



Annual Report 2021





About Us

ZIL Limited has established itself as a leading “Personal Care and Hygiene Company” of Pakistan with its brands Capri, HYPro, Opal, Lily and Beauty Drop. 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 2021

Highlights of Activity Calendar 2021.



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Company Information

Board of Directors

Mrs. Ferial Ali-Mehdi	Chairman, Non-Executive Director
Mr. Mubashir Hasan Ansari	Executive Director & Chief Executive Officer
Mr. Saad Amanullah Khan	Independent, Non-Executive Director
Mr. Syed Hasnain Ali	Non-Executive Director
Mr. Mir Muhammad Ali	Independent, Non-Executive Director
Mr. Muhammad Salman H. Chawala (Representing NIT)	Independent, Non-Executive Director
Mr. Ahsan Rashid	Non-Executive Director

Board Audit Committee

Mr. Muhammad Salman H. Chawala (Representing NIT)	Chairman
Mrs. Ferial Ali-Mehdi	Member
Mr. Saad Amanullah Khan	Member

Human Resource and Remuneration Committee

Mr. Saad Amanullah Khan	Chairman
Mrs. Ferial Ali-Mehdi	Member
Mr. Syed Hasnain Ali	Member
Mr. Mubashir Hasan Ansari	Member

Statutory Auditors

EY Ford Rhodes
Chartered Accountants

Chief Financial Officer

Mr. Ata-ur-Rehman Shaikh

Company Secretary

Mr. Muhammad Shahid

Head of Internal Audit

Mr. Syed Abid Raza Rizvi

Legal Advisors

Pinjani & Vadria Lawyers

Registered Office

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

Factory

Link Hali Road, Hyderabad - 71000

Bankers

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

Shares Registrar

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



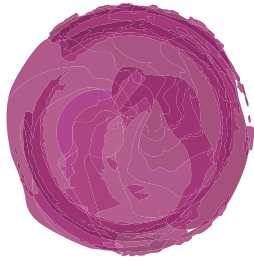
Our Mission

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



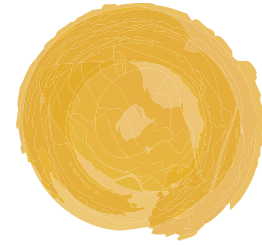
Sustainability

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



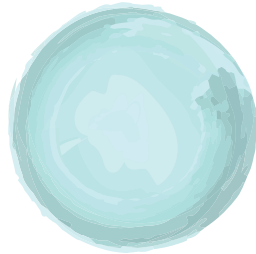
Customer Centric

Understanding & satisfying customer needs, wants & expectations



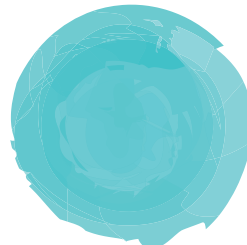
Innovation

We add value to delight our customers



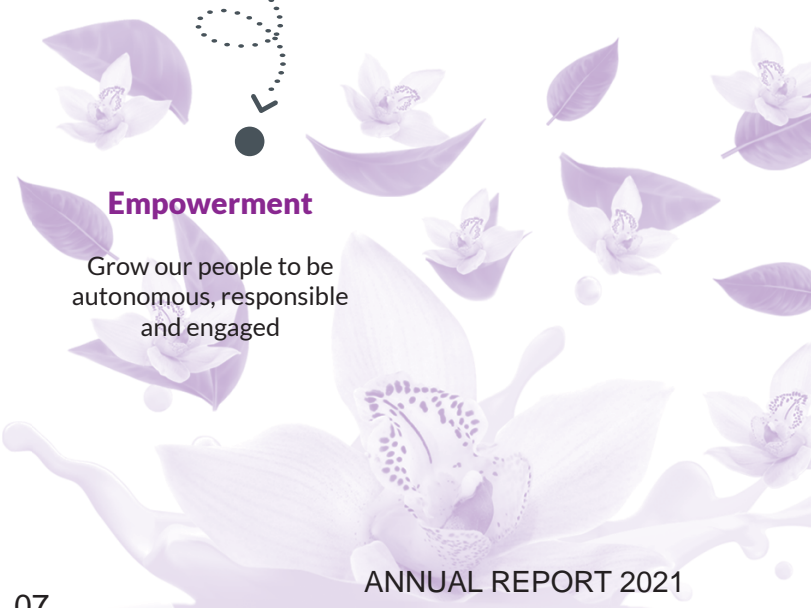
Learning

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

At the heart of what we do at ZIL are our valued customers. We have in place several measures to ensure our customers benefit from the highest standards of quality and that we engage in continuous dialogue with them.

- Our products are manufactured using natural ingredients, which are disclosed on the packing of each item.
- At ZIL we follow ISO-9001 quality standard in order to enhance defective free products. We are also PSQCA certified.
- Positive release criteria is defined and implemented at all process stages.
- The company maintains an email address for any queries or complaints. These are evaluated and responded with the proper care and attention.
- Consumers also contact the company directly or via sales agents.
- Regular surveys and home visits are also conducted to gain the general response of the consumers at large.

OCCUPATIONAL HEALTH & SAFETY

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 environment to all employees, contractors and visitors.

We also endeavor to ensure that our community and its members are not placed at risk by any of our operational activities.

A comprehensive and well maintained safety system under the supervision of Plant Manager is established.

Safety committee and shift wise rescue teams are also established.

The program will ensure that:

1. Dedicated people are resourced for safety program & organization.
2. People are aware of Emergency preparation and Risk management.
3. People are trained on key safety components, permit to work system and PPE.
4. People are involved up to floor level.
5. Safety program results are properly tracked, reviewed and shared across the organization.
6. Reward and recognition program is applicable on safety achievements.

BUSINESS ETHICS & ANTI-CORRUPTION MEASURES

ZIL has a number of preventive measures and frequent activities to ensure that the employees uphold the Code of Conduct of the company. These measures and activities are frequently re-evaluated and amended to modernize existing ethical system. The Code of Conduct is scrupulously followed throughout the organization.

OUR HUMAN RESOURCES

Our success is dependent on attracting and retaining high-performance teams. We believe our people provide the core enduring advantage to us to constantly improve, innovate and grow. 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 2021 remained performance improvement, diversity and inclusion, capability development, competency realignment, health and wellness amongst other key areas.

Corporate Social Responsibility

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 factories, depots and haulage 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 and drain is ensured free of any acid or alkali and other chemicals used in soap making process as per EPA standard.

WATER IS RECYCLED AND USED IN PLANTATION

- Recycling of contaminated water is ensuring to remove any contamination and the recycled water is then used for the plantation purpose within the factory.

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**
- **WWF - Pakistan**
www.wwfpak.org
- **Marketing Association of Pakistan**
www.map.org.pk
- **Pakistan Advertising Society (PAS)**
www.pas.org.pk
- **Pakistan Soap Manufacturers Association**
www.pdma.com.pk
- **Pakistan Chemical Manufacturers Association**
www.pcma.org.pk

Directors' Profile



Mrs. Ferial Ali-Mehdi

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

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

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

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



Mr. Mubashir Hasan Ansari

Mr. Mubashir H Ansari joined ZIL Limited in April 2011 as GM- Marketing & Sales. He was promoted to the position of CEO in January 2013. Since his appointment as CEO, he has successfully managed to lead the change and increase sales, which made the bottom line positive.

Mr. Ansari is an MBA from the University College of Wales, UK. He started his career journey from Unilever in 1991. He stayed with Unilever for 10 years and during this tenure he demonstrated his leadership capabilities in marketing as well as sales function.

His international and local appointments covered leading multinational and national organizations including ICI, Savola, English Biscuits Manufactures and Shan Foods where he has held leadership roles in Middle East region and in Pakistan.

Mr. Ansari has vast experience in growing existing business and introducing new products in FMCG industry. Most of his achievements have emerged from developing people, seeking opportunities for collaboration and managing leadership transition in changing environment.

He has built and delivered strategic and operational capabilities in diversified categories including personal care, household cleaning products, hot beverages, edible oils and fats, culinary, spreads, sauces, drinks, desserts, and biscuits.

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



Mr. Saad Amanullah Khan

Mr. Saad has nearly three decades of experience of 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, involved in I am Karachi Consortium, Pakistan Innovation Foundation (PIF), and National Entrepreneurship Working Group (NEW-G), South East Asia Leadership Academy (SEALA), helper of HOPE and Aga Khan Hospitals Patient Welfare Committee.

He is also the President of Public Interest Law Association of Pakistan (PILAP), civil rights organization. He is also a board member of Patient Aid foundation, a private group helping the largest public hospitals in the region Jinnah Post Graduate Medical Centre (JPMC); Lettuce Bee Kids, an organization helping the cause of street kids; Naya Gevan, working to offer health insurance to urban poor; AIESEC which provides young people with leadership opportunities to develop into global leaders; National University of Science and Technologies (Islamabad); Corporate Advisory Council (CAC) Society of Human Resources Management; Ladies Fund Board (Women Empowerment); Professional School and EcoEnergy.

Mr. Saad is an advisor to NOWPDP (people with disabilities and teach for Pakistan (graduates as teachers). He has conceptualized, led and delivered Rs.1 billion from USAID to the Bolton Market Victims in an efficient and transparent manner under the umbrella of American Business Council.

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



Mr. Syed Hasnain Ali

Mr. Syed Hasnain Ali is CEO of HY Enterprises Pvt. Ltd, running a diversified group of companies that are involved in several industries including commercial printing, educational services, retail, etc. At ZIL, his experience and business insight will be valuable in charting a course towards greater expansion, profitability and strategic growth for the company.

Mr. Hasnain received his Bachelor's Degree in Communication and Business Studies from the University of Buckingham in 2005, and went on to complete a Post-Graduate Diploma in Service Management in 2006. He began his professional career at Nestle Pakistan Ltd. in 2006 as a training coordinator in the HR department, and launched the HY Group of Companies from 2007.

He has also served on the board at Wazir Ali Industries and is a member of the Lahore Chamber of Commerce and Industry. Mr. Hasnain is certified member of Pakistan Institute of Corporate Governance (PICG).



Mr. Muhammad Salman Husain Chawala

Mr. Salman has over 15 years of experience in various sectors which includes Pharmaceutical, Agriculture, Chemicals, Engineering and Financial Sectors. He has played key role in Business Development, Corporate Governance, Corporate Affairs, and General Management. He is currently associated with NIT and is also representing the organization as a board member. Salman holds a Master's degree in Business Administration from IBA - Karachi and is also Member of Institute of Corporate Secretaries of Pakistan. He is also a Certified Director from Pakistan Institute of Corporate Governance (PICG).



Mr. Mir Muhammad Ali

Mr. Mir Muhammad Ali has over 26 years of extensive experience in the financial markets of Pakistan, covering leadership roles in investment management, corporate finance, investment banking, treasury and project financing. Primary career achievements include developing new businesses, leadership development and transforming faltering businesses to industry leaders.

Last employment was as Chief Executive at UBL Fund Managers Limited; a Pakistan based asset management firm managing over USD 600mn in mutual funds and managed accounts. Main achievements of the Firm were developing Leadership & Human Resource, building a diversified suite of products (including Shariah-compliant funds and industry leader /pioneer capital protected funds), undertaking many industry-first customer services initiatives and offering solid fund performance. Generated ROE in excess of 25% throughout. Firm was recognised as the best managed in the whole financial sector by the Management Association of Pakistan in 2014 and 2015.

Developed UBL Investment Banking Unit from scratch in 2000, which soon became one of the leading investment banking players in Pakistan. UBL received the Best Corporate Finance House Award for 2002-3 from CFA Pakistan Society. Landmark transaction apart from setting up of UBL Fund Managers, Pakistan first listed 'true sale' asset backed securitization of future flows for a cellular company. Till date, UBL Investment Banking enjoys lead industry position. Left CEO position of UBL Funds in Feb 2016 to pursue entrepreneurial ambitions.

In March 2016 co founded TheSportStore.pk an online sport store which is running successfully. Also working as Executive Director for Training Impact delivering training in leadership and team development through experiential based learning. Currently serving board of trustees of Kashmir Education Foundation and certified director and trainer from Pakistan Institute of Corporate Governance. Previous member Academic Board of IBA, Karachi.



Mr. Ahsan Rashid

Mr. Ahsan has over 30 years of diverse experience, mainly with major multinationals including more than 13 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, Distribution and IT. His areas of expertise are Business Transformation / Restructuring, M&A, 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 Pakistan Celiac Society and a life member of Adventure Foundation of Pakistan.

Management Committee



Mr. Mubashir Hasan Ansari
Director / CEO



Mr. Ata-ur-Rehman Shaikh
GM Finance



Syed Shiblee Abdullah
GM Supply Chain



Mr. Shabbir Hussain
National Sales Manager



Mrs. Sehrish Rehan
Marketing Manager



Mr. Faisal Ajmal
Head of Human Resources

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. Saad Amanullah Khan, 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. Saad Amanullah Khan, Chairman
- Mrs. Ferial Ali Mehdi, Member
- Syed Hasnain Ali, Member
- Mr. Mubashir Hasan Ansari, 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
Mrs. Sahrish Rehan
Mr. Faisal Ajmal

Chief Executive Officer
Chief Financial Officer
General Manager Supply Chain
National Sales Manager
Marketing Manager
Head of Human Resources

Personal Care

Capri Bar Soap Range



Capri's contemporary look and vibrant colors make it very attractive for the target market as it highlights richness of our natural ingredients and their benefits. Capri's target market consists of those Pakistani women who feel confident in their own skin, are self-assured and honest to goodness. Capri Soap is enriched with the goodness of natural ingredients that gently nourishes your skin, and leaves you with moisturized, soft and smooth, clean and beautiful looking skin. Capri aims to inspire women to embrace their inner beauty and be comfortable in their own skin.

Capri Liquid Handwash Range



This year, we revamped Capri Handwash range with improved bottle shape and introduced re-fill pouches to meet the needs of consumers which aided in increased trials. The bottle shape was re-designed to be elongated, easy to handle, with beautiful curved design. We made sure that the look and feel of both, bottles as well as pouches, proves to be dynamic as well as contemporary, based on the natural ingredients positioning which offers consumers skin care benefits, better product quality and performance than competitors.

HYPro Anti-Bacterial Bar Soap



In 2021, ZIL found the opportunity in the health segment due to rapid change in consumer trends in the personal wash category. Therefore, the company tapped into the health segment by offering consumers with high quality yet affordable anti-bacterial brand, HYPro, which stands for Hygiene + Protection. It is formulated with proven antibacterial agent that provides 100% protection against germs after every wash for you and your family, while being mild on the skin. It currently has three variants: HYPro Extra, which promises top defense, HYPro Fresh with long lasting freshness and HYPro Energetic with energy essence, promising uplifting confidence.

Opal Beauty Soap



Opal continued to offer its consumers a unique combination of affordability and variety. This year Opal revised its positioning from “beauty soap” to “beauty skin care soap” to offer consumer beauty as well as skin care benefits. To further strengthen Opal beauty soap range, a new variant, Opal Creamy Sweet Sensation was introduced which helped in increase overall brand penetration. This new variant brings the sweet sensation of flowers and a variety of colors altogether for relaxing smooth skin.

Lily Beauty Soap

The two variants of Lily with herbal fragrance and exotic floral fragrance provide refreshing and purifying experience through the perfect combination of nourishing floral extracts and milk protein for soft and fragrant skin.



Beauty Drop Soap

Beauty Drop with its delicate, feminine and soft feel for the consumer with a highly attractive imported fragrance gained popularity after continuous improvement in trials in low income households. The perfect blend of fresh floral fragrance and milk protein leaves skin moisturized, fragrant and creamy.

ZIL Limited – Digital Overview

In 2021, we successfully ran multiple campaigns on digital platform including Facebook posts, like ads, influencer activities and Facebook group integration campaigns, for both Capri soap and Handwash, which resulted in a significant increase in Facebook fan base and Instagram followers. Consumer promotion for Handwash, Women’s Day campaign to celebrate Capri Women, Ramadan campaign for skin care, Mothers’ Day campaign to celebrate the beloved mother and child relationship and Handwash new range introduction were very well executed and our Facebook post-reach to unique users grew 3 times as compared to 2020.

ZIL Limited – Supporting Society for the Rehabilitation of Special Children

During the year 2021, ZIL Limited was honored to serve SRSC (Society for the rehabilitation of Special Children), founded as a voluntary Social Welfare Institution in 1955. Over the years SRSC has been providing physical, mental and vocational rehabilitation in the form of therapy and skills to underprivileged children of our society with special emphasis on their special needs. ZIL Limited contributed by providing them with leaflets, direction cards, and standees to help the society launch their new venture Art and Craft Studio aimed to develop the aesthetic and motor skills of students and ensure them with a steady source of livelihood.

Chairman's Review Report

I am pleased to present this Review Report under the requirement of section 192 of the Companies Act, 2017, to the shareholders of the Company pertaining to the overall performance of the Board of Directors and their effectiveness in guiding the Company towards accomplishing its aims and objectives.

2021 began with the already evolving COVID-19 and faced multiple waves and mutations of the virus. Global economic experts predicted this would lead to devastating economic disruption for countries regardless of their size, wealth or growth trajectories. While at home the pandemic did indeed batter the country's economy, putting immense pressure on the government to keep the economy afloat.

The Board and management of the company had pre-emptively planned for mitigating the potential impacts of the pandemic and put in motion a comprehensive plan to steer our business in the right direction amid mounting challenges. Our key priorities were to ensure continuity of safe and reliable operations and maintain financial sustainability. However as the year began and progressed the company was faced with a highly challenging economic scenario; as the pressure on margins began to worsen further. Although during the year a growth of 12% was achieved in the topline, significantly reduced margin worsened profitability to lowest ever levels. Despite the paramount challenges of cost and margins, under the leadership of CEO the management of the Company remained agile and responded to the challenges through its continued operational efforts and the strategic directions provided by the Board of Directors. Furthermore, foreseeing pressures on the margins and thus cash flows, during the year the management realigned its strategy on regular intervals, while the Board advised halting significant investments.

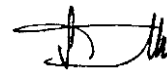
The board of Directors of ZIL Limited consists of a good diversity of experience, skills and knowledge which enabled the Board to fulfill its fiduciary duties and responsibilities with sagacity and objectivity. The Board of Directors of ZIL limited has formed two committees namely Audit Committee and Human Resources & Remuneration Committee which have implemented a strong framework of corporate governance and farsighted management of business matters. As the company regards its people as irreplaceable assets, the HR committee is delegated with the objective to continuously strive towards betterment of HR Management and embed company's vision and mission in organizational culture. The Audit committee is entrusted to maintain a system that ensures compliance with statutory and regulatory requirements and inculcates the integrity and strength of financial and operational controls.

During the year the Board of Directors and its committees have met frequently to discharge their duties and worked with a marked level of diligence and proficiency to best advice and guide the company towards curtailing impacts of challenges that faced the company during the year. It was due to the guidance of the Board and measure taken by the management that overheads were controlled and discounted segment brands were discontinued. It was ensured that meetings' agendas and supporting documentation and material were circulated within stipulated timelines well before the meetings and sufficient time is available for discussion of the same during the meetings. The board has formal and transparent remuneration policy which is adhered to for the board members' remuneration.

An annual self-assessment is carried out to determine the effectiveness and performance of the Board of Directors as a whole, the Committees and the Directors. The assessment carried includes critical areas such as strategic planning, composition of the Board, policies and procedures and the Board & CEO's effectiveness. The Board feels that evaluation for comprehensive and covered all relevant areas. Board reviewed the Board evaluation results and showed satisfaction on the performance of the committees and the board. The Directors are of the opinion that the Independent Directors are equally involved in all decision making matters.

As the pandemic continues, the uncertainty emanating from the same still persists. Pressure on margins shall continue to pose a major challenge in the next fiscal year, thus the profitability shall remain hampered significantly. The Board and management of the company are well aware of the economic scenario and shall divert focused efforts to safeguard and improve shareholders value.

Finally, I would like to thank all our Board Members for their commitment and contribution to the company. I would also like to thank our employees, customers and suppliers for their support and hard work in such challenging economic circumstances. In the forthcoming year we remain focused and spirited to achieve our goals and face challenges that shall face us in future.



Ferial Ali Mehdi
Chairman

Karachi: March 24, 2022

Directors' Report

The directors of the company are pleased to present the Annual Report along with audited financial results of the company for the year ended December 31, 2021.

Economic Landscape:

The financial year 2021 has been a challenging year for the country's economy. The economic recovery from the pandemic has remained slow and is impacted by intermittent smart lockdowns. Despite government's measures, the inflationary waves consequent to high commodity prices coupled with PKR's devaluation against the USD have significantly impacted consumer's disposable income.

