



Third Quarterly Report  
January - September / 2015

## **Content**

Corporate Information	01
Directors' Review	02
Condensed Interim Balance Sheet	03
Condensed Interim Profit and Loss Account	04
Condensed Interim Statement of Comprehensive Income	05
Condensed Interim Cash Flow Statement	06
Condensed Interim Statement of Changes in Equity	07
Notes to the Condensed Interim Financial Information	08



## Corporate Information

### Board of Directors

Mrs. Feriel Ali Mehdi  
Chairman

Mr. Mujahid Hamid  
Non-Executive Director

Syed Hasnain Ali  
Non-Executive Director

Mr. Shahid Nazir Ahmed  
Non-Executive Director

Mrs. Ameena Saiyid  
Independent, Non-Executive Director

Mr. Saad Amanullah Khan  
Independent, Non-Executive Director

Mr. Kemal Shoaib  
Non-Executive Director

Mr. Mubashir Hasan Ansari  
Chief Executive Officer

### Board Audit Committee

Mr. Saad Amanullah Khan  
Chairman

Mrs. Feriel Ali Mehdi  
Member

Mr. Shahid Nazir Ahmed  
Member

### Human Resource & Remuneration Committee

Mrs. Feriel Ali Mehdi  
Chairman

Mr. Kemal Shoaib  
Member

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 Advisors

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

### 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 Associates (Pvt) Limited  
2nd 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 third quarter July to September 2015 and nine month period ended September 30, 2015.

### Summary of business performance

The company achieved net sales revenues of Rs.992 million for the nine month period from January to September 2015 against the net sales revenue of 959 million for the corresponding period last year, despite ten percent decline in retail prices of the premium products. The significant recovery came in July-September quarter of the year 2015 as compared with previous quarters of 2015 which recorded losses. The turnaround was driven by the re-launch of flagship brand Capri with better product mix. Decline in retail price at the start of the year has adversely affected the margins, and management is continuously and successfully focusing on all areas of the business to mitigate this adverse affect.

During the three month period under review, the company's overall sales volume recorded 32% growth over same period last year, whereas net sales value grew by 23% as compare to third quarter of 2014. Timely re-launch, responding on changed consumer expectations coupled with efficient traditional & digital marketing, structural changes in sales force and better working capital management are now delivering results. Various operational efficiency measures are also contributing in the overall performance.

### Financial position at a glance

Financial results for the three month period under review are as follows:

	Third Quarter July - Sept. 2015	Third Quarter July - Sept. 2014
	Rupees in '000	
Sales-net	405,193	328,686
Gross profit	92,967	66,438
Selling & distribution costs	60,715	61,280
Administrative costs	23,228	24,010
Financial costs	5,382	6,267
Profit / (loss) after tax	2,740	(15,904)
Earning/ (loss) per share - rupees	0.45	(2.60)

### Future outlook

Due to increasing younger population, changing life styles, urbanization and growing middle class, it is expected that premium soap market will grow in future and company is gearing to realize this potential. Company has already been focusing on consumers understanding, R&D capability / innovations, better customer service and improved product mix; while digital marketing, and online consumer & trade promotion programs have further been added to expand the market share of the company's products.

### Acknowledgement

We thank our customers for their trust in our brands and our shareholders, bankers, suppliers and distributors for continued support. We also thank our employees for their relentless efforts and acknowledge their commitment and loyalty.

