



Annual Report
2016

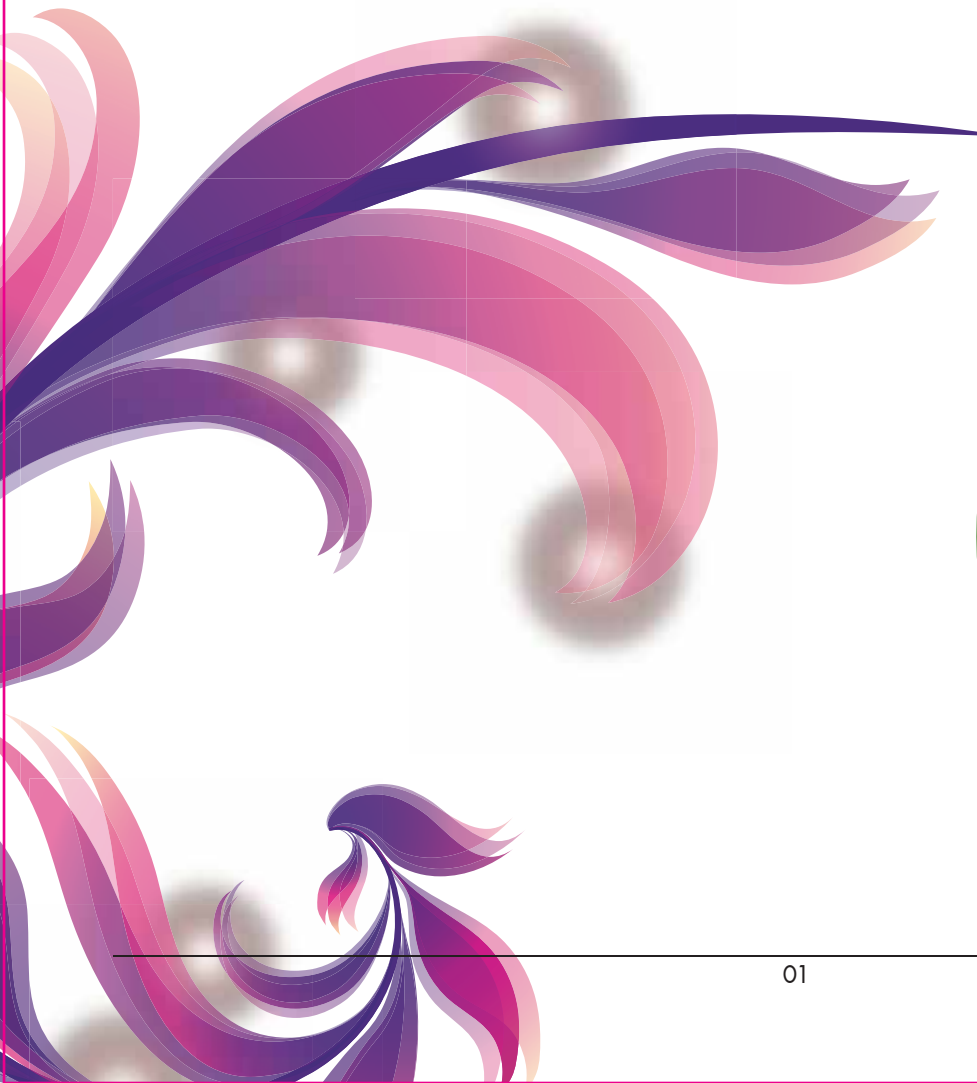




A Beautiful Journey



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.





Independences day 2016



Annual Dinner Sales South



Corporate communication Session 2016



Right on Target! Celebrating Achievements 2015



Management Training Session 2016



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Corporate Data



Company Information

Board of Directors

Mrs. Ferial Ali Mehdi	Chairman
Mr. Mujahid Hamid	Non-Executive Director
Syed Hasnain Ali	Non-Executive Director
Mr. Saad Amanullah Khan	Independent, Non-Executive Director
Mr. Kemal Shoaib	Non-Executive Director
Mr. Qaisar Mufti (Nominee NIT)	Non-Executive Director
Mr. Mubashir Hasan Ansari	Executive Director and Chief Executive Officer

Board Audit Committee

Mr. Saad Amanullah Khan	Chairman
Mrs. Ferial Ali Mehdi	Member
Mr. Qaisar Mufti (Nominee NIT)	Member

Human Resource & Remuneration Committee

Mr. Kemal Shoaib	Chairman
Mrs. Ferial Ali Mehdi	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
Email: Info@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
1st Floor, 40-C, Block-6
P.E.C.H.S., Karachi
www.thk.com.pk
Phone : +92 (21) 111-000-322

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

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.

Our Human Resources

Our success is dependent on attracting and retaining high-performance teams. We believe our people provide the core enduring advantage to us to constantly improve innovate and grow. Through the year, we worked on various HR initiatives and processes to ensure that our induction schemes, training & development methodologies. Compensation strategies and performance appraisal systems remained robust and in line with best practices, Our key areas of focus for the year 2016 remained diversity & inclusion capability development competency realignment; talent development; health & wellness amongst other key areas.

Energy Conservation

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

- Employees are encouraged to switch off room or cubicle lights, printers, monitors and other electronics when not required.
- Additionally a number of initiatives have been taken in factory, 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.

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.

Corporate Memberships

- **Karachi Chamber of Commerce & Industry**
www.kcci.com.pk
- **Hyderabad Chamber of Commerce & Industry**
- **Marketing Association of Pakistan**
www.map.org.pk
- **Pakistan Advertising Society (PAS)**
www.pas.org.pk
- **Pakistan Institute of Corporate Governance**
www.picg.org.pk
- **WWF – Pakistan**
www.wfpak.org
- **Pakistan Soap Manufacturers Association**
www.pasma.com.pk

Corporate Governance



Board of Directors

Left to Right:

Mr. Mujahid Hamid, Mrs. Ferial Ali Mehdi, Mr. Mubashir Hasan Ansari, Mr. Saad Amanullah,
Syed Hasnain Ali, Mr. Kemal Shoaib, Mr. Qaisar Mufti





Directors' Profile



Mrs. Ferial Ali Mehdi

Mrs. Ferial 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.



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.



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. Mubashir Hasan Ansari

Mr. Mubashir H. Ansari joined ZIL Limited in April 2011 as GM-Marketing and Sales. He was promoted to the position of CEO in January 2013. Since his appointment as a CEO he has successfully managed to lead the change and ensured sales increase and bottom line became positive.

Mr. Ansari is an MBA from the University College of Wales, Aberystwyth, 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.

He 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.

He attended IMD's Orchestrating Winning Performance Program (OWP) in 2015 and gained exposure to thinking on current leadership challenges and key management issues. Mr. Ansari is also a certified director from Pakistan Institute of Corporate Governance (PICG).



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. 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.



Qaisar Mufti

Qaisar Mufti has over 40 year experience in education, corporate and fiscal laws, research, development banking, project financing, equity and loan financing, analysis and interpretation of financial statements. He has worked for Industrial Development Bank of Pakistan, UBL and Pak Kuwait Investment Co. He has also undertaken various consultancy assignments involving corporate laws, sales tax, banking, investments, systems designing etc.

A Fellow Member of ICMAP & ICSP and an Associate Member of IBP, he also holds a Master's Degree in Economics and Bachelor's Degrees in Commerce & Law. He is also enrolled as Advocate of High Court of Sindh. He has held following offices:

- Director Finance, Pakistan Kuwait Investment Co. (Pvt.) Ltd; and Chief Executive, Paramount Investments Ltd & Paramount Leasing Ltd
- Founder President, PIPFA , sponsored by the Auditor General of Pakistan, ICMAP & ICAP.
- Chairman, Joint Committee of ICAP and ICMAP
- Vice President & Member, National Council, ICMAP and ICSP
- Member, Ethics Committee of the SAFA based at Dhaka; and member, Country Steering Committee of the International Forum on Accountancy Development of IFAC
- Chief Editor, Quarterly Corporate Secretary, official organ of ICSP; Chairman, Journal & Publications Committee and Research Committee, ICMAP
- Member of four judges bench for First Best Corporate Reporting Awards under the auspices of South Asian Federation of Accountants (SAFA).
- Adjunct Professor, Hamdard University, IBA and IoBM.
- Member, Finance Committee, Hamdard University; Member Board of Studies, KSBIT and Member Academic Council, COMMECS Institute of Management Currently he is:
- Honorary Advisor, Taxation Sub-Committee KCCI and Industry Expert on Arbitration Panel of Karachi Stock Exchange,
- Director & Chairman Audit Committee of DYL Motorcycles Ltd.
- Member CBR Panel for Chairmen / Members of Alternative Disputes Resolution Committees (ADRCs) for Sales Tax & Federal Excise Duty.
- CBR Approved Auditor for Special Audits under the Sales Tax Act and SECP Approved Cost Auditor under the Companies Ordinance.
- Amicus Curiae / Umpire of Sindh High Court - in a number of cases and by the Sales Tax Appellate Tribunal.
- Member, Finance & Planning Committee, Dow University of Health Sciences, and
- Consultant, Qaisar Mufti Associates.

Over 180 articles on economics, finance, management, taxation and corporate laws authored by him have been published in leading dailies, periodicals and professional journals in Pakistan and abroad. His paper "Performance Evaluation and Cost Audit" is classified in the Accountants' Index USA, American Institute of Certified Public Accountants, January- December, 1988. He also works as an Advocate of Sindh High Court and Corporate Counsel.

Management Committee



From Left to Right

Mrs. Farahnaz Shaikh
GM Marketing

Ms. Ferial 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. Qaiser Mufti, (Nominee NIT), Member
- ▶ Mrs. Ferial Ali Mehdi, Member

BOARD HUMAN RESOURCE & REMUNERATION COMMITTEE

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

The committee comprises of following Directors:

- ▶ Mr. Kemal Shoaib, Chairman
- ▶ Mrs. Ferial Ali Mehdi, 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
Mr. Aamir Subhan	Head of Human Resource

Four meetings of the Board of Directors of the Company were held on March 24, April 26, August 29, October 27 2016. Following was the attendance of the directors:

Director	No. of meetings attended	Leave of absence granted	
Mrs. Ferial Ali Mehdi	4	-	Retired and re-elected on Board w.e.f. July 2016
Mr. Mujahid Hamid	-	4	Retired and re-elected on Board w.e.f. July 2016
Mr. Shahid Nazir Ahmed	-	2	Retired from the Board in June 30, 2016
Mr. Saad Amanullah Khan	4	-	Retired and re-elected on Board w.e.f. July 2016
Mrs. Aameena Saiyid	-	2	Retired from the Board in June 30, 2016
Syed Hasnain Ali	3	1	Retired and re-elected on Board w.e.f. July 2016
Mr. Kemal Shoaib	4	-	Retired and re-elected on Board w.e.f. July 2016
Mr. Mubashir Hasan Ansari	2	-	Elected on Board w.e.f. July 2016
Mr. Qaisar Mufti (Nominee NIT)	2	-	Elected on Board w.e.f. July 2016

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

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. Ferial Ali Mehdi	Member
Mr. Qaisar Mufti (Nominee NIT)	Member

Meetings of the Board Audit Committee January to December 2016

Four meetings of the Board Audit Committee of the Company were held on March 24, April 26, August 29, October 27 2016. Following was the attendance of the members:

Director	No. of meetings attended	Leave of absence granted	
Mr. Saad Amanullah Khan	4	-	Retired and re-elected on Board w.e.f. July 2016
Mrs. Ferial Ali Mehdi	4	-	Retired and re-elected on Board w.e.f. July 2016
Mr. Shahid Nazir Ahmed	-	2	Retired from the Board in June 30, 2016
Mr. Qaisar Mufti (Nominee NIT)	2	-	Elected on Board w.e.f. July 2016

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

Board Meetings



HR and Remuneration Committee

Composition

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

Director	Designation
Mr. Kemal Shoaib	Chairman
Mrs. Ferial Ali Mehdi	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.

Meetings of the Board HR&R Committee January to December 2016

Two meetings of the Board HR&R Committee of the Company were held on March 11 and August 26, 2016.

Following was the attendance of the directors:

Director	No. of meetings attended	Leave of absence granted
Mr. Kemal Shoaib	2	-
Mrs. Ferial Ali Mehdi	2	-
Syed Hasnain Ali	2	-
Mr. Mubashir Hasan Ansari	2	-



This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Rule Book Regulation No. 5.19 of listing regulations of Pakistan Stock Exchange Limited 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 ("the Board"). At present, the Board includes:

Category	Names
Independent Director	Mr. Saad Amanullah Khan
Executive Director	Mr. Mubashir Hasan Ansari
Non-Executive Directors	Mrs. Ferial Ali Mehdi Mr. Mujahid Hamid Syed Hasnain Ali Mr. Kemal Shoaib Mr. Qaisar Mufti (Nominee NIT)

The independent directors meets the criteria of independence under clause 5.19.1(b) of the CCG.

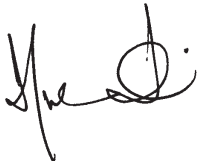
2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).

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 NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the Board during the year. However, election of directors was conducted in June 2016.
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 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. Four Directors of the Company had completed certification from Pakistan Institute of Corporate Governance (PICG) under the criteria given in Clause 5.19.7 of the Code in previous years. 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, based on a minimum 14 years of education and 15 years of experience on the board of a listed company either local or foreign. As a result, all of the directors of the Company fulfill the requirement of directors' training program as specified by the Code. The Board has been provided with the Code along with briefings in order for them to properly manage the affairs of the Company as representatives of members of the Company. The Directors are conversant of the relevant laws applicable to the Company, its policies and provisions of memorandum and articles of association and are aware of their duties and responsibilities.
10. There was no new appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit 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 to be 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. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. 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 28, 2017

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 2016 to comply with the requirements of Listing Regulations of Pakistan 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 2016.

Date: March 28, 2017

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

Brand Portfolio



Capri Soap

Capri soap - ZIL's flagship brand has continued to build on its loyal consumer base. It has maintained its retail presence and enlarged its base. Product excellence has been maintained in all 5 variants that offer natural ingredient benefits to consumers in their skin cleansing routine.

Year 2016 had been a competitive year for the brand and understanding the consumer. Investing in top of the line consumer research tools, understanding the brand's most potent assets, probing deep into the ever changing market dynamics and responding with agility to consumers needs have led the brand to re-affirm its position in the market.

Our presence in digital continued to go from strength to strength with exciting competitions, engaging material and relevant conversations with the young women of Pakistan.

Our focus has been on bringing suitable SKUs to each channel so that consumers can enjoy the Capri experience at an outlet close to them, and at a price at par with market trends.



Capri Handwash

Offering Capri's long lasting, luxurious fragrances, Capri hand washes offer the skin softening benefits of natural ingredients in each of its exciting 4 colours; thus giving an ever growing clientele the amazing benefit of soft smooth hands and a lingering fragrance after every wash. Capri Hand wash was launched in 2011, and is available in White, Pink, Blue and Green colours that offer natural ingredient benefits. It is available in top end stores in urban hubs across Pakistan.





Palmy

Palmy is a key player in the popular segment, it was launched in 1970 aiming to bridge the gap between cheap and premium brands. It is positioned as an affordable proposition but not compromising on quality. The brand was re-launched in 2014 with improved packaging and fragrance which continues to attract consumers with its brand promise and positioning.

Opal

Opal offers consumers a unique 4 soaps in one pack proposition. It is an economical offer for the whole family with no compromise on quality and a choice of colors all in one pack. It is available in 2 variants: Beauty and Antibacterial. The beauty variant offer soft skin benefits with a refreshing floral fragrance whereas the Anti-bacterial variant offers hygiene for the whole family. It is a cost effective solution for the whole family and has a loyal base of consumers who desire a value for money.



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, 2016.

Financial Performance

During the year 2016 the company achieved 9.5% growth in gross sales as compare to 2015. Our flagship brand Capri continued on the same momentum gained during last year and achieved a strong double digit growth over last year. Transformation of sales structure, specific & effective trade channel promotional activities have contributed towards this achievement.

Declining trend in retail prices was taken as a challenge and company continued driving key operational efficiency programs that were set out at the beginning of the current year which has delivered dividends. These efficiency programs, efficient supply chain decisions coupled with volumetric increase have enhanced gross profit to 408M during 2016 as compare to 247M during

preceding year. Gross profit ratio has also increased from 18% to 28% in 2016.

The selling and distribution expenses were increased by 3% as compared to 2015, mainly due to increase in advertising and variable distribution cost.

Throughout the year the management of the company strived hard to reduce its cost related to finance through efficient working capital management coupled with effective negotiations with banks. Management efforts coupled with reduced markup rates resulted in shape of 13% decline in financial costs as compared to last year.

As a result last year loss after tax was transformed into profit after tax of Rs.4 million. The 2016 results demonstrate that the Company has made progress not only in terms of volume but also in terms of managing and controlling the costs and improving the distribution process.

Earnings per share stood at Re. 0.64 per share as at December 31, 2016.

Summary of Financial Performance

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

	2016	2015
Gross sales	1,959 M	1,789 M
Net sales	1,463 M	1,343 M
Gross profit %	27.9%	18.4%
Selling & distribution expenses	285M	278M
Administrative expenses	103M	92M
Financial expenses	20M	23M
Profit/(loss) after taxation	4M	(121)M

Last year loss after tax was transformed into profit after tax of Rs.4 million.



Dividend

Keeping in view the profitability of the company, the Board of Directors are pleased to propose 5% cash dividend for the year ended December 31, 2016. Which will be presented at the Annual General Meeting on 27 April 2017 before the members for final approval.