Palm oil products are main components of raw material used in soap manufacturing. The price of Palm oil during the year under review rose to unprecedented levels mainly due to the repetitive pandemic waves. The production of Palm oil still hasn't reached the pre-pandemic levels and the situation is worsened by the recent flood and unresolved labor shortages in the harvesting regions. Thus highest oil prices coupled with high dollar rupee parity and increased packing material costs have further worsened the margins.

In addition to raw and packing materials, increasing freight cost also pose a challenge, as the pandemic has not only caused the marine freight to increase considerably, but delays in deliveries has also been a regular trend during the year.

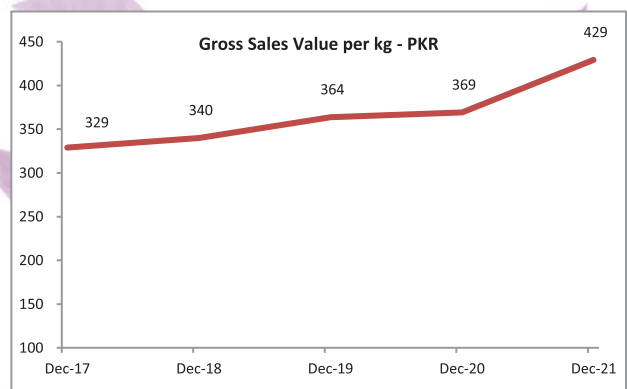
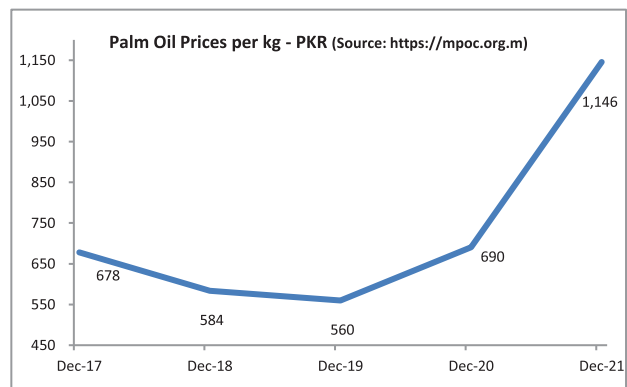
Company Business Performance:

Consequent to the above-mentioned challenges, the management regularly reviewed organizational strategies to neutralize the impacts of these challenges. Prompt pricing decisions, adjusting discounts and improving SKU sales mix resulted in topline growth

Due to the prevalent pandemic across the globe, there has been significant increase in consumer's preference towards hygiene products. To meet this consumer's expectation the company launched a new hygiene and protection soap bar brand during the

year. In addition to the bar soap, hand-wash product was re-launched with new bottle design and economical refill packs. On account of these launches and timely price increases during the year a healthy growth of 12% was achieved.

Despite this topline growth the current year remained extremely challenging with respect to financial performance. Due to unprecedented increase in input costs, gross profit declined to 10.5%, as compared to last year 24.5%. As mentioned earlier, raw and packing material price increases coupled with fuel price escalation, remained major eroding factors of the margins. Although a number of consumer prices increases occurred in the market during the year, however these price increases couldn't suffice to fully restore the margins to pre-COVID 19 levels (as depicted in the following graphs). Due to these constant pressures on margins the management was compelled to discontinue production and sales of discounted brands.



As the profitability remained under tremendous pressure during the year the management kept a strict eye on the overheads. Focused energies were directed to reduce overheads, resultantly reducing administrative overheads by 3% and selling and distribution expenses by 0.4% as compared to last year. Due to significant losses and increased working capital requirements coupled with higher markup rates the financial cost remained high during the year.

We have always taken pride in our unique culture and people practices. People have been our biggest strength who showed dedication and professionalism and ensured that all processes continued smoothly in yet another year characterized by many challenges and also progress. We developed and executed multiple people related initiatives to keep our employees motivated, secure and connected. At ZIL, We have taken extra care of the family by providing them free of cost COVID testing, facilitated staff to get fully vaccinated, gave special COVID-19 incentives to sales staff, ensured on time salary disbursement and no layoffs due to COVID-19.

Future Outlook:

Significant risk and uncertainty remains attached to raw material prices and thus margins shall also remain effected heavily. The next year shall continue to remain challenging with respect to profitability as recent natural disasters and labor issues persist in the regions from where Palm Oil is sourced, thus hampering supply and prices of palm oil and related products.

In addition to disturbed supply, the demand for palm oil has also been impacted. The uncertainty over sunflower oil supplies due to the conflict between Russia and Ukraine is spurring demand for palm oil and soy oil, therefore fueling an already aggravated vegetable oil market.

Management fully understands the impacts of these raw material prices trend and remains committed to maintain market share by meeting consumer expectation by focusing on current portfolio.

Summary of Financial Performance

	For the year ended December		
	2021	2020	2019
Net Sales	2,738 M	2,443 M	2,423 M
Gross Profit	286.2 M	599.6 M	716.8 M
Gross Profit%	10.5%	24.5%	29.6%
Selling Expenses	372.1 M	373.5 M	385.4 M
Admin Expenses	150.3 M	154.5 M	163.3 M
Financial Expenses	25.6 M	16.6 M	25.9 M
(Loss)/Profit/ after Taxation	(291.6) M	13.3 M	65.7 M
(Loss)/Earning per Share (Rupees)	(47.63)	2.17	10.74

Dividend:

Keeping in view the losses, the Board of Directors propose no cash dividend for the year ended December 31, 2021.

Business Ethics:

The management's Code of Conduct constitutes a set of principles and ethics which form an essential part of our corporate philosophy and is a statement of who we are and how we conduct business. These

highlight professional ethics, the company's duties towards its employees, and employee responsibilities towards the company. Along with good corporate governance, practicing ethical behavior is a fundamental part of everything that ZIL does. The company and all its employees maintain the highest ethical standards in the conduct of the company's business. Sustainability, Innovation, Customer Centric, Empowerment and Learning are the core values which ZIL practices and encourages; and these values are the underlying principles of its code of Conduct.



Impact of Company's Business on Environment:

Continuous improvement and modernization of business and in processes has enabled the company to improve in terms of environmental diligence. Supply chain through its continuous efforts and dedication has moved from hazardous environmental processes to those that are ecologically friendly and in line with the corporate beliefs of ZIL which strives to be a responsible corporate citizen through its scope of work.

Principal Activities of the Company:

The principal activity of the company is manufacturing and sale of home and personal care products.

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 Code of Corporate Governance as required by SECP. Statement of compliance with Listed Companies (Code of

Corporate Governance) Regulations 2019 and Independent Auditor's Review Report to the members thereon are included in the Annual Report.

Corporate and Financial Reporting Framework:

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

- a. The financial statements, prepared by the management of the company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b. Proper books of 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, other than who are exempted, have already completed director's training program.
- i. Statements regarding the following are annexed or disclosed separately in the report:

- i. Key operating & financial data for last six years
- ii. Pattern of shareholding
- iii. Meetings of the board of directors, board audit committee and HR&R committee and respective attendance by each director

Trading of Shares:

The Code of Corporate Governance requires disclosure of all trading in the shares of the company carried out by its directors, executives and their spouses and minor children. During the year Mrs. Ferial Ali Mehdi (Director and Chairman of the Board) purchased 1,267,767 shares of the company at various occasions through brokerage houses; whereas Mr. Mir Muhammad Ali (Independent, Non-Executive Director) sold 5,500 shares of the company.

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

Factory Operations:

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

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 designed to provide an assurance about the organization's financial performance, reliability & legitimacy of financial statistics, proficiency of company's operations and compliance to applicable local as well as international standards, laws and regulations. Management has provided an assurance to the shareholders and Board of Directors that the company is operating under effective and efficient internal control systems devised in a structured way. These internal financial controls ensure the company's adherence to policies & SOPs, while supporting overall organization objectives.

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

The responsibility to govern the adequacy of internal financial controls is on the Board of Directors for which the Board is pleased to ensure that the company has sound system of internal controls in place which in turn is commendably implemented and sustained at all levels of the company.

Board Audit Committee:

The board established with an Audit committee comprises three members including the chairman. Members of the committee are non-executive directors, including its chairman, who is also an independent director. The audit committee held four meetings during the period as per the requirement of applicable laws and Corporate Governance Regulations. 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. Head of 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. Monthly emoluments are paid to Chairman along with company maintained car and other benefits incidental or relating to the office in accordance with approved policy. Meeting fee and emoluments paid during the year are disclosed in Note 33 to the Financial Statements.

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

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 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, EY Ford Rhode, Chartered Accountants are due to retire and being eligible, offer themselves for reappointment for the year 2022. 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.

As suggested by the Board Audit Committee, the Board of Directors has recommended their re-appointment as the auditors of the company for the year 2022 and recommended to fix their remuneration at Rs.1.71Mn for code of corporate governance review, audit and half yearly review.

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, 2021 is 133.144 million

Unclaimed Dividend:

During the year unclaimed dividends were transferred into specifically designated saving bank account and income from this account will be used in CSR activities. During the year Rs. 2,974 were paid from unclaimed dividends account.

Composition of the Board:

The Board comprises of six male and one female member. Out of total seven directors, three directors are independent, three are non-executive and one director is executive.

Statement regarding total number as well as composition of directors and names of members of board committees are annexed separately in the annual report.

Loan from Directors:

The company has acquired Rs. 100 million unsecured loan from a director of the company as per agreed terms and conditions dated 30 December 2021. The loan carried markup rate of one month KIBOR reduced by one percent per annum payable monthly and has been obtained to meet working capital requirements. The loan is repayable in four equal installments of rupees twenty five million each with principal repayments starting from 5th January 2023 and ending on 5th July 2023.

Corporate Social Responsibility:

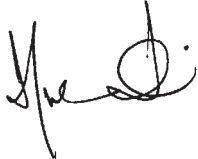
Considering the evolution of the COVID-19 and its on-going impacts, the management arranged to allocate additional funds for PCR testing of employees.

Furthermore the management ensured that all employees in the head office premises are fully vaccinated and all employees made sure to get their first, second and booster doses on stipulated timelines. Also encouraged employees to get their immediate family members vaccinated as well.

Acknowledgment:

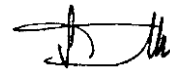
The Directors would like to place on record their sincere appreciation for the hard work and dedication shown by the management and the employees of the company throughout the year. On behalf of the Board of Directors and employees of the company, we express our gratitude and appreciation to all our valued customers, suppliers, distributors, dealers and bankers for the trust and confidence reposed in the company and look forward to their continued support and participation in sustaining the growth of the company in these testing times.

For and on behalf of the Board



Mubashir Hasan Ansari
Director / CEO

For and on behalf of the Board



Ferial Ali Mehdi
Director/Chairman

Karachi: March 24, 2022

Board and Committees Meetings

Meetings of the Board of Directors held during January to December 2021

Five meetings of the Board of Directors of the Company were held on January 26, February 27, April 27, August 25 and October 29, 2021. Following was the attendance of the directors:

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

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors of the Company oversees the operations and affairs of the Company in an efficient and effective manner.

For the sake of smooth functioning, the Board has constituted two committees. These committees are entrusted with the task of ensuring speedy management decisions relating to their respective domains.

AUDIT COMMITTEE COMPOSITION

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

Director	Designation
Mr. M. Salman H. Chawala (Representing NIT) (Independent Non-Executive)	Chairman
Mrs. Ferial Ali Mehdi	Member
Mr. Saad Amanullah Khan	Member

Meetings of the Board Audit Committee held during January to December 2021

Four meetings of the Board Audit Committee of the Company were held on February 27, April 27, August 25 and October 29, 2021 Following was the attendance of the members:

Director	No. of meetings attended
Mr. M. Salman H. Chawala (Representing NIT)	4
Mrs. Ferial Ali Mehdi	4
Mr. Saad Amanullah Khan	4

HR AND REMUNERATION COMMITTEE COMPOSITION

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

Director	Designation
Mr. Saad Amanullah Khan (Independent Non-Executive)	Chairman
Mrs. Ferial Ali Mehdi	Member
Syed Hasnain Ali	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 2021

Three meetings of the Board HR&R Committee of the Company were held on February 24, August 25 and December 16, 2021

Following was the attendance of the directors:

Mr. Saad Amanullah Khan	3
Mrs. Ferial Ali Mehdi	3
Syed Hasnain Ali	3
Mr. Mubashir Hasan Ansari	3

جنوری تا دسمبر 2021ء بورڈ آف ڈائریکٹرز کے اجلاس اور حاضری

کمپنی کے بورڈ آف ڈائریکٹرز کے پانچ اجلاس 26 جنوری، 27 فروری، 27 اپریل، 25 اگست اور 29 اکتوبر 2021ء کو منعقد ہوئے۔ ڈائریکٹرز کی حاضریاں مندرجہ ذیل رہیں۔

ڈائریکٹر	اجلاس میں شرکت کی تعداد
محترمہ فیروز علی مہدی	5
جناب میشر حسن انصاری	5
سید حسین علی	5
جناب سعد امان اللہ خان	5
جناب احسن راشد	5
جناب میر محمد علی	5
جناب ایم سلمان ایچ چاؤلہ (نمائندہ NIT)	5

بورڈ کے ڈائریکٹرز کی کمیٹیاں

کمپنی کے بورڈ کے ڈائریکٹرز موثر انداز میں کمپنی کے کاموں اور امور کی نگرانی کرتے ہیں۔ بلا کاؤٹ کارکردگی کے لئے بورڈ نے دو کمیٹیاں تشکیل دی ہیں۔ ان کمیٹیوں کی ذمہ داری ہے کہ اپنے اپنے دائرہ کار میں تیزی کے ساتھ انتظامی فیصلوں کو یقینی بنائیں۔

آڈٹ کمیٹی

کمپنی کے بورڈ آف ڈائریکٹرز نے کوڈ آف کارپوریٹ گورننس کی تعمیل میں ایک آڈٹ کمیٹی قائم کی ہے جو مندرجہ ذیل ڈائریکٹرز پر مشتمل ہے۔

ڈائریکٹر	عہدہ
جناب ایم سلمان ایچ چاؤلہ (نمائندہ NIT)	چیئر مین
محترمہ فیروز علی مہدی	ممبر
جناب سعد امان اللہ خان	ممبر

جنوری تا دسمبر 2021ء بورڈ آف آڈٹ کمیٹی کے اجلاس

بورڈ آف آڈٹ کمیٹی کے چار اجلاس 27 فروری، 27 اپریل، 25 اگست اور 29 اکتوبر 2021ء کو منعقد ہوئے۔ ڈائریکٹرز کی حاضریاں مندرجہ ذیل رہیں۔

جناب ایم سلمان ایچ چاؤلہ (نمائندہ NIT)	4
محترمہ فیروز علی مہدی	4
جناب سعد امان اللہ خان	4

ایچ۔آر۔ اینڈ۔ آرکمیٹی

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

ڈائریکٹر	عہدہ
جناب سعدامان اللہ خان	چیئرمین
محترمہ فیروز علی مہدی	ممبر
سید حسین علی	ممبر
جناب میشر حسن انصاری	ممبر

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

جنوری تا دسمبر 2021 ایچ۔آر کمیٹی کا اجلاس

ایچ آر اینڈ آرکمیٹی کے تین اجلاس 24 فروری، 25 اگست اور 16 دسمبر 2021ء کو منعقد ہوئے۔ ڈائریکٹرز کی حاضریاں مندرجہ ذیل رہیں۔

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

ایک فیصد سالانہ ہے جو کہ ماہانہ قابل ادا ہے اور اسے رواں کھاتے کے سرمائے کی ضروریات کو پورا کرنے کے لئے حاصل کیا گیا ہے۔ قرضہ 25 ملین کی چارٹسٹوں میں قابل واپسی ہے جس کا آغاز 5 جنوری 2023 سے ہوگا اور اختتام 5 جولائی 2023 کو ہوگا۔

ادارتی سماجی ذمہ داری

COVID-19 کے پھیلاؤ اور اس کے جاری اثرات کو مد نظر رکھتے ہوئے انتظامیہ نے ملازمین کی PCR ٹیسٹنگ کے لئے اضافی رقمات مختص کی ہیں۔ مزید برآں انتظامیہ نے یقینی بنایا ہے کہ ہیڈ آفس کی حدود میں تمام ملازمین مکمل طور پر ویکسین شدہ ہوں اور یقینی بنایا ہے کہ تمام ملازمین پہلی، دوسری اور بوسٹر ویکسین معین مدتوں پر لگوائیں۔ اس کے ساتھ ملازمین کی حوصلہ افزائی کی جاتی ہے کہ وہ اپنے فیملی ممبران کو بھی فوری طور پر ویکسین لگوائیں۔

اعتراف

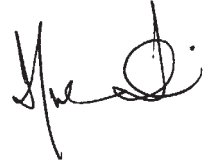
ڈائریکٹران سال بھر کے دوران انتظامیہ اور کمپنی کے ملازمین کی انتھک محنت اور عزم پر ان کے لئے خالصانہ ستائش ریکارڈ پر لانا چاہتے ہیں۔ بورڈ آف ڈائریکٹرز اور کمپنی کے ملازمین کی جانب سے ہم اپنے تمام قابل قدر گاہکوں، سپلائرز، ڈسٹری بیوٹرز، ڈیلرز اور بینکاروں کے کمپنی پر اعتماد اور بھروسے پر معترف و مشکور ہیں اور امید کرتے ہیں کہ مستقبل کے مشکل اوقات میں بھی ان کا تعاون اور شراکت کمپنی کی پائیدار نمو کے لئے جاری رہے گا۔

برائے و منجانب بورڈ



فیروز علی مہدی
ڈائریکٹر/چیئرمین

برائے و منجانب بورڈ



مبشر حسن انصاری
ڈائریکٹر/CEO

کراچی: 24 مارچ 2022

بیرونی آڈیٹرز

موجودہ آڈیٹرز EY فورڈ رہوڈ، چارٹرڈ اکاؤنٹنٹس سیکڈوش ہونے والے ہیں اور اہلیت کے باعث انہوں نے سال 2022 کے لئے اپنی دوبارہ تقرری کی پیشکش کی ہے۔ وہ تصدیق کرتے ہیں کہ:

- ☆ ZIL لمیٹڈ کے کوئی بھی حصص آڈٹ فرم یا اس کے شراکت دار اور ان کے شریک حیات اور چھوٹے بچوں کی ملکیت میں نہیں ہیں۔
 - ☆ آڈٹ فرم کوڈی انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کے کوالٹی کنٹرول ریویو پروگرام میں تسلی بخش ریٹنگ حاصل ہے اور وہ آڈٹ اور سائٹ بورڈ آف پاکستان میں رجسٹرڈ ہے۔
 - ☆ آڈٹ فرم اور اس کے شراکت دار ICAP کے اختیار کردہ انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس کے ضابطہ اخلاق کے رہنما اصولوں کے پاسدار ہیں۔
 - ☆ آڈٹ فرم نے PSX کے لسٹنگ ریگولیشنز کے علاوہ کوئی دیگر کوئی بھی خدمات فراہم نہیں کیں۔
- بورڈ کی آڈٹ کمیٹی کی تجویز پر بورڈ آف ڈائریکٹرز نے سال 2022 کے لئے کمپنی کے آڈیٹرز کی حیثیت سے دوبارہ تقرری کی سفارش کی ہے اور 1.71 ملین روپے معاوضہ کو مخصوص کرنے کی سفارش کی ہے۔

گرینچو بیٹی اور پروویڈنٹ فنڈ

کمپنی ایک پروویڈنٹ فنڈ اور ایک منظور شدہ گرینچو بیٹی اسکیم چلا رہی ہے۔ پروویڈنٹ فنڈ کی سرمایہ کاری اجازت شدہ تمسکات میں کی گئی ہے اور آڈیٹرز اس کا سالانہ آڈٹ کرتے ہیں۔ 31 دسمبر 2021 کو پروویڈنٹ فنڈ سے کئی سرمایہ کاریوں کی مالیت 133.144 ملین روپے ہے۔

غیر دعویٰ شدہ منافع منقسمہ

سال کے دوران غیر دعویٰ شدہ منافع منقسمہ مخصوص سیونگ بینک اکاؤنٹ میں منتقل کر دیئے گئے اور اس اکاؤنٹ سے حاصل شدہ آمدنی کو CSR سرگرمیوں میں استعمال کیا جائے گا۔ سال کے دوران 2,974 غیر دعویٰ شدہ اکاؤنٹ سے ادا کئے گئے۔

