ZIL LIMITED

annual report 2017

A Beautiful Journey

ZIL
LIMITED

With a history of soap manufacturing and marketing expertise, ZIL Limited has remained committed to provide high quality skin cleansing and laundry solution to consumers in Pakistan. The Company is synonymous with experience, expertise and deeply rooted ethical valuse in the country. A highly collaborative, cross functional culture has enabled ZIL to evolve into an agile, innovative and closely knit organization which is result driven and consumers centric in thinking. The journey so far has been a remarkable one where the Company continues to delight consumers with offerings in keeping with their needs, while rewarding stakeholders and partners with a commitment to grow year on year.

About Us

ZIL Limited, with its soap brands Capri, Palmy and Opal: Capri Hand wash range and King Swan Laundry soap has established itself as a leading company of Pakistan in the cleansing category. Understanding changes in consumer needs and lifestyle, it constantly improves the quality and standard of products while introducing new variants in the market. Our team's agility and startegic vision has enabled us to grow and prosper in this dynamic market environment.

ZIL Management

Activity Calendar 2017

Annual Picnic Sales South


S&OP Meeting at ZIL Head Office


Independance Day Celebration 2017


Blood Donation Drive
at ZIL Head Office


Annual Sales Picnic
Central & North

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Corporate Information

Company Information

Board of Directors

Mrs. Feriel Ali Mehdi	Chairman
Mr. Mubashir Hasan Ansari	Executive Director & Chief Executive Officer
Mr. Saad Amanullah Khan	Independent, Non-Executive Director
Mr. Kemal Shoaib	Non-Executive Director
Mr. Syed Hasnain Ali	Non-Executive Director
Mr. Mujahid Hamid	Non-Executive Director
Mr. Muhammad Salman H.Chawala (Nominee NIT)	Non-Executive Director

Board Audit Committee

Mr. Saad Amanullah Khan	Chairman
Mrs. Feriel Ali Mehdi	Member
Mr. Muhammad Salman H.Chawala (Nominee NIT)	Member

Human Resource & Remuneration Committee

Mr. Kemal Shoaib	Chairman
Mrs. Feriel Ali Mehdi	Member
Mr. Syed Hasnain Ali	Member
Mr. Mubashir Hasan Ansari	Member

Company Secretary & Chief Financial officer

Mr. Ata-ur-Rehman Shaikh

Statutory Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Advisor

Hussain & Haider, Advocates

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

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

Shares Registrars

THK Associated (Pvt) Limited
1st Floor, 40-C, Block-6
P.E.C.H.S., Karachi
www.thk.com.pk
Phone: +92 (21) 111-000-322

Our Vision

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

Our Mission

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

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.

• 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 to 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 General Manager Supply Chain 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, 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 current the 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 appraisal systems remained robust and in line with best practices. Our key area of focus for the year 2017 remained diversity and inclusion capability development, competency realignment, talent development, health and wellness amongst other key areas.

Energy Conservation

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

• Employees are encouraged to minimize the use of air conditioning, switch of room or cubicle lights, printers, monitors and other electronics when not required.

• Fuel limits are regularly evaluated and amended in concurrence to contemporary needs.

• Additionally a number of initiatives have been taken in factories, depots and haulage to conserve energy.

• Power factor is improved and monitored for heavy machines.

• Inverters are being installed at high torque electric motors to reduce consumption.

Environment Protection Measures

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

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 Soap Manufacturers Association**
  www.psma.com.pk
- **Pakistan Advertising Society (PAS)**
  www.pas.org.pk

Corporate Governance

Board of Directors

Mrs. Feriel Ali Mehdi

Mr. Mubashir Hasan Ansari

Mr. Saad Amanullah Khan

Mr. Kemal Shoaib

Syed Hasnain Ali

Mr. Mujahid Hamid

Mr. Muhammad Salman
H. Chawala

Directors' Profile

Mrs. Feriel Ali Mehdi

Mr. Mubashir Hasan Ansari

Mrs. Feriel Ali Mehdi took over the reins of the company as the CEO in November 1998. She remained at the position till December 2012. She is the acting Chairman of the company since July 2007. She has lead 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 bachelor's 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 she turnaround the company by mid-2003. They grew the business from a Rs. 390mn net turnover in 1999 to a Rs. 1.6 bn by 2011. She has recently 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 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 H. Ansari joined ZIL Limited in April 2011 as GM-Marketing and 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, Aberystwyth, UK. He started his professional journey with 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 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. Kemal Shoaib

Mr.Saad has nearly three decades of experience of working for Gillette Pakistan as CEO, and Procter & 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 (OICCI), the largest foreign business chamber. Mr.Saad is an active social worker involved in I am Karachi Consortium, Pakistan Innovation Foundation (PIF), National Entrepreneurship Working Group (NEW-G), South East Asia Leadership Academy (SEALA), Helper of HOPE and Agha Khan Hospital's Patient Welfare Committee.

He is also the President of Public Interest Law Authority of Pakistan, a civil rights organization. He is also a Board Member of Patient Aid Foundation, a private group helping the largest public hospital in the region Jinnah Post Graduate Medical Center (JPMC); LettuceBee Kids, an organization helping the cause of street kids; Naya Jeevan working to offer health insurance to urban poor; AIESEC which provides young people with leadership opportunities to develop into global leaders; National University of Sciences & Technology's (Islamabad) Corporate Advisory Council (CAC) Society of Human Resources Management; Ladiesfund Board (women empowerment); Possibilities Schools 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 the Pakistan Institute of Corporate Governance (PICG).

Mr. Kemal Shoaib holds an M.S. degree in Chemical Engineering from M.I.T., Cambridge, Masschusetts. He is currently a Consultant on the Capital Market and serves on the board of several companies including International Steels Ltd, Century Paper & Board Mills Ltd. and International Advertising (Pvt.) Ltd. He has been associated with prestigious organizations such as Wyeth Laboratories (Pakistan) Ltd., Bank of Credit and Commerce Intl., S.A. London, Independence Bank, California, Commerce Bank Ltd., Al-Aman Holding (Pvt.) Ltd., Safeway Fund Ltd., and Indus Bank Limited.

Syed Hasnain Ali

Syed Hasnain Ali is the 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, and he went on to complete a post-graduate diploma in Service Management. He began his professional career at Nestle Pakistan Ltd. as a training coordinator in the HR department, and launched the HY Group of Companies in 2007.

Mr. Hasnain has also served on the board of Wazir Ali Industries and is a member of the Lahore Chamber of Commerce and Industry.

Mr. Mujahid Hamid

Mr. Hamid is an internationally experienced business consultant who provides strategy consulting services to clients across a range of industries, including consumer products, media, entertainment, and health care. He holds a Masters in Business Administration (Marketing) from IBA, Karachi.

Mr. Hamid has occupied various senior executive positions in Pakistan and the Far East, including serving as Chairman and CEO of Unilever HPC China from 1998 – 2001. He completed a ten year tenure as a member of the Board of Governors of Shaukat Khanum Cancer Hospital.

Mr. Muhammad Salman H. Chawala

Mr. Salman has over 15 years of experience for working in various sectors including pharmaceutical, agriculture, chemical, engineering, and finance. He played an instrumental role at senior management level in business development, corporate governance, corporate affairs, and general management. Currently, he is 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 an Associate Member of Institute of Corporate Secretaries of Pakistan.

Management Committee

Mr. Mubashir Hasan Ansari
Director / CEO

Mr. Ata-ur-Rehman Shaikh
GM Finance

Mrs. Farahnaz Shaikh
GM Marketing

Mr. Shabbir Hussain
National Sales Manager

Syed Shiblee Abdullah
GM Supply Chain

Mr. Waqas Ahmed Ansari
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 audit committee comprises of following non - executive directors:

- Mr. Saad Amanullah Khan, Chairman
- Mr. Muhammad Salman H. Chawala, (Nominee NIT), Member*
- Mrs. Feriel Ali Mehdi, Member

BOARD HUMAN RESOURCE & RENUMERATION 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 committee comprises of following Directors:

- Mr. Kemal Shoaib, Chairman
- Mrs. Feriel 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	Chief Executive Officer
Mr. Ata-ur-Rehman Shaikh	General Manager Finance
Syed Shiblee Abdullah	General Manager Supply Chain
Mrs. Farahnaz Shaikh	General Manager Marketing
Mr. Shabbir Hussain	National Sales Manager
Mr. Waqas Ahmed Ansari	Head of Human Resources

*Mr. Muhammad Salman H. Chawala was appointed on the board of the Company effective from 01 January 2018 in place of Mr. Qaisar Mufti who had resigned effective from 31 December 2017.

Board Meetings

Meetings of the Board of directors January to December 2017

Four meetings of the Board of Directors of the Company were held on March 28, April 24, August 25, October 18 2017. Following was the attendance of the directors:

Director	No. of meetings attended	Leave of absence granted
Mrs. Feriel Ali Mehdi	3	1
Mr. Mubashir Hasan Ansari	4	-
Syed Hasnain Ali	3	1
Mr. Saad Amanullah Khan	4	-
Mr. Kemal Shoaib	4	-
Mr. Mujahid Hamid	-	4
Mr. Qaisar Mufti (Nominee NIT)	4	-

Leave of absence was granted to the directors who could not attend the Board meetings.

AUDIT COMMITTEE

Meetings of the Board Audit Committee January to December 2017

Four meetings of the Board Audit Committee of the Company were held on March 28, April 24, August 25, October 18 2017. Following was the attendance of the members:

Director	No. of meetings attended	Leave of absence granted
Mr. Saad Amanullah Khan	4	-
Mrs. Feriel Ali Mehdi	3	1
Mr. Qaisar Mufti (Nominee NIT)	4	-

Leave of absence was granted to the Members who could not attend the meetings of the Audit Committee.

Board Meetings

Meetings of the Board HR&R Committee January to December 2017

A meetings of the Board HR&R Committee of the Company were held on March 21, 2017.
Following was the attendance of the directors:

Director	No. of meetings attended	Leave of absence granted
Mr. Kemal Shoaib	1	-
Mrs. Feriel Ali Mehdi	1	-
Syed Hasnain Ali	1	-
Mr. Mubashir Hasan Ansari	1	-

Statement of Compliance

With The Code of Corporate Governance ZIL Limited Year ended 31 December 2017

his statement is being presented to comply with the Code of Corporate Governance contained in Rule Book Regulation No. 5.19.24 of listing regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests in its Board of Directors ("the Board"). At present, the Board includes:

Category	Names
Independent Director	Mr. Saad Amanullah Khan
Executive Director	Mr. Mubashir Hasan Ansari (CEO)
Non-Executive Directors	Mrs. Feriel Ali Mehdi Mr. Mujahid Hamid Syed Hasnain Ali Mr. Kemal Shoaib Mr. Muhammad Salman H. Chawala*

The independent director meets the criteria of independence under clause 5.19.1(b) of the CCG.

*Mr. Muhammad Salman H. Chawala was appointed on the board of the Company effective from 01 January 2018 in place of Mr. Qaisar Mufti who had resigned effective from 31 December 2017.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred on the Board during the year. However as explained above Mr. Qaisar Mufti (Nominee of NIT) resigned with effect from 31 December 2017 and in his place Mr. Muhammad Husain Chawala was appointed on the Board (as NIT's nominee) with effect from 01 January 2018.

5. 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.

6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and non-executive directors, have been taken by the Board / shareholders.

8. The meetings of the Board were presided over by the Chairman and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. Four Directors of the Company have completed certification from Pakistan Institute of Corporate Governance (PICG) under the criteria given in Clause 5.19.7 of the Code. Further, based on the criteria stipulated in the Code, remaining directors of the Board are exempt from the requirement to have certification under directors' training program, offered by any local or foreign institutions that meet the criteria specified by the Securities & Exchange Commission of Pakistan, based on a minimum 14 years of education and 15 years of experience on the board of a listed company either local or foreign. As a result, all of the directors of the Company fulfill the requirement of directors' training program as specified by the Code. The Board has been provided with the Code along with briefings in order for them to properly manage the affairs of the Company as representatives of members of the Company. The Directors are conversant of the relevant laws applicable to the Company, its policies and provisions of memorandum and articles of association and are aware of their duties and responsibilities.

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. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an Audit Committee. It comprises three members, of whom all are non-executive directors and the chairman of the committee is an independent director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed an HR and Remuneration Committee. It comprises four members, of whom three are non-executive directors and the chairman of the committee is also a non-executive director.

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

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, relevant employees and stock exchange.

22. Material / price sensitive information has been disseminated amongst all market participants at once through the stock exchange.

23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

24. Details of related party transactions have been presented before the Audit Committee and upon their recommendation to the Board for review and approval periodically. The definition of related party used is in accordance with the repealed Companies Ordinance, 1984 and applicable financial reporting frame work as the regulations under Section 208 of the Companies Act, 2017 have not yet been issued.

25. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board of Directors

Mubashir Hasan Ansari
Chief Executive Officer

Dated: March 21, 2018

Review Report to the Members

on the Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of **ZIL Limited** ("the Company") for the year ended 31 December 2017 to comply with the requirements of rule book Regulation No. 5.19.24 of Pakistan Stock Exchange, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

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

The Code requires 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 of its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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 best practices contained in the Code as applicable to the Company for the year ended 31 December 2017.

Dated: March 21, 2018

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

Brand Portfolio


KING SWAN
FAMILY PACK
CAPRI
MEGA SAVINGS
Palmy
For Refreshing Fragrant Hands
For Delightful Fragrant Hands
For Velvety & Fragrant Hands
For Silky & Fragrant Hands
Opal
BACHAT

ZIL LIMITED

Capri Soap

Year 2017 has been a game changer for the brand, probing deep into the ever changing marketing dynamics and responding with agility to consumers' needs led us to change the packaging design, shape and improve formulation.

Our presence in digital continues to grow with exciting competitions, engaging material and relevant conservations with the young woman of Pakistan.

Our focus has been on bringing suitable SKU's to each channel so that consumers can enjoy the Capri experience at an outlet close to them, and at a price par with market trends.

Capri Hand wash

Offering Capri's long lasting, luxurious fragrances, Capri hand washes offer the skin softening benefits of natural ingredients in each of its 4 colors; thus giving an ever growing clientele the amazing benefit of soft smooth hands and lingering fragrance after every wash. Capri Hand Wash was launched in 2011, and is available in White, Pink, Blue and Green colors that offer natural ingredient benefits. It is available in top end stores in urban hubs across Pakistan.

Palmy

Palmy is a key player in the popular segment, it was launched in 1970 aiming to bridge the gap between cheap and premium brands. It is positioned as an affordable proposition but not compromising on quality. The brand was re-launched in 2014 with improved packaging and fragrance which continues to attract consumers with its brand promise and positioning.

Opal

Opal offers consumers a unique 4 soaps in one pack proposition. It is an economical offer for the whole family with no compromise on quality and a choice of color all in one pack. It is available in 2 variants: Beauty and Antibacterial. The beauty variant offer soft skin benefits with a refreshing floral fragrances whereas the anti-bacterial variant offer hygiene for the whole family. It is a cost effective solution for the whole family and has a loyal base of consumers who desire value for money.

King Swan

King Swan has been growing at a constant pace, winning consumers, and making laundry simple and easy. With the introduction of King Swan, we have not only successfully diversified our offerings but also utilized our years of experience in personal wash to create a reliable fabric care brand.

Chairman's Review Report

CHAIRMAN'S REVIEW REPORT

I am pleased to present progress of the Company in the year 2017 which ended in a positive note. To overcome challenges faced by the business in the last few years, the management drove performance through passion, hard work and entrepreneurial mindset to create better value for its stakeholders.

The board of directors of ZIL Limited consists of a good diversity of experience, skills, knowledge fulfilled their fiduciary duties and responsibilities with objectivity and sagacity. The board have two committees namely HR & Audit committees which examine important matters in depth.

The HR Committee has developed in a context to provide their valuable input towards better HR management & creating a sense of purpose of company's vision & mission in people whilst the Audit Committee of the board has an objective to provide a system and a mechanism that instills integrity and robustness of financials and operational controls simultaneously complying with regulatory requirements.

The board and its committees met frequently enough to adequately discharge their responsibilities; it is ensured that meetings agenda and supporting material are circulated in sufficient time prior to the meetings and reasonable time is available for discussion of the same during the meeting.

The board has developed vision and mission statements, overall corporate strategy and significant policies of the company. The CEO and the management team of the company places all significant issues for the information, consideration and decision of the board of directors or its committees. The non-executive and independent directors are equally involved in important decisions.

A formal and effective mechanism is in place for an annual evaluation of the board's own performance. An annual evaluation of the board of directors of the company has also been carried out during the year. The purpose of this evaluation was to objectively measure and ensure the board's overall performance and effectiveness and to identify the gaps for improvements.

I would like to thank all my fellow board of directors who had carried their responsibilities diligently during the year, and contributed towards creating better and sustainable value for all the stakeholders of ZIL Limited.

Karachi: March 21, 2018

Feriel Ali Mehdi
(Chairman)

Directors' Report

Directors' Report

The directors of the Company are pleased to present the Annual Report together with audited financial statements of the company for the year ended December 31, 2017.

Business Review & Its Future Outlook:

Business Sector Review:

Despite the presence of certain positive macro-economic factors; an increase in GDP growth rate, the strengthening of security and stability on the political front, the overall market condition for Personal Care Product was quite challenging. The rising burden of trade deficit due to deprived balance of trade, insufficient energy supply to industrial sector, setting up vague financial targets country wide, additional taxes and regulatory duties by the Government hampered the growth expected of companies operating in Pakistan.

Company Business Performance & Future Outlook:

The improved profitability in the year 2017 started with an upward trend in Sales. This was reflected in a steady sales growth of 9.3%. During the year, consistent efforts were made to strengthen the consumer base through effective trade promotional activities, digital marketing, better sales operations, choosing of appropriate pricing strategies as well as re-launching the flagship brand Capri with enhanced attributes. All these efforts combined to generate a positive sales momentum.

The market continued to show highly competitive activity throughout the year. Key players remained aggressive in their efforts to grab share from each other through intensified marketing & advertisement campaigns. At the same time economic uncertainty on a national level, scarcity of fuel & power, frequent losses to national exchequer and the burden of additional taxes & duties made it extremely challenging for the Company to achieve its objectives. The strong loyal base of our flagship brand CAPRI and the agility shown by ZIL management in responding to market trends, resulted in an increase in volume which enabled us overcome the above challenges and achieve a Gross Profit of Rs. 451M as compared to the previous year's amount of Rs.408M, which means an increase of 10.5% over last year.

An increase of 5% in selling & distribution expenses was observed during the year but it did not negatively impact the consumer base. We succeeded in protecting our consumer base and in parallel the administration cost was kept under control. Finance played a key role in launching innovative solutions that further added to our profitability. One of their effective strategies in handling the working capital management resulted in a further reduction of 10% in the financial cost. Overall controlled cost behavior was witnessed through improved operational efficiency.

Back in the Year 2014 & 2015 where the Company has suffered huge losses, there was uncertainty about the future performance of the company which became a cause of concern for the stakeholders. Despite the crisis faced by the company & challenges faced by the country's economy, the Company showed an astonishing comeback in this year 2017 with a straight profit after tax of 16M. The growth continued on a healthy pace and touched new heights in 2017 where the bottom line growth was unprecedented a quadruple times over the previous year 2016.
The company has proven that its strategic projections were accurate and based on realistic strategies and that with consistent efforts it will expand its prospects and show healthy growth in the years to come. There are challenges including the continuous increase in regularity duties and rupee devaluation, which disturbs raw material prices, but the Management continues to focus on its vision of growth through sustainable business plans and will continue to deliver improved value to stakeholders.