Election of Directors

During the year elections of the Board of Directors of the Company were held in Extra Ordinary General Meeting on June 14, 2016. In accordance with the provision of Section 178 of the Companies Ordinance 1984, persons who offered themselves for the election of directors were not more than the number of directors fixed by the Board (seven), therefore such persons were declared elected

unanimously by the house for a term of three years commencing from July 1, 2016. The names of electing directors include Mrs. Ferial Ali Mehdi, Mr. Mubashir Hasan Ansari, Syed Hasnain Ali, Mr. Mujahid Hamid, Mr. Saad Amanullah Khan, Mr. Kemal Shoaib and Mr. Qaiser Mufti (Nominee NIT).

Directors whose three years terms has expired on June 30, 2016 comprised of Mrs. Ferial Ali Mehdi, Mrs. Ameena Saiyid, Mr. Mujahid Hamid, Mr. Shahid Nazir Ahmed, Syed Hasnain Ali, Mr. Kemal Shoaib and Mr. Saad Amanullah Khan

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

Corporate Governance

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

Corporate and Financial Reporting Framework

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

- a. The financial statements, prepared by the management of the company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b. Proper books of account of the company have been maintained.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and any changes in accounting policies have been disclosed in the financial statements. The accounting estimates are based on reasonable and prudent judgment.

- d. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure 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. All directors, other than exempted, have already completed director's training programme.
- 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.

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. Members of the committee are non-executive directors, including its 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 acted as secretary of the committee.

Internal Audit

The Company has outsourced its internal audit function to a Chartered Accountants firm namely Deloitte Yousuf Adil, Chartered Accountants, 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 2017. They have confirmed achieving satisfactory rating by the Institute of Chartered Accountants of Pakistan (ICAP) and compliance with the guideline on the code of ethics of the International Federation of Accountants as adopted by ICAP.

As suggested by the Board Audit Committee, the Board of Directors has recommended their re-appointment as the auditors of the company for the year 2017.

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, 2016 is Rs. 95.4 million.

Future Outlook

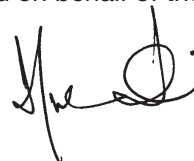
Although the authorities have revised the minimum import values to check easy influx of cheaper imported soaps it is however not proving sufficient enough and such imports still account for large market share. Therefore there is an immediate need for taking further steps to protect local soap industry's due share to ensure its contribution in economic growth and revenue to national exchequer. Management is collaborating with Pakistan Soap Manufacturers Association is trying to persuade authorities to provide for level playing field to local soap industry.

Management anticipates competitive intensity will continue in coming year and foresees pressure on margins, so the company is simultaneously working internally hard to reduce its impact on margins and is committed to further strengthen its market share. We are confident that ZIL as a family will soon overcome the challenges and its endeavors will translate into further 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 28, 2017

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

ڈائریکٹرز رپورٹ 2016

زل لمیٹڈ کمپنی کے ڈائریکٹرز 31 دسمبر 2016 کو اختتام پذیر ہونے والے مالیاتی سال کی آڈٹ شدہ مالیاتی گوشوارے پیش کرنے پر مسرت محسوس کرتے ہیں -

مالیاتی کارکردگی

2015 کے مقابلے میں کمپنی کو 2016 کے دوران مجموعی سیلز میں %9.5 کا اضافہ ہوا۔ پچھلے سال کے دوران 1.79 بلین روپے کی مجموعی سیلز کے مقابلے میں کمپنی کی مجموعی سیلز 1.96 بلین روپے تک پہنچ گئی۔ ہمارے مشہور برانڈ کیپری نے پچھلے سال کے دوران اپنا معیار برقرار رکھتے ہوئے دو ہندسہ ترقی کا حدف حاصل کیا۔ سیلز کی ساخت میں تبدیلی اور تجارتی چینل کی بنیادی اور مؤثر ہم آہنگ سرگرمیوں کی بدولت یہ کامیابی ملی۔

پرچون کی قیمتوں میں کمی کے رجحان کو ایک مقابلے کے طور پر قبول کرتے ہوئے کمپنی نے موجودہ سال کی ابتداء میں متعین کیے گئے عملی کارکردگی کے منصوبوں کو جاری رکھا جو سود مند ثابت ہوئے۔ اخراجات میں کمی کے ان منصوبوں، مؤثر سپلائی چین کے فیصلوں کے ساتھ ساتھ سیلز میں قابل ذکر اضافے کی وجہ سے غیر خالص مجموعی منافع پچھلے سال کے 247 ملین روپے کے مقابلے میں 2016 میں 408 ملین روپے ہو گیا۔ سال 2016 میں غیر خالص مجموعی منافع کی شرح %18 سے بڑھ کر %28 ہو گئی۔

فروخت اور ڈسٹری بیوشن کے اخراجات 2015 کے مقابلے میں %3 بڑھ گئے اس کی بنیادی وجہ اشتہاری سرگرمیاں اور ڈسٹری بیوشن کی متغیر لاگت تھی۔

پورے سال کے دوران کمپنی کی انتظامیہ نے مالیات سے متعلق لاگت کو کاروباری سرمائے کے مؤثر انتظام اور بینکوں کے ساتھ مؤثر مذاکرات کے ذریعے کم کرنے کی بھرپور کوشش جاری رکھی۔ انتظامیہ کی کوششوں اور تخفیف شدہ مارک اپ کی شرح کے نتیجے میں پچھلے سال کے مقابلے میں مالیاتی لاگت میں %13 کم ہو گئی۔

لہذا پچھلے سال کا قبل از ٹیکس خسارہ 4 ملین روپے کے بعد از ٹیکس منافع میں بدل گیا۔ 2016 کے نتائج سے ظاہر ہوتا ہے کہ نہ صرف کمپنی نے حجم کے حوالے سے ترقی کی بلکہ لاگتوں کے انتظام اور کنٹرول اور ڈسٹری بیوشن کے طریقہ کار میں بھی بہتری ہوئی۔

31 دسمبر 2016 تک فی شیئر آمدنی 0.64 روپے فی شیئر رہی۔

مالیاتی کارکردگی کا خلاصہ

2015	2016	
1789 ملین	1959 ملین	مجموعی غیر خالص فروخت
1343 ملین	1463 ملین	خالص فروخت
18.4%	27.9%	مجموعی غیر خالص منافع %
278 ملین	285 ملین	فروخت اور ڈسٹری بیوشن کے اخراجات
92 ملین	103 ملین	انتظامی اخراجات
23 ملین	20 ملین	مالیاتی اخراجات
(121) ملین	4 ملین	بعد از ٹیکس منافع / (خسارہ)

ڈویڈنڈ

کمپنی کی منافع کو مد نظر رکھتے ہوئے بورڈ آف ڈائریکٹرز 31 دسمبر 2016 کو ختم ہونے والے سال کے لیے 5% ڈویڈنڈ پیش کرنے میں خوشی محسوس کرتے ہیں۔ جو حتمی منظوری کے لئے ممبران کے سامنے 27 اپریل 2017 کو سالانہ عمومی اجلاس میں پیش کیا جائے گا۔

ڈائریکٹرز کے انتخابات

سال کے دوران کمپنی کے بورڈ آف ڈائریکٹرز کے انتخابات 14 جون 2016 کے غیر معمولی جنرل اجلاس میں منعقد ہوئے۔ کمپنیز آرڈیننس 1984 کے سیکشن 178 کی دفعات کے مطابق ایسے افراد جنہوں نے خود کو ڈائریکٹرز کے انتخاب کے لیے پیش کیا وہ بورڈ کی جانب سے متعین کردہ ڈائریکٹرز کی تعداد (سات) سے زائد نہیں تھے، لہذا ایسے افراد کو یکم جولائی 2016 سے تین سال کی مدت کے لیے ایوان کی جانب سے متفقہ طور پر منتخب کر لیا گیا۔ منتخب کردہ ڈائریکٹرز میں محترمہ فیریل علی مہدی، جناب مبشر حسن انصاری، سید حسنین علی، جناب مجاہد حمید، جناب سعد امان اللہ خان، جناب کمال شعیب اور جناب قیصر مفتی (نامزد کردہ NIT) شامل ہیں۔

جن ڈائریکٹرز کی 30 جون 2016 کو میعاد ختم ہوئی ان میں محترمہ فیریل علی مہدی، محترمہ امینہ سید، جناب مجاہد حمید، جناب شاہد نذیر احمد، سید حسنین علی، جناب کمال شعیب اور جناب سعد امان اللہ خان شامل تھے۔

بورڈ اپنے رخصت ہونے والے اراکین کی جانب سے دی جانے والی خدمات کو قابل ستائش گردانتا ہے۔

کارپوریٹ گورننس

ZIL کا عزم ہے کہ کسی استثنیٰ کے بغیر اعلیٰ معیار کو برقرار رکھتے ہوئے اچھی کارپوریٹ گورننس کو قائم رکھے۔ ڈائریکٹرز یہ بات بتاتے ہوئے خوشی محسوس کرتے ہیں کہ سیکوریٹیور اینڈ ایگزیکٹو کمیشن آف پاکستان کو مطلوبہ کارپوریٹ گورننس کے ضابطے کی تعمیل کو کمپنی نے اپنا لیا ہے جو اسٹاک ایکسچینج کی لسٹنگ کے قواعد و ضوابط کا حصہ بھی بن گئی ہے۔

اجتماعی اور مالیاتی رپورٹنگ کا فریم ورک

ZIL کی انتظامیہ اچھی کارپوریٹ گورننس اور بہترین مشقوں کے ذریعے تعمیل کے حوالے سے پر عزم ہے۔ مطلوبہ کارپوریٹ گورننس کے ضابطے کے تحت ڈائریکٹرز مندرجہ ذیل کو بیان کرتے ہوئے خوشی محسوس کرتے ہیں:

- انتظامیہ کی جانب سے تیار کیے جانے والے مالیاتی گوشواروں میں اس کے معمولات، آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلیوں کو عمدہ اور درست طریقے سے پیش کیا گیا ہے۔
- کمپنی کی جانب سے درست کھاتوں کا موزوں استعمال کیا گیا ہے۔
- مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی پالیسیوں کا مستقل انداز میں نفاذ کیا گیا ہے اور اکاؤنٹنگ پالیسیوں میں کسی قسم کی بھی تبدیلی کو مالیاتی گوشواروں میں بتایا گیا ہے۔ اکاؤنٹنگ کے تخمینوں کا دار و مدار معقول اور محتاط فیصلوں پر مبنی ہے۔
- مالیاتی گوشواروں کی تیاری میں بین الاقوامی اکاؤنٹنگ کے معیار کا نفاذ کیا گیا ہے جو پاکستان میں بھی رائج ہیں اور کسی قسم کے انحراف کی مناسب انداز میں تفصیل بیان کی گئی ہے۔

- e. اندرونی کنٹرول کے سسٹم کا ڈیزائن عمدہ ہے اور اس کا نفاذ اور نگرانی مؤثر ہے۔
- f. چلتے ہوئے کاروبار کے حوالے سے کمپنی کی قابلیت پر کسی قسم کے شبہات نہیں ہیں۔
- g. کارپوریٹ گورننس کی بہترین مشقوں میں جن کی تفصیل لسٹنگ کے قواعد میں ضبط ہے سے کسی قسم کا انحراف نہیں کیا گیا ہے۔
- h. مستثنیٰ ڈائریکٹران کے علاوہ تمام ڈائریکٹران نے مجوزہ تریبٹی نشست میں شرکت کر لی ہے۔
- i. مندرجہ ذیل کے حوالے سے گوشواروں کو رپورٹ میں علیحدہ سے دکھایا گیا یا منسلک کیا گیا ہے۔
- a. پچھلے چھ سالوں کا اہم آپریشنل اور مالیاتی نتیجہ
- b. شیئر ہولڈنگ کی ساخت
- c. کمپنی کے ڈائریکٹرز، ایگزیکٹوز اور ان کے ازواج اور بچوں کی جانب سے شیئرز کی تجارت
- d. بورڈ آف ڈائریکٹرز، بورڈ آڈٹ کمیٹی اور ایچ، آر اینڈ آر کمیٹی میں ہر ڈائریکٹر کی شرکت

شیئرز کی تجارت

کارپوریٹ گورننس کے ضابطے کے لیے ضروری ہے کہ کمپنی کے ڈائریکٹرز، ایگزیکٹوز اور ان کے ازواج اور بچوں کی جانب سے شیئرز کی تمام تجارت کو ظاہر کیا جائے گا۔ کمپنی اپنی رپورٹ میں ڈائریکٹرز کی جانب سے کی جانے والی شیئرز کی تمام تجارت کو ظاہر کر چکی ہے۔ بورڈ آف ڈائریکٹرز اس طرح کی تمام تجارت کو منظور کر چکا ہے۔ بورڈ آف ڈائریکٹرز لسٹنگ کے قواعد و ضوابط کے کلاز 5.19.11 کے سب کلاز (f) میں ایگزیکٹو کی تعریف کی منظوری دے چکی ہے جس کے نتیجے میں ایسے تمام وضاحت کردہ ایگزیکٹو جو براہ راست سی۔ای۔ او کو رپورٹ کرتے ہیں ان کے لیے ضروری ہے کہ وہ کمپنی کے شیئرز کی تجارت اور ان کو ظاہر کرنے کے ضمن میں اضافی قواعد و ضوابط کی تعمیل کریں۔

ہیومن ریورس اور معاوضہ کمیٹی

کمپنی کی ایچ، آر اینڈ آر کمیٹی اپنے چیئرمین کے ساتھ پوری طرح سے کام کر رہی ہے اور اس کے ممبران کی اکثریت نان ایگزیکٹو ڈائریکٹرز ہیں۔ معاوضے کے تمام امور کے اظہار اور مشاورت کا فیصلہ ایچ، آر اینڈ آر کمیٹی کے اجلاس میں کیا جاتا ہے۔

بورڈ آڈٹ کمیٹی

آڈٹ کمیٹی تین ممبران پر مشتمل ہے بشمول چیئرمین۔ اس کمیٹی کے ممبران نان ایگزیکٹو ڈائریکٹرز ہیں بشمول چیئرمین، جو خود ایک آزاد ڈائریکٹر ہے۔ اس مدت میں آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے۔ چیف فنانشل افسر، اندرونی آڈیٹرز اور بیرونی آڈیٹرز کو اجلاس میں مدعو کیا گیا۔ اندرونی آڈٹ کا سربراہ کمیٹی کے سیکریٹری کے طور پر کام کرتا ہے۔

اندرونی آڈٹ

کمپنی نے اندرونی آڈٹ کے لیے ڈیلوئٹ یوسف عادل، چارٹرڈ اکاؤنٹنٹس کی خدمات حاصل کی ہیں۔ جو ڈیلوئٹ ٹچ ٹوہا ماسٹرو لمیٹڈ کی ایک ممبر کمپنی ہے۔ کارپوریٹ گورننس کے ضابطے کی ضروریات کے مطابق اندرونی آڈٹ کا سربراہ ڈیلوئٹ اور بورڈ آڈٹ کمیٹی کے درمیان رابطہ کار کا کام کرتا ہے۔

بیرونی آڈیٹرز

موجودہ آڈیٹرز، کے۔ پی۔ ایم۔ جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائرڈ ہوتے ہوئے اور اہل ہونے کے ناطے انہوں نے خود کو سال 2017 کے لیے دوبارہ تعیناتی کے لیے پیش کیا۔ انہوں نے انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹ آف پاکستان (ICAP) سے مطمئن شدہ درجہ حاصل کرنے کی تصدیق کی اور (ICAP) کی جانب سے اختیار کردہ انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس کے ضابطہ اخلاق کے اصول کی تعمیل کی بھی تصدیق کی ہے۔

بورڈ آڈٹ کمیٹی کے مشورے کے مطابق بورڈ آف ڈائریکٹرز نے 2017 کے سال کے لیے ان کو دوبارہ کمپنی کے آڈیٹرز کے طور پر تعینات کرنے کی سفارش کرتا ہے۔

گرینچ پی اور پراویڈنٹ فنڈ

کمپنی پراویڈنٹ فنڈ اور گرینچ پی کی منظور شدہ اسکیم پر سرمایہ کاری کر رہی ہے۔ پراویڈنٹ فنڈ کی مناسب طور پر سرمایہ کاری جائز سیکورٹیز میں کی گئی ہے اور اس کا سالانہ آڈٹ آزاد آڈیٹرز کرتے ہیں۔ 30 جون 2016 کو پراویڈنٹ فنڈ میں سرمایہ کاری کی رقم 95.4 ملین روپے رہی۔

مستقبل کا جائزہ

اگرچہ حکام نے کم سے کم درآمدی قیمتوں پر نظر ثانی کی ہے تاکہ کم قیمت درآمدی صابنوں کی درآمد پر نظر رکھی جائے لیکن اس سے بھی کوئی قابل قدر فائدہ نہیں ہو رہا اور اس طرح کی درآمدات کا مارکیٹ میں اب بھی بہت بڑا حصہ ہے۔ لہذا اس بات کی فوری ضرورت ہے کہ مقامی صابن کی صنعت کو جائزہ دلائے اور اس کے تحفظ کے لیے مزید اقدامات کیے جائیں تاکہ معاشی ترقی اور قومی آمدنی میں اس کے کردار کو بھی یقینی بنایا جاسکے۔ پاکستان سوپ مینوفیکچررز ایسوسی ایشن کے ساتھ اشتراک میں انتظامیہ کی کوشش یہ ہے کہ حکومت کو قائل کیا جائے اور مقامی صابن کی صنعت کو مناسب اور برابری کی سطح پر کام کرنے کی آزادی مل سکے۔

