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1st Quarter Report
March 31, 2014





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Corporate Information

Board of Directors

Mrs. Ferial Ali Mehdi
Chairman

Mr. Mujahid Hamid
Director

Syed Yawar Ali
Director

Mr. Shahid Nazir Ahmed
Director

Mr. Zafar Ahmed Siddiqui
Director

Mrs. Aameena Saiyid
Director

Mr. Munaf Ibrahim
Director

Mr. Mubashir Hasan Ansari
Chief Executive Officer

Company Secretary & Chief Financial Officer

Mr. Ata-ur-Rehman Shaikh

Statutory Auditors

KPMG Taseer Hadi & Co
Chartered Accountants

Legal Advisors

Hussain & Haider, Advocates

Registered Office

12th Floor, Executive Tower, Dolmen City, Marine Drive,
Block IV, Clifton, Karachi-Pakistan
<http://www.zil.com.pk>

Factory

Link Hali Road, Hyderabad - 71000

Board Audit Committee

Mr. Zafar Ahmed Siddiqui
Chairman

Mr. Shahid Nazir Ahmed
Member

Mrs. Ferial Ali Mehdi
Member

HR&R COMMITTEE

Syed Yawar Ali
Chairman

Mr. Zafar Ahmed Siddiqui
Member

Mrs. Ferial Ali Mehdi
Member

Mr. Mubashir Hasan Ansari
Member

Bankers

Faysal Bank Limited
Habib Bank Limited
National Bank of Pakistan Limited
MCB Bank Limited
BankIslami Pakistan Limited

Shares Registrars

THK Associates (Pvt) Limited
Ground Floor, State Life Building No. 3,
Dr. Ziauddin Ahmed Road, Karachi.



Directors' Review

The Directors of the Company are pleased to present the unaudited financial results of the company for the quarter ended March 31, 2014.

Summary of Business Performance

Company's business remained under pressure during January to March quarter of the year 2014 on account of challenging external environment including deteriorating law and order situation, high inflation, increased imports and competitive intensity. In the wake of such challenges, sales revenue declined during current three-month period as compared to similar period previous year. Input costs also remained on the higher side resulting in a negative impact on the gross margins of the company.

Financial Position at a glance

Financial results for the period under review are as follows:

	Three months ended March 31, 2014	Three months ended March 31, 2013
	Rupees in '000	
Sales	266,813	382,807
Gross profit	71,862	108,513
Profit / (Loss) after taxation	(15,094)	635

Future Outlook

ZIL's understanding of the consumers, R&D capability and enhanced emphasis on innovation will help us to counter aforementioned challenges. We are confident about the future prospects of the company as demand for our products has been resilient and is expected to increase in the years to come.

The company is striving to not only retain its market share but also to enhance the same through advertisement, extensive trade and distribution program. The company is also actively focusing on its Facewash category.

The company is simultaneously working internally to become more efficient by becoming more cost efficient.

Acknowledgement

We wish to thank our customers for their continued support. We also take this opportunity to thank our suppliers, bankers and distributors for providing us their valuable support. Finally we wish to thank our staff members for their commitment towards the development of the Company.

For and on behalf of the Board

Mubashir Hasan Ansari
Chief Executive Officer

Karachi: April 22, 2014



Condensed Interim Balance Sheet

As at 31 March 2014

	31 March 2014 (Unaudited)	31 December 2013 (Audited)
	(Rs. in '000)	
Note		
NON-CURRENT ASSETS		
Property, plant and equipment	6 406,184	410,118
Intangible assets	2,891	3,801
Long term deposits	7,458	7,458
Long term loans to employees	269	229
CURRENT ASSETS		
Stores and spares	12,756	11,791
Stock-in-trade	7 470,708	372,349
Trade debts	48,079	58,336
Advances, deposits, prepayments and other receivables	64,957	74,430
Cash and bank balances	8 9,439	42,328
	605,938	559,234
CURRENT LIABILITIES		
Running finance	8.1 178,561	-
Murabaha Financing	8.2 100,000	200,000
Trade and other payables	133,711	145,397
Taxation	24,408	32,901
	436,680	378,298
NET CURRENT ASSETS	169,258	180,936
NET ASSETS	586,060	602,542
FINANCED BY		
SHARE CAPITAL AND RESERVES		
Authorised capital 10,000,000 (31 Dec 2013: 10,000,000) ordinary shares of Rs. 10 each	<u>100,000</u>	<u>100,000</u>
Issued, subscribed and paid up capital	53,240	53,240
Reserves	<u>294,063</u>	<u>307,650</u>
	347,303	360,890
Surplus on revaluation of fixed assets - net of tax	124,958	126,464
NON-CURRENT LIABILITIES		
Long term deposits	450	450
Deferred staff liabilities	73,075	73,786
Deferred tax liability - net	40,273	40,952
CONTINGENCIES AND COMMITMENTS	9 <u>586,060</u>	<u>602,542</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