بورڈ کی تشکیل بندی

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

ڈائریکٹران سے قرضہ

کمپنی نے ایک ڈائریکٹر سے 30 دسمبر 2021 کو طے شدہ شرائط و ضوابط کے تحت 100 ملین روپے کا غیر تحفظ شدہ قرضہ لیا۔ اس قرضہ پر مارک اپ کی شرح ایک ماہی KIBOR منفی

قوانین و ضوابط کی پاسداری کو یقینی بنانا ہے۔ انتظامیہ نے حصص یافتگان اور بورڈ آف ڈائریکٹرز کو یقین دہانی کرائی ہے کہ کمپنی بہترین ساخت شدہ انداز میں مرتب کئے گئے موثر اور مستعد اندرونی نظام کے تحت چل رہی ہے۔ یہ اندرونی مالیاتی تنظیم کمپنی کی پالیسیوں اور SOPs کو یقینی بناتی ہیں جبکہ ادارے کے مجموعی مقاصد کے حصول میں معاون ہیں۔

اندرونی مالیاتی تنظیم کے سلسلے میں ڈائریکٹران کی ذمہ داری

اندرونی مالیاتی تنظیم کی موزونیت کی نگرانی کی ذمہ داری بورڈ آف ڈائریکٹرز کی ہے جس کے لئے بورڈ، جنوشی و مسرت کے یقینی بنانا ہے کہ کمپنی کے پاس اندرونی تنظیم کا مضبوط نظام ہے جو کہ اچھے انداز سے نافذ ہے اور کمپنی میں ہر سطح پر لاگو ہے۔

بورڈ کی آڈٹ کمیٹی

بورڈ نے ایک آڈٹ کمیٹی قائم کی ہے جو کہ بشمول چیئر مین تین ممبران پر مشتمل ہے۔ کمیٹی کے ممبران بشمول چیئر مین نان ایگزیکٹو ڈائریکٹران ہیں جبکہ چیئر مین آزاد ڈائریکٹر بھی ہے۔ ادارتی نظم و ضبط کے ضابطوں کے لاگو تقاضوں کے تحت مدت کے دوران آڈٹ کمیٹی کے چار اجلاس ہوئے۔ چیف فنانشل آفیسر، اندرونی آڈیٹرز کے ساتھ ساتھ بیرونی آڈیٹرز کو ان اجلاسوں میں مدعو کیا گیا۔ اندرونی آڈٹ کا سربراہ کمیٹی کے سیکریٹری کے طور پر کام کرتا ہے۔

انسانی وسائل و معاوضہ کمیٹی

کمپنی کی HR&R کمیٹی مکمل طور پر اپنے چیئر مین کے ساتھ فعال ہے اور زیادہ تر ڈائریکٹران نان ایگزیکٹو ڈائریکٹران ہیں۔ معاوضہ سے متعلق تمام معاملات کو HR&R کمیٹی کے اجلاسوں میں منکشف، بحث اور فیصلے کئے جاتے ہیں۔

نان ایگزیکٹو ڈائریکٹران کے معاوضہ کی پالیسی

نان ایگزیکٹو ڈائریکٹران (بشمول آزاد ڈائریکٹران) کو -/30,000 بطور فیس اجلاس میں حاضری کے لئے ادا کی جاتی ہے۔ اس کے علاوہ سفری اور بورڈنگ کے اخراجات کی اصل کی بنیاد پر ادائیگی کی جاتی ہے۔ چیئر مین کو ماہانہ نوآند کے ساتھ کمپنی کے خرچ پر کار اور دیگر مراعات ادا کی جاتی ہیں جو کہ منظور شدہ پالیسی کے مطابق ان کے عہدے سے متعلق یا ضروری ہیں۔ سال کے دوران اجلاس میں حاضری کی فیس اور نوآند مالیاتی گوشواروں کے نوٹ 33 میں منکشف کئے گئے ہیں۔ بورڈ نے انفرادی ڈائریکٹران کے بورڈ اور اس کی کمیٹیوں کے اجلاس میں حاضری اور اضافی خدمات انجام دینے بشمول چیئر مین کے عہدے کے لئے ایک باضابطہ پالیسی اور شفاف طریقہ کار منظور کیا ہے اور ڈائریکٹران کو تمام ادائیگیاں اسی منظور شدہ پالیسی کے تحت کی جاتی ہیں۔

اندرونی آڈٹ

ادارتی نظم و ضبط کے تقاضوں کے تحت اندرونی آڈٹ کا شعبہ آج کے دور کی ضرورت ہے۔ اس سلسلے میں کمپنی نے اندرونی آڈٹ کے شعبہ کی ذمہ داری ایک مشہور زمانہ چارٹرڈ اکاؤنٹنٹس فرم بنام یوسف عادل، چارٹرڈ اکاؤنٹنٹس کو سونپی ہے۔ ادارے کی اندرونی گرفتوں پر آزادانہ جائزہ کمپنی کی مدد کرتا ہے اور مزید اپنے مقصد میں مستعد رکھتا ہے۔ ادارتی نظم و ضبط کے تحت اندرونی آڈٹ کا سربراہ یوسف عادل چارٹرڈ اکاؤنٹنٹس اور بورڈ کی آڈٹ کمیٹی کے درمیان کوآرڈینیٹری کی حیثیت سے کام کرتا ہے۔

- d کیا گیا ہے۔ حساباتی تخمینوں کی بنیاد معقول اور مضبوط اندازوں پر ہے۔
مالیاتی گوشواری کی تیاری کے دوران عالمی مالیاتی رپورٹنگ کے معیارات، جو پاکستان میں لاگو ہیں، کو ملحوظ خاطر رکھا گیا ہے اور کسی بھی انحراف کو مناسب انداز میں منکشف کیا گیا ہے اور وضاحت کی گئی ہے۔
- e اندرونی نظام مضبوط شکل میں رائج ہے اور موثر انداز میں نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔
- f کمپنی کی چلتے ہوئے ادارے کی صلاحیت میں کوئی قابل ذکر ٹنک و شبہ نہیں ہے۔
- g ادارتی نظم و ضبط کے بہترین طور طریقوں سے کوئی بھی بڑا انحراف نہیں کیا گیا ہے۔
- h تمام ڈائریکٹران سوائے جو مستثنیٰ ہیں انہوں نے پہلے ہی ڈائریکٹرز ترقیاتی پروگرام مکمل کر لیا ہے۔
- i مندرجہ ذیل سے متعلق بیانات رپورٹ کے ساتھ علیحدہ منسلک یا منکشف کئے گئے ہیں۔
- i گزشتہ چھ سالوں کے اہم کاروباری اور مالیاتی اعداد و شمار
- ii حصص داری کی ساخت
- iii 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 کمپنی کے ڈائریکٹران، 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 اور بورڈ کی چیئر مین) نے مختلف مواقع پر بروکریج ہاؤسز کے ذریعے کمپنی کے 1,267,767 حصص خریدے جبکہ مسٹر میر محمد علی (آزاد، نان ایگزیکٹو ڈائریکٹر) نے کمپنی کے 5,500 حصص فروخت کئے۔

دیگر کسی اعلیٰ انتظامی عملے، CFO، CEO، کمپنی سیکریٹری اور انٹرنل آڈٹ کے سربراہ اور ان کے شریک حیات اور چھوٹے بچوں نے کمپنی کے حصص میں کوئی خرید و فروخت نہیں کی۔

بورڈ نے پاکستان اسٹاک ایکسچینج کی شق 5.6.4 کے تحت اعلیٰ انتظامی عملے کی تعریف کی حد مقرر کی ہوئی ہے جو کہ کمپنی کے حصص میں اضافی انضباطی ضروریات برائے خرید و فروخت اور انکشاف کے تابع ہے۔

فیکٹری کے افعال

ZIL کے بورڈ آف ڈائریکٹرز نے اپنے منعقدہ اجلاس مورخہ 12 جنوری 2022 میں حیدرآباد میں موجودہ پیداواری سہولیات کو چلانے میں مشکلات پر بحث کی اور جائزہ لیا کیونکہ اس کے قرب و جوار کے علاقے میں ہاؤسنگ سوسائٹیز تعمیر ہو گئی ہیں اور فیکٹری کو بند کرنے کی منظوری دی، جس میں فیکٹری کے عملے کو رضا کارانہ علیحدگی اسکیم کی پیشکش کی جائے اور تمام پیداواری افعال کو کسی تیسرے فریق کے اہتمام کے تحت سونپا جائے۔ اس بات کا بھی فیصلہ کیا گیا مذکورہ فیصلوں کے نتیجے میں فیکٹری کو اجلاس عام میں حصص یافتگان کی حتیٰ اور باضابطہ منظوری کے بعد فروخت کر دیا جائے گا۔

خطراتی نظام اور اندرونی مالیاتی گرتوں کی موزونیت

ZIL لمیٹڈ ایک کم خطرات کو لینے والی کمپنی ہے، یہ مجموعی طور پر کم خطرات مول لینے کی خواہشمند ہے یعنی کلیدی مقاصد کے حصول میں غیر ضروری اور ناموافق بڑے خطرے کو مول لینے پر تیار نہیں ہوتی۔ نظام کو اس طرح مرتب کیا گیا ہے کہ یہ ادارے کی مالیاتی کارکردگی، وثوقیت اور مالیاتی اعداد و شمار کی تصحیح، کمپنی کے افعال میں استعداد اور لاگو مقامی کے ساتھ عالمی معیارات

منافع منقسمہ

خساروں کو مد نظر رکھتے ہوئے بورڈ آف ڈائریکٹرز نے سال مختتمہ 31 دسمبر 2021 کے لئے کسی نقد منافع منقسمہ کی سفارش نہیں کی۔

کاروباری اخلاقیات

انتظامیہ کا ضابطہ اخلاق اصولوں اور اخلاقیات کے مجموعے پر مشتمل ہے جو کہ ادارتی فلاسفی کا بنیادی حصہ ہے اور ایک بیانیہ ہے کہ ہم کون اور کس طرح ہم اپنا کاروبار کرتے ہیں۔ یہ پیشہ ورانہ اخلاقیات، ملازمین کے لئے کمپنی کی ذمہ داریاں اور کمپنی کے لئے ملازمین کی ذمہ داریوں کو اجاگر کرتے ہیں۔ اس کے ساتھ اچھے ادارتی نظم و ضبط، اخلاقی رویوں پر عمل ZIL کے ہر فعل کا بنیادی حصہ ہے۔ کمپنی اور اس کے تمام ملازمین کمپنی کے کاروبار میں اعلیٰ اخلاقی معیارات کے ضابطہ کو برقرار رکھتے ہیں۔ پائیداری، تنوع، گاہکوں پر مرکوز، اختیارات اور سیکھنا ہمارے بنیادی اقدار ہیں جن پر ZIL عمل کرتا ہے اور ان کی حوصلہ افزائی کرتا ہے اور یہ اقدار اس کے ضابطہ اخلاق کے بنیادی اصول ہیں۔

کمپنی کے کاروبار سے ماحولیات پر اثرات

کاروبار اور پیداواری عمل میں مسلسل بہتری اور جدت سے کمپنی ماحولیات کی نشانی کے لحاظ سے بہتری لانے میں کامیاب رہی۔ سپلائی چین میں مسلسل کوششوں اور عزم سے ایک پرخطر ماحولیات کی پیداواری عمل سے ماحول دوست پر منتقل ہو گئی ہے اور ZIL کے ادارتی یقین کے مطابق جو کہ کام کے دائرہ کار کے ذریعے ذمہ دار شہری ہے۔

کمپنی کی بنیادی سرگرمیاں

کمپنی کی بنیادی سرگرمیاں گھر بلو اور ذاتی نگہداشت کی مصنوعات کی تیاری اور فروخت ہے۔

ادارتی نظم و ضبط کے ضابطے کی پاسداری

ZIL لمیٹڈ کسی اسٹینڈاڈ کے بغیر ادارتی نظم و ضبط کے اعلیٰ معیارات کو برقرار رکھنے کے لئے کوشاں ہے۔ ڈائریکٹران یہ بتاتے ہوئے اظہار مسرت کرتے ہیں کہ کمپنی نے SECP کے تقاضوں کے مطابق ادارتی نظم و ضبط کے ضابطے کو اختیار کیا ہے اور اس کی پاسداری کرتی ہے۔ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی پاسداری کا بیان اور آزاد آڈیٹرز کی جائزہ رپورٹ برائے نمبر ان سالانہ رپورٹ میں شامل کی گئی ہے۔

ادارتی اور مالیاتی رپورٹنگ کا نظام

- ZIL لمیٹڈ کی انتظامیہ اچھے ادارتی نظم و ضبط کے لئے کوشاں ہے اور بہترین طور پر یقین کی پاسداری کرتی ہے۔ ڈائریکٹران مسرت کے ساتھ درج ذیل بیان کرتے ہیں:
- a- 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۔
 - b- کمپنی میں حسابات کی کتابیں مناسب انداز میں رکھی گئی ہیں۔
 - c- درست حساباتی پالیسیوں کو تسلسل کے ساتھ مالیاتی گوشواروں کی تیاری کے دوران ملحوظ خاطر رکھا گیا ہے اور حساباتی پالیسیوں میں کسی بھی تبدیلی کو مالیاتی گوشواروں میں منکشف

کیونکہ سال کے دوران منافع کاری شدید باؤ میں رہی اس لئے انتظامیہ نے بالائی مصارف پر کڑی نگاہ رکھی۔ کثیر توانائیاں بالائی مصارف کو کم کرنے پر مرکوز کی گئیں جس کے نتیجے میں گزشتہ سال کی بد نسبت انتظامی بالائی مصارف میں 3 فیصد اور فروخت و تقسیمی اخراجات میں 0.4 فیصد کمی ہوئی۔ قابل ذکر خساروں اور رواں سرمائے کی بڑھتی ہوئی ضروریات کے ساتھ شرح سود کے بلند نرخوں نے سال کے دوران مالیاتی لاگت کو بلند سطح پر رکھا۔

ہم نے ہمیشہ اپنے امتیازی مزاج اور افرادی طور طریقوں پر فخر کیا ہے۔ ہمارے لوگ انتہائی مضبوط اور باصلاحیت ہیں جنہوں نے خلوص اور پیشہ ورانہ طرز عمل دکھایا اور اس بات کو یقینی بنایا کہ گزرے ہوئے سال جو کہ چیلنجوں اور ترقی سے بھرپور تھا، اس میں تمام طریق عمل ہموار طریقے سے چلیں۔ ہم نے افرادی قوت سے متعلق بہترین اقدامات کئے تاکہ ہمارے ملازمین متحرک، محفوظ اور منسلک رہیں۔ ZIL کی فیملی کو ہم نے مفت COVID ٹیسٹنگ کے ذریعے اضافی نگہداشت فراہم کی ہے، اپنے ملازمین کو ویکسین لگوانے میں مکمل سہولت دی ہے، سیزل اسٹاف کو COVID-19 کی خصوصی ترغیبات دی ہیں، تنخواہ کی بروقت ادائیگی کو یقینی بنایا ہے اور COVID-19 کی وجہ سے کسی کو بھی ملازمت سے فارغ نہیں کیا۔

مستقبل کی پیش بینی

قابل ذکر خطرات اور غیر یقینی صورتحال نام مال کی قیمتوں سے منسلک ہیں اور لہذا شرح منافع پر بھی بھاری اثرات مرتب ہونگے۔ اگلا سال منافع کاری کے لحاظ سے دشوار گزار رہے گا کیونکہ قدرتی آفات اور مزدوروں کے مسائل اس خطے میں موجود ہیں گے جہاں سے پام آئل آتا ہے، لہذا پام آئل اور ملحقہ مصنوعات کی سپلائی اور قیمتوں میں رکاوٹیں پیدا ہونگی۔ سپلائی میں رکاوٹ کے علاوہ پام آئل کی طلب بھی متاثر ہوگی۔ روں اور یوکرین کے درمیان تنازعہ کی وجہ سے سورج کھس کے تیل کی فراہمی غیر یقینی صورتحال کا شکار ہے جس کے نتیجے میں پام آئل اور سویا بین آئل کی طلب میں اضافہ ہوگا جس سے نپاتی تیل کی مارکیٹ کی صورتحال میں مزید ابتری آئے گی۔

انتظامیہ مکمل طور پر نام مال کی قیمتوں کی اونچ نیچ کو سمجھتی ہے اور موجودہ پورٹ فولیو پر توجہ مرکوز کرتے ہوئے صارفین کی توقعات پر پورا اتر کر مارکیٹ میں اپنے حصے کو برقرار رکھنے کے لئے کوشاں ہے۔

مالیاتی کارکردگی کا خلاصہ

برائے سال مختلفہ			
2019	2020	2021	
2,423 M	2,443 M	2,738 M	خالص فروخت
716.8 M	599.6 M	286.2 M	خام منافع
29.6%	24.5%	10.5%	خام منافع فیصد
385.4 M	373.5 M	372.1 M	فروخت کے اخراجات
163.3 M	154.5 M	150.3 M	انتظامی اخراجات
25.9 M	16.6 M	25.6 M	مالیاتی اخراجات
65.7 M	13.3 M	(291.6)M	(خسارہ) / منافع بعد از ٹیکس
10.74	2.17	(47.63)	(خسارہ) / آمدنی فی حصص (روپے)

ڈائریکٹرز رپورٹ

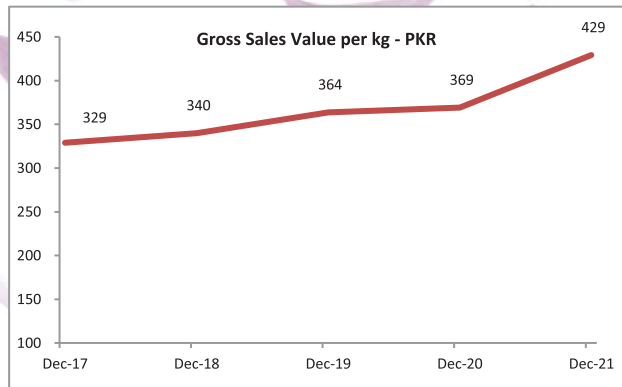
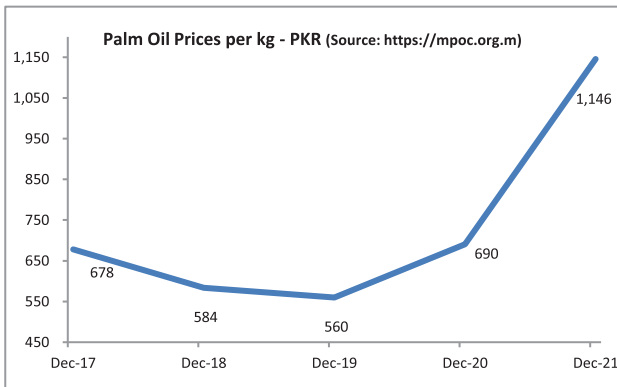
کمپنی کے ڈائریکٹران سالانہ رپورٹ کے کمپنی کے مالیاتی نتائج برائے سال ختمہ 31 دسمبر 2021 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

معاشی منظر نامہ

مالیاتی سال 2021 ملکی معیشت کے لئے دشوار گزار رہا۔ وباء کی وجہ سے معاشی بحالی سست رہی اور بار بار اسمارٹ لاک ڈاؤن کی وجہ سے متاثر ہوئی۔ سرکاری اقدامات کے باوجود ایشیائے صرف کی بلند قیمتوں کے ساتھ ساتھ USD کے مقابلے میں پاکستانی روپے کی قدر میں کمی کے نتیجے میں افراط زر کی لہروں نے صارفین کی قابل صرف آمدنی کو متاثر کیا۔ صابن کی تیاری میں پام آئل بنیادی خام مال کے طور پر استعمال ہوتا ہے۔ وباء کی بار بار لہروں کی وجہ سے زیر جائزہ سال کے دوران پام آئل کی قیمتوں میں ہوشربا اضافہ ہوا کیونکہ پام آئل کی پیداوار وباء سے قبل کی سطح پر تاحال نہیں پہنچ پائی اور فصل کی کٹائی کے علاقوں میں حالیہ سیلاب اور مزدوروں کی قلت کی وجہ سے صورتحال مزید ابتر ہوگئی۔ بلند ترین قیمتوں کے ساتھ ساتھ ڈالر اور روپے کی گرتی ہوئی مساواتی قدر اور پیکنگ میٹریل کی قیمتوں کے حوصلہ شکن رجحان سے شرح منافع میں مزید کمی آئی۔ خام اور پیکنگ میٹریل کے علاوہ بڑھتی ہوئی ترسیلی لاگت بھی ایک چیلنج رہی کیونکہ وباء سے نہ صرف سمندری کرایوں میں قابل ذکر اضافہ ہوا بلکہ سال کے دوران ترسیل میں تاخیر بھی ایک باقاعدہ معمول بنا رہا۔

