,100 | 2,250 |
| Workers' Profit Participation Fund | 23.3 | 18,518 | 3,785 |
| Plant shifting & dismantling cost | | 15,041 | - |
| Exchange loss on revaluation of financial liabilities | | 25,758 | 22,636 |
| | | <u>64,417</u> | <u>28,671</u> |
| 33. FINANCE COSTS | | | |
| Profit / markup on: | | | |
| Refinance scheme for the payment of salaries and wages | | - | 852 |
| Assets acquired under diminishing musharaka | | 1,871 | 1,732 |
| Loan from director | | 20,514 | 13,096 |
| Finance cost on extended credit facility | | 103,612 | 53,585 |
| Short-term borrowings | | 1,006 | 3,645 |
| Lease liabilities | | 10,161 | 6,597 |
| | | <u>137,164</u> | <u>79,507</u> |
| Interest on WPPF | 23.3 | 139 | - |
| Bank charges | | 1,480 | 1,520 |
| | | <u>138,783</u> | <u>81,027</u> |
| 34. EARNINGS PER SHARE - basic and diluted | | | |
| Profit for the year after taxation | | <u>247,972</u> | <u>23,376</u> |
| | | (Number of shares) | |
| Weighted average number of ordinary shares | | <u>6,122,600</u> | <u>6,122,600</u> |
| | | (Rupees) | |
| Earnings per share - basic and diluted | | <u>40.50</u> | <u>3.82</u> |
| 34.1 There is no dilutive effect on basic earnings per share of the Company. | | | |

Notes to the Financial Statements

For the year ended December 31, 2023

35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

| | (Key Management Person) | | Non-Executive | | Executives | | | | Total | Total |
|--------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | Chief Executive | | Director | | Other Key Management Personnel | | Others | | | |
| | For the year ended December 31, 2023 | For the year ended December 31, 2022 | For the year ended December 31, 2023 | For the year ended December 31, 2022 | For the year ended December 31, 2023 | For the year ended December 31, 2022 | For the year ended December 31, 2023 | For the year ended December 31, 2022 | For the year ended December 31, 2023 | For the year ended December 31, 2022 |
| ----- (Rupees in '000) ----- | | | | | | | | | | |
| Managerial remuneration | 16,094 | 11,303 | 9,829 | 8,400 | 26,047 | 16,510 | 41,761 | 17,199 | 93,731 | 53,412 |
| Provident fund | 1,609 | 1,130 | - | - | 2,605 | 1,555 | 4,122 | 1,720 | 8,336 | 4,405 |
| Special pay | 4,316 | 7,598 | - | - | 6,985 | 10,095 | 11,033 | 11,918 | 22,334 | 29,611 |
| Housing and utilities | 8,885 | 6,274 | - | - | 14,788 | 9,466 | 24,694 | 9,584 | 48,367 | 25,324 |
| Medical | 667 | 397 | - | - | 721 | 547 | 1,664 | 563 | 3,052 | 1,507 |
| Incentive | 15,927 | - | - | - | 5,686 | - | 10,699 | 783 | 32,312 | 783 |
| Gratuity | 1,341 | 942 | - | - | 1,688 | 1,404 | 2,951 | 1,433 | 5,980 | 3,779 |
| Other perquisites and benefits | 60 | 72 | 560 | - | - | - | - | - | 620 | 72 |
| | <u>48,899</u> | <u>27,716</u> | <u>10,389</u> | <u>8,400</u> | <u>58,520</u> | <u>39,577</u> | <u>96,924</u> | <u>43,200</u> | <u>214,732</u> | <u>118,893</u> |
| Number of persons | <u>1</u> | <u>1</u> | <u>2</u> | <u>1</u> | <u>5</u> | <u>4</u> | <u>23</u> | <u>10</u> | <u>31</u> | <u>16</u> |

The chief executive and certain executives of the Company are provided with free use of cars, house and medical facilities in accordance with their entitlements.

Executives are those employees, other than the Chief Executive and Directors, whose basic salary exceeds twelve hundred thousand Rupees in a financial year.

35.1 Remuneration of non-executive directors

In addition to the above, aggregate amount charged in these financial statements for director's fee paid to non-executive directors was Rs. 1.14 million (2022: Rs. 1.29 million).