Ferial Ali Mehdi
Chairman

Mubashir Hasan Ansari
Chief Executive Officer



Condensed Interim Profit and Loss Account (Un-audited)

For the three months period ended 31 March 2014

		Three months period ended	
		31 March 2014	31 March 2013
		(Rs. in '000)	
	<i>Note</i>		
Net sales	10	266,813	382,807
Cost of Sales	11	(194,951)	(274,295)
Gross profit		<u>71,862</u>	<u>108,513</u>
Selling and distribution expenses		(59,736)	(74,096)
Administrative expenses		(34,012)	(31,291)
		<u>(93,748)</u>	<u>(105,387)</u>
		(21,886)	3,126
Other operating income		3,092	1,225
Other operating expenses		1,798	(366)
		<u>(16,996)</u>	<u>3,985</u>
Finance cost		(7,268)	(3,788)
Profit/(loss) before taxation		<u>(24,264)</u>	<u>197</u>
Taxation		9,170	437
Profit/(loss) after taxation		<u>(15,094)</u>	<u>635</u>
----- (Rupees) -----			
Earnings per share - basic and diluted		<u>(2.84)</u>	<u>0.12</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

Ferial Ali Mehdi
Chairman

Mubashir Hasan Ansari
Chief Executive Officer



**Condensed Interim Statement of
Comprehensive Income (Un-audited)**

For the three months period ended 31 March 2014

	<u>Three months period ended</u>	
	<u>31 March 2014</u>	<u>31 March 2013</u>
	(Rs. in '000)	
Profit / (loss) for the period	(15,094)	635
Other comprehensive income	-	-
Total comprehensive income / (loss) for the period	<u><u>(15,094)</u></u>	<u><u>635</u></u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

Ferial Ali Mehdi
Chairman

Mubashir Hasan Ansari
Chief Executive Officer



Condensed Interim Cash Flow Statement (Un-audited)

For the three months period ended 31 March 2014

	Note	Three months period ended	
		31 March 2014	31 March 2013
(Rs. in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	12	(103,365)	(52,656)
Income tax paid		9,120	(8,711)
Gratuity paid		(2,623)	(6,573)
Retirement benefits paid		(2,151)	(1,404)
Profit received on short term deposit		27	19
Mark-up paid		(7,537)	(4,338)
Net cash flows from operating activities		(3,164)	(21,007)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(4,921)	(11,664)
Net cash flows from investing activities		(4,921)	(11,664)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short Term Loan & Murabaha		(100,000)	80,500
Net cash flows from financing activities		(100,000)	80,500
Net (decrease) / increase in cash and cash equivalents		(211,450)	(4,828)
Cash and cash equivalents at beginning of the period		42,328	11,217
Cash and cash equivalents at end of the period		(169,122)	6,389
Cash and cash equivalents comprise of			
Cash and bank balances		9,439	15,798
Running finance under mark up arrangements		(178,561)	(9,409)
		(169,122)	6,389

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

Ferial Ali Mehdi
Chairman

Mubashir Hasan Ansari
Chief Executive Officer



Condensed Interim Statement of Changes in Equity (Un-audited)

For the three months period ended 31 March 2014

	Issued, subscribed and paid up capital	Revenue reserves General reserve	Un-appro- priated profit	Total reserves	Total
	(Rs. in '000)				
Balance as at 1 Jan 2013	53,240	6,000	273,931	279,931	333,171
Transactions with owners recorded directly in equity					
Total comprehensive income for the nine months period ended 31 March 2013-Profit for the period	-	-	635	635	635
Transferred from surplus on revaluation of fixed assets -net of deferred Tax	-	-	869	869	869
	-	-	1,504	1,504	1,504
Balance as at 31 March 2013	53,240	6,000	275,435	281,435	334,675
Balance as at 1 Jan 2014	53,240	6,000	301,650	307,650	360,890
Total comprehensive income for the three months period ended 31 March 2014-Profit for the period	-	-	(15,094)	(15,094)	(15,094)
Transferred from surplus on revaluation of fixed assets - net of deferred tax	-	-	1,507	1,507	1,507
Balance as at 31 March 2014	53,240	6,000	288,063	294,063	347,303

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

Ferial Ali Mehdi
Chairman

Mubashir Hasan Ansari
Chief Executive Officer



Notes to the Condensed Interim Financial Statements (Unaudited)

For the three months period ended 31 March 2014

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 Ordinance, 1984) and was subsequently converted into a public limited company in November 1986. Its shares are listed on the Karachi and Lahore Stock Exchanges. The principal activity of the Company is the manufacture and sale of home and personal care products.

