



# Unilever Pakistan Foods Limited Annual Report

## 2019



Unilever

# Contents

Vision & Core Values	02
Company Information	03
Directors' Profile	04
Chairman's Review	06
Directors' Report	08
Board Meetings Attendance	14
Board Committee Meetings Held During the Year	14
Performance Indicators for 6 years	16
Statement of Financial Position - Analysis for 6 years	19
Profit or Loss Account and other Comprehensive Income - Analysis for 6 years	21
Statement of Wealth Generated and Distributed	23
Pattern of Shareholding	24
Statement of Compliance with the Code of Corporate Governance	26
Independent Auditor's Review Report	27
Financial Statements	29
Notice of Annual General Meeting	79
Form of Proxy <small>پراکسی فارم</small>	85
Dividend Mandate Form <small>ڈیویڈنڈ مینڈیٹ فارم</small>	87

## Vision

“Our vision is to grow our business, while decoupling our environmental footprint from our growth and increasing our positive social impact.”

## Core Values

### Impeccable Integrity



We are honest, transparent and ethical in our dealings at all times.

### Wowing our Consumers & Customers



We win the hearts and minds of our consumers and customers.

### Living an Enterprise Culture



We believe in trust, and outstanding teamwork. We value a creative & fun environment.

### Demonstrating a Passion for Winning



We deliver what we promise.

### Bringing out the Best in All of Us



We are empowered leaders, who are inspired by new challenges and have a bias for action.

### Making a Better World



We care about and actively contribute to the community in which we live.

# Company Information

## Board of Directors

<b>Mr. Kamran Y. Mirza</b>	Independent Director & Chairman of the Board
<b>Mr. Amir R. Paracha</b>	Executive Director & Chief Executive Officer
<b>Mr. Aly Yusuf</b>	Executive Director & Chief Financial Officer
<b>Ms. Farheen Salman Amir</b>	Executive Director
<b>Mr. Zulfikar Monnoo</b>	Non-Executive Director
<b>Mr. Muhammad Adil Monnoo</b>	Non-Executive Director
<b>Mr. Kamal Monnoo</b>	Non-Executive Director
<b>Mr. Badaruddin F. Vellani</b>	Non-Executive Director
<b>Mr. Khalid Mansoor</b>	Independent Director
<b>Mr. Ali Tariq</b>	Non-Executive Director

## Company Secretary

Mr. Aman Ghanchi

## Audit committee

<b>Mr. Khalid Mansoor</b>	Chairman & Member
<b>Mr. Muhammad Adil Monnoo</b>	Member
<b>Mr. Badaruddin F. Vellani</b>	Member
<b>Mr. Zulfikar Monnoo</b>	Member
<b>Mr. Kamran Y. Mirza</b>	Member
<b>Mr. Moiz Idris Rajput</b>	Secretary & Head of Internal Audit

## Human Resource & Remuneration Committee

<b>Mr. Kamran Y. Mirza</b>	Chairman & Member
<b>Mr. Zulfikar Monnoo</b>	Member
<b>Mr. Kamal Monnoo</b>	Member
<b>Mr. Amir R. Paracha</b>	Member
<b>Ms. Kanize Fathema Zuberi</b>	Secretary & Head of HR

## Auditors

Messrs KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2,  
Beaumont Road, Karachi - 75530  
Pakistan

## Registered Office

Avari Plaza  
Fatima Jinnah Road  
Karachi - 75530

## Share Registration Office

M/s Central Depository Company Share Registrar Services Limited  
CDC House, 99-B, Block "B", S.M.C.H.S.,  
Main Shahra-e-Faisal, Karachi - 74400

## Website Address

[www.unilever.pk](http://www.unilever.pk)



# Directors' Profile

## Kamran Y. Mirza - Chairman

Kamran joined the Board in 2014 as Chairman of Unilever Pakistan Foods Limited. He qualified as a Chartered Accountant from the UK. He joined Abbott Laboratories (Pakistan) Limited in 1970, where he was one of the youngest ever Managing Director and served in that position for 29 years till 2006. He was also the CEO of the Pakistan Business Council. Kamran is also the Chairman of Philip Morris (Pakistan) Ltd and Karwan-e-Hayat as well as serving on the Boards of Abbott Laboratories (Pakistan) & Education Fund for Sindh (EFS). Previously he served as Chairman of Karachi Stock Exchange, PMEX (formerly National Commodities Exchange), Education Fund for Sindh (EFS), Export Processing Zones Authority, Pharma Bureau – (Association of Pharmaceutical Multinationals) and as a President of Overseas Chamber of Commerce & Industry, American Business Council; as Director of State Bank of Pakistan, Bank Alfalah, Pakistan State Oil, National Bank of Pakistan, Pakistan Textile City Limited, Competitiveness Support Fund (CSF), Genco Holding Company, International Steel (ISL), Safari Club and NAVTEC. He lectures regularly at the Pakistan Institute of Corporate Governance (PICG).

## Amir R. Paracha - CEO

Amir joined the Board on 1 February, 2020. Over his 20 years with Unilever, he has held various senior management positions in Pakistan and other markets. Amir Paracha is the also the Chairman and Chief Executive Officer of Unilever Pakistan Limited.

He joined Unilever Pakistan in 2000 as an Assistant Brand Manager on Wheel and subsequently led multiple categories within Laundry and Personal Care business. Between 2006 – 2008, Amir took on leadership role in marketing at Unilever North Africa Middle East for the GCC cluster. He then returned to lead the Home and Personal Care division in Pakistan before assuming the role of Vice President for Customer Development in 2013. Prior to taking over as the CEO, in his role as VP Customer Development, he helped deliver solid results, successfully inspiring a transformative vision for the future. He continues to actively experiment with disruptive business models and has championed inclusion and wellbeing across the Unilever ecosystem in Pakistan.

Amir began his career at the Royal Dutch Shell Oil Company in July 1996. He has done his Masters in Business Administration from the Institute of Business Administration.

## Aly Yusuf- CFO

Aly Yusuf joined the Board on October 01, 2019 and is currently Director & Chief Financial Officer of Unilever Pakistan Limited & Unilever Pakistan Foods Limited. He joined the company in July 2007. Aly holds an MBA from the LUMS and is a CFA Charter holder. Over his 13-year tenure at Unilever, Aly has gained extensive Finance and Business experience in both developed and developing markets at Unilever. He has worked in United Kingdom, UAE and Pakistan in local, regional and global roles.

## Badaruddin F. Vellani

Badaruddin joined the Board on May 5, 2002. Currently, he is enrolled as an Advocate of the Supreme Court of Pakistan and is a partner in the law firm 'Vellani & Vellani'. In addition to his legal practice, Badaruddin is a member of the Board of Directors in several multinational companies covering the FMCG, manufacturing, retail, and pharmaceutical sectors, and is on the Board of several philanthropic organisations and foundations.

## Zulfikar Monnoo

Zulfikar joined the Board when the Company was formed. He is also a member of the Audit and Human Resource & Remuneration Committees of Unilever Pakistan Foods Limited. He is an alumni of The Wharton School, University of Pennsylvania and Aitchison College, Lahore. He is a Director and member of the Audit and HR committees of Rafhan Maize Products Limited and is also the Chief Executive of Pakwest Industries (Pvt) Ltd., Lahore.

## Kamal Monnoo

Kamal joined the Board on December 19, 2006 as a Non-Executive Director. Having done his schooling from Aitchison College and graduation from Syracuse University and Yale University, USA, he is also the Member of the Human Resource & Remuneration Committee of Unilever Pakistan Foods Limited. He holds directorships in Samira Fabrics (Pvt) Limited, Samira Industries (Pvt) Limited, Kaarvan Crafts Foundation, CNM Textil a.s., Bata Pakistan Limited & IPRI.

### Muhammad Adil Monnoo

Adil joined the Board on May 5, 2002 as a Non-Executive Director. He is also the Member of the Audit Committee of Unilever Pakistan Foods Limited. He holds directorship in Rafhan Maize Products Limited and is in the business of textile trade as the sole proprietor of HN Enterprises.

### Khalid Mansoor

Khalid Mansoor is a Graduate in Chemical Engineering with distinction and honors. He has been the Chief Executive Officer of Hubco, the first and largest Independent Power Producer (IPP) in Pakistan, since May 2013. The Company generates approximately 10% of the Country's electricity and is a leading private sector player in addressing the energy crisis currently being faced by Pakistan. After becoming the CEO of Hubco in May 2013, he has transformed the Company and has initiated growth initiatives with Projects worth over US\$ 3.5 billion under execution.

Mr. Mansoor is also Chairman of the Boards of Laraib Energy Limited, Narowal Energy Limited, Hub Power Services Limited, Hub Power Holding Limited, and ThalNova Power Thar Private Limited. He is also a Director of Thar Energy Limited.

Mr. Mansoor had also been the President of the Overseas Investors Chamber of Commerce & Industry (OICCI) for the term 2017.

He had held the position of CEO of Algeria Oman Fertilizer Company (AOA) where he was responsible for setting up the world's largest Ammonia and Urea Fertilizer Complex. He has also held the positions of CEO of various Companies of the Engro Group and had been a Director on the Boards of Engro Corp and various Engro subsidiaries including Engro Fertilizers, Engro Foods, Engro Polymers, Engro Vopak, Engro Powergen, Sind Engro Coal Mining Company and Sui Northern Gas Pipeline Limited. He is also a Director on the Boards of Unilever Pakistan Foods Limited and National Bank of Pakistan, Fund Management Limited.

Mr. Mansoor has over 40 years of experience in Energy and Petrochemical Sectors in leading roles for mega size projects development, execution, management and operations.

### Ali Tariq

Ali joined the Board as a Non-Executive Director in April 2017 and the Unilever group in 2003. He has since held several Global, Regional and Country leadership roles in Singapore, UK and Pakistan. He was CFO of the Pakistan Business from 2013 to 2017 and is currently based at Unilever's headquarters in the UK in a global role. Ali is a member of Unilever's Global Finance Executive. Prior to

Unilever, Ali held business advisory roles with PricewaterhouseCoopers UK where he also trained as a Chartered Accountant. Ali is a member of the Institute of Chartered Accountants in England & Wales.

### Farheen Salman Amir

Farheen joined the Board on March 7, 2016 and is currently the Director Foods & Refreshments. Farheen joined Unilever as a Management Trainee in 1998. In her 20 years' career with the Company, Farheen has worked in a number of categories across both Food & Refreshment and HPC. In her last two years as BD Director Ice Cream NAMET, Farheen worked for Unilever Turkey and crafted an innovation & communication program for the portfolio that was instrumental in bringing the Euro 450 million ice cream business back to sustained double-digit growth.

# Chairman's Review

## BUSINESS AND INDUSTRY OVERVIEW

On behalf of the Board, it is my pleasure to present the Chairman's review report for the year ended December 31, 2019.

The Company has continued to deliver positive results and maintain position of being a market leader across categories even though there was uncertainty about government policies & economy being under pressure. We faced challenges of shrinking disposable income and increase in cost of doing business, but with strong commitment, consumer trust and our nationwide presence, we ensured steady growth.

The Board's role was instrumental in steering the Company forward in a challenging environment whilst discharging its statutory responsibilities for the benefit of all stakeholders. The Board has remained cognizant, throughout the year, of its strategic role for achieving the Company's key objectives and on enhancing the returns for all its stakeholders due to focused oversight over the operations.

In 2019, the business recorded a creditable growth rate of 11.7% through volume and pricing. Knorr and Rafhan recorded growth because of relaunched categories and a renewed sales mix. Further, increased investment in innovative marketing helped to drive consumer traction and brand reinforcement. Moreover, we recorded EPS growth of 40.1%, which reiterates our ongoing commitment to creating stakeholder value.

## BOARD PERFORMANCE AND EFFECTIVENESS

In accordance with the Code of Corporate Governance and the Companies Act, 2017 the evaluation of the Board, its committees and individual directors was conducted by PICG (Pakistan Institute of Corporate Governance) to ensure transparency.

The board was assisted by sub-committees, i.e. the Audit Committee and the HR&R Committee. These sub-committees held meetings during the year as per the stipulations of the code of corporate governance.

It is important to recognize the key role played by the Sub-Committees (Audit Committee & Human Resources and Remuneration Committee) in highlighting areas of improvements and recommending pragmatic solutions for optimum performance. Going forward we will continue our efforts to adopt and implement best governance practices for sustained growth for the benefit of all stakeholders.

