ANNUAL REPORT
2015

ZIL
LIMITED

A Beautiful Journey

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

About us

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

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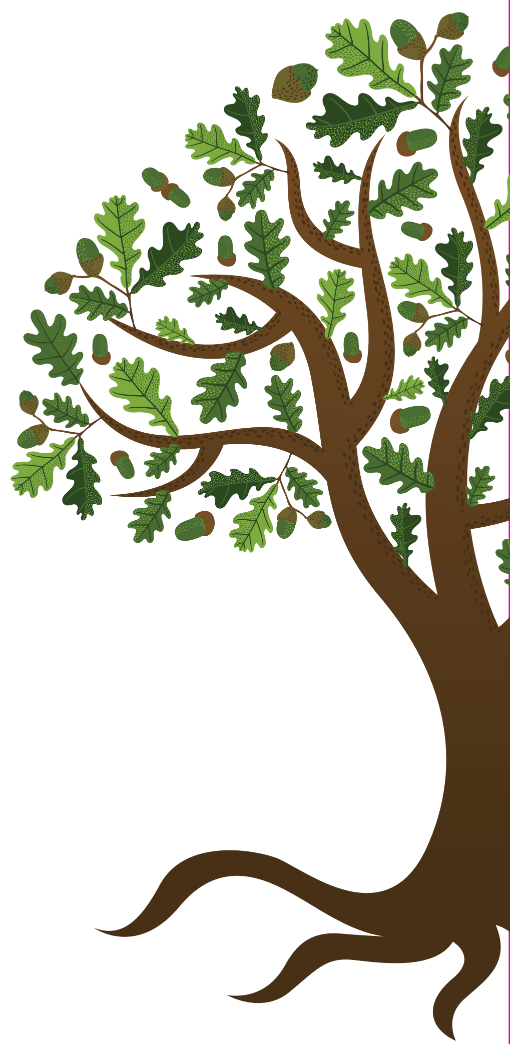
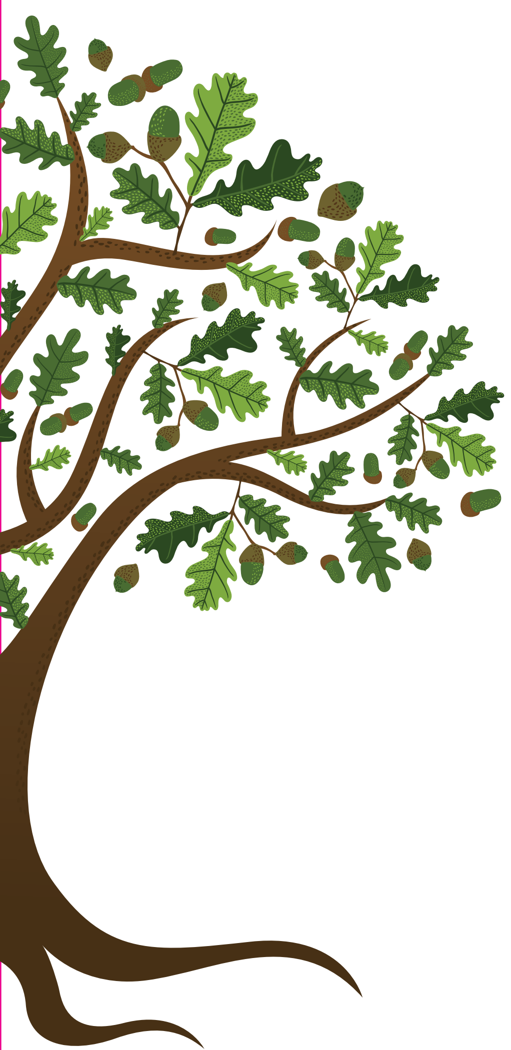
Corporate Data

ZIL LIMITED



Company Information



Board of Directors

Mrs. Feriel Ali Mehdi	Chairman
Mr. Mujahid Hamid	Non-Executive Director
Syed Hasnain Ali	Non-Executive Director
Mr. Shahid Nazir Ahmed	Non-Executive Director
Mrs. Ameena Saiyid	Independent, Non-Executive Director
Mr. Saad Amanullah Khan	Independent, Non-Executive Director
Mr. Kemal Shoaib	Non-Executive Director
Mr. Mubashir Hasan Ansari	Chief Executive Officer

Board Audit Committee

Mr. Saad Amanullah Khan	Chairman
Mrs. Feriel Ali Mehdi	Member
Mr. Shahid Nazir Ahmed	Member

Human Resource & Remuneration Committee

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

Company Secretary & Chief Financial Officer

Mr. Ata-ur-Rehman Shaikh

Statutory Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Advisors

Hussain & Haider, Advocates

Registered Office

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

Factory

Link Hali Road, Hyderabad - 71000

Bankers

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

Shares Registrars

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

Vision

Give individuals, families and communities propositions that enrich their lives, across categories.

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.

We will continue with our commitment to operate business in an ethical manner.

Hence the key drivers will be to:

Develop & motivate ZIL people to build a high performance culture.

Deliver high quality branded and innovative products and services to meet customer expectations.

Simplifying business processes and reduce complexity to achieve business growth.

Optimize resources to ensure competitiveness.

Ensure regulatory and statutory compliance and embed best practices of corporate governance.

CORE VALUES

Integrity - We do what we say

Teamwork - Collaboration makes us stronger

Respect – For all individuals & diversities

Passion – Commitment with hearts & minds

Leadership – Inspiring towards a better future

Responsibility – Towards business as well as society

Excellence – Deliver the best

Learning – For continuous improvement

Code of Conduct

It is the fundamental policy of ZIL Limited to conduct its business with honesty, integrity and in accordance with the highest ethical and legal standards. The company has adopted comprehensive Code of Conduct (herein after called 'Code') to provide guidance to foster a culture of uprightness, accountability & high standards of personal and professional veracity and to promote integrity for the board, senior management and other employees.

The company carefully checks for compliance with the Code by providing suitable information, prevention and control tools and ensuring transparency in all transactions and behaviors by taking corrective measure if and when required.

Persons to whom this Code Applies

- All Directors, executives, officers and employees of ZIL Limited;
- All persons, whether or not employees, who are at any time acting as agents or affiliates, contractor or representatives of ZIL Limited who act for the company countrywide, within all sectors, regions, areas and functions.

Persons responsible for Implementation

Board Responsibilities
This Code has been developed and approved by the Board of Directors of ZIL (the "Board"). The Board shall periodically review the adequacy and appropriateness of and compliance with this Code and implement any changes it believes are necessary or desirable in order to achieve its purposes.

Management Responsibilities
The Chief Executive Officer of ZIL is responsible for ensuring that ZIL conducts business in accordance with this Code. The Chief Executive Officer shall communicate the strong support of senior management for this Code and shall endeavor to foster a strong "culture of compliance".

General Principles:

- Relationships amongst employees, at all levels, must be truthful, trustworthy and honest.
- Compliance with the law, regulations, statutory provisions and company's policies & procedures is a constant commitment and duty of all ZIL employees.
- The Company's business and activities have to be carried out in a transparent, honest and fair manner. Any discrimination because of race, color, religion, gender, age, nationality, marital status or physical disability is rejected.
- Employees must be committed to customer satisfaction and strive to provide quality in all business dealings.
- Employees must avoid any investment, arrangement or other association, whether their own, an immediate family or household member, which could give the appearance of, or actually interfere with, the independent exercise of sound business judgment in the best interests of the Company, or otherwise represents a real or apparent conflict of interest between the interests of the employee and those of the Company.

Business Ethics

The Company and each of its employees, wherever they may be located, must conduct their affairs with uncompromising honesty and integrity. Employees are expected to be honest and ethical in dealing with each other, with clients, suppliers and all other third parties.

Misconduct cannot be excused because it was directed or requested by another. Any illegal, dishonest or unethical act must immediately be reported to the competent authority for remedial and corrective action.

Compliance with Laws

General
It is the Company's policy to comply with all laws, rules and regulations that are applicable to business in Pakistan.

Corporate and Taxation Laws
It is the Company's policy to adhere with all applicable corporate, and taxation laws, rules, regulations and directives for the time being enforced.

Employment laws
It is the Company's policy to comply with applicable employment laws, including those governing working conditions, wages, benefits, and minimum age for employment.

Environmental Laws
It is the Company's policy to comply with all applicable laws and regulations for the protection of the environment.

Fair Competition and Antitrust Laws
The Company must comply with all fair competition and antitrust laws to ensure that businesses compete fairly and honestly and prohibit conduct seeking to reduce or restrain competition.

Conflicts of Interest
Employees must not engage in activities or transactions which may give rise, or which may be seen to have given rise, to conflict between their personal interests and the interest of the Company.

There is a likely conflict of interest if employees:

- cause the Company to engage in business transactions with relatives or friends;
- use nonpublic information of the Company, customer or supplier for personal gain by employees, relatives or friends (including securities transactions based on such information);
- have more than a modest financial interest in the Company's suppliers, customers or competitors;
- receive a loan, or guarantee of obligations, from the Company (other than as specifically allowed) or a third party as a result of position within the Company;
- compete, or prepare to compete, with the Company while still employed by the Company; or
- perform work (with or without compensation) for a competitor, governmental or regulatory entity, customer or supplier of the Company, or do any work for a third party that may adversely affect performance or judgment on the job or diminish ability to devote the necessary time and attention to the duties.

Gifts, Bribes and Kickbacks

Bribes, kickbacks or other payments, (other than received in the normal course of business including travel or entertainment) which are intended to influence a business decision or compromise independent judgment are strictly prohibited.

Accepting cash or cash equivalents, including cheques, money orders, vouchers, gift certificates, loans, stock or stock options that might place an employee under obligation is forbidden. Employees must politely but firmly decline any such offer.

Employee found guilty of paying or receiving bribes, gifts or kickbacks should be promptly reported to the appropriate authorities.

Financial Integrity

All financial books, records and accounts must accurately reflect transactions and events and conform to generally accepted accounting principles and to the Company's system of internal controls.

Information must not be falsified or concealed under any circumstances. Examples of unethical financial or accounting practices include:

- Making false entries that intentionally hide or disguise the true nature of any transaction;
- Improperly accelerating or deferring the recording of expenses or revenues to achieve financial results or goals;
- Maintaining any undisclosed or unrecorded funds or "off the book" assets;
- Establishing or maintaining improper, misleading, incomplete or fraudulent account documentation or financial reporting;
- Making any payment for purposes other than those described in documents supporting the payment; and
- Signing any documents believed to be inaccurate or untruthful.

Protection and Proper Use of the Company Property

Employees must safeguard the Company property from loss or theft, and should not take such property for unauthorized personal use. The Company property includes confidential information, software, computers, office equipment, and supplies.

Confidentiality of Information

Employees are expected to safeguard confidential information and must not, without authority, disclose such information about the Company's activities to the press, to any outside source or to employees who are not entitled to such information.

Record Retention
The company's business records shall be maintained for a period specified in the law and in accordance with specific policies.

Securities Trading
Trading in the securities of the Company by the employee, or any of his relatives or friends, while possessing "inside" information related to that company is strictly prohibited.

Political Affiliations
ZIL Limited is an independent organization free from any political affiliation. No funds or assets of the Company may be contributed to any political party or organization or any individual who either holds public office or is a candidate for public office except where such a contribution is permitted by law.

Reporting Ethical Violations
All matters of ethical / legal violations, accounting or auditing matters, fraud, misconduct or other instances of unauthorized behavior should be promptly reported to the competent authorities in the manner prescribed / laid down by such authorities. Confidentiality would be strictly maintained in all such reported cases. Protection will also be provided from any kind of retaliation / consequence for all reports made in good faith.

Workplace Safety
Every employee at work must take reasonable care for the health and safety of himself / herself and others who may be affected by his / her acts or omissions at work; and co-operate with the Company in its efforts to protect the health and safety of its employees and visitors.

It is the policy of the Company to promote a productive work environment and not to tolerate verbal or physical conduct by any employee that harasses, disrupts, or interferes with another's work performance or that creates an intimidating, humiliating, offensive or hostile environment.

Corporate Social Responsibility

Energy Conservation

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

- Employees are encouraged to minimize the use of air conditioning, switch of room or cubicle lights, printers, monitors and other electronics when not required.
- Fuel limits are regularly evaluated and amended in concurrence to contemporary needs.
- Additionally a number of initiatives have been taken in factories, depots and haulage to conserve energy.
- Power factor is improved and monitored for heavy machines.
- Inverters are being installed at high torque electric motors to reduce consumption.
- 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 acid or alkali and other chemicals used in soap making process as per EPA standard.
- Exhaust from boiler Chimney is maintained with in 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 natural ingredients, which are disclosed on the packing of each item.
- At ZIL we follow ISO-9001 quality standard in order to enhance defective free products.
- Positive release criteria is defined and implemented at all process stages.
- The company maintains an email address for any queries or complaints. These are evaluated and responded to with the proper care and attention.
- Consumers also contact the company directly or via sales agents
- Regular surveys and home visits are also conducted to gain the general response of the consumers at large.

Occupational Health & Safety

We at ZIL Limited recognize our legal and moral responsibility for Hygiene and Safety in work place and are committed to constantly improving and providing a well maintained healthy and safe environment to all employees, contractors and visitors.

We also endeavor to ensure that our community and its members are not placed at risk by any of our operational activities.

A comprehensive and well maintained safety system under the supervision of General Manager Supply Chain is established.

Safety committee and shift wise rescue teams are also established.

The program will ensure that:

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

Business Ethics & Anti-Corruption Measures

ZIL has a number of preventive measures and frequent activities to ensure that the employees uphold the Code of Conduct of the company. These measures and activities are frequently re-evaluated and amended to modernize current the existing ethical system. The Code of Conduct is scrupulously followed throughout the organization.

Corporate Governance

Board of Directors

Left to Right:
Mr. Mujahid Hamid, Mrs. Feriel Ali Mehdi, Mrs. Ameena Saiyid, Mr. Saad Amanullah,
Mr. Mubashir Hasan Ansari, Syed Hasnain Ali, Mr. Shahid Nazir Ahmed, Mr. Kemal Shoaib,

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 Chairman since July 2007. She has lead the turnaround of ZIL Limited by turning a constantly loss making business into a profitable entity and wiped out all accumulated losses within 3 years of becoming the CEO.

Mrs. Mehdi holds a 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 certified member of Pakistan Institute of Corporate Governance (PICG) and she has served as the Director at its Board.

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.

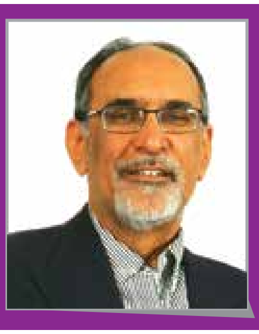
In February 2013, Saiyid was conferred the prestigious French award "Knight of the Order of Arts and Letters" for her work in promoting literary culture

Syed Hussain Ali

Mr. Syed Hasnain Ali is CEO of HY Enterprises Pvt. Ltd, running a diversified group of companies that are involved in several industries including commercial printing, educational services, retail, etc. At ZIL, his experience and business insight will be valuable in charting a course towards greater expansion, profitability and strategic growth for the company.

Mr. Hasnain received his Bachelors Degree in Communication and Business Studies from the University of Buckingham in 2005, and went on to complete a Post-Graduate Diploma in Service Management in 2006. He began his professional career at Nestle Pakistan Ltd. in 2006 as a training coordinator in the HR department, and launched the HY Group of Companies from 2007.

Mr. Hasnain is certified member of Pakistan Institute of Corporate Governance (PICG). He has also served on the board at Wazir Ali Industries and is a member of the Lahore Chamber of Commerce and Industry.

