celebrating beauty

annual report 2013

ZIL LIMITED

celebrating beauty

ZIL Limited is committed to providing beauty solutions to the women of Pakistan through offerings that derive their uniqueness from natural ingredients.

Our heritage, our in-depth research and our expertise is constantly working in unison to give women everywhere, caring solutions.

about us

ZIL with its brand, Capri, Palmy and Opal has grown to establish itself among the leading beauty companies of Pakistan. With our culture fostering continuous innovation and our team's longsighted vision, ZIL stands for change and growth. We are committed to bringing solutions that will enable the women of Pakistan to look beautiful and feel cared for.

Our flagship brand Capri is associated with natural care. Through consistent innovations we have enabled women across the country to enjoy the wonders of Capri's natural ingredients, at different price points, sizes and formats.


ZIL
LIMITED
CAPRI

contents

vision

To create a feeling of well-being among people and make their lives a little easier and more beautiful.

mission

We will ensure growth & profitability by extending our product portfolio in other categories of HPC business in domestic & international markets.

We will continuously improve our system and products to enhance customer satisfaction.

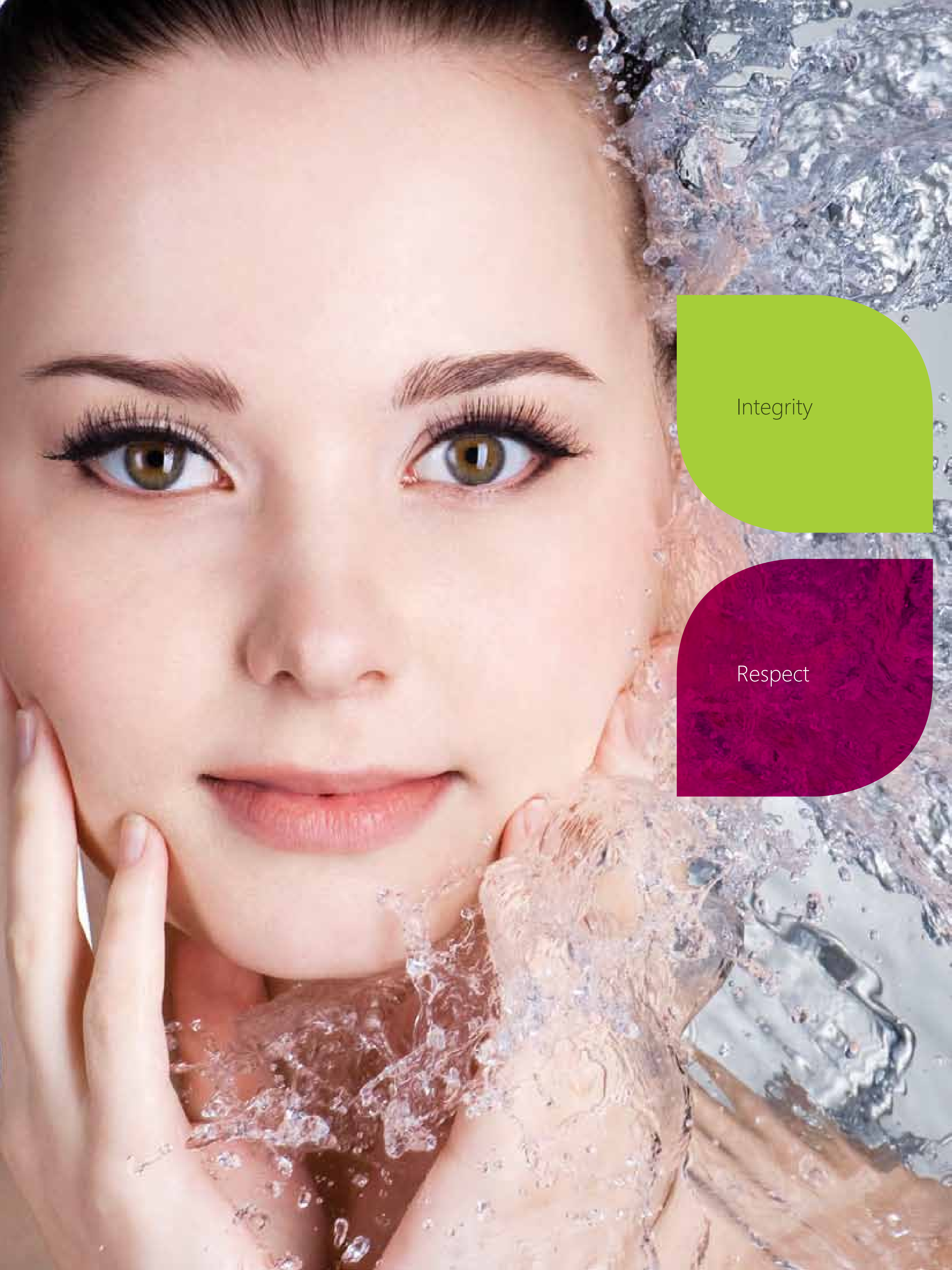
Hence the key drivers will be:

Train & motivate ZIL people to build a high performance culture

Implement effective MIS to integrate business processes and speed-up decision making

Assure Quality by Design

Optimize resources to ensure business competitiveness.


Integrity
Respect

core values

We do what we say

Commitment with hearts and minds

Respect for all individuals & diversities

Collaboration makes us stronger

Inspiring towards a better future

Responsibility towards business as well as society

Deliver the best

Learning for continuous improvement

Passion

Teamwork

Leadership

Responsibility

Excellence

Learning

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 and 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 measures 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

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 off 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.
- Effective load management on boiler operation and keeping the boiler shut down for 02 days a month.

Environment Protection Measures

- Sewerage and drain is ensured free of any acids or alkali and other chemicals used in soap making process as per EPA standard.
- Exhaust from boiler Chimney is maintained within standard limit of COX, SOX and temperature.

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 mainly 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 and 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 of Research, Development, Quality, Assurance, Health and Safety is established. Safety committee and shift wise rescue teams are also established.

The program ensures that:

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

Business Ethics and 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 the existing ethical system. The Code of Conduct is scrupulously followed throughout the organization.

Corporate Philanthropy

In response to Pakistan's worst national calamity of floods in July 2010, each of the company's employees contributed a day's salary for the flood victims, in addition to a general donation. A substantial amount of rations and medicines were donated via Pakistan Medical Association Karachi by means of the raised funds. The amount of the local employee contributions was matched by the company. These funds were shared among ZIL employees who were affected by the calamity.

celebrating beauty

Strawberry & Milk

Experience radiant and glowing skin while you indulge in the natural goodness of Rose Petal, Strawberry Extract and Milk Protein.

board of directors

Mr. Mujahid Hamid
Managing Director

Syed Yawar Ali
Director

Mrs. Feriel Ali Mehdi
Chairman

Mrs. Ameena Saiyid
Director

Mr. Shahid Nazir Ahmed
Director

Mr. Munaf Ibrahim
Director

Mr. Mubashir Hasan Ansari
CEO

Mr. Zafar Ahmed Siddiqui
Director

directors' profile

Mrs. Feriel Ali Mehdi

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

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

In 1996, Mrs. Mehdi resigned from Wazir Ali to join ZIL Limited. She took over as the marketing manager looking after the entire range of the products and later excelled to the position of Director Marketing. She took over as Managing Director in 1998 and streamlined costs, processes and benchmarked various aspects of the business to make it more state-of-the-art. This resulted in lowering the losses and eventually with her team to turnaround the company by mid-2003. They grew the business from a Rs. 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's Orchestrating Winning Performance Program (OWP) in 2006 and gained intensive exposure to current thinking on today's key management issues. Mrs. Mehdi is also currently a Director at Treet Corp. Ltd.

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 to 2001. He has completed a ten year tenure as a member of the Board of Governors of Shaukat Khanum Cancer Hospital and is currently serving as a Director on the Board of Engro Foods Ltd.

Mr. Mubashir Hasan Ansari

Mr. Ansari completed his MBA from the University College of Wales, UK and started his career with Unilever in 1991 and worked for 10 years in Unilever and Bestfoods in various capacities in Marketing and Sales.

He has worked with leading multinational and local organizations in Pakistan and Overseas including ICI, English Biscuit Manufacturers, Shan Foods and Savola Foods. He has held senior management positions in Pakistan and the Middle East.

Mr. Ansari has vast experience in growing existing businesses and leading new developments and handling global, regional and local jewel brands in various product categories in FMCG industry including household cleaning products, hot beverages, edible oil and fats, savoury, spreads, sauces, drinks, desserts, biscuits and recipe mixes.

Syed Yawar Ali

Syed Yawar Ali was educated at Aitchison College Lahore and got his Bachelor's degree in Chemical Engineering and Masters in Management Science from Stevens Institute of Technology. He joined the family business, Packages Limited and then became Managing Director of Milk Pak Ltd. After 3 years of the joint Venture with Nestle he was elevated to Chairman of the Board.

Syed Yawar Ali is currently Chairman of Nestle Pakistan Limited, Chairman, Wazir Ali Industries Limited and Pakistan Dairy Association. He is serving on many other Boards and has also been on the Board of Directors of State Bank of Pakistan, Pakistan International Airlines, Agricultural Development Bank of Pakistan and Lahore Electric Supply Company.

Currently he is Vice President of the India Pakistan Chamber of Commerce and Industry and is heading a committee to Promote Trade with India.

Mr. Shahid Nazir Ahmed

Commencing in 1965, Shahid N. Ahmed has had a long association with ZIL Ltd and its predecessor companies Wazir Ali Industries and Treet Corporation Ltd. As product Development Manager and Manager Marketing (1965 to 1979) he was part of a team which developed and launched Capri, New Capri and Sandaleen Soaps, Nova and Treet Platinum Razor Blades, Treet Shaving Cream. In the handling of FMCG, Shahid Nazir Ahmed was committed to honest research analysis, creative thinking and clear-cut projection.

Shahid Nazir Ahmed served as Director Marketing of ZIL and Wazir Ali Industries in 1998 and 1999 and has been on ZIL's Board since 2003.

Shahid Nazir Ahmed has also served Mohammad Farooq Textile Mill for 18 years (1980 to 1997) as Director Marketing and Director Planning and Development gaining rich experience in textile marketing in both domestic and foreign markets. He also looked after Production Planning and Product Development for the company and served on its Board. After leaving active service Shahid Nazir Ahmed has been functioning as a consultant

Mr. Zafar Ahmed Siddiqui

Mr. Siddiqui has an MBA degree from Institute of Business Administration. He also holds a degree of M.S. in Marketing Communications from Walter E. Heller College of Business Administration, Roosevelt University, Chicago USA, and has over 28 years of experience in Sales, Marketing and General Management.

He was associated with Gillette for 15 years in Pakistan and Overseas. His last assignment with Gillette was as Chief Executive for Gillette Pakistan (Pvt) Ltd., and Area Director for Afghanistan, Sri Lanka, Bangladesh, Nepal and Maldives.

Mr. Siddiqui is also on the Board of Pakistan Society for Training and Development, Inbox Business Technologies (Pvt.) Ltd., Faysal Asset Management Ltd and Engro Foods Ltd.

Mrs. Ameena Saiyid

Ameena Saiyid OBE is the current Managing Director of Oxford University Press in Pakistan. She became the head of OUP Pakistan in 1988, thereby becoming the first woman to ever head a multinational company in Pakistan.

She has completely transformed OUP Pakistan and built up its publishing programme to such an extent that it now publishes a book a week from the earlier days of a book a year. These books disseminate information and research on Pakistan and project a soft and positive image of Pakistan internationally.

She is also the founder of the Karachi Literature Festival, the first of its kind to be held in Pakistan. The objective of the KLF is to promote and project authors, particularly Pakistani authors, and to attract the general public to books and reading.

In 2005, she became the first Pakistani woman to be awarded the Order of the British Empire for her services to women's rights, education, and intellectual property rights in Pakistan, and to Anglo-Pakistan relations.

In February 2013, Saiyid was conferred the prestigious French award "Knight of the Order of Arts and Letters" for her work in promoting literary culture

Mr. Munaf Ibrahim

Mr. Ibrahim the Fellow member of Institute of Chartered Accountants of Pakistan and Institute of Cost and Management Accountants of Pakistan.

Mr. Ibrahim has been associated with the JS group for over 20 years. He has spearhead Jahangir Siddiqui & Co. as the Chief Executive Officer for 13 years and played an instrumental role towards the remarkable growth of this flagship company of JS group. He brings with himself diverse experience that is reflected through his serving on the Boards of various public limited companies covering Banking, Insurance, Asset Management and Exploration and Petroleum sectors. Currently, he is serving on the Boards of Jahangir Siddiqui & Co. and Mahvesh and Jahangir Siddiqui Foundation respectively. His ability to build institutions, work and people management are some of the key attributes that make him stand out as a successful Business Leader.

management committee

from Left to Right

Syed Shiblee Abdullah
GM Supply Chain

Mr. Muhammad Raza Pirbhai
GM Human Resource

Mr. Ata-ur-Rehman Shaikh
GM Finance

Mrs. Farahnaz Shaikh
GM Marketing

Mr. Mujahid Hamid
Managing Director

Mr. Mubashir Hasan Ansari
CEO

Mr. Muhammad Arshad
GM R & D, QA, SHE

board of directors 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. Zafar Ahmed Siddiqui, Chairman
- Mrs. Feriel Ali Mehdi, Member
- Mr. Shahid Nazir Ahmed, Member

Human Resource & Remuneration Committee

The company has established the HR&R committee, its chairman and majority of members are non-executive Directors. All relevant issues of appointment & remuneration are fully disclosed, deliberated and decided at the meetings of the committee. The General Manager HR, M. Raza Pirbhai, acts as the secretary of the committee.