کمپنی کی کاروباری کارکردگی

مذکورہ بالا چیلنجز کے نتیجے میں انتظامیہ باقاعدگی کے ساتھ اداری حکمت عملی میں تبدیلیاں لاتی رہی تاکہ ان چیلنجز کے اثرات کو زائل کیا جاسکے۔ قیمت گری کے تیز ترین فیصلوں، نرخوں میں رعایت کی تبدیلی اور SKU مرکب میں بہتری سے فروخت میں نمو ہوئی۔ دنیا بھر میں جاری وباء کی وجہ سے صارفین کی کی صحت و صفائی کی ترجیحات میں قابل ذکر اضافہ ہوا۔ صارفین کی ان توقعات پر پورا اترنے کے لئے کمپنی نے سال کے دوران صحت و صفائی اور تحفظ کے لئے ایک سوپ بار متعارف کرایا۔ بار سوپ کے علاوہ، ہینڈ واش کی بوتل کی از سر نو ڈیزائن اور دستی ریلینرل پیکنگ کے ذریعے نئے مصنوعات متعارف کروائی گئیں۔ سال کے دوران ان مصنوعات کے بروقت متعارف کرانے سے 12 فیصد کی صحتمند نمو ہوئی۔ اس فروخت کے باوجود رواں سال مالیاتی کارکردگی کے لحاظ سے انتہائی دشوار گزار رہا۔ خام لاگوں میں ہوشربا اضافے کی وجہ سے خام منافع کم ہو کر 10.5 فیصد رہ گیا جو کہ گزشتہ سال 24.5 فیصد تھا۔ جیسا کہ اوپر بیان کیا گیا ہے کہ خام اور پیکنگ میٹریل کی قیمتوں میں اضافہ کے ساتھ ایندھن کی قیمتوں میں اضافہ شرح منافع میں کمی کے بڑے عنصر ہے۔ اگرچہ کہ سال کے دوران مارکیٹ میں صابن کی قیمتوں میں اضافہ ہوا، تاہم یہ قیمتیں COVID-19 سے قبل کی شرح منافع کو بحال نہ کر سکیں۔ (جیسا کہ درج ذیل گراف میں دیکھا جاسکتا ہے)۔ شرح منافع پر مسلسل دباؤ کی وجہ سے انتظامیہ رعایتی قیمتوں کے برانڈ کی پیداوار اور فروخت روکنے پر مجبور ہوگئی۔



Vertical Analysis of Financial Statements

Statement of Financial Position (Balance Sheet)

	Dec-21		Dec-20	
	Rs. In '000	%	Rs. In '000	%
Non-Current Assets	1602978	70.89	729,745	57.58
Current Assets	658086	29.11	537,558	42.42
Total Assets	2,261,064	100.00	1,267,303	100.00
Equity	956775	42.32	606,288	47.84
Non-Current Liabilities	455977	20.17	222,479	17.56
Current Liabilities	848312	37.52	438,536	34.60
Total Equity and Liabilities	2,261,064	100.00	1,267,303	100.00

Profit and Loss Account

	Jan - Dec-21		Jan - Dec-20	
	Rs. In '000	%	Rs. In '000	%
Net sales	2,737,550	100.00	2,443,461	100.00
Cost of sales	(2,451,352)	(89.55)	(1,843,796)	(75.46)
Gross Profit	286,198	10.45	599,665	24.54
Selling and distribution expenses	(372,138)	(13.59)	(373,513)	(15.29)
Administrative expenses	(150,341)	(5.49)	(154,528)	(6.32)
	(236,281)	(8.63)	71,624	2.93
Other operating income	10,197	0.37	7,119	0.29
Other operating expense	(6,005)	(0.22)	(11,228)	(0.46)
	(232,089)	(8.48)	67,515	2.76
Financial expenses	(25,556)	(0.93)	(16,575)	(0.68)
Profit before tax	(257,645)	(9.41)	50,940	2.08
Taxation	(33,949)	(1.24)	(37,679)	(1.54)
Profit for the year	(291,594)	(10.65)	13,261	0.54

Dec-19		Dec-18		Dec-17		Dec-16	
Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%
770,133	63.31	720,399	64.99	499,847	57.41	520,601	62.23
446,236	36.69	388,138	35.01	370,807	42.59	315,923	37.77
<u>1,216,369</u>	<u>100.00</u>	<u>1,108,537</u>	<u>100</u>	<u>870,654</u>	<u>100</u>	<u>836,524</u>	<u>100.00</u>
611,094	50.24	567,467	51.19	351,917	40.42	342,537	40.95
195,034	16.03	104,075	9.39	103,013	11.83	91,702	10.96
410,241	33.73	436,995	39.42	415,724	47.75	402,285	48.09
<u>1,216,369</u>	<u>100.00</u>	<u>1,108,537</u>	<u>100.00</u>	<u>870,654</u>	<u>100.00</u>	<u>836,524</u>	<u>100.00</u>

Jan - Dec-19		Jan - Dec-18		Jan - Dec-17		Jan - Dec-16	
Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%
2,423,185	100.00	1,894,705	100.00	1,599,376	100.00	1,463,042	100.00
(1,706,308)	(70.42)	(1,357,923)	(71.67)	(1,148,227)	(71.79)	(1,055,056)	(72.11)
<u>716,877</u>	<u>29.58</u>	<u>536,782</u>	<u>28.33</u>	<u>451,149</u>	<u>28.21</u>	<u>407,986</u>	<u>27.89</u>
(385,373)	(15.90)	(344,873)	(18.20)	(300,353)	(18.78)	(284,889)	(19.47)
(163,327)	(6.74)	(117,950)	(6.23)	(104,712)	(6.55)	(102,947)	(7.04)
<u>168,177</u>	<u>6.94</u>	<u>73,959</u>	<u>3.90</u>	<u>46,084</u>	<u>2.88</u>	<u>20,150</u>	<u>1.38</u>
3,583	0.15	15,003	0.79	20,382	1.27	6,457	0.44
(20,231)	(0.83)	(11,680)	(0.62)	(7,146)	(0.45)	(558)	(0.04)
<u>151,529</u>	<u>6.25</u>	<u>77,282</u>	<u>4.08</u>	<u>59,320</u>	<u>3.71</u>	<u>26,049</u>	<u>1.78</u>
(25,918)	(1.07)	(18,125)	(0.96)	(18,092)	(1.13)	(20,006)	(1.37)
125,611	5.18	59,157	3.12	41,228	2.58	6,043	0.41
(59,869)	(2.47)	(31,224)	(1.65)	(24,352)	(1.52)	(2,107)	(0.14)
<u>65,742</u>	<u>2.71</u>	<u>27,933</u>	<u>1.47</u>	<u>16,876</u>	<u>1.06</u>	<u>3,936</u>	<u>0.27</u>

Horizontal Analysis of Financial Statements

Statement of Financial Position (Balance Sheet)	Dec-21 Rs. In '000	Dec-20 Rs. In '000	Dec-19 Rs. In '000	Dec-18 Rs. In '000
Non-Current Assets	1,602,978	729,745	770,133	720,399
Current Assets	658,086	537,558	446,236	388,138
Total Assets	2,261,064	1,267,303	1,216,369	1,108,537
Equity	956,775	606,288	611,094	567,467
Non-Current Liabilities	455,977	222,479	195,034	104,075
Current Liabilities	848,312	438,536	410,241	436,995
Total Equity and Liabilities	2,261,064	1,267,303	1,216,369	1,108,537
Profit and Loss Account	Jan - Dec-21 Rs. In '000	Jan - Dec-20 Rs. In '000	Jan - Dec-19 Rs. In '000	Jan - Dec-18 Rs. In '000
Net sales	2,737,550	2,443,461	2,423,185	1,894,705
Cost of sales	(2,451,352)	(1,843,796)	(1,706,308)	(1,357,923)
Gross Profit	286,198	599,665	716,877	536,782
Selling and distribution expenses	(372,138)	(373,513)	(385,373)	(344,873)
Administrative expenses	(150,341)	(154,528)	(163,327)	(117,950)
	(236,281)	71,624	168,177	73,959
Other operating income	10,197	7,119	3,583	15,003
Other operating expense	(6,005)	(11,228)	(20,231)	(11,680)
	(232,089)	67,515	151,529	77,282
Financial expenses	(25,556)	(16,575)	(25,918)	(18,125)
Profit before tax	(257,645)	50,940	125,611	59,157
Taxation	(33,949)	(37,679)	(59,869)	(31,224)
Profit for the year	(291,594)	13,261	65,742	27,933
SUMMARY OF CASH FLOWS	Dec-21 Rs. In '000'	Dec-20 Rs. In '000'	Dec-19 Rs. In '000'	Dec-18 Rs. In '000'
Net cash flows from operating activities	(105,970)	84,396	283,084	80,302
Net cash flows from investing activities	(85,231)	(47,882)	(87,783)	(40,719)
Net cash flows from financing activities	149,680	43,076	(215,260)	(28,531)
Net change in cash and cash equivalents	(41,521)	79,590	(19,959)	11,052

Dec-17 Rs. In '000	Dec-16 Rs. In '000	% increase/ (decrease) over preceeding year					
		Dec-21	Dec-20	Dec-19	Dec-18	Dec-17	Dec-16
499,847	520,601	119.66	(5.24)	6.90	44.12	(3.99)	20.35
370,807	315,923	22.42	20.46	14.97	4.67	17.37	(10.79)
<u>870,654</u>	<u>836,524</u>	<u>78.42</u>	<u>4.19</u>	<u>9.73</u>	<u>27.32</u>	<u>4.08</u>	<u>6.33</u>
351,917	342,537	57.81	(0.79)	7.69	61.25	2.74	34.61
103,013	91,702	104.95	14.07	87.40	1.03	12.33	0.69
415,724	402,285	93.44	6.90	(6.12)	5.12	3.34	(8.81)
<u>870,654</u>	<u>836,524</u>	<u>78.42</u>	<u>4.19</u>	<u>9.73</u>	<u>27.32</u>	<u>4.08</u>	<u>6.33</u>
Jan-Dec-17 Rs. In '000	Jan-Dec-16 Rs. In '000	Dec-21	Dec-20	Dec-19	Dec-18	Dec-17	Dec-16
1,599,376	1,463,042	12.04	0.84	27.89	18.47	9.32	8.95
(1,148,227)	(1,055,056)	32.95	8.06	25.66	18.26	8.83	(3.73)
<u>451,149</u>	<u>407,986</u>	<u>(52.27)</u>	<u>(16.35)</u>	<u>33.55</u>	<u>18.98</u>	<u>10.58</u>	<u>65.23</u>
(300,353)	(284,889)	(0.37)	(3.08)	11.74	14.82	5.43	2.63
(104,712)	(102,947)	(2.71)	(5.39)	38.47	12.64	1.71	12.22
<u>46,084</u>	<u>20,150</u>	<u>(429.89)</u>	<u>(57.41)</u>	<u>127.39</u>	<u>60.49</u>	<u>128.70</u>	<u>116.46</u>
20,382	6,457	43.24	98.69	(76.12)	(26.39)	215.66	32.86
(7,146)	(558)	(46.52)	(44.50)	73.21	63.45	1,180.65	(73.72)
<u>59,320</u>	<u>26,049</u>	<u>(443.76)</u>	<u>(55.44)</u>	<u>96.07</u>	<u>30.28</u>	<u>127.72</u>	<u>121.77</u>
(18,092)	(20,006)	54.18	(36.05)	43.00	0.18	(9.57)	(12.69)
41,228	6,043	(605.78)	(59.45)	112.33	43.49	582.24	(104.24)
(24,352)	(2,107)	(9.90)	(37.06)	91.74	28.22	1,055.77	(109.57)
<u>16,876</u>	<u>3,936</u>	<u>(2,298.88)</u>	<u>(79.83)</u>	<u>135.36</u>	<u>65.52</u>	<u>328.76</u>	<u>103.26</u>
Dec-17 Rs. In '000	Dec-16 Rs. In '000	% increase/ (decrease) over preceeding year					
		Dec-21	Dec-20	Dec-19	Dec-18	Dec-17	Dec-16
59,006	99,678	(225.56)	(70.19)	252.52	36.09	(40.80)	(266.88)
(41,456)	(39,998)	78.00	(45.45)	115.58	(1.78)	3.65	395.52
(23,004)	(20,053)	247.48	(120.01)	654.48	24.03	14.72	(140.11)
<u>(5,454)</u>	<u>39,627</u>	<u>152.17</u>	<u>498.77</u>	<u>280.59</u>	<u>302.64</u>	<u>(113.76)</u>	<u>(322.59)</u>

Ratios of Last Six Years

Financial Ratios

	Unit	Dec-21
Rate of return		
Return on assets	%	(12.90)
Return on equity	%	(30.48)
Return on capital employed	%	(16.43)
Interest cover	Times	(9.25)

Profitability

Gross profit margin	%	10.45
Net profit to sales	%	(10.65)
EBITDA	Rs.	(166,925)
EBITDA Margin to sales	%	(6.10)

Liquidity

Current ratio		0.78
Quick ratio		0.40

Financial gearing

Debt-Equity ratio	Times	1.36
Debt to Assets	%	57.68%

Capital Efficiency

Debtor turnover/ No. of days in receivables	Days	16
Inventory turnover/ No. of days in inventory	Days	47
Creditor turnover/ No. of days in payables	Days	63
Operating cycle	Days	(0.33)
Fixed assets turnover ratio	Times	1.72
Total asset turnover ratio	Times	1.21

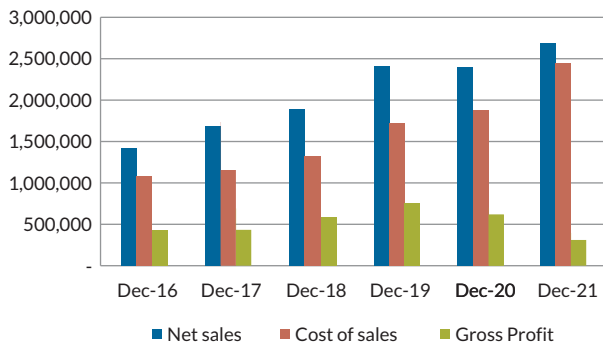
Investment measures per ordinary share

Earnings	Rs.	(47.63)
Price earning ratio	Times	(1.85)
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.	156.27
Breakup value excluding surplus on revaluation	Rs.	(6.72)
Market value - year end	Rs.	88.15
Market value - high	Rs.	122.00
Market value - low	Rs.	69.01
Market value - average	Rs.	95.02

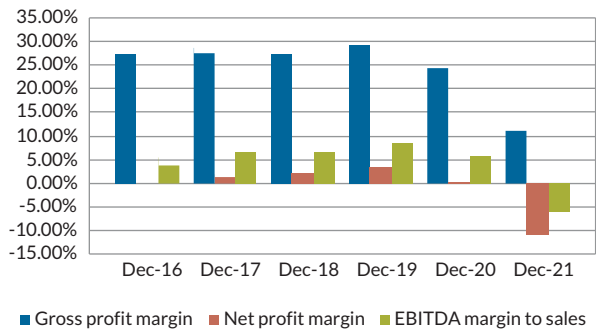
	Dec-20	Dec-19	Dec-18	Dec-17	Dec-16
	1.05	5.40	2.52	1.94	0.47
	2.19	10.76	4.92	4.80	1.15
	8.15	18.80	11.51	13.04	6.00
	4.32	6.49	4.08	2.55	1.01
	24.54	29.58	28.33	28.21	27.89
	0.54	2.71	1.47	1.06	0.27
	134,277	217,332	119,323	97,505	58,875
	5.50	8.97	6.30	6.10	4.02
	1.23	1.09	0.89	0.89	0.79
	0.76	0.65	0.46	0.47	0.40
	1.09	0.99	0.95	1.47	1.44
	52.16%	49.76%	48.81%	59.58%	59.05%
	6	7	9	8	6
	41	38	50	55	63
	32	27	16	16	21
	14	19	43	47	48
	3.41	3.17	2.65	3.30	3.03
	1.93	1.99	1.71	1.84	1.75
	2.16	10.73	4.56	2.76	0.64
	51.39	10.62	16.44	32.61	143.73
	1.25	3.50	1.50	1.25	0.50
	1.13	3.07	2.00	1.39	0.54
	57.87	32.62	32.89	45.29	78.13
	1.73	3.07	3.04	2.21	1.29
	99.83	99.81	92.68	57.48	55.95
	41.90	40.40	30.14	25.96	22.73
	111.00	114	75	90	91.99
	130.00	114	123	199	134.02
	103.73	66	75	74	77.00
	115.26	85	100	121	86.40

Graphical Presentation

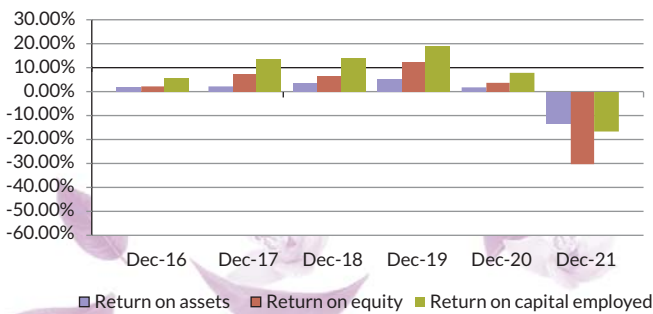
Sales, Cost Of Sales & Gross Profit



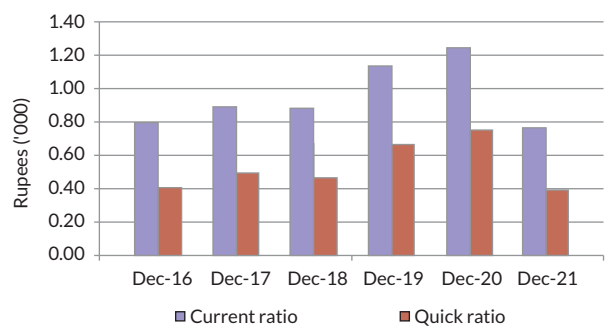
Profitability



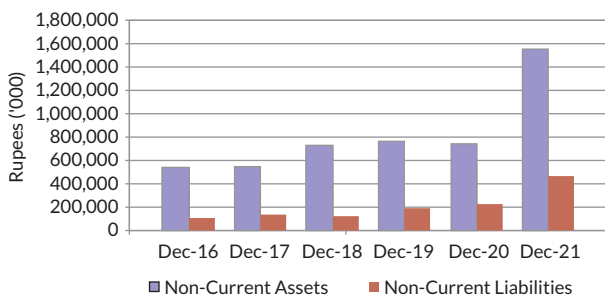
Rate Of Return



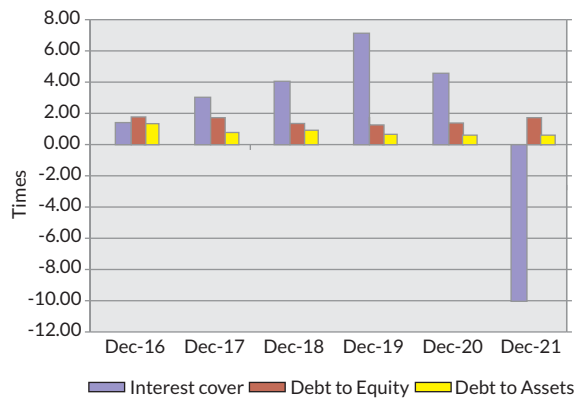
Liquidity



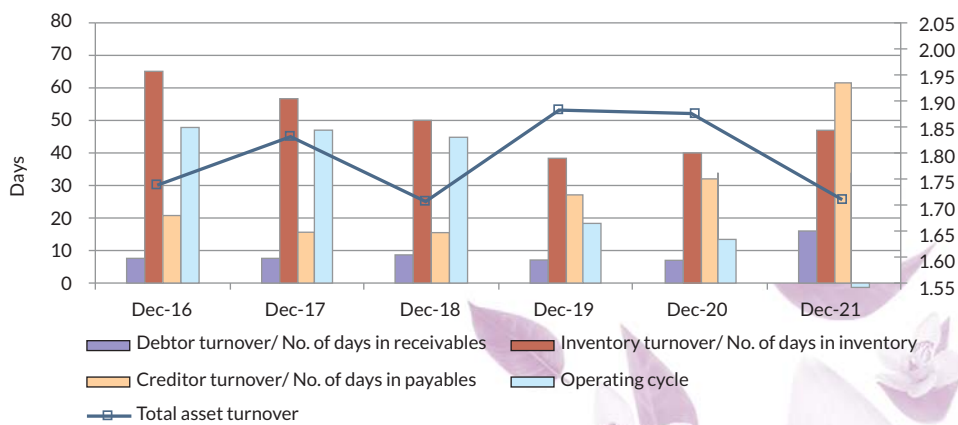
Non-current Assets & Liabilities



Debt Management Ratios



Asset Management Ratios



Statement of Value Addition

	Dec-21		Dec-20	
	Rs. In '000	%	Rs. In '000	%
Wealth Generated				
Net sales	2,737,550	99.63	2,443,461	99.71
Other operating income	10,197	0.37	7,119	0.29
	<u>2,747,747</u>	<u>100.00</u>	<u>2,450,580</u>	<u>100.00</u>

