

# WINNING BRANDS, WINNING HEARTS

ANNUAL REPORT 2017



# Contents

Company Information	02
Core Values	03
Our Equities and Initiatives	04
Notice of Annual General Meeting	10
Financial Summary	15
Review Report by the Chairman	16
Review Report by the Chairman - In Urdu	17
Directors' Report	18
Directors' Report - In Urdu	23
Statement of Value Added	30
Statement of Compliance with the Code of Corporate Governance	31
Review Report to the Members on Statement of Compliance with best Practices of Code of Corporate Governance	33
Auditors' Report to the Members	34
Balance Sheet	35
Profit and Loss Account	36
Statement of Changes in Equity	37
Cash Flow Statement	38
Notes to and Forming Part of the Financial Statements	39
Pattern of Shareholding	80
Operating and Financial Highlights	82
Jama Punji	84
Form of Proxy	
Form of Proxy - In Urdu	

# Company Information

## Board of Directors

Iqbal Ali Lakhani	Chairman
Amin Mohammed Lakhani	
Tasleemuddin Ahmed Batlay	
Aliya Saeeda Khan	
Vinod Nambiar	
Peter John Graylin (from June 13, 2017)	
Lisa Mather (upto June 13, 2017)	
Zulfiqar Ali Lakhani	Chief Executive

## Advisor

Sultan Ali Lakhani

## Audit Committee

Aliya Saeeda Khan	Chairperson
Iqbal Ali Lakhani	
Amin Mohammed Lakhani	

## Human Resource & Remuneration Committee

Iqbal Ali Lakhani	Chairman
Zulfiqar Ali Lakhani	
Amin Mohammed Lakhani	

## Company Secretary

Mansoor Ahmed

## Auditors

A. F. Ferguson & Co.  
Chartered Accountants

## Internal Auditors

BDO Ebrahim & Co.  
Chartered Accountants

## Registered Office

Lakson Square, Building No.2,  
Sarwar Shaheed Road, Karachi-74200. Pakistan

## Shares Registrar

FAMCO Associates (Private) Limited  
8-F, Next to Hotel Faran, Nursery,  
Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi

## Factories

G-6, S.I.T.E. Kotri  
District Jamshoro (Sindh)

217, Sundar Industrial Estate,  
Raiwind Road, Lahore

## Website

[www.colgate.com.pk](http://www.colgate.com.pk)

# Core Values

## Caring

The Company cares about people: Colgate people, customers, shareholders and business partners. Colgate is committed to act with compassion, integrity, honesty and high ethics in all situations, to listen with respect to others and to value differences. The Company is also committed to protect the global environment, to enhance the communities where Colgate people live and work, and to be compliant with government laws and regulations.

## Teamwork

All Colgate people are part of a team, committed to working together. Only by sharing ideas, technologies and talents can the Company achieve and sustain profitable growth.

## Continuous Improvement

Colgate is committed to getting better every day in all it does, as individuals and as teams. By better understanding consumers' and customers' expectations and continuously working to innovate and improve products, services and processes, Colgate will "become the best".



# Oral Care

Colgate-Palmolive maintained its leadership in the toothpaste category. This effort was led by Colgate Maximum Cavity Protection that continued to enjoy the leading position in the market. The brand launched various campaigns to engage its consumers. Colgate Scholarship was an integrated marketing campaign that awarded 20 scholarships worth Rupees One Lac each to students, laying the foundation of their bright futures. The brand rolled another 360-degree campaign, leveraging the communication platform of 'Na Cavities Ka Dar, Na Pyar Mein Jhijhak' with a new packaging and a reason to believe – the 'Plus Calcium formula.'

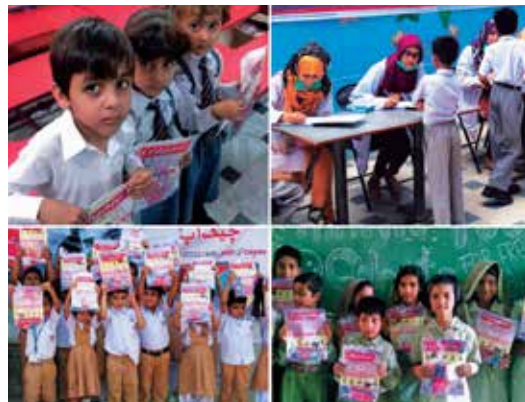


## Global Art Contest (GAC)

This year as well, an overwhelming response of entries was received and a child from Karachi bagged a spot in the Global Art Calendar 2018, representing Pakistan on an international stage.

## Bright Smiles, Bright Futures (BSBF)

Focusing on the importance of oral hygiene and improving children's oral health from an early age, the 'Bright Smiles Bright Futures' oral health education program's reach spans from urban to rural areas. Children from private and government schools alike benefit from the educative, engaging and interactive material of this program.



## Colgate Toothbrushes

The introduction of the popular 'Minions' Toothbrush brought in more color and variety to the growing Kids portfolio. Its extra soft bristles coupled with eye-catching handle designs have led to good initial sales. Despite tough competition from local toothbrush brands and imports via grey channels, Colgate Toothbrushes have maintained market leadership through efficient trade and consumer plans.



## Colgate Sensitive

Colgate Sensitive Pro Relief continued its differentiated line extension strategy by launching a breakthrough product called Pro-Relief Repair & Prevent. The product repairs sensitive areas of teeth and gums to provide instant & long-lasting sensitivity relief and prevent sensitivity from coming back again.

## Colgate Plax

This year, the Company launched Colgate Plax to enter the mouthwash category. Initially, two variants - Peppermint Fresh and Freshmint Splash - were introduced with the consumer benefits of killing over 99% of bacteria and 24/7 bad breath control. Later, the portfolio expanded with indication-based mouthwash for hypersensitivity management. The entry in mouthwash category strengthens Colgate's position as the leader in oral care.



# Personal Care

Palmolive Naturals introduced its Shampoo range nationally this year. The portfolio has six different variants suited for the hair care needs of Pakistani consumers. The variants are available in three sizes, including sachets and bottles. This launch was supported with an integrated marketing communication comprising of TV airing, shopper engagement and in-store visibility tools.



Palmolive bar soaps continued to grow with the 'Flawless Clean' campaign support. This, along with Palmolive Shampoo advertising, resulted in improving brand equity as a whole and helped in driving sales.

Palmolive increased its presence on digital media through campaigns promoting the bar soap and shampoo portfolio overall, as well as increasing engagement with the consumers and encouraging trial for different variants.



Once again, Palmolive continued to extend its support to the Karachi Women's Swimming Association by being the main sponsor of its 24th Annual Sindh Women's Swimming Championship 2016. Palmolive aims to encourage local female swimmers by recognizing their talent and facilitating in providing them a platform to compete and shine at the national and international levels.



# Fabric Care

Brite Equity consolidated its position in the premium segment by reaching out to targeted consumers through the launch of its new campaign. The campaign was supported by advertising on traditional as well as digital media. This was combined with various activities in trade and engagement at the shop-level for shoppers and end consumers.



Express Power continued to grow through focus on giving value to consumers with consistent investment in advertising.

Bonus Tristar strengthened its position by placing recruitment of new users and increasing conversion from laundry bar users as the central point of its growth strategy.





# Surface Care

Max Bar strengthened its leadership position in the dishwashing category by continuing its strategy to recruit new consumers to its franchise. A strong consumer engagement program which aimed to retain current users and convert unbranded and low-price bar users to Max Bar was also initiated. An insightful new campaign that looked into the dishwashing challenges being faced by the consumers was aired, offering modern day dishwashing solutions to consumers.



With strong communication highlighting product superiority and effective consumer engagement activities, Max Liquid has further increased its market share. Targeting to convert bar users to Max Liquid, an affordable pouch pack was introduced.



# Award

## Management Association of Pakistan's Corporate Excellence Awards

The Company was presented its 6<sup>th</sup> consecutive 'Corporate Excellence Award' at the 32<sup>nd</sup> Corporate Excellence Awards Ceremony organized by the Management Association of Pakistan. The Company was also awarded Corporate Excellence Certificates on five earlier occasions in recognition of its achievements and overall performance.



# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 39th Annual General Meeting of COLGATE-PALMOLIVE (PAKISTAN) LIMITED will be held on Thursday, September 14, 2017 at 10:30 a.m. at Avari Towers Hotel, Fatima Jinnah Road, Karachi to transact the following business:

## ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2017 together with the Directors' and Auditors' reports thereon.
2. To declare a final dividend in cash @ 200% i.e. Rs.20 per share of Rs.10 each. This is in addition to interim cash dividend @ 150% i.e. Rs.15 per share already paid.
3. To appoint Auditors and fix their remuneration.

## SPECIAL BUSINESS

### Ordinary Resolutions

4. To consider to pass the following ordinary resolutions:
  - a) "RESOLVED that the transactions carried out in normal course of business with associated companies during the year ended June 30, 2017 be and are hereby ratified and approved."
  - b) "RESOLVED that the Chief Executive of the Company be and is hereby authorized to approve all the transactions carried out and to be carried out in normal course of business with associated companies during the ensuing year ending June 30, 2018 and in this connection the Chief Executive be and is hereby also authorized to take any and all necessary actions and sign/execute any and all such documents/indentures as may be required in this regard on behalf of the Company."

Statement under section 134 of the Companies Act, 2017 in the above matters mentioned in item No.4 is annexed.

By Order of the Board

  
(MANSOOR AHMED)  
Company Secretary

Karachi: August 16, 2017

#### NOTES:

1. The share transfer books of the Company will remain closed from September 08, 2017 to September 14, 2017 (both days inclusive). Transfers received in order by the Shares Registrar of the Company, M/s. FAMCO Associates (Private) Limited, 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi up to the close of business on September 07, 2017 will be treated in time for entitlement of the dividend.
2. A member, who has deposited his/her shares into Central Depository Company of Pakistan Limited, must bring his/her participant's ID number and CDC account/sub-account number along with original Computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting.
3. A member entitled to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend, speak and vote instead of him/her.
4. Forms of proxy, in order to be valid must be properly filled-in/executed and received at the registered office of the Company situated at Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi not later than 48 hours before the time of the meeting.
5. Members are requested to promptly notify Shares Registrar of the Company of any change in their addresses.
6. Pursuant to the directive of the Securities & Exchange Commission of Pakistan (SECP), CNIC numbers of shareholders are mandatorily required to be mentioned on dividend warrants. Shareholders are therefore requested to submit a copy of their CNIC (if not already provided) to the Shares Registrar. In case of non-receipt of the copy of a valid CNIC, the company would be unable to comply with SRO 831(1)/2012 dated July 05, 2012 of SECP and therefore will be constrained under SECP order dated July 13, 2015 to withhold the dispatch of dividend warrants of such shareholders. The shareholders while sending CNIC must quote their respective folio number and name of the Company.
7. Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders.

In order to receive dividends directly into their bank account, shareholders are requested to fill in Electronic Credit Mandate Form available on Company's website and send it duly signed along with a copy of CNIC to the Registrar of the Company M/s. Famco Associates (Private) Limited, Near Hotel Faran, Nursery, Block-6. P.E.C.H.S, Shahrah-e-Faisal, Karachi, in case of physical shares.

In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's broker/participant/CDC account services.

8. Pursuant to Notification vide SRO.787(1)/2014 of September 08, 2014, SECP has directed to facilitate the members of the company receiving Annual Financial Statements and Notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through e-mail in future. In this respect members are hereby requested to convey their consent via e-mail on a standard request form which is available at the Company website i.e. [www.colgate.com.pk](http://www.colgate.com.pk). Please ensure that your e-mail has sufficient rights and space available to receive such e-mail which may be larger than 1 MB file in size. Further, it is the responsibility of the member to timely update the Share Registrar of any change in the registered e-mail address.



- 9 (i) Pursuant to the provisions of the Finance Act 2017 effective July 1, 2017, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance, 2001 have been revised as follows:
1. For filer of income tax return 15%
  2. For non-filers of income tax return 20%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 20%, shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered in ATL before the first day of book closure, otherwise tax on their cash dividend will be deducted @ 20% instead of 15%.

- (ii) Withholding Tax exemption from the dividend income, shall only be allowed if copy of valid tax exemption certificate or stay order from a competent court of law is made available to FAMCO Associates (Private) Limited, by the first day of Book Closure.
- (iii) Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them (only if not already provided) to our Shares Registrar, in writing as follows:

Company Name	Folio/CDS Account #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

The required information must reach our Shares Registrar within 10 days of this notice, otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

- (iv) For any query/problem/information, the investors may contact the Company Secretary at phone: 35698082 and email address [mansoor@lakson.com.pk](mailto:mansoor@lakson.com.pk) and/or FAMCO Associates (Private) Limited at phone: 34380101-5 and email address: [info.shares@famco.com.pk](mailto:info.shares@famco.com.pk).
- (v) Corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the company or FAMCO Associates (Private) Limited. Shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers. Without the NTN company would not be in a position to check filer status on the ATL and hence higher tax of 20% may be applied in such cases.

10. Members can also avail video conference facility, in this regard, please fill the following and submit to registered address of the Company 10 days before holding of the Annual General Meeting. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

"I/We, \_\_\_\_\_ of \_\_\_\_\_, being a member of Colgate-Palmolive (Pakistan) Limited, holder of \_\_\_\_\_ ordinary share(s) as per Registered Folio No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_."

11. Form of Proxy is enclosed.

## **STATEMENT OF MATERIAL FACTS CONCERNING SPECIAL BUSINESS PURSUANT TO SECTION 134(3) OF THE COMPANIES ACT, 2017**

This statement sets out the material facts concerning the Special Business, given in agenda item No.4 of the Notice that will be considered by the members.

### **1. Agenda Item No. 4(a) of the Notice - Transactions carried out with associated companies during the year ended June 30, 2017 to be passed as an Ordinary Resolution**

The transactions carried out in normal course of business with associated companies (Related parties) were being approved by the Board as recommended by the Audit Committee on quarterly basis pursuant to clause 5.19.6 (b) of the Code of Corporate Governance, 2012.

During the Board meeting it was pointed out by the Directors that as the majority of Company Directors were interested in this/these transaction(s) due to their common directorship and holding of shares in the associated companies, the quorum of directors could not be formed for approval of this/these transaction(s) which has/have to be approved by the shareholders in the General Meeting.

In view of the above, the transactions conducted during the financial year ended June 30, 2017 with associated company as under is being placed before the shareholders for their consideration and approval/ratification.

NAME	DESCRIPTION OF TRANSACTION	AMOUNT IN RS ' 000		
		PURCHASE	SALE	OTHERS
Clover Pakistan Ltd	Services Provided / Reimbursement of Expenses		105	

The Directors are interested in the resolution to the extent of their common directorships and their shareholding in the associated companies.

### **2. Agenda Item No. 4(b) of the Notice - Authorization to the Chief Executive for the transactions carried out and to be carried out with associated companies during the ensuing year ending June 30, 2018 to be passed as an Ordinary Resolution**

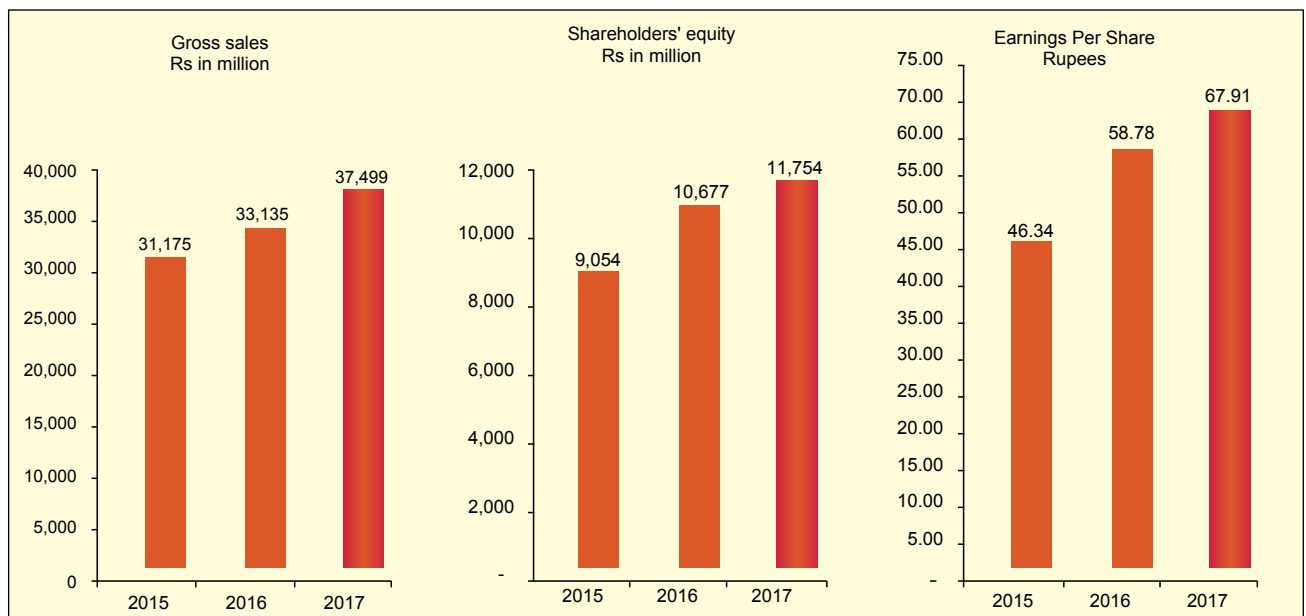
The Company would be conducting transactions with associated companies in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship and shareholding in the associated companies. Therefore, such transactions with associated companies have to be approved by the shareholders.

In order to comply with the provisions of clause 5.19.6 (b) of the Code of Corporate Governance, 2012, the shareholders may authorize the Chief Executive to approve transactions carried out and to be carried out in normal course of business with associated companies during the ensuing year ending June 30, 2018.

The Directors are interested in the resolution to the extent of their common directorships and their shareholding in the associated companies.

# Financial Summary

Year Ended June 30, 2017



	Year ended June 30				
Rupees in million except EPS	2015	2016	% Change	2017	% Change
Gross Sales	31,175	33,135	6.3%	37,499	13.2%
Operating Income	3,295	4,199	27.4%	4,858	15.7%
Net Profit After Tax	2,222	2,819	26.9%	3,256	15.5%
Earnings per share - Rupees	46.34	58.78	26.9%	67.91	15.5%
Shareholders' Equity	9,054	10,677	17.9%	11,754	10.1%



## Review Report by the Chairman

As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of Colgate-Palmolive (Pakistan) Limited is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

For the financial year ended June 30, 2017, the Board's overall performance and effectiveness has been assessed as Satisfactory. Improvement is an ongoing process leading to action plans. The overall assessment as Satisfactory is based on an evaluation of integral components, including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitor financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's business.