## FUTURE PROSPECTS

The Company aims to deliver strong business growth, supported by the expansion of manufacturing facilities and improving productivity. Though the economy in the short term is forecasted to remain under stress, the medium to long term economic indicators are positive as a result of the current government's policies that address structural imbalances, improve law and order and generate robust local demand. We remain committed to our vision of making sustainable development through responsible value chains and purpose driven brands that consumers can trust.

## ACKNOWLEDGMENTS

On behalf of the board of directors, I would like to express gratitude to our stakeholders for their continued support and encouragement. I would also like to appreciate the valuable services rendered by the employees of the Company and the former CEO Shazia Syed who has been assigned a new position outside Pakistan effective February 01, 2020. I also acknowledge the commitment and diligence of my fellow directors during 2019 and thank them for their valuable contributions for the continued growth of the Company.

**Mr. Kamran Y. Mirza**

Chairman of the Board



# DIRECTORS' REPORT

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## Winning with Brands and Innovations

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**“ We have some of the world’s best known and most trusted brands, with leadership positions in many of the fast moving consumer goods categories in which we compete. Committed to enhancing the quality of life of the people of Pakistan, we aim to offer a broad portfolio that appeals to diverse consumers year on year. ”**

# Directors' Report

The directors present Unilever Pakistan Foods Limited's (UPFL) Annual Report together with audited financial statements for the year ended December 31, 2019.

## Business Review:

### Company's Principal Activities

The Company manufactures and sells consumer and commercial food products under the brand names Rafhan, Knorr, Energile, Glaxose-D and Best Foods. In 2019 the business grew by 11.7%, mainly led by volume growth. Growth was broad based, both within the Knorr and Rafhan portfolios.

The key growth drivers in 2019 were:

**Knorr:** Growth in Knorr was primarily led by Noodles that grew on the back of building brand equity and leveraging digital mediums through precision marketing and capitalizing on the excitement of mega occasions, leading to increased consumption in urban and rural areas.

**Rafhan:** Despite a challenging year, the brand was able to record healthy sales growth in desserts and corn oil product lines. This was achieved by strategic pricing decisions and relevant consumer promotions.

Gross margin was restricted to 41% due to difficult operating environment. Advertising and promotion were in line with business plans. EPS grew by 40.1% versus last year partially due to tax credit pertaining to capital expenditure.

## Operating Results

	2019	2018
	Rupees in million	
Sales	13,291	11,898
Gross Profit	5,430	5,349
Profit from Operations	2,943	2,543
Profit before tax	2,808	2,496
Profit after tax	2,453	1,734
EPS-basic (Rs)	385.08	274.92

## Dividends

First Interim Dividend 2019 (already paid): Rs. 88 per share (2018: Rs. 105 per share).

Second Interim Dividend 2019 (already paid): Rs. 63 per share. (2018: Rs 44 per share).

Third Interim Dividend 2019 (already paid): Rs. 93 per share. (2018: 55 per share).

Final Dividend 2019: Rs. 142 per share (2018: 76 per share).

## Industry Review

The Foods market (total packaged segment) in Pakistan is currently estimated at PKR 2.6 trillion (estimate as per Euromonitor and Consumer Panel). The market consists of several local and multinational companies, with numerous regional players as well. Packaged food is growing at 10.2% mainly led by edible oil and dressings.

## Capital Expenditure

The Company, in order to expand capacity and increase efficiency, invested Rs. 1,069 million during the year.

## Liquidity Profile

The Company was able to generate Rs. 3,640 million from operating activities during the year. The Company had a net cash and cash equivalents of Rs. 689 million at year end.

Cashflow projections are prepared, reviewed and monitored on a periodic basis by your Company to devise the most effective strategy and to optimize returns.

Investment strategies are planned after careful consideration of its risk profile and the surplus funds are mostly kept in the short-term bank deposits.

## Evaluation of Company's Performance

There is a stringent mechanism for evaluating the performance of the Company. The management uses several indicators to assess the Company's performance including competitor bench marking, previous year performance, market growth, macroeconomic indicators and other factors.

Budgets are designed to set targets for the management and used to measure progress against actual results periodically allowing corrective actions to be taken proactively.

## Principal Risks and Uncertainties

The Company is faced with the following principal risks:

- Post the implementation of monetary & fiscal tightening policies aimed at correcting trade & fiscal deficit and increasing tax net, the economy of Pakistan is currently going through a period of growth deceleration, thereby adversely impacting major economic indicators.
- A slow-down of economic momentum and rising inflation rate has reduced household consumption and negatively affected growth.

## Our People

At Unilever, our business is fuelled by a strong sense of purpose, which our people bring to life every day through their commitment to the organisation. We are constantly working to ensure that our people are empowered to lead in a connected, agile and digital world.

We believe in developing capabilities through continuous learning programmes, challenging assignments, exposure to modern knowledge platforms and on-the-job mentoring opportunities. The Unilever Future Leaders program is one of the most coveted national recruitment platforms for young talent aspiring for future leadership roles. In 2019, Unilever Pakistan retained its decade long position as the No.1 Employer of Choice, based on the feedback of people from all over the country.

This year, we progressed further on our journey towards diversity and inclusion, leading to the addition of increased numbers of persons with disabilities in our company and value chain. We focus on creating an enabling environment for members of the transgender community to find employment with Unilever. Beginning with the sensitization of our people and removal of barriers for such people who previously found it difficult to seek employment.

Across our operations, we made efforts to enhance the wellbeing of our employees to encompass physical, emotional, financial and familial wellness. This has led to increased engagement and improved work life balance in the company, as people are able to manage their lives better with access to options such as agile working, flexible work plans, inclusive workplace policies and services.

## Environment Protection

Environmentally sustainable production drives the core of the UPFL manufacturing strategy. The Company plans to achieve sustainable development through environment friendly operations whilst upholding the vision of the United Nation's Sustainable Development Goals. In 2019, our manufacturing sites initiated various environmental protection measures for the conservation of water, energy and waste by implementing following sustainability projects.

- Installation of Load Management System for cooling towers, chillers and air handling for energy optimisation
- Replacement of HPS lights with energy efficient LED Lights
- Significant air emission reduction at boilers by replacing HFO with cleaner fuel
- Reusing effluence in cooling towers by ultraviolet and

ultrafiltration projects

- Replacement of water piping network which resulted in significant water savings
- Upgradation of Rainwater Harvesting Storage Tanks
- Recycling of generated waste materials from sites
- Implementation of Project E-Bag

Our commitment towards reduced environmental impact encompasses the scope of our offices, factories, consumers, and partners. This is enabled by a vision to create impact at scale through powerful alliances that can serve as a catalyst for a sustainable future for the planet amid rising awareness and efforts on climate issues and challenges.

## Community Investment and Welfare Schemes: PKR 112 Million

- a) Knorr analysed the changing trends and lifestyles of children, which indicated that increasing screen time and device use has lessened the role of conventional activities and traditional dietary habits for them. The brand focuses on raising awareness around nutritious and hygienic snacking through its communication and engagement activities at schools. Almost 3 million children across Pakistan have been reached through these initiatives..
- b) Knorr continued to provide livelihoods to rural youth through its entrepreneurial program that provides noodle vending carts to people as a means of earning an income while also helping deliver hygienic snacking alternatives to rural communities. The initiative has further scaled up to over 1,100 retailers over the past two years.

## Occupational Safety and Health

Safety remains a top priority across all UPFL operations, which is aligned with our goal of **Vision Zero UPFL**. We maintain continuous attention to a safety mindset through reinforced leadership messaging, responsible employee behavior, safety focused plant designs, facilities and products in addition to the implementation of safe procedures and systems throughout the year.

## Employee Involvement

Every year our employees help improve the lives of excluded communities through active support for the health and wellbeing, education and access to healthy eating through committed fundraising and volunteering activities. Our Employee Payroll Program raises over Rs. 2 million in support for our social partners; The Citizens Foundation; Aga Khan University Hospital and the World Food Program. These funds are used to facilitate access to learning, nutrition and wellbeing for underprivileged children and youth.

## Value of investments of employees in retirement funds

UPFL contributed Rs. 35.06 million to the staff retirement funds during the year. The value of investments made by the staff retirement funds operated by the Company as per their financial statements as at December 31, 2019 is as follows:



	Rs. in million
Provident Fund	179
Gratuity Fund	31
<b>Total – 2019</b>	<b>210</b>
Total – 2018	223

## Corporate Governance

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

- The financial statements prepared by the management of the Company present fairly the result of its operations, cash flows and changes in equity.
- Proper books of account have been maintained.
- Appropriate accounting policies, as applicable in Pakistan, have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgement.
- International Financial Reporting Standards have been followed in the preparation of the financial statements and any departure therefrom has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no departure from the best practices of corporate governance, as detailed in the Rule Book of the Stock Exchange.
- Statements regarding the following are annexed or are disclosed in the notes to the financial statements:
  - Number of meetings of Board of Directors and its committees held and attendance by directors.
  - Key financial data for the last six years.
  - Pattern of shareholding.

## Directors

The following persons are the directors of the Company:

- Mr. Kamran Y. Mirza (Chairman of the Board)
- Mr. Amir R. Paracha (CEO) (appointed with effect from 01 February 2020)
- Mr. Aly Yusuf (CFO)
- Ms. Farheen Salman Amir
- Mr. Zulfikar Monnoo
- Mr. Muhammad Adil Monnoo
- Mr. Kamal Monnoo
- Mr. Badaruddin F. Vellani
- Mr. Ali Tariq
- Mr. Khalid Mansoor

The election of directors was held at the AGM of 2017.

The term of the present directors will expire on April 19, 2020.

Mr. Amir R. Paracha was appointed as Director & CEO effective 01 February 2020, in place of casual vacancy caused by the resignation of Ms. Shazia Syed.

Mr. Aly Yusuf was appointed as Director & CFO of the Company with effect from October 01, 2019 in place of the casual vacancy caused by the resignation of Mr. Aman Ghanchi.

Mr. Aman Ghanchi was appointed as Director & Acting CFO during the year in place of casual vacancy caused by the resignation of Mr. Sohail Hanif Baig (Director & CFO) with effect from 09 April 2019.

## Internal Financial Controls

The directors are aware of their responsibility with respect to internal financial controls. Through discussions with management and auditors (both internal and external), they are of the opinion that adequate controls have been implemented by the Company.

## Board Evaluation

In accordance with the Code of Corporate Governance and the Companies Act, 2017 the evaluation of the Board, its committees and individual directors was conducted by PICG (Pakistan Institute of Corporate Governance) to ensure transparency. The board is assisted by sub-committees, i.e. the Audit Committee and the HR&R Committee, and these sub-committees held meetings during the year as per the stipulations of the code of corporate governance. It is also important to highlight the key role played by the sub-committees (Audit Committee & Human Resources and Remuneration Committee) in highlighting areas of improvements and recommending pragmatic solutions. Going forward we will continue our efforts to ensure that we comply with best governance practices in the interest of all stakeholders.

## Directors' Remuneration Policy

Directors Fee is paid in line with Board approval and the Company has approved a formal policy in this regard in accordance with the Companies Act, 2017 and the CCG. The fee of the Non-Executive and Independent Directors for attending the Board and Committee meetings of the Company is determined by the Board from time to time.

## Auditors

The Auditors, KPMG Taseer Hadi & Co., Chartered Accountants, were appointed for the year ending December 31, 2019. The Board has recommended the appointment of KPMG Taseer Hadi & Co. as the Auditors of the Company for the year 2020.

## Holding Company

Through its wholly owned subsidiary Conopco Inc., USA, Unilever N.V., Netherlands, has a holding of 76.5% of the shares in UPFL, and is the Company's ultimate parent company.

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year and the date of this report.

However, Shazia Syed the CEO has been given a new assignment outside Pakistan on 1<sup>st</sup> February 2020. She has been replaced by Amir Paracha

Mr. Amir R. Paracha was appointed as Director & CEO effective 1<sup>st</sup> February 2020, in place of casual vacancy caused by the resignation of Ms. Shazia Syed.