انتظامیہ کا اندازہ ہے کہ آنے والے سالوں میں مسابقت بھرپور طریقے سے جاری رہے گی اور منافع پر دباؤ بھی رہے گا لہذا کمپنی اندرونی طور پر سخت محنت کر رہی ہے تاکہ منافع پر دباؤ کو کم کیا جائے اور مارکیٹ میں حصے داری کو مزید بڑھایا جائے۔

ہم پر امید ہیں کہ ZIL ایک خاندان کے طور پر جلد چیلنجز پر قابو پالے گی اور اس کی جدوجہد کے مستقبل میں مزید مثبت نتائج ملیں گے۔

اعتراف

ڈائریکٹرز ان صارفین کا شکریہ ادا کرنا چاہیں گے جنہوں نے کمپنی کی مصنوعات پر بھروسہ کیا اور کمپنی کے ساتھ تعاون کرتے رہے۔ کمپنی کو اپنے ملازمین کے جذبے، عزم اور خلوص پر بے انتہا فخر ہے۔ سپلائرز، ڈسٹری بیوٹرز، بینکرز اور تمام اسٹیک ہولڈرز کے تعاون اور مدد کو کمپنی انتہائی قدر کی نگاہ سے دیکھتی ہے جو کمپنی کی ترقی میں اپنا کردار ادا کر رہے ہیں۔

منجانب بورڈ آف ڈائریکٹرز



(مبشر حسن انصاری)

چیف ایگزیکٹو آفیسر

کراچی : 28 مارچ 2017

جنوری تا دسمبر 2016 بورڈ آف ڈائریکٹرز کے اجلاس اور حاضری

کمپنی کے بورڈ آف ڈائریکٹرز کے چار اجلاس 24 مارچ، 26 اپریل، 29 اگست، 27 اکتوبر 2016 کو منعقد ہوئے۔ ڈائریکٹرز کی حاضریاں مندرجہ ذیل رہیں:

اجلاس میں شرکت کی تعداد	رخصت منظور کی گئی	
4	-	محترمہ فیربیل علی مہدی جناب کو بورڈ سے ریٹائرڈ اور جولائی 2016 سے دوبارہ منتخب
-	4	جناب مجاہد حمید جناب کو بورڈ سے ریٹائرڈ اور جولائی 2016 سے دوبارہ منتخب
-	2	جناب شاہد نذیر احمد 30 جون 2016 کو بورڈ سے ریٹائرڈ ہوئے
4	-	جناب سعد امان اللہ خان جناب کو بورڈ سے ریٹائرڈ اور جولائی 2016 سے دوبارہ منتخب
-	2	محترمہ امینہ سید 30 جون 2016 کو بورڈ سے ریٹائرڈ ہوئیں
3	1	سید حسنین علی جناب کو بورڈ سے ریٹائرڈ اور جولائی 2016 سے دوبارہ منتخب
4	-	جناب کمال شعیب جناب کو بورڈ سے ریٹائرڈ اور جولائی 2016 سے دوبارہ منتخب
2	-	جناب مبشر حسن انصاری جولائی 2016 کو بورڈ میں منتخب ہوئے
2	-	جناب قیصر مفتی (نامزد کردہ NIT) جولائی 2016 کو بورڈ میں منتخب ہوئے

وہ ڈائریکٹرز جو بورڈ کے اجلاس میں شرکت نہ کر سکے انکی رخصت منظور کی گئی۔

آڈٹ کمیٹی

جنوری تا دسمبر 2016 بورڈ آڈٹ کمیٹی کے اجلاس

کمپنی کے بورڈ آڈٹ کمیٹی کے چار اجلاس 24 مارچ، 26 اپریل، 29 اگست، 27 اکتوبر 2016 کو منعقد ہوئے۔ ڈائریکٹرز کی حاضریاں مندرجہ ذیل رہیں:

4	-	جناب سعد امان اللہ خان جناب کو بورڈ سے ریٹائرڈ اور جولائی 2016 سے دوبارہ منتخب
4	-	محترمہ فیربیل علی مہدی جناب کو بورڈ سے ریٹائرڈ اور جولائی 2016 سے دوبارہ منتخب
-	2	جناب شاہد نذیر احمد 30 جون 2016 کو بورڈ سے ریٹائرڈ ہوئے
2	-	جناب قیصر مفتی (نامزد کردہ NIT) جولائی 2016 کو بورڈ میں منتخب ہوئے

وہ ڈائریکٹرز جو بورڈ آڈٹ کمیٹی کے اجلاس میں شرکت نہ کر سکے انکی رخصت منظور کی گئی۔

ایچ آر اینڈ آر کمیٹی

جنوری تا دسمبر 2016 ایچ آر اینڈ آر کمیٹی کے اجلاس

کمپنی کی ایچ آر اینڈ آر کمیٹی کے دو اجلاس 11 مارچ اور 26 اگست 2016 کو منعقد ہوئے۔ ڈائریکٹرز کی حاضریاں مندرجہ ذیل رہیں:

محترمہ فیرویل علی مہدی	2	-	جون کو بورڈ سے ریٹائرڈ اور جولائی 2016 سے دوبارہ منتخب
جناب کمال شعیب	2	-	جون کو بورڈ سے ریٹائرڈ اور جولائی 2016 سے دوبارہ منتخب
سید حسنین علی	2	-	جون کو بورڈ سے ریٹائرڈ اور جولائی 2016 سے دوبارہ منتخب
جناب مبشر حسن انصاری	2	-	جولائی 2016 کو بورڈ میں منتخب ہوئے

Balance Sheet

	Dec-16		Dec-15	
	Rs. In '000	%	Rs. In '000	%
Non-Current Assets	520,601	62.27	432,572	54.99
Current Assets	315,923	37.73	354,125	45.01
Total Assets	836,524	100.00	786,697	100.00
Equity	342,537	41.00	254,469	32.35
Non-Current Liabilities	91,702	10.95	91,078	11.58
Current Liabilities	402,285	48.05	441,150	56.08
Total Equity and Liabilities	836,524	100.00	786,697	100.00

Profit and Loss Account

	Dec-16		Dec-15	
	Rs. In '000	%	Rs. In '000	%
Net sales	1,463,042	100.00	1,342,843	100.00
Cost of sales	(1,055,056)	(72.11)	(1,095,917)	(81.61)
Gross Profit	407,986	27.89	246,926	18.39
Selling and distribution expenses	(284,889)	(19.47)	(277,597)	(20.67)
Administrative expenses	(102,947)	(7.04)	(91,734)	(6.83)
	20,150	1.38	(122,405)	(9.12)
Other operating income	6,457	0.44	4,860	0.36
Other operating expense	(558)	(0.04)	(2,123)	(0.16)
	26,049	1.78	(119,668)	(8.91)
Financial expenses	(20,006)	(1.37)	(22,913)	(2.09)
Profit / (loss) before tax	6,043	0.41	(142,581)	(11.00)
Taxation	(2,107)	(0.14)	22,019	1.64
Profit / (loss) for the year	3,936	0.27	(120,562)	(9.36)

Dec-14		Dec-13		Dec-12*		Jun-12	
Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%
418,098	50.69	421,606	42.98	378,408	43.75	374,026	38.47
406,650	49.31	559,234	57.02	486,603	56.25	598,182	61.53
<u>824,748</u>	<u>100</u>	<u>980,840</u>	<u>100</u>	<u>865,011</u>	<u>100</u>	<u>972,208</u>	<u>100</u>
373,085	45.24	487,354	49.69	421,285	48.70	422,908	43.50
83,119	10.08	115,188	11.74	106,746	12.34	96,853	9.96
368,544	44.69	378,298	38.57	336,980	38.96	452,447	46.54
<u>824,748</u>	<u>100</u>	<u>980,840</u>	<u>100</u>	<u>865,011</u>	<u>100</u>	<u>972,208</u>	<u>100</u>

Dec-13		Dec-13		Dec-12*		Jun-12	
Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%
1,298,182	100.00	1,621,071	100.00	816,393	100.00	1,829,255	100.00
(1,016,412)	(78.30)	(1,157,371)	(71.40)	(595,034)	(72.89)	(1,323,117)	(72.33)
<u>281,770</u>	<u>21.70</u>	<u>463,700</u>	<u>28.60</u>	<u>221,359</u>	<u>27.11</u>	<u>506,138</u>	<u>27.67</u>
(309,289)	(23.82)	(274,324)	(16.92)	(143,207)	(17.54)	(332,027)	(18.15)
(109,088)	(8.40)	(120,773)	(7.45)	(51,378)	(6.29)	(102,195)	(5.59)
<u>(136,607)</u>	<u>(10.52)</u>	<u>68,603</u>	<u>4.23</u>	<u>26,774</u>	<u>3.28</u>	<u>71,916</u>	<u>3.93</u>
4,878	0.38	3,144	0.19	2,266	0.28	8,361	0.46
-	0.00	(3,843)	(0.24)	(3,829)	(0.47)	(9,773)	(0.53)
<u>(131,729)</u>	<u>(10.15)</u>	<u>67,904</u>	<u>4.19</u>	<u>25,211</u>	<u>3.09</u>	<u>70,505</u>	<u>3.85</u>
(27,115)	(2.09)	(18,802)	(1.16)	(9,764)	(1.20)	(23,002)	(1.26)
(158,844)	(12.24)	49,102	3.03	15,447	1.89	47,503	2.60
55,375	4.27	(16,257)	(1.00)	(2,169)	(0.27)	(17,035)	(0.93)
<u>(103,469)</u>	<u>(7.97)</u>	<u>32,845</u>	<u>2.03</u>	<u>13,278</u>	<u>1.63</u>	<u>30,468</u>	<u>1.67</u>

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

Balance Sheet	Dec-16	Dec-15	Dec-14	Dec-13
	Rs. In '000	Rs. In '000	Rs. In '000	Rs. In '000
Non-Current Assets	520,601	432,572	418,098	421,606
Current Assets	315,923	354,125	406,650	559,234
Total Assets	836,524	786,697	824,748	980,840
Equity	342,537	254,469	373,085	487,354
Non-Current Liabilities	91,702	91,078	83,119	115,188
Current Liabilities	402,285	441,150	368,544	378,298
Total Equity and Liabilities	836,524	786,697	824,748	980,840
Profit and Loss Account	Dec-16	Dec-15	Dec-14	Dec-13
Net sales	1,463,042	1,342,843	1,298,182	1,621,071
Cost of sales	(1,055,056)	(1,095,917)	(1,016,412)	(1,157,371)
Gross Profit	407,986	246,926	281,770	463,700
Selling and distribution expenses	(284,889)	(277,597)	(309,289)	(274,324)
Administrative expenses	(102,947)	(91,734)	(109,088)	(120,773)
	20,150	(122,405)	(136,607)	68,603
Other operating income	6,457	4,860	4,878	3,144
Other operating expense	(558)	(2,123)	-	(3,843)
	26,049	(119,668)	(131,729)	67,904
Financial expenses	(20,006)	(22,913)	(27,115)	(18,802)
Profit / (loss) before tax	6,043	(142,581)	(158,844)	49,102
Taxation	(2,107)	22,019	55,375	(16,257)
Profit / (loss) for the year	3,936	(120,562)	(103,469)	32,845
SUMMARY OF CASH FLOWS	Dec-16	Dec-15	Dec-14	Dec-13
	Rs. In '000	Rs. In '000	Rs. In '000	Rs. In '000
Net cash flows from operating activities	99,678	(59,731)	4,396	(59,748)
Net cash flows from investing activities	(39,998)	(8,072)	(22,616)	(26,071)
Net cash flows from financing activities	(20,053)	50,000	(5,949)	116,930
Net change in cash and cash equivalents	39,627	(17,803)	(24,169)	31,111

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

Dec-12*	Jun-12	% increase/ (decrease) over preceeding year					
		Dec-16	Dec-15	Dec-14	Dec-13	Dec-12*	Jun-12
Rs. In '000	Rs. In '000						
378,408	374,026	20.35	3.46	(0.83)	11.42	1.17	7.11
486,603	598,182	(10.79)	(12.92)	(27.28)	14.93	(18.65)	15.83
<u>865,011</u>	<u>972,208</u>	<u>6.33</u>	<u>(9.45)</u>	<u>(15.91)</u>	<u>13.39</u>	<u>(11.03)</u>	<u>12.31</u>
421,285	422,908	34.61	(31.79)	(23.45)	15.68	(0.38)	4.92
106,746	96,853	0.69	9.58	(27.84)	7.91	10.21	(6.08)
336,980	452,447	(8.81)	19.70	(2.58)	12.26	(25.52)	25.89
<u>865,011</u>	<u>972,208</u>	<u>(6.33)</u>	<u>29.3</u>	<u>(15.91)</u>	<u>13.39</u>	<u>(11.03)</u>	<u>12.31</u>
Dec-12*	Jun-12	Dec-16	Dec-15	Dec-14	Dec-13	Dec-12*	Jun-12
816,393	1,829,255	8.95	3.44	(19.92)	98.57	(55.37)	16.80
(595,034)	(1,323,117)	(3.73)	7.82	(12.18)	94.51	(55.03)	7.91
<u>221,359</u>	<u>506,138</u>	<u>65.23</u>	<u>11.26</u>	<u>(39.23)</u>	<u>109.48</u>	<u>(56.27)</u>	<u>48.90</u>
(143,207)	(332,027)	2.63	(10.25)	12.75	91.56	(56.87)	48.22
(51,378)	(102,195)	12.22	(15.91)	(9.68)	135.07	(49.73)	32.47
<u>26,774</u>	<u>71,916</u>	<u>116.46</u>	<u>(10.40)</u>	<u>(299.13)</u>	<u>156.23</u>	<u>(62.77)</u>	<u>85.61</u>
2,266	8,361	32.86	(0.37)	55.15	38.75	(72.90)	88.31
(3,829)	(9,773)	(73.72)	0.00	(100.00)	0.37	(60.82)	81.38
<u>25,211</u>	<u>70,505</u>	<u>121.77</u>	<u>(9.16)</u>	<u>(293.99)</u>	<u>169.34</u>	<u>(64.24)</u>	<u>86.53</u>
(9,764)	(23,002)	(12.69)	(15.50)	44.21	92.56	(57.55)	387.85
15,447	47,503	104.24	(10.24)	(423.50)	217.87	(67.48)	43.59
(2,169)	(17,035)	(109.57)	(60.24)	(440.62)	649.52	(87.27)	34.57
<u>13,278</u>	<u>30,468</u>	<u>103.26</u>	<u>(16.52)</u>	<u>(415.02)</u>	<u>147.36</u>	<u>(56.42)</u>	<u>49.18</u>
Dec-12*	Jun-12	Dec-16	Dec-15	Dec-14	Dec-13	Dec-12*	Jun-12
Rs. In '000	Rs. In '000						
57,760	18,603	266.88	(1,458.76)	(107.36)	(203.44)	210.49	(127.45)
(21,583)	(57,566)	(395.52)	64.31	(13.25)	20.79	(62.51)	11.42
<u>(70,648)</u>	<u>39,352</u>	<u>(140.11)</u>	<u>940.48</u>	<u>(105.09)</u>	<u>(265.51)</u>	<u>(279.53)</u>	<u>(36.00)</u>
<u>(34,471)</u>	<u>389</u>	<u>322.59</u>	<u>26.34</u>	<u>(177.69)</u>	<u>(190.25)</u>	<u>(8961.44)</u>	<u>(100.67)</u>

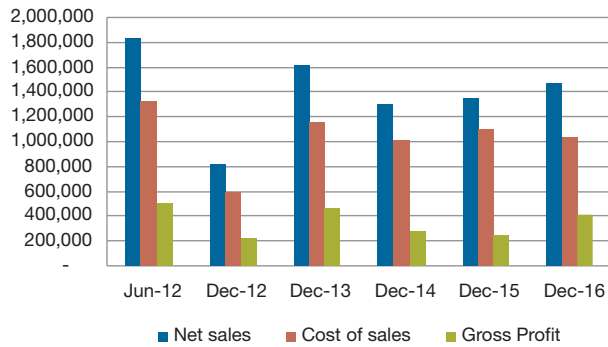
* The figures pertain to the financial statements of six month transitional period ended December 31, 2012 and, therefore, are not comparable

	Unit	Dec-16
Rate of return		
Return on assets	%	0.47
Return on equity	%	1.15
Return on capital employed	%	6.00
Interest cover	Times	1.01
Profitability		
Gross profit margin	%	27.89
Net profit to sales	%	0.27
EBITDA	Rs.	58,875
EBITDA Margin to sales	%	4.02
Liquidity		
Current ratio		0.79
Quick ratio		0.40
Financial gearing		
Debt-Equity ratio	Times	1.44
Debt to Assets	%	59.05%
Capital Efficiency		
Debtor turnover/ No. of days in receivables	Days	6
Inventory turnover/ No. of days in inventory	Days	63
Creditor turnover/ No. of days in payables	Days	21
Operating cycle	Days	48
Fixed assets turnover ratio	Times	3.03
Total asset turnover	Times	1.75
Investment measures per ordinary share		
Earnings	Rs.	0.64
Price earning ratio	Times	143.73
Cash dividend	Rs.	0.50
Dividend yield	%	0.54
Dividend payout	%	78
Dividend cover	Times	1.29
Breakup value including surplus on revaluation	Rs.	55.95
Breakup value excluding surplus on revaluation	Rs.	22.73
Market value - year end	Rs.	91.99
Market value - high	Rs.	134.02
Market value - low	Rs.	77.00
Market value - average	Rs.	86.40