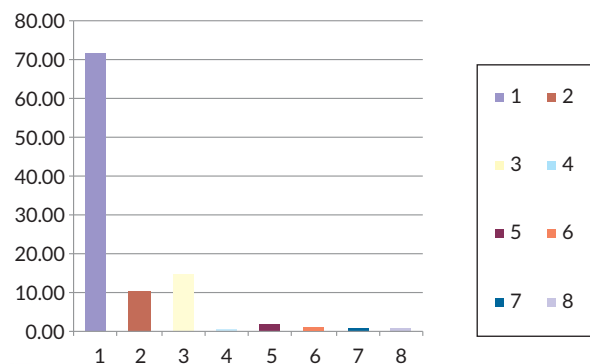
Distribution of Wealth

■ Cost of sales and services (excluding employees remuneration and other duties)	2,335,920	85.01	1,741,597	71.07
■ Selling, distribution and administrative expenses (excluding employees remuneration and other duties)	247,800	9.02	250,196	10.21
■ Employees remuneration	395,986	14.41	386,292	15.76
■ Finance cost	25,556	0.93	16,575	0.68
■ Government tax and levies (includes income tax, WPPF and WWF)	33,949	1.24	40,667	1.66
■ Dividend to shareholders	-	-	21,429	0.87
■ Retained for future growth	(291,594)	(10.61)	(8,168)	(0.33)
■ Charity and donation	130	0.00	1,992	0.08
	<u>2,747,747</u>	<u>100.00</u>	<u>2,450,580</u>	<u>100.00</u>

Distribution of Wealth Dec-2021



Distribution of Wealth Dec-2020



Pattern of Shareholding

Central Depository Company and Physical
As at December 31, 2021

Number of shareholders	Having Shares		Shares Held	Percentage
	From	To		
871	1	100	15,818	0.2584
218	101	500	59,334	0.9691
59	501	1000	48,828	0.7975
63	1001	5000	147,015	2.4012
14	5001	10000	108,334	1.7694
6	10001	15000	81,573	1.3323
2	15001	20000	38,000	0.6207
1	20001	25000	20,200	0.3299
1	25001	30000	30,000	0.4900
1	30001	35000	34,863	0.5694
2	35001	40000	74,337	1.2141
1	50001	55000	53,500	0.8738
1	110001	115000	114,000	1.8620
1	175001	180000	175,400	2.8648
1	195001	200000	199,169	3.2530
1	215001	220000	215,500	3.5197
1	355001	360000	356,987	5.8306
1	735001	740000	736,325	12.0263
1	1320001	1325000	1,322,417	21.5989
1	2290001	2295000	2,291,000	37.4187
1247	Company Total		6,122,600	100.0000

Pattern of Shareholding

Categories of Shareholders
As at December 31, 2021

S.No.	Categories of Shareholders	No. of Folio	Number of shares held	Percentage
1	DIRECTORS, CEO, THEIR SPOUSE AND MINOR CHILDREN	10	3,069,517	50.1342
2	BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS	1	220	0.0036
3	INSURANCE COMPANY	1	34,863	0.5694
4	MUTUAL FUNDS	1	356,987	5.8306
5	GENERAL PUBLIC			
	a. Local	1197	2,154,888	35.1956
	b. Foreign	20	37,782	0.6171
6	OTHERS	17	468,343	7.6494
		1,247	6,122,600	100.0000

Key shareholding

As at December 31, 2021

S.No.	Categories of Shareholders	No. of Shareholders	Shares Held	Percentage
I	Directors, CEO, their spouse & minor children			
	1. Mrs. Ferial Ali Mehdi - Director / Chairman	4	3,047,455	49.7739
	2. Mr. Mubashir Hasan Ansari - Director / Chief Executive Officer	1	500	0.0082
	3. Syed Hasnain Ali - Director	1	562	0.0092
	4. Mr. Mir Muhammad Ali - Director	1	19,500	0.3185
	5. Mr. Saad Amanullah Khan - Director	2	1,000	0.0163
	6. Mr. Ahsan Rashid - Director	1	500	0.0082
	7. Mr. M. Salman H. Chawala - Director (Representing NIT)		NIL	NIL
II	Executives		NIL	NIL
III	Associated Companies, Undertakings and Related Parties		NIL	NIL
IV	Mutual Funds			
	CDC - Trustee National Investment (Unit)Trust	1	356,987	5.8306
V	Banks, Development Financial Institutions, Non- Banking Financial Institutions	1	220	0.0036
VI	Insurance Companies	1	34,863	0.5694
VII	General Public			
	Local	1197	2,154,888	35.1956
	Foreign	20	37,782	0.6171
	Others			
	Joint Stock Companies	17	468,343	7.6494
	Foreign Companies	-	-	-
	TOTAL	1247	6,122,600	100.0000
VIII	SHAREHOLDERS HOLDING 5% OR MORE VOTING RIGHTS IN THE COMPANY			
	1. Mrs. Ferial Ali Mehdi		3,047,455	49.7739
	2. Syed Muhammad Zeyd Ali		1,322,417	21.5989
	3. CDC - Trustee National Investment (Unit)Trust		356,987	5.8306

Statement of Compliance

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

Name of company: **ZIL LIMITED**

Year ending: **DECEMBER 31, 2021**

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. Saad Amanullah Khan
Mr. Muhammad Salman Husain Chawala
Mr. Mir Muhammad Ali

ii. Non-executive directors

Mr. Ahsan Rashid
Mr. Syed Hasnain Ali

iii. Executive director

Mr. Mubashir Hasan Ansari

iv. Female director (non-executive)

Mrs. Feriel Ali Mehdi

3. The directors have confirmed that none of them is serving as a director on more than seven Listed companies, including this company;

4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updation is maintained by the company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;

7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. Six directors of the company are certified under Directors Training Programme as prescribed by the Regulations while remaining one director (Mr. Ahsan Rashid) is exempted from the requirement of this program;

10. There was no new appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year. The changes in remuneration including terms and conditions of employment of Chief Financial Officer, Company Secretary and Head of Internal Audit were approved by the Board;

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below:

a) Audit Committee

(Name of members and Chairman)

Mr. M. Salman H. Chawala	Chairman
Mrs. Feriel Ali Mehdi	Member
Mr. Saad Amanullah Khan	Member

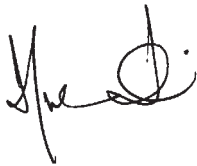
b) HR and Remuneration Committee
(Name of members and Chairman)

Mr. Saad Amanullah Khan	Chairman
Mrs. Ferial Ali Mehdi	Member
Mr. Syed Hasnain Ali	Member
Mr. Mubashir Hasan Ansari	Member

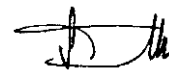
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
 - a) Audit Committee: Quarterly;
 - b) HR and Remuneration Committee: On required basis (three in the year);
15. The board has outsourced the internal audit function to M/s. Yousuf Adil & Co., Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;
16. The statutory auditors of the company have confirmed that they have been given a

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

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.



Mubashir Hasan Ansari
Chief Executive Officer



Ferial Ali Mehdi
Chairman

Karachi: March 24, 2022

Independent Auditor's Review Report

To the member of ZIL Limited (the Company)

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

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** for the year ended 31 December 2021 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility of compliance with the Regulations is that of the Board of Director of the Company. Our responsibility is to review whether 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 control or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulation required 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 31 December 2021.



EY Ford Rhodes
Chartered Accountants
Place: Karachi
Date:

Independent Auditor's Report

To the members of ZIL Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of ZIL Limited (the Company), which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of the loss, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following is the Key audit matter:

Key audit matter	How the matter was addressed in our audit
<p>1. Revaluation of operating fixed assets</p> <p>As disclosed in note 4.1 and 4.1.4 to the accompanying financial statements, the Company has carried out revaluation of its certain categories of operating fixed assets as of the reporting date which resulted in revaluation surplus of Rs. 837.427 million.</p> <p>The valuations have been performed by the valuer and are based on proprietary databases of prices of transaction for properties of similar nature, location and condition.</p>	<p>Our audit procedures amongst others, comprised understanding the management valuation process, including the involvement of independent valuer in performing the valuation of certain categories of operating fixed assets.</p> <p>We assessed the competence of the management's independent valuer and reviewed the valuation report to understand the basis and methodology used for such valuation.</p>

Key audit matter	How the matter was addressed in our audit
<p>Revaluation of operating fixed assets is a key audit matter due to its financial magnitude and judgement involved in the assessment of the fair value of these assets. The judgment also relates to the valuation methodology used and the assumptions used in that methodology.</p>	<p>We also involved our own specialists to review the valuation carried out by the management's independent valuer to assess the appropriateness of the methodology, assumptions and estimates used to determine the fair values.</p> <p>We also assessed the accounting treatments and adequacy of the related disclosures in the financial statements in accordance with the financial reporting framework.</p>

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

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

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

Chartered Accountants
Place: Karachi
Date:
UDIN:

Financial Statement



Statement of Financial Position

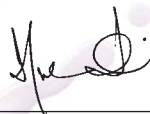
As at 31 December 2021

	Note	2021	2020
----- (Rupees in '000) -----			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,595,631	716,717
Intangible assets	5	4,597	7,489
Long-term deposits	6	2,256	5,042
Long-term loans to employees	7	494	497
Total non-current assets		1,602,978	729,745
CURRENT ASSETS			
Stores and spares	9	6,467	7,132
Stock-in-trade	10	315,081	205,426
Trade debts	11	116,439	41,028
Advances, deposits, prepayments and other receivables	12	98,390	120,742
Short-term investment	13	90,000	60,000
Cash and bank balances	14	31,709	103,230
Total current assets		658,086	537,558
TOTAL ASSETS		2,261,064	1,267,303
EQUITY			
Authorised capital 40,000,000 (2020: 40,000,000) ordinary shares of Rs. 10 each		400,000	400,000
Issued, subscribed and paid up capital	15	61,226	61,226
Capital reserves			
Surplus on revaluation of assets (land, building and plant and machinery) - net of tax	16	997,902	354,672
Revenue reserves			
General reserve		6,000	6,000
Un-appropriated profit / (loss)		(108,353)	184,390
		956,775	606,288
NON-CURRENT LIABILITIES			
Long-term loan	17	113,058	44,034
Deferred government grant	18	-	2,115
Deferred tax liability - net	8	212,183	27,287
Deferred staff liabilities	19	99,750	106,034
Lease liabilities	20	30,986	43,009
Total non-current liabilities		455,977	222,479
CURRENT LIABILITIES			
Current maturity on non-current liabilities	20.2	72,312	56,126
Trade and other payables	21	540,704	254,681
Contract liabilities	21.4	51,914	55,225
Short-term borrowings	22	115,000	-
Taxation	23	66,919	71,118
Unclaimed dividend		1,463	1,386
Total current liabilities		848,312	438,536
Contingencies and Commitments	24		
TOTAL EQUITY AND LIABILITIES		2,261,064	1,267,303

The annexed notes from 1 to 41 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Director

Statement of Profit or Loss

For the year ended 31 December 2021

	Note	2021	2020
		----- (Rupees in '000) -----	
Sales - net	25	2,737,550	2,443,461
Cost of sales	26	(2,451,352)	(1,843,796)
Gross profit		<u>286,198</u>	<u>599,665</u>
Selling and distribution expenses	27	(372,138)	(373,513)
Administrative expenses	28	(150,341)	(154,528)
		<u>(522,479)</u>	<u>(528,041)</u>
		<u>(236,281)</u>	<u>71,624</u>
Other income	29	10,197	7,119
Other charges	30	(6,005)	(11,228)
		<u>(232,089)</u>	<u>67,515</u>
Finance costs	31	(25,556)	(16,575)
(Loss) / profit before taxation		<u>(257,645)</u>	<u>50,940</u>
Taxation	23	(33,949)	(37,679)
(Loss) / profit for the year		<u>(291,594)</u>	<u>13,261</u>
		----- (Rupees) -----	
(Loss) / earnings per share - basic and diluted	32	<u>(47.63)</u>	<u>2.17</u>

The annexed notes from 1 to 41 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



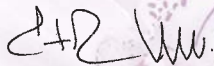
Director

Statement of Comprehensive Income


For the year ended 31 December 2021

	Note	2021	2020
		----- (Rupees in '000) -----	
(Loss) / profit after taxation		(291,594)	13,261
Other comprehensive income			
Items that will not be reclassified to statement of profit or loss :			
Actuarial (loss) / gain on remeasurement of defined benefit obligations	19.6	(2,624)	4,786
Less: Tax effect	8	761	(1,388)
		(1,863)	3,398
Surplus on revaluation of property, plant and equipment	16	837,427	-
Less: Tax effect	16	(185,830)	-
		651,597	-
Total comprehensive income for the year		<u>358,140</u>	<u>16,659</u>

The annexed notes from 1 to 41 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Director

Statement of Cash Flows

For the year ended 31 December 2021

	Note	2021	2020
----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		(257,645)	50,940
Adjustments for non cash and other items:			
Depreciation and amortization	4.3	65,164	66,762
Allowance for expected credit loss	11.3	-	300
Provision against staff gratuity	19.5	16,836	19,206
Provision against other staff retirement benefits	19.5	876	2,572
(Reversal) / provision against slow moving and obsolete stock	10.1	(8,172)	1,870
Provision for slow moving stores and spares	9.1	153	518
Finance costs	31	25,373	16,575
Dividend Income		(368)	-
Impairment against operating fixed assets	30	-	1,170
Return on bank deposits	29	(170)	(407)
Gain on modification of financial liability	29	(1,289)	-
Amortization of government grant	29	(2,827)	(1,067)
Loss on disposal of operating fixed assets	29	59	169
		<u>95,635</u>	<u>107,668</u>
		(162,010)	158,608
Increase in current assets:			
Long-term loans to employees		1,147	(450)
Stores and spares		512	(925)
Stock-in-trade		(101,483)	(28,029)
Trade debts		(75,411)	4,232
Advances, deposits, prepayments and other receivables		2,041	1,093
		(173,194)	(24,079)
Increase / (decrease) in current liabilities:			
Trade and other payables		278,972	(34,410)
		(56,232)	100,119
Income tax paid		(16,367)	7,836
Staff gratuity paid	19.4	(12,204)	(9,618)
Staff retirement benefits paid	19.4	(6,253)	(8,495)
Return received on bank deposits	29	170	407
Finance costs paid		(15,084)	(5,853)
		(49,738)	(15,723)
Net cash flows (used in) / generated from operating activities		(105,970)	84,396
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(96,587)	(28,096)
Short-term investments made		(60,000)	(60,000)
Short-term investments encashed		60,000	40,000
Proceeds from disposal of operating fixed assets		10,988	214
Dividend income received		368	-
Net cash flows used in investing activities		(85,231)	(47,882)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(7,576)	(21,221)
Lease rentals paid		(20,509)	(17,992)
Long-term loan obtained		100,000	82,289
Long-term loan repaid		(37,235)	-
Short-term borrowings obtained		455,000	-
Short term borrowings repaid		(340,000)	-
Net cash flows generated from financing activities		149,680	43,076
Net (decrease) / increase in cash and cash equivalents during the year		(41,521)	79,590
Cash and cash equivalents at beginning of the year		103,230	23,640
Cash and cash equivalents at end of the year		<u>61,709</u>	<u>103,230</u>
Cash and cash equivalents comprises of the following:			
Cash and bank balances	14	31,709	103,230
Short term investments - maturity of less than 3 months	13	30,000	-
		<u>61,709</u>	<u>103,230</u>

The annexed notes from 1 to 41 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

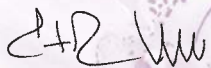
Director

Statement of Changes in Equity

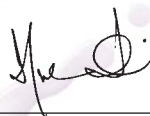
For the year ended 31 December 2021

	Note	Issued, subscribed and paid up capital	Capital Reserve	Revenue Reserves		Total
			Surplus on Revaluation of assets - net of tax	General reserve	Unappropriated profit	
(Rupees in '000)						
Balance as at 01 January 2020		61,226	363,711	6,000	180,157	611,094
Total comprehensive income for the year ended 31 December 2020						
Profit after taxation		-	-	-	13,261	13,261
Other comprehensive income						
Actuarial gain on remeasurement of defined benefit obligations	19.6	-	-	-	4,786	4,786
Less: Tax effect	8	-	-	-	(1,388)	(1,388)
		-	-	-	3,398	3,398
Total comprehensive income for the year		-	-	-	16,659	16,659
Cash dividend for the year ended 31 December 2019 (Rs. 3.5 per share) - approved in the annual general meeting held on 29 May 2020		-	-	-	(21,429)	(21,429)
Transferred from surplus on revaluation of property, plant and equipment - net of tax (incremental depreciation)	16	-	(9,003)	-	9,003	-
Reversal of surplus due to impairment of assets	16	-	(36)	-	-	(36)
Balance as at 31 December 2020		61,226	354,672	6,000	184,390	606,288
Total comprehensive income for the year						
Loss after taxation		-	-	-	(291,594)	(291,594)
Other comprehensive income						
Actuarial loss on remeasurement of defined benefit obligations	19.6	-	-	-	(2,624)	(2,624)
Less: Tax effect	8	-	-	-	761	761
Surplus on revaluation of property, plant and equipment	16	-	837,427	-	-	837,427
Less: Tax effect	8	-	(185,830)	-	-	(185,830)
		-	651,597	-	(1,863)	649,734
Total comprehensive income for the year		-	651,597	-	(293,457)	358,140
Cash dividend for the year ended 31 December 2020 (Rs. 1.25 per share) - approved in the annual general meeting held on 31 March 2021		-	-	-	(7,653)	(7,653)
Transferred from surplus on revaluation of property, plant and equipment - net of tax (incremental depreciation)	16	-	(8,367)	-	8,367	-
Balance as at 31 December 2021		61,226	997,902	6,000	(108,353)	956,775

The annexed notes from 1 to 41 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Director

Notes to the Financial Statements

For the year ended 31 December 2021

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.

1.2 The impact of the COVID-19 coronavirus outbreak is to have a significant impact on economic conditions and an increase in economic uncertainty around the globe. Since the Company is manufacturing products such personal wash, hygiene and skin care and therefore possesses minimal risk of decrease in demand of Company's products. With prudent risk management practice, the Company will be able to settle its financial liabilities when due and would be able to pursue its normal business activities. Accordingly, there is no material financial impact of COVID-19 in these financial statements.

1.3 Subsequent to the reporting date, i.e. on 12 January 2022, the Board of Directors in their meeting has discussed and reviewed the operational difficulties of existing manufacturing facility (comprising of freehold land, building and plant and machinery) located at Hyderabad due to housing society built in its surrounding area and approved the closure of factory, offering of Voluntarily Separation Scheme to factory staff and shifting of all manufacturing operations to toll manufacturing through third party arrangements. The above decisions to be executed upon final approval of the shareholders under section 183 (3) of Companies Act, 2017.

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

Location	Address
Head office	Bahria Complex 3, plot no. MISC-2, M.T. Khan Road, Karachi.
Factory	Link Hali Road, Hyderabad (Refer note 1.3 above).
Factory - under construction	Plot # G-1 Located In Chemical Area Of Eastern Industrial Zone, Port Qasim Authority, Karachi.
Warehouse	1st Part of Plot No. 21-B, Industrial Estate, Multan.
Warehouse and sales office	Khewat No. 55, situated at 16-KM, Multan Road, Lahore.
Warehouse	Plot No. C-6, SITE Area, Near Mirpurkhas Road, SITE, Hyderabad.
Regional sales office	House No. 522, Street No. 18, Chaklala Scheme 3, Rawalpindi.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

Notes to the Financial Statements

For the year ended 31 December 2021

2.2 Basis of measurement

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

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

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

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

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

2.4.1 Income taxes

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.