The committee comprises of following:

- Syed Yawar Ali, Chairman
- Mrs. Feriel Ali Mehdi, Member
- Mr. Zafar Ahmed Siddiqui, Member
- Mr. Mubashir Hasan Ansari, Member

Management Committee

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

- Setting the strategic direction
- Formulating 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
Mr. Muhammad Raza Pirbhai	General Manager Human Resource
Syed Shiblee Abdullah	General Manager Supply Chain
Mrs. Farahnaz Shaikh	General Manager Marketing
Mr. Muhammad Arshad	General Manager R&D, QA & SHE

meetings of the board of directors

January to December 2013

Four meetings of the Board of Directors of the Company were held on February 21, April 24, August 20 & October 28, 2013. Following was the attendance of the directors:

	No. of meetings attended	Leave of absence granted	
Mrs. Feriel Ali Mehdi	4	-	Retired and re-elected on Board w.e.f. July 2013
Mr. Mujahid Hamid	2	2	Retired and re-elected on Board w.e.f. July 2013
Syed Yawar Ali	4	-	Retired and re-elected on Board w.e.f. July 2013
Mr. Shahid Nazir Ahmed	4	-	Retired and re-elected on Board w.e.f. July 2013
Mr. Zafar Ahmed Siddiqui	3	1	Retired and re-elected on Board w.e.f. July 2013
Mr. Omer Ehtisham	1	1	Retired from the Board in June 2013
Mr. Kemal Shoaib (Nominee of N.I.T Ltd.)	1	-	Resigned from the Board in March 2013
Mr. Nessar Ahmed (Nominee of N.I.T Ltd.)	1	-	Retired from the Board in June 2013
Mr. Amir Zia (Nominee of Treet Corp. Ltd.)	1	1	Retired from the Board in June 2013
Mr. Munaf Ibrahim	2	-	Elected on Board w.e.f. July 2013
Mrs. Ameena Saiyid	1	1	Elected on Board w.e.f. July 2013

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

meetings of the board audit committee

January to December 2013

Four meetings of the Board Audit Committee of the Company were held on February 21, April 24, August 19 & October 28, 2013. Following was the attendance of the members:

	No. of meetings attended	Leave of absence granted	
Mr. Kemal Shoaib (Nominee of N.I.T Ltd.)	1	-	Resigned from the Committee in March 2013
Mr. Shahid Nazir Ahmed	4	-	Retired and re-appointed on the Committee w.e.f. July 2013
Mr. Omer Ehtisham	2	-	Retired from the Committee in June 2013
Mr. Nessar Ahmed	1	-	Retired from the Committee in June 2013
Mrs. Feriel Ali Mehdi	2	-	Appointed on the Committee w.e.f. July 2013
Mr. Zafar Ahmed Siddiqui	1	1	Appointed on the Committee w.e.f. July 2013

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

meetings of the HR&R committee

January to December 2013

Two meetings of the Board HR&R Committee of the Company were held on February 21 & August 19, 2013 Following was the attendance of the members:

	No. of meetings attended	Leave of absence granted	
Mr. Zafar Ahmed Siddiqui	1	1	Retired and re-appointed on the Committee w.e.f. July 2013
Syed Yawar Ali	2	-	Retired and re-appointed on the Committee w.e.f. July 2013
Mrs. Feriel Ali Mehdi	2	-	Retired and re-appointed on the Committee w.e.f. July 2013
Mr. Mubashir Hasan Ansari	2	-	Appointed on the Committee w.e.f. July 2013

Leave of absence was granted to the Members who could not attend the meetings of the HR&R Committee.

ZIL at a glance

ZIL encourages and harbors creativity within its offices. Teamwork is one of the fundamental values that drive ZIL's innovation. We provide every employee with equal opportunity to contribute efforts and ideas that would enable the fruition of our vision and goals.

Our open space policy encourages the free flow of information and creates synergy amongst functions. Our combined efforts at departmental levels ensure effective management and accomplishment of goals with a spirit of goodwill and vitality.

ZIL in 2013

birthdays celebration

annual sales conference

orange day

valentines day

celebrating beauty

Aloe Vera, Honey & Milk

Discover the velvety secret to smooth and soft skin
with soothing Aloe Vera, Honey and Milk Protein.

ZIL brands

Capri Soap

Capri soap - ZIL's flagship brand – was reinvigorated and revamped in 2011. The objective was to infuse the brand with a contemporary image and present offerings for gentle skin care through natural ingredients. The new Capri was received with open arms by loyal users and was appreciated by new, younger consumers as reflected by the business growth. To cater to consumers' lifestyle, Capri was launched in multiple SKUs and variants. Our quest for innovation led to the launch of Capri Pro-health range where our natural ingredient offering extended to germ protection; offering to consumers a gentle route to healthy skin.

Year 2013
The quest to move forth with brand Capri continued.
Year 2013 was a year of insight generation on soap needs of today, understanding market dynamics and taking a closer look at competition, along with identifying gaps in the current mix.
This was also a year of rewarding consumers, taking advantage of consumer's need for economical propositions by offering them various consumer promotions.
New introductions that came in mid-2012 were given full year of 2013 to perform. These innovations clicked with the consumers and help grow the brand.
Channel specific strategies were put in place. After the success and focus on Modern Trade, Top End Retail and Key Accounts, a special focus was given to Whole Sale and Large Retail. These plans helped secure brand volumes in a market where share snatching is the norm.
We are now focusing on collating our learnings and research to bring more exciting propositions in soap to the market.

Capri Handwash

Handwash is a relatively new personal wash segment that Capri has entered into. With the name Capri already well established, the next step in evolution was to compete in the handwash category. Capri handwash was initially launched in two variants, offering moisturizing and was further extended into two more variants with a refreshing proposition. This addition to the portfolio was made to further build image of the brand.

Capri Hand Sanitizer

Capri hand sanitizer was launched in a category which itself is in nascent stages. It was launched in 2013 making an early entry in the category and catering to the rising hygiene consciousness of consumers. Capri Pro Health hand sanitizer has a combination of Aloevera and Neem providing protection from germs and maintaining the moisture of skin. Capri hand sanitizer is a step towards making Capri a premium and contemporary brand.

Opal

Opal a one of its kind proposition is a multipack soap available in beauty and antibacterial. Offering consumers economy, Opal is available in three attractive colors and pleasant floral fragrance liked by the consumer of this class. Opal is an established brand that has been acknowledged for many years by its loyal consumers.

Palmy

Palmy, a multifaceted brand was launched in 1979 aiming to bridge the gap between cheap and premium brands. Positioned as an affordable proposition, Palmy has given its consumers quality. The brand continues to attract consumers with its brand promise and positioning.


ZIL
LIMITED

company information

Board of Directors

Mrs. Feriel Ali Mehdi
Chairman

Mr. Mujahid Hamid
Managing Director

Syed Yawar Ali
Director

Mr. Shahid Nazir Ahmed
Director

Mr. Zafar Ahmed Siddiqui
Director

Mrs. Ameena 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.
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. Feriel Ali Mehdi
Member

HR&R Committee

Syed Yawar Ali
Chairman

Mr. Zafar Ahmed Siddiqui
Member

Mrs. Feriel 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
2nd Floor, State Life Building No. 3,
Dr. Ziauddin Ahmed Road, Karachi.

directors' report

The Directors of the Company are pleased to present their Annual Report together with audited financial statements of the company for the year ended December 31, 2013.

Financial Performance

Despite a challenging 2013 environment, the company delivered 7% sales growth over similar period previous year with improvement in gross profit margin. This demonstrated the value of strong alignment of our people behind the strategic priority to be amongst the top recognized companies in the country. Growth through innovation is at the core of our vision statement and we are of firm belief that our brands have a profitable franchise in their current categories, in addition to possessing the capacity to move across categories within the personal care arena.

The 2013 results demonstrate that the company has made progress. Gross sales were up by 7% to Rs.2.1 billion. Improved and more reliable Sales & Distribution system, targeted promotional activities, introduction of new jumbo pack in Capri and better coordination among supply chain, marketing and sales functions are a few reasons behind this accomplishment.

Gross margin showed improvement of two percentage points to 29% as compared to 27% for the transitional year ended December 31, 2012. This was a result of various cost effective measures of 2012 which were continued in the whole year of 2013 along with new value improvement programs which were implemented in current year.

Summary of Financial Performance

	Dec 2013 (Annual)	Dec 2012 (Six months, Re-stated)
Gross Sales	2100 M	1026 M
Gross Profit Margin	29%	27%
Net Profit	32.85 M	13.28 M
Earnings Per Share	6.17	2.49

Dividend

Keeping in view the profitability of the company, the Board of Directors has recommended paying a final cash dividend of Rs.1.50 per share (15%) for the year ended December 31, 2013 against 15% cash dividend declared for the transitional year of six months ended December 31, 2012. In addition to cash dividend the Board of Directors has also recommended 15% bonus shares.

Election of Directors

During the year, fresh elections of the Board of Directors of the company were held in an Extraordinary General Meeting dated June 28, 2013. In accordance with the provision of Section 178 of the Companies Ordinance 1984, seven directors were elected through cumulative voting system for a term of three years commencing from July 1, 2013. The names included Mrs. Ameena Saiyid, Mrs. Feriel Ali Mehdi, Mr. Munaf Ibrahim, Mr. Mujahid Hamid, Mr.Shahid Nazir Ahmed, Syed Yawar Ali, and Mr. Zafar Ahmed Siddiqui. The members subsequently elected Mrs. Feriel Ali Mehdi as chairman for the term of the Board of Directors.

The net profit of the company was Rs.32.85 million for the financial year ended December 31, 2013 as compared to Rs.13.28 million for the transitional year of six months ended December 31, 2012.

Directors whose three year term had expired on June 30, 2013 comprised Mrs. Feriel Ali Mehdi, Mr. Mujahid Hamid, Syed Yawar Ali, Mr. Shahid Nazir Ahmed, Mr. Omer Ehtisham, Mr. Zafar Ahmed Siddiqui, Mr. Nessar Ahmed (Nominee NIT) and Mr. Amir Zia (Nominee TCL).

The Board wishes to place on record its appreciation of the services rendered by its members

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 therefrom 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. No formal code of corporate governance leadership skills training was organized for any director as all the directors already posses required training or qualification and experience as required by the code.

i. Statements regarding the following are annexed or disclosed separately in the report

   a. Key operating& financial data for last six years

   b. Pattern of shareholding

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

   d. 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. The Company has disclosed all trading of shares by the directors in the report. The Board of Directors has approved all such trading. The BOD has approved the threshold for defining executives in terms of clause (xvi) of code of corporate governance, consequent to which all heads of department are subject to additional regulatory requirements for trading and disclosing their transactions in company shares.

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.

The General Manager HR acts as the secretary of the meeting. The committee held two meetings during the period.

Board Audit Committee

The Audit committee comprises three members including the chairman. All the three members of the committee are non-executive directors, including its Chairman who is an independent director.

The audit committee held four meetings during the period. The Chief Financial Officer, Internal Auditors as well as External Auditors were invited to the meetings.

Internal Audit

The Company has outsourced its internal audit function to a Chartered Accountants firm namely M.Yousuf Adil Saleem & Co. a member firm of Deloitte Touche Tohmatsu Limited. Head of Internal Audit acts as coordinator between firm providing internal audit services 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 2014.

The Company will endeavor to further strengthen distribution coverage and brand visibility.

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 2014.

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 for the year ended December 31, 2013 is Rs 90 million.

Future Outlook

The Company expects to enhance its product development capabilities to further improve existing portfolio and enter new categories. The Company will endeavor to further strengthen distribution coverage and brand visibility.

The management is hopeful that the security situation of the country will improve in near future bringing its positive impact on overall economic situation of the country. Resultantly, the business of the company will benefit and achieve its set goals and targets.

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 continued growth of the Company.

For and on behalf of the Board

Mr. Mubashir Hasan Ansari
Chief Executive Officer

Karachi;
February 25, 2014

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vertical analysis of financial statements

Statement of Financial Position

Balance Sheet	Dec-13		Dec-12	
	Rs. In '000	%	Rs. In '000	%
Non-Current Assets	421,606	42.98	378,408	43.75
Current Assets	559,234	57.02	486,603	56.25
Total Assets	980,840	100	865,011	100
Equity	487,354	49.69	421,285	48.70
Non-Current Liabilities	115,188	11.74	106,746	12.34
Current Liabilities	378,298	38.57	336,980	38.96
Total Equity and Liabilities	980,840	100	865,011	100

Profit and Loss Account	Dec-13		Dec-12*	
	Rs. In '000	%	Rs. In '000	%
Net sales	1,621,071	100.00	816,393	100.00
Cost of sales	(1,157,371)	(71.40)	(595,034)	(72.89)
Gross Profit	463,700	28.60	221,359	27.11
Selling and distribution expenses	(274,324)	(16.92)	(143,207)	(17.54)
Administrative expenses	(120,773)	(7.45)	(51,378)	(6.29)
	68,603	4.23	26,774	3.28
Other operating income	8,240	0.51	2,266	0.28
Other operating expense	(8,939)	(0.55)	(3,829)	(0.47)
	67,904	4.19	25,211	3.09
Financial expenses	(18,802)	(1.16)	(9,764)	(1.20)
Profit before tax	49,102	3.03	15,447	1.89
Taxation	(16,257)	(1.00)	(2,169)	(0.27)
Profit for the year	32,845	2.03	13,278	1.63

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

Jun-12		Jun-11		Jun-10		Jun-09	
Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%
374,026	38.47	349,202	40.34	296,943	38.94	293,088	40.32
598,182	61.53	516,410	59.66	465,717	61.06	433,764	59.68
972,208	100	865,612	100	762,660	100	726,852	100
422,908	43.50	403,089	46.57	386,381	50.66	366,547	50.43
96,853	9.96	103,122	11.91	90,164	11.82	86,865	11.95
452,447	46.54	359,401	41.52	286,115	37.52	273,440	37.62
972,208	100	865,612	100	762,660	100	726,852	100

Jun-12		Jun-11		Jun-10		Jun-09	
Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%
1,829,255	100.00	1,566,091	100.00	1,289,891	100.00	1,350,144	100.00
(1,323,117)	(72.33)	(1,226,184)	(78.30)	(951,249)	(73.75)	(990,889)	(73.39)
506,138	27.67	339,907	21.70	338,642	26.25	359,255	26.61
(332,027)	(18.15)	(224,017)	(14.30)	(243,349)	(18.87)	(223,607)	(16.56)
(102,195)	(5.59)	(77,145)	(4.93)	(49,554)	(3.84)	(38,897)	(2.88)
71,916	3.93	38,745	2.47	45,739	3.55	96,751	7.17
8,361	0.46	4,440	0.28	12,973	1.01	6,751	0.50
(9,773)	(0.53)	(5,388)	(0.34)	(9,786)	(0.76)	(16,494)	(1.22)
70,505	3.85	37,797	2.41	48,926	3.79	87,008	6.44
(23,002)	(1.26)	(4,715)	(0.30)	(696)	(0.05)	(6,682)	(0.49)
47,503	2.60	33,082	2.11	48,230	3.74	80,326	5.95
(17,035)	(0.93)	(12,659)	(0.81)	(17,144)	(1.33)	(29,082)	(2.15)
30,468	1.67	20,423	1.30	31,086	2.41	51,244	3.80

horizontal analysis of financial statements

Statement of Financial Position

Balance Sheet	Dec-13 Rs. In '000	Dec-12 Rs. In '000	Jun-12 Rs. In '000	Jun-11 Rs. In '000
Non-Current Assets	421,606	378,408	374,026	349,202
Current Assets	559,234	486,603	598,182	516,410
Total Assets	980,840	865,011	972,208	865,612
Equity	487,354	421,285	422,908	403,089
Non-Current Liabilities	115,188	106,746	96,853	103,122
Current Liabilities	378,298	336,980	452,447	359,401
Total Equity and Liabilities	980,840	865,011	972,208	865,612