The Board of Directors of your Company received agendas and supporting written material including follow up materials in sufficient time prior to the board and its committee meetings. The board meets frequently enough to adequately discharge its responsibilities. The non-executive and independent directors are equally involved in important decisions.

Dated: July 27, 2017



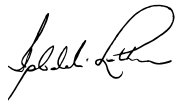
**IQBAL ALI LAKHANI**  
Chairman

## چیئر مین کی جائزہ رپورٹ

کولکیٹ پامولیو (پاکستان) لمیٹڈ کے بورڈ آف ڈائریکٹرز کا سالانہ جائزہ کوڈ آف کارپوریٹ گورننس کے تحت کیا جاتا ہے۔ اس جائزے کا مقصد اس امر کو یقینی بنانا ہے کہ بورڈ کی مجموعی کارکردگی اور افادیت کو کمپنی کے مختص کردہ مقاصد کے تناظر میں پرکھا جاسکے۔

مالی سال برائے 30 جون، 2017 کے لیے بورڈ کی مجموعی کارکردگی اور افادیت اطمینان بخش قرار پائی ہے۔ بہتری ایک مستقل جاری رہنے والا عمل ہے جس کی مدد سے عملی منصوبہ بندیوں کو ممکن بنایا جاتا ہے۔ مجموعی جائزے کا اطمینان بخش ہونا ضروری اجزاء کے انفرادی جائزے پر منحصر ہے جن میں دوراندیشی، نصب العین اور اقدار، حکمت عملی کے بنانے میں کردار، پالیسیز کی تشکیل، کمپنی میں جاری کاروباری سرگرمیوں کی نگرانی، مالیاتی وسائل کے انتظام کی نگرانی، موثر مالی نگرانی، بورڈ کے کاروبار کو پورا کرنے میں ملازمین کے ساتھ منصفانہ سلوک اور بورڈ کی سرگرمیوں کو موثر انداز سے پورا کرنا شامل ہیں۔

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کو اور اس کی کمیٹی کی ملاقاتوں میں ایجنڈا مع دیگر ضروری دستاویزات قبل از وقت موصول ہوئے۔ بورڈ ضروری سرگرمیوں اور ذمہ داریوں کو موثر طریقے سے انجام دینے کے لیے باقاعدگی سے ملاقات کرتا ہے۔ نان ایگزیکٹو اور آزاد ڈائریکٹرز بھی اہم فیصلوں میں برابری کی بنیاد پر شامل ہوتے ہیں۔



اقبال علی لاکھانی

چیئر مین

مورخہ: 27 جولائی، 2017

# Directors' Report

The Directors of your Company are pleased to present the Annual Report with the audited financial statements of the Company for the year ended June 30, 2017.

## Financial Highlights

The revenue of the Company grew by 13.17% from PKR 33.135 billion to PKR 37.499 billion. The growth was achieved on the back of strong performance by our major brands derived through aggressive media spending, effective brand promotions, innovative consumer engagement activities and selective price adjustments. Gross profit margin of the Company increased from 36.10% to 37.47% showing an improvement of 137 bps. The increase in Gross Profit margin, other than price increases, was primarily attributable to favorable input prices.

Selling & Distribution costs for the year increased by 19.30%, mainly because of increased media & promotion spending and higher distribution cost. Administrative expenses grew by 20.73% primarily due to increase in employee related expenses including a change in terms of employee gratuity scheme.

Other income, primarily derived through realization of short term investments, increased by 10.21% from PKR 0.417 billion to PKR 0.459 billion.

NPAT increased by 15.53% from PKR 2.819 billion to PKR 3.256 billion. Earnings per share for the year increased by 15.53% to PKR 67.91 as compared to PKR 58.78 last year.

## Financial Position at a Glance

A brief financial analysis is presented as under:

Operating Results	2016 - 2017	2015 - 2016	Increase / (Decrease)
	Rs. in million		
Gross Revenue	37,499	33,135	13.17%
Net Revenue	29,337	25,818	13.63%
Gross Profit	10,992	9,315	18.00%
Gross Profit %	37.47%	36.10%	137 bps
Operating Profit	4,858	4,199	15.69%
Profit After Tax	3,256	2,819	15.50%
Profit After Tax (% of Net Revenue)	11.10%	10.92%	18 bps
Earnings per Share - Rupees	67.91	58.78	15.53%

**2016-17**  
**PKR In '000'**

**Profit and Appropriations**

Profit After Tax	3,256,422
Un-appropriated profit brought forward – restated	400
Profit available for appropriation	3,256,822

**Appropriations:**

Proposed Final Cash Dividend @ 200% i.e. PKR 20 per share (2016: @ 300% i.e. PKR 30 per share)	959,099
Interim Cash Dividend @ 150% i.e. PKR 15 per share (2016: @ 00% i.e. Nil)	719,324
Transfer to General Reserve	1,578,000
Un-appropriated profit carried forward	399

## Business Performance Highlights

Innovative new products and relaunches of brands led our efforts to strengthen leadership in Oral Care. In continuation of drive to gain market share in the fast growing sensitivity segment, Colgate Sensitive added a new variant Pro-Relief Repair and Prevent. It was launched with a new campaign and in-store activities to generate trial. The Company also introduced Pro Relief Mouth Wash and Slim Soft Tri-tip toothbrush to offer our consumers a complete sensitivity management regimen. A new therapeutic look also upgraded 'Colgate Sensitive Original' packaging. The dental profession's trust in our range of indication based products has fortified further with these new initiatives.

With a refreshed new packaging design, Colgate Maximum Cavity Protection was relaunched. The integrated marketing communication took the brand message 'Na Cavities Ka Dar, Na Pyar may Jhijhak' to consumers and shoppers through all relevant touch points. The brand also engaged students through Colgate Scholarship campaign encouraging them to put their best efforts in studies in order to progress in life and become a useful member of the society. Twenty students were awarded scholarships worth Rs. 100,000 across Pakistan.

The Company expanded coverage of Palmolive Shampoo to national level, and supported it with a marketing campaign focusing on ATL, shopper engagement and in-store visibility tools. This has contributed to strengthening Palmolive's brand equity.

The "Flawless Clean" campaign for bar soaps continued with drives to increase shelf space and improve visibility. Consumer promotions helped get incremental volume to propel growth. These initiatives on bar soap and increasing distribution were instrumental in delivering healthy double digit volume and value growth yet again.

Home Care further built on last year's growth momentum. We saw new local entrants in detergent powders that further intensified competition. Key players increased overall advertising, promotion and trade spend to defend market share



Max bar continued to consolidate its leadership position in dish washing category. Max Bar rolled out a new campaign based on dish washing challenges faced by the consumers. The insightful communication increased Max Bar relevance to consumers and highlighted the product superiority over cheaper bars. To build consumption and increase penetration, Max Liquid introduced a new SKU in pouch at Rs. 30 that promises to wash 1300 plates.

## Corporate Social Responsibility

Since its inception, an estimated 10 million children have benefitted from our oral health education program 'Bright Smiles, Bright Futures'. This globally successful oral hygiene awareness and education program is now reaching school-going children across urban and rural Pakistan. Our trained educators conduct these interactive awareness sessions in schools using program's educational components like animated video, class room and take-home materials which not only ensure oral health education in the class room but extends its practice at home involving the whole family. Teachers are also trained to give reminders to children on importance of good oral hygiene and how to maintain it.

Another important Oral Health Education initiative is 'My Bright Smile' Global Art Contest that successfully organized its 17th consecutive contest. Growing in popularity, the global art contest attracts participation from schools and children from across Pakistan. We have yet another record breaking year of participation where 115,595 artworks were received. The contest provides Pakistani children an opportunity to express and display their artistic abilities nationally and at an international level. In the process they also become more aware of good oral health practices through an interesting and engaging 'My Bright Smile' art contest theme.

The 'Oral Health Month' organized at national level reiterated Company's commitment to improve oral health in Pakistan. Leading dental institutes and clinics were engaged in various cities during this initiative to provide facilities of free dental checkups, professional advice and oral health education to people from all walks of life. The program is organized in urban centers, smaller towns and rural areas. Free dental checkups in large numbers were conducted during this year's Oral Health Month. Specially designed mobile dental units manned by qualified dentists are increasing the reach of this public health program to people in small towns and rural areas with no access to dental care services.

The Company made donations amounting to PKR 18.0 million for health, education & social welfare projects.

## Future Outlook

The economic and political outlook of the country remains uncertain. Currency devaluation on account of worsening balance of payments and increase in inflation is expected in the short term.

The inflationary headwind and resultant increase in commodity prices are anticipated to build pressure on margin that Company plans to manage with competitive pricing strategy, margin favorable pack mix and premiumization with new product launches. Building on our distribution led competitive edge; Company will continue to invest in developing a more technologically advanced distribution network enabling our brands to widely reach both our urban and rural consumers.

As the challenge of increasing competition across all categories intensifies, Company's focus is on remaining relevant to consumers and offering products based on assessed needs of our consumers. The Company realizes the importance of investing in advertising and promotion of its key brands and new launches and plans to continue increasing this crucial input for stronger brand equities and business growth in future.

## Financial & Corporate Reporting Framework

The Directors are pleased to state that the Company is compliant with the provisions of the Code of Corporate Governance as required by Securities & Exchange Commission of Pakistan (SECP).

Following are the statements on Corporate and Financial Reporting Framework:

- The financial statements prepared by the management of the Company present its state of affairs fairly, the results of its operations, cash flows and changes in equity.
- The Company has maintained proper books of accounts.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no doubts on the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Summary of key operational and financial data for the last six years annexed in this annual report.
- Information about taxes and levies is given in the notes to and forming part of financial statements.
- The valuation of investment made by the staff retirement funds based on their respective accounts are as follows:

	2016-17 Rs. in Million
CPPL Staff Provident Fund	611.77
CPPL Staff Gratuity Fund	464.12

- The Board held four (4) meetings during the year. Attendance by each Director was as follows:

Directors Name	Attendance
Mr. Iqbal Ali Lakhani	3
Mr. Zulfiqar Ali Lakhani	4
Mr. Amin Mohammed Lakhani	2
Mr. Tasleemuddin Ahmed Batlay	3
Ms. Aliya Saeeda Khan	4
Ms. Lisa Mather - Nominee of CP – USA (Upto June 13, 2017)	3
Mr. Vinod Nambiar - Nominee of CP – USA	1
Mr. Peter John Graylin - Nominee of CP – USA (From June 13, 2017)	NIL

Leaves of absence was granted to directors who could not attend some of the Board meetings

- The Audit Committee held four (4) meetings during the year. Attendance by each member was as follows:

Members Name	Attendance
Mr. Amin Mohammed Lakhani	2
Mr. Tasleemuddin Ahmed Batlay (Upto January 31, 2017)	3
Mr. Iqbal Ali Lakhani	4
Ms. Aliya Saeeda Khan	4

- The HR Committee held two (2) meetings during the year. Attendance by each member was as follows:

Members Name	Attendance
Mr. Iqbal Ali Lakhani	2
Mr. Zulfiqar Ali Lakhani	2
Mr. Amin Mohammed Lakhani	1

## Auditors

The Auditors, Messrs A. F. Ferguson & Co., Chartered Accountants, retire at the conclusion of the 39th Annual General Meeting. Being eligible, they have offered themselves for re-appointment and the Board's Audit Committee has also recommended their re-appointment which is endorsed by the Board.

## Pattern of Shareholding

A statement showing pattern of shareholdings of the Company and additional information as at June, 30 2017 is included in the report.

The Board has determined threshold under clause xvi(l) of CCG-2012 in respect of trading of Company's shares by executives and employees who are drawing annual basic salary of Rs.1.5 million or more.

## Acknowledgement

We would like to thank our customers for their trust in our brands. We would also like to acknowledge the continued support of our shareholders, bankers and suppliers, and our employees for their dedication and contribution to the Company.

On behalf of Board of Directors



**Zulfiqar Ali Lakhani**  
Chief Executive



**Tasleemuddin Ahmed Batlay**  
Director

Karachi: July 27, 2017

## ڈائریکٹرز رپورٹ

کمپنی ڈائریکٹرز مسرت کے ساتھ 30 جون 2017 کو ختم ہونے والے سال کے لیے سالانہ رپورٹ کے ہمراہ کمپنی کے آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

### مالیاتی کارکردگی کی جھلکیاں

کمپنی کی آمدنی 13.17 فی صد اضافے کے ساتھ 33.135 ارب روپے سے بڑھ کر 37.499 ارب روپے ہو گئی۔ یہ نمو میڈیا کی مد میں جارحانہ اخراجات، برانڈ کی موثر پروموشنز، صارف کو شامل کرنے کی جدت آمیز سرگرمیوں اور قیمت کی منتخب ایڈجسٹمنٹس کے ذریعے حاصل کردہ ہمارے بڑے برانڈز کی زبردست کارکردگی کی بدولت حاصل کی گئی۔ کمپنی کے مجموعی منافع کی شرح 36.10 فی صد سے بڑھ کر 37.47 فی صد ہو گئی جس سے 137 بنیادی پوائنٹس کی بہتری سامنے آئی۔ مجموعی منافع میں اضافہ قیمتوں میں اضافے کے علاوہ بنیادی طور پر خام مال کی موافق قیمتوں کا نتیجہ تھا۔

فروخت اور ڈسٹری بیوشن کی لاگت میں 19.30 فی صد اضافہ ہوا جس کی بنیادی وجہ میڈیا اور پروموشن پر اخراجات میں اضافہ اور ڈسٹری بیوشن کی بڑھتی ہوئی لاگت ہے۔ انتظامی اخراجات میں 20.73 فی صد اضافہ ہوا جس کی بڑی وجہ ملازموں سے متعلق اخراجات میں اضافہ بشمول ایمپلائمنٹ گریجویٹ اسکیم کی شرائط میں تبدیلی ہے۔

دیگر آمدنی، جو بنیادی طور پر مختصر میعاد سرمایہ کاریوں کے ذریعے حاصل کی گئی، 10.21 فی صد اضافے کے ساتھ 0.417 ارب روپے سے بڑھ کر 0.459 ارب روپے ہو گئی۔

بعد از ٹیکس منافع (NPAT) 15.53 فی صد اضافے کے ساتھ 2.819 ارب روپے سے بڑھ کر 3.256 ارب روپے ہو گیا۔ سال کے لیے فی شیئر آمدنی گزشتہ سال کے 58.78 روپے کے مقابلے میں 15.53 فی صد اضافے کے ساتھ 67.91 روپے تک بڑھ گئی۔

### مالیاتی صورتحال ایک نظر میں

کاروباری کارکردگی کے نتائج	2016-2017	2015-2016	اضافہ / (کمی)
	ملین روپے	ملین روپے	
مجموعی آمدنی	37,499	33,135	13.17%
خالص آمدنی	29,337	25,818	13.63%
مجموعی منافع	10,992	9,315	18.00%
مجموعی منافع %	37.47%	36.10%	137bps



15.69%	4,199	4,858	آپریشن سے منافع
15.50%	2,819	3,256	بعد از ٹیکس منافع
18 bps	10.92%	11.10%	بعد از ٹیکس منافع (خالص آمدنی کا %)
15.53%	58.78	67.91	فی شیئر آمدنی (ای پی ایس)

2016-17	منافع اور تصرفات بذریعہ تقسیم
ہزار روپے	
3,256,422	بعد از ٹیکس منافع
400	گذشتہ غیر مختص شدہ منافع - دوبارہ بیان کردہ
3,256,822	منافع جو مختص کرنے کے لیے دستیاب ہے
	تصرفات بذریعہ تقسیم:
959,099	تجویز کردہ حتمی کیش ڈیویڈنڈ بحساب 200 فی صد یعنی 20 روپے فی شیئر (2016: بحساب 300 فی صد یعنی 30 روپے فی شیئر)
719,324	عبوری کیش ڈیویڈنڈ بحساب 150 فی صد یعنی 15 روپے فی شیئر (2016: بحساب 00 فی صد یعنی صفر)
1,578,000	جنرل ریزرو میں ٹرانسفر
399	غیر مختص شدہ منافع

## کاروباری کارکردگی کی جھلکیاں

جدت آمیز نئی پروڈکٹس اور برانڈز کی دوبارہ لانچز نے اورل کیئر میں قیادت مستحکم کرنے کے لیے ہماری کاوشوں کو آگے بڑھایا۔ تیزی سے بڑھتے ہوئے سینیٹیو سیگمنٹ میں مارکیٹ شیئر بڑھانے کی ہم آگے بڑھاتے ہوئے کولگیٹ سینیٹیو نے ایک نئی قسم پروریلیف ریپیئر اینڈ پریوینٹ کا اضافہ کیا۔ یہ ایک نئی کمپین اور ٹرائل کے لیے اسٹور کے اندر سرگرمیوں کے ذریعے لانچ کیا گیا۔ کمپنی نے اپنے صارفین کو سینیٹیو ریلیف کا ایک مکمل نظام پیش کرنے کے لیے پروریلیف ماؤتھ واش اور سلم سوفٹ ٹرائی ٹپ ٹوتھ برش بھی متعارف کرایا۔ کولگیٹ سینیٹیو اور یجنل کی پیکیجنگ کو بھی ایک نئے طبعی روپ کے ذریعے آپ گریڈ کیا گیا۔ ان نئے اقدامات کے ذریعے ڈیٹیل پروفیشن کا اعتماد ہماری علامات پر مبنی مصنوعات پر مزید مستحکم ہوا ہے۔

تجدید شدہ نئے پیکیجنگ ڈیزائن کے ساتھ، کولگیٹ میکسیم کیوٹی پروٹیکشن کو دوبارہ لانچ کیا گیا۔ مربوط مارکیٹنگ کمیونیکیشن نے برانڈ کے پیغام ”نہ کیوٹی کا ڈر، نہ پیار میں جھک“ کو تمام متعلقہ ٹچ پوائنٹس کے ذریعے صارفین اور خریداروں تک پہنچا دیا۔ برانڈ نے کولگیٹ اسکا لرشپ کمپین کے ذریعے طلبہ کو شریک

کیا اور انہیں زندگی میں ترقی کرنے اور معاشرے کا ایک مفید رکن بننے کے لیے تعلیم میں اپنی بہترین کاوشیں صرف کرنے کے لیے ان کی حوصلہ افزائی کی۔ پاکستان بھر میں بیس طلبہ کو فی کس 100,000 روپے مالیت کی اسکالرشپس سے نوازا گیا۔