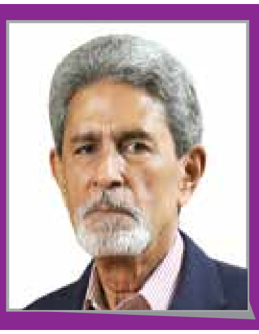


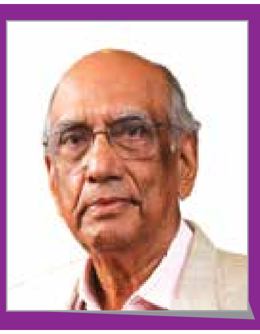
Mr. Mujahid Hamid

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

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

Directors' Profile





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 Ltd and Treet Corporation Limited. As product Development Manager and Manager Marketing (1965 to 1979) he was part of a team which developed and launch Capri, New Capri and Sanoaleen Soaps, Nova and Treet Platinum Razor Blades and 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 Ltd 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. Kemal Shoaib

Mr. Kemal Shoaib holds a M.S. degree in Chemical Engineering from M.I.T., Cambridge, Massachusetts. He serves on the Board of several companies. He is Chairman, International Steels Ltd, International Advertising (Pvt.) Ltd. He is also a Director of Century Paper & Board Mills Limited, Mind Sports Association of Pakistan, Public Interest Law Association of Pakistan (PILAP) and Al-Aman Holdings (Pvt.) Limited

He has over 55 years experience in corporate life and he has been associated as Director, CEO or Senior Executive of prestigious organizations such as Wyeth Laboratories (Pakistan) Ltd., Commerce Bank Ltd. Bank of Credit and Commerce Intl., S.A. London, Independence Bank, California (Chairman and CEO), Shoaib Capital Ltd. and Indus Bank Ltd. He has served as an advisor to numerous Public and Private Center companies and as a Director in numerous Public limited and private companies.

He has been and is a keen sportsman. He has represented Pakistan in table tennis and bridge. He has been Sind (veteran) golf champion and is an internationally recognized bridge player.

Mr. Saad Amanullah Khan

Saad is the CEO of Alamut Consulting and director/partner in Vanguard Matrix (Technology and E-Commerce solution provider). Spent two decades with Procter & Gamble in senior management and seven years as Chief Executive Officer of Gillette Pakistan. Elected twice as President of American Business Council (ABC) and twice as member of Overseas Investors Chamber of Commerce and Industry's (OICCI) Executive Committee.

Saad is a very active social worker, sitting on the board of over a dozen NGO's and an advisor to another dozen social enterprises. He has helped set-up two foundations namely Pakistan Innovation Foundation (PIF) and National Entrepreneurship Working Group (NEW-G) and the President of Public Interest Law Association of Pakistan (PILAP). He is also the founding board member and Chairman of South East Asia Leadership Academy (SEALA) as well as founder member and General Secretary of I Am Karachi Consortium.

Conceptualized, led and delivered Rs 1 billion from USAID to the Bolton Market victims in an efficient and transparent manner under the umbrella of American Business Council.

Saad has written two books, i.e. "Quran & Science for inquisitive people" and "It's Business, It's Personal: From Setting a Vision to Delivering it through Organizational Excellence" and many research papers. He is an active writer in newspapers, article focused on economic growth, democracy, entrepreneurship, social development and leadership.

Saad has masters from University of Michigan and holds two engineering degrees (Systems Engineering and Computer Science Engineering) from University of Petroleum & Minerals, Dhahran, Saudi Arabia. He is a Certified member of the Pakistan Institute of Corporate Governance (PICG).

Mr. Mubashir Hasan Ansari

Mr. Ansari is an MBA from the University College of Wales, UK. He started his career journey from Unilever in 1991. He stayed with Unilever for 10 years and during this tenure he demonstrated his leadership capabilities in marketing as well as sales function.

His international and local appointments covered leading multinational and national organizations including ICI, Savola, English Biscuits Manufactures and Shan Foods where he has held leadership roles in Middle East region and in Pakistan.

Mr. Ansari has vast experience in growing existing business and introducing new products in FMCG industry. Most of his achievements have emerged from developing people, seeking opportunities for collaboration and managing leadership transition in changing environment.

His has built and delivered strategic and operational capabilities in diversified categories including personal care, household cleaning products, hot beverages, edible oils and fats, culinary, spreads, sauces, drinks, desserts, and biscuits.

Management Committee

From Left to Right

Mrs. Farahnaz Shaikh
GM Marketing

Ms. Feriel Ali Mehdi
Chairman

Mr. Mubashir Hasan Ansari
CEO

Mr. Ata-ur-Rehman Shaikh
GM Finance

Syed Shiblee Abdullah
GM Supply Chain

Mr. Shabbir Hussain
NSM

Board and Management Committees

BOARD AUDIT COMMITTEE

The Board Audit Committee assists the BOD in fulfilling its responsibilities, including reviewing the financial reporting process, the system of internal control over financial reporting, the risk management and internal audit process and the company's process for monitoring compliance with laws and regulations.

The audit committee comprises of following non-executive directors:

- Mr. Saad Amanullah Khan, Chairman
- Mr. Shahid Nazir Ahmed, Member
- Mrs. Feriel Ali Mehdi, Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

The company has established the HR&R committee. The Chairman and majority of members of the committee are non-executive members. All relevant issues of appointment & remuneration are fully disclosed, deliberated and decided at the meetings of the committee.

The committee comprises of following Directors:

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

MANAGEMENT COMMITTEE

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

- Setting the strategic direction
- 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
Syed Shiblee Abdullah	General Manager Supply Chain
Mrs. Farahnaz Shaikh	General Manager Marketing
Mr. Shabbir Hussain	National Sales Manager

Board Meetings

Five meetings of the Board of Directors were held during the financial year 2015. The attendance of the directors in the meetings is as under:

Director	No. of meetings attended	Leave of absence granted
Mrs. Feriel Ali Mehdi	5	-
Mr. Mujahid Hamid	-	5
Mr. Zafar Ahmed Siddiqui*	-	-
Mr. Shahid Nazir Ahmed	5	-
Mr. Saad Amanullah Khan**	4	-
Mrs. Ameena Saiyid	1	4
Syed Hasnain Ali	4	1
Mr. Kemal Shoaib	5	-

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

*Resigned on March 16, 2015.
** Appointed on March 17, 2016

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors of the Company oversees the operations and affairs of the Company in an efficient and effective manner. For the sake of smooth functioning, the Board has constituted two committees. These committees are entrusted with the task of ensuring speedy management decisions relating to their respective domains.

Audit Committee

Composition

The Board of Directors of the Company, in compliance with the Code of Corporate Governance, has established an Audit Committee which currently comprises of the following directors:

Director	Designation
Mr. Saad Amanullah Khan	Chairman
Mrs. Feriel Ali Mehdi	Member
Mr. Shahid Nazir Ahmed	Member

Attendance in the meetings

Four meetings of the Audit Committee were held during the financial year 2015. The attendance of directors in the meetings is as under:

Director	No. of meetings attended	Leave of absence granted
Mr. Saad Amanullah Khan	3	-
Mrs. Feriel Ali Mehdi	4	-
Mr. Shahid Nazir Ahmed	4	-

*Mr. Saad Amanullah Khan appointed on March 17, 2016 in place of Mr. Zafar Ahmed Siddiqui.

Board Meetings

HR and Remuneration Committee

Composition

HR and Remuneration Committee of the Board currently comprises of the following directors:

Director	Designation
Mrs. Feriel Ali Mehdi	Chairman
Mr. Kemal Shoaib	Member
Syed Hasnain Ali	Member
Mr. Mubashir Hasan Ansari (CEO)	Member

The major role of the Committee is to review HR related matters of the Company and present its recommendations to the Board for consideration and approval.

Attendance in the meetings

One meeting of the HR and Remuneration Committee was held during the financial year 2015. The attendance of directors in the meetings is as under:

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

Leave of absence was granted to the director who could not attend the meeting.

Statement of Compliance

with the Code of Corporate Governance of ZIL Limited for the year ended 31 December 2015

This statement is being presented to comply with the Code of Corporate Governance contained in Rule Book Regulation No. 5.19 of listing regulations of Pakistan Stock Exchange Limited (formerly Karachi, Lahore and Islamabad Stock Exchange) for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

Category	Names
Independent Directors	Mr. Saad Amanullah Khan Mrs. Ameena Saiyid
Non- Executive Directors	Mrs. Feriel Ali Mehdi Mr. Mujahid Hamid Syed Hasnain Ali Mr. Shahid Nazir Ahmed Mr. Kemal Shoaib

The independent directors meets the criteria of independence under clause 5.19.1(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 (excluding the listed subsidiaries of listed holding companies where applicable).

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

4. A casual vacancy occurring on the board on 16 March 2015 was filled up by the Directors within one day i.e. on 17 March 2015.

5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

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

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

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

9. During the year Mr. Hasnain Ali completed certification from Pakistan Institute of Corporate Governance (PICG) under the criteria given in Clause 5.19.7 of the Code. Further, based on the criteria stipulated in the Code, remaining directors of the Board are exempt from the requirement to have certification under directors' training program offered by any local or foreign institutions to meet the criteria specified by the Securities & Exchange Commission of Pakistan.

10. The Head of Internal Audit had resigned in October 2015 and the Board of Directors had appointed a full time employee as Head of Internal Audit in October 2015. There was no change of Chief Financial Officer and Company Secretary during the year. The changes in remuneration including terms and conditions of employment of Chief Financial Officer, Company Secretary and Head of Internal Audit were approved by the Board.

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

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

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

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

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

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

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

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

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

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

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

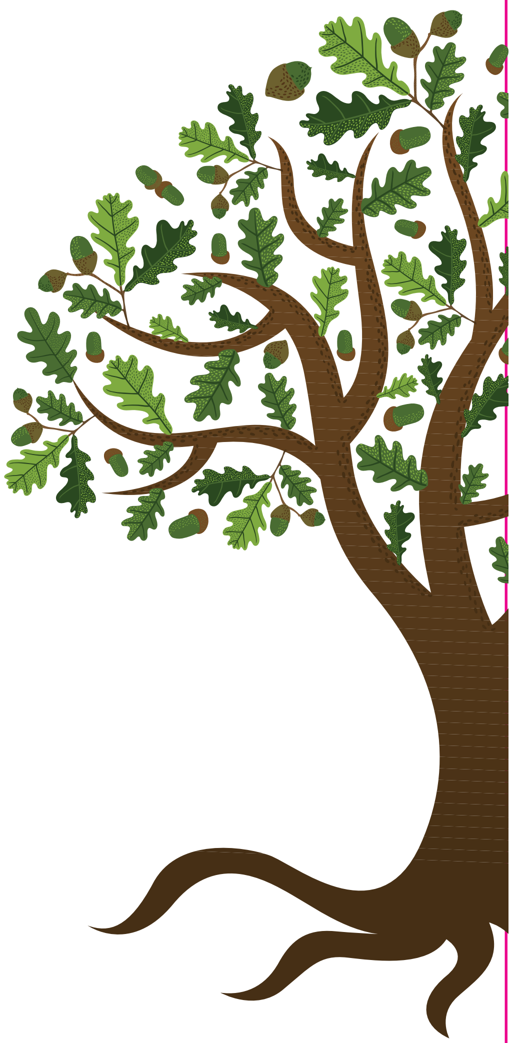
22. Material / price sensitive information has been disseminated amongst all market participant at once through the stock exchange.

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

For and on behalf of the Board of Directors

Mubashir Hasan Ansari
Chief Executive Officer

Dated: March 24, 2016



Review Report to the Members

on Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of **ZIL Limited** ("the Company") for the year ended 31 December 2015 to comply with the requirements of rule No. 5.19 of the listing rulebook of the Pakistan Stock Exchange (formerly Karachi, Lahore and Islamabad Stock Exchange), where the Company is listed.

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

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 31 December 2015.

Date: March 24, 2016

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

Brand Portfolio

Capri Soap

Capri soap-ZIL's flagship brand is a renowned beauty soap which has a very established consumer franchise and a strong market presence. It offers consumers a natural ingredient benefit in their skin cleansing routine, and is available in 5 variants; each offering consumers a natural ingredient benefit of their choice. The brand was relaunched in 2015 after thoroughly understanding evolving consumer needs. The objective was to infuse the brand with contemporary brand image and to further build upon our natural ingredients story. The brand appealed to the natural inner confidence in women and a campaign "Khud ko dekho apni nazar se" was launched through multi-media support which helped the brand achieve key milestones in image and positioning.It has managed to connect with the women of Pakistan across socio economic groups and has increased relevance as indicated by independent researches.

Capri is available in a wide range of SKU's and variants as per consumer trends and market needs. One new addition to the portfolio was Capri Peach that has been received well in the market. With excellent fragrance and luxuriously nourishing feel, Peach further built on the brand's natural beauty credentials.

Capri Relaunch 2015

Year 2015 had been a competitive year with full of insights generation on soap industry, needs of today, understanding market dynamics and taking a closer look at competition along with identifying gaps in the current mix. Capri was relaunched with natural ingredient proposition successfully and achieved all key milestones set for the year.

To connect with younger consumers, Capri was launched on social media with a dedicated web page, a Facebook page, Instagram account and Twitter handle. Digital has given remarkable results for connectivity since launch. 100,000 fans joined the Capri Facebook page within a span of 6 months. Our fan base is increasing every month and so we are connected to our younger audience 24/7 on a year round basis.

This was also the year Capri was made available on a whole new channel ie. E-commerce and was a great initiative to make the brand available wherever the consumer is.

When it comes to availability, our focus on bringing suitable SKUs to each channel and our ability to respond in time to the changing market dynamics helped us connect with consumers through relevant propositions.

Capri Handwash

Capri Hand wash, has further uplifted the brand image with high quality product aesthetics and performance. Launched in 2011 it is available in 4 colours: White, Pink, Blue and Green. It has established a loyal consumer base which continues to grow because of its luxurious lather and lingering fragrance . It is available at all top end stores in urban hubs across Pakistan.

ZIL brands

Palmy

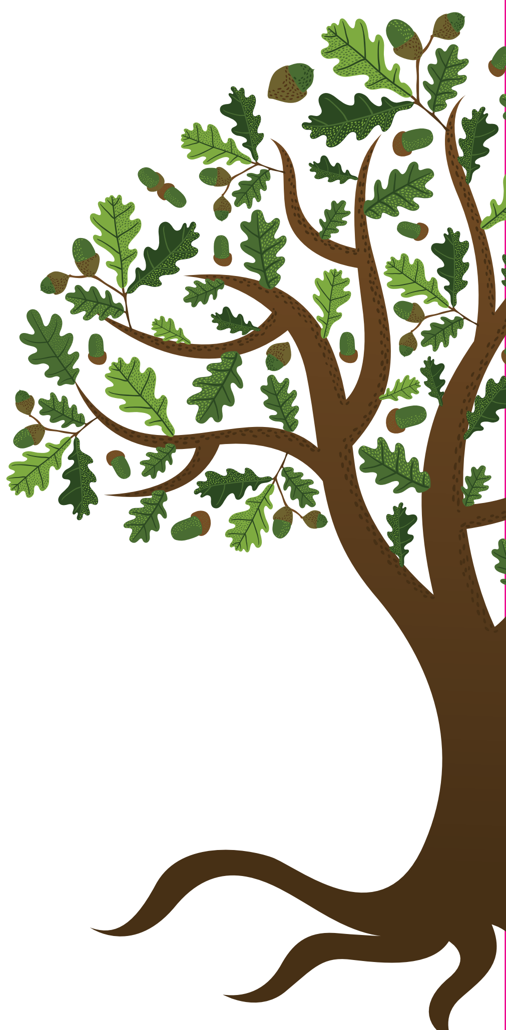
Palmy, a key player in the popular segment saw an upward trend as it was extended in the fruity fragrance market in 2014, which was in line with offerings and consumer trends of this segment. Hence Palmy Orange and Lemon were launched and received a great response from traders as well as consumers. The variants were made available in relevant SKUs which further added to their popularity across the country.

Opal

Opal offers consumers a unique 4 soaps in one pack proposition. It offers economy for the whole family, great quality soap, and a choice of colours all in one pack. It is a cost effective solution for people who want a high quality cleansing soap for the whole family and has a loyal base of consumers who desire value for money. It is available in 2 variants: Beauty and Antibacterial. The Beauty variant offers the soft skin benefit with a refreshing floral fragrance while the Anti-bacterial offers hygiene for the whole family.