Profit and Loss Account	Dec-13	Dec-12*	Jun-12	Jun-11
Net sales	1,621,071	816,393	1,829,255	1,566,091
Cost of sales	(1,157,371)	(595,034)	(1,323,117)	(1,226,184)
Gross Profit	463,700	221,359	506,138	339,907
Selling and distribution expenses	(274,324)	(143,207)	(332,027)	(224,017)
Administrative expenses	(120,773)	(51,378)	(102,195)	(77,145)
	68,603	26,774	71,916	38,745
Other operating income	8,240	2,266	8,361	4,440
Other operating expense	(8,939)	(3,829)	(9,773)	(5,388)
	67,904	25,211	70,505	37,797
Financial expenses	(18,802)	(9,764)	(23,002)	(4,715)
Profit before tax	49,102	15,447	47,503	33,082
Taxation	(16,257)	(2,169)	(17,035)	(12,659)
Profit for the year	32,845	13,278	30,468	20,423

SUMMARY OF CASH FLOWS	Dec-13 Rs. In '000	Dec-12 Rs. In '000	Jun-12 Rs. In '000	Jun-11 Rs. In '000
Net cash flows from operating activities	(59,748)	57,760	18,603	(67,768)
Net cash flows from investing activities	(26,071)	(21,583)	(57,566)	(51,666)
Net cash flows from financing activities	116,930	(70,648)	39,352	61,487
Net change in cash and cash equivalents	31,111	(34,471)	389	(57,947)

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

Jun-10	Jun-09	% increase/ (decrease) over preceeding year					
Rs. In '000	Rs. In '000	Dec-13	Dec-12	Jun-12	Jun-11	Jun-10	Jun-09
296,943	293,088	11.42	1.17	7.11	17.60	1.32	(1.76)
465,717	433,764	14.93	(18.65)	15.83	10.88	7.37	25.41
762,660	726,852	13.39	(11.03)	12.31	13.50	4.93	12.83
386,381	366,547	15.68	(0.38)	4.92	4.32	5.41	14.65
90,164	86,865	7.91	10.21	(6.08)	14.37	3.80	1.45
286,115	273,440	12.26	(25.52)	25.89	25.61	4.64	14.47
762,660	726,852	13.39	(11.03)	12.31	13.50	4.93	12.83

Jun-10	Jun-09	Dec-13	Dec-12*	Jun-12	Jun-11	Jun-10	Jun-09
1,289,891	1,350,144	98.57	(55.37)	16.80	21.41	(4.46)	22.13
(951,249)	(990,889)	94.90	(55.12)	7.91	28.90	(4.00)	20.88
338,642	359,255	108.33	(56.02)	48.90	0.37	(5.74)	25.73
(243,349)	(223,607)	91.85	(56.93)	48.22	(7.94)	8.83	13.42
(49,554)	(38,897)	136.04	(49.93)	32.47	55.68	27.40	0.59
45,739	96,751	141.37	(60.48)	85.61	(15.29)	(52.73)	93.77
12,973	6,751	263.64	(72.90)	88.31	(65.77)	92.16	47.60
(9,786)	(16,494)	133.46	(60.82)	81.38	(44.94)	(40.67)	20.01
48,926	87,008	152.82	(61.90)	86.53	(22.75)	(43.77)	113.46
(696)	(6,682)	92.56	(57.55)	387.85	577.44	(89.58)	72.13
48,230	80,326	187.23	(64.01)	43.59	(31.41)	(39.96)	117.81
(17,144)	(29,082)	492.02	(83.88)	34.57	(26.16)	(41.05)	126.69
31,086	51,244	128.90	(52.90)	49.18	(34.30)	(39.34)	113.07

Jun-10	Jun-09	% increase/ (decrease) over preceeding year					
Rs. In '000	Rs. In '000	Dec-13	Dec-12	Jun-12	Jun-11	Jun-10	Jun-09
(5,657)	139,130	(203.00)	210.49	(127.45)	1,097.95	(104.07)	(855.48)
(21,412)	(19,370)	21.00	(62.51)	11.42	141.29	10.54	(455.41)
(19,258)	(4,348)	266.00	(279.53)	(36.00)	(419.28)	342.92	(63.58)
(46,327)	115,412	190.00	(121.55)	(100.67)	25.08	(140.14)	(563.39)

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

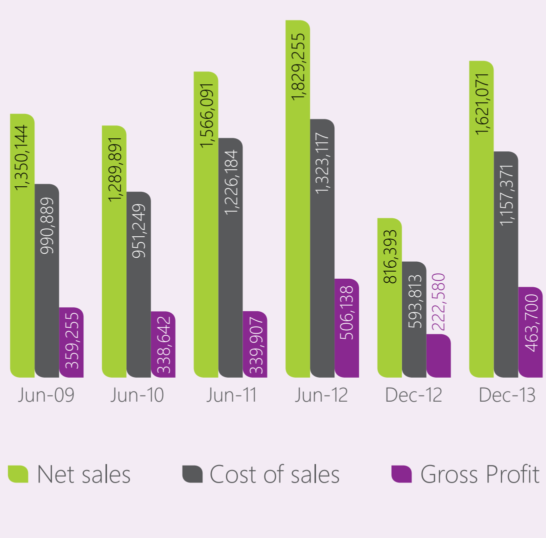
	Unit	Dec-13
Rate of return		
Return on assets	%	3.35
Return on equity	%	6.74
Return on capital employed	%	11.27
Interest cover	Times	3.65
Profitability		
Gross profit margin	%	28.60
Net profit to sales	%	2.03
EBITDA	Rs.	107,108
EBITDA Margin to sales	%	6.61
Liquidity		
Current ratio		1.48
Quick ratio		0.49
Financial gearing		
Debt-Equity ratio	Times	1.01
Debt to Assets	%	50.31
Capital Efficiency		
Debtor turnover/ No. of days in receivables	Days	13
Inventory turnover/ No. of days in inventory	Days	117
Creditor turnover/ No. of days in payables	Days	23
Operating cycle	Days	108
Fixed assets turnover ratio	Times	3.95
Total asset turnover	Times	1.65
Investment measures per ordinary share		
Earnings	Rs.	6.17
Price earning ratio	Times	18.48
Cash dividend	Rs.	1.50
Dividend yield	%	1.32
Dividend payout	%	24.31
Dividend cover	Times	1.75
Breakup value including surplus on revaluation	Rs.	91.54
Breakup value excluding surplus on revaluation	Rs.	67.79
Market value - year end	Rs.	114.00
Market value - high	Rs.	205.00
Market value - low	Rs.	81.99
Market value - average	Rs.	107.64

Dec-12*	Jun-12	Jun-11	Jun-10	Jun-09
1.66	3.13	2.36	4.08	7.05
3.41	7.20	5.07	12.48	21.91
5.09	13.56	7.47	10.27	19.19
2.75	3.07	8.02	70.30	13.02
27.26	27.67	21.70	26.25	26.61
1.76	1.67	1.30	2.41	3.80
44,267	105,688	66,183	75,236	113,661
5.42	5.78	4.23	5.83	8.42
1.44	1.32	1.44	1.63	1.59
0.48	0.40	0.40	0.64	0.84
1.05	1.30	1.15	0.97	0.98
51.30	56.50	53.43	49.34	49.57
13	11	7	6	7
101	115	110	108	75
36	38	33	53	40
78	88	85	61	42
2.23	5.09	4.70	4.74	5.04
0.94	1.88	1.81	1.69	1.86
2.70	5.72	3.84	5.84	9.63
38.61	18.18	15.41	6.87	6.57
1.50	3.00	2.00	3.50	4.00
1.44	2.88	3.38	8.72	6.32
55.56	52.45	52.08	59.93	41.54
1.80	1.91	1.92	1.67	2.65
79.23	79.43	75.71	72.57	75.73
62.68	62.54	58.07	56.93	59.43
104.3	104.0	59.19	40.13	63.30
120.81	104.0	68.07	76.59	153.00
31.01	31.48	35.19	40.13	63.30
102.86	53.37	52.82	57.80	116.82

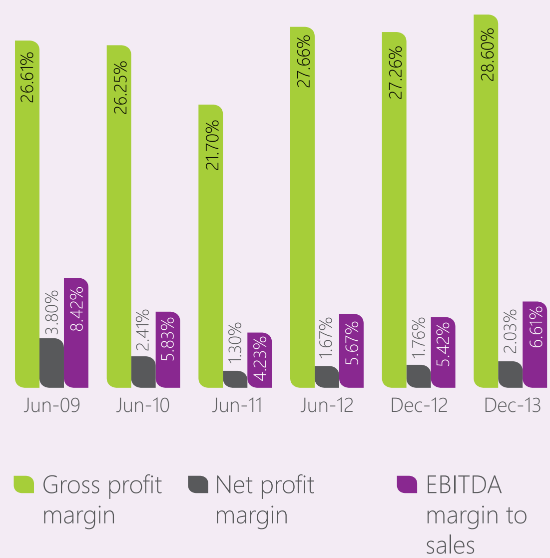
* The figures pertains to the financial statements of six months transitional period ended December 31, 2012 and therefore, are not comparable

graphical presentation

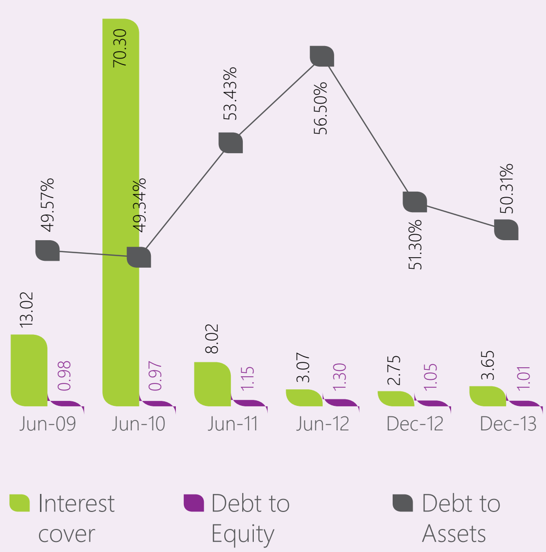
Sales, Cost of Sales & Gross Profit
(Rupees '000)



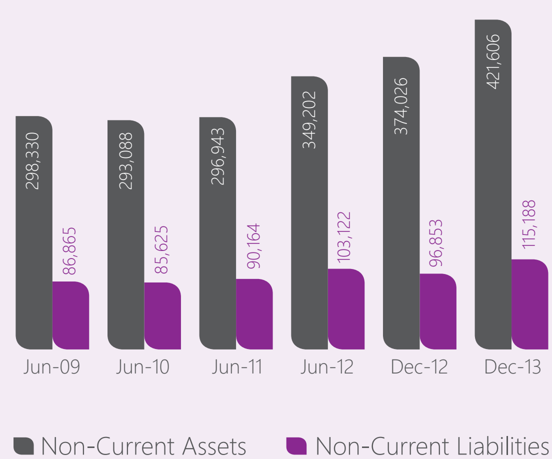
Profitability
(Percentage)



Debt Management Ratios
(Times)

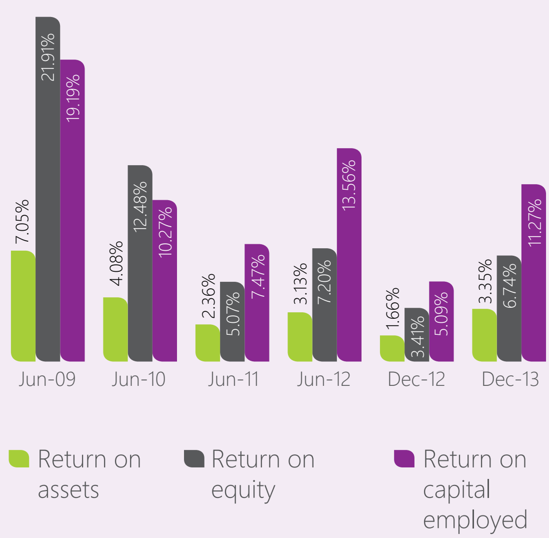


Non-current Assets & Liabilites
(Rupees '000)

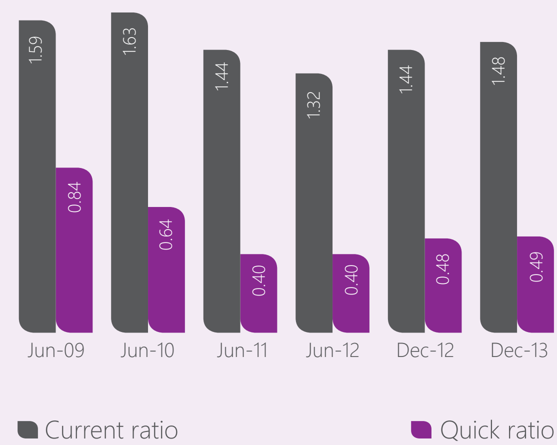


* The figures of Dec-12 pertains to the financials statements of six months transitional period ended December 31, 2012 and therefore, are not comparable

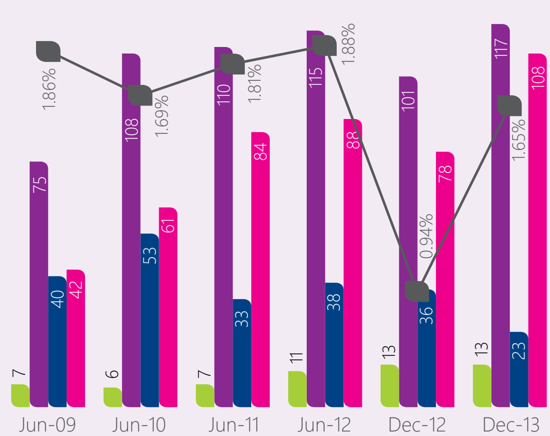
Rate of Return
(Percentage)



Liquidity
(Rupees '000)



Asset Management Ratios
(Days)



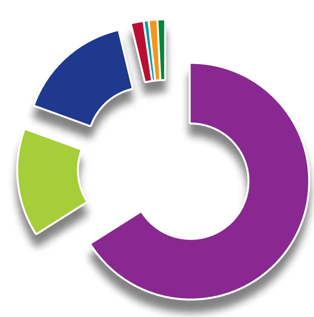
statement of value additions

	Dec-13		Dec-12	
	Rs. In '000	%	Rs. In '000	%
Wealth Generated				
Net sales	1,621,071	99.49	816,393	99.72
Other operating income	8,240	0.51	2,266	0.28
	1,629,311	100	818,659	100
Distribution of Wealth				
Cost of sales and services (excluding employees remuneration and other duties)	1,045,029	64.14	540,424	66.01
Selling, distribution and administrative expenses (excluding employees remuneration and other duties)	227,082	13.94	119,080	14.55
Employees remuneration	280,357	17.21	128,407	15.69
Finance cost including exchange loss	23,898	1.47	12,326	1.51
Government tax and levies (includes income tax, WPPF and WWF)	20,100	1.23	4,013	0.49
Dividend to shareholders	7,986	0.49	7,986	0.98
Retained for future growth	24,799	1.52	6,363	0.78
Charity and donation	60	0.00	60	0.01
	1,629,311	100	818,659	100

Distribution of Wealth Dec- 2013

Cost of sales and services	64.14
Selling, distribution and administrative expenses	13.94
Employees remuneration	17.21
Finance cost including exchange loss	1.47
Government tax and levies	1.23
Dividend to shareholders	0.49
Retained for future growth	1.52
Charity and donation	0.00

Distribution of Wealth Dec- 2012



Cost of sales and services	66.01
Selling, distribution and administrative expenses	14.55
Employees remuneration	15.69
Finance cost including exchange loss	1.51
Government tax and levies	0.49
Dividend to shareholders	0.98
Retained for future growth	0.78
Charity and donation	0.01

shareholders information

Registered Office

12th Floor, Executive Tower, Dolmen city,
Marine Drive, Block – 4, Clifton,
Karachi, Pakistan
Tel. # 92 21 35297570 – 77
Fax # 92 2135297585

Shares Registrar

M/s THK Associates (Pvt) Limited,
2nd Floor, State Life Building No.3,
Dr. Ziauddin Ahmed Road, Karachi 75530.
UAN: +92 (21) 111-000-322 , Fax: +92(21) 35655595

Listing on Stock Exchanges

ZIL Limited equity shares are listed on Karachi and Lahore Stock Exchanges.