کمپنی نے پامولیو شیمپو کی دستیابی کو قومی سطح تک توسیع دی ہے اور ATL، خریدار کی شمولیت اور اسٹور کے اندر وز بیلیٹی کے ذرائع پر مرکوز مارکیٹنگ کمپین کے ساتھ اسے سپورٹ فراہم کی ہے۔ ان کاوشوں کی وجہ سے پامولو کی برانڈ ایکوٹی مستحکم ہوئی ہے۔

شیلف میں حاصل جگہ میں اضافے اور وز بیلیٹی بہتر بنانے کی مہم کے ساتھ صابن (Bar Soaps) کے لیے ”بے داغ صفائی“ کمپین جاری رہی۔ کنزیومر پروموشنز نے نموبڑھانے کے لیے زیادہ حجم حاصل کرنے میں مدد فراہم کی۔ بارسوپ پر یہ اقدامات اور ڈسٹری بیوشن میں اضافہ ایک بار پھر صحت مند دوا ہرے ہند سے والا حجم حاصل کرنے اور قدر میں اضافے میں اہم کردار ادا کیا۔

ہوم کیئر نے گزشتہ سال کی نمکو کی رفتار کو برقرار رکھا ہے۔ ہم نے ڈٹرجنٹ پاؤڈرز میں نئی مقامی مصنوعات کی آمد دیکھی جس سے مقابلہ مزید سخت ہو گیا۔ اہم کھلاڑیوں نے اپنا مارکیٹ شیئر بچانے کے لیے ایڈورٹائزنگ، پروموشن اور ٹریڈ کے مجموعی اخراجات میں اضافہ کیا۔

میکس بار نے ڈش واشنگ کیٹیگری میں اپنی مارکیٹ لیڈر کی پوزیشن کو مستحکم بنانے کا سلسلہ جاری رکھا۔ میکس بار صارفین کو درپیش ڈش واشنگ چیلنجز پر مبنی نئی کمپین منظر عام پر لایا۔ گہری معلومات پر مبنی کمیونیکیشن نے صارفین سے میکس بار کی مطابقت میں اضافہ کیا اور سستے صابنوں پر پروڈکٹ کی برتری کو نمایاں کیا۔ کھپت میں اضافے اور رسائی بڑھانے کے لیے میکس لیکویڈ نے 30 روپے قیمت کے پاؤچ میں ایک نیو SKU متعارف کرایا جو 1300 پلٹیں صاف کرنے کا وعدہ کرتا ہے۔

## کاروباری سماجی ذمہ داری

ایک تخمینے کے مطابق ہمارے اورل ہیلتھ پروگرام ”برائٹ اسمائیلز، برائٹ فیوچرز“ کے قیام سے اب تک 10 لاکھ بچے فائدہ اٹھا چکے ہیں۔ عالمی سطح پر کامیاب منہ کی صحت بخش صفائی سے آگاہی اور تعلیم کا یہ پروگرام اب پاکستان کے تمام شہری اور دیہی علاقوں کے اسکول جانے والے بچوں تک پہنچ رہا ہے۔ ہمارے تربیت یافتہ ایجوکیٹرز پروگرام کی انیمیٹڈ ویڈیو، کلاس روم اور گھر لے جانے والے میٹریل جیسی تعلیمی اشیاء کے استعمال کے ذریعے اسکولز میں انٹرایکٹیو آگاہی نشستیں منعقد کرتے ہیں جو نہ صرف کلاس روم میں اورل ہیلتھ کی تعلیم یقینی بناتی ہیں بلکہ اس کی مشق پوری فیملی کے ساتھ گھرتک پہنچاتی ہے۔ اساتذہ کو بھی بچوں کو منہ کی صحت بخش صفائی اور اسے برقرار رکھنے کے طریقوں کی اہمیت بچوں کو یاد دلانے کے لیے تربیت دی جاتی ہے۔

اورل ہیلتھ ایجوکیشن کا ایک اہم قدم ”مائی برائٹ اسمائیل“ کا عالمی مقابلہ مصوری ہے جس نے اپنے 17 ویں لگاتار مقابلے کا کامیابی سے انعقاد کیا۔ بڑھتی مقبولیت کے ساتھ عالمی مقابلہ مصوری پورے پاکستان کے اسکولوں اور بچوں کو اپنی طرف راغب کرتا ہے۔ ہمارا موجودہ سال شرکا کی تعداد کے حوالے سے ایک اور ریکارڈ سال ثابت ہوا جس کے دوران 115,595 آرٹ ورک موصول ہوئے۔ یہ مقابلہ پاکستانی بچوں کو قومی اور بین الاقوامی سطح پر اپنی مصوری کی صلاحیتوں کے اظہار اور نمائش کا موقع فراہم کرتا ہے۔ اس دوران وہ ایک دلچسپ اور راغب کرنے والی ”مائی برائٹ اسمائیل“ آرٹ کا ٹیسٹ تھیم کے ذریعے اورل ہیلتھ کی عمدہ عادتوں سے بھی مزید آگاہ ہو جاتے ہیں۔

قومی سطح پر منعقد کیا جانے والا ’اورل ہیلتھ منٹھ‘ پاکستان میں اورل ہیلتھ کی بہتری کے لیے کمپنی کے عزم کی تجدید کرتا ہے۔ اس انیشیاتیو کے دوران زندگی کے تمام شعبوں سے تعلق رکھنے والے لوگوں کو مفت ڈینٹل چیک اپ، پیشہ ورانہ مشاورت اور اورل ہیلتھ ایجوکیشن فراہم کرنے کے لیے مختلف شہروں میں ممتاز ڈینٹل انسٹی ٹیوشنز اور کلینکس کی خدمات حاصل کی گئی تھیں۔ یہ پروگرام شہروں، چھوٹے قصبوں اور دیہاتی علاقوں میں منعقد کیے جاتے ہیں۔ اس سال اورل ہیلتھ منٹھ کے دوران بڑی تعداد میں مفت ڈینٹل چیک اپس کیے گئے۔ کوالیفائیڈ ڈینٹلسٹس کے ہمراہ خصوصی ڈیزائن کردہ موبائل ڈینٹل یونٹس نے ایسے چھوٹے قصبوں اور دیہاتی علاقوں میں لوگوں تک اس پبلک ہیلتھ پروگرام کی رسائی میں اضافہ کر رہے ہیں جو ڈینٹل کیئر کی خدمات تک رسائی نہیں رکھتے۔

کمپنی نے صحت، تعلیم اور سماجی فلاحی بہبود کے منصوبوں کو 18.0 ملین روپے بطور عطیہ دیئے۔

## مستقبل کی توقعات

ملک کا معاشی اور سیاسی منظر نامہ بدستور غیر یقینی ہے۔ ادائیگیوں کے بگڑتے توازن اور افراط زر میں اضافے کی وجہ سے مختصر مدت میں کرنسی کی قدر میں کمی متوقع ہے۔

افراط زر میں اضافے اور اس کے نتیجے میں اشیائے صرف کی قیمتوں میں اضافے سے کمپنی کے منافع جات پر دباؤ کی توقع ہے جس سے کمپنی مسابقتی قیمتوں کی حکمت عملی، منافع کے لیے فائدہ مند ٹیکس اور نئی پریمیم پروڈکٹس لانچر کے ذریعے عہدہ برآ ہونے کا منصوبہ رکھتی ہے۔ ڈسٹری بیوشن کی بدولت ہماری مسابقتی برتری سے مزید فائدہ اٹھاتے ہوئے کمپنی تکنیکی اعتبار سے اور زیادہ جدید ڈسٹری بیوشن نیٹ ورک کی تیاری میں سرمایہ کاری رکھے گی تاکہ ہمارے برانڈز کو ہمارے شہری اور دیہاتی صارفین تک پہنچنے کا وسیع تر موقع مل سکے۔ جیسا کہ تمام کیٹیگریز میں مقابلہ سخت ہو رہا ہے، کمپنی کی توجہ اپنے صارفین سے وابستہ رہنے اور اپنے صارفین کی تجزیہ شدہ ضروریات پر مبنی پروڈکٹس پیش کرنے پر مرکوز ہے۔ کمپنی اپنے کلیدی برانڈز اور نئی لانچر کی ایڈورٹائزنگ اور پروموشن کی اہمیت سے واقف ہے اور مزید مستحکم برانڈ ایکویٹیز اور کاروبار کی ترقی کے لیے مستقبل میں اس اہم مصرف میں اضافہ جاری رکھنے کا منصوبہ رکھتی ہے۔

## کارپوریٹ اور فائنانشل رپورٹنگ فریم ورک

ڈائریکٹرز بصدر مسرت مطلع کرتے ہیں کہ کمپنی سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے تقاضوں کے مطابق کوڈ آف کارپوریٹ گورننس کے ضوابط کی تعمیل کرتی ہے۔

- کارپوریٹ اور فائنانشل رپورٹنگ فریم ورک پرائیٹمنٹ درج ذیل ہے:
- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے اس کے معاملات، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
- کمپنی نے اپنے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔

- کمپنی نے مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی ہے اور شاریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
  - مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی معیاروں کی، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، پیروی کی گئی ہے۔
  - انٹرنل کنٹرول کا نظام مستحکم ہے اور اسے موثر انداز میں لاگو کیا گیا ہے اور اس کی نگرانی کی جاتی ہے۔
  - کمپنی کی کاروبار رواں دواں رکھنے کی صلاحیت شکوک و شبہات سے بالاتر ہے۔
  - لسٹنگ ریگولیشنز میں تفصیلاً درج کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
  - گزشتہ چھ سال کا اہم کاروباری اور مالیاتی ڈیٹا اس سالانہ رپورٹ کے ساتھ منسلک ہے۔
  - ٹیکسوں اور محصولات کے بارے میں معلومات نوٹس میں دی گئی ہیں اور مالیاتی گوشواروں کا حصہ ہیں۔
- اسٹاف ریٹائرمنٹ فنڈز کی طرف سے کی جانے والی سرمایہ کاری کی تشخیص مالیت ان کے متعلقہ اکاؤنٹس کی بنیاد پر درج ذیل ہے:

2016-17	
ملین روپے	
611.77	CPPL اسٹاف پروویڈنٹ فنڈ
464.12	CPPL اسٹاف گریجویٹ فنڈ

## بورڈ آف ڈائریکٹرز کے اجلاس

اس سال کے دوران بورڈ کے چار اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی طرف سے اجلاسوں میں شرکت کی تعداد درج ذیل ہے:

ڈائریکٹر کا نام	اجلاسوں میں شرکت کی تعداد
جناب اقبال علی لاکھانی (چیئرمین)	3
جناب ذوالفقار علی لاکھانی	4
جناب امین محمد لاکھانی	2
جناب تسلیم الدین احمد باٹلے	3
محترمہ عالیہ سعیدہ خان	4
محترمہ لیزا ماتھر - CP-USA کی نامزد کردہ	3

(13 جون 2107ء تک)

جناب ونو نمبر 1-CP-USA کے نامزد کردہ

جناب پیٹر جان گرلین -CP-USA کے نامزد کردہ

(13 جون 2017ء سے)

جوڈائریکٹرز بعض میٹنگز میں شریک نہیں ہو سکے، انہیں رخصت برائے غیر حاضری عطا کر دی گئی۔

اس سال کے دوران آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے۔ ہر ممبر کی حاضری درج ذیل رہی:

ممبر کا نام	حاضری
جناب امین محمد لاکھانی	2
جناب تسلیم الدین احمد باٹلے (31 جنوری 2017ء تک)	3
جناب اقبال علی لاکھانی	4
محترمہ عالیہ سعیدہ خان	4

اس سال کے دوران HR کمیٹی کے دو اجلاس منعقد ہوئے۔ ہر ممبر کی حاضری درج ذیل رہی:

ممبر کا نام	حاضری
جناب اقبال علی لاکھانی	2
جناب ذوالفقار علی لاکھانی	2
جناب امین محمد لاکھانی	1

## آڈیٹرز

آڈیٹرز میسرز اے ایف فرگوسن اینڈ کو، چارٹرڈ اکاؤنٹنٹس 39 ویں سالانہ اجلاس عام کے اختتام پر ریٹائر ہو رہے ہیں۔ اہلیت کی بنیاد پر انہوں نے دوبارہ تقرری کے لیے خود کو پیش کیا ہے۔ بورڈ کی آڈٹ کمیٹی نے بھی ان کی دوبارہ تقرری کی سفارش کی ہے جس کی بورڈ کی طرف سے تائید کی گئی ہے۔

## پیٹرن آف شیئر ہولڈنگ

30 جون 2017ء کے مطابق کمپنی کے شیئر ہولڈنگ پیٹرن اور اضافی معلومات کی نشاندہی کرنے والی ایک اسٹیٹمنٹ رپورٹ میں شامل ہے۔

بورڈ نے CCG-2012 کی شق (I) xvi کے تحت کمپنی کے ایسے ایگزیکٹو اور ملازمین کے لیے، جو سالانہ 1.5 ملین روپے یا زائد بنیادی تنخواہ وصول کر رہے ہیں، کمپنی کے شیئرز کی خرید و فروخت کے حوالے سے حتمی حد کا تعین کر رکھا ہے۔



## تشکر

ہمارے برانڈز پر مکمل اعتماد رکھنے پر ہم اپنے کسٹمرز کا شکریہ ادا کرتے ہیں۔ ہم لگاتار معاونت کے لیے اپنے سینئر ہولڈرز، مینکریز اور سپلائرز اور اپنے ملازمین کی لگن اور کمپنی کے لیے ان کے قابل قدر کردار کا بھی اعتراف کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے



تسلیم الدین احمد باطلے  
ڈائریکٹر

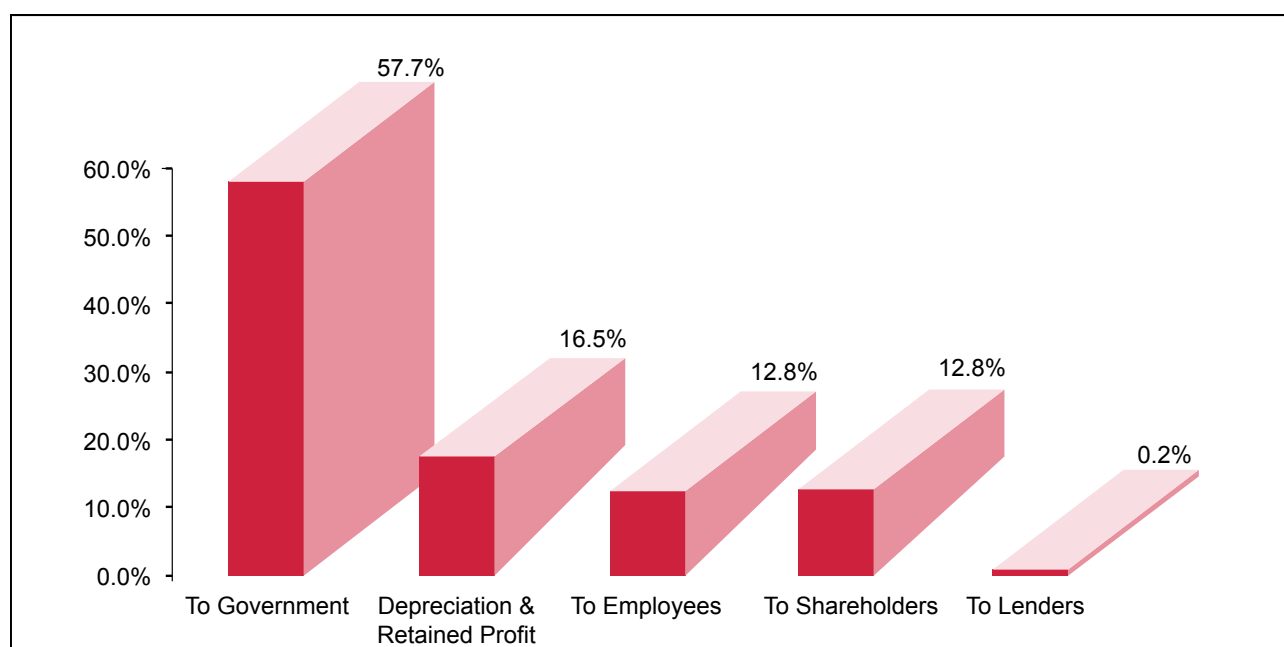


ذوالفقار علی لاکھانی  
چیف ایگزیکٹو

کراچی: 27 جولائی 2017

# Statement of Value Added

	Year ended June 30	
	2017	2016
	(Rs in million)	
<b>Wealth Generated</b>		
Total revenue net of discount and allowances	35,752	31,514
Bought-in-material and services	22,691	20,045
	13,061	11,469
<b>Wealth Distributed</b>		
<b>To Employees</b>		
Salaries, benefits and other costs	1,668	1,448
<b>To Government</b>		
Income tax, sales tax	7,532	6,636
<b>To Providers of Capital</b>		
Dividend to shareholders	1,678	1,439
Mark up/interest expenses on borrowed funds	25	23
<b>Retained for Reinvestment and Growth</b>		
Depreciation and retained profits	2,158	1,923
	13,061	11,469



# Statement of Compliance with the Code of Corporate Governance

For The Year Ended June 30, 2017

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No.5.19.24 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 on its Board of Directors. At present the Board includes:

Category	Name
Independent Director	Ms. Aliya Saeeda Khan
Executive Directors	M/s. Zulfiqar Ali Lakhani and Tasleemuddin A. Batlay
Non-Executive Directors	M/s. Iqbal Ali Lakhani, Amin Mohammed Lakhani, Vinod Nambiar and Peter John Graylin.

The independent director 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.
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 Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurred on the Board on 13 June 2017 was filled up by the directors on the same day.
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 other executive Director have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose 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. In accordance with the criteria specified on clause 5.19.7 of PSX Rules, majority of Directors of the Company are exempted from the requirement of Directors' training program.
10. The Board has approved appointment of CFO and Head of Internal Audit including their remuneration and terms and conditions of employment. Mr. Mansoor Ahmed was assigned the responsibilities of Company Secretary of Colgate-Palmolive (Pakistan) Limited in addition to his responsibilities in other Group Companies. Internal Audit function of the Company was outsourced with the approval of 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. During the year as a result of re-constitution of the audit committee, the audit committee from January 2017 comprises of three members, of whom all are non-executive directors and the Chairperson 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. 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 of three members, of whom two are non executive Directors and the Chairman of the Committee is a non executive Director.
18. The Board has outsourced internal audit function of the Company to a firm of Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (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, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through 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.