On behalf of the Board of Directors

**Mubashir Hasan Ansari**  
Chief Executive Officer

Karachi: October 27, 2015



## Condensed Interim Balance Sheet (Un-audited)

As at 30 September 2015

	Un-audited 30 September 2015	Audited 31 December 2014
ASSETS	Note	(Rs. in '000)
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	6	374,354
Intangible assets		970
Long term deposits		5,156
Long term loans to employees		1,181
Deferred tax asset - net	12	47,753
		<u>429,414</u>
<b>CURRENT ASSETS</b>		
Stores and spares		16,242
Stock-in-trade	7	209,578
Trade debts	8	56,235
Advances, prepayments and other receivables	9	77,134
Cash and bank balances	10	17,331
		<u>376,520</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	11	182,093
Short term borrowings		232,042
Taxation		13,538
		<u>427,673</u>
<b>NET CURRENT ASSETS</b>		<b>(51,153)</b>
<b>NET ASSETS</b>		<b><u>378,259</u></b>
<b>FINANCED BY:</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorised capital 10,000,000 (31 December 2014: 10,000,000) ordinary shares of Rs. 10 each		100,000
Issued, subscribed and paid up capital		61,226
Reserves		106,540
		<u>167,766</u>
Surplus on revaluation of fixed assets - net of tax		123,162
<b>NON-CURRENT LIABILITIES</b>		
Long-term deposits		450
Deferred staff benefit liabilities		86,881
		<u>87,331</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	13	
		<u>378,259</u>
		<u>456,204</u>

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

**Ferial Ali Mehdi**  
Chairman

**Mubashir Hasan Ansari**  
Chief Executive Officer



## Condensed Interim Profit and Loss Account (Un-audited)

For the nine months period ended 30 September 2015

	Note	Nine months period ended		Three months period ended	
		30 September 2015	30 September 2014	30 September 2015	30 September 2014
(Rupees in '000)					
Net sales	14	992,348	958,599	405,193	328,686
Cost of sales	15	(800,220)	(738,466)	(312,225)	(262,248)
Gross profit		192,128	220,133	92,968	66,438
Selling and distribution cost	16	(221,695)	(247,393)	(60,715)	(61,280)
Administrative expenses		(69,264)	(91,054)	(23,228)	(24,010)
		(290,959)	(338,447)	(83,943)	(85,290)
		(98,831)	(118,314)	9,025	(18,852)
Other income	17	4,144	5,641	774	834
Other expenses		(1,174)	-	(383)	-
		(95,861)	(112,673)	9,416	(18,018)
Finance cost		(18,072)	(21,117)	(5,382)	(6,267)
Profit/(Loss) before taxation		(113,933)	(133,790)	4,034	(24,285)
Taxation	12	27,227	46,641	(1,294)	8,381
Profit/(Loss) for the period		(86,706)	(87,149)	2,740	(15,904)
Profit/(Loss) per share - basic and diluted	Rupees	(14.16)	(14.23)	0.45	(2.60)

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

Ferial Ali Mehdi  
Chairman

Mubashir Hasan Ansari  
Chief Executive Officer



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

For the nine months period ended 30 September 2015

	<u>Nine months period ended</u>		<u>Three months period ended</u>	
	<u>30 September</u>	<u>30 September</u>	<u>30 September</u>	<u>30 September</u>
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>----- (Rupees in '000) -----</u>			
Profit/(Loss) after tax for the period	<b>(86,706)</b>	(87,149)	<b>2,740</b>	(15,904)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income/ loss for the period	<u><b>(86,706)</b></u>	<u>(87,149)</u>	<u><b>2,740</b></u>	<u>(15,904)</u>