## Subsequent Events Reserve Appropriations

	Share Capital	Reserves				Total
	Issued, subscribed and paid up capital	Capital Share Premium	Special	General	Revenue Un- appropriated Profit	
	(Rupees in thousand)					
Balance as at January 01, 2019 - Restated	63,699	1,296,499	628	138	531,599	1,892,563
Total comprehensive income for the year ended 31 December 2019						
- Profit for the year ended December 31, 2019	-	-	-	-	2,452,938	2,452,938
- Other comprehensive income for the year ended December 31, 2019	-	-	-	-	(2,935)	(2,935)
	-	-	-	-	2,450,003	2,450,003
Final dividend for the year ended December 31, 2018 @ Rs. 76 per share.	-	-	-	-	(484,113)	(484,113)
First Interim dividend for the year ended December 31, 2019 @ Rs. 88 per share	-	-	-	-	(560,551)	(560,551)
Second Interim dividend for the year ended December 31, 2019 @ Rs. 63 per share	-	-	-	-	(401,304)	(401,304)
Third Interim dividend for the year ended December 31, 2019 @ Rs. 93 per share	-	-	-	-	(592,401)	(592,401)
<b>Balance as at December 31, 2019</b>	<b>63,699</b>	<b>1,296,499</b>	<b>628</b>	<b>138</b>	<b>943,233</b>	<b>2,304,197</b>

## Acknowledgement

Our people are the key drivers behind the sustained growth of UPFL. The directors acknowledge the contribution of each employee of the Company. We would also like to express our thanks to our customers for the trust shown in our products. We are also grateful to our shareholders for their support and confidence in our management.

## Future Outlook

Despite challenging economic and operating environment, the business has continued to deliver positive results. We are committed to deal with the challenges that lie ahead with our access to global expertise, superior consumer understanding, powerful innovations and world class customer service. We believe that our dedicated and focused efforts will enable us to provide better value products to meet consumers' everyday needs and deliver sustained profitable growth for the benefit of all stakeholders.

Thanking you all.

On behalf of the Board

**Kamran Y. Mirza**

Chairman

Karachi

February 28, 2020

**Amir R. Paracha**

Chief Executive Officer

Karachi

February 28, 2020

## Board Meetings Attendance

During the year 2019, four Board Meetings were held and the attendance of each director is given below:

Directors	Total No. of Meetings Held *	No. of Meetings Attended
Mr. Kamran Y. Mirza	4	3
Ms. Shazia Syed	4	4
Ms. Farheen Salman Amir	4	4
Mr. Sohail Hanif Baig**	1	1
Mr. Zulfikar Monnoo	4	4
Mr. Muhammad Adil Monnoo	4	4
Mr. Kamal Monnoo	4	4
Mr. Badaruddin F. Vellani	4	2
Mr. Ali Tariq	4	4
Mr. Khalid Mansoor	4	2
Mr. Aman Ghanchi***	1	1
Mr. Aly Yusuf****	1	1

Notes:

\* Meetings held during the period when concerned Director was on the Board.

\*\* Resigned w.e.f. 09<sup>th</sup> April 2019.

\*\*\* Appointed w.e.f. 26<sup>th</sup> July 2019 and resigned w.e.f. 30<sup>th</sup> September 2019.

\*\*\*\* Appointed w.e.f. 01<sup>st</sup> October 2019.

## Board Committee Meetings Held During the Year

### Audit Committee

Name of Member	Total No. of Meetings Held*	No. of Meetings Attended
Mr. Khalid Mansoor Chairman	4	2
Mr. Zulfikar Monnoo Member	4	4
Mr. Kamran Y. Mirza Member	4	3
Mr. Muhammad Adil Monnoo Member	4	4
Mr. Badaruddin F. Vellani Member	4	2
Ms. Mehwish Iqbal** Secretary	1	1
Mr. Moiz Idris Rajput** Secretary	3	3

Notes:

\* Meetings held during the period when concerned Member was in the Committee.

\*\* During the year, Mr. Moiz Idris Rajput was appointed as Head of Internal Audit / Secretary of the Committee in place of Ms. Mehwish Iqbal with effect from 01 April 2019.

### Terms of Reference

Committee has been constituted by the Board in compliance with applicable laws. The Committee oversees the Internal Audit function, and also reviews audit plans and reports. The Committee conducts its meetings as and when required. The Committee appraises the Board about the significant discussions and decisions at its meetings and recommendations in respect of Company's operations and financial results.

The Committee comprises of five members, two Independent Directors and three Non-Executive Directors. All employees of the Company have access to the Committee. The Committee met four times during 2019. Minutes of the meetings are drawn up expeditiously and circulated for the information and consideration of the Board.

## Committee of Directors

Name of Member	Total No. of Meetings Held*	No. of Meetings Attended
Ms. Shazia Syed Chairman	6	6
Mr. Sohail Hanif Baig** Member	2	2
Ms. Farheen Salman Amir Member	6	6
Mr. Aly Yusuf*** Member	1	1
Mr. Aman Ghanchi Secretary	6	6

### Notes:

\* Meetings held during the period when concerned Member was in the Committee.

\*\* Mr. Sohail Hanif Baig resigned with effect from 09 April 2019.

\*\*\* Mr. Aly Yusuf was appointed effective 01 October 2019.

### Terms of Reference

The Committee comprises of three members. Periodic meetings are held to facilitate handling of operational matters, share transfer, and any other significant matters arising during the normal course of business operations.

## Human Resource & Remuneration Committee

Name of Member	Total No. of Meetings Held	No. of Meetings Attended
Mr. Kamran Y. Mirza Chairman	1	1
Mr. Zulfikar Monnoo Member	1	1
Mr. Kamal Monnoo Member	1	1
Ms. Shazia Syed Member	1	1
Ms. Kanize Fathema Zuberi Secretary	1	1

### Terms of Reference

The Committee has been constituted by the Board in compliance with applicable laws. It comprises of four members, two of whom are Non-Executive Directors and one Independent Director.

# Performance Indicators for 6 years

	2019	Restated 2018	2017	2016	2015	2014
	(Rupees in thousand)					

## Financial Position

Property, plant and equipment	3,654,460	2,783,549	1,992,974	2,084,856	2,040,339	1,803,992
Other non-current assets	108,368	130,808	94,842	96,544	119,386	101,268
Current assets	3,326,005	3,056,526	1,993,132	2,436,695	2,257,568	1,560,692
Total assets	7,088,833	5,970,883	4,080,948	4,618,095	4,417,293	3,465,952
Share capital	63,699	63,699	61,576	61,576	61,576	61,576
Reserves	2,240,498	1,828,864	119,894	1,743,342	1,617,018	721,822
Total equity	2,304,197	1,892,563	181,470	1,804,918	1,678,594	783,398
Non-current liabilities	304,680	174,535	213,130	215,694	220,644	112,239
Current liabilities	4,479,956	3,903,785	3,686,348	2,597,483	2,518,055	2,570,315
Total liabilities	4,784,636	4,078,320	3,899,478	2,813,177	2,738,699	2,682,554
Total equity and liabilities	7,088,833	5,970,883	4,080,948	4,618,095	4,417,293	3,465,952
Net current liabilities	(1,153,951)	(847,259)	(1,693,216)	(160,788)	(260,487)	(1,009,623)

## OPERATING AND FINANCIAL TRENDS

### Profit or loss

Net sales	13,291,424	11,898,430	10,745,260	9,466,836	8,571,097	7,787,059
Cost of sales	(7,861,105)	(6,549,353)	(5,911,696)	(5,264,621)	(4,738,804)	(4,426,989)
Gross profit	5,430,319	5,349,077	4,833,564	4,202,215	3,832,293	3,360,070
Operating profit	2,942,876	2,543,175	1,946,726	1,802,228	1,701,775	1,739,722
Profit before tax	2,807,800	2,495,875	1,920,706	1,767,758	1,665,685	1,689,929
Profit after tax	2,452,938	1,734,457	1,355,673	1,276,089	1,232,128	1,171,821
Cash ordinary dividends	2,021,704	1,490,332	2,737,580	1,152,012	457,309	771,089

### Cash flows

Operating activities	3,639,947	1,705,568	1,883,709	1,517,410	1,191,568	1,405,243
Investing activities	(1,064,794)	(1,042,445)	(77,091)	(182,195)	(330,757)	(784,673)
Financing activities	(2,061,636)	(251,118)	(2,737,580)	(1,152,012)	(457,309)	(771,089)
Cash and cash equivalents at the end of the year	689,339	175,822	(236,183)	694,779	511,576	108,074

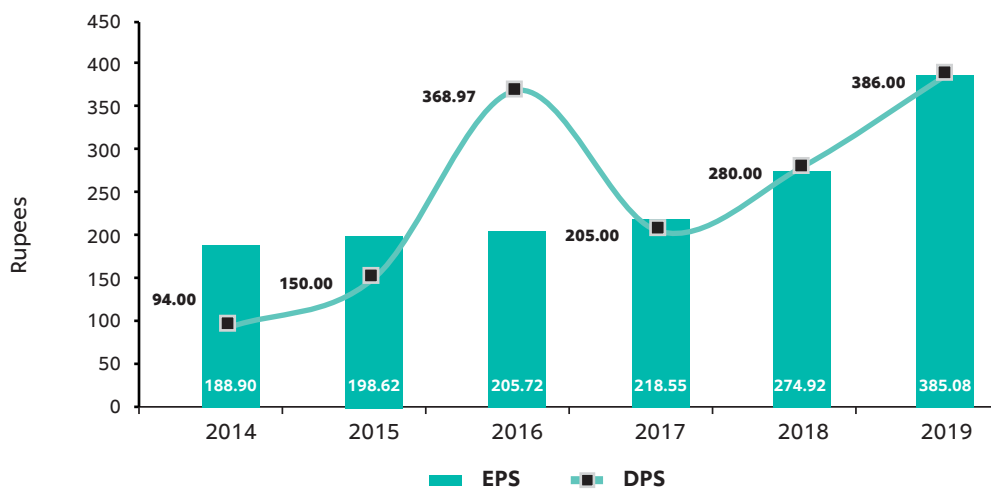
# Performance Indicators for 6 years

	Unit	2019	Restated 2018	2017	2016	2015	2014
<b>FINANCIAL RATIOS</b>							
<b>Profitability Ratios</b>							
Gross Profit Ratio	%	<b>40.86</b>	44.96	44.98	44.39	44.71	43.15
Net Profit to sales	%	<b>18.46</b>	14.58	12.62	13.48	14.38	15.05
EBITDA margin to sales	%	<b>23.85</b>	22.87	19.54	20.45	20.88	22.59
Operating leverage ratio	Times	<b>6.34</b>	4.68	0.66	0.54	(0.10)	1.34
Pre tax return on equity	%	<b>133.81</b>	240.68	193.39	101.49	135.31	274.09
Post tax return on equity	%	<b>116.90</b>	167.25	136.50	70.70	100.09	149.58
Return on captial employed	%	<b>116.90</b>	167.25	136.50	70.70	100.09	149.58
<b>Liquidity Ratios</b>							
Current Ratio	Times	<b>0.74</b>	0.78	0.54	0.94	0.90	0.61
Quick / Acid Test Ratio	Times	<b>0.54</b>	0.54	0.27	0.57	0.52	0.28
Cash to current liabilities	Times	<b>0.16</b>	0.29	0.09	0.27	0.24	0.05
Cash flow from operations to sales	Times	<b>0.27</b>	0.14	0.18	0.16	0.14	0.18
<b>Activity / Operating Performance Ratios</b>							
Inventory turnover ratio	Days	<b>43</b>	55	61	66	70	59
Debtor turnover ratio	Days	<b>19</b>	15	13	10	9	9
Creditor turnover ratio	Days	<b>165</b>	156	168	165	187	175
Total assets turnover ratio	Times	<b>2</b>	2	3	2	2	2
Fixed assets turnover ratio	Times	<b>4</b>	4	5	5	4	4
Operating cycle	Days	<b>(103)</b>	(87)	(95)	(89)	(108)	(107)
<b>Investment / Market Ratios</b>							
Earnings per share (EPS)	Rs.	<b>385.08</b>	274.92	218.55	205.72	198.62	188.90
Price earning ratio	Times	<b>19.48</b>	25.92	27.22	28.44	29.96	47.01
Dividend yield ratio	Times	<b>0.05</b>	0.04	0.03	0.06	0.03	0.01
Dividend payout ratio - earnings	Times	<b>1.00</b>	1.02	0.93	1.79	0.76	0.50
Dividend payout ratio - par value	Times	<b>38.60</b>	28.00	20.50	36.90	15.00	9.40
Dividend Cover ratio	Times	<b>1.00</b>	0.98	1.07	0.56	1.33	2.02
Cash dividend*	Rs.	<b>386.00</b>	280.00	205.00	368.97	150.00	94.00
Market Value - low	Rs.	<b>5,170</b>	6,935	5,400	4,800	5,890	7,676
Market Value - high	Rs.	<b>7,625</b>	9,999	7,500	6,200	10,395	10,150
Market Value - year end	Rs.	<b>7,500</b>	7,125	7,315	5,850	5,950	8,880
Breakup value per share without surplus on revaluation of fixed assets	Rs.	<b>361.73</b>	297.11	29.47	293.12	272.60	127.22
<b>Capital Structure Ratios</b>							
Financial leverage ratio	Times	<b>0.02</b>	0.33	0.01	0.00	0.05	0.04
Interest cover ratio	Times	<b>23.91</b>	79.23	135.66	180.74	101.01	167.32