**Zulfiqar Ali Lakhani**  
Chief Executive



**Tasleemuddin Ahmed Batlay**  
Director

Karachi: July 27, 2017

# Review Report to the Members on Statement of Compliance With Best Practices of Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors (the Board) of Colgate Palmolive (Pakistan) Limited (the Company) for the year ended June 30, 2017 to comply with the requirements of Rule 5.19 of the Rule book of the 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 a part of our audit of the 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's 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 for their review and approval, its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board 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 June 30, 2017.

Further, we highlight that the composition of the Audit Committee has been made compliant with the requirements of the Code as a result of its reconstitution in January, 2017.

  
**A.F. FERGUSON & CO.**  
Chartered Accountants

Karachi: July 27, 2017

*A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>*




# Auditors' Report to the Members

We have audited the annexed balance sheet of Colgate-Palmolive (Pakistan) Limited as at June 30, 2017 and the related profit and loss account, statement of changes in equity and cash flow statement 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 changes in equity and cash flow statement 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 June 30, 2017 and of the profit, its changes in equity and cash flows for the year then ended; and
- (d) in our opinion, zakat deductible at source under the Zakat and Ushr Ordinance, 1980 was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

  
Chartered Accountants  
Karachi, July 27, 2017

Audit Engagement Partner: Khurshid Hasan

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

# Balance Sheet

As at June 30, 2017

## ASSETS

### NON-CURRENT ASSETS

Note	2017	2016
	(Rupees in '000)	
Property, plant and equipment	4 2,731,203	2,769,966
Intangible assets	5 23,157	6,091
Long term loans	6 44,221	30,675
Long term security deposits	7 17,960	17,887
	2,816,541	2,824,619

### CURRENT ASSETS

Stores and spares	8 196,150	158,257
Stock in trade	9 3,107,762	2,827,048
Trade debts	10 742,032	537,994
Loans and advances	11 242,512	208,587
Trade deposits and short term prepayments	12 116,646	110,647
Other receivables	13 11,530	15,986
Accrued profit	14,600	4,425
Taxation	143,220	461,116
Short term investments	14 6,570,291	5,436,147
Cash and bank balances	15 989,140	1,122,602
	12,133,883	10,882,809
	14,950,424	13,707,428

## TOTAL ASSETS

## EQUITY AND LIABILITIES

### SHARE CAPITAL AND RESERVES

Authorised share capital	16 750,000	750,000
Issued, subscribed and paid-up share capital	16 479,549	479,549
Reserves	17 11,358,955	10,260,504
Remeasurement of post retirement benefits obligation	(88,621)	(69,982)
Surplus on revaluation of investments	4,043	7,296
	11,753,926	10,677,367

## LIABILITIES

### NON-CURRENT LIABILITIES

Deferred taxation	18 200,925	265,940
Long term deposits	19 66,872	48,644
Deferred liability	20 -	2,683
	267,797	317,267

### CURRENT LIABILITIES

Trade and other payables	21 2,928,701	2,712,794
<b>TOTAL LIABILITIES</b>	<b>3,196,498</b>	<b>3,030,061</b>

## TOTAL EQUITY AND LIABILITIES

## CONTINGENCIES AND COMMITMENTS

23

The annexed notes 1 to 44 form an integral part of these financial statements.

  
**Zulfiqar Ali Lakhani**  
 Chief Executive

  
**Tasleemuddin Ahmed Batlay**  
 Director

  
**Mirza Rehan Ahmed**  
 Chief Financial Officer

# Profit and Loss Account

For the year ended June 30, 2017

	Note	2017 (Rupees in '000)	2016 (Rupees in '000)
Turnover		37,498,961	33,135,291
Sales tax		(5,954,616)	(5,278,903)
Trade and other discounts		(2,207,620)	(2,038,419)
Net turnover		29,336,725	25,817,969
Cost of sales	24	(18,344,900)	(16,502,405)
Gross profit		10,991,825	9,315,564
Selling and distribution cost	25	(5,803,719)	(4,870,647)
Administrative expenses	26	(392,443)	(325,531)
Other expenses	27	(397,171)	(336,846)
Other income	28	459,509	416,927
Profit from operations		4,858,001	4,199,467
Finance cost and bank charges	29	(24,534)	(23,476)
Profit before taxation		4,833,467	4,175,991
Taxation	30	(1,577,045)	(1,357,102)
Profit after taxation		3,256,422	2,818,889
<b>Other comprehensive income / (loss) for the year - net of tax</b>			
Items that may be reclassified subsequently to profit and loss			
Surplus on investments categorised as 'available for sale'		210,378	240,573
Gain realised on disposal of short term investments		(213,997)	(233,187)
Impact of tax		366	(1,138)
Total items that may be reclassified subsequently to profit and loss		(3,253)	6,248
Item that will not be reclassified to profit and loss			
Remeasurement of post retirement benefits obligation		(27,014)	(3,696)
Impact of tax		8,375	1,183
Total items that will not be reclassified to profit and loss		(18,639)	(2,513)
		(21,892)	3,735
<b>Total comprehensive income for the year</b>		<b>3,234,530</b>	<b>2,822,624</b>
-----Rupees-----			
Earnings per share - basic and dilutive	31	67.91	58.78

The annexed notes 1 to 44 form an integral part of these financial statements.



**Zulfiqar Ali Lakhani**  
Chief Executive



**Tasleemuddin Ahmed Batlay**  
Director



**Mirza Rehan Ahmed**  
Chief Financial Officer

# Statement of Changes in Equity

For the year ended June 30, 2017

	Issued, subscribed and paid-up share capital	Capital reserve - share premium	Reserves		Sub total - reserves	Remeasur- ement on post retirement benefits obligation - net of tax	Surplus on revaluation of investments- net of tax	Total Equity
			General reserve	Unappro- priated profit				
(Rupees in '000)								
Balance as at July 1, 2015	479,549	13,456	6,403,000	2,224,032	8,640,488	(67,469)	1,048	9,053,616
Transactions with owners								
Final dividend for the year ended June 30, 2015 at the rate of Rs 25 per share	-	-	-	(1,198,873)	(1,198,873)	-	-	(1,198,873)
Total transactions with owners	-	-	-	(1,198,873)	(1,198,873)	-	-	(1,198,873)
Comprehensive income for the year								
Profit after taxation for the year ended June 30, 2016	-	-	-	2,818,889	2,818,889	-	-	2,818,889
Other comprehensive (loss) / gain	-	-	-	-	-	(2,513)	6,248	3,735
Total comprehensive income for the year ended June 30, 2016	-	-	-	2,818,889	2,818,889	(2,513)	6,248	2,822,624
Transfer to general reserve	-	-	1,025,000	(1,025,000)	-	-	-	-
Balance as at June 30, 2016	479,549	13,456	7,428,000	2,819,048	10,260,504	(69,982)	7,296	10,677,367
Transactions with owners								
Final dividend for the year ended June 30, 2016 at the rate of Rs 30 per share	-	-	-	(1,438,647)	(1,438,647)	-	-	(1,438,647)
Interim dividend for the year ended June 30, 2017 at the rate of Rs 15 per share	-	-	-	(719,324)	(719,324)	-	-	(719,324)
Total transactions with owners	-	-	-	(2,157,971)	(2,157,971)	-	-	(2,157,971)
Comprehensive income for the year								
Profit after taxation for the year ended June 30, 2017	-	-	-	3,256,422	3,256,422	-	-	3,256,422
Other comprehensive loss	-	-	-	-	-	(18,639)	(3,253)	(21,892)
Total comprehensive income for the year ended June 30, 2017	-	-	-	3,256,422	3,256,422	(18,639)	(3,253)	3,234,530
Transfer to general reserve	-	-	1,380,000	(1,380,000)	-	-	-	-
Balance as at June 30, 2017	479,549	13,456	8,808,000	2,537,499	11,358,955	(88,621)	4,043	11,753,926

The annexed notes 1 to 44 form an integral part of these financial statements.

  
**Zulfiqar Ali Lakhani**  
 Chief Executive

  
**Tasleemuddin Ahmed Batlay**  
 Director

  
**Mirza Rehan Ahmed**  
 Chief Financial Officer

# Cash Flow Statement

For the year ended June 30, 2017

	Note	2017	2016
		(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	32	4,728,948	4,784,996
Taxes paid		(1,315,423)	(1,014,308)
Long term loans		(13,546)	(11,090)
Long term security deposits (assets)		(73)	(3,620)
Staff retirement gratuity paid		(104,623)	(59,956)
Long term deposits		18,228	23,151
Net cash generated from operating activities		3,313,511	3,719,173
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		(554,325)	(399,972)
Purchase of intangible assets		(22,193)	(6,955)
Short term investments made during the year		(9,440,627)	(14,144,000)
Proceeds from sale of property, plant and equipment		19,949	63,001
Profit received on saving accounts		45,869	49,848
Profit received on treasury bills		109,064	-
Profit received on Pakistan Investment Bonds		14,009	1,072
Profit received on term deposit receipt		31,692	9,955
Sale proceeds on disposal of short term investments		11,254,323	11,967,125
Net cash generated from (used in) investing activities		1,457,761	(2,459,926)
<b>CASH USED IN FINANCING ACTIVITIES</b>			
Dividend paid		(2,154,359)	(1,197,439)
Net increase in cash and cash equivalents		2,616,913	61,808
Cash and cash equivalents at the beginning of the year		1,798,227	1,736,419
Cash and cash equivalents at the end of the year	33	4,415,140	1,798,227

The annexed notes 1 to 44 form an integral part of these financial statements.



**Zulfiqar Ali Lakhani**  
Chief Executive



**Tasleemuddin Ahmed Batlay**  
Director



**Mirza Rehan Ahmed**  
Chief Financial Officer

# Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2017

## 1. THE COMPANY AND ITS OPERATIONS

Colgate-Palmolive (Pakistan) Limited (the Company) was initially incorporated in Pakistan on December 5, 1977 as a public limited company with the name of National Detergents Limited. The name of the Company was changed to Colgate-Palmolive (Pakistan) Limited on March 28, 1990 when the Company entered into a Participation Agreement with Colgate-Palmolive Company, USA. The Company is listed on Pakistan Stock Exchange. The registered office of the Company is situated at Lakson Square, Building No. 2, Sarwar Shaheed Road, Karachi, Pakistan.

The Company is mainly engaged in the manufacture and sale of detergents, personal care and other related products.

## 2. SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

### 2.1 Basis of preparation

#### 2.1.1 Basis of measurement

These financial statements have been prepared under the historical cost convention unless otherwise specifically stated.

#### 2.1.2 Statement of compliance

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

#### 2.1.3 New standards, amendments to approved accounting standards and new interpretations

##### 2.1.3.1 Standard and amendments to approved accounting standards which became effective during the year ended June 30, 2017

2.1.3.2 There were standard and amendments to the approved accounting standards which became effective during the year ended June 30, 2017 but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

##### 2.1.4 Amendments to approved accounting standards that are effective for the Company's accounting periods beginning after July 1, 2017:

2.1.4.1 There are certain new standards and amendments to the approved accounting standards which will be effective for the Company for annual periods beginning on or after July 1, 2017 but are considered not to be relevant or are expected to have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.



In addition to this, changes have been made in respect of the disclosure and presentation of the financial statements through promulgation of Companies Act, 2017 (the Act) with effect from the May 30, 2017. However, the applicability of the Act in relation to the preparation of the financial statements has been deferred by the Securities and Exchange Commission of Pakistan through its Circular 17 dated July 20, 2017 for companies having financial closure on or before June 30, 2017.

## 2.2 Property, plant and equipment

### 2.2.1 These assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any, and capital work in progress which are stated at cost.

Assets having cost exceeding the minimum threshold as determined by the management are capitalised. All other assets are charged to income in the year when acquired.

Depreciation is charged to income applying the straight line method by applying rates (as stated in note 4.1.1). Depreciation on additions is charged from the month in which the asset is put to use and on disposal upto the month of disposal.

No depreciation is charged if the asset's residual value exceeds its carrying amount.

Residual values and the useful lives are reviewed at each balance sheet date and adjusted if expectations differ significantly from previous estimates.

Residual values are determined by the management as the amount it expects it would receive currently for an item of property, plant and equipment if it was already of the age and in the condition expected at the end of its useful life based on the prevailing market prices of similar assets already at the end of their useful lives.

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

The carrying values of property, plant and equipment are reviewed at each reporting date for indications that an asset may be impaired and carrying values may not be recovered. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the asset or cash generating unit is written down to its recoverable amount. The recoverable amount of property, plant and equipment is the greater of fair value less cost to sell and value in use.

Normal repairs and maintenance are charged to income as and when incurred. Major renewals and improvements, if any, are capitalised, when it is probable that future economic benefits will flow to the Company.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amount of the relevant assets. These are included in profit and loss account.

### 2.2.2 Capital work in progress

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when assets are available for use.

## 2.3 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Intangible assets are recognised when it is probable that the expected future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Cost of the intangible asset (i.e. computer software) includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Costs associated with maintaining computer software are recognised as an expense as and when incurred.

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is charged over the estimated useful life of the asset on a systematic basis applying the straight line method at the rate of 33.33%.

Useful lives of intangible operating assets are reviewed, at each balance sheet date and adjusted if the impact of amortisation is significant.

The carrying amount of the intangible is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the profit and loss account for the amount by which the asset's carrying amount exceeds its recoverable amount. Reversal of impairment losses are also recognised in the profit and loss account, however, it is restricted to the original cost of the asset.

## 2.4 Stores and spares

Stores and spares are valued at lower of cost using the moving average method and estimated net realisable value. Items in transit are valued at cost as accumulated upto the balance sheet date. Provision for obsolete items, if any, is based on their condition as at the balance sheet date depending upon the management's judgement.

Loose tools are recognised as expense as and when purchased as their inventory is generally not significant.

Net realisable value specifies the estimated selling price in the ordinary course of business less the estimated cost of completion and cost necessarily to be incurred to make the sale.

## 2.5 Stock in trade

Stock in trade is valued at the lower of cost and estimated net realisable value. Cost is determined as follows:

### Stages of stock in trade

Raw and packing material  
Raw and packing material in bonded  
warehouse and in transit  
Work in process and finished goods

Trading goods

### Basis of valuation

Moving average cost  
Cost accumulated upto the balance  
sheet date  
Cost of direct materials and appropriate  
portion of production overheads  
Moving average cost

Net realisable value is determined on the basis of estimated selling price of the product in the ordinary course of business less estimated costs of completion and the estimated costs necessary to be incurred for its sale.

## 2.6 Trade debts and other receivables

Trade debts and other receivables are recognised and carried at original invoice amount less an estimated allowance made for doubtful receivables based on review of outstanding amounts at the year end. A provision for impairment of trade debts and other receivables 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 receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. Debts, considered irrecoverable, are written off, as and when identified.

## 2.7 Taxation

### Current

Provision for current taxation is the amount computed on taxable income at the current rates of taxation or alternative corporate tax computed on accounting income or minimum tax on turnover, whichever is higher, and taxes paid / payable on final tax basis, after taking into account tax credit available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from the assessments made / finalised during the year.

### Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amount of the assets and liabilities and their tax bases.

Deferred tax liabilities are recognised for all major taxable temporary differences.

Deferred tax assets are recognised for all major deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

The carrying amount of the deferred tax asset is reviewed at each balance sheet date and is recognised only to the extent that it is probable that future taxable profits will be available against which the assets may be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it becomes probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is utilised or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the balance sheet date.

## 2.8 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents consist of cash and bank balances, cheques in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, running finance under mark-up arrangements and short term loans which form an integral part of the Company's cash management.

## 2.9 Borrowing costs

Borrowing costs relating to the acquisition, construction or production of a qualifying asset are recognised as part of the cost of that asset. All other borrowing costs are recognised as an expense in the period in which these are incurred.

## 2.10 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, 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 periodically and adjusted to reflect the current best estimates.

## 2.11 Staff retirement benefits

### Defined benefit plan

The Company operates a defined benefit plan i.e. an approved funded gratuity scheme for all its permanent employees subject to attainment of retirement age and minimum service of prescribed period. Contributions are made to the fund on the basis of actuarial recommendations. Actuarial valuation is carried out using the projected unit credit method.

All actuarial gains and losses (i.e. remeasurements) are recognised in 'other comprehensive income' as they occur.

### Defined contribution plan

The Company operates an approved funded provident fund scheme for all its permanent employees. Equal monthly contributions are made, both by the Company and its employees, to the fund at the rate of 9 percent of the basic salaries of employees.

### Compensated absences

The liability in respect of compensated absences of employees is accounted for in the period in which the absences accrue. As the component of liability involved is not material, the Company does not carry out actuarial valuation for the said liability.

## 2.12 Revenue recognition

- Sales are recognised on dispatch of goods to the customers.
- Profit on bank balances are recognised on a time proportion basis on the principal amount outstanding and at the applicable rate.
- Insurance commission income is recognised as and when received.
- Gains / (losses) arising on disposal of investments are included in income currently and are recognised on the date when the transaction takes place.
- Unrealised gains / (losses) arising on revaluation of securities classified as 'available for sale' are included in other comprehensive income in the period in which they arise.

## 2.13 Foreign currency transactions

Transactions in foreign currencies are translated in Pakistan rupees (functional and presentation currency) at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistan rupees at the rates of exchange approximating those prevalent at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

## 2.14 Dividend and other appropriations

Dividend is recognised as a liability in the period in which it is declared. Appropriations of profit are reflected in the statement of changes in equity in the period in which such appropriations are approved.

## 2.15 Financial instruments

### 2.15.1 Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

#### a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

#### b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

#### c) Held to maturity

Held to maturity are financial assets with fixed or determinable payments and fixed maturity that are quoted in an active market, where management has the intention and ability to hold till maturity are carried at amortised cost.

#### d) Available for sale financial assets

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date. Available for sale financial assets in such case are classified as short term investments in the balance sheet.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised as “Other comprehensive income” are included in the profit and loss account as gains and losses on disposal of short term investments. Interest on available for sale securities calculated using effective interest method is recognised in the profit and loss account. Dividends on available for sale equity instruments are recognised in the profit and loss account when the Company’s right to receive payments is established.

All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognised at trade date i.e. the date on which the Company commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit and loss account.

Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. ‘Loans and receivables’ and ‘held to maturity’ investments are carried at amortised cost using effective interest rate method.

Gains or losses arising, from changes in the fair value of the ‘financial assets at fair value through profit or loss’ are recognised in the profit and loss for the year. Changes in the fair value of instruments classified as ‘available for sale’ are recognised in ‘Other comprehensive income’ until derecognised or impaired, when the accumulated fair value adjustments recognised in unrealised surplus on revaluation of investments are included in the profit / loss for the year.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired.