Summary of Financial Performance

	2017	2016
Gross sales	**2,142M**	**1,959M**
Net sales	1,599M	1,463M
Gross profit %	28.2%	27.9%
Selling & distribution expenses	300M	285M
Administrative expenses	104M	103M
Financial expenses	18M	20M
Profit/(loss) after taxation	**16M**	**4M**
EPS	2.76	0.64

Dividend

Keeping in view the profitability of the company, the Board of Directors are pleased to propose 12.5% cash dividend for the year ended December 31, 2017, which will be presented at the Annual General Meeting on 26 April 2018 before the members for final approval.

Impact of Company's Business on Environment:

The modernization of business and continuous improvement 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.

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 and formed as part of stock exchange's listing regulations.

Corporate and Financial Reporting Framework

The management of ZIL Limited is committed to good corporate governance, and complying with the best practices. As required under Code of Corporate Governance, 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. The accounting estimates are based on reasonable and prudent judgment.

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 material departure from the best practices of corporate governance, as detailed in the Listing Regulations.

h. All directors, other than exempted, have already completed director's training programme.

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. Trading in shares of the company by its directors, executives and their spouses and minor children

iv. Meetings of the board of directors, board audit committee and HR & R committee attendance by each director

Trading of Shares

The Code of Corporate Governance requires all trades in the shares of the company carried out by its directors, executives and their spouses and minor children shall be disclosed. During the year none of the directors, executives 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 5.19.11 sub clause (f) xii of listing regulations, consequent to which all defined executives who directly reports to CEO are subject to additional regulatory requirements for trading and disclosing their transactions in company shares.

Adequacy of Internal Financial Controls

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

For the purpose of above, the board also encompasses 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. 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.

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 Deloitte Yousuf Adil, Chartered Accountants, a member firm of Deloitte Touche Tohmatsu Limited. 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 Deloitte and the Board Audit Committee as required by the Code of Corporate Governance.

External Auditors

The present auditors, KPMG Taseer Hadi & Co., Chartered Accountants are due to retire and being eligible, offer themselves for reappointment for the year 2018. They have confirmed achieving satisfactory rating by the Institute of Chartered Accountants of Pakistan (ICAP) and compliance with the guideline on the code of ethics of the International Federation of Accountants as adopted by ICAP. 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 2018.

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, 2017 is 110.47 million

Composition of the Board:

Annexed separately in the Annual report

Acknowledgements

The Directors would like to thank consumers who have trust in products of the company and continue to support the progress of the Company. The company is immensely proud of its employees for their passion, commitment and devotion. The company greatly values the support and cooperation received from suppliers, distributors, bankers and all stakeholders who are contributing towards the growth of the Company.

For and on behalf of the Board

Mubashir Hasan Ansari
Director / CEO

Dated: March 21, 2018

For and on behalf of the Board

Saad Amanullah Khan
Director

جنوری تا دسمبر 2017 بورڈ آف ڈائریکٹرز کے اجلاس اور حاضری

کمپنی کے بورڈ آف ڈائریکٹرز کے چار اجلاس 28 مارچ، 24 اپریل، 25 اگست، 18 اکتوبر 2017 کو منعقد ہوئے۔ ڈائریکٹرز کی حاضریاں مندرجہ ذیل رہیں:

	اجلاس میں شرکت کی تعداد	رخصت منظور کی گئی
محترمہ فیریل علی مہدی	3	1
جناب مبشر حسن انصاری	4	-
سید حسنین علی	3	1
جناب سعد امان اللہ خان	4	-
جناب کمال شعیب	4	-
جناب مجاہد حمید	-	4
جناب قیصر مفتی (نامزد کردہ NIT)	4	-

وہ ڈائریکٹرز جو بورڈ کے اجلاس میں شرکت نہ کر سکے انکی رخصت منظور کی گئی۔

آڈٹ کمیٹی

جنوری تا دسمبر 2017 بورڈ آڈٹ کمیٹی کے اجلاس

کمپنی کے بورڈ آڈٹ کمیٹی کے چار اجلاس 28 مارچ، 24 اپریل، 25 اگست، 18 اکتوبر 2017 کو منعقد ہوئے۔ ڈائریکٹرز کی حاضریاں مندرجہ ذیل رہیں:

جناب سعد امان اللہ خان	4	-
محترمہ فیریل علی مہدی	3	1
جناب قیصر مفتی (نامزد کردہ NIT)	4	-

وہ ڈائریکٹرز جو بورڈ آڈٹ کمیٹی کے اجلاس میں شرکت نہ کر سکے انکی رخصت منظور کی گئی۔

ایچ آر اینڈ آر کمیٹی

جنوری تا دسمبر 2017 ایچ آر اینڈ آر کمیٹی کے اجلاس

کمپنی کی ایچ آر اینڈ آر کمیٹی کا اجلاس 21 مارچ 2017 کو منعقد ہوا۔ ڈائریکٹرز کی حاضریاں مندرجہ ذیل رہیں:

جناب کمال شعیب	1	-
محترمہ فیریل علی مہدی	1	-
سید حسنین علی	1	-
جناب مبشر حسن انصاری	1	-

گریچویٹی اور پراویڈنٹ فنڈ

کمپنی پراویڈنٹ فنڈ اور گریچویٹی کی منظور شدہ اسکیم پر سرمایہ کاری کررہی ہے۔ پراویڈنٹ فنڈ کی مناسب طور پر سرمایہ کاری جائز سیکیورٹیز میں کی گئی ہے اور اس کا سالانہ آڈٹ آزاد آڈیٹرز کرتے ہیں۔ 31 دسمبر 2017 کو پراویڈنٹ فنڈ میں سرمایہ کاری کی رقم 110.47 ملین روپے رہی۔

بورڈ آف ڈائریکٹرز کی ہیت ترکیبی:

سالانہ رپورٹ میں علیحدہ ضمیمہ شامل ہے۔

اعتراف

ڈائیرکٹرزان صارفین کا شکریہ ادا کرنا چاہیں گے جنہوں نے کمپنی کی مصنوعات پر بھروسہ کیا اور کمپنی کے ساتھ تعاون کرتے رہے۔ کمپنی کو اپنے ملازمین کے جذبے، عزم اور خلوص پر بے انتہا فخر ہے۔ سپلائرز، ڈسٹری بیوٹرز، بینکرز اور تمام اسٹیک ہولڈرز کے تعاون اور مدد کو کمپنی انتہائی قدر کی نگاہ سے دیکھتی ہے جو کمپنی کی ترقی میں اپنا کردار ادا کر رہے ہیں۔

منجانب بورڈ آف ڈائیریکٹرز

(مبشر حسن انصاری)
ڈائیریکٹر / چیف ایگزیکٹو آفیسر

کراچی : 21 مارچ 2018

منجانب بورڈ آف ڈائیریکٹرز

(سعد امان اللہ خان)
ڈائیریکٹر

داخلی مالیاتی کنٹرول کی موزونیت سے متعلق ڈائریکٹرز کی ذمے داری

موزوں داخلی مالیتی کنٹرول کی تشکیل کی ذمے داری ڈائریکٹرز کی ہے جس کے لیے بورڈ مسرت کے ساتھ یقین دہانی کراتا ہے کہ کمپنی کا مستحکم مالیاتی کنٹرول موجود ہے اور قابلِ تعریف طور پر اس کا نفاذ کیا جاتا ہے اور یہ کمپنی کی ہر سطح پر پائیدار ثابت ہوا ہے۔

بورڈ آڈٹ کمیٹی:

مذکورہ بالا مقصد کے لیے بورڈ کی آڈٹ کمیٹی بشمول، چیئرمین تین ممبرز پر مشتمل ہے۔ چیئرمین سمیت، جو ایک آزاد ڈائریکٹر ہیں، کمیٹی کے تمام ممبرز نان ایگزیکیٹیو ڈائرکٹرز ہیں۔

کارپوریٹ گورننس اور قابلِ اطلاق قانون کے مطابق سالِ گزشتہ کے دوران آڈٹ کمیٹی کے چار اجلاس ہوئے، جن میں چیف فنانشل آفیسر، انٹرنل آڈیٹرز اور ایکسٹرنل آڈیٹرز کو بھی مدعو کیا گیا۔ انٹرنل آڈیٹر کے سربراہ نے کمیٹی کے سیکریٹری کے فرائض انجام دیے۔

ہیومن ریسورس اور معاوضہ کمیٹی

کمپنی کی ایچ، آر اینڈ آر کمیٹی اپنے چیئرمین کے ساتھ پوری طرح سے کام کر رہی ہے اور اس کے ممبران کی اکثریت نان ایگزیکیٹو ڈائریکٹرز ہیں۔ معاوضے کے تمام امور کے اظہار اور مشاورت کا فیصلہ ایچ، آر اینڈ آر کمیٹی کے اجلاس میں کیا جاتا ہے۔

انٹرنل آڈٹ:

کارپوریٹ گورننس کے مطابق انٹرنل آڈٹ کا عمل مناسب وسائل کی دستیابی کے ساتھ انجام دیا جانا ضروری ہے۔ اس حوالے سے کمپنی نے انٹرنل آڈٹ کا کام معروف چارٹرڈ اکاؤنٹینٹس فرم ڈیلوآٹ ٹوچے ہاما ٹو سولمیٹیڈ کی ممبر فرم یوسف عادل چارٹرڈ اکاؤنٹینٹس کو دیا ہے۔ آڈٹ کی ذمے داری بیرونی وسیلے کو سونپنے سے کمپنی کو اپنے داخلی کنٹرول کا آزادنہ جائزے کا موقع ملا جو کمپنی کو اپنے اس مقصد کو حاصل کرنے میں مددگار ثابت ہوا کہ اپنی اہلیت قائم رکھی جائے۔ کارپوریٹ گورننس کے ضابطے کے مطابق انٹرنل آڈٹ کے سربراہ نے ڈیلوآٹ اور بورڈ کے درمیان رابطہ کار کے فرائض انجام دیے۔

بیرونی آڈیٹرز

موجودہ آڈیٹرز، کے۔پی۔ایم۔جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائرڈ ہوتے ہوئے اور اہل ہونے کے ناطے انہوں نے خود کو سال 2018 کے لیے دوبارہ تعیناتی کے لیے پیش کیا۔ انہوں نے انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹ آف پاکستان (ICAP) سے مطمئن شدہ درجہ حاصل کرنے کی تصدیق کی اور (ICAP) کی جانب سے اختیار کردہ انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس کے ضابطہ اخلاق کے اصول کی تعمیل کی بھی تصدیق کی ہے۔

بورڈ آڈٹ کمیٹی کے مشورے کے مطابق بورڈ آف ڈائریکٹرز نے 2018 کے سال کے لیے ان کو دوبارہ کمپنی کے آڈیٹرز کے طور پر تعینات کرنے کی سفارش کرتا ہے۔

اجتماعی اور مالیاتی رپورٹنگ کا فریم ورک

ZIL کی انتظامیہ اچھی کارپوریٹ گورننس اور بہترین مشقوں کے ذریعے تعمیل کے حوالے سے پر عزم ہے۔ مطلوبہ کارپوریٹ گورننس کے ضابطے کے تحت ڈائریکٹرز مندرجہ ذیل کو بیان کرتے ہوئے خوشی محسوس کرتے ہیں:

a. انتظامیہ کی جانب سے تیار کیے جانے والے مالیاتی گوشواروں میں اس کے معمولات، آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلیوں کو عمدہ اور درست طریقے سے پیش کیا گیا ہے۔

b. کمپنی کی جانب سے درست کھاتوں کا موزوں استعمال کیا گیا ہے۔

c. مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی پالیسیوں کا مستقل انداز میں نفاذ کیا گیا ہے اور اکاؤنٹنگ پالیسیوں میں کسی قسم کی بھی تبدیلی کو مالیاتی گوشواروں میں بتایا گیا ہے۔ اکاؤنٹنگ کے تخمینوں کا دارومدار معقول اور محتاط فیصلوں پر مبنی ہے۔

d. مالیاتی گوشواروں کی تیاری میں بین الاقوامی اکاؤنٹنگ کے معیار کا نفاذ کیا گیا ہے جو پاکستان میں بھی رائج ہیں اور کسی قسم کے انحراف کی مناسب انداز میں تفصیل بیان کی گئی ہے۔

e. اندرونی کنٹرول کے سسٹم کا ڈیزائن عمدہ ہے اور اس کا نفاذ اور نگرانی مؤثر ہے۔

f. چلتے ہوئے کاروبار کے حوالے سے کمپنی کی قابلیت پر کسی قسم کے شبہات نہیں ہیں۔

g. کارپوریٹ گورننس کی بہترین مشقوں میں جن کی تفصیل لسٹنگ کے قواعد میں ضبط ہے سے کسی قسم کا انحراف نہیں کیا گیا ہے۔

h. مستثنیٰ ڈائیریکٹران کے علاوہ تمام ڈائیریکٹران نے مجوزہ تربیتی نشست میں شرکت کرلی ہے۔

i. مندرجہ ذیل کے حوالے سے گوشواروں کو رپورٹ میں علیحدہ سے دکھایا گیا یا منسلک کیا گیا ہے۔

   i. پچھلے چھے سالوں کا اہم آپریشنل اور مالیاتی نتیجہ

   ii. شیئر ہولڈنگ کی ساخت

   iii. کمپنی کے ڈائریکٹرز، ایگزیکٹیوز اور ان کے ازواج اور بچوں کی جانب سے شیئرز کی تجارت

   iv. بورڈ آف ڈائریکٹرز، بورڈ آڈٹ کمیٹی اور ایچ آر اینڈ آر کمیٹی میں ہر ڈائریکٹر کی شرکت

شیئرز کی تجارت

کارپوریٹ گورننس کے ضابطے کے لیے ضروری ہے کہ کمپنی کے ڈائریکٹرز، ایگزیکٹیوز اور ان کے ازواج اور بچوں کی جانب سے شیئر کی تمام تجارت کو ظاہر کیا جائے گا۔ کمپنی اپنی رپورٹ میں ڈائریکٹرز کی جانب سے کی جانے والی شیئرز کی تمام تجارت کو ظاہر کر چکی ہے۔ سال کے دوران کسی بھی ڈائریکٹر، ایگزیکٹیو اور ان کے ازواج اور نابالغ بچوں نے کمپنی کے حصص کی خرید وفروخت نہیں کی۔ بورڈ آف ڈائریکٹرز اس طرح کی تمام تجارت کو منظور کر چکا ہے۔ بورڈ آف ڈائریکٹرز لسٹنگ کے قوائد وضوابط کے کلاز 5.19.11 کے سب کلاز xii (f) میں ایگزیکٹیو کی تعریف کی منظوری دے چکی ہے جس کے نتیجے میں ایسے تمام وضاحت کردہ ایگزیکٹیو جو براہ راست سی۔ای۔او کو رپورٹ کرتے ہیں ان کے لیے ضروری ہے کہ وہ کمپنی کے شیئرز کی تجارت اور ان کو ظاہر کرنے کے ضمن میں اضافی قوائد وضوابط کی تعمیل کریں۔

داخلی مالیاتی کنٹرول کی موزونیت:

یہ کنٹرول اس طرح وضع کیے گئے ہیں کہ یہ ادارے کی مالیاتی کارکردگی، مالیاتی اعداد وشمار کے قانونی طور پر جائز اور قابلِ اعتماد ہونے، کمپنی آپریشنز کی استعداد اور مقامی اور بین الاقوامی معیارات اور ضابطوں کی پابندی کی ضمانت دیتے ہیں۔ انتظامیہ نے شیئر ہولڈرز اور بورڈ آف ڈائریکٹرز کو ضمانت دی ہے کہ کمپنی نہایت منظم طور پر تشکیل دیے گئے، موثر اور کارگر داخلی کنٹرول سسٹم کے تحت کام کر رہی ہے۔ یہ داخلی مالیاتی کنٹرول کمپنی کی پالیسیوں اور کام کے معیاری طریقوں (SOPs) کے ساتھ ساتھ کمپنی کے مجموعی مقاصد کو بھی مستحکم کرتے ہیں۔

ماضی میں 2014ء اور 2015ء میں کمپنی کو بڑے نقصانات کا سامنا کرنا پڑا تھا اور مستقبل میں کمپنی کی کارکردگی کے بارے میں غیر یقینی کی کیفیت پیدا ہوگئی تھی جو وابستہ فریقوں (اسٹیک ہولڈرز) کے لیے تشویش کا باعث تھی۔ کمپنی کو درپیش بحران اور ملکی معیشت کو درپیش چیلنجز کے باوجود 2017ء میں کمپنی نے بعد از ٹیکس 16 ملین منافع حاصل کر کے حیران کن کارکردگی کا مظاہرہ کیا ہے۔ شرح نمو صحت مندانہ انداز میں بہتر رہی اور 2017ء میں اس نے بلندیوں کو چھوا، جو خالص منافع کی شرح نمو 2016ء کے مقابلے میں بے مثال طور پر چار گنا تھی۔

کمپنی نے ثابت کیا ہے کہ حکمت عملی پر مبنی اس کے اندازے بالکل درست تھے جن کی بنیاد حقیقت پر مبنی تھے۔ اور یہ کہ مسلسل کوششوں سے اس کے مواقع وسیع تر ہوں گے اور آنے والے برسوں میں کمپنی صحت مندانہ طور پر ترقی کرے گی۔ چیلنجز کا سامنا بہرحال ہے جن میں ریگولیٹری ڈیوٹیز میں مسلسل اضافہ اور روپے کی قدر میں کمی نمایاں ہیں، جو خام مال کی قیمتوں میں اضافے کا سبب ہیں، تاہم انتظامیہ اپنے اس وژن پر توجہ مرکوز رکھتی ہے کہ پائیدار کاروباری منصوبوں کے ذریعے نمو حاصل کی جائے اور وابستہ فریقوں کو بہتر قدر فراہم کی جائے۔

مالیاتی کارکردگی کا خلاصہ

	2016	2017
مجموعی غیر خالص فروخت	**1,959 ملین**	**2,142 ملین**
خالص فروخت	1,463 ملین	1,599 ملین
مجموعی غیر خالص منافع %	27.9%	28.2%
فروخت اور ڈسٹری بیوشن کے اخراجات	285 ملین	300 ملین
انتظامی اخراجات	103 ملین	104 ملین
مالیاتی اخراجات	20 ملین	18 ملین
بعد از ٹیکس منافع/(خسارہ)	**4 ملین**	**16 ملین**
ای پی ایس	0.64	2.76

ڈویڈنڈ

کمپنی کی منافع کو مد نظر رکھتے ہوئے بورڈ آف ڈائریکٹرز 31 دسمبر 2017 کو ختم ہونے والے سال کے لیے 12.5% ڈویڈنڈ پیش کرنے میں خوشی محسوس کرتے ہیں۔ جو حتمی منظوری کے لئے ممبران کے سامنے 26 اپریل 2017 کو سالانہ عمومی اجلاس میں پیش کیا جائے گا۔

کمپنی کے کاروبار کے ماحول پر اثرات:

نئے تقاضوں کے مطابق کاروبار میں ندرت لانے اور کام کے طریقوں کو ترقی دینے کی مسلسل کوششوں سے کمپنی اس قابل ہوگئی ہے کہ ماحول کے تحفظ کو بہتر بنایا جا سکے۔ سپلائی چین کی سعی مسلسل اور لگن سے ماحول کے لئے نقصان دہ کام کے طریقوں کو ماحول دوست طریقوں سے بدل دیا ہے۔ جو ZIL کے اس کارپوریٹ یقین کے مطابق ہے کہ اپنے دائرہ کار کے ذریعے ذمے دار کارپوریٹ شہری کا کردار احسن طور پر ادا کیا جائے۔