DIRECTORS' REPORT

ZIL LIMITED



Directors' Report

The Directors of the Company are pleased to present the Annual Report together with audited financial statements of the company for the year ended December 31, 2015.

Financial Performance

The Company achieved a solid double digit volumetric growth over last year in an otherwise challenging year for the soap industry. Timely re-launch of flagship brand Capri with better product mix and positive consumer response, efficient traditional & digital marketing support, promotional offers, distribution drives and sales management transformations successfully delivered record fifteen percent volumetric growth over last year. However, downward price adjustments posed a challenge to the value growth and the Company managed to increase its net sales value by 3%. The low value growth resulting from ten percent price reduction from the start of the year, impacted Company margins adversely and the Company bottom line deteriorated for the year.

Downward adjustments in retail prices played a significant role in decrease in gross margins by 3% from 21.7% in 2014 to 18.4% in 2015. The decline in margin was taken as a challenge and various operational efficiency measures were successfully initiated to mitigate the overall financial impact.

The Company managed to decrease its Selling and Distribution Expenses by 10%, while maintaining the necessary level of advertising spent on its flagship brand.

Optimal use of fixed resources resulted in 16% savings in administrative expenses as compared to last year which positively affected the financial results.

Reduced financing rates, good negotiations with banks and efficient working capital management resulted in shape of 15% decline in financial costs.

Loss before tax improved by Rs.16 million due to above mentioned measures, but the net loss of the company increased from Rs.103.5 million in 2014 to a loss of Rs.120.6 million for the year ended December 31, 2015 due to the application of various inconsiderate taxation practices.

Earnings per share stood at Rs. (19.69) per share as at December 31, 2015.

Summary of Financial Performance

Following is the summary of salient financial results in comparison of last year:

	2015	2014	%change
Net Sales *	1,342 M	1,298M	+ 3%
Gross Profit %	18.4%	21.7%	-3.3%
Selling & distribution expenses	278M	309 M	-10%
Administrative expenses	92M	109M	-16%
Financial expenses	23M	27M	-15%
Profit /(loss) before taxation	(143)M	(159)M	-10%

* sales volume increased by 15% over last year.

Optimal use of fixed resources resulted in 16% savings in administrative expenses as compared to last year which positively affected the financial results.

Dividend

Keeping in view the profitability of the company, the Board of Directors has decided not to propose any dividend for the year ended December 31, 2015.

Corporate Governance

ZIL limited is committed to upholding high standards of good corporate governance without exception. The Directors are pleased to state that the company has adopted and is compliant with Code of Corporate Governance as required by SECP and formed as part of stock exchange's listing regulations.

Corporate and Financial Reporting Framework

The management of ZIL Limited is committed to good corporate governance, and complying with the best practices. As required under Code of Corporate Governance, the Directors are pleased to state as follows:

a. The financial statements, prepared by the management of the company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

b. Proper books of account of the company have been maintained.

c. Appropriate accounting policies have been consistently applied in preparation of financial statements and any changes in accounting policies have been disclosed in the financial statements. The accounting estimates are based on reasonable and prudent judgment.

d. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.

e. The system of internal control is sound in design and has been effectively implemented and monitored.

f. There are no significant doubts upon the company's ability to continue as a going concern.

g. There has been no material departure from the best practices of corporate governance, as detailed in the Listing Regulations.

h. During the period, one member of the board attended the directors training course conducted by the Pakistan institute of Corporate Governance. All the directors possess 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 5.19.11 sub clause (f) xii of listing regulations, consequent to which all defined executives who directly reports to CEO are subject to additional regulatory requirements for trading and disclosing their transactions in company shares.

Casual Vacancy

On 16th March 2015, Mr. Zafar Ahmed Siddiqui resigned from the membership of the Board of Directors and Mr. Saad Amanullah Khan joined the Board of Directors in his place on 17th March 2015. Being an independent director, subsequently Mr. Saad Amanullah was appointed as member and chairman of the board audit committee.

Human Resource & Remuneration Committee

The company's HR&R committee is fully functioning with its chairman and majority of members being non-executive directors. All issues of remuneration are fully disclosed, deliberated and decided at the meetings of HR&R committee.

Board Audit Committee

The Audit committee comprises three members including the chairman. Two members of the committee are non-executive directors, including the Chairman who is also 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. Head of internal audit acts as secretary of the committee.

Internal Audit

The Company has outsourced its internal audit function to a Chartered Accountants firm namely Deloitte Yousuf Adil, a member firm of Deloitte Touche Tohmatsu Limited. Head of Internal Audit acts as coordinator between Deloitte and the Board Audit Committee as required by the Code of Corporate Governance.

External Auditors

The present auditors, KPMG Taseer Hadi & Co., Chartered Accountants are due to retire and being eligible, offer themselves for reappointment for the year 2016. 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.

> The low value growth resulting from ten percent price reduction from the start of the year, impacted Company margins adversely and the Company bottom line deteriorated for the year.

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 2016.

Gratuity and Provident Fund

The Company is operating a Provident Fund and an approved Gratuity Scheme. The provident fund has been appropriately invested in the allowed securities and is audited annually by independent auditors. The value of investments of Provident Fund as at June 30, 2015 is Rs 100.122 million.

Future Outlook

The management anticipates competitive intensity will continue from local and the influx of imported soaps. While tariffs are effectively much lower on imported soaps than the tariff chargeable to raw material for locally manufactured soaps, this poses threat to local soap industry. Management foresees pressure on margins, so the company is simultaneously working internally hard to reduce its impact on margins and reduce overhead costs to become profitable through delivering on several saving projects.

The company has benefited from the improvements in Sales and Distribution structure and systems and re-launch of its flagship brand Capri last year. The Company believes that the momentum gained through this re-launch and focused improvements in Sales and Distribution will further help drive volume increases and satisfied customer relationships.

We are confident that ZIL will soon overcome the challenges and its endeavors will translate into positive results in the future.

Acknowledgements:

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

For and on behalf of the Board

Mubashir Hasan Ansari
Chief Executive Officer

Karachi; March 24, 2016

We are confident that ZIL will soon overcome the challenges and its endeavors will translate into positive results in the future.

Vertical Analysis of Financial Statements

Balance Sheet	Dec-15		Dec-14	
	Rs. In '000	%	Rs. In '000	%
Non-Current Assets	432,572	54.99	418,098	50.69
Current Assets	354,125	45.01	406,650	49.31
Total Assets	786,697	100.00	824,748	100
Equity	254,469	32.35	373,085	45.24
Non-Current Liabilities	91,078	11.58	83,119	10.08
Current Liabilities	441,150	56.08	368,544	44.69
Total Equity and Liabilities	786,697	100.00	824,748	100

Profit and Loss Account	Dec-15		Dec-14	
	Rs. In '000	%	Rs. In '000	%
Net sales	1,342,843	100.00	1,298,182	100.00
Cost of sales	(1,095,917)	(81.61)	(1,016,412)	(78.30)
Gross Profit	246,926	18.39	281,770	21.70
Selling and distribution expenses	(277,597)	(20.67)	(309,289)	(23.82)
Administrative expenses	(91,734)	(6.83)	(109,088)	(8.40)
	(122,405)	(9.12)	(136,607)	(10.52)
Other operating income	4,860	0.36	4,878	0.38
Other operating expense	(2,123)	(0.16)	-	0.00
	(119,668)	(8.91)	(131,729)	(10.15)
Financial expenses	(22,913)	(2.09)	(27,115)	(2.09)
Profit before tax	(142,581)	(11.00)	(158,844)	(12.24)
Taxation	22,019	1.64	55,375	4.27
Profit for the year	(120,562)	(9.36)	(103,469)	(7.97)

Dec-13		Dec-12*		Jun-12		Jun-11	
Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%
421,606	42.98	378,408	43.75	374,026	38.47	349,202	40.34
559,234	57.02	486,603	56.25	598,182	61.53	516,410	59.66
980,840	100	865,011	100	972,208	100	865,612	100
487,354	49.69	421,285	48.70	422,908	43.50	403,089	46.57
115,188	11.74	106,746	12.34	96,853	9.96	103,122	11.91
378,298	38.57	336,980	38.96	452,447	46.54	359,401	41.52
980,840	100	865,011	100	972,208	100	865,612	100

Dec-13		Dec-12*		Jun-12		Jun-11	
Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%
1,621,071	100.00	816,393	100.00	1,829,255	100.00	1,566,091	100.00
(1,157,371)	(71.40)	(595,034)	(72.89)	(1,323,117)	(72.33)	(1,226,184)	(78.30)
463,700	28.60	221,359	27.11	506,138	27.67	339,907	21.70
(274,324)	(16.92)	(143,207)	(17.54)	(332,027)	(18.15)	(224,017)	(14.30)
(120,773)	(7.45)	(51,378)	(6.29)	(102,195)	(5.59)	(77,145)	(4.93)
68,603	4.23	26,774	3.28	71,916	3.93	38,745	2.47
3,144	0.19	2,266	0.28	8,361	0.46	4,440	0.28
(3,843)	(0.24)	(3,829)	(0.47)	(9,773)	(0.53)	(5,388)	(0.34)
67,904	4.19	25,211	3.09	70,505	3.85	37,797	2.41
(18,802)	(1.16)	(9,764)	(1.20)	(23,002)	(1.26)	(4,715)	(0.30)
49,102	3.03	15,447	1.89	47,503	2.60	33,082	2.11
(16,257)	(1.00)	(2,169)	(0.27)	(17,035)	(0.93)	(12,659)	(0.81)
32,845	2.03	13,278	1.63	30,468	1.67	20,423	1.30

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

Horizontal Analysis of Financial Statements

Balance Sheet	Dec-15	Dec-14	Dec-13	Dec-12*
	Rs. In '000	Rs. In '000	Rs. In '000	Rs. In '000
Non-Current Assets	432,572	418,098	421,606	378,408
Current Assets	354,125	406,650	559,234	486,603
Total Assets	786,697	824,748	980,840	865,011
Equity	254,469	373,085	487,354	421,285
Non-Current Liabilities	91,078	83,119	115,188	106,746
Current Liabilities	441,150	368,544	378,298	336,980
Total Equity and Liabilities	786,697	824,748	980,840	865,011

Profit and Loss Account	Dec-15	Dec-14	Dec-13	Dec-12*
Net sales	1,342,843	1,298,182	1,621,071	816,393
Cost of sales	(1,095,917)	(1,016,412)	(1,157,371)	(595,034)
Gross Profit	246,926	281,770	463,700	221,359
Selling and distribution expenses	(277,597)	(309,289)	(274,324)	(143,207)
Administrative expenses	(91,734)	(109,088)	(120,773)	(51,378)
	(122,405)	(136,607)	68,603	26,774
Other operating income	4,860	4,878	3,144	2,266
Other operating expense	(2,123)	-	(3,843)	(3,829)
	(119,668)	(131,729)	67,904	25,211
Financial expenses	(22,913)	(27,115)	(18,802)	(9,764)
Profit before tax	(142,581)	(158,844)	49,102	15,447
Taxation	22,019	55,375	(16,257)	(2,169)
Profit for the year	(120,562)	(103,469)	32,845	13,278

SUMMARY OF CASH FLOWS	Dec-15	Dec-14	Dec-13	Dec-12*
	Rs. In '000	Rs. In '000	Rs. In '000	Rs. In '000
Net cash flows from operating activities	(59,731)	4,396	(59,748)	57,760
Net cash flows from investing activities	(8,072)	(22,616)	(26,071)	(21,583)
Net cash flows from financing activities	50,000	(7,931)	116,930	(70,648)
Net change in cash and cash equivalents	(17,803)	(26,151)	31,111	(34,471)

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

Jun-12 Rs. In '000	Jun-11 Rs. In '000	% increase/ (decrease) over preceeding year Dec-15	Dec-14	Dec-13	Dec-12*	Jun-12	Jun-11
374,026	349,202	3.46	(0.83)	11.42	1.17	7.11	17.60
598,182	516,410	(12.92)	(27.28)	14.93	(18.65)	15.83	10.88
972,208	865,612	(9.45)	(15.91)	13.39	(11.03)	12.31	13.50
422,908	403,089	(31.79)	(23.45)	15.68	(0.38)	4.92	4.32
96,853	103,122	9.58	(27.84)	7.91	10.21	(6.08)	14.37
452,447	359,401	19.70	(2.58)	12.26	(25.52)	25.89	25.61
972,208	865,612	29.3	(15.91)	13.39	(11.03)	12.31	13.50
Jun-12	Jun-11	Dec-15	Dec-14	Dec-13	Dec-12*	Jun-12	Jun-11
1,829,255	1,566,091	3.44	(19.92)	98.57	(55.37)	16.80	21.41
(1,323,117)	(1,226,184)	7.82	(12.18)	94.51	(55.03)	7.91	28.90
506,138	339,907	11.26	(39.23)	109.48	(56.27)	48.90	0.37
(332,027)	(224,017)	(10.25)	12.75	91.56	(56.87)	48.22	(7.94)
(102,195)	(77,145)	(15.91)	(9.68)	135.07	(49.73)	32.47	55.68
71,916	38,745	(10.40)	(299.13)	156.23	(62.77)	85.61	(15.29)
8,361	4,440	(0.37)	55.15	38.75	(72.90)	88.31	(65.77)
(9,773)	(5,388)	0	(100.00)	0.37	(60.82)	81.38	(44.94)
70,505	37,797	(9.16)	(293.99)	169.34	(64.24)	86.53	(22.75)
(23,002)	(4,715)	(15.50)	44.21	92.56	(57.55)	387.85	577.44
47,503	33,082	(10.24)	(423.50)	217.87	(67.48)	43.59	(31.41)
(17,035)	(12,659)	(60.24)	(440.62)	649.52	(87.27)	34.57	(26.16)
30,468	20,423	16.52	(415.02)	147.36	(56.42)	49.18	(34.30)

Jun-12 Rs. In '000	Jun-11 Rs. In '000	% increase/ (decrease) over preceeding year Dec-15	Dec-14	Dec-13	Dec-12*	Jun-12	Jun-11
18,603	(67,768)	(1458.76)	(107.36)	(203.44)	210.49	(127.45)	1097.95
(57,566)	(51,666)	(64.31)	(13.25)	20.79	(62.51)	11.42	141.29
39,352	61,487	(940.48)	(105.09)	(265.51)	(279.53)	(36.00)	(419.28)
389	(57,947)	(26.34)	(177.69)	(190.25)	(8961.44)	(100.67)	25.08