Listing Fees

The annual listing fee for the financial year 2013-14 has been paid to all the two stock exchanges within the prescribed time limit.

Stock Code

The stock code for dealing in equity shares of ZIL Limited at Karachi and Lahore Stock Exchanges 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 Companies Ordinance, 1984 and allied rules, the Securities and Exchange Commission of Pakistan (SECP) regulations and the listing requirements.

Dividend Announcement

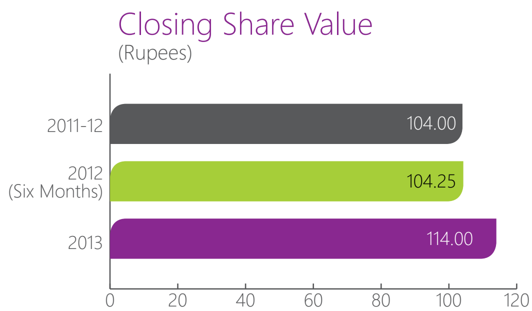
The board of Directors of the Company has recommended for the financial year ended December 31, 2013 a final cash dividend @ 15% i.e. Rs.1.50 per share and to issue Bonus Shares in the proportion of 15 share for every 100 shares held i.e. 15% subject to approval by the shareholders of the Company at forthcoming Annual General Meeting.

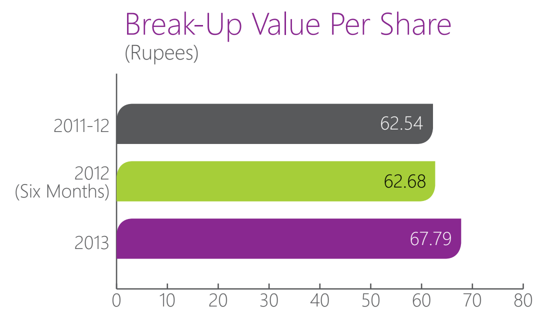
Earning Per Share

Earning per share for the year Rs. 6.17 (2012: Rs. 2.49)

Annual General Meeting

The annual shareholders' meeting will be held on Friday, April 18, 2014 at 9:00 am. at The Royal Rodale, Plot No. Tc-V, 34th Street, Khayaban-e-Sehar, Phase -V Ext., DHA, Karachi, Pakistan. Shareholders as of April 18, 2014 are encouraged to participate.





Book Closure Dates
The Share Transfer Books of the Company will remain closed from April 12, 2014 to April 18, 2014 (both days inclusive).

Entitlements
Entitlements declared and approved at the Annual General Meeting will be paid/deliver/credited well before the statutory time limit of 30 days:

i) For shares held in physical form: to shareholders whose names appear in the register of Members of the Company appear in the Register of Members of the Company after entertaining all request for transfer of shares lodged with the Company on or before the book closure date.

ii) For shares held in electronic form: to shareholders whose names appear in the statement of beneficial ownership furnished by CDC as at end of business on the book closure date.

Withholding of Tax & Zakat on Ordinary Dividend
As per the provisions of the Income Tax Ordinance, 2001, income tax is deductible at source by the Company at the prevailing rate wherever applicable.

Zakat is also deductible at source from the ordinary dividend at the rate of 2.5% of the Face value of the share, other than corporate holders or individuals who have provided undertaking or declaration under the Zakat & Ushr Ordinance 1981 for non-deduction.

Dividend Warrants
Cash dividend is paid through dividend warrants addressed to the shareholders whose names appear in the register of Shareholders at the date of book closure. The shareholders are requested to deposit those warrants into their bank accounts, at their earliest, thus helping the Company to clear the unclaimed dividend account.

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 158 of the Companies Ordinance, 1984, 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.

Shareholders having holding of at least 10% of voting rights may also apply to the Board of directors to call for meeting of shareholders, and if Board does not take action on such application within 21 days, the shareholders may themselves call the meeting.

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 161 of the Companies Ordinance, 1984 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.

Annual Report

The Annual Report of the Company summarizes the Company's performance during the year and provides an outlook for the future.

The Annual report may be downloaded from the Company's website: www.zil.com.pk or printed copies obtained by writing to:

The Company Secretary
ZIL Limited
12th Floor, Executive Tower, Dolmen city, Marine Drive,
Block – 4, Clifton, Karachi, Pakistan.

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statement of compliance

with the code of corporate governance year ending december 31, 2013

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No 35 of listing regulations of Karachi and Lahore Stock Exchanges 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 on its board of directors. At present the board includes:

Category	Names
Independent Directors	Mr. Zafar Ahmed Siddiqui, Mr. Munaf Ibrahim and Mrs. Ameena Saiyid
Executive Directors	Mr. Mujahid Hamid
Non- Executive Directors	Mrs. Feriel Ali Mehdi, Syed Yawar Ali & Mr. Shahid Nazir Ahmed

   The independent directors meets the criteria of independence under clause i (b) of the CCG.

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

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. A casual vacancy occurred on the board during the period due to resignation of Mr. Kemal Shoaib (nominee NIT) on March 26, 2013 and was filled up on the same date by the board by appointing Mr. Nessar Ahmed (nominee NIT). Election of directors was held in June, 2013 after completion of board's tenure of three years. Number of Directors has been decreased from eight to seven.

5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it through 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, other executive and non-executive directors, have been taken by the board.

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. No formal Code of Corporate Governance Leadership Skills (CGLS) training was organized for any director as all the directors already posses required training or qualification and experience as required by CCG.

10. No new appointment of Chief Financial Officer, Company Secretary or Head of Internal Audit was made during the period, changes in remuneration including the terms and conditions have duly approved by the board.

11. The directors' report for the period 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 (including CEO), of whom three are non executive directors. The chairman of the committee is a non-executive director.

18. The board has outsourced the internal audit function to M/s M. Yousuf Adil Saleem & Co., Chartered Accountants who are considered 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, was determined and intimated to directors, employees and stock exchanges.

22. Material / price sensitive information has been disseminated amongst all the market participant at once through the Stock Exchanges.

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

Mr. Mubashir Hasan Ansari
Chief Executive Officer

review report to the members

on statement of compliance with
best practices of 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 for the year ended 31 December 2013 to comply with requirements of Listing Regulation No. 35 of Karachi and Lahore Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance 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 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 2013.

Date: February 25, 2014
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

auditors' report to the members

We have audited the annexed balance sheet of ZIL Limited ("the Company") as at 31 December 2013 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 Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as 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 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 Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change in accounting policy as stated in note 2.5.2 to these financial statements with which we concur;

   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) in 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 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 2013 and of the profits, 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 that Ordinance 1980.

Date: February 25, 2014
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Mazhar Saleem

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Balance Sheet

As at December 31, 2013

	Note	31 December 2013	31 December 2012
		(Rupees in '000)	
NON-CURRENT ASSETS			
Property, plant and equipment	4	410,118	365,952
Intangible assets	5	3,801	5,257
Long term deposits	6	7,458	6,835
Long term loans to employees	7	229	364
Total non-current assets		421,606	378,408
CURRENT ASSETS			
Stores and spares - net	8	11,791	13,784
Stock-in-trade - net	9	372,349	325,796
Trade debts - net	10	58,336	55,546
Advances, prepayments and other receivables	11	74,430	80,260
Cash and bank balances	12	42,328	11,217
Total current assets		559,234	486,603
CURRENT LIABILITIES			
Trade and other payables	13	145,397	230,252
Short term borrowing	14	200,000	75,000
Taxation	16.3	32,901	31,728
Total current liabilities		378,298	336,980
NET CURRENT ASSETS		180,936	149,623
NET ASSETS		602,542	528,031
FINANCED BY			
SHARE CAPITAL AND RESERVES			
Authorised capital			
10,000,000 (2012: 10,000,000) ordinary shares of Rs. 10 each		100,000	100,000
Issued, subscribed and paid up capital	17	53,240	53,240
Reserves		307,650	279,931
		360,890	333,171
Surplus on revaluation of fixed assets - net of tax	18	126,464	88,114
NON-CURRENT LIABILITIES			
Long term deposits		450	450
Deferred staff liabilities	19	73,786	73,147
Deferred tax liability- net	20	40,952	33,149
Total non-current liabilities		115,188	106,746
CONTINGENCIES AND COMMITMENTS	21		
		602,542	528,031

The annexed notes from 1 to 38 form an integral part of these financial statements.

Mubashir Hasan Ansari
Chief Executive

Shahid Nazir Ahmed
Director

Profit and Loss Account

For the year ended 31 December 2013

	Note	Year ended 31 December 2013	Six months ended 31 December 2012* Restated
		(Rupees in '000)	
Net sales	22	1,621,071	816,393
Cost of sales	23	(1,157,371)	(595,034)
Gross profit		463,700	221,359
Selling and distribution expenses	24	(274,324)	(143,207)
Administrative expenses	25	(120,773)	(51,378)
		(395,097)	(194,585)
		68,603	26,774
Other operating income	26	8,240	2,266
Other operating expenses	27	(8,939)	(3,829)
		67,904	25,211
Financial expenses	28	(18,802)	(9,764)
Profit before taxation		49,102	15,447
Taxation	16.1	(16,257)	(2,169)
Profit for the year		32,845	13,278
		(Rupees)	
Earnings per share- basic and diluted	29	6.17	2.49

* The Company has changed its accounting year from 30 June to 31 December in 2012 (refer note 1.1).

The annexed notes from 1 to 38 form an integral part of these financial statements.

Mubashir Hasan Ansari
Chief Executive

Shahid Nazir Ahmed
Director

Statement of Comprehensive Income

For the year ended 31 December 2013

	Note	Year ended 31 December 2013	Six months ended 31 December 2012* Restated
Profit for the year		32,845	13,278
Other comprehensive income			
Items that will never be reclassified to profit or loss:			
Actuarial (loss) / gain on defined benefit obligations		(931)	1,648
Related deferred tax reversal / (charge)		326	(577)
	2.5.2	(605)	1,071
Total comprehensive income for the year		32,240	14,349

* The Company has changed its accounting year from 30 June to 31 December in 2012 (refer note 1.1).

The annexed notes from 1 to 38 form an integral part of these financial statements.

Mubashir Hasan Ansari
Chief Executive

Shahid Nazir Ahmed
Director

Statement of Cash Flows

For the year ended 31 December 2013

	Note	Year ended 31 December 2013	Six months ended 31 December 2012* Restated
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		49,102	15,447
Adjustments for:			
Mark-up expense	28	18,802	9,764
Depreciation and amortization	4.4	39,204	17,408
Provision against impaired debts	10.2	1,000	-
Provision for gratuity	19.7	9,605	5,045
Provision for staff retirement benefits	19.7	3,460	1,878
Provision for slow moving stores and spares	8.1	1,900	287
Provision for slow moving stock	9.2	5,580	-
Reversal of provision on sales of provided stock	9.2	(4,942)	(844)
Return on bank deposits	26	(65)	(61)
Gain on disposal of fixed assets	26	(2,673)	(507)
		71,871	32,970
Operating profit before working capital changes		120,973	48,417
Decrease / (increase) in operating assets:			
Stores and spares		93	(1,655)
Stock-in-trade		(47,191)	93,615
Trade debts		(3,790)	(1,327)
Long term loans to employees		130	417
Long term advances and deposits		(623)	-
Advances, prepayments and other receivables		(1,582)	(356)
		(52,963)	90,694
Increase / (decrease) in operating liabilities:			
Trade and other payables		(85,960)	(54,822)
Cash generated from operations		(17,950)	84,289
Income tax paid		(10,894)	(12,728)
Gratuity paid	19.5	(10,343)	(3,184)
Retirement benefits paid	19.5	(3,013)	(768)
Profit received on short term deposits	26	65	61
Mark-up paid		(17,613)	(9,910)
		(41,798)	(26,529)
Net cash flows (used in) / from operating activities		(59,748)	57,760
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(33,230)	(22,996)
Proceeds from disposal of fixed assets	4.3	7,159	1,413
Net cash flows used in investing activities		(26,071)	(21,583)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(8,070)	(15,648)
Short term loan		125,000	(55,000)
		116,930	(70,648)
Net increase / (decrease) in cash and cash equivalents		31,111	(34,471)
Cash and cash equivalents at beginning of the year		11,217	45,688
Cash and cash equivalents at end of the year		42,328	11,217

* The Company has changed its accounting year from 30 June to 31 December in 2012 (refer note 1.1).

The annexed notes from 1 to 38 form an integral part of these financial statements.

Mubashir Hasan Ansari
Chief Executive

Shahid Nazir Ahmed
Director

Statement of Changes in Equity

For the year ended 31 December 2013

	Issued, subscribed and paid up capital	Revenue reserves		Total reserves	Total
		General reserve	Unappropriated profit		
			(Rupees in '000)		
Balance as at 1 July 2012	53,240	6,000	273,733	279,733	332,973
Total comprehensive income for the six months ended 31 December 2012					
Profit for the six months period ended 31 December 2012 - restated	-	-	13,278	13,278	13,278
Other comprehensive income - net of tax (restated)	-	-	1,071	1,071	1,071
Transactions with owners: - Final cash dividend paid for the year ended 30 June 2012	-	-	(15,972)	(15,972)	(15,972)
Transferred from surplus on revaluation of fixed assets - incremental depreciation (recognised directly in equity)	-	-	1,821	1,821	1,821
Balance as at 31 December 2012	53,240	6,000	273,931	279,931	333,171
Total comprehensive income for the year					
Profit for the year ended 31 December 2013	-	-	32,845	32,845	32,845
Other comprehensive income - net of tax	-	-	(605)	(605)	(605)
Transactions with owners: - Final cash dividend paid for the year ended 31 December 2012	-	-	(7,986)	(7,986)	(7,986)
Transferred from surplus on revaluation of fixed assets - incremental depreciation (recognised directly in equity)	-	-	3,465	3,465	3,465
Balance as at 31 December 2013	53,240	6,000	301,650	307,650	360,890

* The Company has changed its accounting year from 30 June to 31 December in 2012 (refer note 1.1).