36. PROVIDENT FUND RELATED DISCLOSURE

The investments out of provident fund have been made in accordance with the requirement of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

Notes to the Financial Statements

For the year ended December 31, 2023

37. FINANCIAL INSTRUMENTS

37.1 Financial risk management

Overview

The Company has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures. The Company's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

37.2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The carrying amount of financial assets represents the maximum credit exposure.

37.2.1 Exposure to credit risk

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

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

Notes to the Financial Statements

For the year ended December 31, 2023

| | Note | 2023 | | 2022 | |
|------------------------------|------|------------------|------------------|------------------|------------------|
| | | Financial assets | Maximum Exposure | Financial assets | Maximum Exposure |
| ----- (Rupees in '000) ----- | | | | | |
| Deposits | 6 | 12,286 | 12,286 | 5,161 | 5,161 |
| Loans to employees | 7 | 3,512 | 3,512 | 3,289 | 3,289 |
| Trade debts | 11 | 231,219 | 231,219 | 140,669 | 140,669 |
| Short-term investments | 13 | 176,243 | 176,243 | 150,434 | 150,434 |
| Bank balances | 14 | 127,077 | 127,077 | 73,255 | 73,255 |
| | | <u>550,337</u> | <u>550,337</u> | <u>372,808</u> | <u>372,808</u> |

37.2.2 Concentration of credit risk

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

| | 2023 | 2022 |
|------------------------------|----------------|----------------|
| ----- (Rupees in '000) ----- | | |
| Distributors and retailers | 231,219 | 140,669 |
| Mutual Fund | 176,243 | 150,434 |
| Commercial banks | 127,077 | 73,255 |
| Employees | 3,512 | 3,289 |
| Others | 12,286 | 5,161 |
| | <u>550,337</u> | <u>372,808</u> |

37.2.3 Bank balances

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

| | Short term | Long term | 2023 | 2022 |
|--|------------|-----------|----------------|---------------|
| ----- (Rupees in '000) ----- | | | | |
| Habib Bank Limited | A-1+ | AAA | 16,561 | 1,377 |
| MCB Bank Limited | A-1+ | A | 2,013 | 41,676 |
| Soneri Bank Limited | A-1+ | AA- | 32,377 | 23,328 |
| National Bank of Pakistan | A-1+ | AAA | 1,772 | 1,886 |
| Standard Chartered Bank (Pakistan) Limited | A-1+ | AAA | 4,547 | 3,720 |
| Bank Islami Pakistan Limited | A-1 | A+ | 8 | 11 |
| MCB Islamic Bank | A-1 | A | 43 | 43 |
| United Bank Limited | A-1+ | AAA | 32,077 | 1,214 |
| Meezan bank | A-1+ | AAA | 20,790 | - |
| Dubai Islamic Bank | A-1+ | AA | 16,889 | - |
| | | | <u>127,077</u> | <u>73,255</u> |

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

Notes to the Financial Statements

For the year ended December 31, 2023

37.2.4 Trade debts

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered and also obtains security / advance payments, wherever considered necessary. Sale limits are established for each customer and reviewed regularly.

Most of the customers have been transacting with the Company since many years. The Company establishes an allowance for impairment that represents its estimate of respected losses in respect of trade debts.

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

| | 2023 | | 2022 | |
|--------------------|------------------|-----------------|------------------|-----------------|
| | Gross | Impairment loss | Gross | Impairment loss |
| | (Rupees in '000) | | (Rupees in '000) | |
| Not yet due | 108,794 | - | 95,717 | - |
| Past due | | | | |
| 1-30 days | 43,518 | - | 30,810 | - |
| 31-60 days | 39,609 | - | 12,895 | - |
| 61 - 90 days | 16,789 | - | - | - |
| Over 90 days | 31,906 | 9,397 | 10,644 | 9,397 |
| | <u>131,822</u> | <u>9,397</u> | <u>54,349</u> | <u>9,397</u> |
| Total | <u>240,616</u> | <u>9,397</u> | <u>150,066</u> | <u>9,397</u> |

Management believes that the unimpaired amounts that are due for more than 60 days are good and collectible in full, based on historical payment behaviour of the customers. Movement of provision against allowance for expected credit loss in note 11.3.