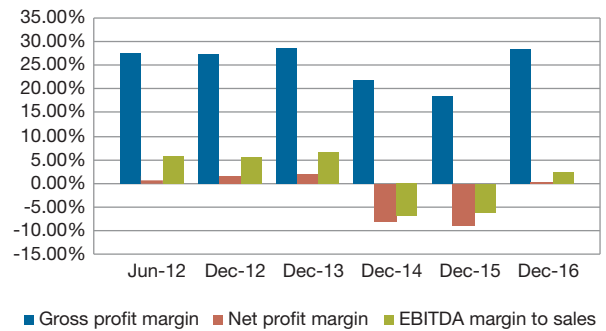
Dec-15	Dec-14	Dec-13	Dec-12*	Jun-12
(15.33)	(12.55)	3.35	1.54	3.13
(47.38)	(27.73)	6.74	3.15	7.20
(34.63)	(28.88)	11.27	4.77	13.56
(5.34)	(5.04)	3.65	2.74	3.13
18.39	21.70	28.60	27.11	27.67
(8.98)	(7.97)	2.03	1.63	1.67
(84,474)	(92,430)	107,108	44,267	105,688
(6.29)	(7.12)	6.61	5.42	5.78
0.80	1.10	1.48	1.44	1.32
0.34	0.33	0.49	0.48	0.40
2.09	1.21	1.01	1.05	1.30
67.65%	54.76%	50.31%	51.30%	56.50%
12	8	13	13	11
70	102	117	101	115
23	26	23	36	38
59	84	108	78	88
3.65	3.30	3.95	2.23	5.09
1.71	1.57	1.65	0.94	1.88
(19.69)	(16.90)	5.36	2.49	5.72
(3.96)	(5.88)	21.27	41.87	18.18
0.00	0.00	1.50	1.50	3.00
0.00	0.00	1.32	1.44	2.88
0.00	0.00	27.99	60.24	52.45
-	-	2.06	1.66	1.91
41.56	60.94	91.54	79.23	79.43
21.65	41.03	67.79	62.68	62.54
78.00	99.39	114.00	104.30	104.00
101.43	165.02	205.00	120.81	104.40
43.51	85.00	81.99	31.01	31.48
68.87	113.09	107.64	102.86	53.37

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

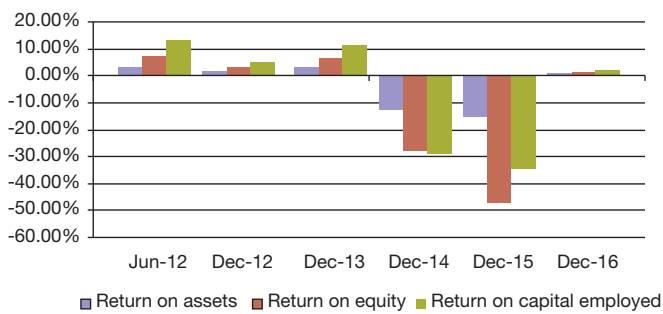
Sales, Cost of Sales & Gross Profit



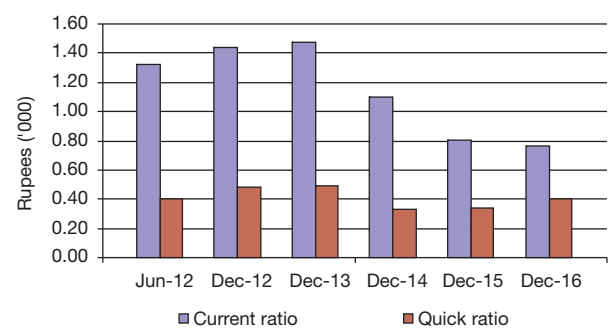
PROFITABILITY



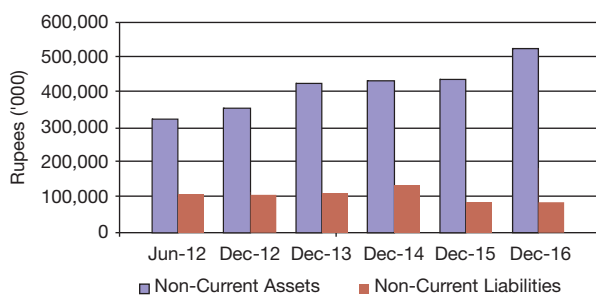
RATE OF RETURN



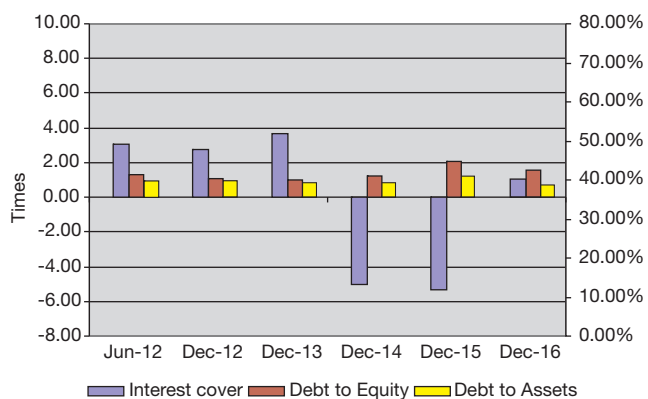
LIQUIDITY



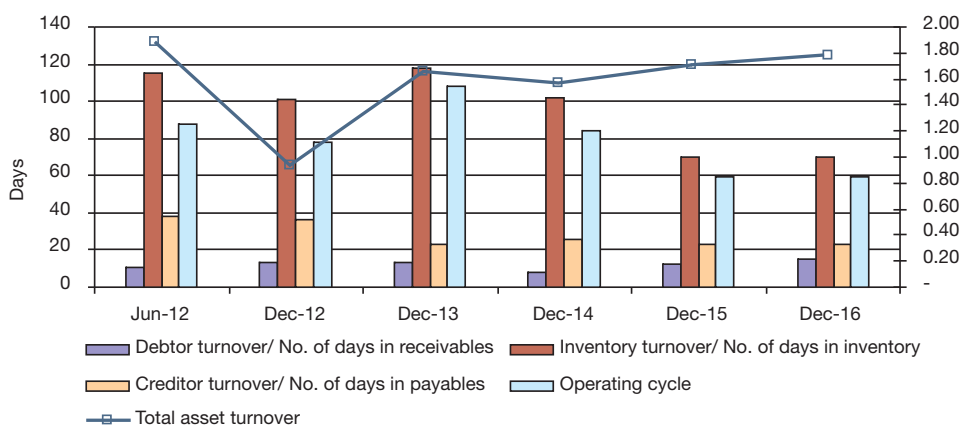
NON-CURRENT ASSETS & LIABILITIES



DEBT MANAGEMENT RATIOS



ASSET MANAGEMENT RATIOS

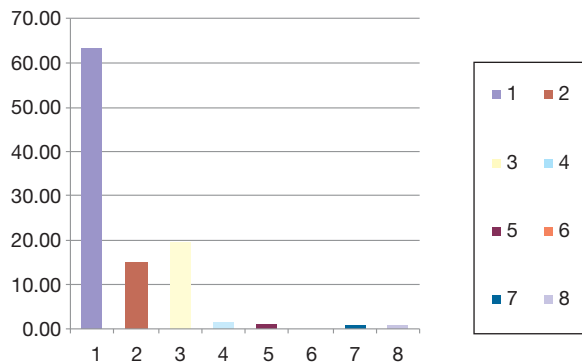


	Dec-16		Dec-15	
	Rs. In '000	%	Rs. In '000	%
Wealth Generated				
Net sales	1,463,042	99.56	1,342,843	99.64
Other operating income	6,457	0.44	4,860	0.36
	<u>1,469,499</u>	<u>100</u>	<u>1,347,703</u>	<u>100</u>

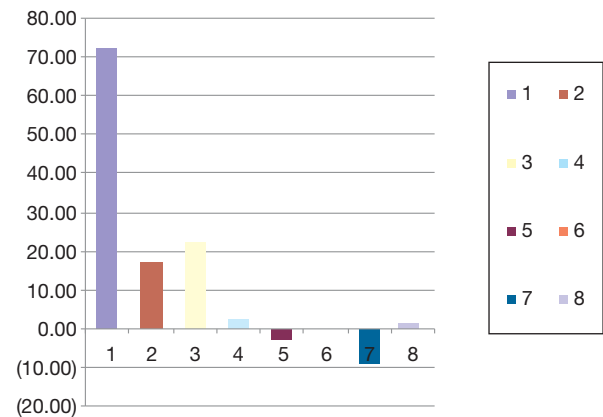
Distribution of Wealth

■ Cost of sales and services (excluding employees remuneration and other duties)	941,837	64.09	976,690	72.47
■ Selling, distribution and administrative expenses (excluding employees remuneration and other duties)	223,489	15.21	210,372	15.61
■ Employees remuneration	277,953	18.91	280,218	20.79
■ Finance cost	20,006	1.36	22,913	1.70
■ Government tax and levies (includes income tax, WPPF and WWF)	2,230	0.15	(22,019)	(1.63)
■ Dividend to shareholders	-	-	0	-
■ Retained for future growth	3,936	0.27	(120,562)	(8.95)
■ Charity and donation	48	0.00	91	0.01
	<u>1,469,499</u>	<u>100.00</u>	<u>1,347,703</u>	<u>100</u>

Distribution of Wealth Dec-2016



Distribution of Wealth Dec-2015



Pattern of Shareholding

CDC & Physical as at December 31, 2016



Number of shareholders	Share Holding		Total shares held	Percentage
	From	To		
890	1	100	15,462	0.2525
217	101	500	59,138	0.9659
64	501	1000	51,566	0.8422
78	1001	5000	196,551	3.2103
16	5001	10000	119,008	1.9437
6	10001	15000	76,838	1.2550
6	15001	20000	108,643	1.7745
4	20001	25000	99,040	1.6176
2	30001	35000	68,771	1.1232
2	35001	40000	70,954	1.1589
1	45001	50000	50,000	0.8166
1	95001	100000	100,000	1.6333
1	100001	105000	104,260	1.7029
1	145001	150000	148,500	2.4254
1	190001	195000	194,000	3.1686
1	195001	200000	199,169	3.2530
1	370001	375000	370,735	6.0552
1	380001	385000	380,033	6.2071
1	390001	395000	391,987	6.4023
1	590001	595000	591,736	9.6648
1	690001	695000	692,056	11.3033
1	970001	975000	971,290	15.8640
1	1060001	1065000	1,062,863	17.3597
1298			6,122,600	100.0000

Categories of Shareholders

As at December 31, 2016

S.No.	Categories of Shareholders	Number of shares held	Percentage
1	DIRECTORS, CEO, THEIR SPOUSE AND MINOR CHILDREN	1,457,016	23.7973
2	NIT AND ICP	391,987	6.4023
3	BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS	35,337	0.5772
4	INSURANCE COMPANIES	234,032	3.8224
5	GENERAL PUBLIC		
	a. Local	3,917,073	63.9773
	b. Foreign	17,981	0.2937
6	OTHERS		
	Joint Stock Companies	32,081	0.5240
	Pension / Benevolent Funds	37,093	0.6058
		6,122,600	100.0000

Financial Statements

We have audited the annexed balance sheet of **ZIL Limited** ("the Company") as at 31 December 2016 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;
 - 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 2016 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Date: March 28, 2017

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Amin Pirani

Balance Sheet



As at 31 December 2016

	Note	31 December 2016	31 December 2015
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	483,319	367,884
Intangible assets	6	578	1,404
Long term deposits	7	5,239	5,156
Long term loans to employees	8	93	453
Deferred tax asset - net	9	31,372	57,675
Total non-current assets		520,601	432,572
CURRENT ASSETS			
Stores and spares	10	17,000	16,619
Stock-in-trade	11	156,163	202,551
Trade debts	12	25,829	42,815
Advances, prepayments and other receivables	13	78,926	64,144
Cash and bank balances	14	38,005	27,996
Total current assets		315,923	354,125
TOTAL ASSETS		836,524	786,697
EQUITY			
Authorised capital 10,000,000 (2015: 10,000,000) ordinary shares of Rs. 10 each		100,000	100,000
Issued, subscribed and paid up capital	15	61,226	61,226
Reserves		77,940	71,300
		139,166	132,526
Surplus on revaluation of property, plant and equipment - net of tax	16	203,371	121,943
NON-CURRENT LIABILITIES			
Long term deposits		450	450
Deferred staff liabilities	17	91,252	90,628
Total non-current liabilities		91,702	91,078
CURRENT LIABILITIES			
Trade and other payables	18	158,743	147,990
Short term borrowings	19	230,004	279,622
Taxation	20	13,538	13,538
Total current liabilities		402,285	441,150
Contingencies and Commitments	21		
TOTAL EQUITY AND LIABILITIES		836,524	786,697

The annexed notes from 1 to 37 form an integral part of these financial statements.

Ferial Ali Mehdi
Chairman

Mubashir Hasan Ansari
Chief Executive Officer



Profit and Loss Account

For the year ended 31 December 2016

	Note	2016	2015
		(Rupees in '000)	
Sales - net	22	1,463,042	1,342,843
Cost of sales	23	<u>(1,055,056)</u>	<u>(1,095,917)</u>
Gross profit		407,986	246,926
Selling and distribution expenses	24	<u>(284,889)</u>	<u>(277,597)</u>
Administrative expenses	25	<u>(102,947)</u>	<u>(91,734)</u>
		<u>(387,836)</u>	<u>(369,331)</u>
		20,105	(122,405)
Other income	26	6,457	4,860
Other charges	27	<u>(558)</u>	<u>(2,123)</u>
		26,049	(119,668)
Finance cost	28	<u>(20,006)</u>	<u>(22,913)</u>
Profit / (loss) before taxation		6,043	(142,581)
Taxation	20	<u>(2,107)</u>	22,019
Profit / (loss) for the year		<u>3,936</u>	<u>(120,562)</u>
		(Rupees)	
Profit / (loss) per share - basic and diluted	29	<u>0.64</u>	<u>(19.69)</u>

The annexed notes from 1 to 37 form an integral part of these financial statements.

Ferial Ali Mehdi
Chairman

Mubashir Hasan Ansari
Chief Executive Officer

Statement of Comprehensive Income



For the year ended 31 December 2016

	Note	2016	2015
(Rupees in '000)			
Profit / (loss) after taxation		3,936	(120,562)
Other comprehensive income			
Items that will not be reclassified to profit and loss account:			
Actuarial losses on remeasurement of defined benefit obligations	17.8	(2,014)	(3,643)
Less: Tax effect	9	604	1,166
		(1,410)	(2,477)
Total comprehensive income for the year		2,526	(123,039)

The annexed notes from 1 to 37 form an integral part of these financial statements.

Ferial Ali Mehdi
Chairman

Mubashir Hasan Ansari
Chief Executive Officer

	Note	2016 (Rupees in '000)	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		6,043	(142,581)
Adjustments for:			
Depreciation and amortization	5 & 6	32,826	35,194
Provision against doubtful trade debts	12.2	9,396	-
Provision against staff gratuity	17.7	10,260	10,885
Provision against other staff retirement benefits	17.7	2,864	2,880
Provision against slow moving and obsolete stock	11.2	8,382	-
Provision for slow moving stores and spares	10.1	1,453	-
Reversal of provision against slow moving and obsolete stock	11.2	-	(7,689)
Finance costs	28	20,006	22,913
Impairment against operating fixed assets		6,187	-
Return on bank deposits	26	(46)	(38)
Gain on disposal of operating fixed assets	26	(3,110)	(1,306)
		<u>88,218</u>	<u>62,839</u>
		94,261	(79,742)
Decrease / (increase) in assets:			
Long term loans to employees		92	135
Long term deposit		(83)	1,350
Stores and spares		(1,834)	(2,988)
Stock-in-trade		38,006	89,611
Trade debts		7,590	(13,785)
Advances, prepayments and other receivables		(2,446)	3,879
		41,325	78,202
Increase / (decrease) in current liabilities:			
Trade and other payables		10,755	(3,556)
		<u>146,341</u>	<u>(5,096)</u>
Income tax paid		(12,240)	(20,910)
Staff gratuity paid	17.5	(9,915)	(6,489)
Staff retirement benefits paid	17.5	(4,599)	(2,960)
Return received on bank deposits		46	38
Finance costs paid		(19,955)	(24,314)
		<u>(46,663)</u>	<u>(54,635)</u>
Net cash flows from operating activities		<u>99,678</u>	<u>(59,731)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure	5.2	(48,705)	(11,856)
Proceeds from disposal of operating fixed assets	5.3	8,707	3,784
Net cash flows from investing activities		<u>(39,998)</u>	<u>(8,072)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(53)	-
Short term borrowings		(20,000)	50,000
Net cash flows from financing activities		<u>(20,053)</u>	<u>50,000</u>
Net increase / (decrease) in cash and cash equivalents during the year		<u>39,627</u>	<u>(17,803)</u>
Cash and cash equivalents at beginning of the year		<u>(1,626)</u>	<u>16,177</u>
Cash and cash equivalents at end of the year		<u><u>38,001</u></u>	<u><u>(1,626)</u></u>
Cash and cash equivalents comprises of the following:			
Cash and bank balances	14	38,005	27,996
Short term borrowing - running finance	19	(4)	(29,622)
		<u>38,001</u>	<u>(1,626)</u>

The annexed notes from 1 to 37 form an integral part of these financial statements.



