



Quarterly Report  
January – March / 2015



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## Corporate Information

### Board of Directors

Mrs. Ferial Ali Mehdi  
Chairman

Mr. Mujahid Hamid  
Non-Executive Director

Syed Hasnain Ali  
Non-Executive Director

Mr. Shahid Nazir Ahmed  
Non-Executive Director

Mrs. Ameena Saiyid  
Independent, Non-Executive Director

Mr. Saad Amanullah Khan  
Independent, Non-Executive Director

Mr. Kemal Shoaib  
Non-Executive Director

Mr. Mubashir Hasan Ansari  
Chief Executive Officer

### Board Audit Committee

Mr. Saad Amanullah Khan  
Chairman

Mrs. Ferial Ali Mehdi  
Member

Mr. Shahid Nazir Ahmed  
Member

### Human Resource & Remuneration Committee

Mrs. Ferial Ali Mehdi  
Chairman

Mr. Kemal Shoaib  
Member

Syed Hasnain Ali  
Member

Mr. Mubashir Hasan Ansari  
Member

### Company Secretary & Chief Financial Officer

Mr. Ata-ur-Rehman Shaikh  
Statutory Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants

### Legal Advisors

Hussain & Haider, Advocates

### Registered Office

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

### Factory

Link Hali Road, Hyderabad - 71000

### Bankers

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

### Shares Registrars

THK Associates (Pvt) Limited  
2nd Floor, State Life Building No. 3,  
Dr. Ziauddin Ahmed Road, Karachi.



## Directors' Review

The Directors of the Company are pleased to present the unaudited financial results of the company for the quarter ended March 31, 2015.

### Summary of Business Performance

Challenges faced by the company in 2014 continued to have their adverse effect on the business in January to March quarter of the year 2015 as well. Aggressive competitive activity coupled with decrease in retail prices of the products in the month of January impacted the financial results for the period. Sales revenue declined as compared to similar period previous year along with gross margins which remained low. Loss after tax increased registering an increase of 29 million over previous period.

### Financial Position at a glance

Financial results for the period under review are as follows:

	Three months ended March 31, 2015	Three months ended March 31, 2014
	Rupees in '000	
Sales	234,742	266,813
Gross profit	30,851	71,862
Profit / (Loss) after Tax	(43,647)	(15,094)

### Future Outlook

We are confident that ZIL will overcome all these challenges in the following few quarters as demand of its products is expected to increase in the months to come.

The flagship brand of the company, Capri, is being re-launched in April 2015 with improved product mix and release of new advertisement on leading media channels. Digital marketing, Online consumer and trade promotion programs will enable the company to expand its market share.

The company has also simultaneously worked internally to lower its overhead costs to become more cost efficient.

### Acknowledgement

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

For and on behalf of the Board of Directors

**Mubashir Hasan Ansari**  
Chief Executive Officer

Karachi: April 28, 2015



## Condensed Interim Balance Sheet

As at 31 March 2015

	31 March 2015 (Unaudited)	31 December 2014 (Audited)
Note	(Rs. in '000)	
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	6 387,326	393,709
Intangible assets	895	1,395
Long term deposits	5,156	6,506
Long term loans to employees	171	448
Deferred tax asset-net	38,988	16,040
<b>CURRENT ASSETS</b>		
Stores and spares	14,162	13,631
Stock-in-trade	7 291,582	284,473
Trade debts	8 34,951	29,030
Advances, deposits, prepayments and other receivables	9 72,723	61,357
Cash and bank balances	10 44,926	18,159
	458,344	406,650
<b>CURRENT LIABILITIES</b>		
Short term borrowing	10.1 100,407	1,982
Murabaha Financing	10.2 230,000	200,000
Trade and other payables	135,631	152,947
Taxation	13,615	13,615
	479,654	368,544
<b>NET CURRENT ASSETS</b>	<b>(21,310)</b>	<b>38,106</b>
<b>NET ASSETS</b>	<b>411,227</b>	<b>456,204</b>
<b>FINANCED BY</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorised capital 10,000,000 (31 Dec 2014: 10,000,000) ordinary shares of Rs. 10 each	100,000	100,000
Issued, subscribed and paid up capital	61,226	61,226
Reserves	147,367	189,969
	208,593	251,195
Surplus on revaluation of fixed assets - net of tax	120,847	121,890
<b>NON-CURRENT LIABILITIES</b>		
Long term deposits	450	450
Deferred staff liabilities	81,338	82,669
<b>CONTINGENCIES AND COMMITMENTS</b>	11	456,204
	411,227	456,204