None of the financial assets of the Company are past due or impaired except as disclosed in notes 6, 11 and 12 to these financial statements.

37.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities by continuous monitoring of forecast and actual cash outflows. The Company also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables. In addition, the Company maintains lines of credit to meet its expected cash outflows (refer note 24).

Notes to the Financial Statements

For the year ended December 31, 2023

37.3.1 Exposure to liquidity risk

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

| | 2023 | | | |
|---|------------------|------------------------|-------------------------------|---------------------|
| | Carrying amount | Contractual cash flows | 12 months or less (on demand) | More than 12 months |
| ------(Rupees in '000)----- | | | | |
| Non-derivative financial liabilities | | | | |
| Accrued mark-up | 1,836 | 1,836 | 1,836 | - |
| Trade and other payables | 1,099,567 | 1,099,567 | 1,099,567 | - |
| Long-term loan (including current portion) | 108,870 | 108,870 | 102,642 | 6,228 |
| Lease liabilities (including current portion) | 82,394 | 82,394 | 21,255 | 61,139 |
| | <u>1,292,667</u> | <u>1,292,667</u> | <u>1,225,300</u> | <u>67,367</u> |
| | 2022 | | | |
| | Carrying amount | Contractual cash flows | 12 months or less (on demand) | More than 12 months |
| ------(Rupees in '000)----- | | | | |
| Non-derivative financial liabilities | | | | |
| Accrued mark-up | 1,429 | 1,429 | 1,429 | - |
| Trade and other payables | 986,849 | 986,849 | 986,849 | - |
| Long-term loan (including current portion) | 108,866 | 108,866 | 103,744 | 5,122 |
| Lease liabilities (including current portion) | 46,426 | 46,426 | 19,234 | 27,192 |
| | <u>1,143,570</u> | <u>1,143,570</u> | <u>1,111,256</u> | <u>32,314</u> |

37.4 Market risk

Market risk is the risk that changes in market prices - such foreign exchange rates, interest rates and equity prices - will effect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the market return. The Company is exposed to currency risk and interest rate risk only.

37.4.1 Currency risk

Currency risk is the risk that the value of financial instrument will fluctuate due to a change in foreign exchange rates. It arises mainly where payables exist due to transactions entered in foreign currencies.

Exposure to currency risk

The Company is exposed to currency risk on trade credit liability that is denominated in a foreign currency (primarily U.S. Dollar). The Company's exposure to foreign currency risk is as follows:

Notes to the Financial Statements

For the year ended December 31, 2023

| | 2023 | | 2022 | |
|---------------------------|------------------|------------|------------------|------------|
| | (Rupees in '000) | US Dollars | (Rupees in '000) | US Dollars |
| Foreign supplier payables | 258,679 | 910,840 | 133,923 | 593,887 |
| Gross exposure | 258,679 | 910,840 | 133,923 | 593,887 |

Above exposure is payable by the Company in Rupees at the rate on which these are settled by the Company. Currently, the Company does not obtained forward cover against the net exposure.

The following significant exchange rates applied during the year:

| | Average rates | | Reporting date rate | |
|---------------------|---------------|--------|---------------------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| Rupees / US Dollars | 280.50 | 207.33 | 282.40 | 225.50 |

Sensitivity risk

A five percent strengthening / (weakening) of the Rupee against US Dollar as of the reporting date would have increased / (decreased) equity and the statement of profit or loss by Rs. 12.93 million (2022: Rs. 4.73 million). This analysis assumes that all other variables, in particular interest rates, remaining constant. The analysis is performed on the same basis as of December 2023.

37.4.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Company's interest rate exposure arises on long-term and deposits with banks. At the reporting date, the interest rate profile of the Company's interest-bearing financial instrument was as follows:

| | Note | Carrying amount | |
|--|------|------------------|---------|
| | | 2023 | 2022 |
| | | (Rupees in '000) | |
| Fixed rate instruments | | | |
| Financial liabilities - lease liability | 21 | 82,394 | 46,426 |
| Short-term investment | 13 | 40,000 | - |
| Variable rate instruments | | | |
| Financial assets - bank balance in profit and loss | | | |
| sharing accounts - withdrawable on demand | 14 | 5,837 | 22,889 |
| Financial liabilities - short-term borrowings | 24 | - | 115,000 |
| Financial liabilities - long-term loan | 18 | 108,870 | 156,839 |

Notes to the Financial Statements

For the year ended December 31, 2023

Fair value sensitivity analysis for variable rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at reporting date would not affect profit and loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates as of the reporting date would not have a material impact on equity and (loss) / profit for the year ended 31 December 2023.