کارپوریٹ گورننس

ZIL کا عزم ہے کہ کسی استثنیٰ کے بغیر اعلیٰ معیار کو برقرار رکھتے ہوئے اچھی کارپوریٹ گورننس کو قائم رکھے۔ ڈائریکٹرز یہ بات بتاتے ہوئے خوشی محسوس کرتے ہیں کی سیکیوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان کو مطلوبہ کارپوریٹ گورننس کے ضابطے کی تعمیل کو کمپنی نے اپنالیا ہے جو اسٹاک ایکسچینج کی لسٹنگ کے قوائد وضوابط کا حصہ بھی بن گئی ہے۔

ڈائریکٹرز رپورٹ 2017

زل لمیٹڈ کمپنی کے ڈائریکٹرز مسرت کے ساتھ سالانہ رپورٹ مع کمپنی کا آڈٹ شدہ مالیاتی گوشوارہ برائے سال مختتمہ 31 دسمبر 2017ء پیش کرتے ہیں۔

کاروبار کا جائزہ اور مستقبل کے امکانات

کاروباری شعبے کا جائزہ:

بعض مثبت میکرو اکنامک (کلاں معاشی) پیداواری عوامل، مجموعی ملکی پیداوار کی شرح میں اضافے، امن وامان کی بہتر صورت حال اور سیاسی استحکام کے باوجود ذاتی نگہداشت (پرسنل کیر) کی مصنوعات کی مارکیٹ کو چیلنجز کا سامنا رہا۔ تجارتی عدم توازن کی وجہ سے بڑھتے ہوئے تجارتی خسارے کا بوجھ، صنعتی شعبے کو توانائی کی ناکافی فراہمی، ملکی سطح پر مبہم مالیاتی اہداف کا تعین اور حکومت کی جانب سے اضافی ٹیکس اور ریگولیٹری ڈیوٹیز کا نفاذ کے سبب پاکستان میں کام کرنے والی کمپنیوں کو متوقع شرح نمو حاصل کرنے میں رکاوٹیں پیش آئیں۔

کمپنی کی کاروباری کارکردگی اور مستقبل کے امکانات:

سال 2017ء میں منافع میں بہتری کا آغاز فروختگی میں اضافے سے ہوا۔ اس کا اظہار فروختگی میں 9.3 فیصد کی متوازن و مستحکم شرح نمو سے ہوتا ہے۔ سال کے دوران میں صارفین کی تعداد کو وسیع اور مستحکم کرنے کے لیے کاروبار کے موثر فروغ کی سرگرمیاں جاری رہیں جن میں، ڈیجیٹل مارکیٹنگ، فروخت کے لئے بہتر اور زیادہ کوشیش، قیمتوں کے تعین کی مناسب حکمت علمی اور کمپنی کے بہترین اور مقبول برانڈ کیپری کا اضافی خوبیوں کے ساتھ مارکیٹ میں از سرِ نو تعارف شامل ہے۔

پورے سال کے دوران مارکیٹ میں انتہائی مسابقتی سرگرمیاں جاری رہیں۔ بھرپور مارکیٹنگ اور زبردست اشتہاری مہموں کے ذریعے کلیدی فریقوں کی ایک دوسرے کے مارکیٹ شیئر کو اپنی گرفت میں لینے کی کوششیں بھی دیکھنے میں آئیں۔ اسی دوران قومی سطح پر معیشت کی غیر یقینی صورت حال، تیل اور توانائی کی قلت، قومی خزانے میں زرمبادلہ کے ذخائر میں بار بار ہونے والی کمی اور اضافی ٹیکسوں اور ریگولیٹری ڈیوٹیز کے بوجھ کی وجہ سے کمپنی کے لیے اپنے مقاصد حاصل کرنا چیلنج بنا رہا۔ کمپنی کے مقبول برانڈ کیپری کے وفادار خریداروں کی مضبوط بنیاد اور مارکیٹ کے رجحانات سے نمٹنے میں ZIL انتظامیہ کے بروقت اور مستعد ردِعمل کی وجہ سے فروخت کے حجم میں اضافہ ہوا اور ہم مشکلات پر قابو پانے اپنے اور گزشتہ سال کے 408 ملین روپے کے مقابلے میں 451 ملین روپے کا غیر خالص مجموعی منافع حاصل کرنے میں کامیاب ہوئے۔ اس کا مطلب ہے کہ منافع کی شرح میں 10.5% فیصد اضافہ ہوا۔

سال کے دوران فروخت اور تقسیم (سیلز اینڈ ڈسٹری بیوشن) کے اخراجات میں صرف 5% فیصد اضافہ دیکھا گیا لیکن اس سے صارفین کی تعداد پر منفی اثر نہیں ہوا۔ ہم اپنے صارفین کی تعداد برقرار رکھنے میں کامیاب رہے، اس کے ساتھ ساتھ انتظامی اخراجات بھی قابو میں رہے۔ جدید اور اختراعی حل پیش کرنے میں فنانس کے شعبے نے بنیادی کردار ادا کیا اور منافع میں مزید اضافہ کیا۔ جاری سرمائے کی انتظام کاری میں ان کی ایک موثر حکمت عملی سے مالیاتی لاگت 10 فیصد مزید کم ہوگئی۔ بہتر آپریشنل کارکردگی سے مجموعی طور پر لاگت پر قابو رکھا جاسکا۔

Vertical Analysis of Financial Statements

Statement of Financial Position (Balance Sheet)	Dec-17 Rs. In '000'	%	Dec-16 Rs. In '000'	%
Non-Current Assets	499,847	57.41	520,601	62.23
Current Assets	370,807	42.59	315,923	37.77
Total Assets	870,654	100	836,524	100.00
Equity	351,917	40.42	342,537	40.95
Non-Current Liabilities	103,013	11.83	91,702	10.96
Current Liabilities	415,724	47.75	402,285	48.09
Total Equity and Liabilities	870,654	100.00	836,524	100.00

Profit and Loss Account

	Dec-17 Rs. In '000	%	Dec-16 Rs. In '000	%
Net sales	1,599,376	100.00	1,463,042	100.00
Cost of sales	(1,148,227)	(71.79)	(1,055,056)	(72.11)
Gross Profit	451,149	28.21	407,986	27.89
Selling and distribution expenses	(300,353)	(18.78)	(284,889)	(19.47)
Administrative expenses	(104,712)	(6.55)	(102,947)	(7.04)
	46,084	2.88	20,150	1.38
Other operating income	20,382	1.27	6,457	0.44
Other operating expense	(7,146)	(0.45)	(558)	(0.04)
	59,320	3.71	26,049	1.78
Financial expenses	(18,092)	(1.13)	(20,006)	(1.37)
Profit before tax	41,228	2.58	6,043	0.41
Taxation	(24,352)	(1.52)	(2,107)	(0.14)
Profit for the year	16,876	1.06	3,936	0.27

Dec-15 Rs. In '000'	Dec-15 %	Dec-14 Rs. In '000'	Dec-14 %	Dec-13 Rs. In '000'	Dec-13 %	Dec-12* Rs. In '000'	Dec-12* %	Jun-12 Rs. In '000'	Jun-12 %
432,572	54.99	418,098	50.69	421,606	42.98	378,408	43.75	374,026	38.47
354,125	45.01	406,650	49.31	559,234	57.02	486,603	56.25	598,182	61.53
786,697	100.00	824,748	100	980,840	100	865,011	100	972,208	100
254,469	32.35	373,085	45.24	487,354	49.69	421,285	48.70	422,908	43.50
91,078	11.58	83,119	10.08	115,188	11.74	106,746	12.34	96,853	9.96
441,150	56.08	368,544	44.69	378,298	38.57	336,980	38.96	452,447	46.54
786,697	100.00	824,748	100	980,840	100	865,011	100	972,208	100

Dec-15 Rs. In '000	Dec-15 %	Dec-14 Rs. In '000	Dec-14 %	Dec-13 Rs. In '000	Dec-13 %	Dec-12* Rs. In '000	Dec-12* %	Jun-12 Rs. In '000	Jun-12 %
1,342,843	100.00	1,298,182	100.00	1,621,071	100.00	816,393	100.00	1,829,255	100.00
(1,095,917)	(81.61)	(1,016,412)	(78.30)	(1,157,371)	(71.40)	(595,034)	(72.89)	(1,323,117)	(72.33)
246,926	18.39	281,770	21.70	463,700	28.60	221,359	27.11	506,138	27.67
(277,597)	(20.67)	(309,289)	(23.82)	(274,324)	(16.92)	(143,207)	(17.54)	(332,027)	(18.15)
(91,734)	(6.83)	(109,088)	(8.40)	(120,773)	(7.45)	(51,378)	(6.29)	(102,195)	(5.59)
(122,405)	(9.12)	(136,607)	(10.52)	68,603	4.23	26,774	3.28	71,916	3.93
4,860	0.36	4,878	0.38	3,144	0.19	2,266	0.28	8,361	0.46
(2,123)	(0.16)	-	0.00	(3,843)	(0.24)	(3,829)	(0.47)	(9,773)	(0.53)
(119,668)	(8.91)	(131,729)	(10.15)	67,904	4.19	25,211	3.09	70,505	3.85
(22,913)	(1.71)	(27,115)	(2.09)	(18,802)	(1.16)	(9,764)	(1.20)	(23,002)	(1.26)
(142,581)	(10.62)	(158,844)	(12.24)	49,102	3.03	15,447	1.89	47,503	2.60
22,019	1.64	55,375	4.27	(16,257)	(1.00)	(2,169)	(0.27)	(17,035)	(0.93)
(120,562)	(8.98)	(103,469)	(7.97)	32,845	2.03	13,278	1.63	30,468	1.67

* The figures pertain to the financial statements of six month transitional period ended December 31, 2012 and, therefore, are not comparable

Horizontal Analysis of Financial statements

Statement of Financial Position (Balance Sheet)

	Dec-17 Rs. In '000'	Dec-16 Rs. In '000'	Dec-15 Rs. In '000'	Dec-14 Rs. In '000'	Dec-13 Rs. In '000'
Non-Current Assets	499,847	520,601	432,572	418,098	421,606
Current Assets	370,807	315,923	354,125	406,650	559,234
Total Assets	870,654	836,524	786,697	824,748	980,840
Equity	351,917	342,537	254,469	373,085	487,354
Non-Current Liabilities	103,013	91,702	91,078	83,119	115,188
Current Liabilities	415,724	402,285	441,150	368,544	378,298
Total Equity and Liabilities	870,654	836,524	786,697	824,748	980,840

Profit and Loss Account

	Dec-17	Dec-16	Dec-15	Dec-14	Dec-13
Net sales	1,599,376	1,463,042	1,342,843	1,298,182	1,621,071
Cost of sales	(1,148,227)	(1,055,056)	(1,095,917)	(1,016,412)	(1,157,371)
Gross Profit	451,149	407,986	246,926	281,770	463,700
Selling and distribution expenses	(300,353)	(284,889)	(277,597)	(309,289)	(274,324)
Administrative expenses	(104,712)	(102,947)	(91,734)	(109,088)	(120,773)
	46,084	20,150	(122,405)	(136,607)	68,603
Other operating income	20,382	6,457	4,860	4,878	3,144
Other operating expense	(7,146)	(558)	(2,123)	-	(3,843)
	59,320	26,049	(119,668)	(131,729)	67,904
Financial expenses	(18,092)	(20,006)	(22,913)	(27,115)	(18,802)
Profit before tax	41,228	6,043	(142,581)	(158,844)	49,102
Taxation	(24,352)	(2,107)	22,019	55,375	(16,257)
Profit for the year	16,876	3,936	(120,562)	(103,469)	32,845

SUMMARY OF CASH FLOWS

	Dec-17 Rs. In '000'	Dec-16 Rs. In '000	Dec-15 Rs. In '000	Dec-14 Rs. In '000	Dec-13 Rs. In '000
Net cash flows from operating activities	59,006	99,678	(59,731)	4,396	(59,748)
Net cash flows from investing activities	(41,456)	(39,998)	(8,072)	(22,616)	(26,071)
Net cash flows from financing activities	(23,004)	(20,053)	50,000	(5,949)	116,930
Net change in cash and cash equivalents	(5,454)	39,627	(17,803)	(24,169)	31,111

* The figures pertain to the financial statements of six month transitional period ended December 31, 2012 and, therefore, are not comparable

Dec-12* Rs. In '000'	Jun-12 Rs. In '000'	Dec-17	Dec-16	Dec-15	Dec-14	Dec-13	Dec-12*	Jun-12
		% increase/ (decrease) over preceeding year						
378,408	374,026	(3.99)	20.35	3.46	(0.83)	11.42	1.17	7.11
486,603	598,182	17.37	(10.79)	(12.92)	(27.28)	14.93	(18.65)	15.83
865,011	972,208	4.08	6.33	(4.61)	(15.91)	13.39	(11.03)	12.31
421,285	422,908	2.74	34.61	(31.79)	(23.45)	15.68	(0.38)	4.92
106,746	96,853	12.33	0.69	9.58	(27.84)	7.91	10.21	(6.08)
336,980	452,447	3.34	(8.81)	19.70	(2.58)	12.26	(25.52)	25.89
865,011	972,208	4.08	6.33	(4.61)	(15.91)	13.39	(11.03)	12.31

Dec-12*	Jun-12	Dec-17	Dec-16	Dec-15	Dec-14	Dec-13	Dec-12*	Jun-12
816,393	1,829,255	9.32	8.95	3.44	(19.92)	98.57	(55.37)	16.80
(595,034)	(1,323,117)	8.83	(3.73)	7.82	(12.18)	94.51	(55.03)	7.91
221,359	506,138	10.58	65.23	(12.37)	(39.23)	109.48	(56.27)	48.90
(143,207)	(332,027)	5.43	2.63	(10.25)	12.75	91.56	(56.87)	48.22
(51,378)	(102,195)	1.71	12.22	(15.91)	(9.68)	135.07	(49.73)	32.47
26,774	71,916	128.70	116.46	10.40	(299.13)	156.23	(62.77)	85.61
2,266	8,361	215.66	32.86	(0.37)	55.15	38.75	(72.90)	88.31
(3,829)	(9,773)	1,180.65	(73.72)	-	(100.00)	0.37	(60.82)	81.38
25,211	70,505	127.72	121.77	9.16	(293.99)	169.34	(64.24)	86.53
(9,764)	(23,002)	(9.57)	(12.69)	(15.50)	44.21	92.56	(57.55)	387.85
15,447	47,503	582.24	(104.24)	(10.24)	(423.50)	217.87	(67.48)	43.59
(2,169)	(17,035)	1,055.77	(109.57)	(60.24)	(440.62)	649.52	(87.27)	34.57
13,278	30,468	328.76	103.26	16.52	(415.02)	147.36	(56.42)	49.18

Dec-12* Rs. In '000	2012 Rs. In '000	Dec-17	Dec-16	Dec-15	Dec-14	Dec-13	Dec-12*	Jun-12
		% increase/ (decrease) over preceeding year						
57,760	18,603	(40.80)	266.88	(1,458.76)	107.36	(203.44)	210.49	(127.45)
(21,583)	(57,566)	(3.65)	(395.52)	64.31	13.25	(20.79)	62.51	11.42
(70,648)	39,352	(14.72)	(140.11)	940.48	(105.09)	265.51	(279.53)	(36.00)
(34,471)	389	(113.76)	322.59	26.34	(177.69)	(190.25)	(8961.44)	(100.67)

* The figures pertain to the financial statements of six month transitional period ended December 31, 2012 and, therefore, are not comparable

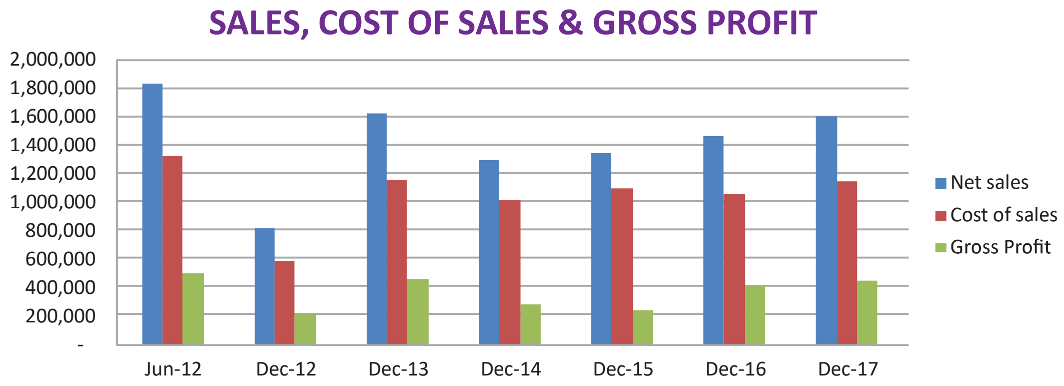
Ratios of last Seven Years

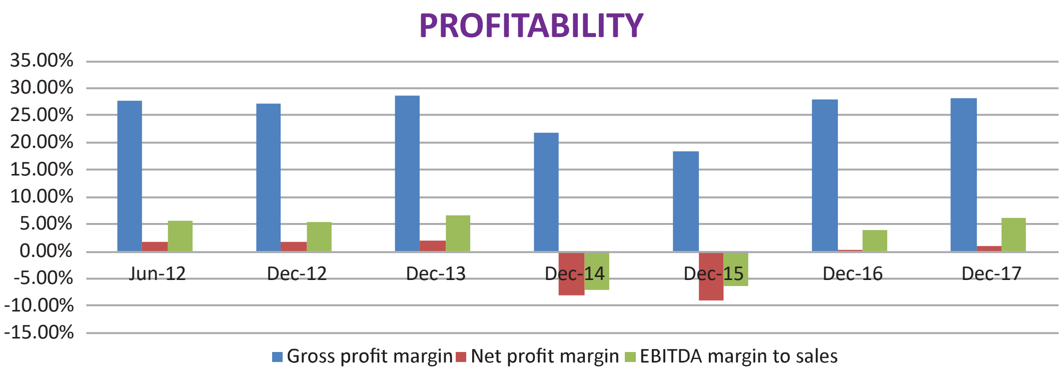
Financial Ratios

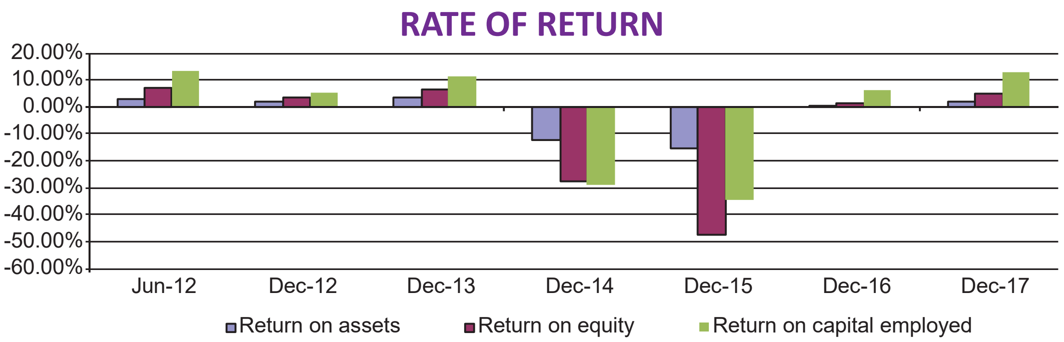
	Unit	Dec-17
Rate of return		
Return on assets	%	1.94
Return on equity	%	4.80
Return on capital employed	%	13.04
Interest cover	Times	2.55
Profitability		
Gross profit margin	%	28.21
Net profit to sales	%	1.06
EBITDA	Rs.	97,505
EBITDA Margin to sales	%	6.10
Liquidity		
Current ratio		0.89
Quick ratio		0.47
Financial gearing		
Debt-Equity ratio	Times	1.47
Debt to Assets	%	59.58%
Capital Efficiency		
Debtor turnover/ No. of days in receivables	Days	8
Inventory turnover/ No. of days in inventory	Days	55
Creditor turnover/ No. of days in payables	Days	16
Operating cycle	Days	47
Fixed assets turnover ratio	Times	3.30
Total asset turnover ratio	Times	1.84
Investment measures per ordinary share		
Earnings	Rs.	2.76
Price earning ratio	Times	32.61
Cash dividend	Rs.	1.25
Dividend yield	%	1.39
Dividend payout	%	45.29
Dividend cover	Times	2.21
Breakup value including surplus on revaluation	Rs.	57.48
Breakup value excluding surplus on revaluation	Rs.	25.96
Market value - year end	Rs.	90
Market value - high	Rs.	199
Market value - low	Rs.	74
Market value - average	Rs.	121