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

**Ferial Ali Mehdi**  
Chairman

**Mubashir Hasan Ansari**  
Chief Executive Officer



## Condensed Interim Cash Flow Statement (Un-audited)

For the Nine months period ended  
30 September 2015

**Nine months period ended**  
**30 September 2015**    **30 September 2014**  
**(Rs. in '000)**

### CASH FLOWS FROM OPERATING ACTIVITIES

Loss before taxation	(113,933)	(133,790)
Adjustments for:		
Finance cost	18,072	21,117
Depreciation / amortisation	26,302	29,401
Provision for gratuity	8,529	8,415
Provision for staff retirement benefits	2,237	3,776
Provision for slow moving stock in trade	817	3,000
Reversal of provision on sales of provided stock	(4,291)	(253)
Mark-up on short term deposit	(31)	(69)
Gain on disposal of fixed assets	(929)	(1,484)
	<u>50,706</u>	<u>63,903</u>
Operating loss before working capital changes	(63,227)	(69,887)
Decrease / (increase) in operating assets:		
Stores and spares	(2,611)	(1,131)
Stock-in-trade	78,368	38,413
Trade debts	(27,206)	14,685
Long term loan to employees	(593)	(149)
Long term deposit	1,350	2,045
Advances, prepayments and other receivables	2,195	1,503
	<u>51,503</u>	<u>55,366</u>
(Decrease) / increase in operating liabilities:		
Trade and other payables	28,148	68,699
	<u>16,424</u>	<u>54,178</u>
Income tax refund / (paid)	(18,122)	(1,352)
Gratuity paid	(3,938)	(4,671)
Staff retirement benefits paid	(2,617)	(4,155)
Profit received on short term deposits	31	69
Mark-up paid	(17,074)	(20,625)
	<u>(41,720)</u>	<u>(30,734)</u>
<b>Net cash used in operating activities</b>	<b>(25,296)</b>	<b>23,444</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(7,551)	(21,611)
Proceeds from disposal of fixed assets	1,959	3,549
Net cash used in investing activities	(5,592)	(18,062)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	-	(7,928)
Short term borrowings	25,000	(25,000)
<b>Net cash generated from financing activities</b>	<b>25,000</b>	<b>(32,928)</b>
Net decrease in cash and cash equivalents	(5,888)	(27,546)
Cash and cash equivalents at beginning of the period	16,177	42,329
<b>Cash and cash equivalents at end of the period</b>	<b><u>10,289</u></b>	<b><u>14,783</u></b>
Cash and cash equivalents comprises:		
Cash and bank balances	17,331	14,783
Running finance under mark-up arrangements	(7,042)	-
	<u>10,289</u>	<u>14,783</u>

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

**Ferial Ali Mehdi**  
Chairman

06

**Mubashir Hasan Ansari**  
Chief Executive Officer





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

For the nine months period ended 30 September 2015

	Issued, subscribed and paid up capital	Reserves		Total reserves	Total
		General reserve	Un-appro- priated profit		
(Rs. in '000)					
Balance as at 1 January 2014	53,240	6,000	301,650	307,650	360,890
<b>Total comprehensive loss for the period</b>					
Loss for the nine months period ended 30 September 2014	-	-	(87,149)	(87,149)	(87,149)
<b>Transactions with owners:</b>					
- Final cash dividend paid for the year ended 31 December 2013	-	-	(7,986)	(7,986)	(7,986)
- Bonus shares issued for the year ended 31 December 2013 @ 15%	7,986	-	(7,986)	(7,986)	-
<b>Transferred from surplus on revaluation of fixed assets - net of deferred tax</b> (incremental depreciation on property, plant and equipment)	-	-	3,316	3,316	3,316
<b>Balance as at 30 September 2014</b>	<u>61,226</u>	<u>6,000</u>	<u>201,845</u>	<u>207,845</u>	<u>269,071</u>
Balance as at 1 January 2015	61,226	6,000	183,969	189,969	251,195
<b>Total comprehensive loss for the period</b>					
Loss for the nine months period ended 30 September 2015	-	-	(86,706)	(86,706)	(86,706)
<b>Transferred from surplus on revaluation of fixed assets - net of deferred tax</b> (incremental depreciation on property, plant and equipment)	-	-	3,277	3,277	3,277
<b>Balance as at 30 September 2015</b>	<u>61,226</u>	<u>6,000</u>	<u>100,540</u>	<u>106,540</u>	<u>167,766</u>

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

**Ferial Ali Mehdi**  
Chairman

**Mubashir Hasan Ansari**  
Chief Executive Officer



## **Notes to the Condensed Interim Financial Information (Unaudited)**

For the nine months period ended 30 September 2015

### **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 Ground Floor, Bahria Complex III, M.T. Khan Road, Karachi

### **2. BASIS OF PRESENTATION**

#### **2.1 Statement of compliance**

This condensed interim financial information of the Company for the nine months period ended 30 September 2015 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and the provisions of and directives issued under Companies Ordinance, 1984. In case where requirements differ, the provisions and directives issued under the Companies Ordinance, 1984 have been followed.