37.4.3 Capital risk management

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

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

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

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

| | 2023 | | | | Total |
|--|--|-------------------|-----------------|---------------------|-----------------|
| | Short term borrowings (including accrued markup) | Lease liabilities | Long term loans | Un-claimed dividend | |
| | ----- (Rupees in '000) ----- | | | | |
| Balance as at 1 January 2023 | 10 | 46,426 | 108,866 | 1,410 | 156,712 |
| Proceeds from short-term borrowings | - | - | - | - | - |
| Repayment of short-term borrowings | - | - | - | - | - |
| Lease rentals paid | - | (36,140) | - | - | (36,140) |
| Long-term loan obtained | - | - | - | - | - |
| Repayment of long-term loans | - | - | 4 | - | 4 |
| Dividend paid | - | - | - | - | - |
| Total changes from financing cash flows | - | (36,140) | 4 | - | (36,136) |
| Interest expense | 996 | 10,161 | 22,385 | - | 33,542 |
| Addition in lease liabilities | - | 61,947 | - | - | 61,947 |
| Dividend declared | - | - | - | - | - |
| Assets acquired under diminishing musharaka | - | - | - | - | - |
| Interest paid | (1,006) | - | (22,385) | - | (23,391) |
| Impact of modification | - | - | - | - | - |
| Deletions | - | - | - | - | - |
| Other changes- liability related | (10) | 72,108 | - | - | 72,098 |
| Balance as at 31 December 2023 | - | 82,394 | 108,870 | 1,410 | 192,674 |

Notes to the Financial Statements

For the year ended December 31, 2023

37.5 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its objective of generating returns for stakeholders.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;

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

37.6 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the reporting date. The quoted market prices used for financial assets held by the Company is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Notes to the Financial Statements

For the year ended December 31, 2023

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3).

The carrying value of all financial assets and liabilities reflected in the financial statements approximate fair values.

The following table shows the carrying amounts of financial assets and financial liabilities, including their levels in the fair value hierarchy. The Company has not disclosed the fair values of financial assets and financial liabilities, as these are either short term in nature or repriced, periodically. Therefore, their carrying amounts are reasonable approximations of their fair values.

| 2023 | Carrying Amount | | Fair value |
|--|-----------------------------|----------------|------------|
| | Amortized cost | Total | Total |
| | ------(Rupees in '000)----- | | |
| Financial assets not measured at fair value | | | |
| Deposits | 12,286 | 12,286 | - |
| Loans to employees | 3,512 | 3,512 | - |
| Trade debts | 231,219 | 231,219 | - |
| Cash and bank balances (including cash in hand) | 127,293 | 127,293 | - |
| Short-term investment | 176,243 | 176,243 | - |
| | <u>550,553</u> | <u>550,553</u> | <u>-</u> |

| | Carrying Amount | | Fair value |
|---|-----------------------------|------------------|------------|
| | Other financial liabilities | Total | Total |
| | ------(Rupees in '000)----- | | |
| Financial liabilities not measured at fair value | | | |
| Trade and other payables | 1,099,567 | 1,099,567 | - |
| Accrued mark-up | 1,836 | 1,836 | - |
| Long-term loan (including current portion) | 108,870 | 108,870 | - |
| Lease liabilities (including current portion) | 82,394 | 82,394 | - |
| | <u>1,292,667</u> | <u>1,292,667</u> | <u>-</u> |