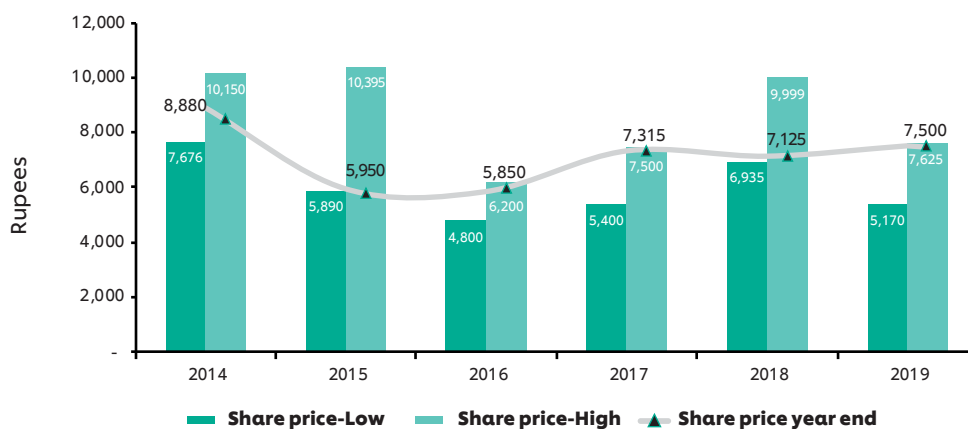
\*This includes interim and proposed final dividend for the year

## Performance Indicators for 6 years

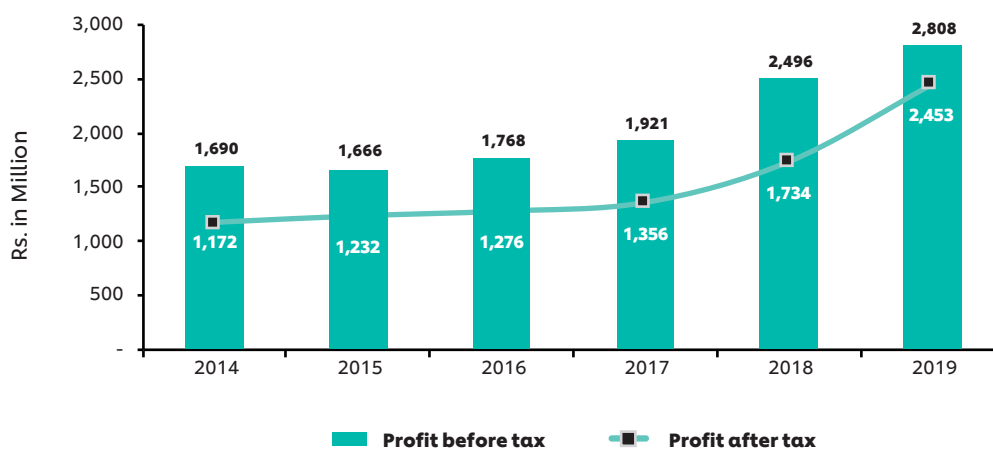
### Comparison of EPS and DPS



### Share Price Trend



### Comparison of PBT and PAT



# Statement of Financial Position

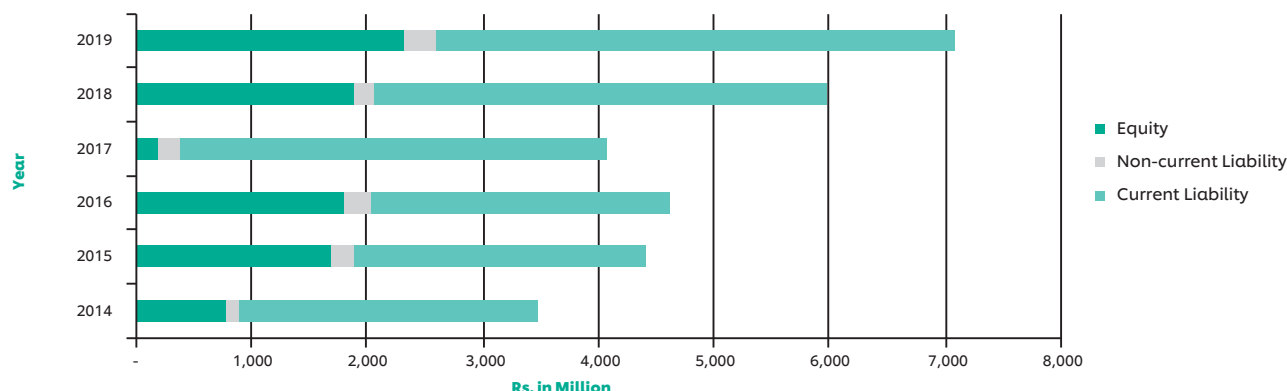
## Horizontal Analysis for 6 years

(Rs. in thousand)

	2019 Rs.	19 Vs.18 %	2018 Rs.	18 Vs.17 %	2017 Rs.	17 Vs.16 %	2016 Rs.	16 Vs.15 %	2015 Rs.	15 Vs.14 %	2014 Rs.	14 Vs.13 %
<b>EQUITY AND LIABILITIES</b>												
<b>Capital and reserves</b>												
Share capital	63,699	-	63,699	3.45	61,576	-	61,576	-	61,576	-	61,576	-
Reserves	2,240,498	22.51	1,828,864	1,425.40	119,894	(93.12)	1,743,342	7.81	1,617,018	124.02	721,822	85.96
	2,304,197	21.75	1,892,563	942.91	181,470	(89.95)	1,804,918	7.53	1,678,594	114.27	783,398	74.19
<b>Non-current liabilities</b>												
Staff retirement benefits	24,141	72.44	14,000	49.81	9,345	281.12	2,452	(56.91)	5,691	315.70	1,369	(68.37)
Lease liabilities	-	(100.00)	24,819	100.00	-	-	-	-	-	-	-	-
Deferred taxation	280,539	106.71	135,716	(33.40)	203,785	(4.43)	213,242	(0.80)	214,953	93.88	110,870	3.04
	304,680	74.57	174,535	(18.11)	213,130	(1.19)	215,694	(2.24)	220,644	96.58	112,239	0.28
<b>Current liabilities</b>												
Trade and other payables*	4,312,379	50.38	2,867,577	(5.00)	3,018,467	24.49	2,424,678	3.24	2,348,513	(6.76)	2,518,817	46.75
Provision	67,251	25.62	53,536	(11.74)	60,659	5.27	57,623	51.90	37,935	74.09	21,791	36.69
Accrued interest / mark up	34,717	159.26	13,391	485.27	2,288	100.00	-	(100.00)	1,119	47.82	757	(12.28)
Sales tax payable	-	-	-	(100.00)	21,193	(81.60)	115,182	135.97	48,812	100.00	-	-
Current portion of lease liabilities	30,392	0.35	30,287	100.00	-	-	-	-	-	-	-	-
Short term borrowings	35,217	(96.25)	938,994	60.86	583,741	100.00	-	(100.00)	81,676	182.13	28,950	15.06
	4,479,956	14.76	3,903,785	5.90	3,686,348	41.92	2,597,483	3.15	2,518,055	(2.03)	2,570,315	45.67
	7,088,833	18.72	5,970,883	46.31	4,080,948	(11.63)	4,618,095	4.55	4,417,293	27.45	3,465,952	49.00
<b>ASSETS</b>												
<b>Non-current assets</b>												
Property, plant and equipment	3,654,460	31.29	2,783,549	39.67	1,992,974	(4.41)	2,084,856	2.18	2,040,339	13.10	1,803,992	76.79
Right-of-use assets	18,594	(46.65)	34,853	100.00	-	-	-	-	-	-	-	-
Intangible assets	81,637	-	81,637	-	81,637	-	81,637	-	81,637	-	81,637	-
Long term loans and advances	5,157	(54.52)	11,338	(14.14)	13,205	7.34	12,302	(67.41)	37,749	111.42	17,855	(3.79)
Long term deposit and prepayment	2,980	-	2,980	100.00	-	(100.00)	2,605	100.00	-	-	-	-
Starff retirement benefits	-	-	-	-	-	-	-	-	-	(100.00)	1,776	151.91
	3,762,828	29.11	2,914,357	39.59	2,087,816	(4.29)	2,181,400	1.00	2,159,725	13.36	1,905,260	69.91
<b>Current assets</b>												
Stores and spares	140,520	186.45	49,055	38.39	35,446	12.78	31,429	39.79	22,483	(12.46)	25,682	15.53
Stock in trade	902,351	(6.30)	963,034	(4.44)	1,007,742	5.17	958,171	(0.12)	959,276	12.98	849,057	42.91
Trade debts	868,282	70.49	509,288	16.07	438,767	45.32	301,929	44.42	209,064	2.31	204,351	11.79
Loans and advances	13,854	5.70	13,107	7.58	12,184	(48.94)	23,864	57.21	15,180	(5.58)	16,077	(4.67)
Trade deposits and short term prepayments	14,408	(57.62)	33,996	(59.80)	84,566	14.20	74,049	46.68	50,484	(15.95)	60,067	22.06
Other receivables	32,050	(32.01)	47,136	143.65	19,346	78.88	10,815	(64.96)	30,868	(40.53)	51,901	161.56
Taxation - net	426,235	61.53	263,869	455.24	47,523	(86.09)	341,659	(9.36)	376,961	116.84	173,843	100.00
Cash and bank balances	724,556	(35.01)	1,114,816	220.76	347,558	(49.98)	694,779	17.11	593,252	332.95	137,024	(51.71)
Sales tax refundable	203,749	227.44	62,225	100.00	-	-	-	-	-	(100.00)	42,690	18.36
	3,326,005	8.82	3,056,526	53.35	1,993,132	(18.20)	2,436,695	7.93	2,257,568	44.65	1,560,692	29.53
	7,088,833	18.72	5,970,883	46.31	4,080,948	(11.63)	4,618,095	4.55	4,417,293	27.45	3,465,952	49.00

\*This includes Unclaimed & Unpaid dividends

## Statement of Financial Position Analysis - Equity & Liabilities





# Statement of Financial Position

## Vertical Analysis for 6 years

(Rs. in thousand)

	2019		Restated 2018		2017		2016		2015		2014	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
<b>EQUITY AND LIABILITIES</b>												
<b>Capital and reserves</b>												
Share capital	63,699	0.90	63,699	1.07	61,576	1.51	61,576	1.33	61,576	1.39	61,576	1.77
Reserves	2,240,498	31.61	1,828,864	30.63	119,894	2.94	1,743,342	37.75	1,617,018	36.61	721,822	20.83
	<b>2,304,197</b>	<b>32.50</b>	<b>1,892,563</b>	<b>31.70</b>	<b>181,470</b>	<b>4.45</b>	<b>1,804,918</b>	<b>39.08</b>	<b>1,678,594</b>	<b>38.00</b>	<b>783,398</b>	<b>22.60</b>
<b>Non-current liabilities</b>												
Staff Retirement benefits	24,141	0.34	14,000	0.23	9,345	0.23	2,452	0.05	5,691	0.13	1,369	0.04
Lease liabilities	-	0.00	24,819	0.42	-	-	-	-	-	-	-	-
Deferred taxation	280,539	3.96	135,716	2.27	203,785	4.99	213,242	4.62	214,953	4.87	110,870	3.20
	<b>304,680</b>	<b>4.30</b>	<b>174,535</b>	<b>2.92</b>	<b>213,130</b>	<b>5.22</b>	<b>215,694</b>	<b>4.67</b>	<b>220,644</b>	<b>5.00</b>	<b>112,239</b>	<b>3.24</b>
<b>Current liabilities</b>												
Trade and other payables*	4,312,379	60.83	2,867,577	48.03	3,018,467	73.96	2,424,678	52.50	2,348,513	53.16	2,518,817	72.67
Provision	67,251	0.95	53,536	0.90	60,659	1.49	57,623	1.26	37,935	0.86	21,791	0.63
Accrued interest / mark up	34,717	0.49	13,391	0.22	2,288	0.06	-	-	1,119	0.02	757	0.02
Sales tax payable	-	-	-	-	21,193	0.52	115,182	2.49	48,812	1.11	-	-
Current portion of lease liabilities	30,392	0.43	30,287	0.51	-	-	-	-	-	-	-	-
Short term borrowings	35,217	0.50	938,994	15.73	583,741	1.34	-	-	81,676	1.85	28,950	0.84
	<b>4,479,956</b>	<b>63.20</b>	<b>3,903,785</b>	<b>65.38</b>	<b>3,686,348</b>	<b>90.33</b>	<b>2,597,483</b>	<b>56.25</b>	<b>2,518,055</b>	<b>57.00</b>	<b>2,570,315</b>	<b>74.16</b>
	<b>7,088,833</b>	<b>100.00</b>	<b>5,970,883</b>	<b>100.00</b>	<b>4,080,948</b>	<b>100.00</b>	<b>4,618,095</b>	<b>100.00</b>	<b>4,417,293</b>	<b>100.00</b>	<b>3,465,952</b>	<b>100.00</b>