The annexed notes from 1 to 38 form an integral part of these financial statements.

Mubashir Hasan Ansari	Shahid Nazir Ahmed
Chief Executive	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 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 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 - 4, Clifton, Karachi.

1.1 In 2012, the company had changed its financial year from 30 June to 31 December. The Commissioner of Inland Revenue (Federal Board of Revenue) had approved the change in tax year through its letter no. CIR/EC/LTU/KHI/2012/573-A, dated 31 December 2012. Accordingly, the comparative figures in these financial statements cover a period of six months to 31 December 2012, whilst the current figures are for the year ended 31 December 2013.

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 as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under the Companies Ordinance, 1984 shall prevail.

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, Building and plant and machinery) have been included at revalued amount.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani rupee which is also Company's functional currency and has been rounded 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.

Judgements made by the management in the application of approved accounting standards, as applicable in Pakistan, that have 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 retirement benefits

Certain actuarial assumptions have been adopted (as disclosed in note 19 to these financial statements) for the actuarial valuation of staff gratuity and 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 of stock in trade and stores and spares to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock in trade with a corresponding affect on the amortization change and impairment. Net realizable value is determined with respect to estimated selling price less estimated expenditure to make the sale.

2.4.4 Trade debts and other receivables

The company's management reviews its trade debtors 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 value and value of assets for possible impairment on 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 change 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 change and impairment.

2.5 NEW OR AMENDMENTS TO EXISTING STANDARD/INTERPRETATION AND FORTHCOMING REQUIREMENTS

2.5.1 Standards, amendments or interpretation which become effective during the year

During the year certain amendments to standards or new interpretations become effective. However, except for IAS 19, “Employee Benefits”, other amendments were not relevant or did not have any material effect on the financial statement of the company.

2.5.2 Change in Accounting Policy

IAS 19 (revised) “Employee benefits” amends the accounting for employment benefits which became effective to the company from 1 January 2013. The change introduced by the IAS 19 (revised) are as follows:

a) The standard requires past service cost to be recognised in profit or loss;

b) The standard replaces the interest cost on defined benefit obligation and the expected return on plan assets with the net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year;

c) There is new term “remeasurement”. This is made up of actuarial gain and losses, the difference between actual investment return and return implied by the net interest cost; and

d) The amendment requires an entity to recognise remeasurement immediately in other comprehensive income. Actuarial gains or losses beyond corridor limit were previously amortised over the expected future service of the employees.

The adoption of the revised standard has resulted in a change in the company’s accounting policy related to recognition of actuarial gains and losses (note 3.3). Consequently, the Company now recognizes all actuarial gains and losses directly in other comprehensive income with no subsequent recycling through the profit and loss account. Previously, the Company was recognising all actuarial gains and losses in profit and loss account.

The change in accounting policy has been applied retrospectively. The effect of the change in accounting policy on the current and prior period financial statements have been summarized below:

Effect on Profit and Loss Account	Six months ended 31 December 2012 (Rupees in '000)
As previously reported	14,349
Effect of change in accounting policy - net	(1,071)
As restated	13,278
Effect on Other Comprehensive Income	
As previously reported	-
Effect of change in accounting policy	1,071
As restated	1,071
Effect on Earnings per share	(Rupees)
As previously reported	2.70
Effect of change in accounting policy	(0.21)
As restated	2.49

Had the company not changed its accounting policy, the effect on the financial statements for the year ended 31 December 2013 would have been as follows:

- Profit and Loss Account would have decreased by Rs.0.605 million.

- Other Comprehensive Income would be Nil.

- Earnings per share would have decreased by Re.0.11.

2.5.3 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 2014:

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" Continuing hedge accounting after derivative novations (effective for annual periods beginning on or after 1 January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria.

- Amendments to IAS 19 "Employee Benefits" Employee contributions – a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans1 that involve contributions from employees or third parties meeting certain criteria.

- Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

- IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.

- IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.

- IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.

- Amendments to IAS 16'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.

- IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.

- IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

3. SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented.

3.1 Property, plant and equipment

3.1.1 Operating fixed assets

Owned

Freehold land is stated at revalued amount. Building on freehold land and plant, machinery and equipments are measured at revalued amounts, which is the fair value at the date of revaluation less subsequent accumulated depreciation and impairment losses, if any. Other operating fixed assets (including capital spares) are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation on operating fixed assets, other than freehold land, is charged under the reducing balance method at rates specified in note 4. Depreciation on addition is charged from the month in which asset is available for use, and no depreciation is charged in the month in which the asset is disposed off.

Assets, which have been fully depreciated, are retained in the books at a nominal value of Re.1. Gains or losses on disposal of operating fixed assets, if any, are taken to profit and loss account When revalued assets are sold, the relevant remaining surplus is transferred directly by the Company to its profit and loss account.

Normal repairs and maintenance is charged to the profit and loss account during the financial period in which they are incurred, as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Surplus on revaluation of building and plant, machinery and equipments to the extent of incremental depreciation charged there on is transferred from surplus on revaluation of building and plant, machinery and equipments to retained earnings (unappropriated profit), net of deferred tax.

Leased

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are stated at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments, less accumulated depreciation and impairment losses, if any.

Leased assets are depreciated over the useful lives of the assets. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

3.1.2 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 operating fixed assets in the course of their acquisition, erection, construction and installation directly attributable to capital work-in-progress, determined by the management. The assets are transferred to relevant category of operating fixed assets when they are available for use.

3.2 Intangible assets

Intangible assets (comprising of computer softwares) are stated at cost less accumulated amortisation and impairment losses, if any. Intangible assets are amortised under the straight line method at the rate of thirty percent per annum.

Cost that are directly associated with identifiable software products and have probable economic benefit beyond one year are recognised as intangible assets.

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

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.

3.3 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. Provision is made in the financial statements based on actuarial valuation (conducted at balance sheet date 31 December 2013) 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. The company determines the net interest expense (income) on the net defined benefit liability (asset) for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual year to the then net defined benefit liability (asset), taking into account and change in the net defined benefit liability (asset) during the year as a result of contribution and benefit payments. Net interest expense and other expense related to defined benefit plans are recognised in profit and loss account.

When the benefits of the plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in profit and loss account. The company recognises gain and loss on the settlement of a defined benefit plan when the settlement occurs.

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 had completed ten years of services with the Company are eligible for benefits under this scheme. Provision is made in these financial statements based on the actuarial valuation (conducted at the balance sheet date - 31 December 2013) 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. The company determines the net interest expense (income) on the net defined benefit liability (asset) for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual year to the then net defined benefit liability (asset), taking into account and change in the net defined benefit liability (asset) during the year as a result of contribution and benefit payments. Net interest expense and other expense related to defined benefit plans are recognised in profit and loss account.

When the benefits of the plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in profit and loss account. The company recognises gain and loss on the settlement of a defined benefit plan when the settlement occurs.

c) Provident fund - defined contribution plan

The Company operates an approved provident fund scheme for its eligible employees. The Company and the employees make equal monthly contributions at ten percent of the basic salary.

3.4 Compensated absences

The Company also makes provision in the financial statements for its liability towards compensated absences based on the leaves accumulated up to the balance sheet date in accordance with the service rules.

3.5 Taxation

Income tax on the profit or loss for the year comprises current and deferred tax.

i) Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account available tax credits and tax rebates, if any, in accordance with the provision of the Income Tax Ordinance, 2001. It also includes any adjustment to tax payable in respect of prior years.

ii) Deferred

Deferred taxation is recognised, using the balance sheet liability method, providing for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amounts of deferred tax recognised is based on the expected manner of the realisation or settlement of the carrying amount of assets and liabilities, using rates of taxation enacted or substantially enacted at the balance sheet date.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised. Deferred tax assets, are reduced to the extent that they are no longer probable that the related tax benefit will be realised.

The Company also recognises deferred tax liability on surplus on revaluation of fixed assets which is adjusted and the related surplus in accordance with the requirements of International Accounting Standard 12 'Income Taxes'.

3.6 Stores and spares

These are stated at lower of moving average cost and net realizable value except items in transit which are stated at invoice value plus other charges incurred thereon. Provision is made for slow moving items where necessary and is recognised in the profit and loss account.

Net realizable value is the estimated selling price in the ordinary course of the business less estimated costs necessary to make a sale.

3.7 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 under 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.

3.8 Trade debts and other receivables

These are stated at cost less impairment losses, 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 receivable are written off when considered irrecoverable.

3.9 Cash and cash equivalents

For the purposes of cash flow statement, cash and cash equivalents comprise cash / demand draft in hand, balances with banks and short term placements readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash and cash equivalents also include bank overdrafts and form an integral part of the Company's cash management.

3.10 Revenue recognition

- Revenue from sale of goods is measured at fair value of the consideration received or receivable. Domestic sales are recognised as revenue on dispatch of goods to customers. Export sales are recognised as revenue on the basis of goods shipped to customers.

- Profit on debt instruments and term deposits with banks are recognised using the effective yield method on a time proportion basis.

- Dividend income on equity instruments is recognised when a right to receive the dividend is established.

- Gain or loss on sale of mutual fund units / certificates is accounted for in the period in which it arises.

3.11 Trade and other payables

Liabilities for trade and other amounts payable are recognised and carried at cost which is the fair value of the consideration to be paid in future for goods and services received.

3.12 Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are measured at the present value of expected expenditure, discounted at a pre tax rate that reflects current market assessment of the time value of money and the risk specific to the obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.13 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 profit and loss account.

3.14 Financial instruments

All financial assets and liabilities are initially measured at fair value, and subsequently measured at fair value or amortized cost as the case may be. The Company derecognises the financial assets and financial liabilities when it ceases to be a party to such contractual provisions of the instruments.

3.15 Off-setting of financial assets and financial liabilities

A financial asset and financial liability is offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amount and the Company intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously.

3.16 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 assets is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

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 or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

Non-financial assets

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated in order to determine the extent of impairment loss, if any. Impairment losses are recognised as expense in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is ascertained 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 risk specific to the assets. 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 if there is a change in the estimates used to determine the recoverable amount. 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 amortization, if no impairment loss had been recognized.

3.17 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at cost, less attributable transaction costs.

Subsequent to initial recognition, mark-up bearing borrowings are stated at original cost less subsequent repayments, while the difference between the cost (reduced for periodic payments) and redemption value is recognised in the profit and loss account over the period of the borrowings on an effective mark-up basis.

Borrowing costs are charged to profit and loss account currently.

3.18 Dividend and appropriations

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

3.19 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 period. Diluted EPS is determined by adjusting the profit or loss attributable to share holders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	31 December 2013	31 December 2012
		(Rupees in '000)	
Operating fixed assets	4.1	405,190	346,829
Capital work-in-progress	4.2	4,928	19,123
		410,118	365,952

Notes to the Financial Statements

For the year ended 31 December 2013

4.1 Operating fixed assets

		31 December 2013												
		COST						Rate	DEPRECIATION					Written down
		As at 1 January 2013	Addition	(Disposal)	Adjustment	Surplus on Revaluation	As at 31 December 2013	%	As at 1 January 2013	Charge for the Year	(Disposal)	Adjustment	As at 31 December 2013	value as on 31 December 2013
		(Rupees in '000)							(Rupees in '000)					
Freehold land	4.5	42,000	-	-	-	20,726	62,726	-	-	-	-	-	-	62,726
Leasehold land	4.5	42,140	-	-	(2,559)	15,419	55,000	2	1,716	843	-	(2,559)	-	55,000
Building on freehold land	4.5	29,204	12,258	-	(9,604)	7,291	39,149	10	6,632	2,972	-	(9,604)	-	39,149
Building on leasehold land	4.5	2,069	-	-	(490)	647	2,226	10	314	176	-	(490)	-	2,226
Lease hold improvements	4.5	3,068	-	-	-	-	3,068	10	1,542	153	-	-	1,695	1,373
Plant, machinery and equipment	4.5	271,008	11,375	-	(120,254)	9,087	171,216	10	102,740	17,514	-	(120,254)	-	171,216
Capital spares		9,876	2,289	-	-	-	12,165	10	4,345	713	-	-	5,058	7,107
Furniture and fixtures		25,174	355	-	-	-	25,529	10	4,566	2,073	-	-	6,639	18,890
Vehicles		59,527	16,537	(9,370)	-	-	66,694	20	21,749	8,894	(4,884)	-	25,759	40,935
Computers		15,950	2,709	-	-	-	18,659	30	9,598	2,503	-	-	12,101	6,558
Professional books		31	-	-	-	-	31	30	16	5	-	-	21	10
		500,047	45,523	(9,370)	(132,907)	53,170	456,463		153,218	35,846	(4,884)	(132,907)	51,273	405,190

	31 December 2012												
	COST						Rate	DEPRECIATION					Written down
	As at 1 July 2012	Addition	(Disposal)	Adjustment	Surplus on Revaluation	As at 31 December 2012	%	As at 1 July 2012	For the Year	(Disposal)	Adjustment	As at 31 December 2012	value as on 31 December 2012
	(Rupees in '000)							(Rupees in '000)					
Freehold land	42,000	-	-	-	-	42,000	-	-	-	-	-	-	42,000
Leasehold land	42,140	-	-	-	-	42,140	2	1,308	408	-	-	1,716	40,424
Building on freehold land	29,204	-	-	-	-	29,204	10	5,444	1,188	-	-	6,632	22,572
Building on leasehold land	2,069	-	-	-	-	2,069	10	222	92	-	-	314	1,755
Lease hold improvements	3,068	-	-	-	-	3,068	10	1,462	80	-	-	1,542	1,526
Plant, machinery and equipment	239,586	31,422	-	-	-	271,008	10	95,188	7,552	-	-	102,740	168,268
Capital spares	9,876	-	-	-	-	9,876	10	4,054	291	-	-	4,345	5,531
Furniture and fixtures	24,654	520				25,174	10	3,492	1,074	-	-	4,566	20,608
Vehicles	60,108	3,456	(4,037)	-	-	59,527	20	20,923	4,054	(3,228)	-	21,749	37,778
Computers	14,742	1,356	(148)	-	-	15,950	30	8,584	1,065	(51)	-	9,598	6,352
Professional books	31	-	-	-	-	31	30	13	3	-	-	16	15
	467,478	36,754	(4,185)	-	-	500,047		140,690	15,807	(3,279)	-	153,218	346,829