Notes to the Financial Statements

For the year ended December 31, 2023

| 2022 | Carrying Amount | | Fair value |
|--|-----------------------------|----------------|------------|
| | Amortized cost | Total | Total |
| | ------(Rupees in '000)----- | | |
| Financial assets not measured at fair value | | | |
| Deposits | 7,947 | 7,947 | - |
| Loans to employees | 3,289 | 3,289 | - |
| Trade debts | 140,669 | 140,669 | - |
| Cash and bank balances (including cash in hand) | 73,356 | 73,356 | - |
| Short-term investment | <u>150,434</u> | <u>150,434</u> | - |
| | <u>375,695</u> | <u>375,695</u> | - |

| | Carrying Amount | | Fair value |
|---|-----------------------------|------------------|------------|
| | Other financial liabilities | Total | Total |
| | ------(Rupees in '000)----- | | |
| Financial liabilities not measured at fair value | | | |
| Trade and other payables | 986,849 | 986,849 | - |
| Accrued mark-up | 1,429 | 1,429 | - |
| Long-term loan (including current portion) | 108,866 | 108,866 | - |
| Lease Liabilities (including current portion) | <u>46,426</u> | <u>46,426</u> | - |
| | <u>1,143,570</u> | <u>1,143,570</u> | - |

38. PLANT CAPACITY AND PRODUCTION

| | 2023 | 2022 |
|-------------------------|---------------|---------------|
| | (Metric Tons) | |
| Soap | | |
| Annual assessed / rated | <u>10,500</u> | <u>10,500</u> |
| Actual production | <u>-</u> | <u>88</u> |

Notes to the Financial Statements

For the year ended December 31, 2023

39. TRANSACTIONS WITH RELATED PARTIES

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

| | Note | 2023 | 2022 |
|--|------|------------------------------|--------|
| | | ----- (Rupees in '000) ----- | |
| Transactions with related parties: | | | |
| Other related parties | | | |
| Contribution to the employees' provident fund | 39.1 | 14,072 | 9,573 |
| Interest on loan from Director | 33 | 20,514 | 13,096 |
| Key Management Personnel | | | |
| Total remuneration of the Chief Executive, Director's and other key management personnel | 35 | 117,808 | 75,693 |
| Other Director's remuneration (meeting fee) | | 1,140 | 1,290 |

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

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

40. OPERATING SEGMENT

These financial statements have been prepared on the basis of a single reportable segment which is consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

The internal reporting provided to the chief operating decision-maker relating to the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

The Company does not have different reportable segments since all of the Company products are similar in nature and managed by the Company on a similar basis.

During the year, sales to one specific customer was more than 10% of the Company's total sales amounting to Rs. 1,685 million constituting 21.155% of the Company's sales (2022: Rs. 1,241 million constituting 22.78% of the Company's sales).

As of the reporting date, there is 2 shareholder (2022: 1) who held more than 10% of the Company's share capital. The holding is 95% (2022: 71.37%).

Notes to the Financial Statements

For the year ended December 31, 2023

41. NUMBER OF EMPLOYEES

The total number of employees as of the reporting date were 159 (2022: 128) and average number of employees during the year were 159 (2022: 128).

42. DISCLOSURE REQUIREMENT FOR SHARIAH COMPLIANT COMPANIES

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

| | 2023 | 2022 |
|---|------------------------------|-----------|
| | ----- (Rupees in '000) ----- | |
| Long-term financings as per Islamic mode | 8,870 | - |
| Short-term borrowings as per Islamic mode | - | - |
| Shariah compliant bank balances | 70,037 | 23,345 |
| Revenue earned from shariah compliant business | 5,674,322 | 4,061,842 |
| Dividend earned from shariah compliant investment | 9,693 | 3,572 |
| Finance costs on Islamic mode of financings | 2,877 | 6,229 |
| Finance costs on conventional mode of financing | - | 68,201 |

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

43. GENERAL

43.1 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.

43.2 Subsequent event

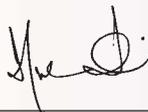
The Board of Directors in their meeting held on 27 February 2024 have for the year ended 31 December 2023, proposed final cash dividend of Rs. 2 per share (2022: Rs. Nil per share) amounting to Rs. 12.245 million (2022: Rs. Nil million) for approval by the members of the Company in the Annual General Meeting to be held on 24 April 2024. The financial statements for the year ended 31 December 2023 do not include the effect of the proposed cash dividend, which will be recognized in the financial statements for the year ending 31 December 2024.

44. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue in the Board of Directors meeting held on 27-02-2024.