## ASSETS

### Non-current assets

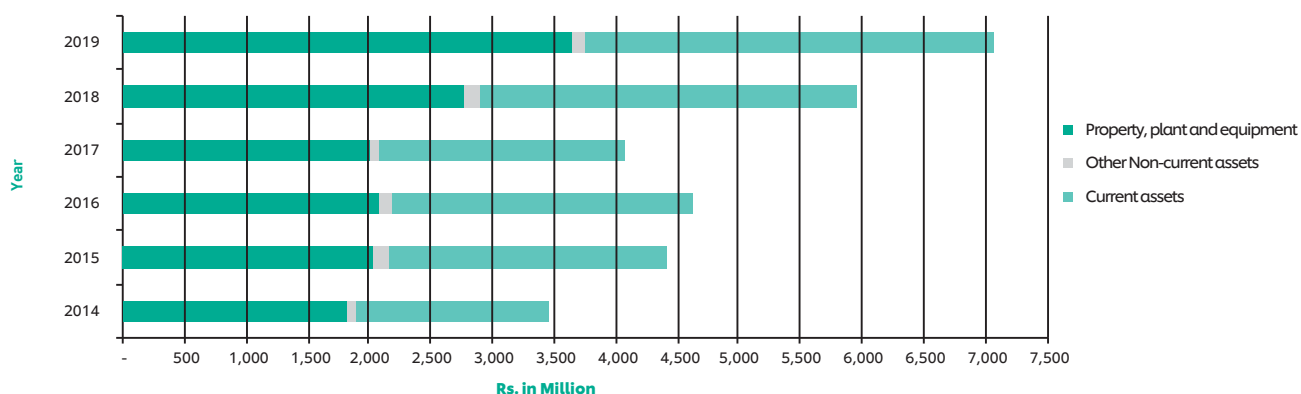
Property, plant and equipment	3,654,460	51.55	2,783,549	46.62	1,992,974	48.84	2,084,856	45.15	2,040,339	46.19	1,803,992	52.05
Right-of-use assets	18,594	0.26	34,853	0.58	-	-	-	-	-	-	-	-
Intangible assets	81,637	1.15	81,637	1.37	81,637	2.00	81,637	1.77	81,637	1.85	81,637	2.36
Long term loans and advances	5,157	0.07	11,338	0.19	13,205	0.32	12,302	0.27	37,749	0.85	17,855	0.52
Long term deposit and prepayment	2,980	0.04	2,980	0.05	-	-	2,605	0.05	-	-	-	-
Staff Retirement benefit	-	-	-	-	-	-	-	-	-	-	1,776	0.04
	<b>3,762,828</b>	<b>53.08</b>	<b>2,914,357</b>	<b>48.81</b>	<b>2,087,816</b>	<b>51.16</b>	<b>2,181,400</b>	<b>47.24</b>	<b>2,159,725</b>	<b>48.89</b>	<b>1,905,260</b>	<b>54.97</b>

### Current assets

Stores and spares	140,520	1.98	49,055	0.82	35,446	0.87	31,429	0.68	22,483	0.51	25,682	0.74
Stock in trade	902,351	12.73	963,034	16.13	1,007,742	24.69	958,171	20.75	959,276	21.72	849,057	24.50
Trade debts	868,282	12.25	509,288	8.53	438,767	10.75	301,929	6.54	209,064	4.73	204,351	5.90
Loans and advances	13,854	0.20	13,107	0.22	12,184	0.30	23,864	0.52	15,180	0.34	16,077	0.46
Trade deposits and short term prepayments	14,408	0.20	33,996	0.57	84,566	2.07	74,049	1.60	50,484	1.14	60,067	1.73
Other receivables	32,050	0.45	47,136	0.79	19,346	0.47	10,815	0.23	30,868	0.71	51,901	1.50
Taxation - net	426,235	6.01	263,869	4.42	47,523	1.17	341,659	7.40	376,961	8.53	173,843	5.02
Cash and bank balances	724,556	10.22	1,114,816	18.67	347,558	8.52	694,779	15.04	593,252	13.43	137,024	3.95
Sales tax refundable	203,749	2.87	62,225	-	-	-	-	-	-	-	42,690	1.23
	<b>3,326,005</b>	<b>46.92</b>	<b>3,056,526</b>	<b>51.19</b>	<b>1,993,132</b>	<b>48.84</b>	<b>2,436,695</b>	<b>52.76</b>	<b>2,257,568</b>	<b>51.11</b>	<b>1,560,692</b>	<b>45.03</b>
	<b>7,088,833</b>	<b>100.00</b>	<b>5,970,883</b>	<b>100.00</b>	<b>4,080,948</b>	<b>100.00</b>	<b>4,618,095</b>	<b>100.00</b>	<b>4,417,293</b>	<b>100.00</b>	<b>3,465,952</b>	<b>100.00</b>

\*This includes Unclaimed &amp; Unpaid dividends

## Statement of Financial Position Analysis - Assets



# Profit or Loss Account and other Comprehensive Income

## Horizontal Analysis for 6 years

(Rs. in thousand)

	2019 Rs.	19 Vs.18 %	Restated 2018 Rs.	18 Vs.17 %	2017 Rs.	17 Vs.16 %	2016 Rs.	16 Vs.15 %	2015 Rs.	15 Vs.14 %	2014 Rs.	14 Vs.13 %
Sales	13,291,424	11.71	11,898,430	10.73	10,745,260	13.50	9,466,836	10.45	8,571,097	10.07	7,787,059	11.90
Cost of sales	(7,861,105)	20.03	(6,549,353)	10.79	(5,911,696)	12.29	(5,264,621)	11.10	(4,738,804)	7.04	(4,426,989)	9.27
Gross profit	5,430,319	1.52	5,349,077	10.67	4,833,564	15.02	4,202,215	9.65	3,832,293	14.05	3,360,070	15.56
Distribution cost	(2,270,003)	(15.63)	(2,690,609)	1.56	(2,649,320)	18.35	(2,238,606)	14.56	(1,954,022)	35.13	(1,445,978)	17.10
Administrative expenses	(343,712)	8.98	(315,392)	4.17	(302,756)	95.15	(155,137)	0.54	(154,298)	(4.01)	(160,740)	2.73
Other operating expenses	(178,067)	25.39	(142,016)	3.26	(137,533)	8.65	(126,587)	0.97	(125,372)	(1.45)	(127,212)	9.80
Other income	304,339	(11.04)	342,115	68.72	202,771	68.49	120,343	16.64	103,174	(9.16)	113,582	56.56
Profit from operations	2,942,876	15.72	2,543,175	30.64	1,946,726	8.02	1,802,228	5.90	1,701,775	(2.18)	1,739,722	18.12
Finance costs	(135,076)	185.57	(47,300)	81.78	(26,020)	(24.51)	(34,470)	(4.49)	(36,090)	(27.52)	(49,793)	450.62
Profit before taxation	2,807,800	12.50	2,495,875	29.95	1,920,706	8.65	1,767,758	6.13	1,665,685	(1.43)	1,689,929	15.44
Taxation	(354,862)	(53.39)	(761,418)	34.76	(565,033)	14.92	(491,669)	13.40	(433,557)	(16.32)	(518,108)	12.85
Profit after taxation	2,452,938	41.42	1,734,457	27.94	1,355,673	6.24	1,276,089	3.57	1,232,128	5.15	1,171,821	16.63
Other comprehensive income/(loss)	(2,935)	(10,970)	27	100.54	(4,992)	(427.34)	1,525	(134.49)	(4,421)	(538.59)	1,008	(185.79)
Total comprehensive income	2,450,003	41.25	1,734,484	28.42	1,350,681	5.72	1,277,614	4.07	1,227,707	4.68	1,172,829	16.86

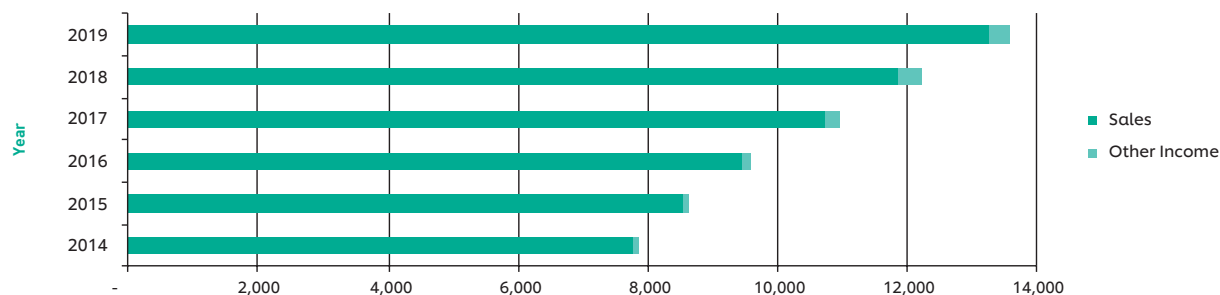
## Vertical Analysis for 6 years

(Rs. in thousand)

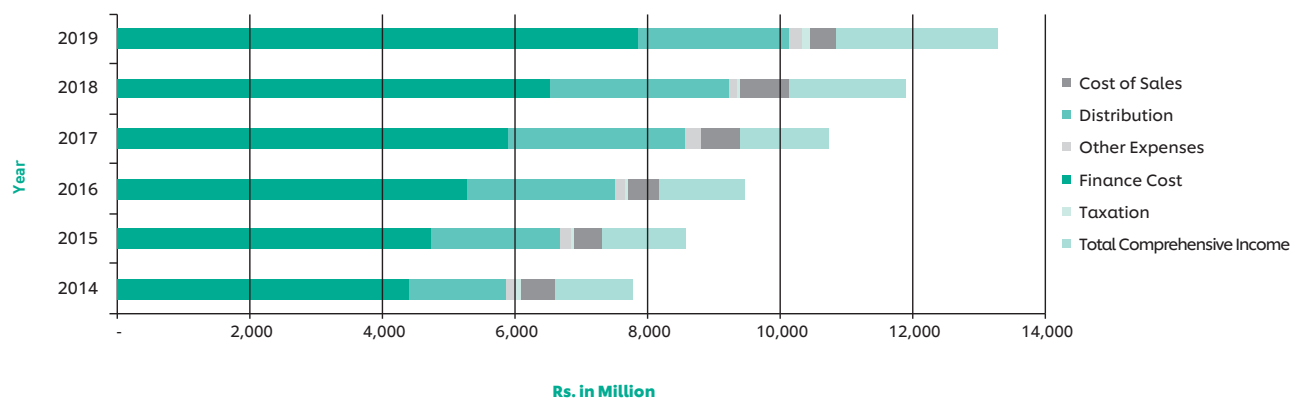
	2019 Rs.	%	Restated 2018 Rs.	%	2017 Rs.	%	2016 Rs.	%	2015 Rs.	%	2014 Rs.	%
Sales	13,291,424	100.00	11,898,430	100.00	10,745,260	100.00	9,466,836	100.00	8,571,097	100.00	7,787,059	100.00
Cost of sales	(7,861,105)	(59.14)	(6,549,353)	(55.04)	(5,911,696)	(55.02)	(5,264,621)	(55.61)	(4,738,804)	(55.29)	(4,426,989)	(56.85)
Gross profit	5,430,319	40.86	5,349,077	44.96	4,833,564	44.98	4,202,215	44.39	3,832,293	44.71	3,360,070	43.15
Distribution cost	(2,270,003)	(17.08)	(2,690,609)	(22.61)	(2,649,320)	(24.66)	(2,238,606)	(23.65)	(1,954,022)	(22.80)	(1,445,978)	(18.57)
Administrative expenses	(343,712)	(2.59)	(315,392)	(2.65)	(302,756)	(2.82)	(155,137)	(1.64)	(154,298)	(1.80)	(160,740)	(2.06)
Other operating expenses	(178,067)	(1.34)	(142,016)	(1.19)	(137,533)	(1.28)	(126,587)	(1.34)	(125,372)	(1.46)	(127,212)	(1.63)
Other income	304,339	2.29	342,115	2.88	202,771	1.89	120,343	1.27	103,174	1.20	113,582	1.46
Profit from operations	2,942,876	22.14	2,543,175	21.37	1,946,726	18.12	1,802,228	19.04	1,701,775	19.85	1,739,722	22.34
Finance cost	(135,076)	(1.02)	(47,300)	(0.40)	(26,020)	(0.24)	(34,470)	(0.36)	(36,090)	(0.42)	(49,793)	(0.64)
Profit before taxation	2,807,800	21.12	2,495,875	20.98	1,920,706	17.87	1,767,758	18.67	1,665,685	19.43	1,689,929	21.70
Taxation	(354,862)	(2.67)	(761,418)	(6.40)	(565,033)	(5.26)	(491,669)	(5.19)	(433,557)	(5.06)	(518,108)	(6.65)
Profit after taxation	2,452,938	18.46	1,734,457	14.58	1,355,673	12.62	1,276,089	13.48	1,232,128	14.38	1,171,821	15.05
Other comprehensive income/(loss)	(2,935)	(0.02)	27	0.00	(4,992)	(0.05)	1,525	0.02	(4,421)	(0.05)	1,008	0.01
Total comprehensive income	2,450,003	18.43	1,734,484	14.58	1,350,681	12.57	1,277,614	13.50	1,227,707	14.32	1,172,829	15.06