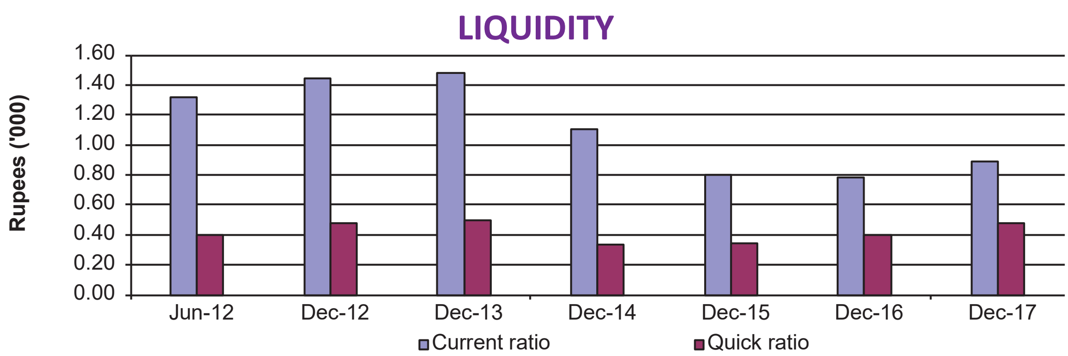
Dec-16	Dec-15	Dec-14	Dec-13	Dec-12	Jun-12
0.47	(15.33)	(12.55)	3.35	1.54	3.13
1.15	(47.38)	(27.73)	6.74	3.15	7.20
6.00	(34.63)	(28.88)	11.27	4.77	13.56
1.01	(5.34)	(5.04)	3.65	2.74	3.13
27.89	18.39	21.70	28.60	27.11	27.67
0.27	(8.98)	(7.97)	2.03	1.63	1.67
58,875	(84,474)	(92,430)	107,108	44,267	105,688
4.02	(6.29)	(7.12)	6.61	5.42	5.78
0.79	0.80	1.10	1.48	1.44	1.32
0.40	0.34	0.33	0.49	0.48	0.40
1.44	2.09	1.21	1.01	1.05	1.30
59.05%	67.65%	54.76%	50.31%	51.30%	56.50%
6	12	8	13	13	11
63	70	102	117	101	115
21	23	26	23	36	38
48	59	84	108	78	88
3.03	3.65	3.30	3.95	2.23	5.09
1.75	1.71	1.57	1.65	0.94	1.88
0.64	(19.69)	(16.90)	5.36	2.49	5.72
143.73	(3.96)	(5.88)	21.27	41.87	18.18
0.50	0.00	0.00	1.50	1.50	3.00
0.54	0.00	0.00	1.32	1.44	2.88
78.13	0.00	0.00	27.99	60.24	52.45
1.29	-	-	2.06	1.66	1.91
55.95	41.56	60.94	91.54	79.23	79.43
22.73	21.65	41.03	67.79	62.68	62.54
91.99	78.00	99.39	114.00	104.3	104.0
134.02	101.43	165.02	205.00	120.81	104.40
77.00	43.51	85.00	81.99	31.01	31.48
86.40	68.87	113.09	107.64	102.86	53.37

Graphical Presentation

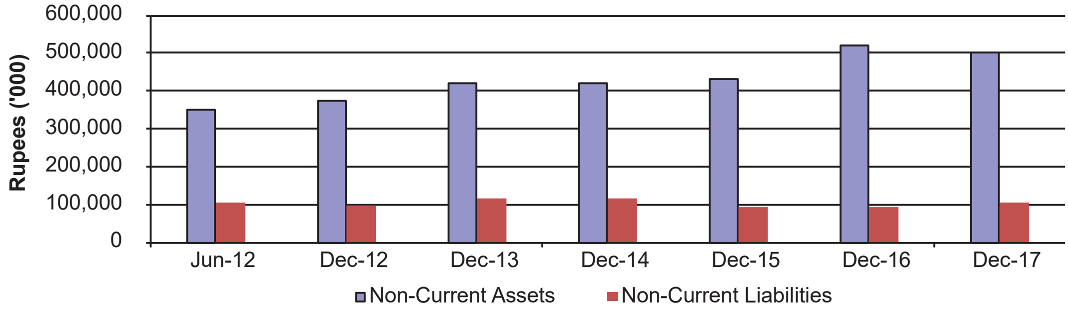




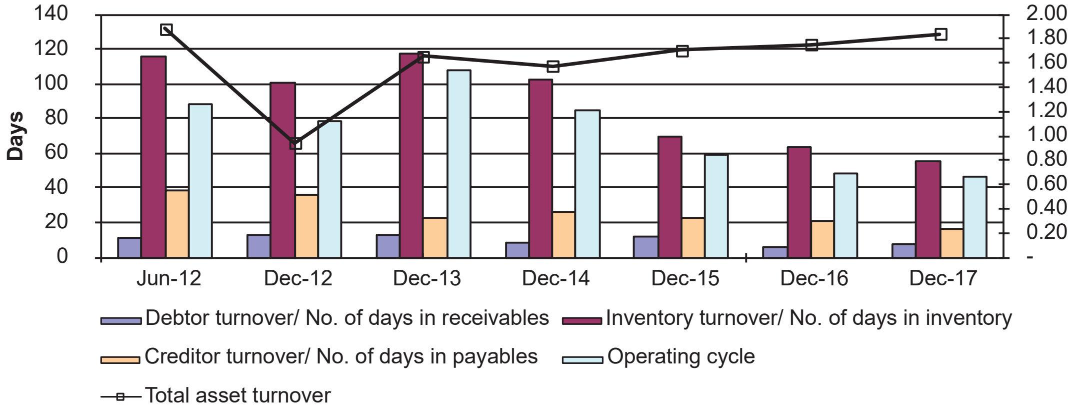




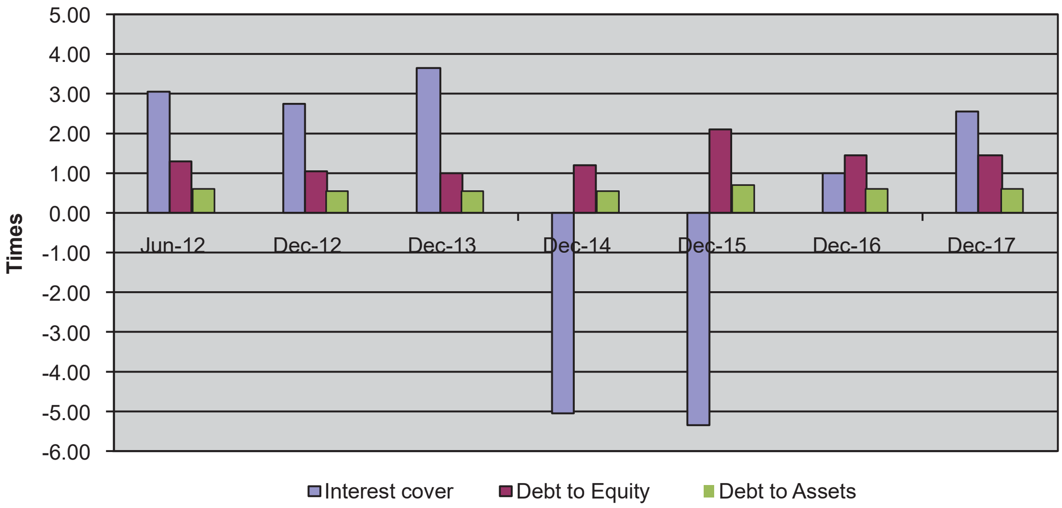
NON-CURRENT ASSETS & LIABILITIES



ASSETS MANAGEMENT RATIOS



DEBT MANAGEMENT RATIOS

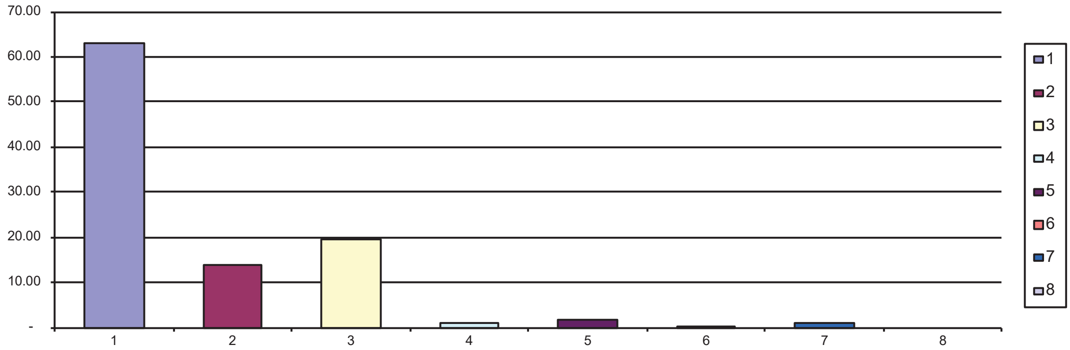


ZIL LIMITED

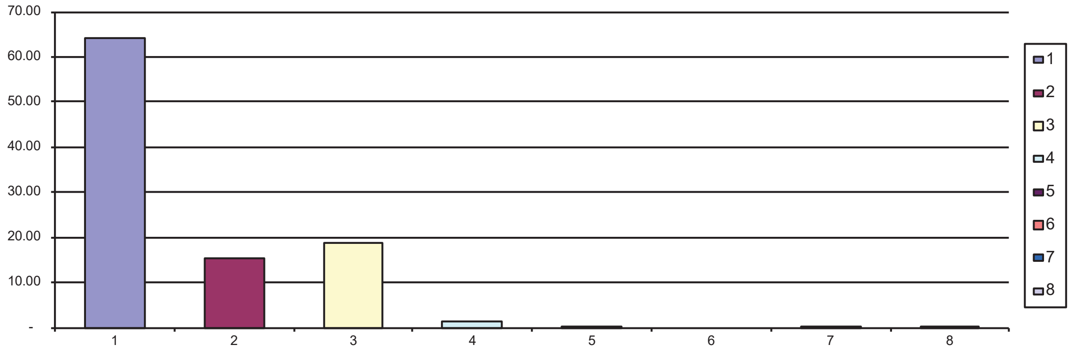
Statement of Value Addition

	Dec-17		Dec-16	
	Rs. In '000	%	Rs. In '000	%
Wealth Generated				
Net sales	1,599,376	98.74	1,463,042	99.56
Other operating income	20,382	1.26	6,457	99.56
	1,619,758	100	1,469,499	100
Distribution of Wealth				
Cost of sales and services (excluding employees remuneration and other duties)	1,021,530	63.07	941,837	64.09
Selling, distribution and administrative expenses (excluding employees remuneration and other duties)	224,639	13.87	223,489	15.21
Employees remuneration	312,922	19.32	277,953	18.91
Finance cost	18,092	1.12	20,006	1.36
Government tax and levies (includes income tax,WPPF and WWF)	25,699	1.59	2,230	0.15
Dividend to shareholders	3,062	0.19	-	-
Retained for future growth	13,814	0.85	3,936	0.27
Charity and donation	-	-	48	0.00
	1,619,758	100.00	1,469,499	100.00

Distribution of Wealth Dec-2017



Distribution of Wealth Dec-2016



Pattern of Shareholding

Pattern of Shareholding CDC & Physical as at December 31, 2017

Number of Shareholders	Having Shares From	To	Total Shares Held	Percentage
892	1	100	15,797	0.2580
231	101	500	64,113	1.0472
58	501	1000	45,757	0.7473
86	1001	5000	208,317	3.4024
20	5001	10000	151,058	2.4672
6	10001	15000	71,638	1.1701
6	15001	20000	106,643	1.7418
2	20001	25000	49,040	0.8010
2	30001	35000	68,771	1.1232
1	35001	40000	35,837	0.5853
1	40001	45000	44,260	0.7229
1	105001	110000	106,000	1.7313
1	155001	160000	156,200	2.5512
1	175001	180000	178,000	2.9073
1	190001	195000	192,056	3.1368
2	195001	200000	395,469	6.4592
1	35501	360000	356,987	5.8306
1	370001	375000	370,735	6.0552
1	380001	385000	380,033	6.2071
1	495001	50000	500,000	8.1665
1	590001	595000	591,736	9.6648
1	970001	975000	971,290	15.8640
1	1060001	1065000	1,062,863	17.3597
1318			**6,122,600**	**100.0000**

ZIL LIMITED

Categories of Shareholders

As at December 31, 2017

S.No.	Categories of Shareholders	Number of Shares held	Percentage
1.	**DIRECTORS, CEO, THEIR SPOUSE AND MINOR CHILDREN**	1,457,016	23.7973
2.	**NIT AND ICP**	356,987	5.8306
3.	**BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS**	220	0.0036
4.	**INSURANCE COMPANIES**	234,032	3.8224
5.	**GENERAL PUBLIC**		
	a. Local	4,005,903	65.4281
	b. Foreign	23,768	0.3882
6.	**OTHERS**	44,674	0.7297
		6,122,600	**100.0000**

Financial Statements

Auditors' Report to the Members

We have audited the annexed balance sheet of ZIL Limited ("the Company") as at 31 December 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the repealed Companies Ordinance, 1981. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of account have been kept by the Company as required by the repealed Companies Ordinance, 1984;

b) in our opinion:

i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

ii. the expenditure incurred during the year was for the purpose of the Company's business; and

iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the repealed Companies Ordinance, 1984, 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 2017 and of the profit, its cash flows and changes in equity for the year then ended; and

d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980, was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of the Ordinance.

Date: 21 March 2018

KPMG Taseer Hadi & Co.
Chartered Accountants
Amyn Pirani

ZIL Limited

Balance Sheet

As at 31 December 2017

	Note	2017	2016
		(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	484,275	483,319
Intangible assets	6	290	578
Long term deposits	7	5,306	5,239
Long term loans to employees	8	951	93
Deferred tax asset - net	9	9,025	31,372
Total non-current assets		499,847	520,601
CURRENT ASSETS			
Stores and spares	10	15,798	17,000
Stock-in-trade	11	173,431	156,163
Trade debts	12	33,543	25,829
Advances, prepayments and other receivables	13	115,488	78,926
Cash and bank balances	14	32,547	38,005
Total current assets		370,807	315,923
TOTAL ASSETS		870,654	836,524
EQUITY			
Authorised capital			
10,000,000 (2016: 10,000,000) ordinary shares of Rs. 10 each		100,000	100,000
Issued, subscribed and paid up capital	15	61,226	61,226
Reserves		97,737	77,940
		158,963	139,166
Surplus on revaluation of property, plant and equipment - net of tax	16	192,954	203,371
NON-CURRENT LIABILITIES			
Deferred staff liabilities	17	103,013	91,252
CURRENT LIABILITIES			
Trade and other payables	18	192,186	159,193
Short term borrowings	19	210,000	230,004
Taxation	20	13,538	13,538
Total current liabilities		415,724	402,735
Contingencies and Commitments	21		
TOTAL EQUITY AND LIABILITIES		870,654	836,524

The annexed notes from 1 to 37 form an integral part of these financial statements.

Chief Financial Officer	Chief Executive Officer	Director

ZIL Limited

Profit and Loss Account

For the year ended 31 December 2017

	Note	2017	2016
		(Rupees in '000)	
Sales - net	22	1,599,376	1,463,042
Cost of sales	23	(1,148,227)	(1,055,056)
Gross profit		451,149	407,986
Selling and distribution expenses	24	(300,353)	(284,889)
Administrative expenses	25	(104,712)	(102,947)
		(405,065)	(387,836)
		46,084	20,150
Other income	26	20,382	6,457
Other charges	27	(7,146)	(558)
		59,320	26,049
Finance cost	28	(18,092)	(20,006)
Profit before taxation		41,228	6,043
Taxation	20	(24,352)	(2,107)
Profit for the year		16,876	3,936
		(Rupees)	
Earnings per share - basic and diluted	29	2.76	0.64

The annexed notes from 1 to 37 form an integral part of these financial statements.

Chief Financial Officer	Chief Executive Officer	Director

ZIL LIMITED

ZIL Limited

Statement of Comprehensive Income

For the year ended 31 December 2017

	Note	2017	2016
		(Rupees in '000)	
Profit after taxation		16,876	3,936
Other comprehensive income			
Items that will not be reclassified to profit and loss account:			
Actuarial losses on remeasurement of defined benefit obligations	17.8	(2,468)	(2,014)
Less: Tax effect	9	740	604
		(1,728)	(1,410)
Total comprehensive income for the year		15,148	2,526

The annexed notes from 1 to 37 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

Director

ZIL Limited

Cash Flow Statement

For the year ended 31 December 2017

	Note	2017	2016
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		41,228	6,043
Adjustments for:			
Depreciation and amortization	5 & 6	38,185	32,826
Reversal of provision against doubtful trade debts	12.2	(5,290)	9,396
Provision against staff gratuity	17.7	11,217	10,260
Provision against other staff retirement benefits	17.7	2,766	2,864
Provision against slow moving and obsolete stock	11.2	4,869	8,382
Provision for slow moving stores and spares	10.1	2,718	1,453
Finance costs	28	18,092	20,006
Impairment against operating fixed assets		2,310	6,187
Return on bank deposits	26	(34)	(46)
Gain on disposal of operating fixed assets	26	(3,573)	(3,110)
		71,260	88,218
		112,488	94,261
(Increase) / decrease in assets:			
Long term loans to employees		(619)	92
Long term deposit		(67)	(83)
Stores and spares		(1,516)	(1,834)
Stock-in-trade		(22,137)	38,006
Trade debts		(2,424)	7,590
Advances, prepayments and other receivables		(10,224)	(2,446)
		(36,987)	41,325
Increase in current liabilities:			
Trade and other payables		33,541	10,755
		109,042	146,341
Income tax paid		(26,682)	(12,240)
Staff gratuity paid	17.5	(2,627)	(9,915)
Staff retirement benefits paid	17.5	(2,063)	(4,599)
Return received on bank deposits		34	46
Finance costs paid		(18,698)	(19,955)
		(50,036)	(46,663)
Net cash flows from operating activities		59,006	99,678
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure	5.2	(48,961)	(48,705)
Proceeds from disposal of operating fixed assets	5.3	7,505	8,707
Net cash flows from investing activities		(41,456)	(39,998)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(3,004)	(53)
Short term borrowings		(20,000)	(20,000)
Net cash flows from financing activities		(23,004)	(20,053)
Net (decrease) / increase in cash and cash equivalents during the year		(5,454)	39,627
Cash and cash equivalents at beginning of the year		38,001	(1,626)
Cash and cash equivalents at end of the year		32,547	38,001
Cash and cash equivalents comprises of the following:			
Cash and bank balances	14	32,547	38,005
Short term borrowing - running finance	19	-	(4)
		32,547	38,001

The annexed notes from 1 to 37 form an integral part of these financial statements.