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

This condensed interim financial information does not include all the information required for full annual financial statements and should be read in conjunction with the financial statements of the Company as at and for the year ended 31 December 2014.

These condensed interim financial statements have been prepared under the historical cost convention except for land, buildings and plant and machinery which are stated at revalued amount less any subsequent depreciation and impairment loss, if any.

#### **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 and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended 31 December 2014.



## Notes to the Condensed Interim Financial Information (Unaudited)

For the nine months period ended 30 September 2015

### New Standards, Interpretations and Amendments

The Company has adapted the following accounting standards and the amendments and interpretations of IFRSs which became effective for the current period:

#### Standard or Interpretation

IFRS 11 - Joint Arrangements  
IFRS 12 - Disclosure of Interests in Other Entities  
IFRS 13 - Fair Value Measurements  
IAS 19 - Employee Benefit Plans: Employee Contribution  
IAS 27 - Separate Financial Statements

The above standards and amendments did not have any impact on the Company's financial information for the current period.

In addition to the above, certain improvements to various accounting standards have also been issued by the IASB. Such improvements are effective for the current accounting period but did not have any material impact on the Company's Financial Statements

### 4. ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgments made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the audited financial statements of the Company for the year ended 31 December 2014.

### 5. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 December 2014.

### 6. PROPERTY, PLANT AND EQUIPMENT

	Un-audited 30 September 2015	Audited 31 December 2014
	(Rs. in '000)	
Operating fixed assets	6.1 370,092	384,627
Capital work-in-progress	6.2 4,262	9,082
	<u>374,354</u>	<u>393,709</u>



## Notes to the Condensed Interim Financial Information (Unaudited)

For the nine months period ended 30 September 2015

### 6.1 Operating fixed assets

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

	Additions	Disposals	
		Cost	Accumulated depreciation
	(Rs. in '000)		
Plant, machinery & equipment	5,453	-	-
Capital spares	778	-	-
Furniture & fixtures	4,300	-	-
Computers	811	472	232
Vehicle	1,059	2,312	1,522
	<u>12,401</u>	<u>2,784</u>	<u>1,754</u>

Un-audited 30 September 2015	Audited 31 December 2014
------------------------------------	--------------------------------

(Rs. in '000)

### 6.2 Capital work-in-progress

Opening balance	9,082	4,928
Additions during the period	<u>7,581</u>	<u>31,220</u>
	<b>16,663</b>	<b>36,148</b>
Transfers during the period	<u>(12,401)</u>	<u>(27,066)</u>
	<u><b>4,262</b></u>	<u><b>9,082</b></u>

This represents plant and machinery, advance for capital expenditure, etc.

### 7. STOCK-IN-TRADE

Raw material - in hand	74,426	121,029
- in transit	<u>2,137</u>	<u>58,301</u>
	<b>76,563</b>	<b>179,330</b>
Packing material	22,507	8,689
Work-in-progress	50,603	54,331
Finished goods	<u>69,183</u>	<u>54,876</u>
	<b>218,856</b>	<b>297,226</b>
Provision against slow moving items of stock-in-trade	7.1 <u>(9,278)</u>	<u>(12,753)</u>
	<u><b>209,578</b></u>	<u><b>284,473</b></u>



## Notes to the Condensed Interim Financial Information (Unaudited)

For the nine months period ended 30 September 2015

7.1 During the year provision of Rs. 4.29 million was reversed as the related items have been sold by the Company.

	Un-audited 30 September 2015	Audited 31 December 2014
	(Rs. in '000)	
<b>8. TRADE DEBTS</b>		
Considered good	56,235	29,030
Considered doubtful	4,133	4,133
	<u>60,368</u>	<u>33,163</u>
Provision against doubtful debts	(4,133)	(4,133)
	<u>56,235</u>	<u>29,030</u>