Ferial Ali Mehdi
Chairman



Mubashir Hasan Ansari
Chief Executive Officer

Statement of Changes in Equity



For the year ended 31 December 2016

	Issued, subscribed and paid up capital	Reserves		Total
		General reserve	Unappropriated Profit	
----- (Rupees in '000) -----				
Balance as at 1 January 2015	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	17.8 -	-	(3,643)	(3,643)
Less: Tax effect	9 -	-	1,166	1,166
	-	-	(2,477)	(2,477)
Total comprehensive income for the year	-	-	(123,039)	(123,039)
Transferred from surplus on revaluation of property, plant and equipment - net of tax (incremental depreciation)	16 -	-	4,370	4,370
Balance as at 31 December 2015	61,226	6,000	65,300	132,526
Total comprehensive income for the year				
Profit after taxation	-	-	3,936	3,936
Other comprehensive income				
Actuarial losses on remeasurement of defined benefit obligations	17.8 -	-	(2,014)	(2,014)
Less: Tax effect	9 -	-	604	604
	-	-	(1,410)	(1,410)
Total comprehensive income for the year	-	-	2,526	2,526
Transferred from surplus on revaluation of property, plant and equipment - net of tax (incremental depreciation)	16 -	-	4,114	4,114
Balance as at 31 December 2016	61,226	6,000	71,940	139,166

The annexed notes from 1 to 37 form an integral part of these financial statements.

Ferial Ali Mehdi
Chairman

Mubashir Hasan Ansari
Chief Executive Officer

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, buildings and plant and machineries) 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.

Notes to the Financial Statements



For the year ended 31 December 2016

2.4.2 Staff gratuity and other staff retirement benefits

Certain actuarial assumptions have been adopted (as disclosed in note 4.3 to these financial statements) for the actuarial valuation of staff gratuity and other 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 values 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.

3. STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2017:

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on Company's financial statements.
- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have an impact on Company's financial statements.

For the year ended 31 December 2016

- Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Company's financial statements.
- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Company's financial statements.
- Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:
- Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 - 'Non-current Assets Held for Sale and Discontinued Operations'. The amendments are not likely to have an impact on Company's financial statements.
- Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Company's financial statements.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

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

4. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied in the preparation of these financial statements are set forth below and have been applied consistently to all years presented.

Notes to the Financial Statements



For the year ended 31 December 2016

4.1 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 for the leasehold and freehold land, buildings on leasehold and freehold land and plant and machinery, all others items of property, plant and equipment (refer note 5.1) 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 amortisation / depreciation and accumulated impairment losses, if any, recognised subsequent to the date of revaluation. In case of revalued assets, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount restated at the revalued amount of the asset. 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 of the above assets / 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.

For the year ended 31 December 2016

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 derecognition 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.

4.2 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.

4.3 Staff Retirement benefits

a) Gratuity scheme - defined benefit plan

The Company operates an unfunded gratuity scheme for its eligible employees. The permanent employees who have completed four years of service with the company are eligible employees for this scheme 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 the balance sheet date - 31 December 2016) 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 expenses relating to defined benefit plan are recognised in the profit and loss account. 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 2016) using the Projected Unit Credit Method.

Notes to the Financial Statements



For the year ended 31 December 2016

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 relating to defined benefit plan 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 the basic salary.

4.4 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.

4.5 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 recognised 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.

4.6 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 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.

4.7 Stock-in-trade

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

For the year ended 31 December 2016

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.

4.8 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 when 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.

4.9 Cash and cash equivalents

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

4.10 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.

4.11 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.

4.12 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.

4.13 Foreign currency translation

Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the balance sheet date. Gains and losses on translation are taken to the profit and loss account currently.

Notes to the Financial Statements



For the year ended 31 December 2016

4.14 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 in accordance with its relevant accounting policy.

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. Gain or loss on derecognition is recognised in the profit and loss account.

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.

4.15 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 a net basis or to realize the asset and settle the liability simultaneously.

4.16 Impairment

Financial assets

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial 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, at 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.

4.17 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.

Borrowing costs are recognised as an expense in the period in which these are incurred, except that those which are directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset.

4.18 Dividend and appropriations

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

4.19 Earning per share

The Company presents basic and diluted earnings per shares (EPS) data. Basic EPS is calculated by dividing the profit or loss attributable to share holders of the Company by the weighted average number of ordinary shares outstanding during the 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 2016	31 December 2015
	(Rupees in '000)	

5. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	5.1	461,123	364,816
Capital work-in-progress	5.2	22,196	3,068
		<u>483,319</u>	<u>367,884</u>

Notes to the Financial Statements



For the year ended 31 December 2016

5.1 Operating assets

		31 December 2016															
		COST / REVALUED AMOUNT					DEPRECIATION					Written down					
		As at 1	Addition	(Disposal)	Adjustment	Surplus on	Impairment	As at 31	Rate	As at 1	Charge for	(Disposal)	Impairment	Adjustment	As at 31	value as at	
		January			due to	Revaluation		December	%	January	the year			due to	December	31 December	
		2016			revaluation	- net		2016		2016	2016			revaluation	2016	2016	
					(Rupees in '000)									(Rupees in '000)			
Note																	
5.6	Freehold land	62,726	-	-	-	27,274	-	90,000	-	-	-	-	-	-	-	-	90,000
5.6	Leasehold land	58,068	-	-	(6,093)	36,025	-	88,000	2.44	4,640	1,453	-	-	(6,093)	-	-	88,000
5.6	Building on freehold land	41,625	497	-	(11,214)	15,080	-	45,988	10	7,789	3,425	-	-	(11,214)	-	-	45,988
5.6	Building on leasehold land	2,226	-	-	(603)	177	-	1,800	10	423	180	-	-	(603)	-	-	1,800
5.6	Plant, machinery and equipment	187,615	7,747	-	(46,367)	31,958	(7,075)	173,878	10	33,422	15,803	-	(2,858)	(46,367)	-	-	173,878
	Capital spares	14,829	1,369	-	-	-	-	16,198	10	6,662	897	-	-	-	7,559	-	8,639
	Furniture and fixtures	21,328	738	(279)	-	-	(2,771)	19,016	10	7,220	1,428	(144)	(1,226)	-	7,278	-	11,738
	Vehicles	65,270	15,442	(16,049)	-	-	-	64,663	20	34,711	6,504	(10,656)	-	-	30,559	-	34,104
	Computers	21,711	3,784	(218)	-	-	(3,888)	21,389	30	15,715	2,310	(149)	(3,463)	-	14,413	-	6,976
		475,398	29,577	(16,546)	(64,277)	110,514	(13,734)	520,932		110,582	32,000	(10,949)	(7,547)	(64,277)	59,809	-	461,123

		31 December 2015															
		COST / REVALUED AMOUNT					DEPRECIATION					Written down					
		As at 1	Addition	(Disposal)	Adjustment	Surplus on	Impairment	As at 31	Rate	As at 1	Charge for	(Disposal)	Impairment	Adjustment	As at 31	value as at	
		January			due to	Revaluation		December	%	January	the year			due to	December	31 December	
		2015			revaluation	- net		2015		2015	2015			revaluation	2015	2015	
					(Rupees in '000)									(Rupees in '000)			
Note																	
	Freehold land	62,726	-	-	-	-	-	62,726	-	-	-	-	-	-	-	-	62,726
	Leasehold land	55,000	-	-	-	-	-	55,000	2.44	1,342	1,342	-	-	-	2,684	-	52,316
	Building on freehold land	41,625	-	-	-	-	-	41,625	10	4,029	3,760	-	-	-	7,789	-	33,836
	Building on leasehold land	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	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	-	30,569
	Computers	21,428	1,227	(944)	-	-	-	21,711	30	13,871	2,381	(637)	-	-	15,715	-	5,996
		464,277	17,117	(5,996)	-	-	-	475,398		79,650	34,450	(3,518)	-	-	110,582	-	364,816

5.1.1 Balance of leasehold improvements as of 31 December 2015 amounting to Rs. 1.112 million and Rs.1.001 million as of 31 December 2016 (before revaluation of land) has been included in leasehold land.

5.2 Capital work-in-progress

Payments for:

Plant, machinery and equipments
Furniture and fixtures
Vehicles
Capital spares
Computers

COST			
As at 1 January 2016	Addition	(Transfers to operating assets)	As at 31 December 2016
------(Rupees in '000)-----			
2,947	27,316	(8,244)	22,019
95	701	(737)	59
20	15,442	(15,442)	20
-	1,370	(1,370)	-
6	3,876	(3,784)	98
3,068	48,705	(29,577)	22,196

5.3 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 (BBS-683)	2014	1,039	341	698	698	-	As per Company's policy (employee)	Mr. Muhammad Zubair	H. No. 239, Block E, Unit No. 9, Latifabad, Hyderabad
Toyota Corolla (AXN-725)	2012	1,608	1013	595	1,220	625	Negotiation	Taj Motors (show room)	Near Akbari Ground, Gizri Road, Karachi
Toyota Corolla (AXE-038)	2012	1,608	975	633	1,115	482	Negotiation	Taj Motors (show room)	Near Akbari Ground, Gizri Road, Karachi
Toyota Corolla (AUV-549)	2011	1,462	1059	403	1,012	609	Negotiation	Taj Motors (show room)	Near Akbari Ground, Gizri Road, Karachi
Toyota Corolla (AUL-079)	2011	1,450	1049	401	401	-	As per Company's policy	Mr. Shiblee (employee)	House no. A245 Sector 11-A North Karachi, Karachi
Suzuki Swift (ATB-794)	2010	999	769	230	327	97	As per Company's policy	Mr. Irfan (employee)	House no. A-606 Block H North Nazimabad, Karachi
Suzuki Cultus (AWZ-443)	2011	995	617	378	378	-	Negotiation	Ali Motors (show room)	Shop No.8 Al-Madina Apartments, 58, Muslimabad, New M.A Jinnah Road, Karachi
Suzuki Cultus (AVQ-719)	2011	943	635	308	330	22	As per Company's policy	Mr. Rifaq (employee)	House no. 210 street - 7 - Block A, Labor Colony SITE, Karachi.
Suzuki Cultus (AWA-515)	2011	916	612	304	332	28	As per Company's policy	Mr. Arshad Ahmed (employee)	House no. D-133 sector D-13 Mehmoodabad, Karachi
Suzuki Cultus (AVJ-762)	2011	923	633	290	560	270	Negotiation	Taj Motors (show room)	Near Akbari Ground, Gizri Road, Karachi
Suzuki Alto VXR (AWK-196)	2011	776	518	258	515	257	Negotiation	Ali Motors (show room)	Shop No.8 Al-Madina Apartments, 58, Muslimabad, New M.A Jinnah Road, Karachi
Suzuki Cultus (AUL-154)	2010	883	629	254	254	-	As per Company's policy	Mr. Nazim (employee)	Flat A-7 Al-Shams plaza Gulshan Iqbal, Block 6, Karachi
Suzuki Cultus (AUL-268)	2011	883	634	249	578	329	Negotiation	Taj Motors (show room)	Near Akbari Ground, Gizri Road, Karachi
Suzuki Alto VXR (ATE-281)	2010	667	495	172	360	188	Negotiation	Taj Motors (show room)	Near Akbari Ground, Gizri Road, Karachi
Suzuki Cultus (ARY-793)	2009	834	670	164	460	296	Negotiation	Taj Motors (show room)	Near Akbari Ground, Gizri Road, Karachi
Honda CD 70 (KJE-5044)	2016	63	7	56	60	4	Insurance claim	IGI Insurance Limited	7th Floor, The Forum, Block -9, Kahayan-e-Jami, Clifton, Karachi
		16,049	10,656	5,393	8,600	3,207			
Furniture and fixture									
Mitsubishi Split AC Hyderabad Canteen Furniture	2010	100	46	54	11	(43)	Negotiation	Mr. Muhammad Farooq	Main Gizri Road, DHA, Karachi
	2012	90	34	56	11	(45)	Negotiation	Mr. M.Akbar	House no. 1457, Iqbal town colony, Latifabad, Hyderabad.
		190	80	110	22	(88)			
Written down value not exceeding Rs. 50,000 each		307	213	94	85	(9)			
31 December 2016		16,546	10,949	5,597	8,707	3,110			
31 December 2015		5,996	3,518	2,478	3,784	1,306			

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For the year ended 31 December 2016

- 5.4 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 2016	31 December 2015
(Rupees in '000)			
Depreciation on property, plant and equipment - operating fixed assets	5.1	32,000	34,450
Amortization on intangible assets	6	826	744
		<u>32,826</u>	<u>35,194</u>
Cost of sales	23	18,103	19,804
Selling and distribution expenses	24	6,065	6,203
Administrative expenses	25	8,658	9,187
		<u>32,826</u>	<u>35,194</u>

- 5.5 The land, buildings and machineries of the Company were revalued on 31 December 2016 by an independent valuer M/s. Arif Evaluators on market value basis after making independent market inquires from local estate agents / realtors in the vicinity to establish the present market value. The revaluations of the above assets were last carried out in 2013, 2010 and 2007. The resulting surplus has been credited to the revaluation surplus account, net of related tax effect. The impact of valuation was incorporated in the financial statements as at 31 December 2016 which resulted in surplus of Rs. 110.514 million for the year. The details of the revaluation surplus amounts (gross) for the year ended 31 December 2016 are as follows:

	(Rupees in '000)
Freehold land	27,274
Leasehold land	36,025
Building on freehold land	15,080
Building on leasehold land	177
Plant, machinery and equipment	31,958
	<u>110,514</u>

- 5.6 At 31 December 2016, the written down value of the temporarily idle property, plant and equipments comprising leasehold land and building and improvements on leasehold land thereon amounted to Rs. 88 million and Rs 1.8 million respectively.

- 5.7 Had there been no revaluation, the related figures of land, buildings and plant & machinery as at 31 December 2016 would have been as follows:

	(Rupees in '000)
Free hold land	29
Lease hold land	17,791
Building on freehold land	16,624
Building on leasehold land	1,151
Plant, machinery and equipment	112,131
	<u>147,726</u>

6. INTANGIBLE ASSETS

	31 December 2016							
	COST			Rate %	AMORTIZATION			Written down value as on 31 December 2016
	As at 1 January 2016	Addition	As at 31 December 2016		As at 1 January 2016	For the year	As at 31 December 2016	
Computer software and licenses	15,718	-	15,718	30	14,314	826	15,140	578

	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

Note 31 December 2016 31 December 2015

7. LONG TERM DEPOSITS

(Rupees in '000)

Considered good			
Sui Southern Gas Company Limited	21.1.1	2,786	2,786
Office and warehouse premises		1,535	1,452
Letter of guarantee	21.1.1	650	650
Central Depository Company of Pakistan Limited		13	13
Others		255	255
		5,239	5,156
Considered doubtful			
Others		78	78
Provision held against others		(78)	(78)
		-	-
		5,239	5,156

8. LONG TERM LOANS TO EMPLOYEES - secured

Considered good			
Loans to employees	8.1	807	899
Less: current maturity		(714)	(446)
Long term portion		93	453

8.1 These mark-up free loans have been given to the employees. These are recoverable in 5 to 60 equal monthly instalments and are secured against employees' provident fund balances.

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9. DEFERRED TAX ASSET - net

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

	Balance as at 1 January 2015	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	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 2016
----- (Rupees in '000) -----									
Taxable temporary differences on:									
- accelerated tax depreciation	(34,690)	6,505	-	-	(28,185)	2,355	-	-	(25,830)
- surplus on revaluation of property, plant and equipment	(31,839)	2,056	4,423	-	(25,360)	1,763	(24,972)	-	(48,569)
	<u>(66,529)</u>	<u>8,561</u>	<u>4,423</u>	<u>-</u>	<u>(53,545)</u>	<u>4,118</u>	<u>(24,972)</u>	<u>-</u>	<u>(74,399)</u>
Deductible temporary differences on:									
- provision for defined benefit plans	28,934	(2,912)	-	1,166	27,188	(417)	-	604	27,375
- provision against slow moving and obsolete stock and doubtful trade debts	7,938	(3,440)	-	-	4,498	5,769	-	-	10,267
- tax losses (note 9.1)	45,697	33,837	-	-	79,534	(11,405)	-	-	68,129
	<u>82,569</u>	<u>27,485</u>	<u>-</u>	<u>1,166</u>	<u>111,220</u>	<u>(6,053)</u>	<u>-</u>	<u>604</u>	<u>105,771</u>
Deferred tax asset / (liability) - net	<u>16,040</u>	<u>36,046</u>	<u>4,423</u>	<u>1,166</u>	<u>57,675</u>	<u>(1,935)</u>	<u>(24,972)</u>	<u>604</u>	<u>31,372</u>

9.1 This includes deferred tax of Rs. 14.31 million (2015: Rs. 14.32 million) recorded on unabsorbed tax depreciation and amortisation.

9.2 Deferred tax asset (net) has been recognised at 30%, being the rate enacted at the balance sheet date and is expected to apply to the periods when the asset is realised or the liability is settled.

9.3 The management has recorded deferred tax asset based on financial projections indicating the absorption of deferred tax asset over a number of future years against future expected taxable profits. The financial projections involve certain key assumptions such as sales price and composition, raw materials, labour prices and distribution channels, etc. Any significant change in the key assumptions may have an effect on the absorption of the deferred tax asset. Nonetheless, the management is confident of the achievement of its targeted results.