Chief Financial Officer	Chief Executive Officer	Director

ZIL LIMITED

ZIL Limited

Statement of Changes in Equity

For the year ended 31 December 2017

	Note	Issued, subscribed and paid up capital	Reserves: General reserve	Reserves: Unappropriated profit	Total
		-------------------------	(Rupees in '000)	-------------------------	
Balance as at 1 January 2016		61,226	6,000	65,300	132,526
Total comprehensive income for the year					
Profit after taxation		-	-	3,936	3,936
Other comprehensive income					
Actuarial losses on remeasurement of defined benefit obligations	17.8	-	-	(2,014)	(2,014)
Less: Tax effect	9	-	-	604	604
		-	-	(1,410)	(1,410)
Total comprehensive income for the year		-	-	2,526	2,526
Transferred from surplus on revaluation of property, plant and equipment - net of tax (incremental depreciation)	16	-	-	4,114	4,114
Balance as at 31 December 2016		61,226	6,000	71,940	139,166
Total comprehensive income for the year					
Profit after taxation		-	-	16,876	16,876
Other comprehensive income					
Actuarial losses on remeasurement of defined benefit obligations	17.8	-	-	(2,468)	(2,468)
Less: Tax effect	9	-	-	740	740
		-	-	(1,728)	(1,728)
Total comprehensive income for the year		-	-	15,148	15,148
Cash dividend for the year ended 31 December 2017 (Rs. 0.5 per share) - approved in annual general meeting held on 27 April 2017		-	-	(3,062)	(3,062)
Transferred from surplus on revaluation of property, plant and equipment - net of tax (incremental depreciation)	16	-	-	7,711	7,711
Balance as at 31 December 2017		61,226	6,000	91,737	158,963

The annexed notes from 1 to 37 form an integral part of these financial statements.

Chief Financial Officer	Chief Executive Officer	Director

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 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.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that certain class of property, plant and equipment (i.e. land, buildings and plant and machineries) have been included at revalued amounts.

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

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

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

Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are set forth below:

2.4.1 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 4.3 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 stores and spare parts to assess any diminution in the respective carrying values and wherever required provision for NRV / impairment is made. The calculation of provision involves the use of estimates with regards to future estimated use and past consumption along with stores and spares holding period.

2.4.4 Trade debts and other receivables

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

2.4.5 Property, plant and equipment

The Company reviews the rate of depreciation, useful lives, residual values 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.

3. STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2018:

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas:

  (a) measurement of cash-settled share-based payments;

  (b) classification of share-based payments settled net of tax withholdings; and

  (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Company's financial statements.

- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Company's financial statements.

- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Company's financial statements.

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on Company's financial statements.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Company's financial statements.

- IFRS 15 ‘Revenue from contracts with customers’ (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 ‘Revenue’, IAS 11 ‘Construction Contracts’ and IFRIC 13 ‘Customer Loyalty Programmes’. The Company is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard. The application of interpretation is not likely to have an impact on Company’s financial statements.

- IFRS 9 ‘Financial Instruments’ and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard. Based on the preliminary assessment carried out by the management the application of interpretation is not likely to have a material impact on Company’s financial statements.

- Amendment to IAS 28 ‘Investments in Associates and Joint Ventures’ - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or ‘LTI’). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company’s financial statements.

- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on Company’s financial statements.

4. 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.

4.1 Property, plant and equipment

Operating fixed 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.

Measurement

Except for the leasehold and freehold land, buildings on leasehold and freehold land and plant and machinery, all others items of property, plant and equipment (refer note 5.1) are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Freehold land is measured at revalued amount. Leasehold land and buildings on leasehold and free hold land and plant and machinery are measured at revalued amounts, which is the fair value at the date of revaluation less accumulated amortisation / depreciation and 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. 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.

Cost in relation to items of property, plant and equipment stated at cost represent 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 & amortization

Depreciation is charged to profit and loss account 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 5.1. 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 profit and loss account 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 profit and loss account during the financial year in which these are incurred.

4.2 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 profit or loss when the asset is derecognised.

4.3 Staff Retirement benefits

a) Gratuity scheme - defined benefit plan

The Company operates an unfunded gratuity scheme for its eligible employees. The 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 balance sheet date - 31 December 2017) 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 profit and loss account. Amount recognised in the balance sheet 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 balance sheet date - 31 December 2017) 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 profit and loss account. Amount recognised in the balance sheet 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.

4.4 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 balance sheet date on the basis of un-availed earned leaves balance at the end of the year.

4.5 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account 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.

4.6 Stores and spares

These are stated at moving 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 profit and loss account.

4.7 Stock-in-trade

These are valued at lower of cost and net realisable value. 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.

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.

4.8 Trade debts and other receivables

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortized cost, less provision for impairment, if any. A provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Trade debts and receivables are written off when considered irrecoverable.

4.9 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and balances with banks.

4.10 Revenue recognition

Sales are stated net of sales tax, trade discount, rebate 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 significant risks and rewards of ownership to third parties. Revenue from sale of goods is measured at fair value of the consideration received or receivable and is recognised as revenue on dispatch of goods to customers.

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.

4.11 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.

4.12 Provisions

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

4.13 Foreign currency translation

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 balance sheet date. Gains and losses on translation are taken to the profit and loss account currently.

4.14 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 fair value or amortised cost, as the case may be in accordance with its relevant accounting policy.

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 derecognisation is recognised in the profit and loss account.

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.

4.15 Off-setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount reported in the balance sheet, 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.

4.16 Impairment

Financial assets

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had 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 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 profit and loss account.

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 profit and loss account, 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.

4.17 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 directly 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.

4.18 Dividend and appropriations

Dividends and appropriations to reserves are recognised in the period in which these are declared / approved.

4.19 Earning per share

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

5. PROPERTY, PLANT AND EQUIPMENT

	Note	**2017**	2016
		(Rupees in '000)	
Operating fixed assets	*5.1*	**458,029**	461,123
Capital work-in-progress	*5.2*	**26,246**	22,196
		484,275	483,319

5.1 Operating fixed assets

2017

	Note	COST / REVALUED AMOUNT* As at 1 January 2017	Additions	Disposals	Adjustment due to revaluation	Surplus on Revaluation	Impairment	As at 31 December 2017	Rate %	DEPRECIATION As at 1 January 2017	Charge for the year	Disposals	Impairment	Adjustment due to revaluation	As at 31 December 2017	Written down value as at 31 December 2017
		(Rupees in '000)								(Rupees in '000)						
Freehold land*		90,000	-	-	-	-	-	90,000	-	-	-	-	-	-	-	90,000
Leasehold land*	5.6	88,000	-	-	-	-	-	88,000	2.59 & 10	-	2,506	-	-	-	2,506	85,494
Building on freehold land*		45,988	513	-	-	-	-	46,501	10	-	4,625	-	-	-	4,625	41,876
Building on leasehold land*	5.6	1,800	-	-	-	-	-	1,800	10	-	180	-	-	-	180	1,620
Plant, machinery and equipment*		173,878	25,991	(62)	-	-	(6,861)	192,946	10		18,860	(6)	(686)	-	18,168	174,778
Capital spares		16,198	886	-	-	-	-	17,084	10	7,559	917	-	-	-	8,476	8,608
Furniture and fixtures		19,016	281	-	-	-	-	19,297	10	7,278	1,186	-	-	-	8,464	10,833
Vehicles		64,663	15,989	(12,689)	-	-	-	67,963	20	30,559	7,384	(9,136)	-	-	28,807	39,156
Computers		21,389	1,251	(3,147)	-	-	-	19,493	30	14,413	2,239	(2,824)	-	-	13,828	5,665
		520,932	44,911	(15,898)	-	-	(6,861)	543,084		59,809	37,897	(11,966)	(686)	-	85,054	458,030

2016

	Note	COST / REVALUED AMOUNT* As at 1 January 2016	Additions	Disposals	Adjustment due to revaluation	Surplus on Revaluation	Impairment	As at 31 December 2016	Rate %	DEPRECIATION As at 1 January 2016	Charge for the year	Disposals	Impairment	Adjustment due to revaluation	As at 31 December 2016	Written down value as at 31 December 2016
		(Rupees in '000)								(Rupees in '000)						
Freehold land*	5.6	62,726	-	-	-	27,274	-	90,000	-	-	-	-	-	-	-	90,000
Leasehold land*	5.6	58,068	-	-	(6,093)	36,025	-	88,000	2.44 and 10	4,640	1,453	-	-	(6,093)	-	88,000
Building on freehold land*	5.6	41,625	497	-	(11,214)	15,080	-	45,988	10	7,789	3,425	-	-	(11,214)	-	45,988
Building on leasehold land*	5.6	2,226	-	-	(603)	177	-	1,800	10	423	180	-	-	(603)	-	1,800
Plant, machinery and equipment*	5.6	187,615	7,747	-	(46,367)	31,958	(7,075)	173,878	10	33,422	15,803	-	(2,858)	(46,367)	-	173,878
Capital spares		14,829	1,369	-	-	-	-	16,198	10	6,662	897	-	-	-	7,559	8,639
Furniture and fixtures		21,328	738	(279)	-	-	(2,771)	19,016	10	7,220	1,428	(144)	(1,226)	-	7,278	11,738
Vehicles		65,270	15,442	(16,049)	-	-	-	64,663	20	34,711	6,504	(10,656)	-	-	30,559	34,104
Computers		21,711	3,784	(218)	-	-	(3,888)	21,389	30	15,715	2,310	(149)	(3,463)	-	14,413	6,976
		475,398	29,577	(16,546)	(64,277)	110,514	(13,734)	520,932		110,582	32,000	(10,949)	(7,547)	(64,277)	59,809	461,123

5.1.1 Balance of leasehold improvements as of 31 December 2017 (before revaluation of land) amounting to Rs. 0.901 million (31 December 2016: Rs. 1.001 million) has been included in leasehold land.

5.2 Capital work in progress

	As at 01 January 2017	Additions	(Transfers to operating assets)	As at 31 December 2017
	(Rupees in '000)			
Payments for:				
- Building on freehold land (advance)	-	3,924	(513)	3,411
- Plant, machinery and equipments	22,019	19,269	(25,991)	15,297
- Furniture and fixtures	59	222	(281)	-
- Vehicles (advance)	20	23,507	(15,989)	7,538
- Capital spares	-	1,251	(1,251)	-
- Computers	98	788	(886)	-
	22,196	48,961	(44,911)	26,246

5.3 Disposal of operating fixed assets

	Year of purchase	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Sold to / settled from	Address
		(Rupees in '000)							
Vehicles									
Suzuki Alto 970cc (AWY-962)	2012	801	539	262	640	378	Negotiation	Taj Motors	Near Akbari Ground Gizri Road Karachi
Suzuki Cultus (BCD-913, Mr. Akbar Jatoi)	2014	1,039	449	590	597	7	As per Companies policy	Ghulam Akber Jatoi (employee)	Flat No. 3, Ist floor Izzat Khan Building Opposite Lyari Office Karachi
Suzuki Alto (AXB-242, Mr. Amir Tayyab)	2012	815	553	262	485	223	Negotiation	Ali Motors	Shop No. 8 Al Madina Apartments 58, Muslimabad new M.A.Jinnah Road Karachi
Suzuki Cultus (AVD-561, Mr. Mairaj Mustafa)	2011	911	673	238	620	382	Negotiation	Taj Motors	Near Akbari Ground Gizri Road Karachi
Suzuki Cultus VXR Euro II (AZU-781)	2013	1,010	614	396	810	414	Negotiation	Suzuki Mandviwalla Motors	Old Queens Road (Off M.T. Khan Road)- Karachi
Suzuki Cultus VXR CNG (Mr. Amir Maqbool,AWZ-442)	2012	995	704	291	705	414	Negotiation	Suzuki Mandviwalla Motors	Old Queens Road (Off M.T. Khan Road)- Karachi
Suzuki Cultus VXR Euro II (Mr. Emad Ahmed,AZL-148)	2013	1,010	629	381	381	-	As per Companies policy	Mr. Emad (employee)	Defence Road, Khokhar Town, Sialkot
Suzuki Cultus VXR Euro II (Mr. Imran Memon,BAR-357)	2013	1,019	598	421	800	379	Negotiation	Suzuki Mandviwalla Motors	Old Queens Road (Off M.T. Khan Road)- Karachi
Suzuki Cultus VXR Euro II (Mr. Younus,BAR-361)	2013	1,019	598	421	421	-	As per Companies policy	Mr. Younus (employee)	Adil Ghar Dak khana khaas Tehsil Wazirabad ZILa Gujranwala
Alto 1000cc (Mr. Wilayat Ali Shaheen APA-662	2007	508	456	52	266	214	As per Companies policy	Welayat Ali Shaheen (employee)	House no. 158/C, Block C unit no. n6, Latifabad, Hyderabad
		9,127	**5,813**	**3,314**	**5,725**	**2,411**			
Written down value not exceeding Rs. 50,000 each		**6,771**	**6,153**	**618**	**1,780**	**1,162**			
31 December 2017		**15,898**	**11,966**	**3,932**	**7,505**	**3,573**			
31 December 2016		16,546	10,949	5,597	8,707	3,110			

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

	Note	2017	2016
		(Rupees in '000)	
Depreciation on property, plant and equipment - operating fixed assets	5.1	**37,897**	32,000
Amortization on intangible assets	6	**288**	826
		38,185	32,826
Cost of sales	23	**21,196**	18,103
Selling and distribution expenses	24	**7,659**	6,065
Administrative expenses	25	**9,330**	8,658
		38,185	32,826

5.5 The land, buildings and machineries of the Company were revalued on 31 December 2016 by an independent valuer M/s. Arif Evaluators on market value basis after making independent market inquires from local estate agents / realtors in the vicinity to establish the present market value. The revaluations of the above assets were earlier carried out in 2013, 2010 and 2007. The resulting surplus has been credited to the revaluation surplus account, net of related tax effect. The impact of valuation was incorporated in the financial statements as at 31 December 2016 which resulted in surplus of Rs. 110.514 million for that year. The details of the revaluation surplus amounts (gross) for the year ended 31 December 2016 are as follows:

	(Rupees in '000)
Freehold land	**27,274**
Leasehold land	**36,025**
Building on freehold land	**15,080**
Building on leasehold land	**177**
Plant, machinery and equipment	**31,958**
	110,514

5.6 At 31 December 2017, the written down value of the temporarily idle property, plant and equipments comprising leasehold land and building and improvements on leasehold land thereon amounted to Rs. 85.494 million and Rs 1.62 million respectively.

5.7 Had there been no revaluation, the related figures of land, buildings and plant & machinery as at 31 December 2017 would have been as follows:

	(Rupees in '000)
Free hold land	**29**
Lease hold land	**17,072**
Building on freehold land	**15,446**
Building on leasehold land	**1,036**
Plant, machinery and equipment	**123,127**
	156,710

6. INTANGIBLE ASSETS

2017

	COST			Rate	AMORTIZATION			Written down
	As at 1 January 2017	Additions	As at 31 December 2017	%	As at 1 January 2017	For the year	As at 31 December 2017	value as at 31 December 2017
	(Rupees in '000)				(Rupees in '000)			
Computer software and licenses	15,718	-	15,718	30	15,140	288	15,428	290

2016

	COST			Rate	AMORTIZATION			Written down
	As at 1 January 2016	Additions	As at 31 December 2016	%	As at 1 January 2016	For the year	As at 31 December 2016	value as at 31 December 2016
	(Rupees in '000)				(Rupees in '000)			
Computer software and licenses	15,718	-	15,718	30	14,314	826	15,140	578

7. LONG TERM DEPOSITS

	Note	2017	2016
		(Rupees in '000)	
Considered good			
Sui Southern Gas Company Limited	21.1.1	2,786	2,786
Office and warehouse premises		1,452	1,535
Letter of guarantee	21.1.1	650	650
Central Depository Company of Pakistan Limited		13	13
Others		405	255
		5,306	5,239
Considered doubtful			
Others		113	78
Provision held against others		(113)	(78)
		-	-
		5,306	5,239

8. LONG TERM LOANS TO EMPLOYEES - secured

	Note	2017	2016
Considered good			
Loans to employees	8.1	1,426	807
Less: current maturity		(475)	(714)
Long term portion		951	93

8.1 These mark-up free loans have been given to the employees. These are recoverable in 5 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 material.

9. DEFERRED TAX ASSET - net

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

	Balance as at 1 January 2016	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 2016	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 2017
	(Rupees in '000)								
Taxable temporary differences on:									
- accelerated tax depreciation	(28,185)	2,355	-	-	(25,830)	1,150	-	-	(24,680)
- surplus on revaluation of property, plant and equipment	(25,360)	1,763	(24,972)	-	(48,569)	3,305	-	1,160	(44,104)
	(53,545)	4,118	(24,972)	-	(74,399)	4,455	-	1,160	(68,784)
Deductible temporary differences on:									
- provision for defined benefit plans	27,188	(417)	-	604	27,375	2,789	-	740	30,904
- provision against slow moving and obsolete stock and doubtful trade debts	4,498	5,769	-	-	10,267	700	-	-	10,967
- tax losses (note 9.1)	79,534	(11,405)	-	-	68,129	(32,191)	-	-	35,938
	111,220	(6,053)	-	604	105,771	(28,702)	-	740	77,809
Deferred tax asset - net	57,675	(1,935)	(24,972)	604	31,372	(24,247)	-	1,900	9,025

9.1 This includes deferred tax of Rs. 13.45 million (2016: Rs. 14.31 million) recorded on unabsorbed tax depreciation and amortisation.

9.2 Deferred tax asset (net) has been recognised at 30%, being the rate enacted at the balance sheet date and is expected to apply to the periods when the asset is realised or the liability is settled.

9.3 The management has recorded deferred tax asset based on financial projections indicating the absorption of deferred tax asset over a number of future years against future expected taxable profits. The financial projections involve certain key assumptions such as sales price and composition, raw materials, labour prices and distribution channels, etc. Any significant change in the key assumptions may have an effect on the absorption of the deferred tax asset. Nonetheless, the management is confident of the achievement of its targeted results.

10. STORES AND SPARES

	Note	2017	2016
		(Rupees in '000)	
Stores and spares		24,883	23,367
Provision against slow moving stores and spares	10.1	(9,085)	(6,367)
		15,798	17,000

10.1 Provision against slow moving stores and spares

	Note	2017	2016
		(Rupees in '000)	
Balance as at 01 January		**6,367**	4,914
Charge for the year	27	**2,718**	1,453
Balance as at 31 December		**9,085**	6,367

11. STOCK-IN-TRADE

	Note	2017	2016
Raw material			
- in hand	11.1	**80,646**	55,581
- in transit		**5,789**	22,581
		86,435	78,162
Packing material		**20,969**	18,525
Work-in-process		**6,379**	8,785
Finished goods		**77,963**	64,137
		191,746	169,609
Provision against slow moving and obsolete stock	11.2	**(18,315)**	(13,446)
		173,431	156,163

11.1 This includes stocks aggregating Rs. Nil (31 December 2016: Rs. 0.3 million) stated at their net realizable values as against their cost of Rs. Nil (31 December 2016: Rs. 4.4 million).