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

**Ferial Ali Mehdi**  
Chairman

**Mubashir Hasan Ansari**  
Chief Executive Officer



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

For the three months period ended 31 March 2015

	Note	Three months period ended	
		31 March 2015	31 March 2014
		(Rs. in '000)	
Net sales	12	234,742	266,813
Cost of Sales	13	(203,891)	(194,951)
Gross profit		30,851	71,862
Selling and distribution expenses	14	(69,936)	(59,736)
Administrative expenses		(21,873)	(34,012)
		(91,810)	(93,748)
		(60,959)	(21,886)
Other operating income		587	3,092
Other operating expenses		(333)	1,798
		(60,705)	(16,996)
Finance cost		(5,889)	(7,268)
Profit/(loss) before taxation		(66,594)	(24,264)
Taxation		22,947	9,170
<b>Profit/(loss) after taxation</b>		<b>(43,647)</b>	<b>(15,094)</b>
		----- (Rupees) -----	
			Restated
<b>Earnings per share - basic and diluted</b>		<b>(7.13)</b>	<b>(2.47)</b>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

**Ferial Ali Mehdi**  
Chairman

**Mubashir Hasan Ansari**  
Chief Executive Officer



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

For the three months period ended 31 March 2015

	<u>Three months period ended</u>	
	<u>31 March 2015</u>	<u>31 March 2014</u>
	(Rs. in '000)	
<b>Profit / (loss) for the period</b>	<b>(43,647)</b>	<b>(15,094)</b>
Other comprehensive income	-	-
Total comprehensive income / (loss) for the period	<u><u>(43,647)</u></u>	<u><u>(15,094)</u></u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

**Ferial Ali Mehdi**  
Chairman

**Mubashir Hasan Ansari**  
Chief Executive Officer



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

For the three months period ended 31 March 2015

	Note	Three months period ended	
		31 March 2015	31 March 2014
		(Rs. in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	15	(82,616)	(103,365)
Income tax paid		(7,009)	9,120
Gratuity paid		(3,002)	(2,623)
Retirement benefits paid		(1,918)	(2,151)
Profit received on short term deposit		14	27
Mark-up paid		(4,900)	(7,537)
<b>Net cash flows from operating activities</b>		<b>(99,431)</b>	<b>(106,529)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(2,313)	(4,921)
Sales proceeds of fixed assets		86	-
<b>Net cash flows from investing activities</b>		<b>(2,228)</b>	<b>(4,921)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short Term Loan & Murabaha		30,000	(100,000)
<b>Net cash flows from financing activities</b>		<b>30,000</b>	<b>(100,000)</b>
Net (decrease) / increase in cash and cash equivalents		<b>(71,658)</b>	<b>(211,450)</b>
Cash and cash equivalents at beginning of the period		16,177	42,328
Cash and cash equivalents at end of the period		<b>(55,481)</b>	<b>(169,122)</b>
<b>Cash and cash equivalents comprise of</b>			
Cash and bank balances		44,926	9,439
Running finance under mark up arrangements		(100,407)	(178,561)
		<b>(55,481)</b>	<b>(169,123)</b>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