Chief Financial Officer



Chief Executive Officer



Director

Notice of 64th Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixty-fourth Annual General Meeting of ZIL Limited will be held on Wednesday, April 24, 2024 at 09:00 am. at The Royal Rodale, Plot No. Tc-V, 34th Street, Khayaban-e-Sehar, Phase -V Ext., DHA, Karachi, Pakistan to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the last Extraordinary General Meeting held on Friday, December 08, 2023.
2. To receive, consider and approve the Audited Financial Statements of the Company together with the Directors' and Auditors' report thereon for the year ended December 31, 2023.
3. To approve as recommended by directors a final cash dividend @ 20% per share for the financial year 2023.
4. To appoint Auditors and fix their remuneration.

By the order of the board

Muhammad Shahid
Company Secretary

Karachi: February 27, 2024

NOTES:

1. The Share Transfer Books of the Company will remain closed from April 18, 2024 to April 24, 2024 (both days inclusive). Transfers received at company's share registrar M/s. THK Associates (Pvt) Ltd. Plot No.32, Jami Commercial Street 2, D.H.A, Phase VII, Karachi, by the close of business on April 17, 2024 will be considered in time for the purpose of payment of final dividend to the transferees.
2. A member entitled to attend and vote at the general meeting may appoint a person / representative as proxy to attend and vote in place of member at the meeting. Proxies in order to be effective must be received at the Registered Office of the Company not later than forty- eight (48) hours before the time of holding the meeting.
3. Any individual Beneficial Owner of CDC entitled to vote at this meeting, must bring his/her original Computerized National Identity Card / Passport to prove identity. In case of proxy a copy of shareholder CNIC or Passport must be attached with the proxy form. Representatives of corporate members should bring the usual documents required for such purpose.
4. Members can also avail facility of video conference at their hometown. In this case if the Company receives consent from members holding aggregate 10% or more shareholding, residing at a geographical location to participate in the meeting through video conference at least 07 days prior to the date of meeting, the Company will arrange video conference facility. For the purpose, please fill the following and submit at Registered Office of the Company as per time frame given above:

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

Signature of Member / Attorney".

5. The CDC/sub account holders are required to follow the guidelines as laid down by Securities & Exchange Commission of Pakistan contained in Circular No.1 of 2000.
6. Members are requested to notify the change in their addresses, if any, immediately to the Share Registrars of the company, M/s. THK Associates (Pvt) Ltd. Plot No.32, Jami Commercial Street 2, D.H.A, Phase VII, Karachi.

SPECIAL NOTE TO THE SHAREHOLDERS:

7. PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE: (MANDATORY)

Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders.

In order to receive dividend directly to respective bank account, shareholders are requested to fill in ELECTRONIC CREDIT MANDATE FORM available at Company's website and send it duly signed along with a copy of CNIC to the Share Registrar of the Company in case of physical shares. In case of shares held in CDC then form must be submitted directly to shareholder's broker/participant/ CDC account services.

8. UNCLAIMED DIVIDENDS AND SHARES (IMPORTANT & MANDATORY):

Shareholders of the Company are hereby informed that as per the record, there are some uncollected shares and unpaid dividends, details of which are available on company's website. Shareholders who could not collect their dividends/shares are advised to contact Company's Share Registrar, to collect/enquire about their unclaimed dividend or shares, if any. A claim form is available on share registrar website www.thk.com.pk.

9. TRANSMISSION OF ANNUAL AUDITED FINANCIAL STATEMENTS AND NOTICE OF AGM TO MEMBER THROUGH QR ENABLED CODE AND WEBLINK:

The Securities and Exchange Commission of Pakistan ("SECP") vide S.R.O. 389(I)/2023 dated March 21, 2023, has allowed listed companies to circulate the annual balance sheet, profit or loss account, Auditors' Report and Directors' Report etc. ("annual audited accounts") to its members through QR enabled code and weblink (instead of CD/DVD/USB) at their provided email address the same has been approved by the shareholders in the EOGM held on December 08, 2023. In view of the above, the Company is transmitting its Annual Report 2023 to its shareholders through QR enabled code and weblink instead of CD/DVD/USB. Any member requiring printed copy of Annual Report 2023 may send a request for hard copy which shall be provided free of cost within seven days. Annual Audited Financial Statements of the Company for the financial year ended December 31, 2023 have also been provided on the Company's website www.zil.com.pk.