### 9. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

Advances - considered good:		
- Suppliers and contractors - net	2,073	3,641
Less: Provision held	(803)	(803)
	<u>1,270</u>	<u>2,838</u>
- taxation	69,928	51,816
- to sales staff	508	508
Current maturity of loans to employees	446	586
Prepayments	4,650	3,658
Other receivables	332	1,951
	<u>77,134</u>	<u>61,357</u>

### 10. CASH AND BANK BALANCES

Cash in hand	181	68
Cash at banks in - current accounts / collection accounts	17,046	18,000
- profit and loss sharing accounts 10.1	104	91
	<u>17,150</u>	<u>18,091</u>
	<u>17,331</u>	<u>18,159</u>

10.1 The balance carries profit at 6% per annum (31 December 2014: 6% to 6.5% per annum).



## Notes to the Condensed Interim Financial Information (Unaudited)

For the nine months period ended 30 September 2015

Un-audited      Audited  
30 September    31 December  
2015              2014  
(Rs. in '000)

### 11. TRADE AND OTHER PAYABLES

Trade creditors	98,654	72,482
Accrued expenses	36,898	31,814
Advances from customers	17,340	22,586
Sales tax payable	12,434	11,113
Workers' Welfare Fund	728	728
Dividend payable	57	57
Unclaimed dividend	852	852
Accrued mark-up liability	5,955	4,957
Security deposits	7,449	7,401
Other liabilities	1,726	957
	<u>182,093</u>	<u>152,947</u>

### 12. DEFERRED TAX ASSET - net

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

	Balance at 31 December 2014	Recognized in the profit and loss	Recognized in surplus	Balance at 30 September 2015
----- (Rupees in '000) -----				
<b>Taxable temporary differences</b>				
- on accelerated tax depreciation	34,690	(6,312)	-	28,378
- on surplus on revaluation of fixed assets	<u>31,839</u>	<u>(1,440)</u>	<u>(4,548)</u>	25,845
	<u>66,529</u>	<u>(7,752)</u>	<u>(4,548)</u>	54,223
<b>Deductible temporary differences (including deferred tax asset on tax losses)</b>				
- on provision for defined benefit plan	<u>(28,934)</u>	2,870	-	(26,063)
- on provision against slow moving stock and doubtful debts	<u>(7,938)</u>	2,176	-	(5,762)
- on tax losses	<u>(45,697)</u>	<u>(24,455)</u>	-	(70,151)
	<u>(82,569)</u>	<u>(19,409)</u>	-	(101,976)
<b>Net deferred tax liability</b>	<u>(16,040)</u>	<u>(27,161)</u>	<u>(4,548)</u>	<u>(47,753)</u>

Accordingly tax credit recognised in the profit and loss account for the current period is as follows:

Net deferred tax asset (as above)	(27,161)
Prior year tax	(66)
	<u>(27,227)</u>



## Notes to the Condensed Interim Financial Information (Unaudited)

For the nine months period ended 30 September 2015

### 13. CONTINGENCIES AND COMMITMENTS

#### 13.1 Contingencies

- 13.1.1** Bank guarantees aggregating to Rs. 7.02 million (31 December 2014: Rs. 7.02 million) have been issued in favour of Sui Southern Gas Company Limited for the supply of natural gas. A 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 2014: Rs. 1.3 million).
- 13.1.2** Post dated cheques of Rs. 37.345 million (31 December 2014: Rs. 42.413 million) have been issued to Collector of Customs against partial exemption of import levies.
- 13.1.3** A Divisional Bench of the Sindh High Court (SHC) in May 2013 had held that where no tax is payable due to tax losses, minimum tax cannot be carried forward for adjustment against the future tax liability.