**Ferial Ali Mehdi**  
Chairman

**Mubashir Hasan Ansari**  
Chief Executive Officer



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

For the three months period ended 31 March 2015

	Issued, subscribed and paid up capital	Revenue reserves General reserve	Un-appro- priated profit	Total reserves	Total
	(Rs. in '000)				
Balance as at 1 Jan 2014	53,240	6,000	301,650	307,650	360,890
Total comprehensive income for the three months period ended 31 March 2014-Profit for the period	-	-	(15,094)	(15,094)	(15,094)
Transferred from surplus on revaluation of fixed assets -net of deferred Tax	-	-	1,507	1,507	1,507
	-	-	(13,587)	(13,587)	(13,587)
<b>Balance as at 31 March 2014</b>	<b>53,240</b>	<b>6,000</b>	<b>288,063</b>	<b>294,063</b>	<b>347,303</b>
Balance as at 1 Jan 2015	61,226	6,000	183,969	189,969	251,195
Total comprehensive income for the three months period ended 31 March 2015-Profit for the period	-	-	(43,647)	(43,647)	(43,647)
Transferred from surplus on revaluation of fixed assets - net of deferred tax	-	-	1,044	1,044	1,044
<b>Balance as at 31 March 2015</b>	<b>61,226</b>	<b>6,000</b>	<b>141,367</b>	<b>147,367</b>	<b>208,593</b>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

**Ferial Ali Mehdi**  
Chairman

**Mubashir Hasan Ansari**  
Chief Executive Officer



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

For the three months period ended 31 March 2015

### **1. STATUS AND NATURE OF BUSINESS**

ZIL Limited ("the Company") was incorporated as a private limited company in February 1960 under the Companies Act, 1913 (now the Companies Ordinance, 1984) and was subsequently converted into a public limited company in November 1986. Its shares are listed on the Karachi and Lahore Stock Exchanges. The principal activity of the Company is the manufacture and sale of home and personal care products.

The registered office of the company is situated at Ground Floor, Bahria Complex III, M.T Khan Road Karachi.

### **2. BASIS FOR PRESENTATION**

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

This condensed interim financial information has been prepared in accordance with the requirements of the approved international accounting standard "Interim Financial Reporting" (IAS 34) as applicable in Pakistan for interim financial reporting. This condensed interim financial information does not include all of the information and disclosures required in the financial statements, and should be read in conjunction with the Company's annual financial statements as at and for the year ended 31 Dec 2014.

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

#### **2.2 Functional and presentation currency**

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

### **3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Company for the year ended 31 Dec 2014.

### **4. ESTIMATES**

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements as for the year ended 31 Dec 2014.

### **5. FINANCIAL RISK MANAGEMENT**

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



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

For the three months period ended 31 March 2015

		<b>31 March 2015 (Unaudited)</b>	31 Dec 2014 (Audited)
		(Rs. in '000)	
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	6.1	<b>381,651</b>	384,627
Capital work-in-progress	6.2	<b>5,675</b>	9,082
		<b><u>387,326</u></b>	<u>393,709</u>

### 6.1 Operating fixed assets

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

	Additions	Disposals	
		Cost	Accumulated depreciation
	-----	(Rs. in '000) -----	
Plant, Machinery & Equipment	988	-	-
Furniture and Fixtures	3,084	-	-
Computers	245	176	32
Vehicles	1,059	-	-
Capital Spares	282	-	-
	<u>5,658</u>	<u>176</u>	<u>32</u>

		<b>31 March 2014 (Unaudited)</b>	31 Dec 2013 (Audited)
		(Rs. in '000)	
<b>6.2 Capital work-in-progress</b>			
Opening balance		<b>9,082</b>	4,928
Additions during the period		<b>2,251</b>	31,220
		<b><u>11,333</u></b>	<u>36,148</u>
Transfers during the period		<b>(5,658)</b>	(27,066)
		<b><u>5,675</u></b>	<u>9,082</u>