10. CONVERSION OF PHYSICAL SECURITIES INTO BOOK ENTRY FORM:

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

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

11. MERGER OF DIFFERENT FOLIOS INTO ONE FOLIO:

As per record, some of the shareholders are maintaining more than one folio under the same particulars. Carrying two different folios may be a hassle for the shareholders to reconcile and receive different benefits in the shape of dividends/ bonus. In order to provide better services and convenience, such shareholders are requested to send requests to the Company's Share Registrar and Transfer Agent at the below mentioned address to merge their folios into one folio.

- While sending the copy of NTN/CNIC number, the shareholders are requested to quote their respective folio numbers for identification purpose.

M/s THK Associates (Pvt) Ltd,
Plot No.32, Jami Commercial Street 2,
D.H.A Phase VII, Karachi,
UAN: +92(21) 111-000-322



Important Information for Shareholders

Annual General Meeting:

The shareholders' annual meeting will be held on Wednesday, April 24, 2024 at 09:00 am at The Royal Rodale, Plot No. Tc-V, 34th Street, Khayaban-e-Sehar, Phase -V Ext., DHA, Karachi, Pakistan. Shareholders are encouraged to participate.

Book Closure Dates:

The Share Transfer Books of the Company will remain closed from April 18, 2024 to April 24, 2024 (both days inclusive).

Registered Office:

Ground Floor, Bahria Complex III,
M. T. Khan Road,
Karachi, Pakistan.
Tel: +9221 35630251 - 60
Fax: +9221 35630266

Shares Registrar:

M/s THK Associates (Pvt) Ltd,
Share Registrar-ZIL Limited
Plot No.32, Jami Commercial Street 2
D.H.A, Phase VII, Karachi-75530
UAN: +92 (21) 111-000-322
Email: sfc@thk.com.pk
www.thk.com.pk

Provision of International Banking Account Number (IBAN Detail)

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

Conversion of Physical Securities into Book Entry Form

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

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

Transmission of Annual Audited Financial Statements and Notice of AGM to Members through QR Enabled Code and Weblink

The Securities and Exchange Commission of Pakistan ("SECP") vide S.R.O. 389(I)/2023 dated March 21, 2023, has allowed listed companies to circulate the annual balance sheet, profit or loss account, Auditors' Report and Directors' Report etc. ("annual audited accounts") to its members through QR enabled code and weblink (instead of CD/DVD/USB) at their provided email address the same has been approved by the shareholders in the EOGM held on December 08, 2023. In view of the above, the Company is transmitting its Annual Report 2023 to its shareholders through QR enabled code and weblink instead of CD/DVD/USB. Any member requiring printed copy of Annual Report 2023 may send a request for hard copy which shall be provided free of cost within seven days. Annual Audited Financial Statements of the Company for the financial year ended December 31, 2023 have also been provided on the Company's website www.zil.com.pk.

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

Stock Symbol:

The stock symbol code for dealing in equity shares of ZIL Limited at Pakistan Stock Exchange is ZIL.

Shares Registrar:

ZIL Limited shares department is operated by THK Associates (Pvt) Limited. It is managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the registration functions.

The share registrar has online connectivity with Central Depository Company of Pakistan Limited. It undertakes activities pertaining to dematerialized shares, shares transfers, transmissions, issue of duplicate / replaced share certificates, change of address and other related matters.

For assistance, shareholders may contact either the Registered Office or the Shares Registrar.

Statutory Compliance:

During the year, the company has complied with all applicable provisions, filed all returns/forms and furnished all the relevant particulars as required under The Companies Act 2017 and Securities Act, 2015 and allied rules, the Securities and Exchange Commission of Pakistan (SECP) regulations and the listing requirements.

Dividend:

Keeping in view the profitability of the Company and plans for reinvestments in brands and future expansion plans, the Board of Directors proposed a 20% final cash dividend for the year ended December 31, 2023, which will be presented at the Annual General Meeting before the members for the final approval.

Earnings per Share:

Earnings per share - basic and diluted for the year Rs. 40.50 [(2022: Rs. 3.82)].