The Company based on its tax advisors' advice considers that strong grounds are available whereby the aforesaid decision can be challenged and an appeal against the aforesaid decision has already been filed before the Supreme Court of Pakistan by other companies. In view of above, the Company is confident that the ultimate outcome in this regard would be favourable. Hence no provision in this respect amounting to Rs. 24.74 million (including Rs. 10.65 million for the current period) has been made in these condensed interim financial information.

- 13.1.4** Income Tax Assessments of the Company have been completed up to and including the tax year 2014 (accounting period ended 31 December 2013) with an exception of the tax year 2011, for which the audit proceedings have been initiated and is still under compliance and pending before the Large Taxpayers Unit, Karachi till date. The management believes that no adverse inference is expected.

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, hearing of which has been conducted and the case has been argued, order of which is still awaited. Based on the Company's tax advisors view, a favourable decision is expected and therefore the subject demand is expected be quashed.

Furthermore, a show-cause notice was issued by the Officer Inland Revenue, Large Taxpayers' Unit, Karachi [OIR] for seeking information for the purposes of monitoring of withholding taxes for tax year 2014. All the requisite details and explanations have been submitted by the Company. However, the OIR has passed an order under section 161/205 of the Income Tax Ordinance, 2001 and raised a demand of Rs. 2.675 million including default surcharge and penalty. The Company has filed an appeal before the Commissioner Inland Revenue - Appeals [CIRA] against the above-mentioned order. Appeal has been heard by the CIRA, however, no final order has been passed by the CIRA. Management is of the view that the decision is expected to be in its favour and as such no provision for the above amount has been made in these financial statements.

#### 13.2 Commitment

Commitment under letters of credit for the import of stock-in-trade items amounted to Rs. 16.218 million (31 December 2014 : Rs.1.019 million).



## Notes to the Condensed Interim Financial Information (Unaudited)

For the nine months period ended 30 September 2015

	Nine months period ended		Three months period ended	
	30 September 2015	30 September 2014	30 September 2015	30 September 2014
<b>14. NET SALES</b>	----- (Rupees in '000) -----			
Gross sales	1,329,173	1,297,427	533,423	459,682
Sales tax	211,176	207,983	84,257	73,676
Trade promotion discount	103,900	130,107	40,935	57,117
Rebate and sales return	21,749	737	3,038	202
	(336,825)	(338,828)	(128,230)	(130,995)
	<u>992,348</u>	<u>958,599</u>	<u>405,193</u>	<u>328,686</u>

	Nine months period ended		Three months period ended	
	30 September 2015	30 September 2014	30 September 2015	30 September 2014
<b>15. COST OF SALES</b>	----- (Rupees in '000) -----			
Raw and packing material consumed	648,492	588,006	249,468	207,750
Stores and spares consumed	4,840	5,625	1,138	1,328
Salaries, wages and other benefits	88,353	85,238	29,235	29,345
Contribution to the provident fund	1,640	1,777	526	598
Repairs and maintenance	966	1,107	313	266
Fuel and power	37,188	38,766	14,537	13,509
Water Charges	2,777	3,387	959	1,105
Rent, rates and taxes	1,794	2,072	608	748
Insurance	2,416	2,413	807	853
Product research and development	25	49	4	13
Travelling and conveyance	2,379	3,634	747	1,008
Printing and stationery	270	241	82	77
Postage and telephones	386	481	130	141
Legal charges	72	84	22	-
Subscription	25	5	2	1
Depreciation / amortisation	14,859	17,166	4,956	5,586
Freight and handling material	2,187	3,847	379	923
Provision for slow moving stock in trade	817	3,000	817	1,000
Toll manufacturing	-	3,971	-	-
Other expenses	373	202	168	144
	<u>809,859</u>	<u>761,071</u>	<u>304,898</u>	<u>264,394</u>
Opening stock of work-in-process	54,331	44,801	55,068	51,653
Closing stock of work-in-process	(50,603)	(49,774)	(50,603)	(49,774)
Cost of good manufactured	<u>813,587</u>	<u>756,098</u>	<u>309,363</u>	<u>266,273</u>
Opening stock of finished goods	54,876	77,360	71,105	90,967
Closing stock of finished goods	(68,243)	(94,991)	(68,243)	(94,991)
	<u>(13,367)</u>	<u>(17,631)</u>	<u>2,862</u>	<u>(4,024)</u>
	<u>800,220</u>	<u>738,466</u>	<u>312,225</u>	<u>262,248</u>