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

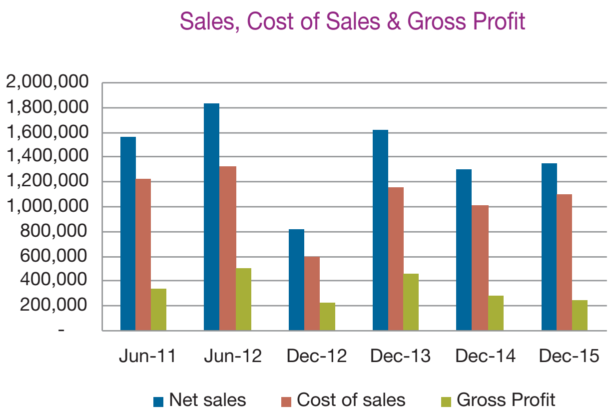
Ratios of Last Six Years

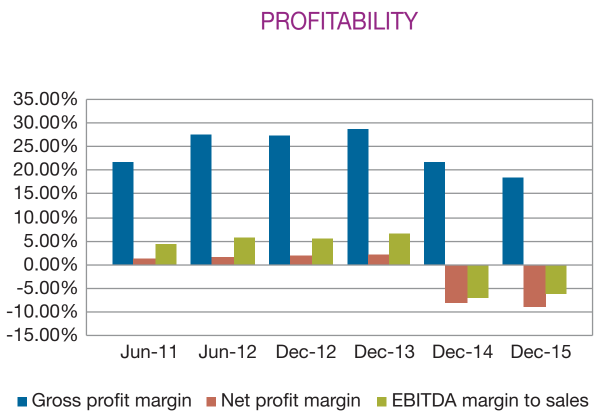
	Unit	Dec-15
Rate of return		
Return on assets	%	(15.33)
Return on equity	%	(47.38)
Return on capital employed	%	(34.63)
Interest cover	Times	(5.34)
Profitability		
Gross profit margin	%	18.39
Net profit to sales	%	(8.98)
EBITDA	Rs.	(84,474)
EBITDA Margin to sales	%	(6.29)
Liquidity		
Current ratio		0.80
Quick ratio		0.34
Financial gearing		
Debt-Equity ratio	Times	2.09
Debt to Assets	%	67.65%
Capital Efficiency		
Debtor turnover/ No. of days in receivables	Days	12
Inventory turnover/ No. of days in inventory	Days	70
Creditor turnover/ No. of days in payables	Days	23
Operating cycle	Days	59
Fixed assets turnover ratio	Times	3.65
Total asset turnover	Times	1.71
Investment measures per ordinary share		
Earnings	Rs.	(19.69)
Price earning ratio	Times	(3.96)
Cash dividend	Rs.	0.00
Dividend yield	%	0.00
Dividend payout	%	0.00
Dividend cover	Times	-
Breakup value including surplus on revaluation	Rs.	41.56
Breakup value excluding surplus on revaluation	Rs.	21.65
Market value - year end	Rs.	78.00
Market value - high	Rs.	101.43
Market value - low	Rs.	43.51
Market value - average	Rs.	68.87

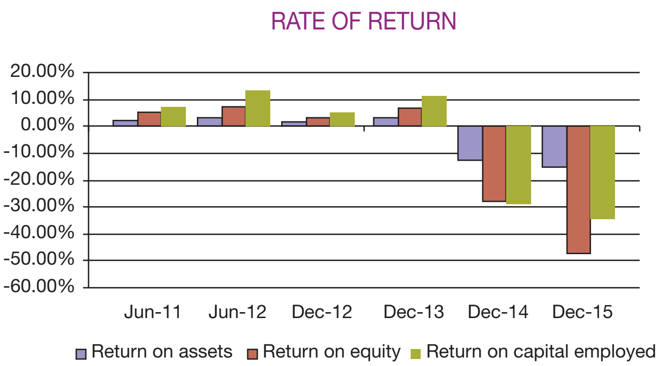
Dec-14	Dec-13	Dec-12	Jun-12	Jun-11
(12.55)	3.35	1.54	3.13	2.36
(27.73)	6.74	3.15	7.20	5.07
(28.88)	11.27	4.77	13.56	7.47
(5.04)	3.65	2.74	3.13	8.22
21.70	28.60	27.11	27.67	21.70
(7.97)	2.03	1.63	1.67	1.30
(92,430)	107,108	44,267	105,688	66,183
(7.12)	6.61	5.42	5.78	4.23
1.10	1.48	1.44	1.32	1.44
0.33	0.49	0.48	0.40	0.40
1.21	1.01	1.05	1.30	1.15
54.76%	50.31%	51.30%	56.50%	53.43%
8	13	13	11	7
102	117	101	115	110
26	23	36	38	33
84	108	78	88	85
3.30	3.95	2.23	5.09	4.70
1.57	1.65	0.94	1.88	
1.81				
(16.90)	5.36	2.49	5.72	3.84
(5.88)	21.27	41.87	18.18	15.41
0.00	1.50	1.50	3.00	2.00
0.00	1.32	1.44	2.88	3.38
0.00	27.99	60.24	52.45	52.08
-	2.06	1.66	1.91	1.92
60.94	91.54	79.23	79.43	75.71
41.03	67.79	62.68	62.54	58.07
99.39	114.00	104.3	104.0	59.19
165.02	205.00	120.81	104.40	68.07
85.00	81.99	31.01	31.48	35.19
113.09	107.64	102.86	53.37	52.82

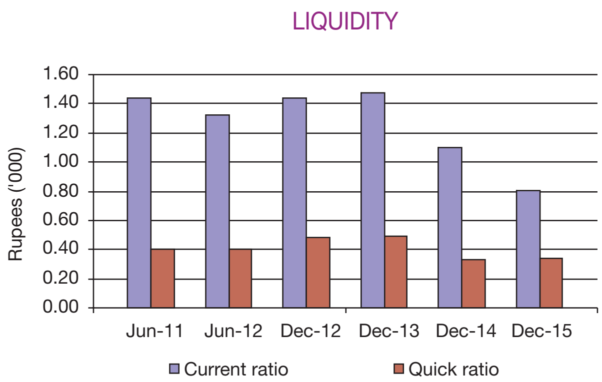
* The figures pertain to the financial statements of six month transitional period ended December 31, 2012 and, therefore, are not comparable

Graphical Presentation

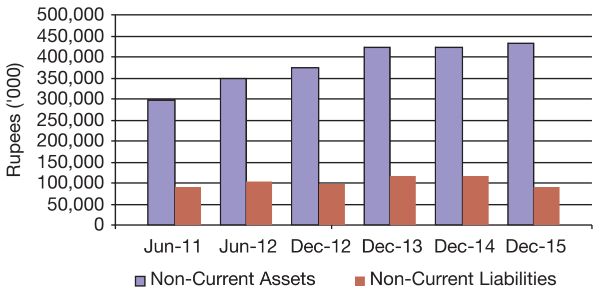




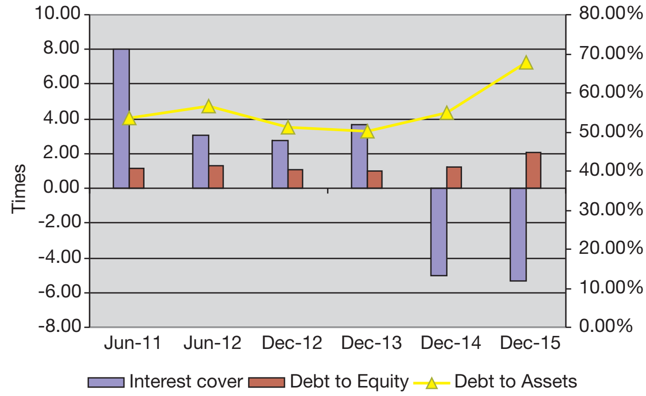




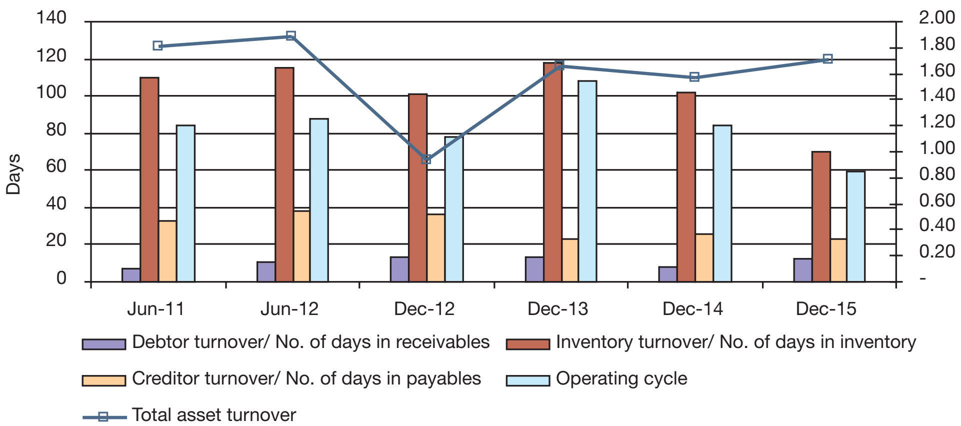
NON-CURRENT ASSETS & LIABILITIES



DEBT MANAGEMENT RATIOS



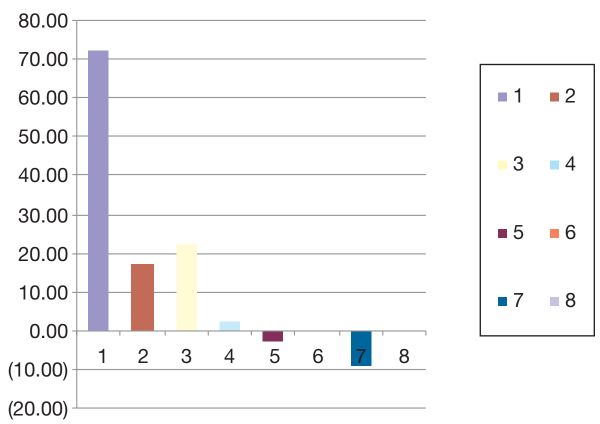
ASSET MANAGEMENT RATIOS



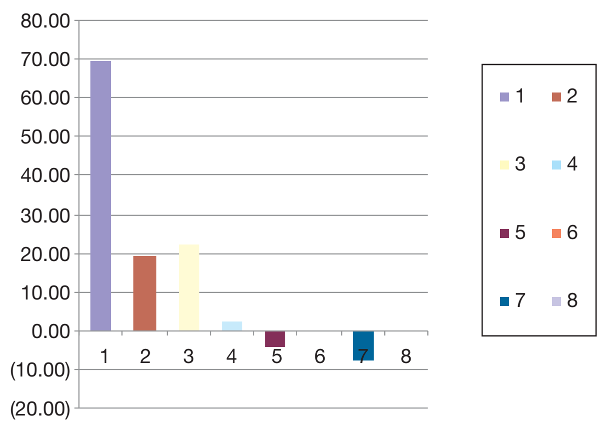
Statement of Value Addition

	Dec-15		Dec-14	
	Rs. In '000	%	Rs. In '000	%
Wealth Generated				
Net sales	1,342,843	99.64	1,298,182	99.63
Other operating income	4,860	0.36	4,878	0.37
	1,347,703	100	1,303,060	100
Distribution of Wealth				
Cost of sales and services (excluding employees remuneration and other duties)	976,690	72.47	901,863	69.21
Selling, distribution and administrative expenses (excluding employees remuneration and other duties)	210,372	15.60	246,948	18.95
Employees remuneration	280,218	20.80	285,944	21.94
Finance cost	22,913	1.70	27,114	2.08
Government tax and levies (includes income tax,WPPF and WWF)	(22,019)	(1.63)	(55,375)	(4.25)
Dividend to shareholders	0	0.00	0	0.00
Retained for future growth	(120,562)	(8.95)	(103,469)	(7.94)
Charity and donation	91	0.01	35	0.00
	1,347,703	100	1,303,060	100

Distribution of Wealth Dec-2015



Distribution of Wealth Dec-2014



Financial Statements

Auditor's Report to the Members

We have audited the annexed balance sheet of **ZIL Limited** ("the Company") as at 31 December 2015 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 as disclosed in note 3.1 to the accompanying 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 2015 and of the loss, its cash flows and changes in equity for the year then ended; and

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

Date: March 24, 2016

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Amyn Pirani

Balance Sheet

As at 31 December 2015

	Note	31 December 2015	31 December 2014
ASSETS		(Rupees in '000)	
NON-CURRENT ASSETS			
Property, plant and equipment	4	367,884	393,709
Intangible assets	5	1,404	1,395
Long term deposits	6	5,156	6,506
Long term loans to employees	7	453	448
Deferred tax asset - net	8	57,675	16,040
Total non-current assets		432,572	418,098
CURRENT ASSETS			
Stores and spares	9	16,619	13,631
Stock-in-trade	10	202,551	284,473
Trade debts	11	42,815	29,030
Advances, prepayments and other receivables	12	64,144	61,357
Cash and bank balances	13	27,996	18,159
Total current assets		354,125	406,650
TOTAL ASSETS		786,697	824,748
EQUITY			
Authorised capital			
10,000,000 (2014: 10,000,000) ordinary shares of Rs. 10 each		100,000	100,000
Issued, subscribed and paid up capital	14	61,226	61,226
Reserves		71,300	189,969
		132,526	251,195
Surplus on revaluation of property, plant and equipment - net of tax	15	121,943	121,890
NON-CURRENT LIABILITIES			
Long term deposits		450	450
Deferred staff liabilities	16	90,628	82,669
Total non-current liabilities		91,078	83,119
CURRENT LIABILITIES			
Trade and other payables	17	147,990	152,947
Short term borrowings	18	279,622	201,982
Taxation	19	13,538	13,615
Total current liabilities		441,150	368,544
Contingencies and Commitments	20		
TOTAL EQUITY AND LIABILITIES		786,697	824,748

The annexed notes from 1 to 36 form an integral part of these financial statements.

Feriel Ali Mehdi
Chairman

Mubashir Hasan Ansari
Chief Executive Officer

Profit and Loss Account

For the year ended 31 December 2015

	Note	31 December 2015	31 December 2014
		(Rupees in '000)	
Sales - net	21	1,342,843	1,298,182
Cost of sales	22	(1,095,917)	(1,016,412)
Gross profit		246,926	281,770
Selling and distribution expenses	23	(277,597)	(309,289)
Administrative expenses	24	(91,734)	(109,088)
		(369,331)	(418,377)
		(122,405)	(136,607)
Other income	25	4,860	4,878
Other charges	26	(2,123)	-
		(119,668)	(131,729)
Finance cost	27	(22,913)	(27,115)
Loss before taxation		(142,581)	(158,844)
Taxation	19	22,019	55,375
Loss for the year		(120,562)	(103,469)
		(Rupees)	
Loss per share - basic and diluted	28	(19.69)	(16.90)

The annexed notes from 1 to 36 form an integral part of these financial statements.

Feriel Ali Mehdi
Chairman

Mubashir Hasan Ansari
Chief Executive Officer

Statement of Comprehensive Income

For the year ended 31 December 2015

	Note	31 December 2015	31 December 2014
		(Rupees in '000)	
Loss after taxation		(120,562)	(103,469)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Actuarial loss on remeasurement of defined benefit obligations	16.8	(3,643)	(4,330)
Less tax effect	8	1,166	1,516
		(2,477)	(2,814)
Total comprehensive income for the year		(123,039)	(106,283)

The annexed notes from 1 to 36 form an integral part of these financial statements.

Feriel Ali Mehdi
Chairman

Mubashir Hasan Ansari
Chief Executive Officer

Statement of Cash Flows

For the year ended 31 December 2015

	Note	31 December 2015	31 December 2014
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(142,581)	(158,844)
Adjustments for:			
Depreciation and amortization	4 & 5	35,194	39,299
Provision against doubtful trade debts	11.2	-	2,000
Provision against staff gratuity	16.7	10,885	11,799
Provision against other staff retirement benefits	16.7	2,880	3,542
Provision against slow moving and obsolete stock	10.2	-	5,717
Reversal of provision against slow moving and obsolete stock	10.2	(7,689)	(252)
Finance costs	27	22,913	27,115
Return on bank deposits	25	(38)	(86)
(Gain) / loss on disposal of operating fixed assets	25	(1,306)	2,132
		62,839	91,266
		(79,742)	(67,578)
Decrease / (increase) in assets:			
Long term loans to employees		135	(414)
Long term deposit		1,350	952
Stores and spares		(2,988)	(1,840)
Stock-in-trade		89,611	82,411
Trade debts		(13,785)	27,306
Advances, prepayments and other receivables		3,879	1,518
		78,202	109,933
(Decrease) / increase in current liabilities:			
Trade and other payables		(3,556)	5,699
		(5,096)	48,054
Income tax paid		(20,910)	(7,637)
Staff gratuity paid	16.5	(6,489)	(6,063)
Staff retirement benefits paid	16.5	(2,960)	(4,725)
Return received on bank deposits		38	86
Finance costs paid		(24,314)	(25,319)
		(54,635)	(43,658)
Net cash flows from operating activities		(59,731)	4,396
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure	4.2	(11,856)	(31,220)
Proceeds from disposal of operating fixed assets	4.3	3,784	8,604
Net cash flows from investing activities		(8,072)	(22,616)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		-	(7,931)
Short term borrowings		50,000	-
Net cash flows from financing activities		50,000	(7,931)
Net decrease in cash and cash equivalents during the year		(17,803)	(26,151)
Cash and cash equivalents at beginning of the year		16,177	42,328
Cash and cash equivalents at end of the year		(1,626)	16,177
Cash and cash equivalents comprises of the following:			
Cash and bank balances	13	27,996	18,159
Short term borrowing - running finance	18	(29,622)	(1,982)
		(1,626)	16,177

The annexed notes from 1 to 36 form an integral part of these financial statements.