Shareholder's Grievances:

To date none of the shareholders has filed any letter of complaint against any service provided by the company to its shareholders.

Legal Proceedings:

No case has ever been filed by shareholders against the Company.

General Meeting & Voting Rights:

Pursuant to section 132 of the Companies Act, 2017, ZIL Limited holds a General Meeting of shareholders at least once a year. Every shareholders has right to attend the General Meeting. The notice of such meeting is sent to all the shareholders at least 21 days before the meeting and also advertised in at least one English and one Urdu newspaper having circulation in Karachi and Lahore.

All ordinary shares issued by the Company carry equal voting rights. Generally, matters at the general meetings are decided by a show of hands in the first instance. Voting by show of hands operates on the principle of the "One Member-one Vote". If majority of shareholders raise their hands in favour of a particular resolution, it is taken as passed, unless a poll is demanded.

Since the fundamental voting principle in a Company is "One share-One Vote", voting takes place by a poll, if demanded. On a poll being taken, the decision arrived by poll is final, overruling any decision taken on a show of hands.

Proxies:

Pursuant to Section 137 of the Companies Act, 2017 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at a general meeting of the Company can appoint another person as his/her proxy to attend and vote instead of him/her.

Every notice calling a General meeting of the Company contains a statement that a shareholder entitled to attend and vote is entitled to appoint a proxy. A proxy may or may not be a member of the Company.

Proxies in order to be effective must be received at the Registered Office of the Company not later than forty eight (48) hours before the time of holding the meeting and no account shall be taken of any part of the day that is not a working day. A member shall not be entitled to appoint more than one proxy.

Web Presence:

Update information regarding the company can be accessed at ZIL Limited website, www.zil.com.pk. The website contains the latest financial results of the company together with Company's profile, the corporate philosophy and major products.

Quarterly Reports:

The Company publishes interim reports for the first, second and third quarters of the financial year. The interim reports for the preceding years can be accessed at ZIL's website www.zil.com.pk or printed copies can be obtained by writing to the Company Secretary.

The Company Secretary
ZIL Limited
Ground Floor, Bahria Complex III,
M. T. Khan Road, Karachi, Pakistan.
Tel: +9221 35630251 - 60
Fax: +9221 35630266

پراکسی فارم

سیکرٹری

زل لمیٹڈ

گراؤنڈ فلور، بحریہ کمپلیکس III، ایم۔ ٹی۔ خان روڈ، کراچی۔

میں / ہم _____ ساکن _____

بطور زل لمیٹڈ کے رکن و حامل _____ عام حصص بہ مطابق سینئر رجسٹرڈ فوئیو نمبر _____

اور یا سی ڈی سی کے شراکتی آئی ڈی نمبر _____ اور ذیلی کھاتہ نمبر _____ ساکن _____

یا بصورت دیگر _____

کو اپنی جگہ بروز بدھ مورخہ ۲۳ اپریل ۲۰۲۳ء، بوقت ۰۹:۰۰ بجے صبح بمقام رائل روڈ نیل پلاٹ نمبر ٹی سی۔ ۵، ۳۳۔ اسٹریٹ، خیابان سحر، فیزر ۵ (توسیع)، ڈی۔ ایچ۔ اے، کراچی، پاکستان میں منعقد یا ملتوی ہونے والے ۶۴ ویں سالانہ عام اجلاس میں رائے دہندگی کیلئے نمائندہ مقرر کرتا/کرتی ہوں۔

دستخط بروز _____ مورخہ _____ ۲۰۲۳ء

گواہ نمبر 1:

دستخط:

نام:

پتہ:

شناختی کارڈ

یا

پاسپورٹ نمبر:

پانچ روپے مالیت کے
ریونیٹنگ چیکس کریں۔

(دستخط کاپی میں درج نمونہ کے دستخط کے مطابق ہونے چاہئے)

گواہ نمبر 2:

دستخط:

نام:

پتہ:

شناختی کارڈ

یا

پاسپورٹ نمبر:

رکن کے دستخط

نمائندہ کے دستخط

شناختی کارڈ _____

نوٹ:

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

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



ZIL
LIMITED

Personal Care & Hygiene Products Company

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