## Graphical Analysis

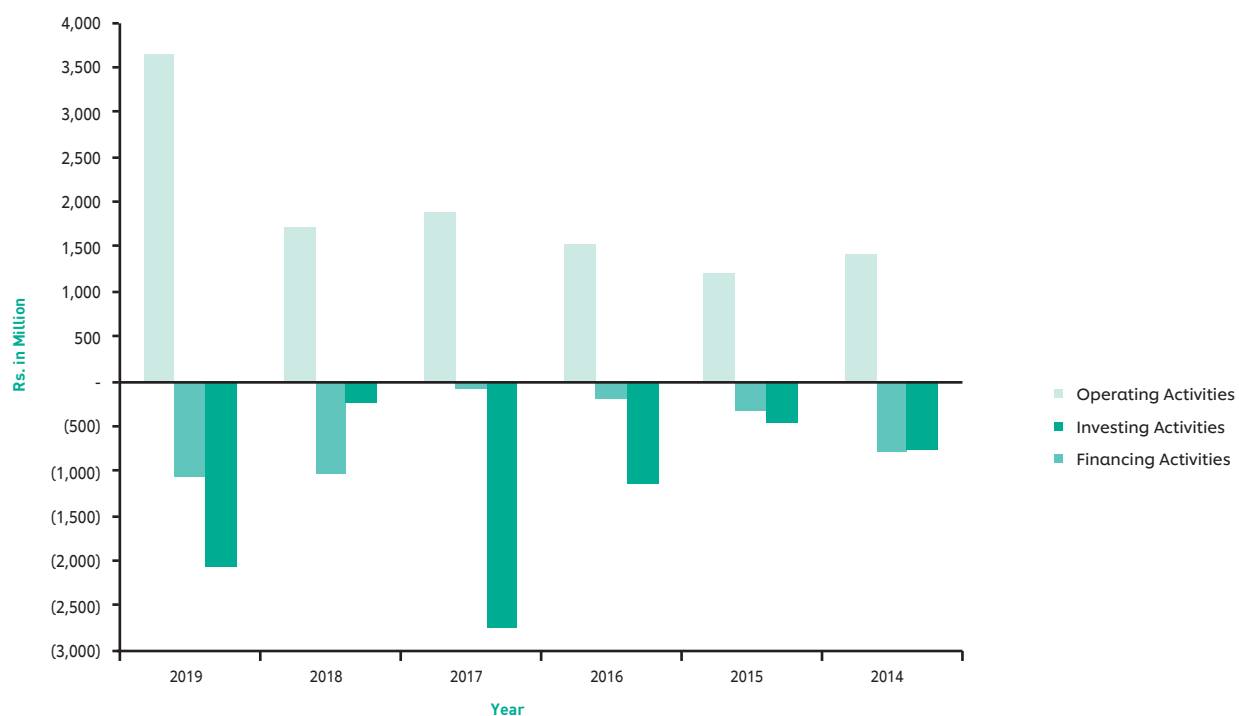
### Profit or Loss Analysis - Income



### Profit or Loss Analysis - Expenses



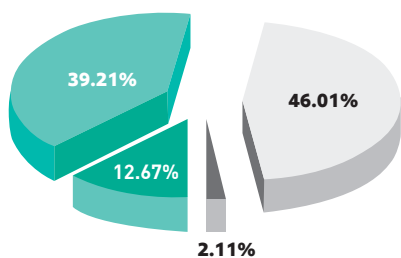
### Cash Flows Analysis



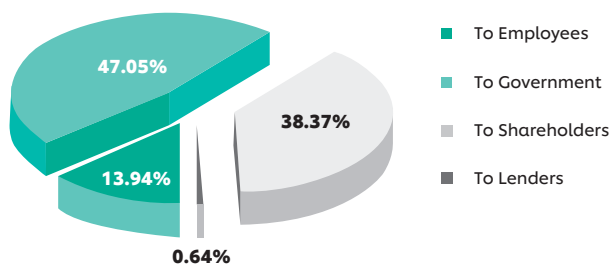
# Statement of Wealth Generated and Distributed

	2019 Rs. in thousand	2018 Rs. in thousand
<b>WEALTH GENERATED</b>		
Total Revenue inclusive of sales tax and other Income	<b>14,950,763</b>	13,348,467
Bought in material	<b>(9,155,976)</b>	(8,387,313)
	<b><u>5,794,787</u></b>	<u>4,961,154</u>
<b>WEALTH DISTRIBUTION</b>		
<b>To Employees</b> Salaries, benefits and other costs	<b>734,325</b>	691,371
<b>To Government</b> Income tax, sales tax, excise duty, custom duty, WWF and WPPF	<b>2,271,929</b>	2,334,356
<b>To Providers of Capital</b> Dividend to shareholders	<b>2,665,974</b>	1,903,524
Mark-up / interest expense on borrowed funds	<b>122,559</b>	31,903
	<b><u>5,794,787</u></b>	<u>4,961,154</u>

**WEALTH DISTRIBUTION 2019**



**WEALTH DISTRIBUTION 2018**



## Pattern of Shareholding

As at December 31, 2019

Number of Shareholders	Shareholdings' Slab		Total Shares Held
690	1	to 100	20,685
97	101	to 500	18,539
18	501	to 1,000	11,238
15	1,001	to 5,000	30,121
3	5,001	to 10,000	18,328
2	10,001	to 15,000	25,158
2	25,001	to 30,000	59,751
2	35,001	to 40,000	75,084
3	45,001	to 50,000	145,816
2	50,001	to 55,000	108,096
1	65,001	to 70,000	69,500
1	70,001	to 75,000	70,085
1	75,001	to 80,000	78,524
1	80,001	to 85,000	80,344
3	95,001	to 100,000	296,058
1	115,001	to 120,000	117,786
1	125,001	to 130,000	129,028
1	135,001	to 140,000	139,515
1	4,875,001	to 4,880,000	4,876,294
845			6,369,950

Categories of Shareholders	Number of Shareholders	Number of Shares Held	Percentage
<b>Associated Companies, undertakings and related parties</b>	1	4,876,294	76.55
<b>Directors, CEO and their spouse(s) and minor children</b>	12	396,970	6.23
<b>Public Sector Companies and Corporations</b>	2	64	0.00
<b>Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds</b>	3	1,122	0.02
<b>Executives</b>	1	30	0.00
<b>General Public</b>			
a. Local	807	1,092,207	17.15
b. Foreign	7	149	0.00
<b>Foreign Companies</b>	1	560	0.01
<b>Others</b>	11	2,554	0.04
<b>Totals</b>	845	6,369,950	100.00

Shareholders holding 5% or more	Shares Held	Percentage
CONOPCO, INC.	4,876,294	76.55

## Pattern of Shareholding Additional Information

As at December 31, 2019

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

Shareholders' Category	Number of Shareholders	Number of Shares Held
i) Associated Companies, undertakings and related parties (name-wise details)		
CONOPCO, INC.	1	4,876,294
ii) Directors, CEO and their spouse(s) and minor children		
Mr. Kamran Y. Mirza	1	1,823
Ms. Shazia Syed	1	1
Mr. Aly Yusuf	1	1
Ms. Farheen Salman Amir	1	1
Mr. Zulfikar Monnoo	1	159,173
Mr. Muhammad Adil Monnoo	1	112,184
Mr. Kamal Monnoo	1	118,034
Mr. Badaruddin F. Vellani	1	104
Mr. Ali Tariq	1	1
Mr. Khalid Mansoor	1	1
Ms. Amna Monnoo D/o Mr. Zulfikar Monnoo	1	30
Mrs. Sarwat Zulfikar W/o Mr. Zulfikar Monnoo	1	5,617
iii) Public Sector Companies and Corporations	2	64
iv) Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds	3	1,122
v) Shareholders holding 5% or more voting rights (name-wise details)		
CONOPCO Inc.	1	4,876,294

## Dealings in Shares by Directors, Executives, and their spouses and minor children

During January 01, 2019 to December 31, 2019

S.No.	Name	Acquired during the year
1.	Mr. Aly Yusuf	1

# Statement of Compliance with the Code of Corporate Governance

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of Directors are 10 as per the following:
  - a. Male: 9
  - b. Female: 1

2. The composition of Board is as follows:

Category	Names
Independent Directors	<ul style="list-style-type: none"> <li>• Mr. Kamran Y. Mirza (Chairman of the Board)</li> <li>• Mr. Khalid Mansoor</li> </ul>
Executive Directors	<ul style="list-style-type: none"> <li>• Mr. Amir R. Paracha (CEO) (Appointed w.e.f. 01 Feb 2020)</li> <li>• Mr. Aly Yusuf (CFO) (Appointed w.e.f. 01 Oct 2019)</li> </ul>
Female Directors	<ul style="list-style-type: none"> <li>• Ms. Farheen Salman Amir</li> <li>• Ms. Shazia Syed (CEO) (Resigned w.e.f. 31 Jan 2020)</li> </ul>
Non-Executive Directors	<ul style="list-style-type: none"> <li>• Mr. Zulfikar Monnoo</li> <li>• Mr. Muhammad Adil Monnoo</li> <li>• Mr. Kamal Monnoo</li> <li>• Mr. Badaruddin F. Vellani</li> <li>• Mr. Ali Tariq</li> </ul>

3. The directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company.
4. The Company has adopted 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.
5. The Company has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. 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. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
8. The Board of Directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.
9. All the Directors of the Company has completed Directors Training Program. The Board arranged Directors' Training program for Mr. Naveed Ghani Hashmi (Senior Manager).
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

12. The Board has formed committees comprising of members given below:

a) Audit Committee

- Mr. Khalid Mansoor (Chairman)
- Mr. Kamran Y. Mirza
- Mr. Zulfikar Monnoo
- Mr. Muhammad Adil Monnoo
- Mr. Badaruddin F. Vellani

b) HR and Remuneration Committee

- Mr. Kamran Y. Mirza (Chairman)
- Mr. Zulfikar Monnoo
- Mr. Kamal Monnoo
- Ms. Shazia Syed (resigned w.e.f. 31 Jan 2020)
- Mr. Amir R. Paracha (appointed w.e.f. 01 Feb 2020)

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly / half yearly / yearly) of the committee were as per following:

- a) Audit Committee - 04 Meetings during the year
- b) HR and Remuneration Committee - 01 Meeting during the year

15. The Board has co-sourced the internal audit function to A.F.Ferguson & Co, BDO Ebrahim & Co. & Deloitte Yousuf Adil who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. 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 and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, head of internal audit, company secretary or Director of the Company.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements including regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

**Amir R. Paracha**  
Chief Executive Officer

**Kamran Y. Mirza**  
Chairman

Karachi  
February 28, 2020

# Independent Auditor's Review Report

To the members of Unilever Pakistan Foods Limited

Review Report on the Statement of Compliance contained in Listed Companies  
(Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Unilever Pakistan Foods Limited** (the Company) for the year ended 31 December 2019 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

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 of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Company for the year ended 31 December 2019.