Feriel Ali Mehdi
Chairman

Mubashir Hasan Ansari
Chief Executive Officer

Statement of Changes in Equity

For the year ended 31 December 2015

	Note	Issued, subscribed and paid up capital	Reserves: General reserve	Reserves: Unappropriated Profit	Total
		--------------- (Rupees in '000)			---------------
Balance as at 1 January 2014		53,240	6,000	301,650	360,890
Total comprehensive income for the year					
Loss after taxation		-	-	(103,469)	(103,469)
Other comprehensive income					
Actuarial losses on remeasurement of defined benefit obligations	16.8	-	-	(4,330)	(4,330)
Less: tax effect	8	-	-	1,516	1,516
		-	-	(2,814)	(2,814)
Transactions with owners:					
- Bonus shares issue @ 15% for the year ended 31 December 2013		7,986		(7,986)	-
- Final cash dividend paid @ 15% for the year ended 31 December 2013		-	-	(7,986)	(7,986)
Transferred from surplus on revaluation of property, plant and equipment - net of tax (incremental depreciation)	15	-	-	4,574	4,574
Balance as at 31 December 2014		61,226	6,000	183,969	251,195
Total comprehensive income for the year					
Loss after taxation		-	-	(120,562)	(120,562)
Other comprehensive income					
Actuarial losses on remeasurement of defined benefit obligations	16.8	-	-	(3,643)	(3,643)
Less: tax effect	8	-	-	1,166	1,166
		-	-	(2,477)	(2,477)
Transferred from surplus on revaluation of property, plant and equipment - net of tax (incremental depreciation)	15	-	-	4,370	4,370
Balance as at 31 December 2015		61,226	6,000	65,300	132,526

The annexed notes from 1 to 36 form an integral part of these financial statements.

Feriel Ali Mehdi
Chairman

Mubashir Hasan Ansari
Chief Executive Officer

Notes to the Financial Statements

For the year ended 31 December 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 Pakistan Stock Exchange. The principal activity of the Company is manufacture and sale of home and personal care products. The registered office of the company is situated at Ground Floor, Bahria Complex III, M.T. Khan Road, Karachi.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.3 Functional and presentation currency

These financial statements are presented in Pakistani rupee which is also the Company's functional and presentation currency and have been rounded off to the nearest thousand.

2.4 Use of estimates and judgments

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

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

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

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

2.4.1 Income taxes

In making the estimates for income taxes currently payable by the Company, the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past.

2.4.2 Staff gratuity and other staff retirement benefits

Certain actuarial assumptions have been adopted (as disclosed in note 3.4 to these financial statements) for the actuarial valuation of staff gratuity and staff retirement benefits. Changes in these assumptions in future years may affect the liability under these schemes in those years.

2.4.3 Stock-in-trade and stores and spares

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

2.4.4 Trade debts and other receivables

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

2.4.5 Property, plant and equipment

The Company reviews the rate of depreciation, useful lives, residual value and value of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amount of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

2.4.6 Intangible assets

The Company reviews the rate of amortization and value of intangible assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amount of intangible assets with the corresponding effect on the amortization charge and impairment.

2.5 New / revised accounting standards, amendments to published accounting standards, and interpretations that are 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 2016:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are ‘highly correlated’, or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company’s financial statements.

- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures) [effective for annual periods beginning on or after 1 January 2016] clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on Company’s financial statements.

- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on Company's financial statements.

- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on Company's financial statements.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on Company's financial statements.

- Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

- IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

The above amendments are not likely to have an impact on Company's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These have been consistently applied except for the change mentioned in note 3.1 to these financial statements.

3.1 Changes in accounting policy - Fair Value Measurement

IFRS 13 'Fair Value Measurement' became effective for financial periods beginning on or after 1 January 2015. The effect of IFRS 13 'Fair Value Measurement' is disclosed in note 30.6 to these financial statements.

IFRS 13 Fair Value Measurement, consolidates the guidance on how to measure fair value, which was spread across various IFRS, into one comprehensive standard. It introduces the use of an exit price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. The application of IFRS 13 does not have an impact on the financial statements of the Fund's, except certain additional disclosures.

3.2 Property, plant and equipment

Operating fixed assets

Initial recognition

The cost of an item of property, plant and equipment is recognized as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost of such item can be measured reliably. Recognition of the cost in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by the management.

Measurement

Except leasehold and freehold land, building on leasehold and freehold land and plant and machinery, all others items of property, plant and equipment (refer note 4.1) are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Freehold land is measured at revalued amount. Leasehold land and building on leasehold and free hold land are measured at revalued amounts, which is the fair value at the date of revaluation less accumulated depreciation and accumulated impairment losses, if any, recognised subsequent to the date of revaluation. The surplus arising on revaluation is disclosed as surplus on revaluation of property, plant and equipment. The revaluation is carried out under the market value basis at regular intervals so as to ensure that the revalued amounts are not significantly different from the carrying amounts.

Cost in relation to items of property, plant and equipment stated at cost represent historical costs.

Capital stores and spares which form part of the machinery are also capitalized.

Expenditure incurred to replace a component of an item of operating assets is capitalised and the asset so replaced is retired. Other subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised.

Capital work in progress

Capital work-in-progress is stated at cost less impairment losses, if any, and consists of expenditure incurred and advances made in respect of their construction and installation. The assets are transferred to relevant category of operating fixed assets when they are available for intended use. Depreciation & amortization Depreciation is charged to profit and loss account applying the reducing balance method whereby costs of assets, less their residual values, is written off over their estimated useful lives at rates disclosed in note 4.1. Cost of the leasehold land is amortised over the period of the lease.

Depreciation / amortization of the cost of land on additions is charged from the month in which the asset is available for use up to the month preceding the disposal.

Useful lives are determined by the management based on expected usage of asset, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of assets and other similar factors.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit and loss account in the year the asset is derecognized.

When revalued assets are sold, the relevant remaining surplus is transferred directly by the Company to its retained earnings.

Normal repairs and maintenance are charged to the profit and loss account during the financial year in which these are incurred.

3.3 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Costs that are directly associated with identifiable software products controlled by the Company and have probable economic benefit beyond one year are recognized as intangible assets. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

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

Intangible assets with finite useful lives are amortised over the useful economic life as specified in note 5 and assessed for impairment whenever there is an indication that the intangible asset may be impaired. In respect of additions and deletions of intangible assets during the year, amortization is charged from the month of acquisition and up to the month preceding the deletion, respectively.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

3.4 Staff Retirement benefits

a) Gratuity scheme - defined benefit plan

The Company operates an unfunded gratuity scheme for its eligible employees. The permanent employees who have completed four years of service with the company are eligible employees for this scheme and payment is made on the basis of employee's last drawn basic salary. Provision is made in the financial statements based on actuarial valuation (conducted at balance sheet date 31 December 2015) 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. Amount recognised in the balance sheet represents the present value of defined benefit obligation.

b) Retirement benefit scheme - defined benefit plan

In addition, the Company also operates an un-funded retirement benefit scheme for its eligible employees. The employees who were on Company's permanent payroll on or before 30 June 1999 and have completed ten years of services with the Company are eligible for benefits under this scheme and payment is made on the basis of employee's last drawn basic salary. Provision is made in these financial statements based on the actuarial valuation (conducted at the balance sheet date - 31 December 2015) using the Projected Unit Credit Method.

Remeasurement of the defined benefit liability, which comprises actuarial gain and losses are recognised immediately in other comprehensive income. Net interest expense and other expense related to defined benefit plans are recognised in the profit and loss account. Amount recognised in the balance sheet represents the present value of defined benefit obligation.

c) Provident fund - defined contribution plan

Provident fund is a defined contribution plan for regular staff. Monthly contributions are made both by the Company and the employees to the fund at the rate of 10% of basic salary.

3.5 Compensated absences

The Company recognises the liability for compensated absences in respect of employees in the period in which they are earned up to the balance sheet date on the basis of un-availed earned leaves balance at the end of the year.

3.6 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account except to the extent that it relates to items recognized directly in Equity.

Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any, and the minimum tax payable, in accordance with the provisions of Income Tax Ordinance, 2001. The charge for current tax includes adjustments to charge for prior years, if any.

Deferred

Deferred tax is recognised using balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation. A deferred tax asset is recognised to the extent that it is probable that the future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax arising on surplus on revaluation of property, plant and equipment is recorded directly in the surplus account.

3.7 Stores and spares

These are stated at moving average cost less impairment loss, if any. The Company reviews the carrying amount of the stores and spares on a regular basis and for slow moving items. Adequate provision is made for any excess carrying value over the estimated net realizable value and is recognized in the profit and loss account.

3.8 Stock-in-trade

These are valued at lower of cost and net realisable value. Cost of raw materials, packing materials, work in process and finished goods is determined on weighted average cost basis, except that in case of stock in transit, it is determined at invoice value and other charges incurred thereon.

Cost of finished goods consists of materials, labour and applicable production overheads. However, the work-in-process is valued at material cost only as conversion costs are immaterial.

Net realisable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and selling expenses.

3.9 Trade debts and other receivables

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

3.10 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, balances with banks and and short term borrowings.

3.11 Revenue recognition

Sales are stated net of sales tax, trade discount, rebate and sales return and are recognised when persuasive evidence of a sale exists. The key area of judgment in recognising revenue is the timing of recognition, which reflects the point or period when the Company has transferred significant risks and rewards of ownership to third parties. Revenue from sale of goods is measured at fair value of the consideration received or receivable and is recognised as revenue on dispatch of goods to customers.

Scrap sales are stated net of sales tax and are recognised in the year in which scrap sales are made.

Return on bank deposits is accounted for using effective interest method.

3.12 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

3.13 Provisions

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

Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimates.

3.14 Foreign currency translation

Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the balance sheet date.

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

3.15 Financial instruments

The Company recognises financial asset or a financial liability when it becomes a party to the contractual provision of the instrument. Financial assets and liabilities are recognised initially at cost, which respectively is the fair value of the consideration given or received. These are subsequently measured at fair value or amortised cost, as the case may be.

Financial assets are derecognised when the contractual right to cash flows from the asset expire, or when substantially all the risks and reward of ownership of the financial asset are transferred.

Financial liability is derecognised when the Company's contractual obligations are discharged, cancelled or expired.

A financial asset is assessed at each reporting date to determine if there is an objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of the asset.

3.16 Off-setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount reported in the balance sheet, if the Company has the enforceable legal right to set off the transaction and also intends either to settle on net basis or to realize the asset and settle the liability simultaneously.

3.17 Impairment

Financial assets

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that the financial asset is impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on the terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated cash flows discounted at the original effective interest rate. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in profit and loss account.

Non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised, as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is assessed through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.18 Borrowings

All interest bearing borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing borrowings are subsequently measured at amortized cost using the effective interest rate method.

3.19 Dividend and appropriations

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

3.20 Earning per share

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

	Note	**31 December 2015**	31 December 2014
		(Rupees in '000)	
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	364,816	384,627
Capital work-in-progress	4.2	3,068	9,082
		367,884	393,709

4.1 Operating assets

31 December 2015

	Note	COST / REVALUED AMOUNT As at 1 January 2015	Addition	(Disposal)	As at 31 December 2015	Rate %	DEPRECIATION As at 1 January 2015	Charge for the Year	(Disposal)	As at 31 December 2015	Written down value as on 31 December 2015
		(Rupees in '000)					(Rupees in '000)				
Freehold land	4.5	62,726	-	-	62,726	-	-	-	-	-	62,726
Leasehold land	4.5	55,000	-	-	55,000	2.44	1,342	1,342	-	2,684	52,316
Building on freehold land	4.5	41,625	-	-	41,625	10	4,029	3,760	-	7,789	33,836
Building on leasehold land	4.5	2,226	-	-	2,226	10	223	200	-	423	1,803
Lease hold improvements		3,068	-	-	3,068	10	1,832	124	-	1,956	1,112
Plant, machinery and equipment	4.5	179,168	9,352	(905)	187,615	10	17,429	16,441	(448)	33,422	154,193
Capital spares		13,630	1,199	-	14,829	10	5,815	847	-	6,662	8,167
Furniture and fixtures		17,123	4,300	(95)	21,328	10	5,742	1,520	(42)	7,220	14,108
Vehicles		68,283	1,039	(4,052)	65,270	20	29,367	7,835	(2,491)	34,711	30,559
Computers		21,428	1,227	(944)	21,711	30	13,871	2,381	(537)	15,715	5,996
		464,277	17,117	(5,996)	475,398		79,650	34,450	(3,518)	110,582	364,816

31 December 2014

	Note	COST / REVALUED AMOUNT As at 1 January 2014	Addition	(Disposal)	As at 31 December 2014	Rate %	DEPRECIATION As at 1 January 2014	Charge for the Year	(Disposal)	As at 31 December 2014	Written down value as on 31 December 2014
		(Rupees in '000)					(Rupees in '000)				
Freehold land	4.5	62,726	-	-	62,726	-	-	-	-	-	62,726
Leasehold land	4.5	55,000	-	-	55,000	2.44	-	1,342	-	1,342	53,658
Building on freehold land	4.5	39,149	2,476	-	41,625	10	-	4,029	-	4,029	37,596
Building on leasehold land	4.5	2,226	-	-	2,226	10	-	223	-	223	2,003
Lease hold improvements		3,068	-	-	3,068	10	1,695	137	-	1,832	1,236
Plant, machinery and equipment	4.5	171,216	7,952	-	179,168	10	-	17,429	-	17,429	161,739
Capital spares		12,165	1,465	-	13,630	10	5,058	757	-	5,815	7,815
Furniture and fixtures		25,529	542	(8,948)	17,123	10	6,639	1,906	(2,803)	5,742	11,381
Vehicles		66,694	11,047	(9,458)	68,283	20	25,759	8,776	(5,168)	29,367	38,916
Computers		18,690	3,484	(746)	21,428	30	12,122	2,194	(445)	13,871	7,557
		456,463	26,966	(19,152)	464,277		51,273	36,793	(8,416)	79,650	384,627

4.2 Capital work-in-progress

	COST			
	As at 1 January 2015	Addition	(Transfers to operating assets)	As at 31 December 2015
	------(Rupees in '000)------			
Plant, machinery and equipments	5,076	7,223	(9,352)	2,947
Capital spares	-	1,199	(1,199)	-
Furniture and fixtures	2,947	1,448	(4,300)	95
Vehicles	1,059	-	(1,039)	20
Intangibles	-	753	(753)	-
Computers	-	1,233	(1,227)	6
	9,082	11,856	(17,870)	3,068

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 / settled from	Address
		---- (Rupees in '000) ----							
Vehicles									
Suzuki Cultus ASE-624	Jul-09	862	617	245	585	340	As per policy	Cars Selection (show room)	Karim Apartments, Plot 717/3, New M.A. Jinnah Road, Karachi
Toyota Corolla GLI AUM-362	Nov-10	1,450	890	560	1,120	560	As per policy	Taj Motors (show room)	Near Akbari Ground, Gizri Road, Karachi
Toyota Corolla GLI AXA-694	Mar-12	1,608	902	706	1,200	494	Insurance Claim	IGI Insurance Company Limited	7th Floor, The Forum, Suite Nos. 701-713, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi
		3,920	2,409	1,511	2,905	1,394			
Furniture and fixture									
UPS Batteries	May-10	95	42	53	9	(44)	As per policy	Power Dynamics Solutions	KMCHS Block 7/8, Shahra-e-Faisal Karachi
		95	42	53	9	(44)			
PPE									
UPS Batteries	May-11	240	89	151	35	(116)	As per policy	Power Dynamics Solutions	KMCHS Block 7/8 Shahrah-e-Faisal Karachi
Image Inkjet Printer	Sep-11	290	101	189	180	(9)	Trade in against	Service Link new printer	376, Al-Rehman Trade Centre, Shahrah-e-Liaquat New Chali, Karachi
Domino Inkjet Printer	Sep-04	375	258	117	170	53	Trade in against new printer	Service Link	376, Al-Rehman Trade Centre, Shahrah-e-Liaquat New Chali, Karachi
		905	448	457	385	(72)			
31 December 2015		**4,920**	**2,899**	**2,021**	**3,299**	**1,278**			
31 December 2014		19,152	8,416	10,736	8,604	(2,132)			

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

	Note	31 December 2015	31 December 2014
		(Rupees in '000)	
Depreciation on property, plant and equipment - operating fixed assets	4.1	34,450	36,793
Amortization on intangible assets	5	744	2,506
		35,194	39,299
Cost of sales	22	19,804	22,355
Selling and distribution expenses	23	6,203	6,846
Administrative expenses	24	9,187	10,098
		35,194	39,299

4.5 Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from their fair value. The latest valuation was carried out on 31 December 2013 by an independent valuer, M/s. Arif Evaluators on the basis of market value. This valuation of assets is based on market information from relevant sources, including recent sale / purchase of similar assets, and manufacturing and construction cost of such assets presently. The present condition of the asset, the level of maintenance and the remaining useful life of the asset has also been considered.