Note 31 December 2016 31 December 2015
(Rupees in '000)

10. STORES AND SPARES

Stores and spares		23,367	21,533
Provision against slow moving stores and spares	10.1	<u>(6,367)</u>	<u>(4,914)</u>
		<u>17,000</u>	<u>16,619</u>
10.1 Provision against slow moving stores and spares			
Balance as at 01 January		4,914	4,914
Charge for the year	27	<u>1,453</u>	-
Balance as at 31 December		<u>6,367</u>	<u>4,914</u>

	Note	31 December 2016	31 December 2015
(Rupees in '000)			
11. STOCK-IN-TRADE			
Raw material			
- in hand	11.1	55,581	66,392
- in transit		<u>22,581</u>	<u>19,515</u>
		<u>78,162</u>	<u>85,907</u>
Packing material		18,525	19,728
Work-in-process		8,785	26,567
Finished goods		<u>64,137</u>	<u>75,413</u>
		<u>169,609</u>	<u>207,615</u>
Provision against slow moving and obsolete stock	11.2	<u>(13,446)</u>	<u>(5,064)</u>
		<u>156,163</u>	<u>202,551</u>
11.1 This includes stocks aggregating Rs. 0.3 million (31 December 2015: Rs. 0.469 million) stated at their net realizable values as against their cost of Rs. 4.4 million (31 December 2015: Rs. 2.348 million).			
11.2 Provision against slow moving and obsolete stock			
Balance as at 01 January		5,064	12,753
Reversal of provision		-	(7,689)
Charge for the year	27	<u>8,382</u>	-
Balance as at 31 December		<u>13,446</u>	<u>5,064</u>
12. TRADE DEBTS			
Considered good	12.1	25,829	42,815
Considered doubtful		<u>13,529</u>	<u>4,133</u>
		<u>39,358</u>	<u>46,948</u>
Provision against doubtful trade debts	12.2	<u>(13,529)</u>	<u>(4,133)</u>
		<u>25,829</u>	<u>42,815</u>
12.1 The above balances are mark-up free and unsecured.			
12.2 Provision against doubtful trade debts			
Balance as at 01 January		4,133	4,133
Charge for the year	27	<u>9,396</u>	-
Balance as at 31 December		<u>13,529</u>	<u>4,133</u>

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For the year ended 31 December 2016

	Note	31 December 2016	31 December 2015
(Rupees in '000)			
13. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Considered good			
Advance			
- for taxation		70,690	58,622
- to sales staff		502	508
Advances to suppliers and contractors		4,006	714
Prepayments		2,591	2,366
Current maturity of loans to employees	8	714	446
Other receivables		423	1,488
		<u>78,926</u>	<u>64,144</u>
Considered doubtful			
Advances to suppliers and contractors		803	803
Less: Provision against doubtful advances		(803)	(803)
		<u>-</u>	<u>-</u>
		<u>78,926</u>	<u>64,144</u>

14. CASH AND BANK BALANCES

Cash in hand		21	61
Cash at banks			
- collection accounts (current accounts)		28,399	21,477
- current accounts		9,471	6,352
- profit and loss sharing accounts	14.1	114	106
		<u>37,984</u>	<u>27,935</u>
		<u>38,005</u>	<u>27,996</u>

14.1 These carry interest rate ranging from 4.5% to 6% (31 December 2015: 4.5% to 6%) per annum.

15. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

31 December 2016 (Numbers of shares)	31 December 2015		31 December 2016 (Rupees in'000)	31 December 2015 (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
<u>6,122,600</u>	<u>6,122,600</u>		<u>61,226</u>	<u>61,226</u>

16. 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 2016	31 December 2015
		(Rupees in '000)	
Opening balance		147,303	153,729
Surplus on revaluation carried out during the year	5.5	110,514	-
Transferred to retained earnings in respect of:			
- incremental depreciation charged during the year		(4,114)	(4,370)
- related deferred tax liability	9	(1,763)	(2,056)
		<u>251,940</u>	<u>147,303</u>
Less: deferred tax liability			
- at beginning of the year		25,360	31,839
- Related to revaluation made during the year		24,972	-
- on incremental depreciation charged during the year	9	(1,763)	(2,056)
- tax effect due to reduction in tax rate	9	-	(4,423)
		<u>48,569</u>	<u>25,360</u>
Closing balance		<u>203,371</u>	<u>121,943</u>

17. DEFERRED STAFF LIABILITIES - STAFF RETIREMENT BENEFIT

17.1 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

17.2 Number of Employees under the scheme

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

	2016	2015
	----- (Number) -----	
- Gratuity Schemes	173	182
- Retirement benefit scheme	49	58

17.3 Principal actuarial assumptions

The latest actuarial valuations of the above gratuity and retirement benefit schemes were carried out as at 31 December 2016 under the Project Unit Credit Method. Principal actuarial assumptions used in the valuation of the schemes are as follows:

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For the year ended 31 December 2016

	Gratuity Scheme		Staff retirement benefits scheme	
	2016 (%)	2015 (%)	2016 (%)	2015 (%)
----- (Rupees in '000) -----				
Financial assumptions				
Valuation discount rate	8	9	8	9
Salary increase rate	8	9	8	9
Demographic assumptions				
Mortality rate				
	SLIC (2001- 2005)	SLIC (2001- 2005)	SLIC (2001- 2005)	SLIC (2001- 2005)
Employee turnover rate				
	age 20 = 220.32	age 20 = 110.16	age 20 = 110.16	age 20 = 110.16
	age 25 = 146.88	age 25 = 73.44	age 25 = 73.44	age 25 = 73.44
	age 30 = 102.82	age 30 = 51.41	age 30 = 51.41	age 30 = 51.41
	age 35 = 65.66	age 35 = 32.83	age 35 = 32.83	age 35 = 32.83
	age 40 = 32.83	age 40 = 16.42	age 40 = 16.42	age 40 = 16.42
	age 45 = 16.42	age 45 = 8.21	age 45 = 8.21	age 45 = 8.21
	age 50 = 9.5	age 50 = 4.75	age 50 = 4.75	age 50 = 4.75
	age 55 = 7.78	age 55 = 3.89	age 53 = 3.89	age 55 = 3.89
	age 59 = 7.78	age 59 = 3.89	age 59 = Nil	age 59 = 3.89

17.4 Payable to defined benefit schemes

	Note	Gratuity Scheme		Staff retirement benefits scheme		Total	
		2016	2015	2016	2015	2016	2015
----- (Rupees in '000) -----							
Payable to defined benefit schemes	17.5	<u>65,506</u>	<u>64,749</u>	<u>25,746</u>	<u>25,879</u>	<u>91,252</u>	<u>90,628</u>

17.5 Movement in liability recognized

Opening balance		64,749	59,721	25,879	22,948	90,628	82,669
Recognized in profit and loss account	17.7	10,260	10,885	2,864	2,880	13,124	13,765
Remeasurement loss recognised in other comprehensive income	17.8	412	632	1,602	3,011	2,014	3,643
Benefits paid during the year		(9,915)	(6,489)	(4,599)	(2,960)	(14,514)	(9,449)
Closing balance		<u>65,506</u>	<u>64,749</u>	<u>25,746</u>	<u>25,879</u>	<u>91,252</u>	<u>90,628</u>

17.6 Reconciliation of the present value of the defined benefit obligations

	Gratuity Scheme		Staff retirement benefits scheme		Total	
	2016	2015	2016	2015	2016	2015
	----- (Rupees in '000) -----					
Present value of obligation -						
Opening	64,749	59,721	25,879	22,948	90,628	82,669
Current service cost	4,879	5,251	742	738	5,621	5,989
Interest cost	5,381	5,634	2,122	2,142	7,503	7,776
Benefits paid	(9,915)	(6,489)	(4,599)	(2,960)	(14,514)	(9,449)
Remeasurement of actuarial losses on obligation	412	632	1,602	3,011	2,014	3,643
Present value of obligation - Closing	<u>65,506</u>	<u>64,749</u>	<u>25,746</u>	<u>25,879</u>	<u>91,252</u>	<u>90,628</u>

17.7 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	
	2016	2015	2016	2015	2016	2015
	----- (Rupees in '000) -----					
Current service cost	4,879	5,251	742	738	5,621	5,989
Interest cost	5,381	5,634	2,122	2,142	7,503	7,776
	<u>10,260</u>	<u>10,885</u>	<u>2,864</u>	<u>2,880</u>	<u>13,124</u>	<u>13,765</u>

17.8 Re-measurements recognised in other comprehensive income

	Gratuity Scheme		Staff retirement benefits scheme		Total	
	2016	2015	2016	2015	2016	2015
	----- (Rupees in '000) -----					
Actuarial losses on obligation						
- Financial assumptions	(351)	-	1,346	-	995	-
- Experience adjustment	763	632	256	3,011	1,019	3,643
Total remeasurement recognised in other comprehensive income	<u>412</u>	<u>632</u>	<u>1,602</u>	<u>3,011</u>	<u>2,014</u>	<u>3,643</u>

17.9 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:

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(Rupees in '000)

Gratuity scheme	10,590
Staff retirement benefits scheme	2,406

17.10 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	65,506	25,746	8.00%	8.00%
1% increase	61,113	25,130	9.00%	9.00%
1% Decrease	70,529	26,397	7.00%	7.00%
Salary increase rate effect				
Original liability	65,506	25,746	8.00%	8.00%
1% increase	70,798	26,507	9.00%	9.00%
1% Decrease	60,799	25,014	7.00%	7.00%
If Life Expectancy increases by one year				
			Gratuity Scheme	Staff retirement benefits scheme
----- (Rupees in '000) -----				
Original liability			65,506	25,746
1% increase			65,505	25,746
Current duration (years)			7.12	2.46

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 2016	31 December 2015
18. TRADE AND OTHER PAYABLES			
		(Rupees in '000)	
Trade credit		60,841	68,164
Advance from customers		30,722	34,659
Accrued expenses		30,213	19,062
Sales tax payable (subsequently paid)		21,956	12,935
Deposit from employees against vehicles		6,755	7,360
Accrued mark-up on short term borrowings		3,607	3,556
Unclaimed dividend		856	909
Worker's Welfare Fund	18.1	851	728
Workers' Profit Participation Fund	18.2	325	-
Other liabilities		2,617	617
		<u>158,743</u>	<u>147,990</u>
18.1 Workers' Welfare Fund			
Balance as at 1 January		728	728
Provision for the year	27	<u>123</u>	<u>-</u>
Balance as at 31 December		<u>851</u>	<u>728</u>
18.2 Workers' Profit Participation Fund			
Balance as at 1 January		-	-
Provision for the year	27	<u>325</u>	<u>-</u>
Balance as at 31 December		<u>325</u>	<u>-</u>
19. SHORT TERM BORROWINGS			
Karobar and Salam finances	19.1	230,000	250,000
Running finance	19.2	<u>4</u>	<u>29,622</u>
		<u>230,004</u>	<u>279,622</u>
19.1	<p>These facilities, representing Karobar, Salam and Istisna facilities, are available from certain commercial banks up to Rs. 270 million (2015: Rs. 380 million) and carries mark-up of 6 Month KIBOR+0.5% (2015: 3 Month KIBOR+0.5%) per annum and are repayable between 12 January 2017 to 26 April 2017. The facilities are secured by way of first pari passu charge over present and future current assets of the Company. At 31 December 2016, unutilised facilities aggregated to Rs. 40 million (2015: Rs. 130 million). These unutilised facilities, being sub limit of the above available facility of Rs. 270 million, include Murabaha, Istisna, Salam, Karobar and LC usance facilities.</p>		
19.2	<p>The facilities for running finance available from certain commercial banks of Rs. 350 million (2015: Rs. 450 million) carries mark-up at 1 month KIBOR+0.71% and 1 month KIBOR+0.75% (2015: 1 month KIBOR+0.7% and 1 month KIBOR+0.75%) per annum valid between 30 April 2017 to 30 June 2017 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 2016, unutilised facilities for running finance aggregated to Rs. 349.996 million (2015: Rs. 420 million).</p>		

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19.3 At 31 December 2016, unutilised letter of credit facilities from certain banks amounted to Rs. 311.50 million (31 December 2015: Rs. 690.711 million). These are secured against the import bills of the Company. Total facilities sanctioned to the Company amounted to Rs. 350 million (31 December 2015: Rs. 730 million).

	Note	2016	2015
(Rupees in '000)			
20. TAXATION			
Current year	20.2	-	-
Prior year		172	14,027
Deferred	9	1,935	(36,046)
		<u>2,107</u>	<u>(22,019)</u>

20.1 Relationship between income tax expense and accounting profit

Tax charge for the year ended 31 December 2016 and 2015 represents minimum tax payable under the Income Tax Ordinance, 2001, and for this reason, relationship between tax expense and accounting profit has not been presented.

Profit / (loss) before tax		<u>6043</u>	<u>(142,581)</u>
Tax at the applicable tax rate of 31% (31 December 2015: 32%)		1,873	(45,626)
Effect of prior year tax		172	14,027
Reduction in opening balance deferred tax due to reduction in tax rate		-	4,104
Effect of lower tax rate		-	171
Tax effect of expenses that are not allowable in determining taxable profit		-	29
Effect of tax credit		-	(252)
Others		62	5,528
Tax expense		<u>2,107</u>	<u>(22,019)</u>

20.2 In view of loss for the year ended 31 December 2015, provision for tax for the year ended 31 December 2015, including the minimum tax under the Income Tax Ordinance, 2001, was not made in the financial statements for the year ended 31 December 2015. The Company had 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 ended 31 December 2015, 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). However, Finance Act 2016 has deleted the said proviso of gross loss. The management, believes that the minimum tax for the year ended 31 December 2015 is not payable as the amendment to the said proviso is applicable for tax year 2017 and onwards and accordingly provision for minimum tax amounting to Rs. 14.23 million has not been made. Similarly for the current year ended 31 December 2016 provision for minimum tax amounting to Rs. 15.865 million has not been made in these financial statements since the Company expects to adjust the same against its future tax liability under normal tax regime within the time limit as specified for adjustment of minimum tax under Income Tax Ordinance, 2001.

20.3 Income Tax Assessments of the Company have been completed up to and including the tax year 2016 (accounting period ended 31 December 2015) with the exception of tax years 2011 and 2007, for which the audit proceedings were initiated on 09 March 2012 and completed vide order passed under section 122(1)(5) of the Income Tax Ordinance, 2001 dated 4 October 2016 in which certain disallowances were made amounting to Rs. 12.289 million against which appeal was filed by the Company. The appeal was heard on 28 November 2016 and then subsequently the CIR Appeals (II) passed a revised order dated 19 December 2016 in which certain expenses earlier disallowed were allowed amounting to Rs. 4.66 million while expenses amounting to Rs. 6.65 million were remanded back by CIR Appeals (II) to Deputy Commissioner Inland Revenue (DCIR). In respect of the remaining amount, the Company has already filed an appeal which is pending decision. Based on the Company's tax advisor's view, a favourable decision is expected and therefore the subject demand is expected to be quashed.

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 who vide its order dated 8 September 2016 has allowed certain expenses of Rs. 1.82 million which were earlier disallowed (tax effect being Rs. 0.65 million). In respect of the remaining amount, the Company has already filed an appeal which is pending decision. Based on the Company's tax advisor's view, a favourable decision is expected and therefore the subject demand is expected to be quashed.

20.4 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 alleged 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 alleged 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.

Finance Act, 2015 has introduced a new tax under the section 5A of the Income Tax Ordinance, 2001 on every public company other than a scheduled bank or a Modarba, that derives profits for a tax year but does not distribute cash dividend within six months of the end of the said tax year (requisite time) or distributes dividends to such an extent that its reserves, after such distribution, are in excess of hundred percent of its paid up capital. Such company is liable to pay tax at the rate of ten percent on undistributed reserve that exceeds hundred percent of its paid up capital. The said provision shall not apply to public company which distributes profit equal to either forty percent after tax profits or fifty percent of its paid up capital, whichever is less, within six months of end of the tax year.

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The Company's undistributed reserves are in excess of its paid up capital and have also earned profit during the year. However, no provision has been made for tax on undistributed reserves as the Company intends to distribute sufficient cash dividend for the year ending 31 December 2016, so that such tax is not required to be paid.

21. CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

21.1.1 Bank guarantees have been issued in favour of Sui Southern Gas Company Limited for the supply of gas aggregating to Rs. 7.02 million (31 December 2015: Rs. 7.02 million) in addition to which security deposit of Rs. 2.786 million has also been given to Sui Southern Gas Company Limited. 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 2015: Rs. 1.3 million) against which security deposit of Rs. 0.65 million have been given.

21.1.2 Post dated cheques of Nil (31 December 2015: Rs. 16.359 million) have been issued to Collector of Customs against partial exemption of import levies.

21.1.3 Refer note 20 for tax related pending matters.

21.2 Commitments

Commitments under letters of credit for the import of stock in trade items at 31 December 2016 amounted to Rs. 14.498 million (31 December 2015: Rs. 9.4 million).

	2016	2015
	(Rupees in '000)	
22. SALES - net		
Gross sales	1,958,965	1,788,811
Sales tax	(312,352)	(283,585)
Trade discount	(173,200)	(139,567)
Sales return and rebate	(10,371)	(22,816)
	(495,923)	(445,968)
	<u>1,463,042</u>	<u>1,342,843</u>

		2016	2015
		(Rupees in '000)	
23. COST OF SALES			
Raw material consumed	23.1	692,852	727,296
Packing material consumed	23.2	122,101	129,697
Salaries, wages and other benefits	23.3	113,329	119,227
Toll manufacturing		18,629	19,828
Depreciation and amortisation	5.4	18,103	19,804
Fuel and power		17,071	48,236
Freight and handling charges		12,998	3,144
Provision for slow moving and obsolete stock	11.2	8,382	-
Impairment against operating fixed assets	5.1	6,187	-
Stores and spares consumed		4,679	6,753
Insurance expense		2,677	3,285
Travelling and conveyance		2,845	3,263
Provision for slow moving stores and spares	10.1	1,453	-
Rent, rates and taxes		1,318	1,803
Repair and maintenance		1,224	1,080
Water charges		562	3,342
Postage, telegrams and telephones		530	595
Printing and stationery		224	369
Legal and professional charges		90	234
Product research and development		106	137
Subscription charges		31	61
Others		607	536
		<u>1,025,998</u>	<u>1,088,690</u>
Opening stock of work-in-process		26,567	54,331
Closing stock of work-in-process	11	(8,785)	(26,567)
Cost of good manufactured		<u>1,043,780</u>	<u>1,116,454</u>
Opening stock of finished goods		75,413	54,876
Closing stock of finished goods	11	(64,137)	(75,413)
		<u>1,055,056</u>	<u>1,095,917</u>
23.1 Raw material consumed			
Opening stock		66,392	121,029
Purchases		682,041	672,659
		<u>748,433</u>	<u>793,688</u>
Closing stock	11	(55,581)	(66,392)
Raw material consumed		<u>692,852</u>	<u>727,296</u>
23.2 Packing material consumed			
Opening stock		19,728	8,689
Purchases		120,898	140,736
		<u>140,626</u>	<u>149,425</u>
Closing stock	11	(18,525)	(19,728)
Packing material consumed		<u>122,101</u>	<u>129,697</u>

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23.3 Salaries, wages and other benefits include Rs. 6.518 million (31 December 2015: Rs. 9.907 million) in respect of the accrual for defined benefit obligations of the Company and contribution of Rs. 2.044 million (2015: Rs. 2.169) to the provident fund.