KPMG Taseer Hadi & Co.  
Chartered Accountants

**Date: 28 February 2020**  
**Karachi**





# **FINANCIAL STATEMENTS 2019**



KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2, Beaumont Road  
Karachi 75530 Pakistan  
+92 (21) 35685847, Fax +92 (21) 35685095

## Independent Auditor's Report

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To the members of Unilever Pakistan Foods Limited

Report on the Audit of the Financial Statements

### Opinion

We have audited the annexed financial statements of **Unilever Pakistan Foods Limited** (the Company), which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss account and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss account and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S. No.	Key audit matters	How the matters were addressed in our audit
1.	<b>Revenue Recognition</b>	
	<p>Refer notes 4.18 &amp; 26 to the financial statements.</p> <p>Revenue is recognized when control of the underlying products has been transferred to the customer. We identified revenue recognition as a key audit matter because there is a potential risk of revenue being overstated due to revenue transactions not being recognized in the appropriate period. This could be resulting from the pressure local management may feel to achieve performance targets.</p>	<p>Our audit procedures in respect of recognition of revenue, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• Assessing the appropriateness of the Company's revenue recognition accounting policies by comparing with applicable accounting standards;</li> <li>• Obtaining an understanding of and testing the design and operating effectiveness of controls designed to ensure that revenue is recognized in the appropriate accounting period;</li> <li>• Comparing, on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the appropriate accounting period;</li> <li>• Critically assessing manual journals posted to revenue to identify unusual or irregular items; and</li> <li>• Testing, on a sample basis, invoices and inspecting credit notes issued subsequent to year end for accuracy of revenue.</li> </ul>

S. No.	Key audit matters	How the matters were addressed in our audit
<b>2.</b>	<b>Valuation of stock-in-trade</b>	
	<p>Refer notes 4.7 &amp; 12 to the financial statements.</p> <p>Stock-in-trade forms a significant part of the Company's total assets. Stock-in-trade comprise of raw and packing materials, work in process and finished goods which are stated at lower of cost and estimated net realizable value.</p> <p>We identified the valuation of stock in- trade as a key audit matter because there is a potential risk of inappropriate valuation as determining an appropriate write-down as a result of net realizable value (NRV) being lower than their cost and provisions for slow moving and obsolescence stock-in-trade involve significant management judgment and estimation.</p>	<p>Our audit procedures in respect of valuation of stock-in-trade, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of and assessing the design and testing implementation of management's controls over valuation of stock-in-trade including identification of slow moving and / or obsolete stock-in-trade and estimation of NRV;</li> <li>• Evaluating and testing, on a sample basis, management's determination of NRV and the key estimates adopted, including future selling prices and costs necessary to make the sales and their basis of calculation; and</li> <li>• Assessing compliance of management's policies with regards to provisioning of slow moving and / or obsolete stock-in-trade; aging analysis of stock-in-trade and forecasted sales determined by management.</li> </ul>
<b>3.</b>	<b>Capitalization of Property, Plant and Equipment</b>	
	<p>Refer notes 4.1 and 7 to the financial statements.</p> <p>The Company has incurred significant capital expenditure on expansion of manufacturing facilities.</p> <p>We identified capitalization of property, plant and equipment as a key audit matter because there is a risk that capitalization criteria as per applicable accounting</p>	<p>Our audit procedures in respect of capitalization of property, plant and equipment, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of and assessing the design and testing implementation of management controls over capitalization of property, plant and equipment and timely transfers from capital work-in-progress to operating fixed assets as per applicable accounting standards;</li> </ul>

S. No.	Key audit matters	How the matters were addressed in our audit
	standards may not be appropriately followed and transfer of assets from capital work-in-progress to operating fixed assets may not be done on timely basis resulting in understatement of depreciation charge for the year.	<ul style="list-style-type: none"> <li>• Testing, on sample basis, capital expenditure incurred with supporting documentation and assessing whether the expenditure meets the criteria for capitalization as per applicable accounting standards; and</li> <li>• Performing substantive procedures over timely transfer of assets from capital work-in-progress to operating fixed assets which included assessing status of items in capital work-in-progress at year end and evaluating whether transfer of assets were made on a timely basis.</li> </ul>

### Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The Other Information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



### Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss account and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance. The engagement partner on the audit resulting in this independent auditor's report is **Moneeza Usman Butt.**

KPMG Taseer Hadi & Co.  
Chartered Accountants

Date: March 13, 2020  
Karachi

# Statement of Financial Position

As at December 31, 2019

			(Restated)	
	Note	December 31 2019	December 31 2018	January 01 2018
ASSETS		← (Rupees in thousand) →		
Non-current assets				
Property, plant and equipment	7	3,654,460	2,783,549	1,992,974
Right-of-use assets	8	18,594	34,853	53,622
Intangible assets	9	81,637	81,637	81,637
Long term deposit and prepayment		2,980	2,980	-
Long term loans and advances	10	5,157	11,338	13,205
		3,762,828	2,914,357	2,141,438
Current assets				
Stores and spares	11	140,520	49,055	35,446
Stock in trade	12	902,351	963,034	1,007,742
Trade debts	13	868,282	509,288	438,767
Loans and advances	14	13,854	13,107	12,184
Trade deposits and short term prepayments	15	14,408	33,996	81,857
Other receivables	16	32,050	47,136	19,346
Sales tax refundable		203,749	62,225	-
Taxation - net		426,235	263,869	47,523
Cash and bank balances	17	724,556	1,114,816	347,558
		3,326,005	3,056,526	1,990,423
Total assets		7,088,833	5,970,883	4,131,861

# Statement of Financial Position

As at December 31, 2019

			(Restated)	
	Note	December 31 2019	December 31 2018	January 01 2018
<b>EQUITY AND LIABILITIES</b>				
<b>Share capital and reserves</b>				
Share capital	18	63,699	63,699	61,576
Reserves	19	2,240,498	1,828,864	99,686
		<b>2,304,197</b>	<b>1,892,563</b>	<b>161,262</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Staff retirement benefits	20	24,141	14,000	9,345
Lease liabilities	8	-	24,819	50,137
Deferred taxation	21	280,539	135,716	196,639
		<b>304,680</b>	<b>174,535</b>	<b>256,121</b>
<b>Current liabilities</b>				
Trade and other payables	22	4,263,527	2,835,390	2,773,124
Unpaid dividend		27,348	21,310	172,685
Unclaimed dividend		21,504	10,877	72,658
Provisions	23	67,251	53,536	60,659
Accrued interest / mark up		34,717	13,391	2,288
Sales tax payable		-	-	21,193
Current portion of lease liabilities	8	30,392	30,287	28,130
Short term borrowings	24	35,217	938,994	583,741
		<b>4,479,956</b>	<b>3,903,785</b>	<b>3,714,478</b>
<b>Total liabilities</b>		<b>4,784,636</b>	<b>4,078,320</b>	<b>3,970,599</b>
<b>Total equity and liabilities</b>		<b>7,088,833</b>	<b>5,970,883</b>	<b>4,131,861</b>
<b>Contingencies and commitments</b>	25			

The annexed notes 1 to 45 form an integral part of these financial statements.

**Amir R. Paracha**  
Chief Executive Officer

**Farheen Salman**  
Director

**Aly Yusuf**  
Director and Chief Financial Officer

# Statement of Profit or Loss Account and Other Comprehensive Income

For the year ended December 31, 2019

	Note	2019 (Rupees in thousand)	(Restated) 2018
Sales	26	13,291,424	11,898,430
Cost of sales	27	(7,861,105)	(6,549,353)
Gross profit		5,430,319	5,349,077
Distribution cost	28	(2,270,003)	(2,690,609)
Administrative expenses	29	(343,712)	(315,392)
Other operating expenses	30	(178,067)	(142,016)
Other income	31	304,339	342,115
		2,942,876	2,543,175
Finance costs	32	(135,076)	(47,300)
Profit before taxation		2,807,800	2,495,875
Taxation	33	(354,862)	(761,418)
Profit after taxation		2,452,938	1,734,457
Other comprehensive income :			
<b>Items that will not be reclassified to Profit or Loss account</b>			
Gain / (Loss) on remeasurements of post employment defined benefit obligation		(4,134)	38
Impact of deferred tax		1,199	(11)
		(2,935)	27
Total comprehensive income		2,450,003	1,734,484
		(Rupees)	
Basic and diluted earnings per share	34	385.08	274.92

The annexed notes 1 to 45 form an integral part of these financial statements.

**Amir R. Paracha**  
Chief Executive Officer

**Farheen Salman**  
Director

**Aly Yusuf**  
Director and Chief Financial Officer

# Statement of Cash Flows

For the year ended December 31, 2019

	2019 (Rupees in thousand)	(Restated) 2018
<b>Cash flows from operating activities</b>		
Profit before taxation	2,807,800	2,495,875
<b>Adjustments for non-cash charges and other items</b>		
Depreciation	213,036	169,067
Depreciation on right-of-use asset	27,048	23,944
Gain on disposal of property, plant and equipment	(810)	(460)
Reversal of provision for impairment of fixed assets	(14,581)	-
Provision for staff retirement benefits	9,910	4,694
Provision for impairment of fixed assets	-	89,800
Mark-up on short term borrowings	118,130	25,461
Return on savings accounts	(3,762)	(6,537)
	<b>348,971</b>	<b>305,969</b>
	<b>3,156,771</b>	<b>2,801,844</b>
<b>Effect on cash flows due to working capital changes</b>		
Decrease / (Increase) in current assets		
Stores and spares	(91,465)	(13,609)
Stock in trade	60,683	44,708
Trade debts	(358,994)	(70,521)
Loans and advances	(747)	(923)
Trade deposits and short term prepayments	19,588	47,861
Sales tax refundable	(141,524)	(83,418)
Other receivables	15,086	(27,790)
	<b>(497,373)</b>	<b>(103,692)</b>
Increase / (Decrease) in current liabilities		
Trade and other payables	1,428,137	62,266
Provisions	13,715	(7,123)
	<b>1,441,852</b>	<b>55,143</b>
Cash generated from operations (carried forward)	<b>4,101,250</b>	<b>2,753,295</b>

# Statement of Cash Flows

For the year ended December 31, 2019

	Note	2019 (Rupees in thousand)	(Restated) 2018
Cash generated from operations (brought forward)		4,101,250	2,753,295
Mark-up paid		(92,374)	(7,916)
Income tax paid		(371,205)	(1,038,698)
Staff retirement benefits - contributions paid		(3,905)	-
Long term deposit and prepayment		-	(2,980)
Decrease / (Increase) in long term loans		6,181	1,867
<b>Net cash from operating activities</b>		<b>3,639,947</b>	<b>1,705,568</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(1,069,366)	(1,049,442)
Proceeds from disposal of property, plant and equipment		810	460
Return received on savings accounts		3,762	6,537
<b>Net cash used in investing activities</b>		<b>(1,064,794)</b>	<b>(1,042,445)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of right shares		-	1,273,992
Lease liability payments		(39,932)	(34,778)
Dividends paid		(2,021,704)	(1,490,332)
<b>Net cash used In financing activities</b>		<b>(2,061,636)</b>	<b>(251,118)</b>
<b>Net increase in cash and cash equivalents</b>		<b>513,517</b>	<b>412,005</b>
Cash and cash equivalents at beginning of the year		175,822	(236,183)
Cash and cash equivalents at end of the year	42	689,339	175,822

The annexed notes 1 to 45 form an integral part of these financial statements.