4.6 Had there been no revaluation, the related figures of land, buildings and plant & machinery as at 31 December 2015 would have been as follows:

	(Rupees in '000)
Free hold land	29
Lease hold land	17,197
Building on freehold land	17,957
Building on leasehold land	1,331
Plant, machinery and equipment	121,057
	157,571

5. INTANGIBLE ASSETS

31 December 2015

	COST			Rate %	AMORTIZATION			Written down value as on 31 December 2015
	As at 1 January 2015	Addition	As at 31 December 2015		As at 1 January 2015	For the year	As at 31 December 2015	
Computer software and licenses	**14,965**	**753**	**15,718**	**30**	**13,570**	**744**	**14,314**	**1,404**

31 December 2014

	COST			Rate %	AMORTIZATION			Written down value as on 31 December 2014
	As at 1 January 2014	Addition	As at 31 December 2014		As at 1 January 2014	For the year	As at 31 December 2014	
Computer software and licenses	14,865	100	14,965	30	11,064	2,506	13,570	1,395

	Note	31 December 2015	31 December 2014
		(Rupees in '000)	

6. LONG TERM DEPOSITS

	Note	31 December 2015	31 December 2014
Considered good			
Sui Southern Gas Company Limited		2,786	2,786
Office and warehouse premises		1,452	2,791
Letter of guarantee	20.1.1	650	650
Central Depository Company of Pakistan Limited		13	13
Others		255	266
		5,156	6,506
Considered doubtful			
Others		78	78
Provision held against others	6.1	(78)	(78)
		-	-
		5,156	6,506

6.1 Provision against long term deposits

		2015	2014
Balance as at 01 January		78	78
Charge for the year		-	-
Balance as at 31 December		78	78

7. LONG TERM LOANS TO EMPLOYEES - secured

	Note	2015	2014
Considered good			
Loans to employees	7.1	899	1,034
Less: current maturity		(446)	(586)
Long term portion		453	448

7.1 These mark-up free loans have been given to the employees. These are recoverable in 6 to 36 equal monthly instalments and are secured against employees' provident fund balances.

	Balance as at 1 January 2014	Recognized in profit and loss account	Recognized in other comprehensive income	Balance as at 31 December 2014	Recognized in profit and loss account	Recognised in surplus on revaluation of property, plant and equipment	Recognized in other comprehensive income	Balance as at 31 December 2015
	(Rupees in '000)							
Taxable temporary differences on:								
- accelerated tax depreciation	(37,801)	3,111	-	(34,690)	6,505	-	-	(28,185)
- surplus on revaluation of property, plant and equipment	(34,302)	2,463	-	(31,839)	2,056	* 4,423	-	(25,360)
	(72,103)	5,574	-	(66,529)	8,561	4,423	-	(53,545)
Deductible temporary differences on:								
- provision for defined benefit plans	25,824	1,594	1,516	28,934	(2,912)	-	1,166	27,188
- provision against slow moving and obsolete stock and doubtful trade debts	5,327	2,611	-	7,938	(3,440)	-	-	4,498
- tax losses	-	45,697	-	45,697	33,837	-	-	** 79,534
	31,151	49,902	1,516	82,569	27,485	-	1,166	111,220
Deferred tax asset / (liability) - net	(40,952)	55,476	1,516	16,040	36,046	4,423	1,166	57,675

* due to reduction in tax rate

** includes deferred tax of Rs. 8 million (2014: Rs. 5.94 million) recorded on unabsorbed tax depreciation and amortisation.

		Note	31 December 2015	31 December 2014
			(Rupees in '000)	
9.	**STORES AND SPARES**			
	Stores and spares		21,533	18,545
	Provision against slow moving stores and spares	9.1	(4,914)	(4,914)
			16,619	13,631
9.1	Provision against slow moving stores and spares			
	Balance as at 01 January		4,914	4,914
	Charge for the year		-	-
	Balance as at 31 December		4,914	4,914
10.	**STOCK-IN-TRADE**			
	Raw material			
	- in hand	10.1	66,392	121,029
	- in transit		19,515	58,301
			85,907	179,330
	Packing material		19,728	8,689
	Work-in-process		26,567	54,331
	Finished goods		75,413	54,876
			207,615	297,226
	Provision against slow moving and obsolete stock	10.2	(5,064)	(12,753)
			202,551	284,473

10.1 This includes stocks aggregating Rs. 0.469 million (31 December 2014: Rs. 4.960 million) stated at their net realizable values as against their cost of Rs. 2.348 million (31 December 2014: Rs. 11.362 million).

		Note	31 December 2015	31 December 2014
10.2	Provision against slow moving and obsolete stock			
	Balance as at 01 January		12,753	7,288
	Reversal of provision		(7,689)	(252)
	Charge for the year		-	5,717
	Balance as at 31 December		5,064	12,753
11.	**TRADE DEBTS**			
	Considered good	11.1	42,815	29,030
	Considered doubtful		4,133	4,133
			46,948	33,163
	Provision against doubtful trade debts	11.2	(4,133)	(4,133)
			42,815	29,030

Notes to the Financial Statements

For the year ended 31 December 2015

	Note	31 December 2015	31 December 2014
		(Rupees in '000)	

11.1 The above balances are mark-up free and unsecured.

11.2 Provision against doubtful trade debts

	Note	31 December 2015	31 December 2014
Balance as at 01 January		4,133	2,133
Charge for the year		-	2,000
Balance as at 31 December		4,133	4,133

12. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

	Note	31 December 2015	31 December 2014
Considered good			
Advance			
- for taxation		58,622	51,816
- to sales staff		508	508
Advances to suppliers and contractors		714	2,838
Prepayments		2,366	3,658
Current maturity of loans to employees	7	446	586
Other receivables		1,488	1,951
		64,144	61,357
Considered doubtful			
Advances to suppliers and contractors		803	803
Less: Provision against doubtful advances	12.1	(803)	(803)
		64,144	61,357

12.1 Provision against doubtful advances

	Note	31 December 2015	31 December 2014
Balance as at 01 January		803	803
Charge for the year		-	-
Balance as at 31 December		803	803

13. CASH AND BANK BALANCES

	Note	31 December 2015	31 December 2014
Cash in hand		61	68
Cash at banks			
- collection accounts		21,477	12,555
- current accounts		6,352	5,445
- profit and loss sharing accounts	13.1	106	91
		27,935	18,091
		27,996	18,159

13.1 These carry interest rate ranging from 4.5% to 6% (31 December 2014: 6% to 6.5%) per annum.

14. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

31 December 2015	31 December 2014		31 December 2015	31 December 2014
(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
2,522,600	2,522,600	Fully paid ordinary shares of Rs.10 each issued as bonus shares	25,226	25,226
6,122,600	6,122,600		61,226	61,226

15. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - 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 2015	31 December 2014
		(Rupees in '000)	
Opening balance		153,729	160,766
Transferred to retained earnings in respect of:			
- incremental depreciation charged during the year		(4,370)	(4,574)
- related deferred tax liability	8	(2,056)	(2,463)
		147,303	153,729
Less: deferred tax liability			
- at beginning of the year		31,839	34,302
- on incremental depreciation charged during the year	8	(2,056)	(2,463)
- tax effect due to reduction in tax rate	8	(4,423)	-
		25,360	31,839
Closing balance		121,943	121,890

16. DEFERRED STAFF LIABILITIES

16.1 Gratuity and staff retirement benefit schemes (defined benefit obligation)

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

16.2 Number of Employees under the scheme

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

	2015	2014
	------- (Number) -------	
- Gratuity Schemes	182	198
- Retirement benefit scheme	58	65

16.3 Principal actuarial assumptions

The latest actuarial valuations of the above gratuity and retirement benefit schemes were carried out as at 31 December 2015 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**	
	31 December 2015 (%)	31 December 2014 (%)	**31 December 2015 (%)**	31 December 2014 (%)
	------------- (Rupees in '000) -------------			
Financial assumptions				
Valuation discount rate	9	10.5	9	10.5
Salary increase rate	9	10.5	9	10.5
Demographic assumptions				
Mortality rate	**SLIC (2001- 2005)**	SLIC (2001- 2005)	**SLIC (2001- 2005)**	SLIC (2001- 2005)
Employee turnover rate				
	age 20 = 110.16	age 20 = 110.16	age 20 = 110.16	age 20 = 110.16
	age 25 = 73.44	age 25 = 73.44	age 25 = 73.44	age 25 = 73.44
	age 30 = 51.41	age 30 = 51.41	age 30 = 51.41	age 30 = 51.41
	age 35 = 32.83	age 35 = 32.83	age 35 = 32.83	age 35 = 32.83
	age 40 = 16.42	age 40 = 16.42	age 40 = 16.42	age 40 = 16.42
	age 45 = 8.21	age 45 = 8.21	age 45 = 8.21	age 45 = 8.21
	age 50 = 4.75	age 50 = 4.75	age 50 = 4.75	age 50 = 4.75
	age 55 = 3.89	age 55 = 0	age 55 = 3.89	age 55 = 0
	-	age 60 = 1000	-	age 60 = 1000

16.4 Payable to defined benefit schemes

	Note	Gratuity Scheme 31 December 2015	Gratuity Scheme 31 December 2014	Staff retirement benefits scheme 31 December 2015	Staff retirement benefits scheme 31 December 2014	Total 31 December 2015	Total 31 December 2014
		---------- (Rupees in '000) ----------					
Payable to defined benefit schemes	16.5	64,749	59,721	25,879	22,948	90,628	82,669

16.5 Movement in liability recognized

	Note	Gratuity Scheme 31 December 2015	Gratuity Scheme 31 December 2014	Staff retirement benefits scheme 31 December 2015	Staff retirement benefits scheme 31 December 2014	Total 31 December 2015	Total 31 December 2014
Opening balance		59,721	49,866	22,948	23,920	82,669	73,786
Recognized in profit and loss account	16.7	10,885	11,799	2,880	3,542	13,765	15,341
Remeasurement loss recognised in other comprehensive income	16.8	632	4,119	3,011	211	3,643	4,330
Benefits paid during the year		(6,489)	(6,063)	(2,960)	(4,725)	(9,449)	(10,788)
Closing balance		64,749	59,721	25,879	22,948	90,628	82,669

16.6 Reconciliation of the present value of the defined benefit obligations

	Gratuity Scheme 31 December 2015	Gratuity Scheme 31 December 2014	Staff retirement benefits scheme 31 December 2015	Staff retirement benefits scheme 31 December 2014	Total 31 December 2015	Total 31 December 2014
	---------- (Rupees in '000) ----------					
Present value of obligation - Opening	59,721	49,866	22,948	23,920	82,669	82,669
Current service cost	5,251	5,944	738	847	5,989	6,791
Interest cost	5,634	5,855	2,142	2,695	7,776	8,550
Benefits paid	(6,489)	(6,063)	(2,960)	(4,725)	(9,449)	(10,788)
Remeasurement of actuarial losses on obligation	632	4,119	3,011	211	3,643	4,330
Present value of obligation - Closing	64,749	59,721	25,879	22,948	90,628	82,669

16.7 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 2015	31 December 2014	**31 December 2015**	31 December 2014	**31 December 2015**	31 December 2014
	------------------------- (Rupees in '000) -------------------------					
Current service cost	5,251	5,944	738	847	5,989	6,791
Interest cost	5,634	5,855	2,142	2,695	7,776	8,550
	10,885	11,799	2,880	3,542	13,765	15,341

16.8 Re-measurements recognised in other comprehensive income

	Gratuity Scheme		Staff retirement benefits scheme		Total	
	31 December 2015	31 December 2014	**31 December 2015**	31 December 2014	**31 December 2015**	31 December 2014
	------------------------- (Rupees in '000) -------------------------					
Actuarial losses on obligation						
- Financial assumptions	-	1,195	-	459	-	1,654
- Experience adjustment	632	2,924	3,011	(248)	3,643	2,676
Total remeasurement recognised in other comprehensive income	632	4,119	3,011	211	3,643	4,330

16.9 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	10,238
Staff retirement benefits scheme	2,834

16.10 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
	----- (Rupees in '000) -----			
Discount rate effect				
Original liability	64,749	25,879	9.00%	9.00%
1% increase	60,339	25,170	10.00%	10.00%
1% Decrease	69,824	26,630	8.00%	8.00%
Salary increase rate effect				
Original liability	64,749	25,879	9.00%	9.00%
1% increase	70,057	26,728	10.00%	10.00%
1% Decrease	60,060	25,065	8.00%	8.00%

If Life Expectancy increases by one year

	Gratuity Scheme	Staff retirement benefits scheme
	----- (Rupees in '000) -----	
Original liability	64,749	25,879
1% increase	64,749	25,879
Current duration (years)	7.32	2.82

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.

	Note	**31 December 2015**	31 December 2014
17. TRADE AND OTHER PAYABLES		(Rupees in '000)	
Trade creditors		68,164	72,482
Advance from customers		34,659	22,586
Accrued expenses		19,062	31,814
Sales tax payable (subsequently paid)		12,935	11,113
Deposit from employees against vehicles		7,360	7,401
Accrued mark-up on short term borrowings		3,556	4,957
Unclaimed dividend		909	909
Worker's Welfare Fund		728	728
Other liabilities		617	957
		147,990	152,947
18. SHORT TERM BORROWINGS			
Karobar and Salam finances	18.1	250,000	200,000
Running finance	18.2	29,622	1,982
		279,622	201,982

18.1 These facilities, representing Salam and Karobar facilities, are available from certain commercial banks up to Rs. 380 million (2014: Rs. 430 million) and carries mark-up of respective KIBOR+0.5% (2014: respective KIBOR+0.5%) per annum and are repayable between 08 January 2016 to 07 March 2016. The facilities are secured by way of first pari passu charge over present and future current assets of the Company. At 31 December 2015, unutilised facilities aggregated to Rs. 130 million (2014: Rs. 230 million). These unutilised facilities, being sub limit of the above available facility of Rs. 380 million, include Murabaha, Istisna, Salam, Karobar and LC usance facilities.