	Note	2016	2015
(Rupees in '000)			
24. SELLING AND DISTRIBUTION EXPENSES			
Salaries, wages and other benefits	24.1	106,035	104,450
Advertisement expenses		74,847	71,200
Freight, distribution and handling charges		57,600	56,745
Travelling and conveyance		16,184	17,016
Product research and development		6,510	4,096
Depreciation and amortisation	5.4	6,065	6,203
Rent, rates and taxes		5,174	4,621
Legal and professional charges		1,511	3,460
Postage, telegrams and telephones		2,095	2,629
Insurance expense		2,024	1,799
Meeting expenses		683	1,421
Utility charges		722	849
Repair and maintenance		378	469
Printing and stationery		458	407
Others		4,603	2,232
		<u>284,889</u>	<u>277,597</u>

24.1 These include Rs. 1.619 million (31 December 2015: Rs. 1.849 million) in respect of the accrual for defined benefit obligations of the Company and contribution of Rs. 2.389 million (2015: Rs. 2.393 million) to the provident fund.

25. ADMINISTRATIVE EXPENSES

Salaries, wages and other benefits	25.1	58,264	56,540
Provision against doubtful trade debts	12.2	9,396	-
Depreciation and amortisation	5.4	8,658	9,187
Rent, rates and taxes		7,679	6,770
Legal and professional charges		5,960	4,879
Travelling and conveyance		3,527	4,561
Postage, telegrams and telephones		2,110	1,787
Fuel and power		1,398	1,203
Printing and stationery		1,021	1,029
Auditors' remuneration	25.2	1,392	869
Repair and maintenance		819	813
Insurance expense		712	801
Directors' fee		540	520
Training expenses		128	1,582
Computer equipment charges		59	78
Charity and donation	25.3	48	91
Others		1,236	1,024
		<u>102,947</u>	<u>91,734</u>

25.1 These include Rs. 2.1 million (31 December 2015: Rs. 2.009 million) in respect of the accrual for defined benefit obligations of the Company and contribution of Rs. 1.689 million (2015: Rs. 1.591 million) to the provident fund.

	Note	2016	2015
		(Rupees in '000)	
25.2 Auditors' remuneration			
Audit fee		550	550
Fee for half yearly review		140	140
Fee for review of Code of Corporate Governance		55	55
Other consultation charges		500	-
Out of pocket expenses		147	124
		<u>1,392</u>	<u>869</u>
25.3	None of the directors and their spouses had any interest in the donees.		
26. OTHER INCOME			
Income from financial instruments			
- Return on bank deposits		46	38
Income from non-financial instruments			
- Scrap sales		2,244	2,549
- Gain on disposal of operating fixed assets - net	5.3	3,110	1,306
- Insurance commission		150	857
- Others		907	110
		<u>6,457</u>	<u>4,860</u>
27. OTHER CHARGES			
Workers' Welfare Fund		123	-
Workers' Profit Participation Fund		325	-
Exchange loss on revaluation of financial liabilities		110	2,123
		<u>558</u>	<u>2,123</u>
28. FINANCE COSTS			
Mark-up on short term borrowings		19,082	21,950
Bank charges		924	963
		<u>20,006</u>	<u>22,913</u>
29. EARNING / (LOSS) PER SHARE - basic and diluted			
Profit / (loss) for the year after taxation		<u>3,936</u>	<u>(120,562)</u>
		(Number of shares)	
Weighted average number of ordinary shares		<u>6,122,600</u>	<u>6,122,600</u>
		(Rupees)	
Earning / (loss) per share - basic and diluted		<u>0.64</u>	<u>(19.69)</u>

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30. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	Chief Executive (Key Management Person)		Directors (Key Management Person)		Executives				Total for the year ended 31 December 2016	Total for the year ended 31 December 2015
					Key Management Personnel		Others			
	For the year ended 31 December 2016	For the year ended 31 December 2015	For the year ended 31 December 2016	For the year ended 31 December 2015	For the year ended 31 December 2016	For the year ended 31 December 2015	For the year ended 31 December 2016	For the year ended 31 December 2015		
	----- (Rupees in '000) -----									
Managerial remuneration	5,666	5,014	4,800	4,800	11,376	9,668	14,334	15,495	36,176	34,977
Provident fund	567	501	-	-	1,072	889	1,424	1,454	3,063	2,844
Special pay	3,809	3,371	-	-	7,464	6,133	9,635	10,416	20,908	19,920
Housing and utilities	3,198	2,841	-	-	6,587	5,795	8,128	8,846	17,913	17,482
Medical	21	217	-	-	455	350	724	707	1,200	1,274
Incentive	418	746	-	-	842	1,404	1,238	1,612	2,498	3,762
Gratuity	-	418	-	-	-	589	-	1,069	-	2,076
Other perquisites and benefits	60	-	-	-	-	208	-	89	60	297
Leave encashment	-	-	-	-	-	208	-	89	-	297
	<u>13,739</u>	<u>13,108</u>	<u>4,800</u>	<u>4,800</u>	<u>27,796</u>	<u>25,244</u>	<u>35,483</u>	<u>39,777</u>	<u>81,818</u>	<u>82,929</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>5</u>	<u>5</u>	<u>20</u>	<u>20</u>	<u>27</u>	<u>27</u>

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

30.1 Remuneration of non-executive directors

In addition to the above, aggregate amount charged in these financial statements for director's fee paid to non-executive directors was Rs. 0.54 million (31 December 2015: Rs. 0.50 million).

31. PROVIDENT FUND

The details of net assets and investments of the provident fund as at 30 June, 2016 are as follows:

	30 June 2016 (audited)	30 June 2015 (audited)
	(Rupees in '000)	
Size of the fund - net assets	<u>103,997</u>	<u>106,291</u>
Actual investment made - at cost	<u>88,299</u>	<u>98,230</u>
Investments at fair value	<u>95,433</u>	<u>101,312</u>
Percentage of investments made - based on fair value	<u>92%</u>	<u>94%</u>

Break-up of investments is as follows:

	30 June 2016 (Audited)	30 June 2015 (Audited)	30 June 2016 (Audited)	30 June 2015 (Audited)
	(Rupees in '000)		(% of total investment)	
Mutual funds	49,700	18,020	52%	18%
Certificates of Musharaka	42,317	39,650	44%	39%
Cash and bank balances	3,416	2,780	4%	3%
Government securities	-	10,765	0%	10%
Certificates of investment	-	30,097	0%	30%
	<u>95,433</u>	<u>101,312</u>	<u>100%</u>	<u>100%</u>

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

32. FINANCIAL INSTRUMENTS

32.1 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.

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32.2 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.

32.2.1 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 2016		31 December 2015	
	Financial assets	Maximum Exposure	Financial assets	Maximum Exposure
----- (Rupees in '000) -----				
Deposits	4,589	4,589	4,506	4,506
Loans to employees	807	807	899	899
Trade debts	12	25,829	42,815	42,815
Other receivables	13	423	1,488	1,488
Bank balances (including security deposit)		38,634	28,585	28,585
		<u>70,282</u>	<u>78,293</u>	<u>78,293</u>

32.2.2 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 2016	31 December 2015
(Rupees in '000)			
Distributors and retailers	12	25,829	42,815
Commercial banks	14	38,634	28,585
Utilities		2,786	2,786
Employees		807	899
Others		2,226	3,208
		<u>70,282</u>	<u>78,293</u>

32.2.3 Bank balances

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

	Short term	Long term	2016
(Rupees in '000)			
Bank Islami Pakistan Limited	A1	A+	81
Habib Bank Limited	A-1+	AAA	16,158
MCB Bank Limited	A1+	AAA	17,381
National Bank of Pakistan	A1+	AAA	189
Soneri Bank Limited	A1+	AA-	4,061
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	114
			<u>37,984</u>

The above ratings are assigned by PACRA and JCR-VIS as at 31 December 2016.

32.2.4 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 2016, the ageing of trade debts that were not impaired was as follows:

	31 December 2016		31 December 2015	
	Gross	Impairment loss	Gross	Impairment loss
	(Rupees in '000)		(Rupees in '000)	
Past due 1 - 60 days	27,342	-	27,986	-
Past due 61 days - 1 year	8,092	7,294	15,989	1,160
More than one year	3,923	6,235	2,973	2,973
Total	<u>39,357</u>	<u>13,529</u>	<u>46,948</u>	<u>4,133</u>

Management believes that the unimpaired amounts that are due by more than 60 days (including trade debts due between 61 days to 1 year) are good and collectible in full, based on historical payment behaviour of the customers. Movement of provision against doubtful trade debts is disclosed in note 12.2.

None of the financial assets of the Company are past due or impaired except as disclosed in notes 7, 12 and 13 to these financial statements.

32.3 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 19).

32.3.1 Exposure to liquidity risk

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

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For the year ended 31 December 2016

	2016			
	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)	233,611	233,611	233,611	-
Trade and other payables	94,504	94,504	94,504	-
	<u>328,565</u>	<u>328,565</u>	<u>328,115</u>	<u>450</u>
	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	-
	<u>372,380</u>	<u>372,380</u>	<u>371,930</u>	<u>450</u>

32.4 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.

32.4.1 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 2016		31 December 2015	
	(Rupees in '000)	US Dollars	(Rupees in '000)	US Dollars
Bills payable	<u>23,869</u>	<u>228,193</u>	<u>21,681</u>	<u>206,880</u>
Gross balance sheet exposure	23,869	228,193	21,681	206,880
Estimated committed purchases as at the year end	14,498	138,604	9,419	89,876
Gross exposure	<u>38,367</u>	<u>366,797</u>	<u>31,100</u>	<u>296,756</u>

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 2016	31 December 2015	31 December 2016	31 December 2015
Rupees / US Dollars	<u>104.70</u>	<u>102.70</u>	<u>104.60</u>	<u>104.80</u>

Sensitivity risk

A five percent strengthening / (weakening) of the Rupee against US Dollar at the year ended 31 December 2016 would have increased / (decreased) equity and profit and loss account by Rs. 1.193 million (31 December 2015: Rs. 1.08 million). This analysis assumes that all other variables, in particular interest rates, remaining constant. The analysis is performed on the same basis as of December 2015.

32.4.2 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 2016	31 December 2015
(Rupees in '000)			
Variable rate instruments			
Financial assets	14.1	<u>114</u>	<u>106</u>
Financial liabilities	19	<u>*230,004</u>	<u>279,622</u>

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 2016 and 31 December 2015.

32.4.3 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.

Notes to the Financial Statements



For the year ended 31 December 2016

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.

32.5 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.

32.6 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.

	Note	Carrying Amount		Fair value
		Loans and receivables	Total	Total
------(Rupees in '000)-----				
On-balance sheet financial and non-financial instruments				
Financial assets not measured at fair value	32.6.1			
Long term deposits		4,589	4,589	-
Loans to employees		807	807	-
Trade debts		25,829	25,829	-
Other receivables		423	423	-
Cash and bank balances (including security deposit)		<u>38,655</u>	<u>38,655</u>	-
		<u>70,303</u>	<u>70,303</u>	-

Notes to the Financial Statements



For the year ended 31 December 2016

	Note	Carrying Amount		Fair value
		Loans and receivables	Total	Total
------(Rupees in '000)-----				
Financial liabilities not measured at fair value	32.6.1			
Long term deposits		450	450	-
Trade and other payables		94,504	94,504	-
Short term borrowings (including mark-up)		233,611	233,611	-
		<u>328,565</u>	<u>328,565</u>	<u>-</u>

31 December 2015	Note	Carrying Amount		Fair value
		Loans and receivables	Total	Total
------(Rupees in '000)-----				
On-balance sheet financial and non-financial instruments				
Financial assets not measured at fair value	32.6.1			
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	-
		<u>78,354</u>	<u>78,354</u>	<u>-</u>

	Note	Carrying Amount		Fair value
		Loans and receivables	Total	Total
------(Rupees in '000)-----				
Financial liabilities not measured at fair value	32.6.1			
Long term deposits		450	450	-
Trade and other payables		88,752	88,752	-
Short term borrowings (including mark-up)		283,178	283,178	-
		<u>372,380</u>	<u>372,380</u>	<u>-</u>

32.6.1 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 2016	31 December 2015
	(Metric Tons)	
33. PLANT CAPACITY AND PRODUCTION		
Soap		
Assessed / rated	<u>10,500</u>	<u>10,500</u>
Actual production	<u>6,785</u>	<u>6,266</u>

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

34. TRANSACTIONS WITH RELATED PARTIES

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 2016	31 December 2015
		(Rupees in '000)	
Transactions with related parties:			
Associated Companies			
Services received (insurance premium)		<u>-</u>	<u>4,367</u>
Insurance premium paid		<u>-</u>	<u>4,287</u>
Insurance claim received		<u>-</u>	<u>1,398</u>
Insurance commission received		<u>-</u>	<u>504</u>
Other related parties			
Contribution to the employees' provident fund	34.1	<u>6,123</u>	<u>6,153</u>
Key Management Personnel			
Total remuneration	30	<u>46,335</u>	<u>43,152</u>
Balances with related parties:			
Associated Companies			
Receivable from associated company (insurance claim)		<u>-</u>	<u>1,200</u>
Payable to associated company (insurance premium payable)		<u>-</u>	<u>92</u>
Provident fund payable (for December)		<u>1,439</u>	<u>-</u>

Notes to the Financial Statements



For the year ended 31 December 2016

- 34.1 Contribution to the provident fund is made in accordance with the requirements of staff service rules.
- 34.2 Details of remuneration of key management personnel in accordance with their terms of employment are given in note 30.
- 34.3 Other transactions with related parties are at agreed terms.
35. **OPERATING SEGMENT**

These financial statements have been prepared on the basis of a single reportable segment which is consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

The internal reporting provided to the chief operating decision-maker relating to the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

The Company does not have different reportable segments since all of the Company products are similar in nature and managed by the Company on a similar basis.

All non-current assets of the Company as at the year ended 31 December 2016 are located in Pakistan where the Company is domiciled.

36. **NUMBER OF EMPLOYEES**

The number of employees as on the year end were 174 (31 December 2015: 182) and average number of employees during the year were 178 (31 December 2015: 193).

37. **GENERAL**

37.1 **Non-adjusting event after balance sheet date**

The Board of Directors in its meeting held on 28 March 2017 has proposed a final cash dividend of Rs. 0.5 per share (2015: Rs. Nil) for approval by the members in the Annual General Meeting to be held on 27 April 2017.

37.2 **Date of authorisation for issue**

These financial statements were authorised for issue in the Board of Directors meeting held on 28 March 2017.

Ferial Ali Mehdi
Chairman

Mubashir Hasan Ansari
Chief Executive Officer

Shareholders' Information



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifty-seventh Annual General Meeting of ZIL Limited will be held on Thursday, April 27, 2017 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 Extraordinary General Meeting held on Tuesday, June 14, 2016.
2. To receive, consider and approve the Audited Financial Statements of the Company together with the Directors' and Auditors' report thereon for the year ended December 31, 2016.
3. To appoint Auditors of the Company and fix their remuneration.
4. To approve as recommended by directors a final cash dividend @5% per share for the financial year 2016.

SPECIAL BUSINESS:

5. To consider and approve the amendments to be made in Articles of Association of the Company for the purpose of compliance with the mandatory e-voting requirements as prescribed in the Companies (E-Voting) Regulations, 2016 issued vide SRO 43 (I)/2016 dated 22.01.2016 and if thought fit to pass the following resolution as special resolution:

RESOLVED THAT the Articles of Association of the Company be amended by adding following new articles as 83A and 92(2):

83A (1) E-Voting: Members may exercise voting rights at General Meetings through electronic means, if the Company receives the requisite demand for poll in accordance with the Companies (E-voting) Regulations, 2016 and any amendments made from time to time, hereinafter refer to as E-Voting. The Company shall provide E-voting facility in accordance with the mandatory requirements prescribed under said Regulations and amendments made to them from time to time by the Securities & Exchange Commission of Pakistan, irrespective of anything contained in any other provisions of these Articles and anything contradictory therein.

(2) Notwithstanding, anything contained in these Articles, in case of E-Voting both members and non-members can be appointed as proxy and the instrument appointing shall be deposited, in writing, with the Company in the form and within such timelines as prescribed by the Commission from time to time.

92(2) The form of proxy in writing in relation to e-voting shall be in the following form:

Option 2 for E-Voting as per The Companies (E-Voting) Regulations 2016

I/We _____ of _____, being a member of _____, holder of _____ ordinary share(s) as per Register Folio No. _____ or CDC account No. _____ hereby opt for E-voting through intermediary and hereby consent the appointment of execution officer _____ as proxy and will exercise e-voting as per the Companies (E-Voting) Regulations, 2016 and hereby demand for poll for resolutions. My secured email address is _____, please send login details, password and electronic signature through email.