11.2 Provision against slow moving and obsolete stock

	Note	2017	2016
Balance as at 01 January		**13,446**	5,064
Charge for the year	27	**4,869**	8,382
Balance as at 31 December		**18,315**	13,446

12. TRADE DEBTS

	Note	2017	2016
Considered good	12.1	**33,543**	25,829
Considered doubtful		**8,239**	13,529
		41,782	39,358
Provision against doubtful trade debts	12.2	**(8,239)**	(13,529)
		33,543	25,829

12.1 Above balances are mark-up free and unsecured.

12.2 Provision against doubtful trade debts

	Note	2017	2016
Balance as at 01 January		**13,529**	4,133
(Reversal) / Charge for the year	25	**(5,290)**	9,396
Balance as at 31 December		**8,239**	13,529

13. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2017	2016
		(Rupees in '000)	
Considered good			
Advance			
- for taxation		97,267	70,690
- to sales staff		502	502
Advances to suppliers and contractors		1,545	4,006
Prepayments		2,491	2,591
Current maturity of loans to employees	8	475	714
Other receivables	13.1	13,208	423
		115,488	78,926
Considered doubtful			
Advances to suppliers and contractors		803	803
Less: Provision against doubtful advances		(803)	(803)
		-	-
		115,488	78,926

13.1 This includes margin on letter of credit amounted to Rs: 13 Million (2016: Rs: Nil).

14. CASH AND BANK BALANCES

	Note	2017	2016
Cash in hand		62	21
Cash at banks			
- collection accounts (current accounts)		26,427	28,399
- current accounts		5,983	9,471
- profit and loss sharing account	14.1	75	114
		32,485	37,984
		32,547	38,005

14.1 This carries interest rate at 4.5% (31 December 2016: 6%) per annum.

15. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2017	2016		2017	2016
(Numbers of shares)				
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	Fully paid ordinary shares of Rs. 10 each issued for consideration other than cash	500	500
2,522,600	2,522,600	Fully paid ordinary shares of Rs. 10 each issued as bonus shares	25,226	25,226
6,122,600	6,122,600		61,226	61,226

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	2017	2016
Opening balance		251,940	147,303
Surplus on revaluation carried out during the year	5.5	-	110,514
Reversal of surplus due to impairment of assets		(3,866)	-
Transferred to retained earnings in respect of:			
- incremental depreciation charged during the year		(7,711)	(4,114)
- related deferred tax liability	9	(3,305)	(1,763)
		237,058	251,940
Less: deferred tax liability			
- at beginning of the year		48,569	25,360
- Related to revaluation made during the year		-	24,972
- Reversal due to impairment of assets		(1,160)	-
- on incremental depreciation charged during the year	9	(3,305)	(1,763)
		44,104	48,569
Closing balance		192,954	203,371

17. DEFERRED STAFF LIABILITIES - staff retirement benefits

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

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

- Death
- Retirement
- Resignation

17.2 Number of Employees under the scheme

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

	2017	2016
	---------- (Number) ----------	
Gratuity Scheme	173	173
Other Retirement Benefit Scheme	45	49

17.3 Principal actuarial assumptions

The latest actuarial valuations of the above gratuity and retirement benefit schemes were carried out as at 31 December 2017 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	
Financial assumptions	2017 (%)	2016 (%)	2017 (%)	2016 (%)
Valuation discount rate	8.25	8	8.25	8
Salary increase rate	8.25	8	8.25	8
Demographic assumptions				
Mortality rate	SLIC (2001- 2005)	SLIC (2001- 2005)	SLIC (2001- 2005)	SLIC (2001- 2005)
Employee turnover rate	age 20 = 220.32	age 20 = 220.32	age 20 = 110.16	age 20 = 110.16
	age 25 = 146.88	age 25 = 146.88	age 25 = 73.44	age 25 = 73.44
	age 30 = 102.82	age 30 = 102.82	age 30 = 51.41	age 30 = 51.41
	age 35 = 65.66	age 35 = 65.66	age 35 = 32.83	age 35 = 32.83
	age 40 = 32.83	age 40 = 32.83	age 40 = 16.42	age 40 = 16.42
	age 45 = 16.42	age 45 = 16.42	age 45 = 8.21	age 45 = 8.21
	age 50 = 9.5	age 50 = 9.5	age 50 = 4.75	age 50 = 4.75
	age 53 = Nil	age 53 = 7.78	age 53 = 3.89	age 53 = 3.89
	age 59 = Nil	age 59 = Nil	age 59 = Nil	age 59 = Nil

17.4 Payable to defined benefit schemes

	Note	Gratuity Scheme 2017	Gratuity Scheme 2016	Other staff retirement benefit scheme 2017	Other staff retirement benefit scheme 2016	Total 2017	Total 2016
		---------------- (Rupees in '000) ----------------					
Payable to defined benefit schemes	17.5	74,625	65,506	28,388	25,746	103,013	91,252

17.5 Movement in liability recognized

	Note	Gratuity Scheme 2017	Gratuity Scheme 2016	Other staff retirement benefit scheme 2017	Other staff retirement benefit scheme 2016	Total 2017	Total 2016
Opening balance		65,506	64,749	25,746	25,879	91,252	90,628
Recognized in profit and loss account	17.7	11,217	10,260	2,766	2,864	13,983	13,124
Remeasurement loss recognised in other comprehensive income	17.8	529	412	1,939	1,602	2,468	2,014
Benefits paid during the year		(2,627)	(9,915)	(2,063)	(4,599)	(4,690)	(14,514)
Closing balance		74,625	65,506	28,388	25,746	103,013	91,252

17.6 Reconciliation of the present value of the defined benefit obligations

	Gratuity Scheme 2017	Gratuity Scheme 2016	Other staff retirement benefit scheme 2017	Other staff retirement benefit scheme 2016	Total 2017	Total 2016
	---------------- (Rupees in '000) ----------------					
Present value of obligation - Opening	65,506	64,749	25,746	25,879	91,252	91,876
Current service cost	6,082	4,879	789	742	6,871	5,621
Interest cost	5,135	5,381	1,977	2,122	7,112	7,503
Benefits paid	(2,627)	(9,915)	(2,063)	(4,599)	(4,690)	(14,514)
Remeasurement of actuarial losses on obligation	529	412	1,939	1,602	2,468	2,014
Present value of obligation - Closing	74,625	65,506	28,388	25,746	103,013	91,252

17.7 Recognised in profit and loss account

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

	Gratuity Scheme		Other staff retirement benefits scheme		Total	
	2017	2016	2017	2016	2017	2016
	(Rupees in '000)					
Current service cost	6,082	4,879	789	742	6,871	5,621
Interest cost	5,135	5,381	1,977	2,122	7,112	7,503
	11,217	10,260	2,766	2,864	13,983	13,124

17.8 Remeasurement recognised in other comprehensive income

	Gratuity Scheme 2017	Gratuity Scheme 2016	Other staff 2017	Other staff 2016	Total 2017	Total 2016
Actuarial losses on obligation						
- Financial assumptions	-	(351)	-	1,346	-	995
- Experience adjustment	529	763	1,939	256	2,468	1,019
Total remeasurement recognised in other comprehensive income	529	412	1,939	1,602	2,468	2,014

17.9 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:

	(Rupees in '000)
Gratuity scheme	11,912
Other staff retirement benefit scheme	2,724

17.10 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:

	Present value obligation		Rate effect	
	Gratuity Scheme	Other staff retirement benefits scheme	Gratuity Scheme	Other staff retirement benefits scheme
Discount rate effect	(Rupees in '000)			
Original liability	74,625	28,388	8.25%	8.25%
1% increase	69,934	27,829	9.25%	9.25%
1% Decrease	79,970	28,976	7.25%	7.25%
Salary increase rate effect				
Original liability	74,625	28,388	8.25%	8.25%
1% increase	80,285	29,104	9.25%	9.25%
1% Decrease	69,570	27,695	7.25%	7.25%

If Life Expectancy increases by one year	Gratuity Scheme	Other staff retirement benefits scheme
	(Rupees in '000)	
Original liability	74,625	28,388
1% increase	74,625	28,388
Current duration (years)	6.70	1.90

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.

18. TRADE AND OTHER PAYABLES

	Note	2017	2016
		(Rupees in '000)	
Trade credit		**50,445**	46,124
Accrued expenses		**71,531**	44,930
Advance from customers		**32,586**	30,722
Sales tax payable (subsequently paid)		**23,921**	21,956
Deductions on account of vehicles for the employees		**4,621**	6,755
Accrued mark-up on short term borrowings		**3,001**	3,607
Worker's Welfare Fund	18.1	**2,198**	851
Workers' Profit Participation Fund	18.2	**2,241**	325
Unclaimed dividend		**914**	856
Other liabilities		**728**	3,067
		192,186	159,193

18.1 Workers' Welfare Fund

	Note	2017	2016
Balance as at 1 January		**851**	728
Provision for the year	27	**1,347**	123
Balance as at 31 December		**2,198**	851

18.2 Workers' Profit Participation Fund

	Note	2017	2016
Balance as at 1 January		**325**	-
Provision for the year	27	**2,241**	325
Payments made during the year		**(325)**	-
Balance as at 31 December		**2,241**	325

18.3 Trade credit balance of Rs. 14.717 million relating to the year ended 31 December 2016 has been reclassified to accrued expenses for an appropriate comparison.

19. SHORT TERM BORROWINGS

	Note	2017	2016
Salam and Istisna finances	19.1	**210,000**	230,000
Running finance	19.2	**-**	4
		210,000	230,004

19.1 These facilities, representing Salam and Istisna facilities, are available from certain commercial banks up to Rs. 270 million (2016: Rs. 270 million) and carries mark-up of 6 Month KIBOR+0.5% (2016: 3 Month KIBOR+0.5%) per annum and are repayable between 12 February 2018 to 12 May 2018. The facilities are secured by way of first pari passu charge over present and future current assets of the Company. At 31 December 2017, unutilised facilities aggregated to Rs. 60 million (2016: Rs. 40 million). These unutilised facilities, being sub limit of the above available facility of Rs. 270 million, include Murabaha (sublimit being Rs. 270 million), Istisna (sublimit being Rs. 270 million), Salam (sublimit being Rs. 150 million), Karobar(sublimit being Rs. 120 million) and LC usance facilities(sublimit being Rs. 100 million).

19.2 The facility for running finance available from a commercial bank of Rs. 300 million (2016: Rs. 350 million) carries mark-up at 1 month KIBOR+0.75% (2016: 1 month KIBOR+0.71%) per annum valid until 31 December 2017 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 with a margin of 25% and first pari passu charge over all plant and machinery of the Company. At 31 December 2017, unutilised facility for running finance aggregated to Rs. 300 million (2016: Rs. 349.996 million).

19.3 At 31 December 2017, unutilised letter of credit facilities from certain banks amounted to Rs. 250.17 million (31 December 2016: Rs. 311.50 million) in addition to the limit mentioned in note 19.1. These are secured against the import bills of the Company. Total facilities sanctioned to the Company amounted to Rs. 300 million (31 December 2016: Rs. 350 million).

20. TAXATION

	Note	2017	2016
		(Rupees in '000)	
Current year	20.2	-	-
Prior year		105	172
Deferred	9	24,247	1,935
		24,352	2,107

20.1 Relationship between income tax expense and accounting profit

	2017	2016
Profit before tax	41,228	6,043
Tax at the applicable tax rate of 30% (31 December 2017: 31%)	12,368	1,873
Effect of prior year tax	105	172
Permanent differences	11,879	62
Tax expense	24,352	2,107

20.2 In view of loss for the year ended 31 December 2015, provision for tax for the 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. Similarly for the accounting year ended 31 December 2016 and for the current year ended 31 December 2017 provision for minimum tax amounting to Rs. 15.865 million and Rs. 20.197 million respectively has not been made since the Company expects to adjust the same against its future tax liability under normal tax regime within the time limit as specified for adjustment of minimum tax under Income Tax Ordinance, 2001.

20.3 Income Tax Assessments of the Company have been completed up to and including the tax year 2014 (accounting period ended 31 December 2013) with the exception of tax years 2007, 2011, 2012, 2015 and 2016. For tax year 2011, audit proceedings were initiated on 09 March 2012 and completed vide order passed under section 122(1)(5) of the Income Tax Ordinance, 2001 dated 4 October 2016 in which certain disallowances were made amounting to Rs. 12.289 million against which appeal was filed by the Company. The appeal was heard on 28 November 2016 and then subsequently the CIR Appeals (II) passed a revised order dated 19 December 2016 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 (II) to Deputy Commissioner Inland Revenue (DCIR). In respect of the remaining amount, the Company has already filed an appeal 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.

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 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 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.

20.4 Return for the financial year ended 30 June 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 alledged unreconciled production of manufactured goods amounting to Rs. 3.3 million. The Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR) vide letter AT 84 dated 13 July 2012 for not allowing relief in respect of disallowance of Rs. 3.3 million on account of alledged 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) and 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 Company expects a decision in its favour.

20.5 Returns for the financial years ended 30 June 2014 and 2015 were selected for audit under section 177 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 filed appeals before the CIR-A dated 13 October 2017 and 27 March 2017 respectively which is pending decision. However, the Company expects no material adverse impact. Amount of tax involved is Rs. 5 million.

20.6 The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 on every public company other than a scheduled bank or modaraba, which was amended through Finance Act, 2017 and applicable for tax year 2017 and onwards. The amendment has imposed tax at seven and a half percent of the accounting profit before tax on every public company other than a scheduled bank or a modaraba, that derives profit for a tax year but does not distribute at least 40 percent of its after tax profit within six months of the end of the tax year through cash or bonus.

The Company intends to distribute sufficient dividend for the accounting year ending 31 December 2017 to comply with the above stated requirement. Accordingly, no provision for taxation has been recognised in these financial statements.

21. CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

21.1.1 Bank guarantees have been issued in favour of Sui Southern Gas Company Limited for the supply of gas aggregating to Rs. 7.02 million (31 December 2016: 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 (31 December 2016: Rs. 1.3 million) against which security deposit of Rs. 0.65 million have been given.

21.1.2 Post dated cheques of Nil (31 December 2016: Rs. 16.359 million) have been issued to Collector of Customs against partial exemption of import levies.

21.1.3 Refer note 20 for tax related pending matters.

21.2 Commitments

Commitments under letters of credit for the import of stock in trade items at 31 December 2017 amounted to Rs. 11.763 million (31 December 2016: Rs. 14.498 million).

22. SALES - net

	Note	**2017**	2016
		(Rupees in '000)	
Gross sales		**2,141,947**	1,958,965
Sales tax		**(341,985)**	(312,352)
Trade discount		**(199,630)**	(173,200)
Sales return and rebate		**(956)**	(10,371)
		(542,571)	(495,923)
		1,599,376	1,463,042

23. COST OF SALES

	Note	2017	2016
		(Rupees in '000)	
Raw material consumed	23.1	**852,370**	692,852
Packing material consumed	23.2	**105,653**	122,101
Salaries, wages and other benefits	23.3	**130,256**	113,329
Depreciation and amortisation	5.4	**21,196**	18,103
Fuel and power		**15,276**	17,071
Freight and handling charges		**10,237**	12,998
Provision for slow moving and obsolete stock	11.2	**4,869**	8,382
Stores and spares consumed		**4,359**	4,679
Rent, rates and taxes		**2,839**	1,318
Provision for slow moving stores and spares	10.1	**2,718**	1,453
Travelling & Conveyance		**2,423**	2,845
Impairment against operating fixed assets		**2,310**	6,187
Insurance expense		**2,197**	2,667
Repair and maintenance		**724**	1,224
Postage, telegrams and telephones		**631**	530
Printing and stationery		**193**	224
Legal and professional charges		**144**	90
Product research and development		**364**	106
Subscription charges		**39**	31
Toll manufacturing		**-**	18,629
Stores and spares written off		**140**	-
Water charges		**-**	562
Others		**711**	607
		1,159,649	1,025,998
Opening stock of work-in-process		**8,785**	26,567
Closing stock of work-in-process	11	**(6,379)**	(8,785)
Cost of good manufactured		**1,162,055**	1,043,780
Opening stock of finished goods		**64,137**	75,413
Closing stock of finished goods	11	**(77,963)**	(64,137)
		1,148,227	1,055,056

23.1 Raw material consumed

	Note	2017	2016
Opening stock		**55,581**	66,392
Purchases		**877,435**	682,041
		933,016	748,433
Closing stock	11	**(80,646)**	(55,581)
Raw material consumed		**852,370**	692,852

23.2 Packing material consumed

	Note	2017	2016
		(Rupees in '000)	
Opening stock		**18,525**	19,728
Purchases		**108,097**	120,898
		126,622	140,626
Closing stock	11	**(20,969)**	(18,525)
Packing material consumed		**105,653**	122,101

23.3 Salaries, wages and other benefits include Rs. Million 8.525 (31 December 2016: Rs. 6.518 million) in respect of the accrual for defined benefit obligations of the Company and contribution of Rs. 2.122 million (2016: Rs. 2.044) to the provident fund.

24. SELLING AND DISTRIBUTION EXPENSES

	Note	2017	2016
Salaries, wages and other benefits	24.1	**111,106**	106,035
Advertisement expenses		**87,448**	74,847
Freight, distribution and handling charges		**56,258**	57,600
Travelling and conveyance		**16,165**	16,184
Depreciation and amortisation	5.4	**7,659**	6,065
Rent, rates and taxes		**6,106**	5,174
Product research and development		**4,448**	6,510
Meeting expenses		**1,680**	683
Postage, telegrams and telephones		**2,161**	2,095
Insurance expense		**1,782**	2,024
Legal and professional charges		**1,492**	1,511
Utility charges		**669**	722
Repair and maintenance		**536**	378
Printing and stationery		**509**	458
Others		**2,334**	4,603
		300,353	284,889

24.1 These include Rs. 2.106 million (31 December 2016: Rs. 1.619 million) in respect of the accrual for defined benefit obligations of the Company and contribution of Rs. 2.605 million (2016: Rs. 2.393 million) to the provident fund.

25. ADMINISTRATIVE EXPENSES

	Note	2017	2016
Salaries, wages and other benefits	25.1	**69,320**	58,264
Depreciation and amortisation	5.4	**9,330**	8,658
Rent, rates and taxes		**8,200**	7,679
Legal and professional charges		**4,815**	5,960
Travelling and conveyance		**3,843**	3,527
Postage, telegrams and telephones		**2,088**	2,110
Fuel and power		**1,774**	1,398
Printing and stationery		**991**	1,021
Auditors' remuneration	25.2	**966**	1,392
Provision against doubtful trade debts	12.2	**-**	9,396
Insurance expense		**661**	712
Repair and maintenance		**632**	819
Training expenses		**550**	128
Directors' meeting fee		**500**	540
Computer equipment charges		**31**	59
Charity and donation	25.3	**-**	48
Others		**1,011**	1,236
		104,712	102,947

25.1 These include Rs. 2.681 million (31 December 2016: Rs. 2.1 million) in respect of the accrual for defined benefit obligations of the Company and contribution of Rs. 1.924 million (2016: Rs. 1.689 million) to the provident fund.