The registered office of the company is situated at 12th Floor, Executive Tower, Dolmen City, Marine Drive, Block-IV, Clifton, Karachi.

2. BASIS FOR PRESENTATION

2.1 Statement of compliance

This condensed interim financial information has been prepared in accordance with the requirements of the approved international accounting standard "Interim Financial Reporting" (IAS 34) as applicable in Pakistan for interim financial reporting. This condensed interim financial information does not include all of the information and disclosures required in the financial statements, and should be read in conjunction with the Company's annual financial statements as at and for the year ended 31 Dec 2013.

This condensed interim financial information is being submitted to the shareholders as required by listing regulations of Karachi and Lahore Stock Exchanges and section 245 of the Companies Ordinance, 1984.

2.2 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Company for the year ended 31 Dec 2013.

4. ESTIMATES

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements as for the year ended 31 Dec 2013.

5. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 Dec 2013.



Notes to the Condensed Interim Financial Statements (Unaudited)

For the three months period ended 31 March 2014

		31 March 2014 (Unaudited)	31 Dec 2013 (Audited)
		(Rs. in '000)	
6. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	399,497	405,190
Capital work-in-progress	6.2	6,687	4,928
		<u>406,184</u>	<u>410,118</u>

6.1 Operating fixed assets

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

	Additions	Disposals	
		Cost	Accumulated depreciation
	-----	(Rs. in '000) -----	
Plant, Machinery & Equipment	1,476	-	-
Furniture and Fixtures	50	-	-
Computers	303	-	-
Vehicles	1,049	-	-
Capital Spares	334	-	-
	<u>3,212</u>	<u>-</u>	<u>-</u>

	31 March 2014 (Unaudited)	31 Dec 2013 (Audited)
		(Rs. in '000)
6.2 Capital work-in-progress		
Opening balance	4,928	19,123
Additions during the period	4,971	33,230
	<u>9,899</u>	<u>52,353</u>
Transfers during the period	(3,212)	(47,425)
	<u>6,687</u>	<u>4,928</u>



Notes to the Condensed Interim Financial Statements (Unaudited)

For the three months period ended 31 March 2014

	31 March 2014 (Unaudited)	31 Dec 2013 (Audited)
	(Rs. in '000)	
7. STOCK-IN-TRADE		
Raw materials – in hand	200,865	174,550
– in transit	94,727	61,364
	<u>295,593</u>	<u>235,914</u>
Packing materials	26,766	21,562
Work-in-process	42,438	44,801
Finished goods	112,948	77,360
	<u>477,744</u>	<u>379,637</u>
Provision against slow moving stock-in-trade	(7,036)	(7,288)
	<u>470,708</u>	<u>372,349</u>

	(Rs. in '000)	
8. CASH AND BANK BALANCES		
Cash in hand	263	84
Cash at banks in		
– current accounts	9,128	10,270
– collection accounts	-	31,924
– profit and loss sharing account	48	50
	<u>9,176</u>	<u>42,244</u>
	<u>9,439</u>	<u>42,328</u>

8.1 Running finance under mark up arrangement facility carries mark up rate of 1 month's KIBOR +0.9%

8.2 Short term Loan and Murabaha financing carries mark up rate of respective period's' KIBOR + 0.5%.



Notes to the Condensed Interim Financial Statements (Unaudited)

For the three months period ended 31 March 2014

9. CONTINGENCY AND COMMITMENT

9.1 Contingency

9.1.1 Bank guarantees aggregating to Rs.7.02 million (31 Dec 2013: 7.02 million) have been issued in favour of Sui Southern Gas Company Limited for the supply of natural gas.

9.1.2 Post dated cheques of Rs. 38.06 million (31 Dec 2013: Rs. 68.66 million) have been issued to Collector of Customs against partial exemption of import levies.

9.2 Commitment

Commitments under letters of credit for the import of stock-in-trade items amounting to Rs. 15.47 million (31 Dec 2013: Rs.88.042 million).