2.4.2 Staff gratuity and other staff retirement benefits

Certain actuarial assumptions have been adopted (as disclosed in note 19.3 to these financial statements) for the actuarial valuation of staff gratuity and other staff retirement benefits. 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.

Notes to the Financial Statements

For the year ended 31 December 2021

2.4.4 Trade debts and other receivables

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

2.4.5 Property, plant and equipment

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

2.4.6 Intangible assets

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

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

The Company has adopted the following accounting standards and amendments of IFRSs and the framework for financial reporting which became effective for the current year:

Amendments

- IFRS 9 / IAS 39 / IFRS 7 and IFRS 16 - Interest Rate Benchmark Reform Phase 2 (Amendments);
- IFRS 16 - COVID 19 Related Rent Concessions (Amendments) beyond June 30, 2021; and

The adoption of the above amendments of IFRSs did not have any material effect on the Company's financial statements

2.6 Standards, amendments and improvements that are not yet effective

The following standards, amendments of IFRSs and improvements to accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, amendments or improvements:

Amendment	Effective date (annual periods beginning on or after)
IFRS 3 - Reference to the Conceptual Framework (Amendments)	01 January 2022
IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use (Amendments)	01 January 2022
IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	01 January 2022
IAS 1 - Classification of Liabilities as Current or Non-Current (Amendments)	01 January 2023

Notes to the Financial Statements

For the year ended 31 December 2021

Amendment	Effective date (annual periods beginning on or after)
IAS 1 - Disclosure of Accounting Policies (Amendments)	01 January 2023
IAS 8 - Definition of Accounting Estimates (Amendments)	01 January 2023
IAS 12 - Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments)	01 January 2023
IFRS 10 / IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet finalised

The above amendments did not have any material impact on the financial statements, when effective.

Improvement to accounting standards issued by the IASB (2018 – 2020 cycle)	IASB effective date (annual periods beginning on or after)
IFRS 9 - Financial Instruments - Fees in the '10 percent' test for the derecognition of financial liabilities	01 January 2022
IAS 41 - Agriculture - Taxation in fair value measurement	01 January 2022
IFRS 16 - Leases: Lease incentives	01 January 2022

The adoption of above amendments and improvements will not have material impact in the period of application.

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

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 – First time adoption of IFRSs	01 January 2004
IFRS 17 – Insurance Contracts	01 January 2023

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property, plant and equipment

3.1.1 Owned assets

Initial recognition

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

Notes to the Financial Statements

For the year ended 31 December 2021

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, 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. The surplus arising on revaluation is disclosed as surplus on revaluation of property, plant and equipment as part of equity. 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.

Cost in relation to items of property, plant and equipment stated at cost represents the historical costs. Capital stores and spares which form part of the machinery are also capitalized.

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, and consists of expenditure incurred and advances made in respect of their construction and installation. 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.

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 de-recognition 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.

Notes to the Financial Statements

For the year ended 31 December 2021

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.

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.

Notes to the Financial Statements

For the year ended 31 December 2021

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 loss 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 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 2021) 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. Provision is made in these financial statements based on the actuarial valuation (conducted at the reporting date - 31 December 2021) 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 expense 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.

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.

3.8 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.

Notes to the Financial Statements

For the year ended 31 December 2021

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.

3.9 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.

Deferred

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

Deferred tax assets and deferred tax liabilities are offset only if there is a legally enforceable right to offset current tax assets and liabilities and they relate to the income tax levied by the same authorities.

3.10 Lease liabilities

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

The lease liability against right of use assets is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

3.11 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 31 December 2021

3.12 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.

3.13 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.

3.14 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.

3.15 Financial instruments

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

a) Initial recognition and measurement

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

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

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

Notes to the Financial Statements

For the year ended 31 December 2021

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

b) Subsequent measurement

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

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

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

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

c) Derecognition of financial assets

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

Notes to the Financial Statements

For the year ended 31 December 2021

3.16 Off-setting of financial assets and financial liabilities

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

3.17 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 Loss (ECLs) in respect of financial assets measured at amortised cost.

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

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

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

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

Non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment, If any, such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised, as an expense in the statement of profit or loss, at the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is assessed through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the Financial Statements

For the year ended 31 December 2021

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

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

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

3.18 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.

3.19 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.

3.20 Dividend and appropriations

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

3.21 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 shareholders 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.

Notes to the Financial Statements

For the year ended 31 December 2021

3.22 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.

3.23 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.

3.24 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	2021	2020
----- (Rupees in '000) -----			
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	1,518,645	706,633
Capital work-in-progress	4.2	76,986	10,084
		<u>1,595,631</u>	<u>716,717</u>

Notes to the Financial Statements

For the year ended 31 December 2021

2021

4.1 Operating fixed assets

	COST/ REVALUED AMOUNT / (DEFICIT)				Rate %	ACCUMULATED DEPRECIATION				Written down value as at 31 December 2021
	As at 1 January 2021	Additions	Disposals	Adjustment due to revaluation		Impairment	Surplus on revaluation	Adjustment due to revaluation	As at 31 December 2021	
Owned										
Freehold land (note 4.1.2)	203,407	-	-	196,633	-	400,040	-	-	-	400,040
Leasehold land (note 4.1.2)	156,486	-	-	628,335	2.67 & 10	772,486	4,313	(12,335)	674	771,812
Building on freehold land	62,884	76	-	(1,663)	10	44,275	5,102	(17,022)	-	44,275
Building on leasehold land	3,375	-	-	4,292	10	7,000	301	(667)	-	7,000
Plant, machinery and equipment	187,982	3,021	(312)	9,830	10	160,250	16,566	(40,271)	-	160,250
Dies and change parts	19,150	7,958	-	-	30	27,108	3,183	-	17,350	9,758
Capital spares	30,364	3,690	(570)	-	10	33,484	1,981	(297)	14,725	18,759
Furniture and fixtures	22,409	1,214	(50)	-	20	23,573	1,891	(31)	15,489	8,084
Computers	32,314	4,050	(1,991)	-	30	34,373	3,335	(1,459)	24,412	9,961
Vehicles	81,022	17,908	(22,672)	-	20	76,258	9,789	(12,666)	-	43,802
Diminishing musharaka										
Vehicle	6,135	3,380	-	-	20	9,515	902	-	3,372	6,143
	805,528	41,297	(25,595)	837,427		1,588,362	47,363	(70,295)	108,478	1,479,884
Right of use assets										
Rented premises	75,779	6,608	-	-	20	82,387	14,909	-	43,626	38,761
	881,307	47,905	(25,595)	837,427		1,670,749	62,272	(70,295)	152,104	1,518,645

2020

	COST/ REVALUED AMOUNT / (DEFICIT)				Rate %	ACCUMULATED DEPRECIATION				Written down value as at 31 December 2020
	As at 1 January 2020	Additions	Disposals	Adjustment due to revaluation		Impairment	Surplus on revaluation	Adjustment due to revaluation	As at 31 December 2020	
Owned										
Freehold land	203,407	-	-	203,407	-	203,407	-	-	-	203,407
Leasehold land	156,486	-	-	156,486	2.67 & 10	4361	4,335	-	8,696	147,790
Building on freehold land	62,734	150	-	62,884	10	6,273	5,647	-	11,920	50,964
Building on leasehold land	1,515	1,860	-	3,375	10	152	214	-	366	3,009
Plant, machinery and equipment	184,857	3,327	(202)	187,982	10	5726	18,104	(30)	23,800	164,182
Dies and change parts	19,028	2,241	-	(2,119)	30	19,150	2,265	(913)	14,167	4,983
Capital spares	29,409	955	-	-	10	11,201	1,840	-	13,041	17,323
Furniture and fixtures	20,783	1,671	(45)	-	20	11,680	1,980	(31)	13,629	8,780
Computers	30,220	2,296	(202)	-	30	18,692	4,025	(181)	22,536	9,778
Vehicles	78,517	2,935	(430)	-	20	81,022	10,926	(254)	35,333	45,689
Diminishing musharaka										
Vehicle	6,135	-	-	-	20	6,135	916	-	2,470	3,665
	793,091	15,435	(879)	-		805,528	50,252	(496)	145,958	659,570
Right of use assets										
Rented premises	75,779	-	-	-	20	75,779	14,358	-	28,716	47,063
	868,870	15,435	(879)	-		881,307	64,610	(496)	174,674	706,633

Notes to the Financial Statements

For the year ended 31 December 2021

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

4.1.3 Disposal of operating property, plant and equipment:

Description	Cost	Written down value	Sale Proceeds	Gain / (loss)	Mode of disposal	Particulars of buyers and relationship
	----- (Rupees in '000) -----					
Vehicles						
Car FAW V2 2017	1,069	502	502	-	Employee car scheme	Rana Muhammad Younus -Employee
Toyota Corolla GLI BPF-339	2,379	1,472	1,472	-	Employee car scheme	Faisal Ajmal -Employee
Toyota Corolla GLI BMX-248	2,153	1,178	1,178	-	Employee car scheme	Ghulam Shabbir-Employee
Suzuki Cultus VXL BNJ -306	1,391	762	762	-	Employee car scheme	Mohammad Qasim -Employee
Car	1,888	648	648	-	Employee car scheme	Shabbir Hussain -Employee
Toyota Corolla GLI AT 1.3 2018	2,132	986	986	-	Employee car scheme	Nasir Mehmood -Employee
Car (12-125-0869)	1,501	771	787	16	Employee car scheme	Usman Ali -Employee
2021	12,513	6,319	6,335	16		

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

4.1.4 As of the reporting date, the Company has revalued its leasehold / freehold land, their buildings and plant and machinery. 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 building on freehold land and plant and machinery have been restricted to the disposal value which represents the exit price under the applicable financial reporting standards.

The valuations have been performed by the valuer and are 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 are 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. 837.427 million has been recognized in OCI. The fair values of the above assets fall under level 2 "" Valuation Techniques (market observable)"" of fair value hierarchy."

4.1.5 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.

4.1.6 Had there been no revaluation, the written down values of the revalued lands, buildings, plant and machinery would have been Rs. 12.21 million, Rs. 15.01 million and Rs. 114.05 million respectively.

Notes to the Financial Statements

For the year ended 31 December 2021

4.2 Capital work-in-progress

	As at 01 January 2021	Addition	(Transfers to operating assets)	As at 31 December 2021
----- (Rupees in '000) -----				
- Building on freehold land	89	-	(89)	-
- Building on leasehold land	4,217	58,880	-	63,097
- Plant, machinery and equipment	1,208	5,133	(3,021)	3,320
- Dies and change parts	4,440	5,718	(7,958)	2,200
- Furniture and fixtures	45	1,293	(1,214)	124
- Vehicles	-	29,533	(21,288)	8,245
- Capital spares	-	3,690	(3,690)	-
- Computers	85	3,965	(4,050)	-
	<u>10,084</u>	<u>108,212</u>	<u>(41,310)</u>	<u>76,986</u>

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

	Note	2021	2020
----- (Rupees in '000) -----			
Depreciation on property, plant and equipment - operating fixed assets	4.1	62,272	64,610
Amortization on intangible assets	5	2,892	2,152
		<u>65,164</u>	<u>66,762</u>
Cost of sales	26	33,721	34,949
Selling and distribution expenses	27	13,163	12,907
Administrative expenses	28	18,280	18,906
		<u>65,164</u>	<u>66,762</u>

5. INTANGIBLE ASSETS

2021

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

2020

	COST			Rate %	ACCUMULATED AMORTIZATION			Written down value as on 31 December 2020
	As at 1 January 2020	Additions	As at 31 December 2020		As at 1 January 2020	For the year	As at 31 December 2020	
Computer software and licenses	15,954	9,540	25,494	30	15,853	2,152	18,005	7,489

Notes to the Financial Statements

For the year ended 31 December 2021

- 5.1. Cost of above assets include cost of assets of Rs. 15.954 million (2020: Rs. 15.718 million) having net book value of Rs. nil (2020: Rs. nil) at the reporting date which are still in use.

Note 2021 2020
----- (Rupees in '000) -----

6. LONG-TERM DEPOSITS

Considered good		
Sui Southern Gas Company Limited	-	2,786
Office and warehouse premises	1,593	1,593
Letter of guarantee	650	650
Central Depository Company of Pakistan Limited	13	13
	<u>2,256</u>	<u>5,042</u>
Considered doubtful		
Others	121	121
Provision held against others	(121)	(121)
	<u>-</u>	<u>-</u>
	<u>2,256</u>	<u>5,042</u>

7. LONG-TERM LOANS TO EMPLOYEES - secured

Considered good			
Loans to employees	7.1	1,165	2,312
Less: current maturity	12	(671)	(1,815)
Long-term portion		<u>494</u>	<u>497</u>

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

Notes to the Financial Statements

For the year ended 31 December 2021

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 2020	Recognized in profit and loss account	Recognised in surplus on revaluation of property, plant and equipment	Recognized in other comprehensive income	Balance as at 31 December 2020	Recognized in profit and loss account	Recognised in surplus on revaluation of property, plant and equipment	Recognized in other comprehensive income	Balance as at 31 December 2021
----- (Rupees in '000) -----									
Taxable temporary differences on:									
- accelerated tax depreciation	(22,775)	993	-	-	(21,782)	(150)	-	-	(21,932)
- surplus on revaluation of property, plant and equipment	(65,458)	3,677	-	-	(61,781)	3,417	-	(185,830)	(244,194)
- Leased liability	1,548	1,216	-	-	2,764	275	-	-	3,039
	<u>(86,685)</u>	<u>5,886</u>	<u>-</u>	<u>-</u>	<u>(80,799)</u>	<u>3,542</u>	<u>-</u>	<u>(185,830)</u>	<u>(263,087)</u>
Deductible temporary differences on:									
- provision for defined benefit plans	31,075	1,063	-	(1,388)	30,750	(216)	-	761	31,295
- provision against slow moving and obsolete stock and doubtful trade debts	14,736	787	-	-	15,523	(2,333)	-	-	13,190
- government grant	-	1,433	-	-	1,433	(820)	-	-	613
- tax losses (note 8.1)	13,150	(7,344)	-	-	5,806	-	-	-	5,806
	<u>58,961</u>	<u>(4,061)</u>	<u>-</u>	<u>(1,388)</u>	<u>53,512</u>	<u>(3,369)</u>	<u>-</u>	<u>761</u>	<u>50,904</u>
Deferred tax liability - net	<u>(27,724)</u>	<u>1,825</u>	<u>-</u>	<u>(1,388)</u>	<u>(27,287)</u>	<u>173</u>	<u>-</u>	<u>(185,069)</u>	<u>(212,183)</u>

8.1 Unrecognised deferred tax on unused losses amounted to Rs. 73.557 million (2020: Rs. nil).

9. STORES AND SPARES

Stores and spares
Provision against slow moving stores and spares

9.1 Provision against slow moving stores and spares

Balance as at 01 January
Charge for the year
Balance as at 31 December

Note 2021 2020
----- (Rupees in '000) -----

		15,317	15,829
9.1		(8,850)	(8,697)
		<u>6,467</u>	<u>7,132</u>
26		8,697	8,179
		153	518
		<u>8,850</u>	<u>8,697</u>

Notes to the Financial Statements

For the year ended 31 December 2021

	Note	2021	2020
		----- (Rupees in '000) -----	
10. STOCK-IN-TRADE			
Raw material			
- in hand		108,289	61,355
- in transit		19,653	17,876
		<u>127,942</u>	<u>79,231</u>
Packing material		48,174	42,583
Work-in-process		13,085	9,554
Finished goods		152,198	108,548
		<u>341,399</u>	<u>239,916</u>
Provision against slow moving and obsolete stock	10.1	(26,318)	(34,490)
		<u>315,081</u>	<u>205,426</u>
10.1 Provision against slow moving and obsolete stock			
Balance as at 01 January		34,490	32,620
Charge for the year	26	217	1,870
Reversal during the year		(8,389)	-
Balance as at 31 December		<u>26,318</u>	<u>34,490</u>
10.2			
Stock-in-trade includes items costing Rs.78.4 million (2020: Nil) valued at net realisable value of Rs. 73.6 million (2020: Nil) resulting in a write down of Rs. 4.79 million (2020: Nil)			
11. TRADE DEBTS - unsecured			
Considered good	11.1	116,439	41,028
Considered doubtful		9,397	9,397
		<u>125,836</u>	<u>50,425</u>
Allowance for expected credit loss	11.3	(9,397)	(9,397)
		<u>116,439</u>	<u>41,028</u>
11.1			
Trade debts are non-interest bearing and are generally on 30 to 45 day credit terms after delivery of goods.			
11.2			
There are no balances due from the related parties.			
11.3			
Allowance for expected credit loss:			
Balance as at 01 January		9,397	9,097
Charge for the year	28	-	300
Balance as at 31 December		<u>9,397</u>	<u>9,397</u>

Notes to the Financial Statements

For the year ended 31 December 2021

	Note	2021	2020
----- (Rupees in '000) -----			
12. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Considered good			
Advance			
- for taxation		89,817	111,770
Advances to suppliers and contractors		3,212	2,697
Prepayments		448	3,655
Current maturity of loans to employees	7	671	1,815
Deposit to Sui Southern Gas Company Limited		2,786	-
Others		1,456	805
		<u>98,390</u>	<u>120,742</u>
Considered doubtful			
Advances to suppliers and contractors		803	803
Less: Provision against doubtful advances		(803)	(803)
		<u>-</u>	<u>-</u>
		<u>98,390</u>	<u>120,742</u>
13. SHORT-TERM INVESTMENT			
At amortised cost:			
Term deposit receipt	13.1	30,000	-
At fair value through profit or loss:			
Money market funds	13.2	60,000	60,000
		<u>90,000</u>	<u>60,000</u>
13.1	These represent investments in local currency TDRs which are due to mature within next 1 month. These carry profit at the rates ranging from 8.25% to 9.8% (2020: 5.5%) per annum.		
13.2	Represents 1,200,000 units (2020: 1,201,803 units) of Meezan Rozana Amdani Fund having net asset value of Rs. 50 (2020: Rs.50) per unit as of reporting date. The fair value falls under level 1 of fair value hierarchy (i.e. Quoted price).		
14. CASH AND BANK BALANCES			
Cash in hand		210	235
Cash at banks			
- current / collection accounts		8,610	101,545
- saving accounts	14.1	22,889	1,450
		<u>31,499</u>	<u>102,995</u>
		<u>31,709</u>	<u>103,230</u>
14.1	This carries profit rate at 5.5% - 7.25% (2020: 2.75% - 5%) per annum.		

Notes to the Financial Statements

For the year ended 31 December 2021

15. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2021	2020		2021	2020
----- (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>

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

16. 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	2021	2020
----- (Rupees in '000) -----			
Opening balance		416,453	429,169
- revaluation surplus recognized during the year		837,427	-
- reversal of surplus due to impairment of assets		-	(36)
- transferred to retained earnings in respect of:			
- incremental depreciation charged during the year		(11,784)	(12,680)
		<u>1,242,096</u>	<u>416,453</u>
Related deferred tax liability			
- at beginning of the year		61,781	65,458
- revaluation during the year		185,830	-
- on incremental depreciation charged during the year	8	(3,417)	(3,677)
		<u>244,194</u>	<u>61,781</u>
Closing balance		<u>997,902</u>	<u>354,672</u>

17. LONG-TERM LOAN

Diminishing musharaka	17.1	11,944	3,539
Loan from director	17.2	100,000	-
Refinance scheme for the payment of salaries and wages	17.3	44,895	80,211
		156,839	83,750
Less: current maturity shown under current liability	20.2	(43,781)	(39,716)
		<u>113,058</u>	<u>44,034</u>

17.1 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 (2020: 6 months' KIBOR + 2% per annum).

Notes to the Financial Statements

For the year ended 31 December 2021

17.2 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 in four equal instalments of Rs. 25 million each with principal repayments starting from 05 January 2023 and ending on 05 July 2023.

17.3 Represents long term financing obtained from commercial banks under the refinance scheme for payment of salaries and wages by State Bank of Pakistan. These facilities carry on flat rate of 2.75% and 3% per annum, however, the effective interest rate ranged from 8.25%-8.92% per annum and the loan has been recognized at present value, the loan is repayable in 8 equal quarterly instalments commencing from January 2021 discounted at the effective rate of interest. The differential mark up recognized as government grant (as disclosed on note 18) which will be amortised to other income over the period of the facility. The financing is secured against first Pari Passu charge over plant and machinery of the Company amounting to Rs. 179.33 million and first Pari Passu charge over present and future current assets of the Company amounting to Rs. 400 million.