## Notes to the Condensed Interim Financial Information (Unaudited)

For the nine months period ended 30 September 2015

	Nine months period ended		Three months period ended	
	30 September 2015	30 September 2014	30 September 2015	30 September 2014
----- (Rupees in '000) -----				
<b>16. SELLING AND DISTRIBUTION COST</b>				
Salaries, wages and other benefits	77,363	81,947	25,503	27,949
Utilities	578	740	261	307
Contribution to the provident fund	1,832	1,797	578	596
Repairs and maintenance	306	351	105	136
Rent, rates and taxes	3,306	3,063	1,041	1,018
Depreciation / amortisation	4,553	5,107	1,530	1,651
Legal & professional fee	2,560	1,400	985	1,400
Postage and telephone	1,872	1,907	580	656
Printing and stationery	294	489	91	128
Travelling and conveyance	13,100	16,689	4,020	5,571
Insurance	1,349	2,130	450	736
Advertising	68,634	84,603	8,901	8,443
Freight, distribution and handling	42,121	38,620	15,733	10,543
Product research and development	1,912	3,480	53	1,298
Other expenses	1,546	1,625	836	635
Meeting related expenses	369	3,445	48	213
	<u>221,695</u>	<u>247,393</u>	<u>60,715</u>	<u>61,280</u>

### 17. OTHER INCOME

It includes reversal of liability amounting to Rs. 1.23 million no longer payable.

### 18. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise IGI Insurance Limited, Treet Corporation Limited, First Treet Manufacturing Modaraba, Employees Provident Fund, directors and key management personnel. Details of transactions with related parties are as follows:



## Notes to the Condensed Interim Financial Information (Unaudited)

For the nine months period ended 30 September 2015

	<u>Nine months period ended</u>	
	<u>30 September 2015</u>	<u>30 September 2014</u>
	(Rs. in '000)	
<b>Associated Companies</b>		
Purchase of goods	-	1,442
Services received	<u>4,105</u>	<u>655</u>
Dividend paid	<u>-</u>	<u>521</u>
<b>Other related parties</b>		
Contribution to the employees' provident fund	<u>4,687</u>	<u>4,732</u>
<b>Directors and Chief Executive Officer (Key management personnel)</b>		
Remuneration	<u>12,923</u>	<u>25,094</u>
Dividend paid	<u>-</u>	<u>7,553</u>
<b>Other Key Management Personnel</b>		
Managerial remuneration (excluding directors and Chief Executive Officer)	<u>46,120</u>	<u>50,694</u>
<b>Balances with related parties:</b>		
	<b>Un-audited 30 September 2015</b>	<b>Audited 31 December 2014</b>
(Rs. in '000)		
<b>Associated Companies</b>		
Trade debts (unsecured, considered goods)	<u>-</u>	<u>3</u>
Other payables	<u>187</u>	<u>334</u>

- 18.1** Contribution to the provident fund is made in accordance with the requirements of staff service rules.
- 18.2** Remuneration of the key management personnel are in accordance with the terms of their employment.
- 18.3** Other transactions with the related parties are at the agreed terms.

### 19. GENERAL

This condensed interim financial information were authorised for issue on 27th October 2015 by the board of directors of the Company.

**Ferial Ali Mehdi**  
Chairman

16

**Mubashir Hasan Ansari**  
Chief Executive Officer



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CORPORATE