## 2.15.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit and loss account.

## 2.15.3 Off-setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the financial statements if the Company has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.



## 2.16 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

## 2.17 Contingent assets

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognised until their realisation become virtually certain.

## 2.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer has been identified as the 'chief operating decision-maker', who is responsible for allocating resources and assessing performance of the operating segments.

# 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the process of applying the Company's accounting policies, the management has made the following estimates and judgements which are significant to the financial statements:

- a) assumptions and estimates used in determining the recoverable amount, residual values and useful lives of property, plant and equipment (note 4);
- b) assumptions and estimates used in determining the useful lives and residual values of intangible assets (note 5);
- c) assumptions and estimates used in determining the provision for slow moving stores and spares (note 8);
- d) assumptions and estimates used in writing down items of stock in trade to their net realisable value (note 9);
- e) assumptions and estimates used in calculating the provision for impairment for trade debts (note 10);
- f) assumptions and estimates used in deriving fair value of short term investments (note 14);

- g) deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the assets may be utilised (note 18);
- h) assumptions and estimates used for valuation of present value of defined benefit obligation and fair value of plan assets (note 20);
- i) assumptions and estimates used in disclosure and assessment of provision for contingencies (note 23); and
- j) assumptions and estimates used in determining current income under relevant tax law and the decisions of appellate authorities on certain cases issued in the past (note 30).

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

#### 4. PROPERTY, PLANT AND EQUIPMENT

	Note	2017 (Rupees in '000)	2016
Operating fixed assets	4.1	2,465,377	2,662,034
Capital work in progress	4.2	265,826	107,932
		<u>2,731,203</u>	<u>2,769,966</u>

## 4.1 Operating fixed assets

### 4.1.1 The following is a statement of operating fixed assets:

	Leasehold land	Factory building on leasehold land	Plant and machinery	Electric fittings and installation	Gas installation	Furniture and fittings	Tools and equipment	Vehicles	Computers and accessories	Office equipment	Total
----- (Rupees in '000) -----											
<b>At July 1, 2015</b>											
Cost	89,850	734,044	3,280,031	191,874	154	101,831	286,611	441,590	143,730	84,044	5,353,759
Accumulated depreciation	-	(363,471)	(1,492,138)	(82,220)	(128)	(52,095)	(174,838)	(191,966)	(107,719)	(43,183)	(2,507,758)
Net book value	89,850	370,573	1,787,893	109,654	26	49,736	111,773	249,624	36,011	40,861	2,846,001
<b>Year ended June 30, 2016</b>											
Additions	-	2,939	61,718	2,116	-	1,601	14,916	55,343	25,396	14,724	178,753
Transfers from capital work in progress during the year (note 4.2.1)	-	16,616	177,759	5,568	-	970	1,637	-	-	325	202,875
<b>Disposals (note 4.1.4)</b>											
Cost	-	-	-	-	-	-	(595)	(62,995)	(4,356)	(921)	(68,867)
Depreciation	-	-	-	-	-	-	491	39,965	4,209	647	45,312
Net book value	-	-	-	-	-	-	(104)	(23,030)	(147)	(274)	(23,555)
<b>Write offs (note 4.1.3)</b>											
Cost	-	-	-	-	-	(707)	-	-	(9,429)	(1,282)	(11,418)
Depreciation	-	-	-	-	-	323	-	-	9,263	1,104	10,690
Net book value	-	-	-	-	-	(384)	-	-	(166)	(178)	(728)
Depreciation charge for the year (note 4.1.5)	-	(69,075)	(309,797)	(20,497)	(7)	(14,428)	(40,446)	(49,488)	(24,228)	(13,346)	(541,312)
Net book value as at June 30, 2016	89,850	321,053	1,717,573	96,841	19	37,495	87,776	232,449	36,866	42,112	2,662,034
<b>Year ended June 30, 2017</b>											
Additions	-	2,555	96,544	5,696	-	1,643	16,687	44,587	31,797	8,415	207,924
Transfers from capital work in progress during the year (note 4.2.1)	-	101,977	78,806	622	-	3,534	3,335	-	-	233	188,507
<b>Disposals (note 4.1.4)</b>											
Cost	-	-	-	-	-	(16)	-	(26,655)	(4,846)	(328)	(31,845)
Depreciation	-	-	-	-	-	16	-	17,951	4,664	248	22,879
Net book value	-	-	-	-	-	-	-	(8,704)	(182)	(80)	(8,966)
<b>Write offs (note 4.1.3)</b>											
Cost	-	-	(1,968)	-	-	(191)	(1,224)	-	(4,837)	(14,135)	(22,355)
Depreciation	-	-	1,056	-	-	179	1,098	-	4,436	9,966	16,735
Net book value	-	-	(912)	-	-	(12)	(126)	-	(401)	(4,169)	(5,620)
Depreciation charge for the year (note 4.1.5)	-	(76,935)	(345,593)	(21,693)	(6)	(14,175)	(32,868)	(51,898)	(24,304)	(11,030)	(578,502)
Net book value as at June 30, 2017	89,850	348,650	1,546,418	81,466	13	28,485	74,804	216,434	43,776	35,481	2,465,377
<b>At June 30, 2016</b>											
Cost	89,850	753,599	3,519,508	199,558	154	103,695	302,569	433,938	155,341	96,890	5,655,102
Accumulated depreciation	-	(432,546)	(1,801,935)	(102,717)	(135)	(66,200)	(214,793)	(201,489)	(118,475)	(54,778)	(2,993,068)
Net book value	89,850	321,053	1,717,573	96,841	19	37,495	87,776	232,449	36,866	42,112	2,662,034
<b>Annual rates of depreciation (%) 2016</b>	-	10	10	10	10	15	15	20	33	15	
<b>At June 30, 2017</b>											
Cost	89,850	858,131	3,692,890	205,876	154	108,665	321,367	451,870	177,455	91,075	5,997,333
Accumulated depreciation	-	(509,481)	(2,146,472)	(124,410)	(141)	(80,180)	(246,563)	(235,436)	(133,679)	(55,594)	(3,531,956)
Net book value	89,850	348,650	1,546,418	81,466	13	28,485	74,804	216,434	43,776	35,481	2,465,377
<b>Annual rates of depreciation (%) 2017</b>	-	10	10	10	10	15	15	20	33	15	

- 4.1.2 Cost of operating fixed assets held by third parties, for manufacturing certain products of the Company, are as follows:

	2017	2016
	(Rupees in '000)	
Industrial Packages (Private) Limited	7,132	7,132
Rollins Industries (Private) Limited	18,609	18,609
Techno Plast	8,503	8,503
Naveed Company	113	113
Afeef Packages (Private) Limited	1,348	1,348
Transpak Corporation Limited	1,675	1,675
	<b>37,380</b>	<b>37,380</b>

These assets are free of lien and the Company has full right of repossession of these assets.

- 4.1.3 During the year, the Company has identified certain items of operating fixed assets from which further economic benefits are no longer being derived. Therefore, assets having cost of Rs 22.355 million (2016: Rs 11.418 million) and net book value of Rs 5.620 million (2016: Rs 0.728 million) have been retired from active use and have been written off in these financial statements.

**4.1.4 The following operating fixed assets with a net book value exceeding Rs 50,000 were disposed of during the year:**

Particulars	Mode of disposal	Cost	Accumulated depreciation	Net book value (Rupees in ,000)	Sale proceeds	Gain / (loss)	Particulars of purchasers
Vehicles	Maturity of Company's maintained car scheme	1,278	1,015	263	637	374	Jauhar Ahmed Mehkari Employee of the Company
	--do--	593	474	119	263	144	Ghulam Ahmad Employee of the Company
	--do--	748	588	160	360	200	Rashid Mukhtar Employee of the Company
	--do--	683	109	574	560	(14)	Areeba Qamar Employee of the Company
	--do--	612	408	204	450	246	Ghulam Yasin Employee of the Company
	--do--	757	605	152	350	198	Faisal Bilal Employee of the Company
	As per Company car policy	712	479	233	233	-	Waqas Mirza Employee of the Company
	--do--	524	352	172	172	-	Abdul Ghani Employee of the Company
	--do--	463	311	152	172	20	Raees Memon Employee of the Company
	--do--	855	575	280	280	-	Syed Waqar Haider Zaidi Employee of the Company
	--do--	916	610	306	332	26	Mumtaz Ahmed Employee of the Company
	--do--	814	353	461	461	-	Faraz Ahmed Employee of the Company
	--do--	1,019	539	480	480	-	Kamran Liaqat Employee of the Company
Bids		385	308	77	267	190	Zahid Ali Karachi
	--do--	570	456	114	317	203	Laeq Ahmed Karachi
	--do--	435	278	157	365	208	Aly Diamond Pirani Karachi
	--do--	395	316	79	230	151	Noman Feroz Karachi
	--do--	525	424	101	327	226	Laeq Ahmed Karachi
	--do--	612	498	114	430	316	Aly Diamond Pirani Karachi
	--do--	376	241	135	310	175	Aly Diamond Pirani Karachi
	--do--	1,267	1,014	253	1,700	1,447	The Sarhad Goods Transport Co. Hyderabad

Particulars	Mode of disposal	Cost	Accumulated depreciation	Net book value (Rupees in ,000)	Sale proceeds	Gain / (loss)	Particulars of purchasers
	--do--	1,267	1,014	253	1,425	1,172	The Sarhad Goods Transport Co. Hyderabad
	--do--	3,532	2,166	1,366	2,295	929	The Sarhad Goods Transport Co. Hyderabad
	--do--	3,532	2,166	1,366	2,190	824	The Sarhad Goods Transport Co. Hyderabad
	--do--	385	308	77	250	173	Muhammad Arif Karachi
	--do--	1,111	620	491	510	19	Murtaza Ali Virani Karachi
	--do--	525	424	101	300	199	Abdul Hakim Batgram
	Negotiation	483	393	90	295	205	Merit Packaging Ltd Karachi
	--do--	621	472	149	365	216	Merit Packaging Ltd Karachi
Others Items having net book value of less than Rs 50,000 each	Various	5,850	5,363	487	3,623	3,136	Various
2017		31,845	22,879	8,966	19,949	10,983	
2016		68,867	45,312	23,555	63,001	39,446	



4.1.5 Depreciation charge for the year has been allocated as follows:

	Note	2017 (Rupees in '000)	2016
Cost of sales	24.1	506,225	469,748
Selling and distribution costs	25	46,826	46,444
Administrative expenses	26	25,451	25,120
		<u>578,502</u>	<u>541,312</u>

4.2 **Capital work in progress**

4.2.1 The following is a statement of capital work in progress:

	Factory building on leasehold land	Plant and machinery	Electric fittings and installation	Other assets	Total
	----- (Rupees in '000) -----				
Balance as at July 1, 2015	28,280	51,052	4,334	5,922	89,588
Capital expenditure incurred during the year (note 4.2.2)	69,801	137,922	6,033	7,463	221,219
Transfers to operating fixed assets (note 4.1.1)	(16,616)	(177,759)	(5,568)	(2,932)	(202,875)
Balance as at June 30, 2016	81,465	11,215	4,799	10,453	107,932
Capital expenditure incurred during the year (note 4.2.2)	52,972	225,007	10,603	57,959	346,541
Capital expenditure charged off during the year	-	-	-	(140)	(140)
Transfers to operating fixed assets (note 4.1.1)	(101,977)	(78,806)	(622)	(7,102)	(188,507)
Balance as at June 30, 2017	<u>32,460</u>	<u>157,416</u>	<u>14,780</u>	<u>61,170</u>	<u>265,826</u>

4.2.2 This includes items in transit aggregating Rs 108.6 million (2016: Rs 12.14 million).

## 5. INTANGIBLE ASSETS

	Note	Goodwill and trade mark	Computer software	Total
------(Rupees in '000)-----				
<b>At July 1, 2015</b>				
Cost		43,500	73,834	117,334
Accumulated amortisation		(43,500)	(66,282)	(109,782)
Net book value		-	7,552	7,552
<b>Year ended June 30, 2016</b>				
Additions		-	6,955	6,955
		-	14,507	14,507
Amortisation for the year	5.3	-	(8,416)	(8,416)
Net book value as at June 30, 2016		-	6,091	6,091
<b>Year ended June 30, 2017</b>				
Additions		-	22,193	22,193
		-	28,284	28,284
Amortisation for the year	5.3	-	(5,127)	(5,127)
Net book value as at June 30, 2017		-	23,157	23,157
<b>At June 30, 2016</b>				
Cost		43,500	80,789	124,289
Accumulated amortisation		(43,500)	(74,698)	(118,198)
Net book value		-	6,091	6,091
<b>At June 30, 2017</b>				
Cost		43,500	102,982	146,482
Accumulated amortisation		(43,500)	(79,825)	(123,325)
Net book value		-	23,157	23,157

5.1 Goodwill includes amount paid on acquisition of the brand "Sparkle" from Transpak Corporation Limited and a trade mark costing Rs 1.5 million in respect of the brand "Sparkle" purchased on January 4, 2001. The trade mark was fully amortised during the year ended June 30, 2005, however, it is still in active use.

5.2 Computer software is being amortised over a useful life of 3 years.

5.3 Amortisation charge for the year has been allocated as follows:

	Note	2017 (Rupees in '000)	2016
Cost of sales	24.1	17	1,137
Selling and distribution costs	25	2,428	5,208
Administrative expenses	26	2,682	2,071
		5,127	8,416

## 6. LONG TERM LOANS

	Note	2017 (Rupees in '000)	2016
Considered good			
- due from executives	6.1 & 6.2	17,393	16,106
- due from other employees	6.2	50,568	31,200
		67,961	47,306
Recoverable within one year	11	(23,740)	(16,631)
	6.3	44,221	30,675

### 6.1 Reconciliation of carrying amount of loans to executives:

Opening balance as at July 1, 2016 / 2015	16,106	13,116
Disbursements	8,400	11,374
Repayments	(7,113)	(8,384)
Closing balance as at June 30	17,393	16,106

6.2 These loans are interest free and have been given to executives and other employees of the Company for purchase of house, vehicles or for personal use in accordance with their terms of employment. These loans are to be repaid over a period of two to five years in equal monthly instalments. Any outstanding loan due from an employee at the time of leaving the service of the Company is adjustable against final settlement of staff provident fund.

6.3 Long term loans have been carried at cost as the effect of carrying these balances at amortised cost would not be material in the overall context of these financial statements.

## 7. LONG TERM SECURITY DEPOSITS

Long term security deposits	17,960	17,887
-----------------------------	--------	--------

7.1 This includes Rs 5.783 million (2016: Rs 5.783 million) representing amount deposited with Water and Power Development Authority (WAPDA) for enhancement in electricity load for detergent unit at Kotri.

7.2 This includes a Term Deposit Receipt (TDR) amounting to Rs 1.7 million (2016: Rs 1.7 million) issued by a banking company. This TDR has been provided as a security (lien) to a banking company for issuance of guarantee in favour of Sui Southern Gas Company Limited. The TDR carries profit at the rate of 5% (2016: 7.07%) per annum and shall mature on October 24, 2018 at which time the management intends to rollover the TDR.

## 8. STORES AND SPARES

Stores	52,976	48,160
Spares	8.1	143,174
	24.1.3	196,150
		158,257

8.1 This includes spares in transit amounting to Rs 2.268 million (2016: Rs 1.991 million).

## 9. STOCK IN TRADE

	Note	2017 (Rupees in '000)	2016
Raw materials			
- in hand		716,011	652,813
- in bonded warehouse		-	64,239
- in transit		949,786	849,218
	24.1.1	1,665,797	1,566,270
Packing materials			
- in hand		261,171	259,857
- in transit		34,835	2,731
- with third parties		-	1,854
	24.1.2	296,006	264,442
Work in process	24.1	297,372	261,086
Finished goods			
- in hand		628,546	539,283
- in transit		1,105	1,053
	24	629,651	540,336
Trading goods			
- in hand		192,512	180,727
- in transit		26,424	14,187
	24	218,936	194,914
		3,107,762	2,827,048

## 10. TRADE DEBTS

Considered good			
- due from related parties	10.1	2,827	3,086
- others		739,205	534,908
		742,032	537,994
Considered doubtful			
- others		20,536	30,968
		762,568	568,962
Less: Provision for impairment	10.4	20,536	30,968
		742,032	537,994

10.1 Trade debts include the following amounts due from related parties:

Merit Packaging Limited	136	136
Tetley Clover (Private) Limited	2,229	2,058
Hasanali and Gulbanoo Lakhani Foundation	12	4
Century Paper and Board Mills Limited	12	-
SIZA (Private) Limited	13	13
Television Media Network (Private) Limited	379	841
Cyber Internet Services (Private) Limited	26	26
SIZA Foods (Private) Limited	15	3
SIZA Services (Private) Limited	5	5
	2,827	3,086

10.2 The maximum aggregate amount of receivable due from related parties at the end of any month during the year was Rs 3.196 million (2016: Rs 4.236 million).

- 10.3 As at June 30, 2017, trade receivables of Rs 292.476 million (2016: Rs 132.359 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2017 (Rupees in '000)	2016 (Rupees in '000)
Upto 1 month	151,766	53,816
1 to 6 months	81,507	8,976
More than 6 months	59,203	69,567
	<u>292,476</u>	<u>132,359</u>

- 10.3.1 Ageing analysis of the amounts due from related parties is as follows:

	Upto 1 month	1 to 6 months	More than 6 months	As at June 30, 2017 (Rupees in '000)	As at June 30, 2016 (Rupees in '000)
Merit Packaging Limited	-	-	136	136	136
Television Media Network (Private) Limited	5	134	240	379	841
Tetley Clover (Private) Limited	-	171	2,058	2,229	2,058
Hasanali and Gulbanoo Lakhani Foundation	8	-	4	12	4
SIZA (Private) Limited	4	7	2	13	13
Cyber Internet Services (Private) Limited	-	-	26	26	26
SIZA Foods (Private) Limited	8	4	3	15	3
SIZA Services (Private) Limited	5	-	-	5	5
Century Paper and Board Mills Limited	12	-	-	12	-
	<u>42</u>	<u>316</u>	<u>2,469</u>	<u>2,827</u>	<u>3,086</u>

- 10.4 Provision for impairment

	Note	2017 (Rupees in '000)	2016 (Rupees in '000)
Opening balance		30,968	30,968
Less: Write off		(10,432)	-
Closing balance		<u>20,536</u>	<u>30,968</u>

- 10.4.1 Above impaired receivables are outstanding from five years and more.