	Note	2021	2020
----- (Rupees in '000) -----			
18 DEFERRED GOVERNMENT GRANT			
As at 01 January		4,942	-
Recognised during the year		-	6,009
Amortized during the year	29	(2,827)	(1,067)
		<u>2,115</u>	<u>4,942</u>
Current portion	20.2	(2,115)	(2,827)
Non-current portion		<u>-</u>	<u>2,115</u>

As aforementioned in note 17.3, the purpose of the government grant is to facilitate the Company in making timely payments of salaries and wages to its employees in light of the COVID-19 pandemic. The grant is conditional upon the fact that the Company would not terminate any employee, due / owing to cash flow limitations, for a period of three months from the date of receipt of the first tranche.

	Note	2021	2020
----- (Rupees in '000) -----			
19. DEFERRED STAFF LIABILITIES			
Gratuity scheme	19.4	99,750	93,590
Other staff retirement benefits scheme	19.4	8,163	12,444
		<u>107,913</u>	<u>106,034</u>
Current portion	20.2	(8,163)	-
Non-current portion		<u>99,750</u>	<u>106,034</u>

19.1 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

Notes to the Financial Statements

For the year ended 31 December 2021

19.2 Number of Employees under the scheme

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

	Note	2021	2020
		----- (Number) -----	
Gratuity Scheme		140	158
Other Retirement Benefit Scheme		11	19

19.3 Principal actuarial assumptions

The latest actuarial valuations of the above gratuity and retirement benefit schemes were carried out as at 31 December 2021 under the Project Unit Credit Method. Principal actuarial assumptions used in the valuation of the schemes are as follows:

	Gratuity Scheme		Other Staff retirement benefit scheme	
	2021 (%)	2020 (%)	2021 (%)	2020 (%)
	----- (Rupees in '000) -----			
Financial assumptions				
Valuation discount rate	11.75	9.75	11.75	9.75
Salary increase rate	11.75	9.75	11.75	9.75
Demographic assumptions				
Mortality rate	SLIC (2001- 2005)	SLIC (2001- 2005)	SLIC (2001- 2005)	SLIC (2001- 2005)

19.4 Reconciliation of the present value of the defined benefit obligations

	Gratuity Scheme		Other staff retirement benefits scheme		Total	
	2021	2020	2021	2020	2021	2020
	----- (Rupees in '000) -----					

19.4 Reconciliation of the present value of the defined benefit obligations

Present value of obligation - opening balance	93,590	87,162	12,444	19,993	106,034	107,155
Current service cost	8,303	8,912	(35)	604	8,268	9,516
Interest cost	8,533	10,294	911	1,968	9,444	12,262
Benefits paid	(12,204)	(9,618)	(6,253)	(8,495)	(18,457)	(18,113)
Remeasurement of actuarial losses on obligation	1,528	(3,160)	1,096	(1,626)	2,624	(4,786)
Present value of obligation - closing balance	<u>99,750</u>	<u>93,590</u>	<u>8,163</u>	<u>12,444</u>	<u>107,913</u>	<u>106,034</u>

Notes to the Financial Statements

For the year ended 31 December 2021

19.5 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	
	2021	2020	2021	2020	2021	2020
	----- (Rupees in '000) -----					
Current service cost	8,303	8,912	(35)	604	8,268	9,516
Interest cost	8,533	10,294	911	1,968	9,444	12,262
	<u>16,836</u>	<u>19,206</u>	<u>876</u>	<u>2,572</u>	<u>17,712</u>	<u>21,778</u>

19.6 Remeasurement recognised in other comprehensive income

	Gratuity Scheme		Other staff retirement benefits scheme		Total	
	2021	2020	2021	2020	2021	2020
	----- (Rupees in '000) -----					
Actuarial losses on obligation						
- financial assumptions	-	-	-	-	-	-
- experience adjustment	1,528	(3,160)	1,096	(1,626)	2,624	(4,786)
Total remeasurement recognised in other comprehensive income	<u>1,528</u>	<u>(3,160)</u>	<u>1,096</u>	<u>(1,626)</u>	<u>2,624</u>	<u>(4,786)</u>

19.7 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>17,674</u>
Other staff retirement benefit scheme	19.7.1	-

19.7.1 The expected retirement benefit cost, comprising of service cost and net interest cost for the next year ending 31 December 2022, works out to Rs. nil, as the Company has decided to terminate the scheme by middle of next year.

19.8 Sensitivity analysis

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

Notes to the Financial Statements

For the year ended 31 December 2021

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

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
2020	----- (Rupees in '000) -----			
Discount rate effect				
Original liability	93,590	12,444	9.75%	9.75%
1% increase	86,706	12,207	10.75%	10.75%
1% decrease	101,490	12,694	8.75%	8.75%
Salary increase rate effect				
Original liability	93,590	12,444	9.75%	9.75%
1% increase	101,874	12,749	10.75%	10.75%
1% decrease	86,251	12,149	8.75%	8.75%

Notes to the Financial Statements

For the year ended 31 December 2021

If Life expectancy increases by one year

	Gratuity Scheme	Other staff retirement benefits scheme
	----- (Rupees in '000) -----	
Original liability	93,590	12,444
1% increase	93,591	12,444
Current duration (years)	7.09	1.69

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.

Note	2021	2020
	----- (Rupees in '000) -----	

20. LEASE LIABILITIES

Liabilities against right of use assets - long term portion	20.1	30,986	43,009
		<u>30,986</u>	<u>43,009</u>

20.1 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) -----		
2021			
Not later than one year	23,138	4,885	18,253
Later than one year and not later than five years	34,427	3,441	30,986
	<u>57,565</u>	<u>8,326</u>	<u>49,239</u>
Less: Current portion			<u>18,253</u>
			<u>30,986</u>
2020			
Not later than one year	19,900	6,317	13,583
Later than one year and not later than five years	50,157	7,148	43,009
	<u>70,057</u>	<u>13,465</u>	<u>56,592</u>
Less: Current portion			<u>13,583</u>
			<u>43,009</u>

Notes to the Financial Statements

For the year ended 31 December 2021

	Note	2021	2020
		----- (Rupees in '000) -----	
20.2 Current maturity of non-current liabilities			
Refinance scheme for the payment of salaries and wages		40,321	38,576
Diminishing musharaka		3,460	1,140
	17	43,781	39,716
Deferred government grant	18	2,115	2,827
Lease liabilities	20.1	18,253	13,583
Other staff retirement benefits scheme	19	8,163	-
		<u>72,312</u>	<u>56,126</u>
21. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES			
21.1 Trade and other payables			
Trade creditors		421,587	164,033
Accrued expenses		93,890	71,828
Sales tax payable		17,268	8,326
Deductions on account of vehicles for the employees		779	1,306
Accrued mark-up		3,823	83
Worker's Welfare Fund	21.2	1,834	4,839
Workers' Profit Participation Fund	21.3	112	2,767
Other liabilities		1,411	1,499
		<u>540,704</u>	<u>254,681</u>
21.2 Workers' Welfare Fund			
Balance as at 1 January		4,839	1,851
Provision for the year	30	-	2,988
Payments during the year		(3,005)	-
Balance as at 31 December		<u>1,834</u>	<u>4,839</u>
21.3 Workers' Profit Participation Fund			
Balance as at 1 January		2,767	2,013
Provision for the year	30	-	2,838
Interest on WPPF	31	183	-
Payments during the year		(2,838)	(2,084)
Balance as at 31 December		<u>112</u>	<u>2,767</u>
21.4		This represents advance payments by the customers for the sale of Company's products. Revenue recognized during the year from contract liabilities as at the beginning of the year amounted to Rs. 55.225 million (2020: Rs. 84.148 million).	
	Note	2021	2020
		----- (Rupees in '000) -----	
22. SHORT-TERM BORROWINGS			
Salam finance	22.1	115,000	-
Running finance	22.2	-	-
		<u>115,000</u>	<u>-</u>

Notes to the Financial Statements

For the year ended 31 December 2021

- 22.1** The facility represents Salam financing facility available from a commercial bank amounting to Rs. 150 million (2020: Salam and Istina finance facility of Rs. 245 million) and carries mark-up of 6 months' KIBOR+0.5% (2020: 6 months' KIBOR+0.5% - 1%) per annum. The facility is secured by way of first pari passu charge over present and future current assets amounting to Rs. 267 million. As of the reporting date, unutilised facility aggregated to Rs. 35 million (2020: Rs. 245 million). Above facility is valid up to 30 April 2022 and is generally renewable.
- 22.2** The facility for running finance available from a commercial bank of Rs. 200 million (2020: Rs. 200 million) carries mark-up at 1 month KIBOR+1% (2020: 1 month KIBOR+1%) per annum valid until 30 April 2022 and is generally renewable. The facility is secured by first pari passu charge by way of hypothecation over all present and future current assets of the Company of Rs. 400 million and first pari passu charge of Rs. 113.33 million over all plant and machinery of the Company. At 31 December 2021, unutilised facility for running finance aggregated to Rs. 200 million (2020: Rs. 200 million).
- 22.3** As of the reporting date, unutilised letter of credit facilities from certain banks amounted to Rs. 272.8 million (2020: Rs. 258.58 million). These are secured against the import bills of the Company. Total facilities sanctioned to the Company amounted to Rs. 350 million (2020: Rs. 350 million).

	Note	2021	2020
----- (Rupees in '000) -----			
23. TAXATION			
Current year	23.1	34,258	36,738
Prior year		(136)	2,766
Deferred	8	(173)	(1,825)
		<u>33,949</u>	<u>37,679</u>

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

Notes to the Financial Statements

For the year ended 31 December 2021

23.3 Income Tax Assessments of the Company have been completed up to and including the financial year ended 31 December 2020 with the exception of accounting years 2007, 2011, 2012, 2014, 2015, and 2016. For tax year ended 2011, audit proceedings were initiated and completed vide order passed under section 122(1)(5) of the Income Tax Ordinance, 2001 in which certain disallowances were made amounting to Rs. 12.289 million against which appeal was filed by the Company. The appeal was heard and then subsequently the CIR Appeals passed a revised order in which certain expenses earlier disallowed were allowed amounting to Rs. 4.66 million while expenses amounting to Rs. 6.65 million were remanded back by CIR Appeals to Deputy Commissioner Inland Revenue (DCIR). In respect of the remaining amount, the Company has already filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) which is pending decision. Based on the Company's tax advisor's view, a favourable decision is expected and therefore the subject demand is expected to be quashed. Accordingly, no provision of above demand, has been made in these financial statements.

Furthermore, on 21 April 2015, an order under sub-section (5A) of section 122 of the Income Tax Ordinance, 2001 was passed by the Additional Commissioner Inland Revenue for the tax year 2012, in which tax demand of Rs. 0.75 million was raised against certain disallowances. The Company has filed an appeal against the alleged order before the Commissioner Inland Revenue Appeals who vide its order dated 8 September 2016 has allowed certain expenses of Rs. 1.82 million which were earlier disallowed (tax effect being Rs. 0.65 million). In respect of the remaining amount, the Company has already filed an appeal before the ATIR which is pending decision. Based on the Company's tax advisor's view, a favourable decision is expected and therefore the subject demand is expected to be quashed. Accordingly, no provision of above demand, has been made in these financial statements.

23.4 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. No order has been passed by the department in relation to the set-aside proceedings. The management believes that there is no merit in above demands. Accordingly, no provision has been made in these financial statements.

23.5 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.

Notes to the Financial Statements

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23.6 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.

23.7 During the year 2015, a show cause notice was issued by the Office Inland Revenue, Large Taxpayers' Unit, Karachi [OIR] for seeking information for the purposes of monitoring of withholding taxes for the tax year 2014. The Company submitted all the requisite details and explanations. However, the OIR had passed order under section 161/205 of the Income Tax Ordinance, 2001 vide order No. 11/77 dated 25 March 2015 and raised the demand in aggregate of Rs. 2.675 million including default surcharge and penalty.

The Company has filed an appeal before the Commissioner Inland Revenue - Appeals [CIRA] against the above-mentioned order dated 25 March 2015. The CIRA has passed order dated 10 September 2015 through which he had deleted aforesaid tax demand. However, the tax department had filed an appeal dated 23 February 2016 in Appellate Tribunal Inland Revenue [ATIR] against the aforesaid order, which is still pending. The management believes that there is no merit in above demands. Accordingly, no provision has been made in these financial statements.

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

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

The Company filed appeal before Appellate Tribunal - PRA against the above order of Commission Appeals which is pending adjudication. The Company, based on the opinion of tax advisor expects a favourable outcome on legal grounds which were not addressed by the Commission Appeals. Accordingly, no provision, in respect of above demand, has been made in these financial statements.

23.9 During the year ended December 31, 2020, orders under sub section (1) of section 122(5A) of the Income Tax Ordinance, 2001 were passed by Additional Commissioner Inland Revenue (ACIR) for the tax year 2018 and 2019 (corresponding financial year 2017 and 2018) in which certain disallowances amounting to Rs. 7.463 million and Rs. 5.91 million respectively were made. Being aggrieved, the Company filed appeals before the Commissioner Inland Revenue - Appeals (CIR-A) against the alleged order of ACIR. During the year, these appeals were partly decided in favour of the Company by allowing the expenses amounting to Rs. 1.768 million and Rs 1.635 million respectively and remaining issues remanded back to the department for re examination after providing opportunity of being heard to the Company. Till date, the Department has not initiated set aside proceedings. Based on the Company's tax advisor's view, reasonable grounds are available to contest the remand back issues. Being prudent, the management has provided Rs.1.01 million in these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2021

23.10 The Additional Commissioner Inland Revenue selected income tax affairs for tax year 2014 and served show cause notice on 04 December 2019. On 12 December 2019, the learned ADC passed order u/s 122(5A) to conclude proceedings and made certain disallowances amounting to Rs.1.56 million. The management of the Company has filed an appeal against the above order which is pending for adjudication. The management based on the opinion of its tax advisor, believes that they have good case to argue before Commissioner Appeals. Accordingly, no provision, in respect of above demand, has been made in these financial statements.

24. CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

24.1.1 Bank guarantees have been issued in favour of Sui Southern Gas Company Limited for the supply of gas aggregating to Rs. 7.02 million (2020: Rs. 7.02 million) in addition to which security deposit of Rs. 2.786 million has also been given to Sui Southern Gas Company Limited. Bank guarantee has also been issued in favour of Pakistan State Oil for issuance of PSO fleet cards aggregating to Rs. 1.3 million (2020: Rs. 1.3 million) against which security deposit of Rs. 0.65 million have been given. These guarantees are also secured in the manner explained in note 22.2 to these financial statements.

24.1.2 Refer note 23 for tax related pending matters.

24.2 Commitments

24.2.1 As of the reporting date, commitments under letters of credit for the import of stock in trade items amounted to Rs. 19.18 million (2020: Rs. 36.6 million) representing the LCs opened by the year end but no shipment made by that date.

25. SALES - net

	2021	2020
	----- (Rupees in '000) -----	
Gross sales	3,629,435	3,227,201
Sales tax	(579,756)	(516,418)
Trade discount	(304,140)	(266,785)
Sales return and rebate	(7,989)	(537)
	(891,885)	(783,740)
	<u>2,737,550</u>	<u>2,443,461</u>

Notes to the Financial Statements

For the year ended 31 December 2021

25.1 Company's main product toilet soap falls under Third Schedule under the Sales Tax Act, 1990 (Act) under Pakistan Custom Terrif (PCT) headings 3401.1100 and 3401.2000. These products are chargeable to Sales Tax under sub-section 2 of section 3 of the above Act at seventeen percent of the retail price. Accordingly, the base price on which sales tax has been calculated is Rs. 3,434 million (2020: Rs. 3,032 million).

25.2 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.

2021 2020
----- (Rupees in '000) -----

26. COST OF SALES

Raw material consumed	26.1	2,037,470	1,416,079
Packing material consumed	26.2	198,615	169,408
Salaries, wages and other benefits	26.3	121,437	107,601
Depreciation and amortisation	4.3	33,721	34,949
Fuel and power		13,939	11,462
Freight and handling charges		7,805	7,171
Provision for slow moving and obsolete stock	10.1	217	1,870
Stores and spares consumed		4,748	3,877
Rates and taxes		5,381	11,505
Travelling and conveyance		4,512	3,268
Insurance expense		2,044	2,123
Repair and maintenance		581	494
Postage, telegrams and telephones		662	681
Printing and stationery		231	193
Legal and professional charges		258	75
Product research and development		8,867	5,836
Subscription charges		264	75
Goods purchased for resale		53,658	75,021
Provision for obsolete stores and spares	9.1	153	518
Others		3,970	2,804
		<u>2,498,533</u>	<u>1,855,010</u>
Opening stock of work-in-process		9,554	5,050
Closing stock of work-in-process	10	(13,085)	(9,554)
Cost of good manufactured		<u>2,495,002</u>	<u>1,850,506</u>
Opening stock of finished goods		108,548	101,838
Closing stock of finished goods	10	(152,198)	(108,548)
		<u>2,451,352</u>	<u>1,843,796</u>

Notes to the Financial Statements

For the year ended 31 December 2021

	Note	2021	2020
		----- (Rupees in '000) -----	
26.1 Raw material consumed			
Opening stock		61,355	69,897
Purchases		2,084,404	1,407,537
		<u>2,145,759</u>	<u>1,477,434</u>
Closing stock	10	(108,289)	(61,355)
Raw material consumed		<u>2,037,470</u>	<u>1,416,079</u>
26.2 Packing material consumed			
Opening stock		42,583	29,160
Purchases		204,206	182,831
		<u>246,789</u>	<u>211,991</u>
Closing stock	10	(48,174)	(42,583)
Packing material consumed		<u>198,615</u>	<u>169,408</u>

26.3 Salaries, wages and other benefits include Rs. 9.75 million (2020: Rs. 13.237 million) in respect of defined benefit obligations and contribution of Rs. 2.75 million (2020: Rs. 2.54) to the provident fund.

27. SELLING AND DISTRIBUTION EXPENSES

Salaries, wages and other benefits	27.1	169,092	173,775
Advertisement expenses		68,325	64,176
Freight, distribution and handling charges		79,599	83,301
Travelling and conveyance		21,818	20,940
Depreciation and amortisation	4.3	13,163	12,907
Rates and taxes		760	316
Product research and development		10,383	8,363
Meeting expenses		845	893
Postage, telegrams and telephones		2,067	1,959
Insurance expense		2,420	2,267
Legal and professional charges		1,720	1,701
Utility charges		968	844
Repair and maintenance		281	277
Printing and stationery		368	547
Others		329	1,247
		<u>372,138</u>	<u>373,513</u>

27.1 These include Rs. 2.8 million (2020: Rs. 2.56 million) in respect of defined benefit obligations and contribution of Rs. 4.1 million (2020: Rs 4.1 million) to the provident fund.

Notes to the Financial Statements

For the year ended 31 December 2021

	Note	2021	2020
		----- (Rupees in '000) -----	
28. ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	28.1	105,457	102,078
Depreciation and amortisation	4.3	18,280	18,906
Rates and taxes		355	685
Legal and professional charges		8,657	12,254
Travelling and conveyance		5,413	4,491
Postage, telegrams and telephones		2,505	2,816
Fuel and power		2,032	2,111
Printing and stationery		843	652
Auditors' remuneration	28.2	1,805	1,840
Allowance for expected credit loss	11.3	-	300
Insurance expense		809	920
Repair and maintenance		907	1,297
Training expenses		206	321
Directors' meeting fee		1,170	1,050
Computer equipment charges		21	8
Charity and donation	28.3	130	1,992
Others		1,751	2,807
		<u>150,341</u>	<u>154,528</u>

28.1 These include Rs.5.9 million (2020: Rs. 5.99 million) in respect of defined benefit obligations and contribution of Rs. 3.1 million (2020: Rs 2.85 million) to the provident fund.