4.2 Capital work-in-progress

	COST			
	As at 1 January 2013	Additions	(Transfers to operating assets)	As at 31 December 2013
	(Rupees in '000)			
Plant, machinery and equipments	5,490	10,813	(11,375)	4,928
Capital spares	-	2,289	(2,289)	-
Building on freehold land	12,258	-	(12,258)	-
Furniture and fixtures	-	355	(355)	-
Vehicles	-	16,537	(16,537)	-
Intangibles	1,375	527	(1,902)	-
Computers	-	2,709	(2,709)	-
	19,123	33,230	(47,425)	4,928

4.3 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	Address
	---- (Rupees in '000) ----								
Vehicles									
Suzuki Cultus	2008	754	468	286	286	-	As per policy	Ahsaan-ul-Haq (Employee)	A-185, Area 36-B, Zamanabad Landhi4, Karachi
Toyota Altis	2011	1,877	589	1,288	1,580	292	Negotiation	Metropolitan logistic services	Plot # 32, Korangi Industrial Area, Karachi
Suzuki Cultus	2008	652	435	217	217	-	As per policy	M. Shahid (Employee)	Flat No F-16, Iqbal Plaza, Phase 2, Gulshan -E Sirsyed Karachi
Suzuki Alto	2007	521	357	164	164	-	As per policy	Asif Hayat (Employee)	House # 26/B-2, Railway Housing Society, Unit#3, Latifabad,Hyderabad
Suzuki sprinter	2010	66	33	33	33	-	As per policy	Hasan Zaheer (Employee)	R759/19 Al-noor society federal B area, Karachi
Suzuki Alto	2009	667	356	311	607	296	Negotiation	Mithani Automobiles	Shop#G-8, Karim Appartments, M.A Jinnah Road, Karachi
Suzuki Alto	2008	615	406	209	535	326	Negotiation	Car Selection	Karim Appartments, M.A Jinnah Road, Karachi
Suzuki Alto	2012	801	239	562	770	208	Negotiation	Car Selection	Karim Appartments, M.A Jinnah Road, Karachi
Suzuki Alto	2009	710	441	269	595	326	Negotiation	Car Selection	Karim Appartments, M.A Jinnah Road, Karachi
Suzuki Alto	2008	524	333	191	520	329	Negotiation	Car Selection	Karim Appartments, M.A Jinnah Road, Karachi
Suzuki Alto	2009	674	404	270	500	230	Negotiation	Ali Motors	Shop#8, Al-Madina Appartments, M.A Jinnah Road, Karachi
Suzuki Alto	2009	674	404	270	575	305	Negotiation	Ali Motors	Shop#8, Al-Madina Appartments, M.A Jinnah Road, Karachi
Suzuki Cultus	2010	835	419	416	777	361	Negotiation	Ali Motors	Shop#8, Al-Madina Appartments, M.A Jinnah Road, Karachi
31 December 2013		9,370	4,884	4,486	7,159	2,673			
31 December 2012		4,185	3,279	906	1,413	507			

4.4 Depreciation on property, plant and equipment and amortisation of intangible asset (note 5) for the year / period has been allocated as follows:

	Note	31 December 2013	31 December 2012
		(Rupees in '000)	
Depreciation for the year / period on property, plant and equipment	4.1	35,846	15,807
Amortisation of intangible asset for the year / period	5	3,358	1,601
		39,204	17,408
Cost of sales	23	22,931	10,664
Selling and distribution expenses	24	6,864	2,775
Administrative expenses	25	9,409	3,969
		39,204	17,408

4.5 Freehold land, building on freehold land, plant, machinery and equipment of the Company has been revalued as of 31 December 2013 by an independent valuer M/s Arif Evaluators, on the basis of market value. The valuation has been incorporated in the financial statements as of 31 December 2013 and has resulted in a surplus of Rs.37.104 million before tax (Rs.20.726 million on freehold land, Rs.7.291 million on building on freehold land and Rs. 9.087 million on plant, machinery and equipment). The details of revalued amounts as of 31 December 2013 are as follows:

	(Rupees in '000)
Free hold land	62,726
Buildings on free hold land	39,149
Plant, machinery and equipment	171,216
	273,091

Leasehold land alongwith building on leasehold land of the Company were revalued as of 31 December 2013 by an independent valuer M/s Arif Evaluators, on the basis of market value. The valuation has been incorporated in the financial statements as of 31 Decmber 2013 and has resulted in a surplus of Rs.16.066 million before tax (Rs.15.419 million on leasehold land and Rs.0.647 million on building on leasehold land. The details of revalued amounts as of 31 December 2013 are as follows:

	(Rupees in '000)
Leasehold land	55,000
Buildings on leasehold land	2,226
	57,226

In addition to the above revaluation, the company had also arranged the revaluation of its properties in the years ended 1982, 2000, 2004, 2007, 2010 and 2011 which resulted in revaluation surplus as follows:

	(Rupees in '000)
Free hold land	41,971
Lease hold land	22,950
Buildings on free hold land	37,395
Plant, machinery and equipment	85,850

4.6 Had there been no revaluation, the related figures of land, buildings and plant & machinery as at 31 December 2013 would have been as follows:

	(Rupees in '000)
Free hold land	29
Lease hold land	17,998
Buildings on free hold land	18,645
Buildings on lease hold land	1,579
Plant, machinery and equipment	131,300
	169,551

5. INTANGIBLE ASSETS

	31 December 2013							
	COST			Rate	AMORTIZATION			Written down
	As at 1 January 2013	Additions/ (disposals)	As at 31 December 2013	%	As at 1 January 2013	For the period	As at 31 December 2013	value as on 31 December 2013
	(Rupees in '000)				(Rupees in '000)			
Computer software and licenses	12,963	1,902	14,865	30	7,706	3,358	11,064	3,801

	31 December 2012							
	COST			Rate	AMORTISATION			Written down
	As at 1 July 2012	Additions / (disposals)	As at 31 December 2012	%	As at 1 July 2012	For the year	As at 31 December 2012	value as on 31 December 2012
	(Rupees in '000)				(Rupees in '000)			
Computer software and licenses	12,963	-	12,963	30	6,105	1,601	7,706	5,257

	Note	31 December 2013	31 December 2012
6. LONG TERM DEPOSITS - considered good		(Rupees in '000)	
Deposits:			
- against letter of guarantee		2,756	2,106
- against office premises		1,678	1,705
- to Central Depository Company of Pakistan Limited		13	13
- to Sui Southern Gas Company Limited		2,725	2,725
- others		364	364
		7,536	6,913
Provision held		(78)	(78)
		7,458	6,835
7. LONG TERM LOANS TO EMPLOYEES			
- Considered good - secured			
Non-executive employees	7.1	620	750
Receivable within one year		(391)	(386)
		229	364

7.1 These mark-up free loans have been given to the non-executive employees for purchase of motorcycles as per Company's Motor Cycle loan policy. These are recoverable in 36 to 57 equal monthly instalments and are secured against employees' provident fund balances.

	Note	31 December 2013	31 December 2012
8. STORES AND SPARES - net		(Rupees in '000)	
Stores		13,738	12,645
Spares		2,967	4,153
		16,705	16,798
Provision against slow moving stores and spares	8.1	(4,914)	(3,014)
		11,791	13,784
8.1 Provision against slow moving stores and spares			
Opening Balance		3,014	2,727
Charge for the year / period		1,900	287
Balance as at 31 December		4,914	3,014
9. STOCK-IN-TRADE - net			
Raw material - in hand	9.1	174,550	56,474
- in transit		61,364	127,790
		235,914	184,264
Packing material		21,562	21,926
Work-in-process		44,801	46,825
Finished goods		77,360	79,431
		379,637	332,446
Provision against slow moving and obsolete stock	9.2	(7,288)	(6,650)
		372,349	325,796

9.1 This includes stocks aggregating Rs.4.206 million (31 December 2012: Rs. 0.77 million) stated at their net realizable values as against their cost of Rs.7.336 million (31 December 2012: Rs. 2.58 million).

	Note	31 December 2013	31 December 2012
		(Rupees in '000)	

9.2 Provision against slow moving and obsolete stock

	Note	31 December 2013	31 December 2012
Opening Balance		6,650	7,494
Reversal of provision on sales of provided stock		(4,942)	(844)
Charge for the year / period		5,580	-
Balance as at 31 December		7,288	6,650

10. TRADE DEBTS - net

	Note	31 December 2013	31 December 2012
Considered good	10.1	58,336	55,546
Considered doubtful		2,133	1,133
		60,469	56,679
Provision against impaired debts	10.2	(2,133)	(1,133)
		58,336	55,546

10.1 Trade debts include balance amounting to Rs. 0.057 million (31 December 2012: Rs. 0.152 million) due from Treet Corporation Limited (related party).

10.1.1 The above balances are mark-up free and unsecured. The aging of above related party balance at the balance sheet date is as follows:

	Note	31 December 2013	31 December 2012
		(Rupees in '000)	
Past due 1-180 days		57	109
Past due 181-365 days		-	43

10.2 Provision against impaired debts

	Note	31 December 2013	31 December 2012
Opening Balance		1,133	1,133
Charge for the year / period		1,000	-
Balance as at 31 December		2,133	1,133

	Note	31 December 2013	31 December 2012
		(Rupees in '000)	
11. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Advances - considered good:			
- taxation		63,566	70,983
- to suppliers and contractors		4,341	3,322
Less: Provision held		(803)	(803)
		3,538	2,519
- to sales staff		508	508
Current maturity of loans to employees	7	391	386
Special Excise Duty receivable		206	206
Prepayments		4,149	4,099
Other receivables		2,072	1,559
		74,430	80,260
12. CASH AND BANK BALANCES			
Cash in hand		84	283
Cash at banks in - current accounts		10,270	4,032
- collection accounts		31,924	6,137
- profit and loss sharing accounts	12.1	50	765
		42,244	10,934
		42,328	11,217

12.1 These carry interest / mark-up rate ranging from 6.5% to 7% per annum (31 December 2012: 6 % to 6.02% per annum).

13. TRADE AND OTHER PAYABLES		31 December 2013	31 December 2012
		(Rupees in '000)	
Trade creditors		72,520	116,059
Accrued expenses		40,428	61,096
Advances from customers		15,100	10,894
Sales tax payable		5,417	24,073
Worker's Profit Participation Fund	13.1	2,647	915
Worker's Welfare Fund		2,273	2,474
Accrued mark-up		3,161	1,972
Other liabilities		2,997	11,831
Dividend payable		60	240
Unclaimed dividend		794	698
		145,397	230,252

	Note	31 December 2013	31 December 2012
		(Rupees in '000)	
13.1 Workers' Profit Participation Fund			
Opening Balance		915	183
Contribution during the year / period	27	2,647	918
Payments during the year / period		(915)	(186)
Balance as at 31 December		2,647	915
14. SHORT TERM BORROWING			
Murabaha Financing		200,000	75,000

The company availed Murabaha financing (Karobar facility) from a bank to meet working capital requirements. The facility carries mark-up at 3 month KIBOR + 0.5% per annum and is repayable on 20 March 2014. The facility is secured by pari passu charge on current assets of the Company.

15. UNUTILISED CREDIT FACILITIES

15.1 At 31 December 2013, unutilised facilities for running finance under mark-up arrangements available from certain banks aggregated to Rs.529 million (31 December 2012: Rs.714 million). The rate of mark-up on running facilities ranges between 1 month KIBOR + 1.25% per annum to 3 month KIBOR + 0.5% per annum (31 December 2012: 1 month KIBOR + 1.25% per annum to 3 month KIBOR + 0.5% per annum). These are secured against plant and machinery and current assets of the Company and are valid up to 31 March 2014.

15.2 At 31 December 2013, unutilised letter of credit facilities from certain banks amounted to Rs.761.493 million (31 December 2012: Rs.622.210 million). These are secured against the import bills of the Company. Total facilities sanctioned to the Company amounted to Rs.870 million (31 December 2012: Rs. 750 million).

	Note	31 December 2013	Six months ended 31 December 2012
16. TAXATION		(Rupees in '000)	
16.1 Details of tax charge for the year			
Current			
- for the year		19,287	76
- for prior year		196	(5,900)
		19,483	(5,824)
Deferred	20	(3,226)	7,993
		16,257	2,169

	Note	31 December 2013	Six months ended 31 December 2012
		(Rupees in '000)	
16.2 Relationship between income tax expense and accounting profit			
Profit before tax		49,102	15,447
Tax at the applicable tax rate of 34% (31 December 2012: 35%)		16,695	5,406
Effect of lower tax rate on insurance commission		(191)	(169)
Tax effect of expenses that are not allowable in determining the taxable income		20	82
Effect of tax credit		(716)	(2,567)
Others		449	(583)
Tax expense		16,257	2,169

16.3 The returns of income have been filed up to and including tax year 2013 (corresponding to financial year ended 31 December 2012), while the income tax assessments have been finalized up to and including tax year 2004. The return of income for tax year 2005 to 2013 have been filed under the Universal Self Assessment Scheme and are deemed to be assessed under Section 120 of the Income Tax Ordinance, 2001 unless selected for audit by the taxation authorities. The tax department has selected tax year 2011 of the Company for audit under section 177 of the Ordinance and has requested certain information to be furnished by the Company.

Return for financial year ended 30 June 2007 was selected for audit under section 177 of Income Tax Ordinance 2001 and an amended assessment order was passed in which certain disallowances were made by the taxation authorities (tax effect of which amounts to Rs. 2.8 million). The Company has filed an appeal against the subject order before the Appellate Commissioner of Income Tax (ACIT). The ACIT has decided the appeal in favour of the Company and allowed Rs.1.740 million (tax effect) which were disallowed by the amended assessment order. The department has filed an appeal against the said decision before the Income Tax Appellate Tribunal (ITAT) which is still pending. The Company and its tax advisor are confident that the decision of the appellate authorities will be in the Company's favour.

17. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

31 December 2013	31 December 2012		31 December 2013	31 December 2012
(Numbers of shares)			(Rupees in'000)	
3,550,000	3,550,000	Fully paid ordinary shares of Rs.10 each issued for cash	35,500	35,500
50,000	50,000	Fully paid ordinary shares of Rs.10 each issued for consideration other than cash	500	500
1,724,000	1,724,000	Fully paid ordinary shares of Rs.10 each issued as bonus shares	17,240	17,240
5,324,000	5,324,000		53,240	53,240

At 31 December 2013, 173,691 (31 December 2012: 173,691) shares of the company were held by associated companies.