## 11. LOANS AND ADVANCES

Considered good			
Current portion of long term loans			
- due from executives		6,479	5,299
- due from other employees		17,261	11,332
	6	<u>23,740</u>	<u>16,631</u>
Advances			
- to employees	11.1	9,626	12,831
- to contractors and suppliers	11.2	209,146	179,125
		<u>242,512</u>	<u>208,587</u>

- 11.1 Advances to employees are provided to meet business expenses and are settled as and when the expenses are incurred.

Clover Pakistan Limited  
Television Media Network (Private) Limited

## 12. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Security deposits	38,310	20,485
Prepayments	78,336	90,162
	<u>116,646</u>	<u>110,647</u>

### 13. OTHER RECEIVABLES

Receivable from related parties	13.1	470	288
Sales tax claimable		1,648	6,222
Special excise duties claimable		8,720	8,720
Insurance claims receivable from New Jubilee General			
Insurance		665	747
Others		27	9
		11,530	15,986

13.1 Other receivables include the following amounts due from related parties:

Century Insurance Company Limited	425	288
Cyber Internet Services (Private) Limited	45	-
	470	288

## 14. SHORT TERM INVESTMENTS

Investments - Loans and receivables (term deposits)	14.1	3,426,000	-
Investments - Held to maturity	14.2	-	1,925,262
Investments - Available for sale	14.3	3,144,291	3,510,885
		<u>6,570,291</u>	<u>5,436,147</u>

14.1 The range of rates of profits on these term deposits is between 6.50% and 6.70% per annum (2016: between 7.15% and 7.50% per annum) having maturity in September 2017.

14.2	Name of the investment instrument / issuer	Maturity	Effective interest rate	As at July 1, 2016	Purchase during the year	Redemption during the year	As at June 30, 2017	Amortised cost as at June 30, 2017
				-----	Number of units in '000	-----		-----Rs in '000-----
	Treasury bills (T-Bills) Government of Pakistan	Between July 2016 and June 2017	Between 5.77% and 6.21%	19,610	117,978	(137,588)	-	-

14.2.1 Treasury bills have a nominal value of Rs 100,000 each.



14.3	Name of the investees	As at July 1, 2016	Purchases during the year	Bonus units	Sales / Redemptions during the year	As at June 30, 2017	Average cost as at June 30, 2017	Fair value as at June 30, 2017	Unrealised gain as at June 30, 2017
		----- Number of units '000-----				----- Rupees in '000 -----			
	Lakson Money Market Fund (associated undertaking)	11,993	14,487	-	(21,480)	5,000	500,000	500,732	732
	Lakson Income Fund (associated undertaking)	3,955	18,303	275	(12,590)	9,943	1,000,000	1,001,029	1,029
	UBL Government Securities Fund	4,753	-	-	(4,753)	-	-	-	-
	Atlas Money Market Fund	1,398	3,510	-	(3,311)	1,597	800,000	801,085	1,085
	NAFA Money Market Fund	-	220,231	19	(149,143)	71,107	700,000	701,010	1,010
	ABL Government Securities Fund	49,804	-	-	(49,804)	-	-	-	-
	Pakistan Investment Bonds (PIBs)	-	-	-	-	-	139,326	140,435	1,109
		71,903	256,531	294	(241,081)	87,647	3,139,326	3,144,291	4,965

## 15. CASH AND BANK BALANCES

	Note	2017 (Rupees in '000)	2016
With banks in current / saving accounts			
- Local currency			
- Current accounts		345,169	548,166
- Saving accounts	15.1	605,751	521,662
		950,920	1,069,828
Cheques in hand		37,488	52,185
Cash in hand		732	589
		989,140	1,122,602

15.1 The range of rates of profit on these saving accounts is between 4% and 5.75% (2016: 4% and 6%) per annum.

## 16. SHARE CAPITAL

### 16.1 Authorised share capital

2017 Number of shares	2016		2017 (Rupees in '000)	2016
75,000,000	75,000,000	Ordinary shares of Rs 10 each	750,000	750,000

### 16.2 Issued, subscribed and paid-up share capital

2017 Number of shares	2016		2017 (Rupees in '000)	2016
5,882,353	5,882,353	Ordinary shares of Rs 10 each fully paid in cash	58,824	58,824
42,072,576	42,072,576	Ordinary shares of Rs 10 each issued as fully paid bonus shares	420,725	420,725
47,954,929	47,954,929		479,549	479,549

## 17. RESERVES

	2017 (Rupees in '000)	2016
Capital reserve		
- Share premium reserve	13,456	13,456
Revenue reserve		
- General reserve	8,808,000	7,428,000
- Unappropriated profit	2,537,499	2,819,048
	11,345,499	10,247,048
	11,358,955	10,260,504

## 18. DEFERRED TAXATION

Credit / (debit) balances arising in respect of timing differences relating to:

### Taxable temporary difference

Accelerated tax depreciation allowance  
Intangibles  
Short term investments

### Deductible temporary difference

Provision for compensated absences  
Intangibles  
Provision for impairment of trade debts  
Deferred liabilities

	2017	2016
229,010	229,010	296,431
804	804	-
966	966	1,288
230,780	230,780	297,719
(11,026)	(11,026)	(9,253)
-	-	(609)
(6,021)	(6,021)	(9,109)
(12,808)	(12,808)	(12,808)
(29,855)	(29,855)	(31,779)
200,925	200,925	265,940

### 18.1 The movement in temporary differences is as follows:

	Balance as at July 1, 2015	Recognised in profit and loss account	Recognised in other comprehensive income	Balance as at June 30, 2016	Recognised in profit and loss account	Recognised in other comprehensive income	Balance as at June 30, 2017
------(Rupees in '000)-----							
<b>Deferred tax debits:</b>							
Accelerated tax							
depreciation allowance	378,165	(81,734)	-	296,431	(67,421)	-	229,010
Intangibles	624	(1,233)	-	(609)	1,413	-	804
Short term investments	150	-	1,138	1,288	44	(366)	966
	<u>378,939</u>	<u>(82,967)</u>	<u>1,138</u>	<u>297,110</u>	<u>(65,964)</u>	<u>(366)</u>	<u>230,780</u>
<b>Deferred tax credits:</b>							
Provision for							
compensated absences	(8,934)	(319)	-	(9,253)	(1,773)	-	(11,026)
Provision for impairment							
of trade debts	(9,121)	12	-	(9,109)	3,088	-	(6,021)
Deferred liabilities	(12,808)	-	-	(12,808)	-	-	(12,808)
	<u>348,076</u>	<u>(83,274)</u>	<u>1,138</u>	<u>265,940</u>	<u>(64,649)</u>	<u>(366)</u>	<u>200,925</u>

## 19. LONG TERM DEPOSITS

	Note	2017 (Rupees in '000)	2016
Deposits obtained from:			
- Distributors		64,367	46,139
- Transporters		500	500
- Others		2,005	2,005
		<u>66,872</u>	<u>48,644</u>

## 20. DEFERRED LIABILITY

Defined benefit plan (staff retirement gratuity)			
- funded	20.4	<u>-</u>	<u>2,683</u>

20.1 As stated in note 2.11, the Company operates a defined benefit plan i.e. an approved funded gratuity scheme for all its permanent employees subject to attainment of retirement age and minimum service of prescribed period. Actuarial valuation of the scheme is carried out every year and the latest actuarial valuation was carried out as at June 30, 2017. The disclosures made in notes 20.2 to 20.15 are based on the information included in that actuarial report.

20.2 The actuarial valuation of gratuity plan was carried out as at June 30, 2017. The projected unit credit method using the following significant assumptions was used for this valuation:

	2017 Percentage	2016
- Discount rate - per annum compound	8.00	7.25
- Expected rate of increase in salaries - per annum		
For next year	13.00	13.00
For subsequent years	7.00	6.25

### 20.3 Mortality rate

The rates assumed were based on the SLIC (2001-2005) mortality table.

### 20.4 Balance sheet reconciliation

	Note	2017 (Rupees in '000)	2016
Present value of defined benefit obligation	20.5	465,328	363,316
Fair value of plan assets	20.6	(465,328)	(360,633)
Net liability in the balance sheet		-	2,683

### 20.5 Movement in defined benefit obligation

Present value of defined benefit obligation as at July 1, 2016 / 2015		363,316	311,132
Past service cost	20.5.1	51,038	-
Current service cost		23,792	21,161
Interest cost		25,497	29,515
Remeasurement on obligation		24,925	18,346
Benefits paid		(23,240)	(16,838)
Present value as at June 30		465,328	363,316

20.5.1 This pertains to amendment made in rules prescribed for minimum service.

### 20.6 Movement in fair value of plan assets

Fair value as at July 1, 2016 / 2015		360,633	274,044
Expected return on plan assets		25,401	28,821
Remeasurement on fair value of plan assets		(2,089)	14,650
Contributions made during the year to the fund		104,623	59,956
Benefits paid		(23,240)	(16,838)
Fair value as at June 30		465,328	360,633

### 20.7 Movement in net liability in the balance sheet is as follows:

Balance of net liability as at July 1, 2016 / 2015		2,683	37,088
Charge for the year	20.9	74,926	21,855
Contributions made during the year to the fund		(104,623)	(59,956)
Net remeasurement for the year		27,014	3,696
Balance of net liability as at June 30		-	2,683

### 20.8 Amounts changed to profit and loss account:

Current service cost		23,792	21,161
Past service cost		51,038	-
Net Interest cost		96	694
Expenses		74,926	21,855

		2017	2016
		(Rupees in '000)	
20.9	Charge for the year has been allocated as under:		
	Cost of sales	24.1	41,003
	Selling and distribution costs	25	18,206
	Administrative expenses	26	15,717
			74,926
			21,855

20.10	Actual return on plan assets		
	Expected return on plan assets	25,401	28,821
	Remeasurement on fair value of plan assets	(2,089)	14,650
	Actual return on plan assets	23,312	43,471

20.11	Plan assets comprise of the following:				
		2017		2016	
		(Rs in ,000)	Percentage	(Rs in ,000)	Percentage
	Shares and units of mutual funds	109,498	23.53	90,095	24.98
	Debt instruments	252,351	54.23	262,131	72.69
	Cash at Banks	103,479	22.24	8,407	2.33
		465,328	100.00	360,633	100.00

20.12 Expected contribution to defined benefit plan for the year ending June 30, 2018 is Rs 39.645 million.

20.13 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		Impact on defined benefit obligation		
		Change in assumption	Increase in assumption	Decrease in assumption
			(Rupees in '000)	
	Discount rate	1%	(37,298)	43,220
	Salary growth rate	1%	43,000	(37,768)

20.14 The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the staff retirement gratuity recognised within the balance sheet.

20.15 The average duration of the defined benefit obligation is 9 years.

## 21. TRADE AND OTHER PAYABLES

	Note	2017 (Rupees in '000)	2016
Trade creditors	21.1	715,303	632,767
Accrued liabilities	21.2	1,357,178	1,050,920
Bills payable		211,449	414,075
Advances from distributors	21.3	43,225	58,598
Sales tax payable		-	54,391
Royalty payable to an associated undertaking		182,091	152,147
Workers' profits participation fund	21.4	259,321	224,560
Workers' welfare fund		98,642	86,246
Retention money payable		5,622	3,831
Unclaimed dividend		9,696	6,084
Others	21.5	46,174	29,175
		<u>2,928,701</u>	<u>2,712,794</u>

21.1 This includes Rs 60.705 million (2016: Rs 119.930 million) payable to related parties.

21.2 This includes Rs 24.296 million (2016: Rs 17.042 million) payable to related parties.

21.3 This includes Rs 0.115 million (2016: Nil) in relation to advance from a related party.

21.4 Workers' profits participation fund

Balance at the beginning of the year		224,560	175,827
Allocation for the year	27	259,321	224,560
		<u>483,881</u>	<u>400,387</u>
Less: Payments during the year		224,560	175,827
Balance at the end of the year		<u>259,321</u>	<u>224,560</u>

21.5 This includes Rs 2.092 million (2016: Rs 0.755 million) payable to related parties.

## 22. SHORT TERM RUNNING FINANCES

22.1 The Company has arranged short-term borrowing facilities from various banks on mark-up basis to the extent of Rs 1,240 million (2016: Rs 1,240 million), which can be interchangeably utilised as running finance facilities or import credit facilities. These facilities expired during the year and were renewed subsequently. The renewed facilities are available for various periods upto March 31, 2018. The arrangements are secured by a joint hypothecation of stocks, stores and spares, trade debts, other current assets and second charge on immovable assets of the Company.

22.2 The mark-up on short term running facilities ranges between 6.87% and 8.02% (2016: 7.10% and 8.00%) per annum.

22.3 The facilities for opening letters of credit and guarantees as at June 30, 2017 aggregated Rs 4,900 million and Rs 180 million (2016: Rs 4,600 million and Rs 100 million) respectively of which the amounts remaining unutilised at the year end were Rs 3,860.364 million and Rs 99.971 million (2016: Rs 4,232.735 million and Rs 62.016 million) respectively.

## **23. CONTINGENCIES AND COMMITMENTS**

### **23.1 Contingencies**

23.1.1 Certain cases have been filed against the Company by some employees claiming Rs 2.640 million (2016: Rs 3.248 million) in aggregate. Provision has not been made in these financial statements for the said amount as the management of the Company, based on the advice of its legal counsel handling the subject cases, is of the opinion that matters shall be decided in the Company's favour.

23.1.2 Post dated cheques were issued to custom authorities as a security in respect of duties and taxes amounting to Rs 19.758 million in the year 2016 payable at the time of exbonding of imported goods. Further, the custom authorities has withheld said cheques which became due during the year amounting to Rs 19.758 million on account of claim in relation to custom duty, sales tax and income tax made by custom authorities as mentioned in note 23.1.3 below.

23.1.3 Company received a letter dated December 21, 2015 from the Directorate of Input Output Co-Efficient Organisation, Federal Board of Revenue stating that the conditions for claiming the exemption on import of a raw material during the year ended June 30, 2015 under SRO 565(1) / 2006 (SRO) were not fulfilled and sought an explanation from the Company as to why Custom Duty of Rs 560.964 million, Sales Tax of Rs 93.971 million and Income Tax of Rs 8.237 million remitted under SRO may not be recovered from the Company. The Company filed a constitutional petition No. D - 3134 of 2016 in the High Court of Sindh dated May 28, 2016 and obtained a stay order dated May 31, 2016 to restrain the custom authorities from taking any coercive action against the Company.

During the year, the Company has received another letter dated April 20, 2017 issued by Collectorate of Customs claiming duties and taxes amounting to Rs 137.905 million on the same grounds as stated in aforementioned paragraph against which the Company has obtained a stay order stating that no coercive action shall be taken against the Company.

The management of the Company, based on its discussion with tax and legal consultants, is confident that its submissions shall be accepted and no demand will be raised against the Company.

23.1.4 During the year, the Company has received letters dated April 20, 2017 from the Directorate of Post Clearance Audit (PCA), Customs House, Karachi, stating that the Company has imported various consignments of "Colgate Brand Toothbrushes" and cleared the subject goods at a lowered value than the value determined vide valuation database Letter No. 32 issued by Directorate General Customs Valuation dated August 19, 2016 (i.e. \$0.33 per piece) and sought an explanation from the Company as to why Customs Duty of Rs 29.293 million, Regulatory Duty of Rs 15.386 million, Sales Tax of Rs 33.751 million, Additional Sales Tax of Rs 5.956 million and Income Tax of Rs 14.294 million may not be recovered from the Company.

The management of the Company, based on the advise of its legal counsel, is confident of a favourable outcome. Meanwhile, the Company has also placed financial guarantees amounting to Rs 41.887 million for clearance of consignments of Colgate Brand Toothbrushes.

23.1.5 During the year 2011, the Gas Infrastructure Development Cess (GIDC) was levied at Rs 13 per unit of gas consumption through the Gas Infrastructure Development Cess Act, 2011 (the Act). The rate was increased to Rs 100 per unit w.e.f. July 2012 whereas subsequently it was reduced to Rs 50 per unit through a notification dated September 7, 2012. The High Court of Sindh through its order dated September 19, 2012, however, has restrained Sui Southern Gas Company Limited (SSGCL), being the company required to charge and collect the cess, from charging cess over and above Rs 13 per unit from the Company. In case of a separate petition on June 13, 2013, the GIDC Act was declared unconstitutional by the Peshawar High Court (PHC) and such judgment was also upheld by the Supreme Court on August 22, 2014.



On September 25, 2014, the Gas infrastructure Development Cess Ordinance, 2014 (the GIDC Ordinance) was promulgated which levied GIDC at Rs 150 per unit. Section 8 of the Ordinance inter alia states that notwithstanding anything to the contrary contained in any decree of any court, the cess levied under the Act shall be deemed to have been validly levied under the provision of the Ordinance (i.e. retrospective application). The Company has filed a petition to invalidate the promulgation of the Ordinance which is pending adjudication. In the meantime on the basis of the Company's application on October 20, 2014, the High Court of Sindh issued a stay order in favour of the Company refraining SSGCL from collecting GIDC under the GIDC Ordinance.

On May 23, 2015, the Gas infrastructure Development Cess Act, 2015 (the new GIDC Act) was promulgated which levied GIDC at Rs 100 per unit. Section 8 of the new GIDC Act inter alia states that notwithstanding anything to the contrary contained in any decree of any court, the cess levied under the new GIDC Act shall be deemed to have been validly levied under the provision of the new GIDC Act (i.e. retrospective application). On June 29, 2015, the Company filed a petition to invalidate the promulgation of the new GIDC Act which is pending adjudication.

The amount of cess if determined to be payable by the Company with retrospective i.e. w.e.f 2011 effect shall aggregate to Rs 78.808 million (2016: Rs 58 million) approximately, however the Company, based on the advice of its legal counsel, is confident of a favourable outcome of the aforementioned applications to the High Court of Sindh and, therefore, has not provided for the amount of Rs 78.808 million in these financial statements.

- 23.1.6 Contingent liabilities in respect of indemnities given to financial institutions for guarantees issued by them on behalf of the Company in the normal course of business aggregate Rs 38.142 million (2016: Rs 37.948 million).
- 23.1.7 Contingent liabilities in the form of bank guarantees issued in favour of Collector of Customs for clearance of tooth brushes shipments under section 81 aggregate Rs 41.887 million as mentioned in note 23.1.4.

## 23.2 Commitments

- 23.2.1 Commitments in respect of capital expenditure and inventory items amount to Rs 51.974 million and Rs 1,050.009 million respectively (2016: Rs 56.536 million and Rs 547.060 million respectively).
- 23.2.2 Outstanding letters of credit amount to Rs 980.045 million (2016: Rs 240.406 million).
- 23.2.3 Outstanding duties leviable on clearing of stocks amount to Rs 14.382 million (2016: Rs 10.576 million).