10. NET SALES

	Three months period ended	
	31 March 2014	31 March 2013
	(Rs. in '000)	
Gross sales	351,411	484,535
Sales tax	(56,307)	(73,499)
Trade promotion discount	(28,101)	(28,156)
Rebate and sales return	(190)	(72)
	<u>(84,598)</u>	<u>(101,728)</u>
	266,813	382,807



Notes to the Condensed Interim Financial Statements (Unaudited)

For the three months period ended 31 March 2014

	Three months period ended	
	31 March 2014	31 March 2013
	(Rs. in '000)	
11. COST OF SALES		
Raw and packing materials consumed	173,247	254,583
Stores and spares consumed	2,480	2,081
Salaries, wages and other benefits	27,212	29,443
Contribution to the provident fund	592	571
Repair and maintenance	568	421
Fuel and power	13,773	15,811
Rent, rates and taxes	9	33
Insurance	778	777
Product research and development	12	149
Traveling & conveyance	1,367	1,197
Printing & stationery	77	65
Postage & telephone	122	199
Legal charges	24	9
Subscription	1	11
Depreciation / Amortisation	5,686	5,510
Freight and handling material	1,195	1,558
Toll Manufacturing	-	225
Other expenses	1,033	653
	<u>228,176</u>	<u>313,298</u>
Opening stock of work-in-process	44,801	46,825
Closing stock of work-in-process	(42,438)	(50,650)
Cost of goods manufactured	<u>230,539</u>	<u>309,472</u>
Opening stock of finished goods	77,360	79,431
Closing stock of finished goods	(112,948)	(114,609)
	<u><u>194,951</u></u>	<u><u>274,295</u></u>



Notes to the Condensed Interim Financial Statements (Unaudited)

For the three months period ended 31 March 2014

	Three months period ended	
	31 March 2014	31 March 2013
	(Rs. in '000)	
12. CASH GENERATED FROM OPERATIONS		
Profit/(loss) before taxation	(24,264)	197
Adjustments for:		
Mark-up expense	7,268	3,788
Depreciation / amortisation	9,764	9,028
Provision for gratuity	2,805	2,495
Provision for staff retirement benefits	1,259	908
Reversal of provision on disposal of provided stock	(253)	(964)
Profit on short term deposit	(27)	(19)
	<u>20,816</u>	<u>15,236</u>
Operating profit before working capital changes	<u>(3,448)</u>	15,433
(Increase) / Decrease in operating assets:		
Stores and spares	(966)	(235)
Stock-in-trade	(98,107)	(41,682)
Trade debts	10,258	(2,042)
Loans and Advances	63	175
Advances, deposits, prepayments and other receivables	249	567
	<u>(88,503)</u>	<u>(43,217)</u>
Increase / (decrease) in operating liabilities:		
Trade and other payables	(11,414)	(24,872)
Cash generated from operations	<u>(103,365)</u>	<u>(52,656)</u>

13. TRANSACTIONS AND BALANCE WITH ASSOCIATED PARTIES

The related parties comprise Treet Corporation Limited, I.G.I Insurance, Wazir Ali Industries, Employees' Provident Fund, directors and key management personnel. The details of transactions with related parties are as follows:



Notes to the Condensed Interim Financial Statements (Unaudited)

For the three months period ended 31 March 2014

	Three months period ended	
	31 March 2014	31 March 2013
	(Rs. in '000)	
13.1. Transactions with related parties		
Associated Companies		
Purchases of goods	1,120	905
Services received	557	1,505
Staff Retirement Benefit Plans		
Contribution to employees' provident fund	1,344	1,352
Directors and Chief Executive Officer		
Remuneration	9,570	8,118
Other Key Management Personnel		
Managerial remuneration (excluding directors and Chief Executive Officer)	21,565	14,215
	31 March 2014 (Un-audited)	31 Dec 2013 (Audited)
	(Rs. in '000)	
13.2. Balances with related parties:		
Trade and other receivables	361	57

14. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on 25 February 2014 has proposed a cash dividend of Rs.1.5 per share (31 December 2012: Rs.1.5 per share) amounting to Rs.7.986 million (31 December 2012: Rs. 7.986 million) and bonus share issue in the proportion of 15 Shares for every hundred shares held Amounting to Rs 7.986 Million n (31 December 2012: Nil) for approval by the members in Annual General Meeting. The financial statements for the quarter ended 31 March 2014 do not include the effect of the proposed cash dividend and bonus share issue , which will be accounted for in the financial statements for the year ending 31 December 2014.



Notes to the Condensed Interim Financial Statements (Unaudited)

For the three months period ended 31 March 2014

15. GENERAL

15.1. These condensed financial statements were authorised for issue by the Board of Directors of the company in their meeting held on 22nd April 2014.

15.2 Figures have been rounded off to the nearest of thousand of rupees.

Handwritten signature of Ferial Ali Mehdi.

Ferial Ali Mehdi
Chairman

Handwritten signature of Mubashir Hasan Ansari.

Mubashir Hasan Ansari
Chief Executive Officer



12th Floor, Executive Tower, Dolmen City,
Marine Drive, Block IV, Clifton, Karachi - Pakistan.
Tel: +9221 35297570-77
Fax: +9221 35297585
Website: www.zil.com.pk