18. SURPLUS ON REVALUATION OF FIXED ASSETS- net of tax

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

	Note	31 December 2013	31 December 2012
		(Rupees in'000)	
Opening balance		112,927	115,728
Surplus on revaluation carried out during the year	4.1	53,170	-
Transferred to accumulated profit in respect of incremental depreciation charged during the year		(3,465)	(1,821)
Related deferred tax liability		(1,866)	(980)
		160,766	112,927
Less:			
Related deferred tax liability at beginning of the period / year		24,813	25,793
Related to revaluation made during the year		11,355	-
On incremental depreciation for the period / year		(1,866)	(980)
		34,302	24,813
Closing balance		126,464	88,114

19. DEFERRED STAFF LIABILITIES

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

- Death
- Retirement
- Resignation

19.2 Number of Employees under the scheme

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

	2013	2012
	(Number)	
- Gratuity Schemes	205	216
- Retirement benefit scheme	75	82

19.3 Principal actuarial assumptions

The latest actuarial valuations of the above gratuity / retirement benefit schemes were carried out as at 31 December 2013 under the Project Unit Credit Method. Principal actuarial assumptions used in the valuation of the schemes are as follows:

	Gratuity Scheme		Staff retirement benefits scheme	
Financial assumptions	31 December 2013 (%)	31 December 2012 (%)	31 December 2013 (%)	31 December 2012 (%)
Valuation discount rate	12.5	11.5	12.5	11.5
Salary increase rate	12.5	11.5	12.5	11.5
Demographic assumptions				
Mortality rate	SLIC (2001- 2005)	Adjusted EFU (1961-1966)	SLIC (2001- 2005)	Adjusted EFU (1961-1966)
Employee turnover rate				
	age 20 = 110	age 20 = 27.5	age 20 = 27.5	age 20 = 27.5
	age 25 = 96	age 25 = 24	age 25 = 24	age 25 = 24
	age 30 = 74	age 30 = 18.5	age 30 = 18.5	age 30 = 18.5
	age 35 = 46	age 35 = 11.5	age 35 = 11.5	age 35 = 11.5
	age 40 = 24	age 40 = 6	age 40 = 6	age 40 = 6
	age 45 = 12	age 45 = 3	age 45 = 3	age 45 = 3
	age 50 = 10	age 50 = 2.5	age 50 = 2.5	age 50 = 2.5
	age 55 = 0	age 55 = 0	age 55 = 0	age 55 = 0
	age 60 = 1000	age 60 = 1000	age 60 = 1000	age 60 = 1000

19.4 Payable to defined benefit schemes

	Note	Gratuity Scheme		Staff retirement benefits scheme		Total	
		31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012
		(Rupees in '000)					
Payable to defined benefit schemes	19.5	49,866	48,031	23,920	25,116	73,786	73,147

19.5 Movement in liability recognized

	Note	Gratuity Scheme 31 December 2013	Gratuity Scheme 31 December 2012	Staff retirement 31 December 2013	Staff retirement 31 December 2012	Total 31 December 2013	Total 31 December 2012
Opening balance		48,031	47,719	25,115	24,105	73,146	71,824
Recognised in other comprehensive income	19.8	2,573	(1,549)	(1,642)	(99)	931	(1,648)
Recognized in profit and loss account	19.7	9,605	5,045	3,460	1,878	13,065	6,923
Benefits paid during the year		(10,343)	(3,184)	(3,013)	(768)	(13,356)	(3,952)
Closing balance		49,866	48,031	23,920	25,116	73,786	73,147

19.6 Reconciliation of the present value of the defined benefit obligations

	Gratuity Scheme		Staff retirement benefits scheme		Total	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	(Rupees in '000)					
Present value of obligation - Opening	48,031	47,719	25,115	24,105	73,146	71,824
Current service cost	4,676	2,063	745	407	5,421	2,470
Interest cost	4,929	2,982	2,715	1,471	7,644	4,453
Benefits paid	(10,343)	(3,184)	(3,013)	(768)	(13,356)	(3,952)
Re-measurement: Acturial losses / (gains) on obligation	2,573	(1,549)	(1,642)	(99)	931	(1,648)
Present value of obligation - Closing	49,866	48,031	23,920	25,116	73,786	73,147

19.7 Amount recognised in profit and loss

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

	Gratuity Scheme		Staff retirement benefits scheme		Total	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	(Rupees in '000)					
Current service cost	4,676	2,063	745	407	5,421	2,470
Interest cost	4,929	2,982	2,715	1,471	7,644	4,453
	9,605	5,045	3,460	1,878	13,065	6,923

19.8 Re-measurements recognised in other comprehensive income

	Gratuity Scheme		Staff retirement benefits scheme		Total	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	(Rupees in '000)					
Actuarial losses / (gains) on obligation						
- Demographic assumptions	-	-	-	-	-	-
- Financial assumptions	176	-	34	-	210	-
- Experience adjustment	2,397	(1,549)	(1,676)	(99)	721	(1,648)
Total re-measurements recognised in OCI	2,573	(1,549)	(1,642)	(99)	931	(1,648)

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

	(Rupees in '000)
Gratuity scheme	11,220
Staff retirement benefits scheme	5,035

19.10 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	Staff retirement benefits scheme	Gratuity Scheme	Staff retirement benefits scheme
Discount rate effect	(Rupees in '000)			
Original liability	49,866	23,920	12.50%	12.50%
1% increase	46,150	22,952	13.50%	13.50%
1% Decrease	54,147	24,959	11.50%	11.50%
Salary increase rate effect				
Original liability	49,866	23,920	12.50%	12.50%
1% increase	54,077	24,926	13.50%	13.50%
1% Decrease	46,148	22,966	11.50%	11.50%

If Life Expectancy increases by one year	Gratuity Scheme	Staff retirement benefits scheme
	(Rupees in '000)	
Original liability	49,866	23,920
1% increase	49,877	23,928
Current duration (years)	11.63	5.39

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.

19.11 Maturity profile

The weighted average duration of the obligation (in years)	11.63	5.39

20. DEFERRED TAX LIABILITY - net

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

	Balance at 1 July 2012	Recognized in profit and loss	Recognized in other comprehensive income	"Balance at 31 December 2012"	Recognized in profit and loss	Recognized in other comprehensive income	Revaluation Surplus	"Balance at 31 December 2013"
	----------	----------	----------	(Rupees in '000)	----------	----------	----------	----------
Taxable temporary difference:								
- on accelerated tax depreciation	34,105	3,918	-	38,023	(222)	-	-	37,801
- on surplus - fixed assets	25,793	(980)	-	24,813	(1,866)	-	11,355	34,302
- on minimum tax	(5,900)	5,900	-	-	-	-	-	-
Deductible temporary differences:								
- on provision for defined benefit plan	25,139	1,039	(577)	25,601	(103)	326	-	25,824
- on provision against slow moving stock and doubtful debts	4,280	(194)	-	4,086	1,241	-	-	5,327
Net deferred tax liability	24,579	7,993	(577)	33,149	(3,226)	326	11,355	40,952

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 2012: Rs. 7.02 million). Bank guarantees have also been issued in favour of Pakistan State Oil for issuance of PSO fleet cards aggregating to Rs. 1.3 million (31 December 2012: Nil).

21.1.2 Post dated cheques of Rs.68.66 million (31 December 2012: Rs.47.43 million) have been issued to Collector of Customs against partial exemption of import levies.

21.2 Commitments

21.2.1 Commitments under letters of credit for the import of stock in trade items at 31 December 2013 amounted to Rs.88.042 million (31 December 2012: Rs.65.517 million).

22. NET SALES

	31 December 2013	Six months ended 31 December 2012
	(Rupees in '000)	
Gross sales	2,099,765	1,026,196
Sales tax	(329,642)	(156,338)
Trade discount	(148,600)	(53,407)
Rebate and sales return	(452)	(58)
	(478,694)	(209,803)
	1,621,071	816,393

22.1 Principal business of the Company is sale of home and personal care products, majority of which are taxed as per third schedule of Sales Tax Act, 1990 (retail price basis). Value for the application of sales tax amounted to Rs. 1.954 billion (31 December 2012: Rs. 977.113 million).

23. COST OF SALES

	Note	31 December 2013	Six months ended 31 December 2012
		(Rupees in '000)	
Raw and packing material consumed	23.1	919,696	474,000
Salaries, wages and other benefits	23.2	110,205	53,623
Fuel and power		58,779	27,746
Depreciation / amortisation	4.4	22,931	10,664
Provision for slow moving and obsolete stock	9.2	5,368	-
Stores and spares consumed		7,889	4,124
Freight and handling material		6,543	2,453
Rent, rates and taxes		188	497
Travelling and conveyance		4,591	2,999
Insurance		3,126	1,296
Contribution to the provident fund		2,137	987
Repairs and maintenance		1,689	929
Postage, telegrams and telephones		657	240
Printing and stationery		368	203
Subscription		16	6
Product research and development		387	211
Legal charges		41	15
Provision for slow moving stores and spares	8.1	1,900	287
Professional fee		-	33
Toll manufacturing		911	476
Obsolete finished goods	9.2	212	-
Packing material written-off		1,897	-
Other expenses		3,745	1,088
		1,153,276	581,877
Opening stock of work-in-process		46,825	55,331
Closing stock of work-in-process		(44,801)	(46,825)
Cost of good manufactured		1,155,300	590,383
Opening stock of finished goods		79,431	84,082
Closing stock of finished goods		(77,360)	(79,431)
		1,157,371	595,034

	Note	31 December 2013	Six months ended 31 December 2012
		(Rupees in '000)	
23.1 Raw and packing material consumed			
Opening stock		78,400	147,100
Purchases		1,037,408	405,300
		1,115,808	552,400
Closing stock		(196,112)	(78,400)
		919,696	474,000

23.2 Salaries, wages and other benefits include Rs.9.908 million (31 December 2012: Rs.3.944 million) in respect of the accrual for defined benefit obligations of the Company.

	Note	31 December 2013	Six months ended 31 December 2012
		(Rupees in '000)	
24. SELLING AND DISTRIBUTION EXPENSES			
Advertising		73,104	47,782
Salaries, wages and other benefits	24.1	86,385	41,360
Freight, distribution and handling		55,266	25,169
Travelling and conveyance		20,799	10,753
Product research and development		13,176	5,764
Insurance		2,858	1,773
Depreciation / amortisation	4.4	6,864	2,775
Postage and telegram		3,287	2,354
Rent, rates and taxes		3,938	1,270
Repairs and maintenance		418	176
Printing and stationery		582	317
Contribution to the provident fund		1,870	1,009
Legal charges		32	190
Utilities		849	370
Other expenses		4,896	2,145
		274,324	143,207

24.1 These include Rs.1.870 million (31 December 2012: Rs. 0.567 million) in respect of the accrual for defined benefit obligations of the Company.

	Note	31 December 2013	Six months ended 31 December 2012
		(Rupees in '000)	
25. ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	25.1	78,443	32,527
Depreciation / amortisation	4.4	9,409	3,969
Professional fee		2,760	1,557
Rent, rates and taxes		10,302	4,236
Fuel and power		2,996	1,263
Printing and stationery		1,452	650
Travelling and conveyance		5,396	1,999
Repairs and maintenance		1,561	1,260
Postage, telegrams and telephones		2,541	1,071
Contribution to the provident fund		1,317	549
Provision against impaired debts	10.2	1,000	-
Trainings and seminars		324	74
Insurance		754	340
Auditors' remuneration	25.2	740	430
Directors' fee		600	270
Legal charges		21	39
Charity and donation		60	60
Computer expenses		114	81
Other expenses		983	1,003
		120,773	51,378

25.1 These include Rs. 1.287 million (31 December 2012: Rs. 0.764 million) in respect of the accrual for defined benefit obligations of the Company.

25.2 Auditors' remuneration

	31 December 2013	Six months ended 31 December 2012
	(Rupees in '000)	
Audit fee	500	350
Fee for half yearly review	125	-
Fee for the review of Code of Corporate Governance	55	50
Out of pocket expenses	60	30
	740	430

		Note	31 December 2013	Six months ended 31 December 2012
			(Rupees in ‘000)	
26.	**OTHER OPERATING INCOME**			
	Return / income on financial assets			
	Return on bank deposits		65	61
	Income from non-financial assets			
	Gain / (loss) on disposal of fixed assets	4.3	2,673	507
	Scrap sales	26.1	3,722	1,022
	Insurance claim		938	-
	Insurance commission		796	676
	Others		46	-
			8,240	2,266
26.1	Gross Scrap Sales		4,278	1,174
	Less: Sales Tax		(556)	(152)
	Net Scrap Sales		3,722	1,022
27.	**OTHER OPERATING EXPENSES**			
	Workers’ Welfare Fund		1,196	349
	Workers’ Profit Participation Fund	13.1	2,647	918
	Foreign exchange loss		5,096	2,562
			8,939	3,829
28.	**FINANCIAL EXPENSES**			
	Mark-up on:			
	- Short term borrowings/Running finance	28.1	16,644	8,993
	Bank charges and commission		2,158	771
			18,802	9,764

28.1 These carry interest / mark-up rate ranging from 9.61% to 11.13% per annum (31 December 2012: 10.63% to 13.39% per annum).

	Note	31 December 2013	Six months ended 31 December 2012
		(Rupees in '000)	
29. EARNINGS PER SHARE- basic and diluted			
Profit for the year		32,845	13,278
		(Number of shares)	
Weighted average number of ordinary shares		5,324,000	5,324,000
		(Rupees)	
Earnings per share		6.17	2.49

29.1 Diluted earnings per share has not been presented as the company has not issued any instrument which would have an impact on earnings per share when exercised.

30. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	Chief Executive		Director		Executives			
					Key Management Personnel		Others	
	Year ended 31 December 2013	Six months ended 31 December 2012	Year ended 31 December 2013	Six months ended 31 December 2012	Year ended 31 December 2013	Six months ended 31 December 2012	Year ended 31 December 2013	Six months ended 31 December 2012
	(Rupees in '000)							
Remuneration	3,283	1,863	23,712	8,838	12,073	6,689	12,031	3,270
Provident fund	358	186	-	-	1,207	541	997	300
Special pay	2,207	1,066	-	-	8,115	5,005	8,288	2,197
Housing and utilities	1,892	1,026	59	27	6,838	3,822	6,970	1,933
Medical	51	186	141	-	327	216	492	160
Incentive	375	-	8,838	8,034	891	-	760	37
Gratuity	-	155	-	-	290	432	488	192
	8,166	4,482	32,750	16,899	29,741	16,705	30,026	8,089
Number of persons	1	1	1	1	6	8	15	9

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. 0.600 million (31 December 2012: Rs. 0.270 million).

31. PROVIDENT FUND

The following information is based on latest audited financial statements of the Fund:

	30 June 2013	30 June 2012
	(Rupees in '000)	
Size of the Fund	95,697	97,623
Cost of investment	91,228	93,076
Fair value / amortised cost of the investments	89,143	91,113
Percentage of investments made - based on fair value / amortised cost	93%	93%

Break-up of investments is as follows:	30 June 2013	30 June 2012	30 June 2013	30 June 2012
	(Rupees in '000)		(% of total investment)	
Government Securities	35,754	25,983	40%	29%
Certificates of Investment	10,000	50,000	11%	55%
Certificates of Musharaka	30,000	14,500	34%	16%
Mutual funds	12,112	-	14%	-
Cash and bank balances	1,277	630	1%	1%
	89,143	91,113	100%	100%

The above investments out of provident fund have been made in accordance with the requirement of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

32. FINANCIAL INSTRUMENTS

Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The Board meets frequently throughout the year 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 develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company 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.