## 24. COST OF SALES

	Note	2017 (Rupees in '000)	2016
Opening stock of finished goods (including trading goods)		735,250	646,526
Cost of goods manufactured	24.1	15,465,930	13,755,443
Purchases of trading goods		2,992,307	2,835,686
		<u>19,193,487</u>	<u>17,237,655</u>
Less: Closing stock of finished goods (including trading goods)	9	<u>848,587</u>	<u>735,250</u>
		<u>18,344,900</u>	<u>16,502,405</u>

	Note	2017 (Rupees in '000)	2016
<b>24.1 Cost of goods manufactured</b>			
Opening stock of work in process		261,086	196,392
Raw materials consumed	24.1.1 & 24.1.4	10,094,072	8,818,744
Packing materials consumed	24.1.2 & 24.1.4	3,229,165	2,961,066
Stores and spares consumed	24.1.3 & 24.1.4	67,812	67,941
Salaries, wages and other benefits		863,685	782,417
Staff retirement gratuity	20.9	41,003	11,538
Provident fund		13,339	12,457
Power and fuel		364,124	349,423
Repairs and maintenance		36,829	34,216
Rent, rates and taxes		15,652	13,202
Insurance		46,021	43,762
Laboratory expenses		8,317	6,471
Cartage		157,044	188,403
Depreciation	4.1.5	506,225	469,748
Amortisation	5.3	17	1,137
Other manufacturing expenses		58,911	59,612
		<u>15,763,302</u>	<u>14,016,529</u>
Less: Closing stock of work in process	9	<u>297,372</u>	<u>261,086</u>
		<u>15,465,930</u>	<u>13,755,443</u>
<b>24.1.1 Raw materials consumed</b>			
Opening stock		1,566,270	1,493,807
Purchases		10,193,599	8,891,207
		<u>11,759,869</u>	<u>10,385,014</u>
Less: Closing stock	9	<u>1,665,797</u>	<u>1,566,270</u>
		<u>10,094,072</u>	<u>8,818,744</u>
<b>24.1.2 Packing materials consumed</b>			
Opening stock		264,442	270,381
Purchases		3,260,729	2,955,127
		<u>3,525,171</u>	<u>3,225,508</u>
Less: Closing stock	9	<u>296,006</u>	<u>264,442</u>
		<u>3,229,165</u>	<u>2,961,066</u>
<b>24.1.3 Stores and spares consumed</b>			
Opening stock		158,257	152,238
Purchases		105,705	73,960
		<u>263,962</u>	<u>226,198</u>
Less: Closing stock	8	<u>196,150</u>	<u>158,257</u>
		<u>67,812</u>	<u>67,941</u>

24.1.4 Cost of sales includes amounts written off during the year in respect of the following:

	Note	2017 (Rupees in '000)	2016
Raw materials		2,555	11,642
Packing materials		1,087	9,672
Finished goods		646	6,904
Stores and spares		-	2,079
		<u>4,288</u>	<u>30,297</u>
<b>25. SELLING AND DISTRIBUTION COST</b>			
Salaries, wages and other benefits		488,298	440,332
Staff retirement gratuity	20.9	18,206	5,492
Provident fund		15,143	13,569
Travelling and conveyance		46,650	48,586
Repairs and maintenance		3,533	6,061
Vehicle running expenses		85,997	100,100
Advertising and sales promotion		3,745,403	3,154,921
Royalty on sale of licensed products		139,103	125,037
Postage, telephone and internet charges		19,165	16,306
Rent, rates and taxes		99,102	88,806
Printing and stationery		4,938	5,052
Subscription and membership		93	773
Legal and professional		1,036	798
Freight		988,184	733,767
Electricity		10,016	11,884
Insurance		46,614	40,145
Security service charges		9,001	8,639
Depreciation	4.1.5	46,826	46,444
Amortisation	5.3	2,428	5,208
Other expenses		33,983	12,836
		<u>5,803,719</u>	<u>4,864,756</u>
Charge from related parties		-	5,891
		<u>5,803,719</u>	<u>4,870,647</u>

## 26. ADMINISTRATIVE EXPENSES

	Note	2017	2016
		(Rupees in '000)	
Salaries, wages and other benefits		205,079	171,148
Staff retirement gratuity	20.9	15,717	4,825
Provident fund		7,786	6,743
Travelling and conveyance		11,139	11,018
Repairs and maintenance		30,026	21,551
Vehicle running expenses		13,332	10,983
Postage, telephone and internet charges		11,479	9,097
Rent, rates and taxes		11,790	9,876
Printing and stationery		5,016	3,842
Subscription and membership		12,581	14,798
Legal and professional		7,737	3,568
Electricity		4,104	5,616
Insurance		12,270	10,053
Security service charges		6,216	5,814
Depreciation	4.1.5	25,451	25,120
Amortisation	5.3	2,682	2,071
Others		788	1,267
		383,193	317,390
Charge from related parties		9,250	8,141
		392,443	325,531

## 27. OTHER EXPENSES

Workers' profits participation fund	21.4	259,321	224,560
Workers' welfare fund	27.1	93,641	86,246
Auditors' remuneration	27.2	2,389	2,116
Property, plant and equipment - written off	4.1.1	5,620	728
Donations	27.3	18,000	18,835
Advances to employees written off		-	74
Others		18,200	4,287
		397,171	336,846
27.1 Workers' welfare fund			
Charge for the year		98,642	86,246
Prior year		(5,001)	-
		93,641	86,246
27.2 Auditors' remuneration			
Audit fee		1,018	943
Fee for half yearly review		443	410
Tax and others		181	312
		1,642	1,665
Out of pocket expenses		747	451
		2,389	2,116

27.3 Donations include the following in which certain directors are interested:

Name of director	Interest in donee	Name and address of donee	Note	2017 (Rupees in '000)	2016
Mr. Zulfiqar Ali Lakhani, Mr. Amin Mohammed Lakhani and Mr. Iqbal Ali Lakhani	(See note below)	Hasanali and Gulbanoo Lakhani Foundation		18,000	18,000

Note: The above mentioned directors are trustees of  
Hasanali and Gulbanoo Lakhani Foundation

## 28. OTHER INCOME

### Income from financial assets

Profit on saving accounts	45,959	48,593
Profit on treasury bills	109,064	22,283
Profit on a term deposit receipt	42,873	9,955
Profit on PIBs	12,913	5,270
Net exchange gain	-	161
Gain on disposal of short term investments	201,084	252,780
Others	-	138
	411,893	339,180

### Income from non-financial assets

Insurance commission	12,342	17,631
Gain on disposal of items of property, plant and equipment	10,983	39,446
Sale of scrap	24,291	20,670
	47,616	77,747
	459,509	416,927

4.1.4

## 29. FINANCE COST AND BANK CHARGES

Guarantee commission	714	547
Bank commission and other charges	23,820	22,929
	24,534	23,476

## 30. TAXATION

Current		
- for the year	1,651,319	1,442,866
- for prior years	(9,625)	(2,490)
	1,641,694	1,440,376
Deferred tax	(64,649)	(83,274)
	1,577,045	1,357,102

30.1 Reconciliation between the average effective tax rate and the applicable tax rate.

	2017	2016
	Percentage	
Applicable tax rate	31.00	32.00
Tax effect of income assessed under final tax regime	(0.59)	(1.29)
Tax effect of change in statutory tax rate for next years	(0.13)	(0.44)
Tax credits	(0.55)	(0.82)
Tax effect due to impact of super tax	3.10	3.11
	32.83	32.56
Tax effect of income tax provision relating to prior years	(0.20)	(0.06)
	32.63	32.50

30.2 The Board of Directors in their meeting held on July 27, 2017 has proposed sufficient cash dividend, in addition to interim dividend, for the year ended June 30, 2017 (refer note 34). Accordingly, no provision for tax on undistributed profit under section 5A of the Income Tax Ordinance, 2001 has been recognised in these financial statements for the year ended June 30, 2017.

**31. EARNINGS PER SHARE**

	2017	2016
	(Rupees in '000)	
Profit after taxation	3,256,422	2,818,889
	(Number of shares)	
Weighted average number of ordinary shares outstanding during the year	47,954,929	47,954,929
	2017	2016
	(Rupees)	
Earnings per share	67.91	58.78

31.1 There are no dilutive potential ordinary shares outstanding as at June 30, 2017 and 2016.

## 32. CASH GENERATED FROM OPERATIONS

	Note	2017 (Rupees in '000)	2016
Profit before taxation		4,833,467	4,175,991
Adjustment for non-cash charges and other items:			
Depreciation expense		578,502	541,312
Amortisation expense		5,127	8,416
Gain on disposal of items of property, plant and equipment		(10,983)	(39,446)
Staff retirement gratuity		74,926	21,855
Profit on saving accounts		(45,959)	(48,593)
Profit on a term deposit receipt		(42,873)	(9,955)
Profit on treasury bills		(109,064)	(22,283)
Profit on PIBs		(12,913)	(5,270)
Gain on disposal of short term investments		(201,084)	(252,780)
Stocks in trade written off		4,288	28,218
Advances to employees written off		-	74
Stores and spares written off		-	2,079
Property, plant and equipment written off		5,620	728
Working capital changes	32.1	(350,106)	384,650
		<u>4,728,948</u>	<u>4,784,996</u>
32.1 Working capital changes			
(Increase) / decrease in current assets:			
Stores and spares		(37,893)	(8,098)
Stock in trade		(285,002)	(248,160)
Trade debts		(204,038)	128,384
Loans and advances		(33,925)	(43,840)
Trade deposits and short term prepayments		(5,999)	(77,687)
Other receivables		4,456	2,115
		<u>(562,401)</u>	<u>(247,286)</u>
Increase in current liabilities:			
Trade and other payables		212,295	631,936
		<u>(350,106)</u>	<u>384,650</u>

## 33. CASH AND CASH EQUIVALENTS

Cash and bank balances	15	989,140	1,122,602
Short term investments - Term Deposit Receipts (TDRs)	14	3,426,000	-
Short term investments - Held to maturity	14	-	675,625
		<u>4,415,140</u>	<u>1,798,227</u>

## 34. PROPOSED DIVIDEND

The Board of Directors in their meeting held on July 27, 2017 has proposed a cash dividend of Rs 20 per share (2016: Rs 30 per share) for the year ended June 30, 2017, amounting to Rs 959.099 million (2016: Rs 1,438.648 million). This is in addition to the interim cash dividend of Rs 15 (2016: Rs Nil) per share resulting in a total dividend for the year of Rs 35 (2016: Rs 30) per share and transfer of unappropriated profit to general reserve amounting to Rs 1,578 million (2016: Rs 1,380 million) subject to the approval of members at the annual general meeting. The effect of such dividend and transfer shall be accounted for in the financial statement for the year ending June 30, 2018.



## 35. RELATED PARTY DISCLOSURES

### 35.1 Disclosure of transactions between the Company and related parties

The related parties comprise associated companies, staff retirement funds, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. The Company enters into transactions with related parties on the basis of mutually agreed terms. Significant balances and transactions with related parties are as follows:

Nature of transactions	Relationship with the Company	2017 (Rupees in '000)	2016
Sale of goods, services provided and reimbursement of expenses	Associates	52,234	5,822
Purchase of goods, services received and reimbursement of expenses	Associates	1,851,900	1,661,029
Rent, allied and other charges	Associates	31,465	32,969
Purchase of short term investments	Associate	3,400,000	3,600,000
Sale proceeds on redemption of short term investments	Associate	3,500,000	3,488,972
Profit on short term investments	Associate	109,273	111,028
Royalty charges	Associate	138,726	125,037
Sale of property, plant and equipment	Associate	660	-
Purchase of property, plant and equipment	Associates	4,757	6,251
Expense in relation to staff retirement gratuity fund	Employees fund	74,926	21,855
Expense in relation to provident fund	Employees fund	36,269	32,769
Donations	Associate	18,000	18,000
Compensation paid to key management personnel	Key management personnel	See note 36.1	
Insurance claims received	Associate	3,060	7,396
Insurance commission income	Associate	12,342	17,631
Dividend paid	Associates	1,897,868	1,054,371

35.2 The related party status of outstanding balances as at June 30, 2017 are included in trade debts (note 10), loans and advances (note 11), other receivables (note 13), investments (note 14) and trade and other payables (note 21). These are to be settled in the ordinary course of business. The receivables and payables are primarily unsecured in nature and bear no interest.

### 36. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

36.1 The aggregate amount charged in these financial statements for remuneration, including certain benefits to the chief executive, the director and executives of the Company, are as follows:

	<b>Chief Executive</b>		<b>Director</b>		<b>Executives</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	----- (Rupees in '000) -----					
Managerial remuneration	9,450	8,190	1,929	2,419	294,135	243,621
Bonus / commission	-	-	-	557	77,419	67,225
Staff retirement gratuity	-	-	-	561	49,214	3,005
Provident fund	-	-	-	102	24,254	20,514
Housing	4,050	3,510	868	1,089	132,463	109,693
Utilities	1,914	1,627	-	-	-	-
Motor vehicles	545	658	237	238	18,303	17,211
Others	-	-	202	251	51,646	37,018
	<b>15,959</b>	<b>13,985</b>	<b>3,236</b>	<b>5,217</b>	<b>647,434</b>	<b>498,287</b>
Number of persons	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>231</b>	<b>207</b>

36.2 The Chief Executive, a working director and the executives of the Company are also provided with Company maintained cars.

36.3 The Company considers its Chief Executive and the Executive Director as its key management personnel.

36.4 No remuneration is paid to any other director.

### 37. FINANCIAL INSTRUMENTS BY CATEGORY

**2017**                      **2016**  
(Rupees in '000)

#### FINANCIAL ASSETS

##### Loans and receivables at amortised cost

Long term loans	44,221	30,675
Long term security deposits	17,960	17,887
Trade debts	742,032	537,994
Loans	23,740	16,631
Trade deposits	38,310	20,485
Other receivables	1,153	1,044
Accrued profit	14,600	4,425
Short term investments	3,426,000	-
Cash and bank balances	989,140	1,122,602
	<b>5,297,156</b>	<b>1,751,743</b>

##### Held to maturity

Short term investments	-	1,925,262
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##### Available for sale

Short term investments	3,144,291	3,510,885
	<b>8,441,447</b>	<b>7,187,890</b>

#### FINANCIAL LIABILITIES

##### Financial liabilities at amortised cost

Long term deposits	66,872	48,644
Trade and other payables	2,527,513	2,288,999
	<b>2,594,385</b>	<b>2,337,643</b>

### 38. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

38.1 The Company's activities expose it to certain financial risks. Such financial risks emanate from various factors that include, but not limited to, market risk, credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Risks measured and managed by the Company are explained in notes 38.1.1, 38.1.2 and 38.1.3 below:

#### 38.1.1 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail to perform as contracted.

Out of the total financial assets of Rs 8,441.447 million (2016: Rs 7,187.89 million), the financial assets that are subject to credit risk aggregated to Rs 8,300.28 million (2016: Rs 5,053.894 million).

The analysis below summarises the credit quality of the Company's financial assets as at June 30, 2017 / 2016.

The bank balances along with credit ratings are tabulated below:

Credit ratings	2017 (Rupees in '000)	2016
A-1+	987,067	1,121,409
Others	1,341	604
	<u>988,408</u>	<u>1,122,013</u>

The analysis of credit rating of investees' in relation to short term investments is as follows:

#### Credit ratings

A-1+	3,426,000	500,159
	<u>3,426,000</u>	<u>500,159</u>
Government securities	140,435	2,133,407
Management Quality ratings		
AM1	701,010	-
AM2+	2,302,846	-
AM2	-	1,201,718
AM2-	-	1,600,863
	<u>6,570,291</u>	<u>5,436,147</u>

Long term security deposits are held with parties which have long association with the Company and have a good credit history.

For trade debts, internal risk assessments process determines the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are fixed by the management based on internal or external ratings. The utilisation of credit limits is regularly monitored. Accordingly the credit risk is minimal and the Company also believes that it is not exposed to major concentration of credit risk.

The breakup of amount due from customers other than related parties as stated in note 10 is presented below:

	2017 (Rupees in '000)	2016
<b>Due from customers other than related parties</b>		
Institutional customers	593,153	472,400
Distributors	141,381	70,803
Others	25,207	22,673
	<u>759,741</u>	<u>565,876</u>

Out of Rs 759.741 million (2016: Rs 565.876 million), the Company has provided Rs 20.536 million (2016: Rs 30.968 million) as the amounts being doubtful to be recovered from certain customers.

The balances of financial assets held with related parties other than short term investments are as follows:

Trade debts	2,827	3,086
Other receivables	470	288
	<u>3,297</u>	<u>3,374</u>

Concentration of credit risk exists when changes in economic and industry factors similarly affect the group of counter parties whose aggregated credit exposure is significant in relation to the Company's total credit exposure. The Company's financial assets are broadly diversified and transactions are entered into with diverse credit worthy parties thereby mitigating any significant concentration risk. Therefore, the Company believes that it is not exposed to major concentration of credit risk

### 38.1.2 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulties in raising funds to meet commitments associated with financial instruments. The management believes that it is not exposed to any significant level of liquidity risk.

The management forecasts the liquidity of the Company on basis of expected cash flow considering the level of liquid assets necessary to meet such risk.

Financial liabilities in accordance with their contractual maturities are presented below:

	<b>Non-interest / mark-up bearing</b>		
	<b>Maturity within one year</b>	<b>Maturity after one year</b>	<b>Total</b>
<b>June 30, 2017</b>			
----- (Rupees in '000) -----			
<b>Financial liabilities</b>			
Long term deposits	-	66,872	66,872
Trade and other payables	2,527,513	-	2,527,513
	<u>2,527,513</u>	<u>66,872</u>	<u>2,594,385</u>
<b>June 30, 2016</b>			
----- (Rupees in '000) -----			
<b>Financial liabilities</b>			
Long term deposits	-	48,644	48,644
Trade and other payables	2,288,999	-	2,288,999
	<u>2,288,999</u>	<u>48,644</u>	<u>2,337,643</u>

### 38.1.3 Market Risk

#### Currency Risk

Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company primarily has foreign currency exposures in US Dollars (USD) and Euro.

At June 30, 2017, had Pakistani rupees weakened / strengthened by 5% against the USD and Euro with all other variables held constant, profit before taxation for the year would have been lower / higher by Rs 10.572 million (2016: Rs 20.704 million). This will mainly result due to foreign exchange gains / losses on translation of USD and Euro denominated bills payables.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market interest rates.