Signature of Member
(Signature should agree with the specimen signature registered with the Company)

Signed in the presence of:

Signature of Witness

Signature of Witness

(The proxy e-voting form shall be required to be witnessed by two persons whose names, address and CNIC number shall be mentioned on the form.)

Notice of Annual General Meeting



FURTHER RESOLVED THAT the Company Secretary be and is hereby authorized to do all acts, deeds and things necessary to complete the legal formalities and file the required documents as maybe necessary or ancillary for the purpose of implementing the aforesaid resolution.

6. To approve transmission of annual audited financial statements, auditor's report and directors' report etc. ("Annual Audited Accounts") along with notice of general meeting to the shareholders of ZIL Limited through CD/DVD/USB at their registered address as allowed by the Securities and Exchange Commission of Pakistan (SECP) and if thought fit to pass the following resolution as ordinary resolution:

RESOLVED THAT transmission of annual audited financial statements, auditor's report and directors' report etc. ("Annual Audited Accounts") along with notice of general meeting to shareholders of ZIL Limited at their registered address in soft form i.e. CD/DVD/USB as notified by SECP vide its SRO No. 470 (1)/2016 dated May 31, 2016 be and is hereby approved".

A statement under Section 160(1)(b) of the Companies Ordinance, 1984 pertaining to Special Businesses alongwith the ordinary resolutions proposed to be passed, are being sent to the shareholders with the Notice.

By the order of the board

Ata-ur-Rehman Shaikh
Company Secretary

Karachi: March 28, 2017

NOTES:

1. The Share Transfer Books of the Company will remain closed from April 21, 2017 to April 27, 2017 (both days inclusive) for the purpose of holding the Annual General meeting.
2. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote in his/her place. Proxies completed in all respect, in order to be effective, must be received at the Registered Office of the Company not less than forty eight (48) hours before the time of meeting.
3. Members are therefore requested to notify the change in their addresses, if any, immediately to the Share Registrar of the company, M/s THK Associates (Pvt) Limited, 1st Floor, 40 - C, Block - 6, P. E. C. H. S, Karachi 75400.
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 shareholders, 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.



Notice of Annual General Meeting

Statement of Material Facts

Statement under Section 160(1) (b) of the Companies Ordinance, 1984

This statement sets out the material facts concerning the special businesses to be transacted at 57th Annual General Meeting of ZIL Limited to be held on April 27 2017.

Agenda Item No. 4

Amendments in the Articles of Association of the Company.

To give effect to the Companies (E-Voting) Regulation 2016, shareholders' approval is being sought to amend the Articles of Association of the Company to enable the Shareholders to appoint non-members as their proxies in line with the requirements of e-voting regulations issued by the Securities & Exchange Commission of Pakistan.

Agenda Item No. 5

Transmission of Annual Audited Financial Statements through CD/DVD/USB.

The SECP through SRO 470 (1)/2016 dated May 31, 2016 has allowed companies to circulate the annual balance sheet and profit and loss account, auditor's report and directors report etc. ("annual audited accounts") along with notice of general meeting to its shareholders in electronic form through CD/DVD/USB at their registered addresses. This would result in timely delivery of Annual Audited Accounts to the shareholders. The Company has placed on its website i.e. www.zil.com.pk a standard request form containing postal and e-mail address of Company Secretary/Share Registrar, so that shareholders may request a hard copy of the Annual Audited Accounts. The Company will provide one hard copy free of cost to the requesting shareholder at their registered address within one week of the request.

Inspection of Documents:

The copies of the existing and amended Memorandum and Articles of Association have been kept at the Registered Office of the Company which could be inspected on any working day during usual business hours till the date of 57th Annual General Meeting of the Company.

Website of the Company:

The Annual Audited Financial Statements of the Company for the year ended December 31, 2016 and Notice of 57th Annual General Meeting along with the Statement under Section 160 (1)(b) of the Companies Ordinance, 1984, pertaining to Special Business, have been placed on website of the Company.

Interest of Directors:

The directors of the Company have no direct or indirect interest in the above mentioned Special Business.

Notice of Annual General Meeting



The following Circulars/Notifications require special attention of the shareholders:

1. Mandatory submission of CNIC:

SECP has made it mandatory for listed companies to mention, in the case of Individuals, Computerized National Identity Card ("CNIC"), National Identity Card for Overseas Pakistanis ("NICOP") or Passport number and in the case of Corporate Entity, National Tax Number ("NTN") of the shareholders or their authorized persons, on dividend warrants and in the absence of such information payment of dividend will be withheld.

The Shareholders are once again requested to provide a valid copy of their CNIC to the Share Registrar and Transfer Agent at below mentioned address, enabling the company to comply with the directions issued by the SECP vide SRO # 831 (I) 2012, dated July 05, 2012 read with SRO # 19 (I) 2014, dated January 10, 2014.

2. Payment of Cash Dividend Electronically (e-Dividend Mechanism):

SECP through its Notification No. 8(4)SM/CDC 2008, dated April 05, 2013, has advised that the shareholders who have provided bank mandate, should be paid dividend by transferring directly to their respective bank accounts (e-dividend mechanism); therefore, the registered shareholders of the Company, who have not yet provided us dividend mandate are requested to provide the details of their bank account including title of account, account number, bank name, branch name & code and address, in order to credit their cash dividends, as and when declared, directly to their respective bank accounts. This information would require to be provided to: (i) in case of book-entry securities in Central Depository System ("CDS"), to CDS Participants; and (ii) in case of physical securities to Share Registrar and Transfer Agent of ZIL Limited at below mentioned address. It would facilitate the shareholders to take dividend mandate option for instant credit of dividends, eliminating the chances of dividend warrants getting lost in the post, undelivered or delivered at the wrong address etc.

3. Circulation Annual Audited Financial Statements and Notice of AGM to Members through E-mail:

SECP through its Notification No. SRO 787 (I)/2014, dated September 08, 2014, has allowed companies to circulate Annual Audited Financial Statements along with Notice of Annual General Meeting ("AGM") to its members through email. The shareholders who desire to receive Annual Financial Statements and Notice of AGM through email are requested to fill the requisite form titled 'Standard Request Form' placed on the website of the Company and dispatch it to Company's Share Registrar and Transfer Agent at below mentioned address. In case any member, subsequently, requests for hard copy of Annual Financial Statements, the same shall be provided free of cost within seven days of receipt of such request.

4. Consent for video conferencing facility:

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.



Notice of Annual General Meeting

Consent Form for Video Conferencing Facility

I/We, _____ of _____ being a member of ZIL Limited, holder of _____ ordinary share(s) as per Registered Folio No./CDC Account No. _____ hereby opt for video conference facility at _____

Signature of Member

5. Deduction of Withholding Tax on the Amount of Dividend:

The Government of Pakistan through Finance Act, 2016, has made amendment in Section 150 of the Income Tax Ordinance, 2001, whereby, withholding tax on dividends has been enhanced as follows:

- For Filers of Income Tax Returns: 12.5%
- For Non-Filers of Income Tax Returns: 20.0%

In case of joint-shareholders, tax is to be deducted as per ratio of their shares in the ownership. Federal Board of Revenue ("FBR") has provided the Active Tax-Payer List ("ATL"), for identification on the basis of National Tax Number ("NTN")/Computerized National Identity Card ("CNIC") number; hence, in case of non-availability of valid NTN/CNIC number of the respective shareholder with the Company's Share Registrar and Transfer Agent, he/she will be treated as 'Non-Filer' and accordingly tax at the rate of 20% would be deducted. Therefore, the shareholders who have not yet provided such information are requested to ensure that their valid NTN/CNIC number should be available with the Share Registrar and Transfer Agent of ZIL Limited, whereas, shareholders having CDC Accounts would require to provide their valid NTN/CNIC number to their respective CDC participants.

6. Requirement of Valid Tax Exemption Certificate for Claim of Exemption U/S 150 of the Income Tax Ordinance, 2001:

Please be advised that in wake of recent judgments of respective courts of law, the exemption certificate u/s 159 of the Income Tax Ordinance, 2001, is mandatory to claim tax exemption u/s 150. Accordingly, the Company may not be awarding exemption on the basis of Clause 47B of Part IV of Second Schedule to the Income Tax Ordinance, 2001. However, if an entity has filed a petition against the FBR, in any relevant court, a certified true copy of the Stay Order of honorable court along with all latest court proceedings (if any) would be required in lieu of valid tax exemption certificate, for non-deduction of withholding tax. In case of non-availability of valid tax exemption, deduction of tax under relevant sections shall be made accordingly.

7. Deduction of Withholding Tax on Joint Account Holder(s):

The Joint Account Holders whose shareholding details as to Principal Shareholder have not yet been determined for deduction of withholding tax on the upcoming dividend of the Company, are requested to please furnish to the Company's Share Registrar and Transfer Agent at below mentioned address, the shareholding details of yourself as Principal Shareholder and your Joint Holder(s) in the following manner, enabling the Company to compute withholding tax of each shareholder accordingly:

Notice of Annual General Meeting



CDC Account No./Folio No.	Name of Principal Shareholder/ Joint Holders	Shareholding Proportion (%)	CNIC No. (copy attached)	Signature

Kindly note that in case of non-receipt of the information each Account Holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly.

8. Deposit of Physical Shares into CDC Account:

The Shareholders having physical shareholding may open CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into script-less form, this will facilitate them in many ways including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Stock Exchange.

9. Merger of Different Folios into One Folio:

As per record, some of the shareholders are maintaining more than one folio under the same particulars. Carrying two different folios may be a hassle for the shareholders to reconcile and receive different benefits in the shape of dividends/ bonus. In order to provide better services and convenience, such shareholders are requested to send requests to the Company's Share Registrar and Transfer Agent at the below mentioned address to merge their folios into one folio.

While sending the copy of NTN/CNIC number, the shareholders are requested to quote their respective folio numbers for identification purpose.

M/s THK Associates (Pvt) Ltd,
Share Registrar-ZIL Limited
First Floor, 40-C, Block-6,
P.E.C.H.S., Karachi-75530
UAN: +92 (21) 111-000-322
Direct: +92 (21) 34168266-68-70
Fax: +92 (21) 3 4168271
Email: secretariat@thk.com.pk

Information Under Listing Regulation No. 5.19.11 (X)

of Pakistan Stock Exchange Limited Rule Book as on December 31, 2016

S.No.	Categories of Shareholders	Number of shares held	Percentage
I	ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES	NIL	NIL
II	MUTUAL FUNDS	NIL	NIL
III	DIRECTORS, CEO, THEIR SPOUSE AND MINOR CHILDREN		
	1. Mrs. Feriel Ali- Mehdi - Director / Chairman	762,398	12.4522
	2. Mr. Mubashir Hasan Ansari - Director / Chief Executive Officer	500	0.0082
	3. Syed Hasnain Ali - Director	562	0.0092
	4. Mr. Mujahid Hamid - Director	692,056	11.3033
	5. Mr. Saad Amanullah Khan - Director	1,000	0.0163
	6. Mr. Kemal Shoaib - Director	500	0.0082
	7. Mr. Qaisar Mufti - Director (Nominee NIT)	NIL	NIL
IV	EXECUTIVES	NIL	NIL
V	PUBLIC SECTOR COMPANIES AND CORPORATIONS		
	Joint Stock Companies	32,081	0.5240
VI	BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, TAKAFUL, MODARABAS AND PENSION FUNDS		
	1. Investment Companies	391,987	6.4023
	2. Financial Institutions	35,337	0.5772
	3. Insurance Companies	234,032	3.8224
	4. Pension / Benevolent Funds	37,093	0.6058
VII	SHAREHOLDERS HOLDING 5% OR MORE VOTING RIGHTS IN THE LISTED COMPANY		
	1. Mrs. Fakhre Jehan Begum	1,096,771	17.9135
	2. Syed Yawar Ali	994,411	16.2416
	3. Mr. Mujahid Hamid	692,056	11.3033
	4. Mrs. Feriel Ali- Mehdi	762,398	12.4522
	5. Syed Muhammad Zeyd Ali	591,736	9.6648
	6. CDC - Trustee National Investment (Unit)Trust	391,987	6.4023

Information Under Listing Regulation No. 5.19.11 (XII)

of Pakistan Stock Exchange Limited Rule Book as on December 31, 2016

The trading in the shares of the Company carried out by Mrs. Ferial Ali Mehdi, director of the company during the year. There is no trading in the shares of the Company carried out by its Chief Financial Officer / Company Secretary, Head of Internal Audit, their spouses and minor children and other employees of the Company for whom the Board of Directors have set the threshold except Mr. Mubashir Hasan Ansari, Chief Executive Officer of the company who purchased qualification shares to contest the election of the company.

Name of Director	Shares purchased	Shares sold
1. Mrs. Ferial Ali- Mehdi - Director	75,613	NIL
2. Mr. Mubashir Hasan Ansari - Chief Executive Officer	500	NIL



Shareholders' Information

Annual General Meeting

The annual shareholders' meeting will be held on Thursday, April 27, 2017 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 27, 2017 are encouraged to participate.

Book Closure Dates

The Share Transfer Books of the Company will remain closed from April 21, 2017 to April 27, 2017 (both days inclusive).

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) Ltd,
Share Registrar-ZIL Limited
First Floor, 40-C, Block-6,
P.E.C.H.S., Karachi-75530
UAN: +92 (21) 111-000-322
Direct: +92 (21) 34168266-68-70
Fax: +92 (21) 3 4168271
Email: secretariat@thk.com.pk

E- Dividend Mandate (Optional)

SECP through its Notification No. 8(4)SM/CDC 2008, dated April 05, 2013, has advised that the shareholders who have provided bank mandate, should be paid dividend by transferring directly to their respective bank accounts (e-dividend mechanism); therefore, the registered shareholders of the Company, who have not yet provided us dividend mandate are requested to provide the details of their bank account including title of account, account number, bank name, branch name & code and address, in order to credit their cash dividends, as and when declared, directly to their respective bank accounts. This information would require to be provided to: (i) in case of book-entry securities in Central Depository System ("CDS"), to CDS Participants; and (ii) in case of physical securities to Share Registrar and Transfer Agent of ZIL Limited at below mentioned address. It would facilitate the shareholders to take dividend mandate option for instant credit of dividends, eliminating the chances of dividend warrants getting lost in the post, undelivered or delivered at the wrong address etc.

Circulation Annual Reports and Notice of AGM through E-Mail

SECP through its Notification No. SRO 787 (I)/2014, dated September 08, 2014, has allowed companies to circulate Annual Audited Financial Statements along with Notice of Annual General Meeting ("AGM") to its members through email. The shareholders who desire to receive Annual Financial Statements and Notice of AGM through email are requested to fill the requisite form titled 'Standard Request Form' placed on the website of the Company and dispatch it to Company's Share Registrar and Transfer Agent at below mentioned address. In case any member, subsequently, requests for hard copy of Annual Financial Statements, the same shall be provided free of cost within seven days of receipt of such request.

Consent for video conferencing facility

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.

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 recommended final cash dividend Re.0.50 per share i.e 5% for the year ended December 31, 2016.

Earnings per Share

Earnings per share basic and diluted for the year rupee 0.64 [(2015: rupees (19.69)).

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.



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 than 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.

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
ofbeing 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 Nohereby appoint
ofor failing himofas
my proxy to vote for me and on my behalf at the Annual General Meeting of the Company to be held
on Thursday April 27, 2017, 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 thisday of 2017

Witness:

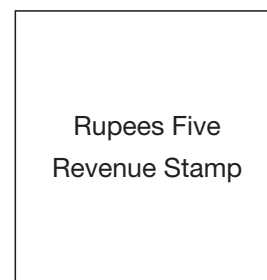
Signature: _____

Name: _____

Address: _____

CNIC or _____

Passport No. _____



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

Signature of Member

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

سیکرٹری

زل لمیٹڈ

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

میں اہم _____ ساکن _____

بطور زل لمیٹڈ کے رکن و حامل _____ عام حصص برطانیہ شیئرز رجسٹرڈ فولیو نمبر _____

اور یا سی ڈی سی کے شراکتی آئی ڈی نمبر _____ اور ذیلی کھاتہ نمبر _____ ساکن _____

یا بصورت دیگر _____

کو اپنی جگہ بروز جمعرات مورخہ ۲۷ اپریل ۲۰۱۷ء بوقت ۹:۰۰ بجے صبح ہر مقام: رائل روڈ آل، پلاٹ نمبر TC-V، ۱۱۳۴ سٹریٹ، خیابان سحر، فیز-۷، ایکسٹینشن، ڈی ایچ اے، کراچی، پاکستان میں منعقد یا ملتوی ہونے والے سالانہ عام اجلاس میں رائے دہندگی کیلئے نمائندہ مقرر کرتا/کرتی ہوں۔

دستخط بروز _____ مورخہ _____ ۲۰۱۷ء

گواہ:

براہ کرم پانچ روپے مالیت کے
ریونیونٹ چپاں کر کے
دستخط کریں۔

دستخط:

نام:

پتہ:

شناختی کارڈ

یا

پاسپورٹ نمبر:

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

رکن کے دستخط

نوٹ:

- پراکسی کے موثر ہونے کیلئے لازم ہے کہ وہ اجلاس سے 48 گھنٹہ قبل کمپنی کے رجسٹرڈ آفس کو موصول ہوں۔
- سی ڈی سی نمائندہ (Member) اور ان کے 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, 2016

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

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- Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

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[@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices



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 www.zil.com.pk