32.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Exposure to credit risk

Credit risk of the Company arises principally from trade debts, loans and advances, trade deposits, bank balances and other receivables. The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk at the reporting date is as follows:

	31 December 2013	31 December 2012
	(Rupees in '000)	
Long term deposits	7,458	6,835
Loans to employees	620	585
Trade debts	58,336	55,546
Other receivables	2,072	1,559
Bank balances	42,244	10,934
	110,730	75,459

All the above exposure relates to domestic customers / entities or individuals only.

The maximum exposure to credit risk of the above financial assets at the balance sheet date by type of customer / entity, etc is as follows:

	31 December 2013	31 December 2012
	(Rupees in '000)	
Distributors / retailers	58,336	55,546
End-user customers	-	-
Banks	45,000	13,040
Others	7,394	6,873
	110,730	75,459

As at the year end the Company's most significant trade debts customers included a distributor / retailer from whom Rs.41.889 million was due (31 December 2012: Rs.41.008 million).

Management of credit risk

To reduce the exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery (and also obtains security / advance payments, wherever considered necessary). Cash is held only with reputable banks with high quality credit worthiness.

Impairment losses and past due balances

The age analysis of trade debts at the balance sheet date was as follows:

	31 December 2013		31 December 2012	
	Gross	Impairment loss	Gross	Impairment loss
	(Rupees in '000)		(Rupees in '000)	
Past due 1-60 days	45,219	-	40,841	-
Past due 61 days -1 year	12,032	-	14,705	-
More than one year	3,218	2,133	1,133	1,133
Total	60,469	2,133	56,679	1,133

Based on the past experience, consideration of financial position, past tracks records and recoveries, the Company believes that trade debts past due do not require any impairment except as provided in these financial statements. None of the other financial assets are past due or impaired. Movement of provision against trade debts is disclosed in note 10.2.

32.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments:

	31 December 2013			
	Carrying amount	Contractual cash flows	12 months or less	More than 12 months
	(Rupees in '000)			
Non-Derivative Financial Liabilities				
Long term deposits	450	450	-	450
Short term borrowing	200,000	200,000	200,000	-
Trade and other payables	119,960	119,960	119,960	-
	320,410	320,410	319,960	450

	31 December 2012			
	Carrying amount	Contractual cash flows	12 months or less	More than 12 months
	(Rupees in '000)			
Non-Derivative Financial Liabilities				
Long term deposits	450	450	-	450
Short term borrowing	75,000	75,000	75,000	-
Trade and other payables	191,896	191,896	191,896	-
	267,346	267,346	266,896	450

32.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is exposed to currency risk and interest rate risk only.

32.3.1 Currency risk

Foreign currency risk is the risk that the value of financial liability 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:

	31 December 2013		31 December 2012	
	Rupees In '000	US Dollars	Rupees In '000	US Dollars
Bills payable	20,465	194,534	65,164	670,826
Gross balance sheet exposure	20,465	194,534	65,164	670,826
Estimated committed purchases as at the year end	88,042	836,900	65,517	674,460
Gross exposure	108,507	1,031,434	130,681	1,345,286

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

The following significant exchange rates applied during the year:

	Average rates		Balance sheet date rate	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Rupees / US Dollars	101.61	95.65	105.20	97.10

Sensitivity risk

A five percent strengthening / (weakening) of the Rupee against US Dollar at the year ended 31 December 2013 would have increased / (decreased) equity and profit and loss account by Rs. 1.023 million (31 December 2012: Rs. 3.258 million). This analysis assumes that all other variables, in particular interest rates, remaining constant. The analysis is performed on the same basis for December 2012.

32.3.2 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:

	Carrying amount	
	31 December 2013	31 December 2012
	(Rupees in '000)	
Variable rate instruments		
Financial assets	50	765
Financial liabilities	200,000	75,000

Fair value sensitivity analysis for fixed rate instruments

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

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 2013 and 31 December 2012.

32.3.3 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 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 is not subject to externally imposed capital requirements.

33. PLANT CAPACITY AND PRODUCTION

	31 December 2013	31 December 2012
	(Metric Tons)	
Soap		
Assessed / rated	10,500	10,500
Actual production	6,805	3,360

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

The related parties comprise Wazir Ali Industries, 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:

	Note	31 December 2013	Six months ended 31 December 2012
		(Rupees in '000)	
Associated Companies			
Sale of goods		109	109
Services rendered		-	-
Purchase of goods		2,689	677
Services received		8,084	5,418
Dividend paid		261	521
Other related parties			
Contribution to the employees' provident fund	34.1	5,324	2,545
Directors and Chief Executive Officer (Key management personnel)			
Dividend paid		2,986	5,934

Detail of balances with a related party is disclosed in note 10.1 to these financial statements.

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 and dividend payments are at the rates approved by the shareholders.

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.

There were no change in the reportable segments during the year.

Revenue from major customer is Rs. 182.495 million (31 December 2012: Rs.107.58 million), which account for more than 9% (31 December 2012: 10%) of total revenue of the company.

The Company is domiciled in Pakistan. The Company's revenue is generated substantially from the sale of home and personal care products.

All non-current assets of the Company at the period ended 31 December 2013 are located in Pakistan.

36. NUMBER OF EMPLOYEES

The number of employees as on the year end were 205 and average number of employees during the year were 211.

37. 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 7.986 million (31 December, 2012: Nil) for approval by the members of the company in forthcoming Annual General Meeting. The financial statements for the year ended 31 December 2013 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.

38. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue in the Board of Directors meeting held on 25 February 2014.

Mubashir Hasan Ansari Chief Executive	Shahid Nazir Ahmed Director

Pattern of Shareholding

CDC & Physical
As at December 31, 2013

Number of shareholders	Share Holding From	Share Holding To	Total shares held	Percentage
885	1	100	14,431	0.2711
199	101	500	51,606	0.9693
51	501	1000	40,865	0.7676
49	1001	5000	109,713	2.0607
7	5001	10000	47,379	0.8899
4	10001	15000	53,037	0.9962
2	20001	25000	42,923	0.8062
1	25001	30000	29,486	0.5538
3	30001	35000	92,016	1.7283
1	55001	60000	59,600	1.1195
1	115001	120000	118,135	2.2189
1	170001	175000	173,191	3.2530
1	205001	210000	206,551	3.8796
1	215001	220000	219,400	4.1210
1	315001	320000	319,672	6.0044
1	340001	345000	340,859	6.4023
1	510001	515000	513,419	9.6435
1	520001	525000	521,100	9.7878
1	600001	605000	601,788	11.3033
1	840001	845000	844,600	15.8640
1	920001	925000	924,229	17.3597
1213			5,324,000	100.0000

Pattern of Shareholding

CDC & Physical
As at December 31, 2013

Categories of Shareholders	Number of shareholders	Number of shares held	Percentage
Directors			
Mrs. Feriel Ali Mehdi - Chairman	3	527,641	9.9106
Mr. Mujahid Hamid - Director	2	602,288	11.3127
Syed Yawar Ali - Director	4	865,195	16.2508
Mr. Munaf Ibrahim - Director	1	521,100	9.7878
Mr. Shahid Nazir Ahmed - Director	1	665	0.0125
Mr. Zafar Ahmed Siddiqui - Director	1	500	0.0094
Mrs. Ameena Saiyid - Director	1	510	0.0096
Directors' spouse			
Syeda Nighat Ali w/o Syed Yawar Ali	2	7,837	0.1472
Executives		Nil	-
Associated Companies			
Treet Corporation Limited	1	500	0.0094
IGI Insurance Limited	1	173,191	3.2530
Mutual Funds			
Golden Arrow Selected Stocks Fund Limited	1	118,135	2.2189
Banks; DFIs; NBFCs; Insurance, Takaful, Modarbas & Pension Funds			
National Bank of Pakistan-Trustee Department Ni(U)T Fund	1	340,859	6.4023
National Investment Trust Limited	1	8,777	0.1649
National Bank of Pakistan	1	192	0.0036
Trustee National Bank Of Pakistan Employees Pension Fund	1	31,163	0.5853
Trustee National Bank Of Pakistan Emp Benevolent Fund Trust	1	1,093	0.0205
MCB Bank Limited - Treasury	1	30,537	0.5736
State Life Insurance Corporation of Pakistan	1	30,316	0.5694
Shareholders holding five percent or more voting rights More Voting Interest In The Company			
Mrs. Fakhre Jehan Begum	2	953,715	17.9135
Syed Muhammad Zeyd Ali	1	513,419	9.6435
General Public:			
a. Local	1163	588,984	11.0628
b. Foreign	8	2,587	0.0486
Others			
Joint Stock Companies	13	4,578	0.0860
Abandoned Properties	1	218	0.0041
	1213	**5,324,000**	**100.0000**

CDC & Physical
As at December 31, 2013

Additional Information

Information on shareholding required under reporting framework of the Code of Corporate Governance is as follows:

Shareholders' Category	No. of shareholders	No. of shares held
Associated Companies, undertakings and related parties	2	173,691
Mutual Funds		
Golden Arrow Selected Stocks Fund Limited	1	118,835
Directors and their spouses and minor children		
Mrs. Feriel Ali Mehdi	3	527,641
Mr. Mujahid Hamid	2	602,288
Syed Yawar Ali	4	865,195
Mr. Munaf Ibrahim	1	521,100
Syeda Nighat Ali w/o Syed Yawar Ali	2	7,837
Mr. Shahid Nazir Ahmed	1	665
Mr. Zafar Ahmed Siddiqui	1	500
Mrs. Ameena Saiyid	1	510
Executives		Nil
Public Sector Companies & corporations		Nil
Banks, DFIs, NBFCs, Insurance, Takaful, Modarabas & Pension Funds	7	442,937
Shareholders holding five percent or more voting rights		
Mrs. Fakhre Jehan Begum	2	953,715
Syed Muhammad Zeyd Ali	1	513,419
National Bank of Pakistan-Trustee Department Ni(U)T Fund	1	340,859

Trading of shares by Chief Executive Officer, Directors, Chief Financial Officer & Company Secretary, Executives, their spouses and minor children:

Purchase of shares	No, of shares
Mrs. Feriel Ali Mehdi, Chairman	6,500

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifty-fourth Annual General Meeting of ZIL Limited will be held on **Friday, April 18, 2014 at 9:00 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 Extra Ordinary General Meeting held on Friday, June 28, 2013.

2. To receive, consider and approve the Audited Financial Statements of the Company for the year ended December 31, 2013 together with the Directors' and Auditors` report thereon.

3. To appoint Auditors for the year ending December 31, 2014 till the conclusion of next Annual General Meeting and fix their remuneration. The Directors have recommended appointing KPMG Taseer Hadi & Co. Chartered Accountants who being eligible offered themselves for re-appointment.

4. To approve as recommended by directors a final cash dividend @ 15% i.e. Rs.1.50 per share for the financial year 2013.

SPECIAL BUSINESS:

5. To approve the issue of Bonus Shares in the proportion of 15 shares for every 100 shares held (i.e. 15%) as declared and recommended by directors, and if thought fit to pass the following Resolutions as Ordinary Resolutions:

   Resolved that a sum of Rs.7.986 million out of reserves of the Company and applied towards issue of 798,600 ordinary shares of Rs. 10/- each allotted as fully paid bonus shares to the members of the Company whose names appear on the register of members as at close of business on April 11, 2014, in the proportion of 15 shares for every 100 shares held (i.e. 15%) and that such shares shall rank pari-passu in every respect with the existing shares of the Company.

   Further Resolved that the bonus shares so allotted shall not be entitled for final cash dividend for the financial year 2013.

   Further Resolved that fractional entitlements of the members shall be consolidated into whole shares and sold on the Stock Market and the Company Secretary is authorized to pay the proceeds of the sale when realized, to any charitable institution

   Further Resolved that the Company Secretary be and is hereby authorized and empowered to give effect to this ordinary resolution and to do or cause to do all acts, deeds and things that may be necessary of required for issue, allotment and distribution of bonus shares.

   Statement u/s 160(1)(b)of the Companies Ordinance, 1984 setting forth all material facts pertaining to the Special Business referred to above is annexed to this Notice.

By Order of the Board
Ata-ur-Rehman Shaikh
Company Secretary

Karachi: March 26, 2014

NOTES:

1. The Share Transfer Books of the Company will remain closed from April 12, 2014 to April 18, 2014 (both days inclusive).

2. A member entitled to attend and vote at the general meeting is entitled to appoint another person as proxy to attend and vote in his place, in the case of company, by a representative duly authorized.

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

4. Members are requested to notify the change in their addresses, if any, immediately to the Share Registrars of the company, M/s THK Associates (Pvt) Ltd. Second Floor, State Life Building No.3, Dr. Ziauddin Ahmed Road, Karachi 75530.

5. CDC Account Holders will further have to follow the guidelines as laid down by the Securities & Exchange Commission of Pakistan

Statement u/s 160(1)(b)of the Companies Ordinance 1984 is annexed with this notice.

This statement set out the material facts concerning the Special Business:

Agenda No. 5

The Board of Directors are of the view that the Company's financial position and its reserves as on December 31, 2013 justify the capitalization of reserves by way of issue of bonus shares to the members in the proportion of 15 shares for every 100 shares held (i.e. 15%) and that such shares shall rank pari-passu in every respect with the existing shares of the Company. As a result of issuance of Bonus Shares, the piad up capital of the Company shall stands increased to Rs.61,226,000/-.

The fractional shares in value at current price have very nominal value for each share holder, therefore it is proposed to donate collective amount to a recognized charitable institution.

The Directors of the Company have no direct or indirect interest in the said bonus shares except to the extent of their share holding.

CNIC or NTN Requirement for Payment of Dividend

The Securities & Exchange Commission of Pakistan through its notification SRO 19(1) 2014, dated January 10, 2014 has again instructed the listed companies to mention CNIC or NTN (in case of corporate Entity) number of the shareholders or their authorized person on the Dividend Warrants; therefore, the registered Shareholders who have not yet provided their CNIC or NTN, are once again requested to provide the same to our Share Registrar at the above mentioned address at the earliest convenience preferably before **April 08, 2014.**

Form of Proxy

The Secretary
ZIL Limited
12th Floor, Executive Tower,
Dolmen City, Marine Drive,
Block IV, Clifton, Karachi

I/We ____
of ____________________ being a member of ZIL Limied and holding ____________________ ordinary shares as per Share 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 Friday, April 18, 2014 at 9:00 am at the Royal Rodale, Plot no Tc-V, 34th Street, Khayaban-e-Sehar, Phase-V Ext., DHA, Karachi, Pakistan and at any adjournment there of.

Signature on
Rupees Five
Revenue Stamp

The Signature should agree with the specimen registered with the Company

Witnesses:

1. Signature:
   Name:
   Address:

CNIC or
Passport No.

II. Signature:
   Name:
   Address:

CNIC or
Passport No.

____
Signature of Proxy

Notes:

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

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

ZIL
LIMITED

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