18.2 The facilities for running finance available from certain commercial banks of Rs. 450 million (2014: Rs. 500 million) carries mark-up at 1 month KIBOR+0.7% and 1 month KIBOR+0.75% (2014: 1 month KIBOR+0.70% and 1 month KIBOR+0.75%) per annum valid between 30 April 2016 to 30 June 2016 and are generally renewable. The facilities are secured by first pari passu charge by way of hypothecation over stocks and book debts of the Company with a margin of 25% and first pari passu hypothecation charge over all present and future current assets of the Company. At 31 December 2015, unutilised facilities for running finance aggregated to Rs. 420 million (2014: Rs. 448 million).

18.3 At 31 December 2015, unutilised letter of credit facilities from certain banks amounted to Rs. 720.6 million (31 December 2014: Rs. 901.699 million). These are secured against the import bills of the Company. Total facilities sanctioned to the Company amounted to Rs. 730 million (31 December 2014: Rs. 960 million).

	Note	31 December 2015	31 December 2014
		(Rupees in '000)	
19. TAXATION			
Current year		-	33
Prior year		14,027	68
Deferred	8	(36,046)	(55,476)
		(22,019)	(55,375)
19.1 Relationship between income tax expense and accounting profit			
Loss before tax		(142,581)	(158,844)
Tax at the applicable tax rate of 32% (31 December 2014: 33%)		(45,626)	(52,419)
Effect of prior year tax		14,027	68
Reduction in opening deferred taxes resulting from reduction in tax rate		4,104	-
Effect of lower tax rate		171	58
Tax effect of expenses that are not allowable in determining taxable profit		29	12
Effect of tax credit		(252)	(364)
Others		5,528	(2,730)
Tax expense		(22,019)	(55,375)

19.2 In view of loss for the year no provision for tax for the current year, including the minimum tax under the Income Tax Ordinance, 2001, has been made in these financial statements. The Company has obtained an opinion from a tax advisor based on which it believes that it is not required to pay tax under section 113 of the Income Tax Ordinance, 2001, in view of gross loss for the year before the set off of depreciation and other inadmissible expenses under the Income Tax Ordinance, 2001 (as under the above section minimum tax is not payable in case of gross loss before the set off of depreciation and other inadmissible expenses). The management, based on the opinion, believes that gross loss is as defined in the proviso to the above section of the Ordinance and such provision for minimum tax amounting to Rs. 14.23 million has not been made.

19.3 Income Tax Assessments of the Company have been completed up to and including the tax year 2015 (accounting period ended 31 December 2014) with the exception of tax years 2011 and 2007, for which the audit proceedings were initiated on 09 March 2012 and are still under compliance and pending before the Large Taxpayers Unit, Karachi till date. The management believes that no adverse inference is expected.

Furthermore, on 21 April 2015, an order under sub-section (5A) of section 122 of the Income Tax Ordinance, 2001 was passed by the Additional Commissioner Inland Revenue for the tax year 2012, in which tax demand of Rs. 0.75 million was raised against certain disallowances. The Company has filed an appeal against the alleged order before the Commissioner Inland Revenue, hearing of which has been conducted and the case has been argued, order of which is still awaited. Based on the Company's tax advisor's view, a favourable decision is expected and therefore the subject demand is expected to be quashed.

Return for the financial year ended 30 June 2007 was selected for audit under section 177 of Income Tax Ordinance 2001 and an amended assessment order dated 30 March 2009 was passed in which certain disallowances were made by the taxation authorities. Disagreeing to the above, the Company filed an appeal before the Commissioner Inland Revenue, Appeal (CIR-A) and also filed an appeal before the CIR-A against the refusal of the Taxation Officer to rectify certain mistakes. The CIR-A vide his order No. 15 and 16 dated 25 October 2011 deleted all the additions except for the unreconciled production of manufactured goods amounting to Rs. 3.3 million. The Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR) vide letter AT 84 dated 13 July 2012 for not allowing relief in respect of disallowance of Rs. 3.3 million on account of unreconciled production of manufactured goods. Further, the tax department has also filed an appeal before ATIR on certain reliefs of Rs. 4.8 million earlier decided in favour of the Company. In the Appellate Order (AO) dated 8 October 2013 passed by the ATIR, the issue of unreconciled production was deleted (decided in favour of the Company) and simultaneously setting aside the same for reverification. In response to it the department filed MA in response to which, ATIR passed AO dated 5 May 2015 by remanding back the issue for reverification of unreconciled difference, strictly in the light of history of the case and subsequent years. Following the judgement of ATIR, department has initiated set-aside proceedings. The Company has submitted the response and details regarding unreconciled production. No order has been passed by the department in relation to the set-aside proceedings. The Company expects a decision in its favour.

20. CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

20.1.1 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 2014: Rs. 7.02 million). Bank guarantee has also been issued in favour of Pakistan State Oil for issuance of PSO fleet cards aggregating to Rs. 1.3 million (31 December 2014: Rs. 1.3 million) against which security deposit of Rs. 0.65 million have been given.

20.1.2 Post dated cheques of Rs. 16.359 million (31 December 2014: Rs. 42.413 million) have been issued to Collector of Customs against partial exemption of import levies.

20.1.3 Refer note 19 for tax related pending matters.

20.2 Commitments

Commitments under letters of credit for the import of stock in trade items at 31 December 2015 amounted to Rs. 9.4 million (31 December 2014: Rs. 1.019 million).

	31 December 2015	31 December 2014
	(Rupees in '000)	
21. SALES - net		
Gross sales	1,788,811	1,753,431
Sales tax	(283,585)	(279,939)
Trade discount	(139,567)	(169,432)
Sales return & rebates	(22,816)	(5,878)
	(445,968)	(455,249)
	1,342,843	1,298,182

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. 1.639 billion (31 December 2014: Rs. 1.650 billion).

		31 December 2015	31 December 2014
		(Rupees in '000)	

22. COST OF SALES

	Note	31 December 2015	31 December 2014
Raw material consumed	22.1	727,296	665,144
Packing material consumed	22.2	129,697	101,308
Salaries, wages and other benefits	22.3	119,227	114,552
Fuel and power		48,236	49,357
Toll manufacturing		19,828	3,971
Depreciation and amortisation	4.4	19,804	22,355
Packing material written-off		-	11,615
Stores and spares consumed		6,753	7,121
Water charges		3,342	4,196
Provision for slow moving and obsolete stock	10.2	-	4,030
Insurance expense		3,285	3,463
Travelling and conveyance		3,263	4,670
Freight and handling charges		3,144	4,865
Rent, rates and taxes		1,803	2,096
Obsolete finished goods		-	1,687
Repair and maintenance		1,080	1,548
Postage, telegrams and telephones		595	625
Printing and stationery		369	313
Legal and professional charges		234	58
Product research and development		137	49
Subscription charges		61	5
Others		530	430
		1,088,690	1,003,458
Opening stock of work-in-process		54,331	44,801
Closing stock of work-in-process	10	(26,567)	(54,331)
Cost of good manufactured		1,116,454	993,928
Opening stock of finished goods		54,876	77,360
Closing stock of finished goods	10	(75,413)	(54,876)
		1,095,917	1,016,412

22.1 Raw material consumed

	Note	31 December 2015	31 December 2014
Opening stock		121,029	174,550
Purchases		672,659	611,623
		793,688	786,173
Closing stock	10	(66,392)	(121,029)
Raw material consumed		727,296	665,144

22.2 Packing material consumed

	Note	31 December 2015	31 December 2014
Openning stock		8,689	21,562
Purchases		140,736	88,435
		149,425	109,997
Closing Stock		(19,728)	(8,689)
Packing material consumed		129,697	101,308

22.3 Salaries, wages and other benefits include Rs. 9.907 million (31 December 2014: Rs. 11.15 million) in respect of the accrual for defined benefit obligations of the Company and contribution of Rs. 2.169 million (2014: Rs. 2.375 million) to the provident fund.

	Note	31 December 2015	31 December 2014
		(Rupees in '000)	
23. SELLING AND DISTRIBUTION EXPENSES			
Salaries, wages and other benefits	23.1	104,450	109,151
Advertising expense		71,200	89,879
Freight, distribution and handling charges		56,745	53,344
Travelling and conveyance		17,016	21,986
Depreciation and amortisation	4.4	6,203	6,846
Rent, rates and taxes		4,621	4,522
Product research and development		4,096	8,361
Legal and professional charges		3,460	2,000
Postage, telegrams and telephones		2,629	2,459
Insurance expense		1,799	2,865
Meeting expenses		1,421	3,673
Utility charges		849	1,004
Repair and maintenance		469	452
Printing and stationery		407	579
Others		2,232	2,168
		277,597	309,289

23.1 These include Rs. 1.849 million (31 December 2014: Rs. 2.218 million) in respect of the accrual for defined benefit obligations of the Company and contribution of Rs. 2.393 million (2014: Rs. 2.408 million) to the provident fund.

	Note	31 December 2015	31 December 2014
24. ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	24.1	56,540	62,242
Depreciation and amortisation	4.4	9,186	10,098
Rent, rates and taxes		6,770	14,049
Legal and professional charges		4,879	4,594
Travelling and conveyance		4,561	5,424
Postage, telegrams and telephones		1,787	2,036
Training expenses		1,582	469
Fuel and power		1,203	1,986
Printing and stationery		1,029	1,663
Auditors' remuneration	24.2	869	846
Repair and maintenance		813	470
Insurance expense		801	997
Directors' fee		520	640
Computer equipment charges		78	165
Charity and donation	24.3	91	35
Others		1,024	1,374
Provision against doubtful trade debts	11.2	-	2,000
		91,734	109,088

24.1 These include Rs. 2.009 million (31 December 2014: Rs. 1.898 million) in respect of the accrual for defined benefit obligations of the Company and contribution of Rs. 1.591 million (2014: Rs. 1.513 million) to the provident fund.

		Note	31 December 2015	31 December 2014
			(Rupees in '000)	
24.2	Auditors' remuneration			
	Audit fee		550	500
	Fee for half yearly review		140	125
	Fee for review of Code of Corporate Governance		55	55
	Out of pocket expenses		124	166
			869	846

24.3 Donation amounting to Rs. 0.05 million (2014: Nil) was paid to “The Duke of Edinburgh’s Award Foundation Pakistan” in which one of the Trustee is a Director of the Company.

		Note	31 December 2015	31 December 2014
25.	OTHER INCOME			
	Income from financial instruments			
	- Return on bank deposits		38	86
	- Exchange gain on revaluation of financial liabilities		-	2,865
	Income from non-financial instruments			
	- Scrap sales	25.1	2,549	3,782
	- Gain / (loss) on disposal of operating fixed assets	4.3	1,306	(2,132)
	- Insurance commission		857	277
	- Others		110	-
			4,860	4,878
25.1	Gross Scrap Sales		2,982	4,425
	Less: Sales Tax		(433)	(643)
	Net Scrap Sales		2,549	3,782
26.	OTHER CHARGES			
	Exchange loss on revaluation of financial liabililites		2,123	-
			2,123	-
27.	FINANCE COSTS			
	Mark-up on short term borrowings		21,950	25,804
	Bank charges		963	1,311
			22,913	27,115
28.	LOSS PER SHARE - basic and diluted			
	Loss after taxation		(120,562)	(103,469)
			(Number of shares)	
	Weighted average number of ordinary shares		6,122,600	6,122,600
			(Rupees)	
	Loss per share		(19.69)	(16.90)

28.1 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.

29. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	Chief Executive		Directors		Executives - Key Management Personnel		Executives - Others	
	Year ended 31 December 2015	Year ended 31 December 2014	**Year ended 31 December 2015**	Year ended 31 December 2014	**Year ended 31 December 2015**	Year ended 31 December 2014	**Year ended 31 December 2015**	Year ended 31 December 2014
	(Rupees in '000)							
Managerial remuneration	5,014	4,477	4,800	14,875	9,668	11,832	15,495	14,965
Provident fund	501	448	-	-	889	1,183	1,454	1,497
Special pay	3,371	3,009	-	-	6,133	7,952	10,416	10,061
Housing and utilities	2,841	2,550	-	39	5,795	6,649	8,846	8,705
Medical	217	34	-	102	350	386	707	817
Incentive	746	597	-	2,015	1,404	1,820	1,612	1,952
Gratuity	418	-	-	-	589	-	1,069	-
Other perquisites and benefits	-	-	-	-	208	-	89	-
Leave encashment paid	-	-	-	1,171	208	-	89	-
	13,108	11,115	4,800	18,202	25,244	29,822	39,777	37,997
Number of persons	1	1	1	2	5	6	20	20

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

29.1 Remuneration of non-executive directors

In addition to the above, aggregate amount charged in these financial statements for director's fee paid to non-executive directors was Rs. 0.50 million (31 December 2014: Rs. 0.64 million).

30. PROVIDENT FUND

The details of net assets and investments of the provident fund are as follows:

	30 June 2015 (unaudited)	30 June 2014 (audited)
	(Rupees in '000)	
Size of the Fund - net assets	106,291	100,409
Actual investment made	98,230	91,917
Fair value / amortised cost of the investments	100,122	92,627
Percentage of investments made - based on fair value / amortised cost	94%	92%

Break-up of investments is as follows:

	30 June 2015 (Audited)	30 June 2014 (Audited)	30 June 2015 (Audited)	30 June 2014 (Audited)
	(Rupees in '000)		(% of total investment)	
Government Securities	10,322	10,576	10%	11%
Certificates of Investment	30,000	25,000	30%	27%
Certificates of Musharaka	39,000	45,000	39%	49%
Mutual funds	18,020	10,134	18%	11%
Cash and bank balances	2,780	1,917	3%	2%
	100,122	92,627	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.

31. FINANCIAL INSTRUMENTS

31.1 Financial risk management

Overview

The Company has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational Risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Board of Directors is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

31.2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The carrying amount of financial assets represents the maximum credit exposure.

31.2.1 Exposure to credit risk

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

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

	Note	31 December 2015		31 December 2014	
		Financial assets	Maximum Exposure	**Financial assets**	Maximum Exposure
		(Rupees in '000)			
Long term deposits	6	5,156	5,156	6,506	6,506
Loans to employees	7 & 12	899	899	1,034	1,034
Trade debts	11	42,815	42,815	29,030	29,030
Other receivables	12	1,488	1,488	1,951	1,951
Bank balances	13	27,935	27,935	18,091	18,091
		78,293	78,293	56,612	56,612

31.2.2 Concentration of credit risk

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

	Note	**31 December 2015**	31 December 2014
		(Rupees in '000)	
Distributors and retailers	11	42,815	29,030
Commercial banks	13	28,585	18,741
Utilities		2,786	2,786
Employees		899	1,034
Others		3,208	5,021
		78,293	56,612

31.2.3 Bank balances

The bank balances are held with banks and financial institutions counterparties, which are rated as follows:

	Note	**31 December 2015**	31 December 2014
		(Rupees in '000)	
A-1+		26,966	14,675
A1+		1,595	4,052
A1		24	14
		28,585	18,741

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

31.2.4 Trade debts

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered and also obtains security / advance payments, wherever considered necessary. Sale limits are established for each customer and reviewed regularly.

Most of the customers have been transacting with the Company since many years. The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade debts.

At 31 December 2015, the Company's most significant customer accounted for Rs. 28.669 million of the trade debts carrying amount (31 December 2014: Rs.19.316 million).

At 31 December 2015, the ageing of trade debts that were not impaired was as follows:

	31 December 2015		31 December 2014	
	Gross	**Impairment loss**	Gross	Impairment loss
	(Rupees in '000)		(Rupees in '000)	
Past due 1 - 60 days	27,986	-	14,078	-
Past due 61 days - 1 year	15,989	1,160	14,060	-
More than one year	2,973	2,973	5,025	4,133
Total	46,948	4,133	33,163	4,133

Management believes that the unimpaired amounts that are due by more than 60 days are still collectible in full, based on historical payment behaviour of customer. Movement of provision against doubtful trade debts is disclosed in note 11.2.

None of the financial assets of the Company are past due or impaired except as disclosed in notes 6, 11 and 12 to these financial statements.

31.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities by continuous monitoring of forecast and actual cash outflows. The Company also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables. In addition, the Company maintains lines of credit to meet its expected cash outflows (refer note 18).