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

For the three months period ended 31 March 2015

	31 March 2014 (Unaudited)	31 Dec 2014 (Audited)
	(Rs. in '000)	
<b>7. STOCK-IN-TRADE</b>		
Raw materials – in hand	105,358	121,029
– in transit	<u>61,521</u>	<u>58,301</u>
	<b>166,879</b>	<b>179,330</b>
Packing materials	10,721	8,689
Work-in-process	58,809	54,331
Finished goods	<u>63,634</u>	<u>54,876</u>
	<b>300,043</b>	<b>297,226</b>
Provision against slow moving stock-in-trade	<u>(8,461)</u>	<u>(12,753)</u>
	<b>291,582</b>	<b>284,473</b>
<b>8. TRADE DEBTS</b>		
Considered good	34,951	29,030
Considered doubtful	<u>4,133</u>	<u>4,133</u>
	<b>39,084</b>	<b>33,163</b>
Provision against doubtful debts	<u>(4,133)</u>	<u>(4,133)</u>
	<b>34,951</b>	<b>29,030</b>
<b>9. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES</b>		
Advances - considered good:		
- Suppliers and contractors - net	5,284	3,641
Less: Provision held	<u>(803)</u>	<u>(803)</u>
	<b>4,481</b>	<b>2,838</b>
- Taxation	58,825	51,816
- To sales staff	508	508
Current maturity of loans to employees	427	586
Prepayments	7,820	3,658
Other receivables	<u>662</u>	<u>1,951</u>
	<b>72,723</b>	<b>61,357</b>



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

For the three months period ended 31 March 2015

	Three months period ended	
	31 March 2014	31 March 2013
	(Rs. in '000)	
<b>10. CASH AND BANK BALANCES</b>		
Cash in hand	186	68
Cash at banks in – current accounts	9,394	5,445
– collection accounts	35,133	12,555
– profit and loss sharing account	213	91
	<u>44,740</u>	<u>18,091</u>
	44,926	18,159

10.1 Running finance under mark up arrangement facility carries mark up rate of 1 month's KIBOR +0.7%

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

### 11. CONTINGENCIES AND COMMITMENTS

#### 11.1 Contingencies

11.1.1 Bank guarantees aggregating to Rs.7.02 million (31 Dec 2014: 7.02 million) have been issued in favour of Sui Southern Gas Company Limited for the supply of natural gas. Bank guarantees have also been issued to in favour of Pakistan State Oil (PSO) Company for issuance of fleet cards aggregating Rs. 1.3 Million.

11.1.2 Post dated cheques of Rs. 65.76 million (31 Dec 2014: Rs. 42.41 million) have been issued to Collector of Customs against partial exemption of import levies.

#### 11.2 Commitment

Commitments under letters of credit for the import of stock-in-trade items amounting to Rs. 15.23 million (31 Dec 2014: Rs.1.019 million).

	Three months period ended	
	31 March 2015	31 March 2014
	(Rs. in '000)	
<b>12. NET SALES</b>		
Gross sales	312,285	351,411
Sales tax	(49,544)	(56,307)
Trade promotion discount	(22,441)	(28,101)
Rebate and sales return	(5,558)	(190)
	<u>(77,542)</u>	<u>(84,598)</u>
	<u>234,742</u>	<u>266,813</u>



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

For the three months period ended 31 March 2015

	<b>Three months period ended</b>	
	<b>31 March 2015</b>	<b>31 March 2014</b>
	<b>(Rs. in '000)</b>	
<b>13. COST OF SALES</b>		
Raw and packing materials consumed	<b>169,259</b>	173,247
Stores and spares consumed	<b>1,598</b>	2,480
Salaries, wages and other benefits	<b>17,759</b>	15,143
Contribution to the provident fund	<b>556</b>	592
3rd party contract labour	<b>10,417</b>	12,069
Repair and maintenance	<b>255</b>	568
Fuel and power	<b>8,127</b>	13,773
Water Charges	<b>655</b>	1,001
Rent, rates and taxes	<b>443</b>	9
Insurance	<b>788</b>	778
Product research and development	<b>9</b>	12
Traveling & conveyance	<b>725</b>	1,367
Printing & stationery	<b>57</b>	77
Postage & telephone	<b>128</b>	122
Legal charges	<b>19</b>	24
Subscription	<b>14</b>	1
Depreciation / Amortisation	<b>5,136</b>	5,686
Freight and handling material	<b>1,025</b>	1,195
Other expenses	<b>160</b>	32
	<b>217,129</b>	228,176
Opening stock of work-in-process	<b>54,331</b>	44,801
	<b>(58,809)</b>	(42,438)
Cost of goods manufactured	<b>212,650</b>	230,539
	<b>54,876</b>	77,360
Opening stock of finished goods	<b>54,876</b>	77,360
	<b>(63,634)</b>	(112,948)
Closing stock of finished goods	<b>(63,634)</b>	(112,948)
	<b>203,891</b>	194,951