25.2 Auditors' remuneration	*Note*	**2017**	2016
		(Rupees in '000)	
Audit fee		**600**	550
Fee for half yearly review		**150**	140
Fee for review of Code of Corporate Governance		**60**	55
Other consultation charges		**-**	500
Out of pocket expenses		**156**	147
		966	1,392

26. OTHER INCOME

Income from financial instruments			
- Return on bank deposits		**34**	46
Income from non-financial instruments			
- Scrap sales	*26.1*	**9,074**	2,244
- Gain on disposal of operating fixed assets - net	*5.3*	**3,573**	3,110
- Reversal against provision for doubtful debt		**5,290**	-
- Liablilty no longer payable written back		**1,172**	907
- Insurance commission		**413**	150
- Insurance claim income		**826**	-
		20,382	6,457

26.1 Gross Scrap Sales	**10,617**	2,666
Sales tax	**(1,543)**	(422)
Net scrap sales	**9,074**	2,244

27. OTHER CHARGES

Workers' Welfare Fund	**1,347**	123
Workers' Profit Participation Fund	**2,241**	325
Exchange loss on revaluation of financial liabilities	**3,558**	110
	7,146	558

28. FINANCE COSTS

Mark-up on short term borrowings	**17,169**	19,082
Bank charges	**923**	924
	18,092	20,006

29. EARNINGS PER SHARE - basic and diluted

Profit for the year after taxation	**16,786**	3,936
	(Number of shares)	
Weighted average number of ordinary shares	**6,122,600**	6,122,600
	(Rupees)	
Earnings per share - basic and diluted	**2.76**	0.64

30. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	Chief Executive (Key Management Person)		Director (Chair person) (Key Management Person)		Executives					
					Other Key Management Personnel		Others			
	For the year ended 31 December 2017	For the year ended 31 December 2016	For the year ended 31 December 2017	For the year ended 31 December 2016	For the year ended 31 December 2017	For the year ended 31 December 2016	For the year ended 31 December 2017	For the year ended 31 December 2016	Total for the year ended 31 December 2017	Total for the year ended 31 December 2016
	(Rupees in '000)									
Managerial remuneration	6,302	5,666	5,500	4,800	12,570	11,376	17,727	14,334	42,099	36,176
Provident fund	630	567	-	-	1,207	1,072	1,768	1,424	3,605	3,063
Special pay	4,236	3,809	-	-	8,450	7,464	11,887	9,635	24,573	20,908
Housing and utilities	3,531	3,198	-	-	7,114	6,587	9,987	8,128	20,632	17,913
Medical	240	21	-	-	473	455	928	724	1,641	1,200
Incentive	1,180	418	-	-	1,220	842	2,060	1,238	4,460	2,498
Gratuity	-	-	-	-	-	-	-	-	-	-
Other perquisites and benefits	60	60	-	-	-	-	-	-	60	60
	16,179	13,739	5,500	4,800	31,034	27,796	44,357	35,483	97,070	81,818
Number of persons	1	1	1	1	5	5	23	20	30	27

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

30.1 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. 0.50 million (31 December 2016: Rs. 0.54 million).

31. PROVIDENT FUND

The details of net assets and investments of the provident fund as at 31 December 2017 are as follows:

	31 December 2017 (Unaudited)	31 December 2016
	(Rupees in '000)	
Size of the fund - net assets (investments at fair value)	121,278	109,837
Actual investment made - at cost	108,815	98,248
Investments at fair value	110,478	101,426
Percentage of investments made - based on fair value	91%	92%

Break-up of investments is as follows:

	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	(Unaudited)			
	(Rupees in '000)		(% of total investment)	
Mutual funds	44,254	40,178	40%	40%
Certificates of Musharaka	64,409	-	58%	0%
Bank balances	1,815	61,248	2%	60%
	110,478	101,426	100%	100%

The above 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.

32. FINANCIAL INSTRUMENTS

32.1 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.

32.2 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.

32.2.1 Exposure to credit risk

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

In summary, the maximum exposure to credit risk as at 31 December was as follows:

	Note	2017		2016	
		Financial assets	Maximum Exposure	Financial assets	Maximum Exposure
		(Rupees in '000)			
Deposits		4,656	4,656	4,589	4,589
Loans to employees		1,426	1,426	807	807
Trade debts	12	33,543	33,543	25,829	25,829
Other receivables	13	13,208	13,208	423	423
Bank balances (including security deposit)		33,135	33,135	38,634	38,634
		85,968	85,968	70,282	70,282

32.2.2 Concentration of credit risk

As at 31 December, the concentration of the financial assets in terms of the economic sectors was as follows:

	Note	2017	2016
		(Rupees in '000)	
Distributors and retailers	12	33,543	25,829
Commercial banks	14	46,135	38,634
Utilities		2,786	2,786
Employees		1,426	807
Others		2,078	2,226
		85,968	70,282

32.2.3 Bank balances

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

	Short term	Long term	2017
			(Rupees in '000)
Habib Bank Limited	A-1+	AAA	14,720
MCB Bank Limited	A1+	AAA	12,492
Soneri Bank Limited	A1+	AA-	3,229
National Bank of Pakistan	A1+	AAA	1,948
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	75
Bank Islami Pakistan Limited	A1	A+	21
			32,485

The above ratings are assigned by PACRA and JCR-VIS as at 31 December 2017.

32.2.4 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 incurred losses in respect of trade debts.

At 31 December 2017, the ageing of trade debts was as follows:

	2017		2016	
	Gross	Impairment loss	Gross	Impairment loss
	(Rupees in '000)		(Rupees in '000)	
Past due 1 - 60 days	33,466	-	27,342	-
Past due 61 days - 1 year	73	-	8,092	7,294
More than one year	8,239	8,239	3,924	6,235
Total	41,778	8,239	39,358	13,529

Management believes that the unimpaired amounts that are due by more than 60 days (including trade debts due between 61 days to 1 year) are good and collectible in full, based on historical payment behaviour of the customers. Movement of provision against doubtful trade debts is disclosed in note 12.2.

None of the financial assets of the Company are past due or impaired except as disclosed in notes 7, 12 and 13 to these financial statements.

32.3 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 19).

32.3.1 Exposure to liquidity risk

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

	2017			
	Carrying amount	**Contractual cash flows**	**12 months or less**	**More than 12 months**
Non-derivative financial liabilities	--------------------(Rupees in '000)--------------------			
Short term borrowings (including mark-up)	**213,001**	**213,001**	**213,001**	**-**
Trade and other payables	**122,704**	**122,704**	**122,704**	**-**
	335,705	**335,705**	**335,705**	**-**

	2016			
	Carrying amount	Contractual cash flows	12 months or less	More than 12 months
Non-derivative financial liabilities	--------------------(Rupees in '000)--------------------			
Short term borrowings (including mark-up)	233,611	233,611	233,611	-
Trade and other payables	94,121	94,121	94,121	-
	327,732	327,732	327,732	-

32.4 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 return. market. The Company is exposed to currency risk and interest rate risk only.

32.4.1 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:

	2017		2016	
	(Rupees in '000)	**US Dollars**	(Rupees in '000)	US Dollars
Bills payable	**38,069**	**344,765**	23,869	228,193
Gross balance sheet exposure	**38,069**	**344,765**	23,869	228,193
Estimated committed purchases as at the year end	**11,763**	**106,530**	14,498	138,604
Gross exposure	**49,832**	**451,295**	38,367	366,797

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 obtain forward cover against the net exposure.

The following significant exchange rates applied during the year:

	Average rates		**Balance sheet date rate**	
	2017	2016	**2017**	2016
Rupees / US Dollars	**105.43**	**104.70**	**110.42**	104.70

Sensitivity risk

A five percent strengthening / (weakening) of the Rupee against US Dollar at the year ended 31 December 2017 would have increased / (decreased) equity and profit and loss account by Rs. 2.491 million (31 December 2016: Rs. 1.193 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 2016.

32.4.2 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 deposits with banks. At the balance sheet date the interest rate profile of the Company's interest-bearing financial instrument was as follows:

	Note	**Carrying amount**	
		2017	2016
		(Rupees in '000)	
Variable rate instruments			
Financial assets - bank balance in profit and loss sharing accounts - withdrawable on demand	*14.1*	**75**	114
Financial liabilities - short term borrowings	*19*	***210,000**	230,004

* This balance would be repriced within six months.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the year end would not have a material impact on equity and profit for the year ended 31 December 2017 and 31 December 2016.

32.4.3 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, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

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

	2017				
	Liabilities		Revenue reserve		
	Short term borrowings (including accrued markup)	Share capital	General reserve	Unappropri-ated profits	Total
Balance as at 1 January 2017	**233,611**	**61,226**	**6,000**	**71,940**	**372,777**
Changes from financing cash flows					
Proceeds from short term borrowings	615,000	-	-	-	615,000
Repayment of short term borrowings	(635,000)	-	-	-	(635,000)
Dividend paid	-	-	-	(3,062)	(3,062)
Total changes from financing cash flows	(20,000)	-	-	(3,062)	(23,062)
Other changes - liability related					
Changes in running finance	(4)	-	-	-	(4)
Interest expense	18,092	-	-	-	18,092
Interest paid	(18,698)	-	-	-	(18,698)
Total liability - related other changes	(610)	-	-	-	(610)
Total equity - related other changes	-	-	-	22,859	22,859
Balance as at 31 December 2017	213,001	61,226	6,000	91,737	371,964

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

32.6 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 period end 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:

- 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 following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

2017	Note	Carrying Amount		Fair value
		Loans and receivables	Total	Total
On-balance sheet financial instruments		(Rupees in '000)		
Financial assets not measured at fair value	*32.6.1*			
Long term deposits		4,656	4,656	-
Loans to employees		1,426	1,426	-
Trade debts		33,543	33,543	-
Other receivables		13,208	13,208	-
Cash and bank balances (including security deposit)		32,547	32,547	-
		85,380	85,380	-

	Note	Carrying Amount		Fair value
		Other financial liabilities	Total	Total
		(Rupees in '000)		
Financial liabilities not measured at fair value	*32.6.1*			
Trade and other payables		122,704	122,704	-
Short term borrowings (including mark-up)		213,001	213,001	-
		335,705	335,705	-

2016	Note	Carrying Amount		Fair value
		Loans and receivables	Total	Total
On-balance sheet financial instruments		(Rupees in '000)		
Financial assets not measured at fair value	*32.6.1*			
Long term deposits		4,589	4,589	-
Loans to employees		807	807	-
Trade debts		25,829	25,829	-
Other receivables		423	423	-
Cash and bank balances (including security deposit)		38,005	38,005	-
		69,653	69,653	-

	Note	Carrying Amount		Fair value
		Other financial liabilities	Total	Total
		(Rupees in '000)		
Financial liabilities not measured at fair value	*32.6.1*			
Trade and other payables		94,121	94,121	-
Short term borrowings (including mark-up)		233,611	233,611	-
		327,732	327,732	-

32.6.1 The Company has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced, periodically. Therefore, their carrying amounts are reasonable approximation of fair values.

33. PLANT CAPACITY AND PRODUCTION

	2017	2016
Soap	**(Metric Tons)**	
Annual assessed / rated	**10,500**	10,500
Actual production	**6,213**	6,785

Due to the growing competition and easy availability of foreign brands of soap, the assessed plant capacity could not be fully utilized.

34. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of associated companies, companies with common directors, major shareholders, staff retirement funds, directors and key management personnel. Transaction with related parties are carried out at commercial terms and conditions except for compensation to key management personnel which are on employment terms. Details of transactions with related parties and balances with them, unless disclosed elsewhere are as follows:

	Note	2017	2016
		(Rupees in '000)	
Transactions with related parties:			
Other related parties			
Contribution to the employees' provident fund	*34.1*	**6,651**	6,123
Key Management Personnel			
Total remuneration of Chief Executive, Chairperson & other Key management personnel	*30*	**52,713**	46,335
Other Director's remuneration		**500**	540
Balances with related parties:			
Provident fund payable (for December)		**-**	1,439

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

34.2 Details of remuneration of key management personnel in accordance with their terms of employment are given in note 30.

34.3 Other transactions with related parties are at agreed terms.

35. 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.

All non-current assets of the Company as at the year ended 31 December 2017 are located in Pakistan where the Company is domiciled. The Company does not have any customer having sales of 10% or more during the year ended 31 December 2017 (31 December 2016: 10%)

36. NUMBER OF EMPLOYEES

The number of employees as on the year end were 173 (31 December 2016: 174) and average number of employees during the year were 173 (31 December 2016: 178).

37. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue in the Board of Directors meeting held on 21st March, 2018

Chief Financial Officer	Chief Executive Officer	Director

Shareholders' Information

Notice of 58th Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifty-eight Annual General Meeting of ZIL Limited will be held on **Thursday, April 26, 2018 at 11:00 am**. at The Royal Rodale, Plot No. Tc-V, 34th Street, Khayaban-e-Sehar, Phase -V Ext., DHA, Karachi, Pakistan to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the last Annual General Meeting held on Thursday, April 27, 2017.

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, 2017.

3. To approve as recommended by directors a final cash dividend @ 12.5% per share for the financial year 2017.

4. To appoint Auditors of the Company and fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit to approve an increase in Authorized Share Capital of the Company and for this purpose to pass the following resolution as Special Resolution and alter the clause IV of the Memorandum and Article 4 of the Articles of Association of the Company accordingly.

   RESOLVED that the authorized share capital of the Company be increased from Rs.100,000,000/- (Rupees one hundred million) divided in to 10,000,000 Ordinary Shares of Rs.10/- each to Rs.400,000,000/- (Rupees four hundred million) divided in to 40,000,000 Ordinary Shares of Rs.10/- each.

   FURTHER RESOLVED that the figures Rs. 100,000,000/- and 10,000,000 Ordinary Shares appearing in the clause IV of the Memorandum and Article 4 of the Articles of Association of the Company be and is hereby substituted by the figures Rs. 400,000,000/- and 40,000,000 Ordinary Shares of Rs.10/- each.

   FURTHER RESOLVED that the Chief Executive Officer and Company Secretary be and is hereby authorized to do all acts, deeds and things necessary to complete the legal formalities and file the required documents as maybe necessary or ancillary for the purpose of implementing the aforesaid resolution.

By the order of the board

Ata-ur-Rehman Shaikh
Company Secretary

Karachi: March 21, 2018

ZIL LIMITED

Notice of 58th Annual General Meeting

NOTES:

1. The Share Transfer Books of the Company will remain closed from April 20, 2018 to April 26, 2018 (both days inclusive) for the purpose of holding the Annual General meeting.

2. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote in his/her place. Proxies completed in all respect, in order to be effective, must be received at the Registered Office of the Company not less than forty eight (48) hours before the time of meeting.

3. Members are therefore requested to notify the change in their addresses, if any, immediately to the Share Registrars of the company, M/s THK Associates (Pvt) Ltd. 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi 75400 Pakistan.

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. As per clear direction of SECP, CNIC number is mandatory for the issuance of Dividend warrant. The shareholders, who have not yet submitted copy of their CNIC, are once again requested to submit the copy of their valid CNIC to our share registrar.

Statement of Material Facts

Statements under Section 134(3) of the Companies Act, 2017.

This statement sets out the material facts concerning the special businesses to be transacted at 58th Annual General Meeting of ZIL Limited to be held on April 28 2018.

In order to meet the challenges that lie ahead, it is envisaged to diversify the scope of activities of the company for which the Company may require further investment by the shareholders. Further, as the paid-up capital presently is 61.226 million whereas, the Authorized Share Capital being 100 million, there is little room for further issue of capital through bonus or right-issues.

In order to meet these objectives, it is proposed to increase the Authorized Share Capital of the Company from Rs. 100 million to Rs. 400 million by the creation of 30,000,000 new Ordinary Shares of Rs. 10/- each to facilitate further issue of Capital from time to time according to the requirements of the Company.

Inspection of Documents:

The copies of the existing and amended Memorandum and Articles of Association have been kept at the Registered Office of the Company which could be inspected on any working day during usual business hours till the date of 58th Annual General Meeting of the Company.

Website of the Company:

The Annual Audited Financial Statements of the Company for the year ended December 31, 2017 and Notice of 58th Annual General Meeting along with the Statement under Section 134(3) of the Companies Act, 2017, pertaining to Special Business, have been placed on website of the Company.

Notice of 58th Annual General Meeting

Interest of Directors:

The directors of the Company have no direct or indirect interest in the above mentioned Special Business.

The following Circulars/Notifications require special attention of the shareholders:

The directors of the Company have no direct or indirect interest in the above mentioned Special Business.

1. Mandatory submission of CNIC:

SECP has made it mandatory for listed companies to mention, in the case of Individuals, Computerized National Identity Card ("CNIC"), National Identity Card for Overseas Pakistanis ("NICOP") or Passport number and in the case of Corporate Entity, National Tax Number ("NTN") of the shareholders or their authorized persons, on dividend warrants and in the absence of such information payment of dividend will be withheld.

2. Payment of Cash Dividend Electronically (e-Dividend Mandatory):

SECP through various Notifications has advised that the shareholders who have provided bank mandate, should be paid dividend by transferring directly to their respective bank accounts (e-dividend mechanism); therefore In compliance with above mentioned directions issued by the Securities and Exchange Commission of Pakistan ("SECP") vide its Circular No. 18 of 2017, dated August 01, 2017 read with the Section 242 of the Companies Act, 2017, the registered shareholders of the Company on the captioned subject requiring twenty four (24) digit International Bank Account Number ("IBAN") to receive any cash dividend announced by ZIL only through electronic mode directly into the designated bank account who have not yet provided us twenty four (24) digit ("IBAN") mandatory e-dividend mandate are requested to provide the details of their twenty four (24) digit ("IBAN") bank account number including title of account, bank name, branch name & code and address, in order to credit their cash dividends, as and when declared, directly to their respective bank accounts. This information would require to be provided to: (i) in case of book-entry securities in Central Depository System ("CDS"), to CDS Participants; and (ii) in case of physical securities to Share Registrar and Transfer Agent of ZIL Limited at below mentioned address. It would facilitate the shareholders to take e-dividend for instant credit of dividends, eliminating the chances of dividend warrants getting lost in the post, undelivered or delivered at the wrong address etc.

3. Transmission of Annual Audited Financial Statements and Notice of AGM to Members through CD/DVD/USB and e-mail:

The SECP through SRO 470 (1)/2016 dated May 31, 2016 has allowed companies to circulate the annual balance sheet and profit and loss account, auditor's report and directors report etc. ("annual audited accounts") along with notice of general meeting to its shareholders in electronic form through CD/DVD/USB at their registered addresses. This would result in timely delivery of Annual Audited Accounts to the shareholders. The Company has placed on its website i.e. www.ZIL.com.pk a standard request form containing postal and e-mail address of Company Secretary/Share Registrar, so that shareholders may request a hard copy of the Annual Audited Accounts. The Company will provide one hard copy free of cost to the requesting shareholder at their registered address within one week of the request.

Notice of 58th Annual General Meeting

4. Consent for video conferencing facility:

Shareholders can also avail video conference facility in Lahore. In this regard please fill the following and submit to registered address of the Company at least 10 days prior to date of annual general meeting.

If the Company receives consent from Shareholders holding in aggregate 10% or more shareholding and residing at geographical location, to participate in the meeting through video conference, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

The company will intimate Shareholders regarding venue of video conference at least 5 days before the date of annual general meeting alongwith complete information necessary to enable them to access such facility.

Consent Form for Video Conferencing Facility

I/We,____of______________being a Shareholders of ZIL Limited,
holder of ________________ordinary share(s) as per Registered Folio No./CDC Account No.______________________________ hereby opt for video conference facility at
____

____
Signature of Member

5. Deduction of Withholding Tax on the Amount of Dividend:

The Government of Pakistan through Finance Act, 2017, has made amendment in Section 150 of the Income Tax Ordinance, 2001, whereby, withholding tax on dividends has been enhanced as follows:

• For Filers of Income Tax Returns: 15%

• For Non-Filers of Income Tax Returns: 20.0%

In case of joint-shareholders, tax is to be deducted as per ratio of their shares in the ownership. Federal Board of Revenue ("FBR") has provided the Active Tax-Payer List ("ATL"), for identification on the basis of National Tax Number ("NTN")/Computerized National Identity Card ("CNIC") number; hence, in case of non-availability of valid NTN/CNIC number of the respective shareholder with the Company's Share Registrar and Transfer Agent, he/she will be treated as 'Non-Filer' and accordingly tax at the rate of 20% would be deducted. Therefore, the shareholders who have not yet provided such information are requested to ensure that their valid NTN/CNIC number should be available with the Share Registrar and Transfer Agent of ZIL Limited, whereas, shareholders having CDC Accounts would require to provide their valid NTN/CNIC number to their respective CDC participants.