28.2 Auditors' remuneration

Audit fee	1,000	1,000
Fee for half yearly review	350	350
Fee for review of Code of Corporate Governance	75	75
Corporate and other advisory services	120	120
Out of pocket expenses	260	295
	<u>1,805</u>	<u>1,840</u>

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

29. OTHER INCOME

Income from financial instruments

- Return on bank deposits	162	146
- Return on term deposit receipts	8	261
- Amortization of government grant	18	2,827
- Gain on modification of financial liability	1,289	-
	<u>4,286</u>	<u>1,474</u>

Notes to the Financial Statements

For the year ended 31 December 2021

	Note	2021	2020
		----- (Rupees in '000) -----	
Income from non-financial instruments			
- Scrap sales	29.1	5,553	5,688
- Loss on disposal of operating fixed assets - net		(59)	(169)
- Others		417	126
		<u>5,911</u>	<u>5,645</u>
		<u>10,197</u>	<u>7,119</u>
29.1 Gross Scrap Sales		6,540	6,655
Sales tax		(987)	(967)
Net scrap sales		<u>5,553</u>	<u>5,688</u>
30. OTHER CHARGES			
Workers' Welfare Fund	21.2	-	2,988
Workers' Profit Participation Fund	21.3	-	2,838
Impairment against operating fixed assets		-	1,170
Exchange loss on revaluation of financial liabilities		6,005	4,232
		<u>6,005</u>	<u>11,228</u>
31. FINANCE COSTS			
Profit / markup on:			
Refinance scheme for the payment of salaries and wages		5,348	2,454
Assets acquired under diminishing musharaka		380	458
Loan from director		51	-
Short-term borrowings		12,081	4,801
Lease liabilities		6,548	7,805
		<u>24,408</u>	<u>15,518</u>
Interest on WPPF	21.3	183	-
Bank charges		965	1,057
		<u>25,556</u>	<u>16,575</u>
32. (LOSS) / EARNINGS PER SHARE - basic and diluted			
(Loss) / profit for the year after taxation		<u>(291,594)</u>	<u>13,261</u>
		(Number of shares)	
Weighted average number of ordinary shares		<u>6,122,600</u>	<u>6,122,600</u>
		(Rupees)	
(Loss) / earnings per share - basic and diluted		<u>(47.63)</u>	<u>2.17</u>
32.1 There is no dilutive effect on basic earnings per share of the Company.			

Notes to the Financial Statements

For the year ended 31 December 2021

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	(Key Management Person)		Non-Executive		Executives				Total	Total
	Chief Executive		Director (Chair person)		Other Key Management Personnel	Others				
	For the year ended 31 December 2021	For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ended 31 December 2020
----- (Rupees in '000) -----										
Managerial remuneration	11,362	8,232	6,300	6,300	19,943	14,925	13,249	6,736	50,854	36,193
Provident fund	1,027	932	-	-	1,830	1,657	1,232	738	4,089	3,327
Special pay	6,907	6,265	-	-	12,302	11,138	8,284	4,961	27,493	22,364
Housing and utilities	5,746	5,268	-	-	10,270	9,377	6,933	4,138	22,949	18,783
Medical	136	142	-	-	687	626	321	218	1,144	986
Incentive	2,180	5,154	-	-	1,833	8,211	1,149	3,022	5,162	16,387
Gratuity	856	777	-	-	1,070	967	1,027	615	2,953	1,582
Other perquisites and benefits	68	68	-	-	-	-	-	-	68	68
	<u>28,282</u>	<u>26,838</u>	<u>6,300</u>	<u>6,300</u>	<u>47,935</u>	<u>46,901</u>	<u>32,195</u>	<u>20,428</u>	<u>114,712</u>	<u>99,690</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>5</u>	<u>5</u>	<u>7</u>	<u>4</u>	<u>14</u>	<u>11</u>

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

33.1 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. 1.17 million (2020: Rs. 1.05 million).

34. PROVIDENT FUND RELATED DISCLOSURE

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

Notes to the Financial Statements

For the year ended 31 December 2021

35. FINANCIAL INSTRUMENTS

35.1 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.

35.2 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.

35.2.1 Exposure to credit risk

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

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

Notes to the Financial Statements

For the year ended 31 December 2021

	Note	2021		2020	
		Financial assets	Maximum Exposure	Financial assets	Maximum Exposure
----- (Rupees in '000) -----					
Deposits	6	2,256	2,256	5,042	5,042
Loans to employees	7	1,165	1,165	2,312	2,312
Trade debts	11	116,439	116,439	41,028	41,028
Short-term investments	13	90,000	90,000	60,000	60,000
Bank balances	14	31,499	31,499	102,995	102,995
		<u>241,359</u>	<u>241,359</u>	<u>211,377</u>	<u>211,377</u>

35.2.2 Concentration of credit risk

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

	2021	2020
----- (Rupees in '000) -----		
Distributors and retailers	116,439	41,028
Mutual Fund	60,000	60,000
Commercial banks	61,499	102,995
Utilities	-	2,786
Employees	1,165	2,312
Others	2,256	2,256
	<u>241,359</u>	<u>211,377</u>

35.2.3 Bank balances

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

	Short term	Long term	2021	2020
----- (Rupees in '000) -----				
Habib Bank Limited	A-1+	AAA	1,805	148
MCB Bank Limited	A-1	A	3,110	66,754
Soneri Bank Limited	A-1+	AA-	4,099	19,586
National Bank of Pakistan	A-1+	AAA	1,056	1,382
Standard Chartered Bank (Pakistan) Limited	A-1+	AAA	21,381	55
Bank Islami Pakistan Limited	A-1	A+	5	15,070
MCB Islamic Bank	A-1	A	43	-
			<u>31,499</u>	<u>102,995</u>

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

Notes to the Financial Statements

For the year ended 31 December 2021

35.2.4 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:

	2021		2020	
	Gross	Impairment loss	Gross	Impairment loss
	(Rupees in '000)		(Rupees in '000)	
Past due 1 - 60 days	116,439	-	41,028	-
Past due 61 days - 1 year	-	-	-	-
More than one year	9,397	9,397	9,397	9,397
Total	<u>125,836</u>	<u>9,397</u>	<u>50,425</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.

35.3 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 21).

35.3.1 Exposure to liquidity risk

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

Notes to the Financial Statements

For the year ended 31 December 2021

	2021			
	Carrying amount	Contractual cash flows	12 months or less (on demand)	More than 12 months
------(Rupees in '000)-----				
Non-derivative financial liabilities				
Accrued mark-up	3,823	3,823	3,823	-
Trade and other payables	516,888	516,888	516,888	-
Long-term loan (including current portion)	156,839	156,839	43,781	113,058
Lease liabilities (including current portion)	49,239	49,239	18,253	30,986
	<u>726,789</u>	<u>726,789</u>	<u>582,745</u>	<u>144,044</u>

	2020			
	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	83	83	83	-
Trade and other payables	237,360	237,360	237,360	-
Long-term loan (including current portion)	83,750	83,750	39,716	44,034
Lease liabilities (including current portion)	56,592	56,592	13,583	43,009
	<u>377,785</u>	<u>377,785</u>	<u>290,742</u>	<u>87,043</u>

35.4 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.

35.4.1 Currency risk

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

Exposure to currency risk

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

Notes to the Financial Statements

For the year ended 31 December 2021

	2021		2020	
	(Rupees in '000)	US Dollars	(Rupees in '000)	US Dollars
Foreign supplier payables	57,916	328,141	54,766	340,585
Gross exposure	57,916	328,141	54,766	340,585

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	
	2021	2020	2021	2020
Rupees / US Dollars	162.97	159.70	176.51	160.80

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. 2.57 million (2020: Rs. 2.73 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 2020.

35.4.2 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 loans 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	
		2021	2020
		(Rupees in '000)	
Fixed rate instruments			
Financial liabilities - lease liability	20	49,239	56,592
Short-term investment	13	30,000	-
Variable rate instruments			
Financial assets - bank balance in profit and loss sharing accounts - withdrawable on demand	14	22,889	1,450
Financial liabilities - short-term borrowings	22	115,000	-
Financial liabilities - long-term loan	17	156,839	83,750

Notes to the Financial Statements

For the year ended 31 December 2021

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 profit for the year ended 31 December 2020 and 31 December 2021.

35.4.3 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.

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

	2021				Total
	Liabilities			Un-claimed dividend	
	Short term borrowings (including accrued markup)	Lease liabilities	Long term loans		
----- (Rupees in '000) -----					
Balance as at 1 January 2021	-	56,592	83,750	1,386	141,728
Proceeds from short-term borrowings	455,000	-	-	-	455,000
Repayment of short-term borrowings	(340,000)	-	-	-	(340,000)
Lease rentals paid	-	(20,509)	-	-	(20,509)
Long-term loan obtained	-	-	100,000	-	100,000
Repayment of long-term loans	-	-	(37,235)	-	(37,235)
Dividend paid	-	-	-	(7,576)	(7,576)
Total changes from financing cash flows	115,000	(20,509)	62,765	(7,576)	149,680
Interest expense	-	6,548	5,348	-	11,896
Addition in lease liabilities	-	6,608	-	-	6,608
Dividend declared	-	-	-	7,653	7,653
Assets acquired under diminishing musharaka	-	-	11,675	-	11,675
Interest paid	-	-	(6,699)	-	(6,699)
Other changes- liability related	-	13,156	10,324	7,653	31,133
Balance as at 31 December 2021	115,000	49,239	156,839	1,463	322,541

Notes to the Financial Statements

For the year ended 31 December 2021

35.5 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.

35.6 Fair value of financial instruments

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

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

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

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

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

Notes to the Financial Statements

For the year ended 31 December 2021

- 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 and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

	Note	Carrying Amount		Fair value
		Amortized cost	Total	Total
2021		------(Rupees in '000)-----		
Financial assets not measured at fair value				
	35.2.1			
Deposits		5,042	5,042	-
Loans to employees		1,165	1,165	-
Trade debts		116,439	116,439	-
Cash and bank balances (including cash in hand)		31,709	31,709	-
Short-term investment		30,000	30,000	-
		<u>184,355</u>	<u>184,355</u>	<u>-</u>

	Note	Carrying Amount		Fair value
		Other financial liabilities	Total	Total
		------(Rupees in '000)-----		
Financial liabilities not measured at fair value				
	35.3.1			
Trade and other payables		516,888	516,888	-
Accrued mark-up		3,823	3,823	-
Long-term loan (including current portion)		156,839	156,839	-
Lease liabilities (including current portion)		49,239	49,239	-
		<u>726,789</u>	<u>726,789</u>	<u>-</u>

Notes to the Financial Statements

For the year ended 31 December 2021

37. 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	2021	2020
----- (Rupees in '000) -----			
Transactions with related parties:			
Other related parties			
Contribution to the employees' provident fund	37.1	9,934	9,452
Long-term loan from Director			
	17.2	100,000	-
Key Management Personnel			
Total remuneration of the Chief Executive, Chair person and other key management personnel	33	82,517	79,262
Other Director's remuneration (meeting fee)		1,170	1,050

- 37.1** Contribution to the provident fund is made in accordance with the requirements of staff service rules.
- 37.2** Remuneration of key management personnel in accordance with their terms of employment are given in note 33.
- 37.3** Other transactions with related parties are at agreed terms approved by the Board of Directors of the Company.

38. 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. 850 million constituting 23% of the Company's sales (2020: Rs. 606 million constituting 19% of the Company's sales).

As of the reporting date, there are 2 shareholders (2020: 3) who held more than 10% of the Company's share capital. The holdings are 49.77% and 21% (2020: 29.07%, 16.24% and 21.60%).

Notes to the Financial Statements

For the year ended 31 December 2021

39. NUMBER OF EMPLOYEES

The total number of employees as of the reporting date were 143 (2020: 170) and average number of employees during the year were 143 (2020: 173).

40. 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:

	2021	2020
	----- (Rupees in '000) -----	
Long-term financings as per Islamic mode	11,944	3,539
Short-term borrowings as per Islamic mode	115,000	-
Shariah compliant bank balances	4,147	34,657
Revenue earned from shariah compliant business	2,737,550	2,443,461
Dividend earned from shariah compliant investment	368	261
Finance costs on Islamic mode of financings	10,022	6,406
Finance costs on conventional mode of financing	8,987	2,364

The Company has relationship with Bank Islami Pakistan Limited, Soneri Bank Limited and MCB Islamic Bank Limited being our Islamic banks which are fully disclosed in note 17 and note 22 to these financial statements.

41. GENERAL

41.1 Date Of Authorization For Issue

These financial statements were authorised for issue in the Board of Directors meeting held on March 24, 2022.

41.2 Corresponding figures

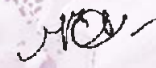
Certain corresponding figures have been rearranged and reclassified wherever considered necessary for the purpose of comparison and to reflect the substance of the transaction. However, there are no material reclassifications to report in these financial statements.



Chief Financial Officer



Chief Executive Officer



Director

Notice of 62nd Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixty-second Annual General Meeting of ZIL Limited will be held on Wednesday, April 20, 2022 at 09:00 am. at Pakistan Society for Training & Development, 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 Annual General Meeting held on Wednesday, March 31, 2021.
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, 2021.
3. To appoint Auditors of the Company and fix their remuneration.

By the order of the board

Muhammad Shahid
Company Secretary

Karachi: March 24, 2022

NOTES:

1. The Share Transfer Books of the Company will remain closed from March 14, 2022 to March 20, 2022 (both days inclusive) for the purpose of holding Annual General Meeting.
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 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.
3. Any individual Beneficial Owner of CDC entitled to vote at this meeting, must bring his/her original Computerized National Identity Card (CNIC) to prove identity and incase of proxy a copy of shareholders' attested CNIC must be attached with the proxy form. Representatives of corporate members should bring the usual documents required for such purpose.
4. 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.
5. Members are requested to notify the change in their addresses, if any, immediately to the Share Registrar of the company, M/s. THK Associates (PVT) Ltd. Plot No.32, Jami Commercial Street 2, D.H.A, Phase VII, Karachi.

SPECIAL NOTES TO THE SHAREHOLDERS:

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

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

7. 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.

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

SECP through its SRO 470(1)/2016, dated May 31, 2016, has allowed companies to circulate the annual balance sheet, profit and loss account, Auditors' Report and Directors' Report etc. ("annual audited accounts") to its members through CD/DVD/USB at their registered addresses. In view of the above, the Company has sent its Annual Report 2021 to its shareholders in the form of CD accompanied with hard copy of notice of Annual General Meeting and Form of Proxy. Any member requiring printed copy of Annual Report 2021 may send a request a hard copy which shall be provided free of cost within seven days.

Members are hereby informed that pursuant to SECP SRO 787(1)/2014 dated September 8, 2014, and under Section 223(6) of the Companies Act 2017, circulation of Audited Financial Statements and Notice of Annual General Meeting has been allowed in electronic format through email. In compliance with the above requirements, soft copies of the Annual Report 2021 are being emailed to the members who provided their email ID. Other members who wish to receive the Annual Report 2021 in electronic form may file a request as per the format provided on the Company's website. The members who has provided email ID to receive Annual Report 2021 through email can subsequently request a hard copy which shall be provided free of cost within seven days. Annual Audited Financial Statements of the Company for the financial year ended December 31, 2021 have also been provided on the Company's website www.zil.com.pk.

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

9. 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.

10. MERGER OF DIFFERENT FOLIOS INTO ONE FOLIO:

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

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

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

Important Information for Shareholders

Annual General Meeting:

The annual shareholders' meeting will be held on Wednesday April 20, 2022 at 09:00 am at Pakistan Society for Training & Development, Plot No. TC-V, 34th Street, Khayaban-e-Sehar, Phase -V (Ext.), DHA, Karachi, Pakistan.

Book Closure Dates:

The Share Transfer Books of the Company will remain closed from April 14, 2022 to April 20 2022 (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 dividends directly into their bank account, shareholders having shareholding in physical form are requested to provide their IBAN details duly signed along with a copy of CNIC to the Registrar of the Company. Shareholder having shareholding in book entry form in CDS are advised to submit their IBAN details directly to relevant broker / participant/CDC Investor Account Services.

Conversion of Physical Securities into Book Entry Form

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

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

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

SECP through its SRO 470(1)/2016, dated May 31, 2016, has allowed companies to circulate the annual balance sheet, profit and loss account, Auditors' Report and Directors' Report etc. ("annual audited accounts") to its members through CD/DVD/USB at their registered addresses. In view of the above, the Company has sent its Annual Report 2021 to its shareholders in the form of CD accompanied with hard copy of notice of Annual General Meeting and Form of Proxy. Any member requiring printed copy of Annual Report 2021 may send a request a hard copy which shall be provided free of cost within seven days.

Members are hereby informed that pursuant to SECP SRO 787(1)/2014 dated September 8, 2014, and under Section 223(6) of the Companies Act 2017, circulation of Audited Financial Statements and Notice of Annual General Meeting has been allowed in electronic format through email. In compliance with the above requirements, soft copies of the Annual Report 2021 are being emailed to the members who provided their email ID. Other members who wish to receive the Annual Report 2021 in electronic form may file a request as per the format provided on the Company's website. The members who has provided email ID to receive Annual Report 2021 through email can subsequently request a hard copy which shall be provided free of cost within seven days. Annual Audited Financial Statements of the Company for the financial year ended December 31, 2021 have also been provided on the Company's website www.zil.com.pk.

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

Stock Symbol:

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

Shares Registrar:

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

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

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

Statutory Compliance:

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

Dividend:

Keeping in view the losses, the Board of Directors propose no cash dividend for the year ended December 31, 2021.

Earnings per Share:

(Loss) / earnings per share - basic and diluted for the year Rs. (47.63) [(2020: Rs. 2.17)].

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 need 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

Form of Proxy

The Company Secretary
ZIL Limited,
Ground Floor, Bahria Complex III,
M. T. Khan Road,
Karachi.

I/We _____
of _____ being a member of ZIL limited and holding _____ ordinary shares as per Share Register Folio No _____ and /or CDC Participant I.D. No _____ and Sub Account No. _____ hereby appoint _____ of _____ or failing him/her _____ of _____ as my proxy to vote for me and on my behalf at the 62nd Annual General Meeting of the Company to be held on Wednesday, April 20, 2022 at 09:00 am at Pakistan Society for Training & Development, Plot No. TC-V, 34th Street, Khayaban-e-Sehar, Phase -V (Ext.), DHA, Karachi, Pakistan and at any adjournment thereof.

Signed this _____ day of _____ 2022.

Witness 1:

Signature: _____
Name: _____
Address: _____

CNIC or

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

Passport No. _____

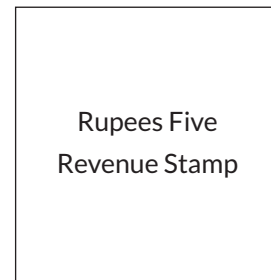
Witness 2:

Signature: _____
Name: _____
Address: _____

CNIC or

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

Passport No. _____



The signature should be agree with the specimen registered with the company (Paste Revenue Stamp of Rs.5/-)

Signature of Member

Signature of Proxy

CNIC

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

Notes:

The instrument appointing a proxy must be received at the registered office of the Company not less than forty-eight hours before the time of the meeting.

Shareholders and their Proxies are each requested to attach an attested photocopy of their CNIC or Passport and in case of representatives of corporate member should attached the usual documents required for such purpose with this Proxy Form before submission to the Company.

پراکسی فارم

سیکرٹری

زل لمیٹڈ

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

میں / ہم _____ ساکن _____

بطور زل لمیٹڈ کے رکن و حامل _____ عام حصص برطابق شیئر رجسٹرڈ فوئیو نمبر _____

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

یا بصورت دیگر _____

کو اپنی جگہ بروز بدھ مورخہ ۲۰ اپریل ۲۰۲۲ء بوقت ۹:۰۰ بجے صبح بمقام: پاکستان سوسائٹی فار ٹریڈنگ & ڈیولپمنٹ، پلاٹ نمبر 3-TC، اسٹریٹ ۳۴، آف خیابان سحر، فیز ۷، (ایکسٹینشن) ڈی ایچ اے، کراچی، پاکستان میں منعقد یا ملتوی ہونے والے ۶۲ ویں سالانہ عام اجلاس میں رائے دہندگی کیلئے نمائندہ مقرر کرتا/کرتی ہوں۔

دستخط بروز _____ مورخہ _____ ۲۰۲۲ء

گواہ نمبر 1:

دستخط:

نام:

پتہ:

شناختی کارڈ

یا

پاسپورٹ نمبر:

پانچ روپے مالیت کے
ریونیٹنگ چیک کریں۔

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

رکن کے دستخط

نمائندہ کے دستخط

شناختی کارڈ

گواہ نمبر 2:

دستخط:

نام:

پتہ:

شناختی کارڈ

یا

پاسپورٹ نمبر:

نوٹ:

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

2. حصص یافتگان اور انکے پراکسیز سے گزارش ہے کہ وہ اپنے قومی شناختی کارڈ / پاسپورٹ کی تصدیق شدہ فوٹو کاپی اور کارپوریٹ ممبر کے نمائندے کی صورت میں درکار معمول کی

دستاویزات پراکسی فارم کے ساتھ منسلک کریں۔



ZIL
LIMITED

Ground Floor, Bahria Complex III, M.T Khan Road, Karachi, Pakistan.
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Website: www.zil.com.pk

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