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

For the three months period ended 31 March 2015

	Three months period ended	
	31 March 2015	31 March 2014
	(Rs. in '000)	
<b>14. SELLING AND DISTRIBUTION EXPENSES</b>		
Advertising	22,135	10,862
Salaries, wages and other benefits	25,938	24,141
Freight, distribution and handling	11,794	11,246
Travelling and conveyance	4,084	4,875
Product research and development	727	459
Insurance	450	692
Depreciation / amortisation	1,550	1,667
Postage and telephone	387	577
Rent, rates and taxes	1,260	967
Repairs and maintenance	13	103
Printing and stationery	75	235
Contribution to the provident fund	633	617
Legal and professional charges	400	-
Utilities	125	154
Meetings related expenses	113	2,855
Other expenses	252	285
	<u>69,936</u>	<u>59,736</u>



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

For the three months period ended 31 March 2014

	<u>Three months period ended</u>	
	<u>31 March</u> <u>2015</u>	<u>31 March</u> <u>2014</u>
	(Rs. in '000)	
<b>15. CASH GENERATED FROM OPERATIONS</b>		
Profit/(loss) before taxation	(66,594)	(24,264)
Adjustments for:		
Mark-up expense	5,889	7,268
Depreciation / amortisation	9,053	9,764
Provision for gratuity	2,843	2,805
Provision for staff retirement benefits	746	1,259
Reversal of provision on disposal of provided stock	(4,291)	(253)
Profit on short term deposit	(14)	(27)
Gain on disposal of fixed assets	58	-
	<u>14,284</u>	<u>20,816</u>
Operating profit before working capital changes	<u>(52,310)</u>	<u>(3,448)</u>
(Increase) / Decrease in operating assets:		
Stores and spares	(531)	(966)
Stock-in-trade	(2,818)	(98,107)
Trade debts	(5,922)	10,258
Loans and Advances	436	63
Long term advances and deposits	1,350	-
Advances, deposits, prepayments and other receivables	(4,516)	249
	<u>(12,002)</u>	<u>(88,503)</u>
Increase / (decrease) in operating liabilities:		
Trade and other payables	(18,304)	(11,414)
Cash generated from operations	<u>(82,616)</u>	<u>(103,365)</u>

### 16. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of associated companies, companies with common directors, major shareholders, staff retirement funds, directors and key management personnel.

Transaction with related parties are carried out at commercial terms and conditions except for compensation to key management personnel which are on employment terms. Details of transactions with related parties are as follows:



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

For the three months period ended 31 March 2014

	Three months period ended	
	31 March 2015	31 March 2014
<b>16.1. Transactions with related parties</b>	(Rs. in '000)	
Associated Companies		
Purchases of goods	-	1,120
Services received	-	557
<b>Staff Retirement Benefit Plans</b>		
Contribution to employees' provident fund	1,448	1,344
<b>Directors and Chief Executive Officer</b>		
Remuneration	4,886	9,570
<b>Other Key Management Personnel</b>		
Managerial remuneration (excluding directors and Chief Executive Officer)	18,353	21,565
	<b>31 March 2015 (Un-audited)</b>	<b>31 Dec 2014 (Audited)</b>
	(Rs. in '000)	
<b>16.2. Balances with related parties:</b>		
Trade and other receivables	-	361

### 17. GENERAL

17.1. These condensed financial statements were authorised for issue by the Board of Directors of the company in their meeting held on 28th April 2015.

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

**Ferial Ali Mehdi**  
Chairman

**Mubashir Hasan Ansari**  
Chief Executive Officer



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CORPORATE