- Fair value risk - Presently, fair value risk to the Company arises from TDRs, T-Bills, PIBs and cash with banks in saving accounts which are based on fixed interest rates. As at June 30, 2017, had there been increase / decrease in fixed interest rates by 100 basis points, with all other variables held constant, the profit before tax for the year would have been higher / lower by Rs 41.722 million (2016: Rs 20.773 million)
- Future cash flow risk - Presently, the Company is not exposed to future cash flow risk.

#### Other price risk

Other price risk is the risk of changes in the fair value of investment in mutual funds as the result of changes in the levels of net asset value of units held by the Company. As at June 30, 2017, had there been increase / decrease in net asset value by 1%, with all other variables held constant, the profit before tax for the year would have been higher / lower by Rs 30.039 million (2016: Rs 33.026 million).

### 38.1.4 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 in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

As at June 30, 2017, all financial assets and financial liabilities are carried at amortised cost except for investment in mutual funds and PIBs which are carried at their fair values.

The Company classifies 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:

- a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred.

The Company's policy for determining when transfers between levels in the hierarchy have occurred includes monitoring of the following factors:

- changes in market and trading activity (eg. significant increases / decreases in activity)
- changes in inputs used in valuation techniques (eg inputs becoming / ceasing to be observable in the market)

There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.

The valuation techniques used are as follows:

Level 1: Quoted prices (unadjusted) in active markets

The fair value of financial instruments traded in active markets is based on Net Asset Values (NAVs) of the units of the mutual funds at the reporting date. A market is regarded as active when it is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within level 1 that are observable

Level 2 fair values for debt securities are determined using a discounted cash flow technique, which uses expected cash flows and a market-related discount rate (PKRV rates for the purpose).

The following table analysis within the fair value hierarchy of the Company's financial assets (by class) measured at fair value at June 30, 2017:

Financial assets	2017			
	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
Financial investments: Available for sale	3,003,856	140,435	-	3,144,291
	-----Rupees-----			
Financial assets	2016			
	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
Financial investments: Available for sale	3,302,740	208,145	-	3,510,885

### 39. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholders.

As at June 30, 2017 and 2016, the Company had surplus reserves to meet its requirements.

#### 40. ENTITY-WIDE INFORMATION

40.1 The Company constitutes of a single reportable segment, the principal classes of products of which are Personal Care, Home Care and Others.

40.2 Information about products

The Company's principal classes of products accounted for the following percentages of sales:

	2017	2016
Personal Care	24%	23%
Home Care	73%	74%
Others	3%	3%
	100%	100%

40.3 Information about geographical areas

The Company does not hold non-current assets in any foreign country. Revenues from external customers attributed to foreign countries in aggregate are not material in the overall context of these financial statements.

40.4 Information about major customers

The Company does not have transactions with any external customer which amount to 10 percent or more of its revenues.

#### 41. PLANT CAPACITY AND ACTUAL PRODUCTION

	2017 (Quantities in tons)	2016
Capacity	238,550	236,900
Production	194,339	172,669

Actual production was sufficient to meet the demand.

#### 42. PROVIDENT FUND RELATED DISCLOSURES

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

	Unaudited 2017 (Rupees in '000)	Audited 2016
Size of the fund - Total assets	611,774	574,978
Cost of investments made	573,755	525,935
Percentage of investments made	97%	98%
Fair value of investments	594,627	564,954



42.1 The break-up of fair value of investments is:

	<b>2017</b>		<b>2016</b>	
	(Rs in '000)	----%----	(Rs in '000)	----%----
Shares in listed companies	26,991	4.41%	27,451	4.77%
Bank balances	17,146	2.80%	10,023	1.74%
Government securities	357,106	58.37%	349,108	60.72%
Debt securities	14,030	2.30%	14,002	2.44%
Mutual funds	196,501	32.12%	174,394	30.33%
	<b>611,774</b>	<b>100.00%</b>	<b>574,978</b>	<b>100.00%</b>

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

**43. NUMBER OF EMPLOYEES**

The total and average number of employees during the year and as at June 30, 2017 and 2016 respectively are as follows:

	<b>2017</b>	<b>2016</b>
	No of employees	
Average number of employees during the year	689	698
Number of employees as at June 30	707	692

**44. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on July 27, 2017 by the board of directors of the Company.



**Zulfiqar Ali Lakhani**  
Chief Executive



**Tasleemuddin Ahmed Batlay**  
Director



**Mirza Rehan Ahmed**  
Chief Financial Officer

# Pattern of Shareholding

Held by the shareholders as at June 30, 2017

Incorporation Number KAR-5010 OF 1977-78  
CUIN Registration NO. 005832

No. of Shareholders	Shareholdings			Total Shares Held
	From	To		
407	1	100	Shares	7,817
149	101	500	Shares	41,106
65	501	1,000	Shares	49,914
99	1,001	5,000	Shares	211,232
12	5,001	10,000	Shares	76,602
5	15,001	20,000	Shares	87,490
1	20,001	25,000	Shares	24,442
1	40,001	45,000	Shares	42,782
1	65,001	70,000	Shares	65,546
2	160,001	165,000	Shares	325,689
1	1,470,001	1,475,000	Shares	1,471,562
1	2,320,001	2,325,000	Shares	2,322,291
1	2,540,001	2,545,000	Shares	2,542,808
1	5,840,001	5,845,000	Shares	5,841,299
1	8,330,001	8,335,000	Shares	8,334,616
1	12,120,001	12,125,000	Shares	12,123,267
1	14,385,001	14,390,000	Shares	14,386,466
749	Total			47,954,929

Categories of Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer, and their spouses and minor children	2,338,893	4.88
Associated Companies, undertakings and related parties	27,795,811	57.96
NIT and ICP	201	-
Banks, Development Financial Institutions, Non Banking Financial Institutions, Insurance Companies	2,287	0.01
Modarabas and Mutual Funds	1,016	-
Shareholders holding 10%	40,685,648	84.84
General Public		
a. Local	833,733	1.74
b. Foreign	-	-
Others	16,982,988	35.41

NOTE: Some of the shareholders are reflected in more than one category.



**Zulfiqar Ali Lakhani**  
Chief Executive

# Details of Pattern of Shareholding as per Requirements of Code of Corporate Governance

i)	<b>ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES</b>	<b><u>SHARES HELD</u></b>
	1. SIZA (Pvt) Limited	8,334,616
	2. SIZA Services (Pvt) Limited	12,123,267
	3. SIZA Commodities (Pvt) Limited	1,471,562
	4. Premier Fashions (Pvt) Limited	5,841,299
	5. Century Insurance Company Limited	17,639
	6. Sultan Ali Lakhani	337
	7. Shaista Sultan Ali Lakhani	536
	8. Babar Ali Lakhani	2,880
	9. Bilal Ali Lakhani	944
	10. Danish Ali Lakhani	1,662
	11. Anushka Zulfiqar Lakhani	436
	12. Anika Amin Lakhani	633
ii)	<b><u>MUTUAL FUND</u></b> CDC – Trustee AKD Index Tracker Fund	1,016
iii)	<b><u>DIRECTORS AND THEIR SPOUSES AND MINOR CHILDREN</u></b>	
	1. Iqbal Ali Lakhani Chairman/Director	2,327,687
	2. Zulfiqar Ali Lakhani Director/Chief Executive	1,565
	3. Amin Mohammed Lakhani Director	5,260
	4. Tasleemuddin Ahmed Batlay Director	1,956
	5. Aliya Saeeda Khan Director	1,000
	6. Lisa Mather Nominee of Colgate-Palmolive Company, USA (upto June 13, 2017)	-
	7. Vinod Nambiar Nominee of Colgate-Palmolive Company, USA	-
	8. Peter John Graylin Nominee of Colgate-Palmolive Company, USA (from June 13, 2017)	-
	9. Ronak Iqbal Lakhani W/o. Iqbal Ali Lakhani	498
	10. Fatima Lakhani W/o. Zulfiqar Ali Lakhani	310
	11. Saira Amin Lakhani W/o. Amin Mohammed Lakhani	617
iv)	<b><u>EXECUTIVES</u></b>	3,095
v)	<b><u>PUBLIC SECTOR COMPANIES AND CORPORATIONS</u></b>	NIL
vi)	<b><u>BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE COMPANIES, INSURANCE COMPANIES, TAKAFUL, MODARABAS AND PENSION FUNDS AND:</u></b> [Other than those reported at i (5)]	11,498
vii)	<b><u>SHAREHOLDERS HOLDING 5% OR MORE</u></b>	
	Colgate-Palmolive Co., USA.	14,386,466
	Arisaig India Fund Limited, Hongkong	2,542,808
	[Other than those reported at i(1), i(2) & i(4)]	
viii)	<b><u>INDIVIDUALS AND OTHER THAN THOSE MENTIONED ABOVE</u></b>	875,342
		47,954,929

# Operating and Financial Highlights

## BALANCE SHEET

2016- 2017    2015- 2016    2014- 2015    2013- 2014    2012- 2013    2011- 2012  
 -----(Rupees in '000)-----

Property, plant and equipment	2,731,203	2,769,966	2,935,589	3,147,236	3,185,014	2,863,125
Intangible assets	23,157	6,091	7,552	4,810	4,987	6,341
Long term loans and security deposits	62,181	48,562	33,852	28,893	27,146	20,164
	2,816,541	2,824,619	2,976,993	3,180,939	3,217,147	2,889,630
Current assets	12,133,883	10,882,809	8,566,704	7,026,946	5,986,094	5,006,017
Current liabilities	2,928,701	2,712,794	2,079,424	1,979,991	2,067,693	1,867,801
	9,205,182	8,170,015	6,487,280	5,046,955	3,918,401	3,138,216
<b>TOTAL ASSETS EMPLOYED</b>	<b>12,021,723</b>	<b>10,994,634</b>	<b>9,464,273</b>	<b>8,227,894</b>	<b>7,135,548</b>	<b>6,027,846</b>
<b>REPRESENTED BY</b>						
Equity						
Paid-up capital	479,549	479,549	479,549	479,549	435,954	363,295
Reserves	11,358,955	10,260,504	8,640,488	7,233,554	6,194,232	5,186,354
Remeasurement on post retirement benefits obligation	(88,621)	(69,982)	(67,469)	(43,623)	(26,738)	(16,596)
Surplus on revaluation of investments	4,043	7,296	1,048	75,754	27,970	3,189
	11,753,926	10,677,367	9,053,616	7,745,234	6,631,418	5,536,242
Non-Current liabilities						
Long term loans, deposits deferred tax and deferred liability	267,797	317,267	410,657	482,660	504,130	491,604
	267,797	317,267	410,657	482,660	504,130	491,604
	12,021,723	10,994,634	9,464,273	8,227,894	7,135,548	6,027,846
<b>PROFIT AND LOSS ACCOUNT</b>						
Turnover	37,498,961	33,135,291	31,174,591	29,367,346	25,515,265	23,327,820
Less : Sales tax & sed	5,954,616	5,278,903	4,962,757	4,668,503	3,869,346	3,464,671
: Trade discounts	2,207,620	2,038,419	1,901,672	1,472,757	1,378,479	1,154,438
	8,162,236	7,317,322	6,864,429	6,141,260	5,247,825	4,619,109
Net turnover	29,336,725	25,817,969	24,310,162	23,226,086	20,267,440	18,708,711
Cost of sales	18,344,900	16,502,405	16,631,197	16,645,655	14,594,894	13,297,138
Gross profit	10,991,825	9,315,564	7,678,965	6,580,431	5,672,546	5,411,573
Administrative, selling and distribution cost	(6,196,162)	(5,196,178)	(4,482,559)	(4,034,728)	(3,302,174)	(3,006,685)
Other expenses	(397,171)	(336,846)	(262,926)	(209,036)	(181,301)	(206,472)
Other income	459,509	416,927	361,719	140,728	89,154	62,192
	(6,133,824)	(5,116,097)	(4,383,766)	(4,103,036)	(3,394,321)	(3,150,965)
Profit from operations	4,858,001	4,199,467	3,295,199	2,477,395	2,278,225	2,260,608
Finance costs	24,534	23,476	20,410	17,796	15,376	17,587
Profit before taxation	4,833,467	4,175,991	3,274,789	2,459,599	2,262,849	2,243,021
Taxation	1,577,045	1,357,102	1,052,621	766,346	673,699	621,728
Profit after taxation	3,256,422	2,818,889	2,222,168	1,693,253	1,589,150	1,621,293

# Operating and Financial Highlights – Continued

		2016-2017	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012
<b>FINANCIAL RATIOS</b>							
<b>RATE OF RETURN</b>							
Pre tax return on equity	%	41	39	36	32	34	41
Post tax return on equity	%	28	26	25	22	24	29
Return on average capital employed	%	28	28	25	22	24	30
Interest cover	times	198	179	161	139	148	129
<b>PROFITABILITY</b>							
Gross profit margin	%	37	36	32	28	28	29
Operating profit to sales	%	17	16	14	11	11	12
Pre tax profit to sales	%	16	16	13	11	11	12
Post tax profit to sales	%	11	11	9	7	8	9
<b>LIQUIDITY</b>							
Current Ratio	ratio	4.1:1	4.0:1	4.1:1	3.5:1	2.9:1	2.7:1
Quick ratio	ratio	3.0:1	2.9:1	2.8:1	2.2:1	1.5:1	1.1:1
<b>FINANCIAL GEARING</b>							
Debt equity ratio	ratio	0:100	0:100	0:100	0:100	0:100	0:100
Gearing ratio	times	0.27	0.28	0.28	0.32	0.39	0.43
<b>CAPITAL EFFICIENCY</b>							
Debtors turnover	days	9	8	10	10	10	10
Inventory turnover	days	59	60	56	58	71	72
Total assets turnover	times	2	2	2	2	2	2
Property, plant and equipment turnover	times	11	9	8	7	6	7
<b>INVESTMENT MEASURES PER ORDINARY SHARE</b>							
Earnings per share - restated	Rs	67.91	58.78	46.34	35.31	33.14	33.81
Dividend cash (including proposed)	Rs	35	30	25	17	14	14
Dividend payout (including bonus)	%	52	51	54	48	41	36
Dividend yield	%	2	2	2	1	1	2
Price earning ratio - restated	times	33.90	25.94	32.74	50.72	55.37	28.98
Break-up value - restated	Rs	245.10	222.65	188.79	161.51	138.28	115.45
Market value - low	Rs	1,450	1,300	1,355	1,310	970	534.83
Market value - high	Rs	2,401	1,659	2,290	1,969	2,100	979.99
Market value - year end	Rs	2,302	1,525	1,517	1,791	1,835	979.99
Market capitalization -restated	Rs in Mn	110,392	73,131	72,748	85,887	87,997	46,995
Dividend - Cash	%	350	300	250	170	140	140
Dividend - Bonus shares	%	0	0	0	0	10	20

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

# Form of Proxy

I/We \_\_\_\_\_

of \_\_\_\_\_

a member of **COLGATE-PALMOLIVE (PAKISTAN) LIMITED**

hereby appoint \_\_\_\_\_

of \_\_\_\_\_

or failing him \_\_\_\_\_

of \_\_\_\_\_

who is/are also member/s of Colgate-Palmolive (Pakistan) Limited to act as my/our proxy and to vote for me/us and on my/our behalf at the Annual General Meeting of the shareholders of the Company to be held on the 14<sup>th</sup> day of September 2017 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017.

Folio No.	CDC Participant ID No.	CDC Account/ Sub-Account No.	No. of Shares held	Signature

## Witness 1

Signature \_\_\_\_\_

Name \_\_\_\_\_

CNIC No. \_\_\_\_\_

Address \_\_\_\_\_

## Witness 2

Signature \_\_\_\_\_

Name \_\_\_\_\_

CNIC No. \_\_\_\_\_

Address \_\_\_\_\_

- Notes:
1. The proxy must be a member of the Company.
  2. The signature must tally with the specimen signature/s registered with the Company.
  3. If a proxy is granted by a member who has deposited his/her shares in Central Depository Company of Pakistan Limited, the proxy must be accompanied with participant's ID number and CDC account/sub-account number along with attested photocopies of Computerized National Identity Card (CNIC) or the Passport of the beneficial owner. Representatives of corporate members should bring the usual documents required for such purpose.
  4. The instrument of Proxy properly completed should be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.



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AFFIX  
CORRECT  
POSTAGE

Company Secretary  
COLGATE-PALMOLIVE (PAKISTAN) LIMITED  
Lakson Square, Building No. 2,  
Sarwar Shaheed Road,  
Karachi.74200.  
Phone: 35698000

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## مختار نامہ (پراکسی فارم)

میں/ہم  
ساکن  
بحیثیت رکن (ممبر) کولگیٹ پامولیو (پاکستان) لمیٹڈ مقرر کرتا / کرتی ہوں / کرتے ہیں مسماۃ  
ساکن  
کو یا ان کی غیر حاضری میں مسماۃ  
ساکن  
کو جو خود بھی کولگیٹ پامولیو (پاکستان) لمیٹڈ کا رکن ہے کہ وہ بطور میرا / ہمارا مختار نامہ (پراکسی) کولگیٹ پامولیو (پاکستان) لمیٹڈ کے سالانہ اجلاس عام میں جو ۱۴ ستمبر ۲۰۱۷ کو منعقد ہو رہا ہے یا اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے اور وہ میری / ہماری جگہ میری / ہماری طرف سے حق رائے دہی استعمال کرے۔

مورخہ ستمبر ۲۰۱۷ کو میرے / ہمارے دستخط سے جاری ہوا۔

فولیو نمبر	سی ڈی سی کھاتہ نمبر	حصص کی تعداد

دستخط

گواہ نمبر ۲	گواہ نمبر ۱
دستخط	دستخط
نام	نام
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر
پتہ	پتہ

### ہدایات:

- ۱۔ مختار (پراکسی) کا کمپنی کا رکن (ممبر) ہونا ضروری ہے۔
- ۲۔ ممبر (رکن) کے دستخط، نمونہ شدہ دستخط / اندراج شدہ دستخط سے مماثلت ہونا ضروری ہے۔
- ۳۔ سی ڈی سی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو مختار نامہ (پراکسی فارم) کے ہمراہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل منسلک کرنا ضروری ہے۔ کارپوریٹ ادارے کے نمائندوں کو معمول کے مطابق دستاویزات ساتھ لانا ضروری ہے۔
- ۴۔ مختار نامہ (پراکسی فارم) مکمل پُر شدہ کمپنی کے رجسٹرڈ آفس میں اجلاس کے مقرر وقت سے کم از کم ۴۸ گھنٹے قبل جمع کرانا ضروری ہے۔





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