31.3.1 Exposure to liquidity risk

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

	31 December 2015			
	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 borrowings (including mark-up)	283,178	283,178	283,178	-
Trade and other payables	88,752	88,752	88,752	-
	372,380	372,380	371,930	450

	31 December 2014			
	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 borrowings (including mark-up)	206,939	206,939	206,939	-
Trade and other payables	106,162	106,162	106,162	-
	313,551	313,551	313,101	450

31.4 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.

31.4.1 Currency risk

Currency risk is the risk that the value of financial instrument will fluctuate due to a change in foreign exchange rates. It arises mainly where payables exist due to transactions entered in foreign currencies.

Exposure to currency risk

The Company is exposed to currency risk on trade credit liability that is denominated in a foreign currency (primarily U.S. Dollar). The Company's exposure to foreign currency risk is as follows:

	31 December 2015		31 December 2014	
	(Rupees in '000)	US Dollars	**(Rupees in '000)**	US Dollars
Bills payable	21,681	206,880	33,071	328,738
Gross balance sheet exposure	21,681	206,880	33,071	328,738
Estimated committed purchases as at the year end	9,419	89,876	1,019	10,129
Gross exposure	31,100	296,756	34,090	338,867

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 2015	31 December 2014	**31 December 2015**	31 December 2014
Rupees / US Dollars	102.70	102.90	104.80	100.60

Sensitivity risk

A five percent strengthening / (weakening) of the Rupee against US Dollar at the year ended 31 December 2015 would have increased / (decreased) equity and profit and loss account by Rs. 1.08 million (31 December 2014: Rs. 1.654 million). This analysis assumes that all other variables, in particular interest rates, remaining constant. The analysis is performed on the same basis for December 2014.

31.4.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Company's interest rate exposure arises on deposits with banks. At the balance sheet date the interest rate profile of the Company's interest-bearing financial instrument was as follows:

	Carrying amount	
	31 December 2015	31 December 2014
	(Rupees in '000)	
Variable rate instruments		
Financial assets	106	91
Financial liabilities	279,622	201,982

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 2015 and 31 December 2014.

31.4.3 Capital risk management

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses. The Company is not subject to externally imposed capital requirements.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend to the shareholders or issue bonus / new shares.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

31.5 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its objective of generating returns for stakeholders.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.
- senior management ensures that the Company's staff have adequate training and experience and fosters effective communication related to operational risk management.

31.6 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).

- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).

- Unobservable inputs for the asset or liability (level 3).

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

		Carrying Amount			Fair value
31 December 2015	Note	Loans and receivables	Other financial liabilities	Total	Total
		--------------------(Rupees in '000)--------------------			
On-balance sheet financial and non-financial instruments					
Financial assets not measured at fair value	31.6.1				
Long term deposits		4,506	-	4,506	-
Loans to employees		899	-	899	-
Trade debts		42,815	-	42,815	-
Other receivables		1,488	-	1,488	-
Cash and bank balances (including security deposit)		28,646	-	28,646	-
		78,354	-	78,354	-

31 December 2015	Note	Carrying Amount: Loans and receivables	Carrying Amount: Other financial liabilities	Carrying Amount: Total	Fair value: Total
		--------------------(Rupees in '000)--------------------			
On-balance sheet financial and non-financial instruments					
Financial liabilities not measured at fair value	31.6.1				
Long term deposits		-	450	450	-
Trade and other payables		-	88,752	88,752	-
Short term borrowings (including mark-up)		-	283,178	283,178	-
		-	372,380	372,380	-

31 December 2014	Note	Carrying Amount: Loans and receivables	Carrying Amount: Other financial liabilities	Carrying Amount: Total	Fair value: Total
		--------------------(Rupees in '000)--------------------			
On-balance sheet financial and non-financial instruments					
Financial assets not measured at fair value	31.6.1				
Long term deposits		5,856	-	5,856	-
Loans to employees		1,034	-	1,034	-
Trade debts		29,030	-	29,030	-
Other receivables		1,951	-	1,951	-
Cash and bank balances (including security deposit)		18,809	-	18,809	-
		56,680	-	56,680	-
Financial liabilities not measured at fair value	31.6.1				
Long term deposits		450	-	450	-
Trade and other payables		106,162	-	106,162	-
Short term borrowings (including mark-up)		206,939	-	206,939	-
		313,551	-	313,551	-

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

	31 December 2015	31 December 2014
	(Metric Tons)	

32. PLANT CAPACITY AND PRODUCTION

Soap

	31 December 2015	31 December 2014
Assessed / rated	10,500	10,500
Actual production	6,266	5,264

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

33. 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:

	Note	31 December 2015	31 December 2014
		(Rupees in '000)	
Transactions with related parties:			
Associated Companies			
Purchase of goods		-	1,442
Services received		4,367	655
Insurance premium paid		4,287	-
Dividend paid		-	521
Insurance claim received		1,398	-
Insurance commission received		504	189
Other related parties			
Contribution to the employees' provident fund	33.1	6,153	6,296
Directors and Chief Executive Officer (Key management personnel)			
Dividend paid		-	7,553
Balances with related parties:			
Associated Companies			
Receivable from associated company (other receivable)		1,200	-
Payable to associated company (trade creditors)		92	12

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

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

33.3 Other transactions with related parties are at agreed terms and dividend payments are at the rates approved by the shareholders.

34. 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. 142 million (31 December 2014: Rs.163 million), which account for more than 7.876% (31 December 2014: 9.29%) 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 as at the year ended 31 December 2015 are located in Pakistan.

35. NUMBER OF EMPLOYEES

The number of employees as on the year end were 182 (31 December 2014: 204) and average number of employees during the year were 193 (31 December 2014: 208).

36. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue in the Board of Directors meeting held on March 24, 2016.

Feriel Ali Mehdi
Chairman

Mubashir Hasan Ansari
Chief Executive Officer

Shareholders' Information

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifty-sixth Annual General Meeting of ZIL Limited will be held on Friday, April 29, 2016 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 Annual General Meeting held on Monday, April 27, 2015.

2. To receive, consider and approve the Audited Financial Statements of the Company for the year ended December 31, 2015 and the Directors' and Auditors` report thereon.

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

By order of the Board

Ata-ur-Rehman Shaikh
Company Secretary

Karachi: March 24, 2016

NOTES:

1. The Share Transfer Books of the Company will remain closed from April 23, 2016 to April 29, 2016 (both days inclusive) for the purpose of holding the Annual General meeting.

2. 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.

3. 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.

4. The CDC/sub account holders are required to follow the guidelines as laid down by Securities & Exchange Commission of Pakistan contained in Circular No. 1 of 2000.

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

Key shareholding & shares traded

Information of shareholding required under the reporting framework of the COCG is as follows:

1. Associated Companies , Undertakings and Related Parties

Shareholders' Category	No. of shares held
State Life Insurance corporation of Pakistan	34,863
IGI Insurance Limited	199,169
Total:	234,032

2. Mutual Funds

Shareholders' Category	No. of shares held
Golden Arrow Selected Stocks Fund Limited	115,155

3. Directors, Chief Executive Officer and their spouse(s) and minor children

Shareholders' Category	No. of shares held
Mrs. Feriel Ali- Mehdi	686,785
Mr. Mujahid Hamid	692,056
Mr. Shahid Nazir Ahmed	764
Mr. Saad Amanullah Khan	1,000
Mrs. Ameena Saiyid	586
Syed Hasnain Ali	562
Mr. Kemal Shoaib	500
Mr. Mubashir Hasan Ansari (CEO)	Nil

4. Executives	Nil
5. Public Sector Companies & corporations	Nil
6. Banks, DFIs, NBFCs, Insurance, Takaful, Modarabas & Pension Funds	698,449

7. Shareholders holding five percent or more voting rights in the Company

Shareholders' Category	No. of shares held
Mrs. Fakhre Jehan Begum	1,096,771
Syed Yawar Ali	994,411
Mr. Mujahid Hamid	692,056
Mrs. Feriel Ali- Mehdi	686,785
Syed Muhammad Zeyd Ali	590,886
CDC - Trustee National Investment (Unit)Trust	391,987

Trading of shares by Directors, CEO, Executives* and their spouse(s) minor children during 2015:

Name	Shares purchased	Shares sold
Mrs. Feriel Ali- Mehdi, Chairman	77,000	-

* All defined executives who directly reports to CEO

Pattern of Shareholding

CDC & Physical as on December 31, 2015

Number of shareholders	Share Holding From	Share Holding To	Total shares held	Percentage
884	1	100	15,927	0.2601
221	101	500	58,800	0.9604
69	501	1000	54,188	0.8850
78	1001	5000	182,602	2.9824
13	5001	10000	88,543	1.4462
4	10001	15000	49,338	0.8058
4	15001	20000	73,116	1.1942
1	20001	25000	24,040	0.3926
2	30001	35000	68,771	1.1232
2	35001	40000	70,954	1.1589
1	40001	45000	41,000	0.6697
1	45001	50000	50,000	0.8166
1	50001	55000	53,000	0.8656
1	115001	120000	115,155	1.8808
2	190001	195000	387,500	6.3290
2	195001	200000	395,429	6.4585
1	315001	320000	317,533	5.1862
1	365001	370000	367,622	6.0043
1	390001	395000	391,987	6.4023
1	590001	595000	590,886	9.6509
1	690001	695000	692,056	11.3033
1	970001	975000	971,290	15.8640
1	1060001	1065000	1,062,863	17.3597
1293			6,122,600	100.0000

Categories of Shareholders

As at December 31, 2015

Categories of Shareholders	Number of shareholders	Number of shares held	Percentage
Directors			
Mrs. Feriel Ali- Mehdi	3	686,785	11.2172
Mr. Mujahid Hamid	1	692,056	11.3033
Mr. Shahid Nazir Ahmed	1	764	0.0125
Mr. Saad Amanullah Khan	2	1,000	0.0163
Mrs. Ameena Saiyid	1	586	0.0096
Syed Hasnain Ali	1	562	0.0092
Mr. Kemal Shoaib	1	500	0.0082
Mutual Funds			
Golden Arrow Selected Stocks Fund Limited	1	115,155	1.8808
Banks; DFIs; NBFCs; Insurance, Takaful, Modarbas & Pension Funds			
National Bank of Pakistan	1	220	0.0036
MCB Bank Limited - Treasury	1	35,117	0.5736
CDC - Trustee National Investment (Unit)Trust	1	391,987	6.4023
State Life Insurance Corp. Of Pakistan	1	34,863	0.5694
IGI Insurance Limited	1	199,169	3.2530
Trustee National Bank of Pakistan Employees Pension Fund	1	35,837	0.5853
Trustee National Bank of Pakistan Emp Benevolent Fund Trust	1	1,256	0.0205
Shareholders holding 10% or more shares			
Mrs. Fakhre Jehan Begum	2	1,096,771	17.9135
Syed Yawar Ali	4	994,411	16.2416
General Public (individuals):			
a. Local	1248	1,776,887	29.0218
b. Foreign	7	13,815	0.2256
Others			
Joint Stock Companies	14	44,859	0.7327
	1293	6,122,600	100.0000

Shareholders' Information

Registered Office

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

Shares Registrar

M/s THK Associates (Pvt) 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 Exchange

ZIL Limited equity shares are listed on Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange and Lahore stock exchange).

Listing Fees

The annual listing fee for the financial year 2015-16 has been paid to Karachi Stock Exchange and Lahore stock exchange (now Pakistan Stock Exchange) within the prescribed time limit.

Stock Code

The stock code for dealing in equity shares of ZIL Limited at Pakistan 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

Keeping in view the profitability of the company, the Board of Directors has decided not to propose dividend for the year ended December 31, 2015.

Earnings per Share

(Loss) / earning per share basic and diluted for the year rupees (19.69) [(2014: rupees (16.90).

Annual General Meeting

The annual shareholders' meeting will be held on Friday, April 29, 2016 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 29, 2016 are encouraged to participate.

Book Closure Dates

The Share Transfer Books of the Company will remain closed from April 23, 2016 to April 29, 2016 (both days inclusive).

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

ANNEXURES

Form of Proxy

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

I/We ....

of...being a member of ZIL Limited and holding.......................... ordinary

shares as per Share Register Folio No. and / or CDC Participant I.D. No...

and Sub-Account No..............................hereby appoint...

of ....or failing him...of ....as

my proxy to vote for me and on my behalf at the Annual General Meeting of the Company to be held on Friday April 29, 2016, at 09:00 am at The Royal Rodale, Plot No. Tc-V, 34th Street, Khayaban-e-Sehar, Phase-V Ext., DHA, Karachi, Pakistan and at any adjournment thereof.

Signed this ....day of 2016

Witness:

Signature: ______________________

Name: ______________________

Address: ______________________

____

CNIC or Passport No. | | | | | |-| | | | | | | |-| |

Signature on
Rupees Five
Revenue Stamp

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

____
Signature of Proxy

Notes:

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

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

پراکسی فارم

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

میں/ہم ______________________________ ساکن ______________________

بطور زل لمیٹڈ کے رکن وحامل ______________________________ عام حصص بمطابق شیئر رجسٹرڈ فولیونمبر __________

اور یا سی ڈی سی کے شراکتی آئی ڈی نمبر __________ اور ذیلی کھاتہ نمبر ______________ ساکن ______________

یا بصورتِ دیگر ____

کو اپنی جگہ بروز جمعہ مورخہ ۲۹ اپریل ۲۰۱۶ء بوقت ۹:۰۰ بجے صبح بمقام: رائل روڈ ال، پلاٹ نمبر Tc-V، ۳۴، ۱۱ اسٹریٹ، خیابان سحر، فیز-V، ایکسٹینشن، ڈی ایچ اے، کراچی، پاکستان میں منعقد یا ملتوی ہونے والے سالانہ عام اجلاس میں رائے دہندگی کیلئے نمائندہ مقرر کرتا/کرتی ہوں۔

گواہ:

دستخط: ______________________

نام: ______________________

پتہ: ______________________

شناختی کارڈ یا پاسپورٹ نمبر: ______________________

براہ کرم پانچ روپے مالیت کے ریونیوٹکٹ چسپاں کرکے دستخط کریں۔

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

____
نمائندہ کے دستخط

نوٹ:

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

Electronic Transmission Consent Form

The Securities & Exchange Commission of Pakistan through SRO 787(1)/2014 of September 8,2014 allowed the company to circulate its annual balance sheet and profit & Loss accounts, auditor's report and directors' report etc.(Audited Financial Statements) along with Company's Annual Report through email are requested to complete the requisite form below.

CDC shareholders are requested to submit their Electronic Transmission Consent Form along with their CNIC directly to their broker (Participant) /CDC; While shareholders having physical shares are to send the forms and a copy of their CNIC to the company's Registrar, THK Associates (Pvt) Limited, 2nd Floor, State Life Building No. 3 Dr. Ziauddin Ahmed Road , Karachi 75530.

Electronic Transmission Consent Form

Pursuant to the directions given by the Securities & Exchange Commission of Pakistan through its SRO 787(1)/2014 of September 8,2014,I Mr./Ms.--- S/o, D/o, W/o- --- hereby consent to have the ZIL Limited's Audited Financial Statements and Notice of Annual General Meeting delivered to me via email on my email address provided below :

Name of Member/Shareholder	
Folio/CDC Account Number	
CNIC	
Email Address	

It is stated that the above mentioned information is true and correct and that I shall notify the Company and its Share Registrar in writing of any change in my email address or withdrawal of my consent to email delivery of the Company's Audited Financial Statements and Notice of the Meeting.

____

Signature of Member/Shareholder

Date:___________________

Request For Video Conferencing Facility Form

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

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

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

I/We,______________________________of________________being a member of ZIL Limited., holder of

________________ordinary share(s) as per Register Folio No./CDC/Ac No.-___________________________

hereby opt for video conference facility at___________________________________

____

Signature of Member/Shareholder

Date:_______________

INVESTOR'S AWARENESS
For the year ended December 31, 2015

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

ZIL
LIMITED

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

CORPORATE