Notice of 58th Annual General Meeting

6. Requirement of Valid Tax Exemption Certificate for Claim of Exemption U/S 150 of the Income Tax Ordinance, 2001:

Please be advised that in wake of recent judgments of respective courts of law, the exemption certificate u/s 159 of the Income Tax Ordinance, 2001, is mandatory to claim tax exemption u/s 150. Accordingly, the Company may not be awarding exemption on the basis of Clause 47B of Part IV of Second Schedule to the Income Tax Ordinance, 2001. However, if an entity has filed a petition against the FBR, in any relevant court, a certified true copy of the Stay Order of honorable court along with all latest court proceedings (if any) would be required in lieu of valid tax exemption certificate, for non-deduction of withholding tax. In case of non-availability of valid tax exemption, deduction of tax under relevant sections shall be made accordingly.

7. Deduction of Withholding Tax on Joint Account Holder(s):

The Joint Account Holders whose shareholding details as to Principal Shareholder have not yet been determined for deduction of withholding tax on the upcoming dividend of the Company, are requested to please furnish to the Company's Share Registrar and Transfer Agent at below mentioned address, the shareholding details of yourself as Principal Shareholder and your Joint Holder(s) in the following manner, enabling the Company to compute withholding tax of each shareholder accordingly:

CDC Account No./Folio No.	Name of Principal Shareholder/Joint Holders	Shareholding Proportion (%)	CNIC No. (copy attached)	Signature

Kindly note that in case of non-receipt of the information each Account Holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly.

8. Deposit of Physical Shares into CDC Account:

The Shareholders having physical shareholding may open CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into script-less form, this will facilitate them in many ways including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Stock Exchange.

9. 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,
Share Registrar-ZIL Limited
First Floor, 40-C, Block-6,
P.E.C.H.S., Karachi-75530
UAN: +92 (21) 111-000-322
Direct: +92 (21) 34168266-68-70
Fax: +92 (21) 3 4168271
Email: secretariat@thk.com.pk

Information Under Listing Regulation No. 5.19.11 (X)

of Pakistan Stock Exchange Limited Rule Book as on December 31, 2017

S.No.	Categories of Shareholders	Number of Shares held	Percentage
I	ASSOCIATED COMPANIES, UNDERTAKINGS AN RELATED PARTIES	NIL	NIL
II	MUTUAL FUNDS	NIL	NIL
III	DIRECTORS, CEO, THEIR SPOUSE AND MINOR CHILDREN		
	1. Mrs. Feriel Ali- Mehdi - Director / Chairman	762,398	12.4522
	2. Mr. Mubashir Hasan Ansari - Director / Chief Executive Officer	500	0.0082
	3. Syed Hasnain Ali - Director	562	0.0092
	4. Mr. Mujahid Hamid - Director	692,056	11.3033
	5. Mr. Saad Amanullah Khan - Director	1,000	0.0163
	6. Mr. Kemal Shoaib - Director	500	0.0082
	7. Mr. Qaisar Mufti - Director (Nominee NIT)	NIL	NIL
IV	EXECUTIVES	NIL	NIL
V	PUBLIC SECTOR COMPANIES AND CORPORATIONS		
	Joint Stock Companies	2,546	0.0416
VI	BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, TAKAFUL, MODARABAS AND PENSION FUNDS		
	1. Investment Companies	356,987	5.8306
	2. Financial Institutions	220	0.0036
	3. Insurance Companies	234,032	3.8224
	4. Pension / Benevolent Funds	37,093	0.6058
VII	SHAREHOLDERS HOLDING 5% OR MORE VOTING RIGHTS IN THE LISTED COMPANY		
	1. Mrs. Fakhre Jehan Begum	1,096,771	17.9135
	2. Syed Yawar Ali	994,411	16.2416
	3. Mr. Mujahid Hamid	692,056	11.3033
	4. Mrs. Feriel Ali- Mehdi	762,398	12.4522
	5. Syed Muhammad Zeyd Ali	591,736	9.6648
	6. CDC - Trustee National Investment (Unit)Trust	356,987	5.8306

Information Under Listing Regulation No. 5.19.11 (XII)

f Pakistan Stock Exchange Limited Rule Book as on December 31, 2017

There is no trading carried out during the year 2017 by directors, Chief Financial Officer / Company Secretary, Head of Internal Audit, their spouses and minor children and other employees of the Company for whom the Board of Directors have set the threshold.

Name of Directors / CFO & Secretary / HOI / Employees	Shares purchased	Shares sold
1. Director	NIL	NIL
2. Chief Financial Officer / Company Secretary, Head of Internal Audit, their spouses and minor children and other employees of the Company for whom the Board of directors set the threshold	NIL	NIL

Important Information for Shareholder

Annual General Meeting

The annual shareholders' meeting will be held on Thursday, April 26, 2018 at 11:00 am at The Royal Rodale, Plot No. Tc-V, 34th Street, Khayaban-e-Sehar, Phase -V Ext., DHA, Karachi, Pakistan. Shareholders as of April 26, 2018 are encouraged to participate.

Book Closure Dates

The Share Transfer Books of the Company will remain closed from April 20, 2018 to April 26, 2018 (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
First Floor, 40-C, Block-6,
P.E.C.H.S., Karachi-75530
UAN: +92 (21) 111-000-322
Direct: +92 (21) 34168266-68-70
Fax: +92 (21) 34168271
Email: secretariat@thk.com.pk

E- Dividend Mandate (Mandatory)

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

In order to receive dividend directly into their bank account, shareholders are requested (if not already provided) to fill in Bank Mandate Form for Electronic Credit of Cash Dividend available in the Annual Report and also on the Company's website and send it duly signed alongwith a copy of CNIC to the Share Registrar of the Company, THK Associates (Pvt.) Limited, 1st Floor, 40 – C, Block 6, P.E.C.H.S. Karachi 75400, in case of physical shares.

In case shares are held in CDC, electronic dividend mandate form must be directly submitted to shareholder's brokers/participant/CDC account services.

In case of non-receipt of information, the Company will be constrained to withhold payment of dividend to shareholders.

Transmission of Annual Audited Financial Statements and Notice of AGM to Members through CD/DVD/USB and e-mail

The SECP through SRO 470 (1)/2016 dated May 31, 2016 has allowed companies to circulate the annual balance sheet and profit and loss account, auditor's report and directors report etc.

("annual audited accounts") along with notice of general meeting to its shareholders in electronic form through CD/DVD/USB at their registered addresses. This would result in timely delivery of Annual Audited Accounts to the shareholders. The Company has placed on its website i.e. www.ZIL.com.pk a standard request form containing postal and e-mail address of Company Secretary/Share Registrar, so that shareholders may request a hard copy of the Annual Audited Accounts. The Company will provide one hard copy free of cost to the requesting shareholder at their registered address within one week of the request.

Unclaimed Dividend/Shares

Shareholders who could not collect their dividend / physical shares are advised to contact our Share Registrar to collect / enquire about their unclaimed dividend or shares, if any. In compliance with Section 244 of the companies Act 2017, after having completed the stipulated procedure, all such dividend and shares outstanding for a period of three (3) years or more from the date due and payable shall be deposited to the credit of the Federal Government in case of unclaimed dividend and in case of shares, shall be delivered to the SECP. Notices for unclaimed dividend / physical shares have been dispatched to the shareholders.

Consent for video conferencing facility

Members can also avail video conference facility in Lahore. In this regard please fill the following and submit to registered address of the Company at least 10 days prior to date of annual general meeting.

If the Company receives consent from members holding in aggregate 10% or more shareholding and residing at geographical location, to participate in the meeting through video conference, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

The company will intimate members regarding venue of video conference at least 5 days before the date of annual general meeting along with complete information necessary to enable them to access such facility.

Stock Code

The stock 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, issued of duplicate/revalidated dividend warrants, 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 the all relevant particulars as required under The repealed Companies Ordinance, 1984, newly enacted Companies Act 2017 and Securities Act, 2015 and allied rules, the Securities and Exchange Commission of Pakistan (SECP) regulations and the listing requirements.

Dividend

Keeping in view the profitability of the company, the Board of Directors recommended final cash dividend Rs.1.25 per share i.e 12.5% for the year ended December 31, 2017.

Earnings per Share

Earnings per share basic and diluted for the year Rs. 2.76 [(2016: Re. 0.64)].

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 for non-receipt of shares.

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 shareholders 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.

The instrument appointing a proxy (duly signed by the shareholder appointing that proxy) should be deposited at the office of the company not less then forty-eight hours before the meeting.

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 year 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

Annexures

Form of Proxy

The 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 ....of ....as my proxy to vote for me and on my behalf at the Annual General Meeting of the Company to be held on Thursday April 26, 2018, at 11:00 am at The Royal Rodale, Plot No. Tc-V, 34th Street, Khayaban-e-Sehar, Phase-V Ext., DHA, Karachi, Pakistan and at any adjournment thereof.

Signed this ....day of 2018

Witness:

Signature: ______________________

Name: ______________________

Address: ______________________

____

CNIC or Passport No. [| | | | | - | | | | | | | - |]

____

Witness:

Signature: ______________________

Name: ______________________

Address: ______________________

____

CNIC or Passport No. [| | | | | - | | | | | | | - |]

____

Signature on
Rs. 5/-
Revenue Stamp

The Signature should agree with the specimen registered with the Company.

____
Signature of Member

____
Signature of Proxy

Notes:

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

CDC Shareholders and their Proxies are each requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.

پراکسی فارم

سیکریٹری

زل لمیٹڈ

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

میں/ہم ________________ ساکن ________________

بطور زل لمیٹڈ کے رکن وحامل ________________ عام حصص بمطابق شیئر رجسٹرڈ فولیو نمبر ________________

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

یا بصورتِ دیگر ________________

کو اپنی جگہ بروز جمعرات مورخہ ۲۶ اپریل ۲۰۱۸ء بوقت ۱۱:۰۰ بجے صبح بمقام: رائل روڈال، پلاٹ نمبر Tc-V ۱۳۴، ۱۱اسٹریٹ، خیابان سحر، فیز-V، ایکسٹینشن، ڈی ایچ اے، کراچی، پاکستان میں منعقد یا ملتوی ہونے والے سالانہ عام اجلاس میں رائے دہندگی کیلئے نمائندہ مقرر کرتا/کرتی ہوں۔

دستخط بروز ________________ مورخہ ________________ ۲۰۱۸ء

دستخط: ________________

نام: ________________

پتہ: ________________

شناختی کارڈ ☐☐☐☐☐-☐☐☐☐☐☐☐-☐

یا

پاسپورٹ نمبر: ________________

دستخط: ________________

نام: ________________

پتہ: ________________

شناختی کارڈ ☐☐☐☐☐-☐☐☐☐☐☐☐-☐

یا

پاسپورٹ نمبر: ________________

پانچ روپے کے ریونیو ٹکٹ پر دستخط کریں۔

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

____

رکن کے دستخط

____

نمائندہ کے دستخط

نوٹ:

1. پراکسیز کے موثر ہونے کیلئے لازم ہے کہ وہ اجلاس سے 48 گھنٹہ قبل کمپنی کے رجسٹرڈ آفس کو موصول ہوں۔
2. سی ڈی سی نمائندہ (Member) اور انکے مقرر کردہ نمائندہ سے گزارش ہے کہ وہ تصدیق شدہ شناختی کارڈ یا پاسپورٹ اس پراکسی فارم کے ہمراہ کمپنی کو جمع کرائیں۔

Form of Proxy for E-Voting

58th Annual General Meeting

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

I/we, ____ of ______________________, holder of ____ Share(s) as per Registered Folio No./CDC A/c. No. __________________ hereby opt for e-voting through Intermediary and hereby consent to the appointment of Execution Officer Mr./Mrs./Miss ____ as proxy and will exercise e-voting as per the Companies (E-Voting) Regulations, 2016 and hereby demand for poll for resolutions.

My secured email address is ___________________, please send login details, password and electronic signature through email.

Signed this ___________________________________ day of _______________________________ 2018.

Witnesses:

1. Name : ________________________________
   Address : ________________________________
   NIC No. : ________________________________
   Signature : ________________________________

Signature on
Rs. 5/-
Revenue Stamp

2. Name : ________________________________
   Address : ________________________________
   NIC No. : ________________________________
   Signature : ________________________________

NOTICE:

1. A member entitled to attend and vote at the meeting may appoint another member and non- members as his / her proxy.
2. In order to be effective, the instructions/proxy forms must be received at the Company's registered office address at ZIL Limited Ground Floor, Bahria Complex III, M.T. Khan Road, Karachi, no later than 10 days before the meeting (i.e. by the close of business on April 16, 2018), duly signed and stamped and witnessed by two persons with their names, address, CNIC numbers and signatures.Further the same instructions/proxy scanned copy may also be sent to our official email id info@zil.com.pk
3. In the case of individuals attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
4. In the case of proxy by a corporate entity, Board of Directors resolution/power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted along with proxy Form.

الیکٹرانک ووٹنگ کیلئے پراکسی کا فارم

۵۸واں سالانہ اجلاس عام

سیکریٹری

زل لمیٹڈ

گراوٴنڈفلور، بحریہ کمپلیکس III، ایم۔ٹی۔خان روڈ، کراچی۔

میں / ہم ، -- کا تعلق --

سے اور ہمارے پاس رجسٹرڈ فولیو نمبر / سی ڈی سی اکاوٴنٹ نمبر---------------- کے تحت ---------------- شیئرز کے مالک ہیں، اور ہم ثالث کے ذریعے الیکٹرانک ووٹنگ کا

انتخاب کرتے ہیں اور جناب / محترمہ-- کو بطور ایگزیکوشن افسر برائے پراکسی مقرر کیے جانے کے حوالے سے اپنی رضامندی کا اظہار کرتے ہیں

جو کمپنیز (الیکٹرانک ووٹنگ) ریگولیشنز 2016 کے تحت الیکٹرانک ووٹنگ پر عمل کریں گے اور قرارداد کیلئے پولنگ کا مطالبہ کرتے ہیں۔

میرا ای میل ایڈریس------------------ ہے، براہِ کرم لاگ ان کی تفصیلات، پاسورڈ اور الیکٹرانک دستخط اسی ایڈریس پر بھیجیں۔

دستخط

مورخہ---------------

گواہان:

ا۔نام----------------------

پتہ-------------------------

شناختی کارڈ نمبر-----------------

دستخط

گواہان:

۲۔نام----------------------

پتہ-------------------------

شناختی کارڈ نمبر-----------------

دستخط

پانچ روپے کے ریونیو ٹکٹ پر دستخط کریں۔

نوٹس:

ا۔ووٹنگ کی تقریب میں شرکت اور ووٹ ڈالنے کا اہل ممبر کسی ایک اور رکن یا غیر رکن کو اپنا پراکسی مقرر کرسکتا ہے۔

۲۔موثر انداز سے عمل کیلئے ضروری ہے کہ ہدایت نامہ / پراکسی فارم کمپنی کے رجسٹرڈ دفتر، زل لمیٹڈ گراوٴنڈ فلور، بحریہ کمپلیکس III، ایم۔ٹی۔خان روڈ، کراچی، پر اجلاس سے 10 روز قبل پہنچ جانا چاہئے (یعنی 16 اپریل 2018 کو کاروباری سرگرمیوں کے اختتام تک)، جس پر دو گواہان کے نام، پتہ، شناختی کارڈ اور دستخط ہونا چاہئیں۔ مزید برآں، ہدایت نامہ / پراکسی کی اسکین کی ہوئی کاپی ہمارے ای میل ایڈریس info@zil.com.pk پر بھی ارسال کریں۔

۳۔افراد کی صورت میں بینیفیشل اونرز کے تصدیق شدہ کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ کی کاپی پراکسی فارم کے ساتھ جمع کرائی جائے۔

۴۔کارپوریٹ ادارے کے پراکسی کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی اور کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ کی مصدقہ کاپی پراکسی فارم کے ساتھ جمع کرائیں۔

ELECTRONIC CREDIT MANDATE FORM (MANDATORY)

Dear Shareholder,

We wish to inform you that in accordance with the provision of section 242 of the Companies Act, 2017, it is mandatory for a listed company to pay cash dividend to the shareholders only through electronic mode directly into the bank account designated by the entitled shareholders.

In order to receive your dividends directly in to your Bank account, please complete the particulars as mentioned below and return this letter duly signed along with a copy of your Computerized National Identity Card (CNIC) to the Registrar of the Company **THK Associates (Pvt.) Limited, 1st Floor, 40 – C, Block 6, P.E.C.H.S. Karachi 75400.**

CDC shareholders are requested to submit their Dividend Mandate Form and CNIC directly to their broker (participant)/CDC.

Yours faithfully
For ZIL Limited

(Ata-ur-Rehman Shaikh)
Company Secretary

SHAREHOLDER'S SECTION,

I hereby communicate to receive my future dividends directly in my bank account as detailed below:

Name of shareholder: --

Folio Number/CDC Account No.: ---Company: **ZIL LIMITED**

Title of Bank Account of sharholder: --

IBAN Number (**see below Note No. 1**): ---

Name of Bank: ---

Bank branch name & full mailing address: ---

CNIC No. (copy attached): --

NTN (in case of corporate entity): ---

Cell / Landline number: --e-mail ID--------------------------------

It is stated that the above particulars given by me are correct and to the best of my knowledge; I shall keep the Company informed in case of any changes in the said particulars in future.

______________________ Date:__________________

Shareholder's Signature

Notes and Instructions:

1. **Please provide complete IBAN Number (24 digits), after checking with your concerned branch to enable electronic credit directly into your bank account.**

2. The payment of cash dividend will be processed based on the account number alone. The Company is entitled to rely on the account number as per your instructions. The Company shall not be responsible for any loss, damage, liability or claim arising, directly or indirectly, from any error, delay, or failure in performance of any of its obligations hereunder which is caused by incorrect payment instructions and /or due to any event beyond the control of the Company.

Request For Video Conferencing Facility Form

The Company Secretary
ZIL Limited
Ground Floor, Bahria Complex III,
M. T. Khan Road,
Karachi, Pakistan.
Tel: +9221 35630251 – 60
Fax: +9221 35630266
e-mail: info@zil.com.pk

Consent Form for Video Conferencing Facility

I/We,____of______________being a

Shareholder of ZIL Limited, holder of ________________________Ordinary Share(s) as per

Registered Folio No./CDC Account No.______________________________ hereby opt for

video conference facility at ____

____

____
Signature of Shareholder

Note:

To avail video conference facility please fill the aforementioned and submit to registered address of the Company at least 10 days prior to date of annual general meeting.

If the Company receives consent from shareholders holding in aggregate 10% or more shareholding and residing at geographical location, to participate in the meeting through video conference, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

The company will intimate shareholders regarding venue of video conference at least 5 days before the date of annual general meeting along with complete information necessary to enable them to access such facility.

INVESTOR'S AWARENESS

For the year ended December 31, 2016

With reference to SRO 924(1) / 2015 dated September 9th, 2015 issued by the Securities and Exhange Commission of Pakistan (SECP), the following informational message has been added for investor's awareness.

ZIL LIMITED

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