**Amir R. Paracha**  
Chief Executive Officer

**Farheen Salman**  
Director

**Aly Yusuf**  
Director and Chief Financial Officer

# Statement of Changes in Equity

For the year ended December 31, 2019

	SHARE CAPITAL	CAPITAL		RESERVES		SUB TOTAL	TOTAL
	Issued, subscribed and paid up capital	Share Premium	Special	General	Unappropriated Profit		
	(Rupees in thousand)						
Balance as at January 1, 2018	61,576	24,630	628	138	94,498	119,894	181,470
Effect of initial application of standard - Note 6	-	-	-	-	(20,208)	(20,208)	(20,208)
<b>Balance as at January 1, 2018 - Restated</b>	<b>61,576</b>	<b>24,630</b>	<b>628</b>	<b>138</b>	<b>74,290</b>	<b>99,686</b>	<b>161,262</b>
Transactions with owners of the Company - Distribution							
First Interim dividend for the year ended December 31, 2018 @ Rs 105 per share	-	-	-	-	(646,550)	(646,550)	(646,550)
Second Interim dividend for the year ended December 31, 2018 @ Rs 44 per share	-	-	-	-	(280,278)	(280,278)	(280,278)
Third Interim dividend for the year ended December 31, 2018 @ Rs 55 per share	-	-	-	-	(350,347)	(350,347)	(350,347)
Transactions with owners of the Company - Contribution							
Issue of right shares	2,123	1,271,869	-	-	-	1,271,869	1,273,992
Total comprehensive income for the year							
- Profit for year ended December 31, 2018 - Restated	-	-	-	-	1,734,457	1,734,457	1,734,457
- Other Comprehensive income for the year ended December 31, 2018	-	-	-	-	27	27	27
	-	-	-	-	1,734,484	1,734,484	1,734,484
<b>Balance as at December 31, 2018 - Restated</b>	<b>63,699</b>	<b>1,296,499</b>	<b>628</b>	<b>138</b>	<b>531,599</b>	<b>1,828,864</b>	<b>1,892,563</b>
Final dividend for the year ended December 31, 2018 @ Rs. 76 per share	-	-	-	-	(484,113)	(484,113)	(484,113)
First Interim dividend for the year ending December 31, 2019 @ Rs. 88 per share	-	-	-	-	(560,551)	(560,551)	(560,551)
Second Interim dividend for the year ending December 31, 2019 @ Rs. 63 per share	-	-	-	-	(401,304)	(401,304)	(401,304)
Third Interim dividend for the year ending December 31, 2019 @ Rs. 93 per share	-	-	-	-	(592,401)	(592,401)	(592,401)
Total comprehensive income for the period							
- Profit for the year ended December 31, 2019	-	-	-	-	2,452,938	2,452,938	2,452,938
- Other Comprehensive income for the year ended December 31, 2019	-	-	-	-	(2,935)	(2,935)	(2,935)
	-	-	-	-	2,450,003	2,450,003	2,450,003
<b>Balance as at December 31, 2019</b>	<b>63,699</b>	<b>1,296,499</b>	<b>628</b>	<b>138</b>	<b>943,233</b>	<b>2,240,498</b>	<b>2,304,197</b>

The annexed notes 1 to 45 form an integral part of these financial statements.

**Amir R. Paracha**  
Chief Executive Officer

**Farheen Salman**  
Director

**Aly Yusuf**  
Director and Chief Financial Officer

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2019

## 1. THE COMPANY AND ITS OPERATIONS

The Company is a limited liability company incorporated in Pakistan and is listed on the Pakistan Stock Exchange. It manufactures and sells consumer and commercial food products under brand names of Rafhan, Knorr, Energile, Glaxose-D and Food Solutions. The registered office of the Company is situated at Avari Plaza, Fatima Jinnah Road, Karachi.

The Company is a subsidiary of Conopco Inc. USA, whereas its ultimate parent Company is Unilever N.V. Netherlands.

The manufacturing facilities and sales offices of the Company are situated at the following locations:

### Factory

- 52km, Multan Road, Phool Nagar, Tehsil Pattoki, District Kasur, Lahore

### Sales Offices

- 4th Floor, Siddique Center, Shapes Building Abdali Road, Multan
- SNC Center, 12 D East, Blue Area, Islamabad
- Shahpur Interchange, 4km Multan Road, Lahore
- Beacon Impex Plaza, Bilal Road, New Civil Lines, Faisalabad
- 4th Floor, Shafi Court Building, Mereweather Road, Karachi
- House # 25/A, Block A, Unit # 9, Latifabad, Hyderabad

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### 2.2 Changes in accounting standards, interpretations and pronouncements

#### a) Changes in accounting policy resulting from adoption of standard during the year

On January 1, 2019, the Company adopted IFRS 16 'Leases' effective from Annual period beginning on or after 1 January 2019 which replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The effect of adoption of IFRS 16 is mentioned in note 2.3 to the financial statements.



The following new or amended standards and interpretations became effective during the year which are considered not to be relevant to the Company's financial statements:

- Amendments to IAS 19 'Employee Benefits'
- Amendments to IAS 28 'Investments in Associates and Joint Ventures'
- Amendments to IFRS 3 'Business Combinations'
- Annual Improvements to IFRS Standards 2015 – 2017 Cycle
- IFRIC 23 'Uncertainty over Income Tax Treatments'

**b) Standards, interpretations and amendments to published approved accounting and reporting standards that are not yet effective**

The following standards, amendments & interpretations of approved accounting standards will be effective for accounting periods beginning on or after January 1, 2020. Management is in the process of evaluating the impact of these amendments and new standards:

- Amendments to IFRS 3 'Business Combinations'
- Amendments to IAS 1 'Presentation of Financial Statements'
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'
- Amendments to IFRS 14 'Regulatory Deferral Accounts'
- Amendment to IFRS 9 'Financial Instruments', IFRS 7 'financial instruments: disclosure' & IAS 39 'Financial Instruments: Recognition and Measurement'

**2.3 Changes in accounting policies resulting from adoption of standards during the year**

On January 1, 2019, the Company adopted IFRS 16 'Leases' which replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases-Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Previously, the Company classified leases based on its assessments of whether the lease transferred substantially all of the risks and rewards of ownership. Full retrospective approach in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' has been used for the initial application of IFRS 16 and presented in note 6 to these financial statements.

At inception, the Company assesses whether a contract is or contains a lease. This assessment involves the exercise of judgement about whether the Company obtains substantially all the economic benefits from the use of the asset and whether the Company has a right to direct the use of the asset.

The entity recognizes a right-of-use asset and lease liability at the commencement of the lease. The right-of-use asset is initially measured based on the present value of lease payments, plus initial direct costs, less any incentives received. The right-of-use asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. The right-of-use asset is subject to testing for impairment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made.

### 3 Measurement basis

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policy notes.

These financial statements are presented in Pakistan Rupees which is the functional currency of the Company and figures are rounded off to the nearest thousands of Rupees.

## 4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below

### 4.1 Property, plant and equipment

Property, plant and equipment of each class is stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for free hold land and capital work in progress which are stated at cost less impairment loss, if any. Depreciation is calculated using the straight line method to charge off their cost excluding residual value, if not insignificant, over their estimated useful lives. Depreciation on additions is charged from the month in which asset is available for use and on disposals up to the month of deletion.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Maintenance and normal repairs are charged to statement of profit or loss as and when incurred. Major renewals and improvements are capitalized only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Gains and losses on disposal of property, plant and equipment are recognized in the statement of profit or loss account.

### 4.2 Intangible assets

Intangible assets having definite useful life are stated at cost less accumulated amortisation and impairment, if any. Amortization is calculated using the straight line method to charge off their cost over their estimated useful lives. Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

The useful lives of intangible assets are reviewed at each reporting sheet date to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset.

### 4.3 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of profit or loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity in which case it is recognized in other comprehensive income or directly in equity.

#### 4.3.1 Current

Provision for current taxation is based on taxability of certain income streams of the Company under Final, Minimum and Normal tax regime at the applicable tax rates, after taking into account tax credits and tax rebates available, if any.

#### 4.3.2 Deferred

Deferred tax is recognized using the financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit at the time of the transaction. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### 4.4 Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### 4.5 Staff retirement benefits

The Company operates various post-employment schemes, including both defined benefit and defined contribution plans.

##### 4.5.1 Defined contribution plans

A defined contribution plan is a plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

##### i) Provident fund

The Company operates an approved contributory provident fund for all employees. Equal monthly contributions are made, both by the Company and the employees, to the fund at the rate of 6% per annum of the base salary of management employees and 14% of base salary plus cost of living allowance in respect of unionized staff respectively.

##### ii) DC Pension Fund

The Company has established a defined contribution plan - DC Pension Fund for the following management employees:

- a) permanent employees who joined on or after April 1, 2012; and
- b) permanent employees who joined on or before March 31, 2012 and opted for DC Pension plan in lieu of future benefits under the existing pension and management gratuity.

Contributions are made by the Company to the plan at the rate of 9% per annum of the base salary.

#### 4.5.2 Defined benefit plans

Defined benefit plans define an amount of pension or gratuity that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined benefit plan is a plan that is not a defined contribution plan. The liability recognized in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligations at the end of the reporting period less the fair value of plan assets. The defined benefit obligations are calculated annually by independent actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plans.

The present values of the defined benefit obligations are determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds or the market rates on government bond. These are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The Company operates the following scheme:

- i) Funded gratuity scheme for management and non-management employees of the Company. Contributions are made on the basis of the actuarial valuation. The latest actuarial valuation was carried out as at December 31, 2019, using the 'Projected Unit Credit Method'.

The amount arising as a result of remeasurements are recognized in the statement of financial position immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

Past-service costs are recognized immediately in statement of profit or loss account.

#### 4.5.3 Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in statement of profit or loss account in the period in which they arise.

The Company provides long term service awards for staff completing specified years of service. All full-time

permanent employees are eligible for these awards. Contributions are made on the basis of actuarial valuation. The latest actuarial valuation was carried out as at December 31, 2019.

#### **4.6 Stores and spares**

These are valued at average cost less impairment loss, if any, except for items in transit which are stated at invoice value plus other charges incurred thereon. Cost comprises invoice value and other direct costs but excludes borrowing costs. Provision is made for obsolete / slow moving items where necessary and is recognized in the statement of profit or loss.

#### **4.7 Stock in trade**

Stock in trade is valued at the lower of cost and net realizable value. Cost is determined using the weighted average method except for those in transit where it represents invoice value and other charges paid thereon. Cost of work in process and finished goods include cost of raw and packing materials, direct labour and related production overheads. Net realizable value is the estimated selling price in the ordinary course of business less cost necessary to be incurred in order to make the sale. Provision is made for obsolete / slow moving stocks where necessary and recognized in the statement of profit or loss account.

#### **4.8 Trade and other receivables**

Trade and other receivables are initially recognized at fair value of consideration receivable. Debts considered irrecoverable are written off and provision is made against those considered doubtful of recovery.

#### **4.9 Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents comprise of cash in hand, with banks on current and savings accounts and short term running finance.

#### **4.10 Impairment**

##### **4.10.1 Financial assets**

In addition to the impairment of financial assets under expected credit loss method under IFRS 9, a financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

The Company considers evidence of impairment for receivable and other financial assets at specific asset levels. Losses are recognized as an expense in the statement of profit or loss. When a subsequent event causes the amount of impairment loss to decrease, this reduction is reversed through the statement of profit or loss account.

#### 4.10.2 Non-financial assets

The carrying amounts of non-financial assets other than inventories, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized as an expense in the statement of profit or loss account for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessment of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

#### 4.11 Trade and other payables

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

#### 4.12 Borrowings and their cost

Borrowings are recorded initially at fair value, net of transaction cost incurred.

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that qualifying asset.

#### 4.13 Provisions

Provisions, if any, are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Restructuring cost provisions comprise staff redundancy payments, relocation and dismantling of factory, and are recognized in the period in which the Company becomes legally or constructively committed to incur.

#### 4.14 Financial assets and liabilities

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instruments. The Company derecognizes a financial asset or a portion of financial asset when, and only when, the Company loses control of the contractual rights that comprise the financial asset or a portion of financial assets. While a financial liability or part of financial liability is derecognized from the statement of financial position when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on the recognition or derecognition of the financial assets and liabilities is taken to statement of profit or loss account or other comprehensive income.

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI or FVTPL and financial liabilities are classified as measured at amortised cost or FVTPL.

#### **4.15 Derivative financial instruments**

Derivatives are initially recognized at fair value. Any directly attributable transaction costs are recognized in the statement of profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in the statement of profit or loss account.

#### **4.16 Earnings per share**

The Company presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

#### **4.17 Foreign currency transactions and translation**

Transactions denominated in foreign currencies are translated to Pakistan Rupees at the exchange rate ruling at the date of transaction.

Monetary assets and liabilities in foreign currencies at reporting date are translated into Pakistan Rupees at exchange rates ruling on that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss account.

#### **4.18 Revenue recognition**

Revenue from sale of goods is recognized when the Company satisfies a performance obligation by transferring promised goods to customer. Goods are transferred when the customer obtains their control (i.e. either upon shipment or delivery of goods to customers). Revenue is recognized at transaction price which is mutually agreed between the Company and counterparty.

Dividend income is recognized when the Company's right to receive the payment is established.

Return on savings accounts and deposit accounts is recognized on time proportion basis, taking effect of the effective interest rate.

Service income is recognized on accrual basis at rate agreed with counter parties.

#### 4.19 Dividend and appropriations

Dividend distribution to the Company's shareholders and appropriations to / from reserves are recognized in the year in which these are approved.

#### 4.20 Share based payment

The cost of awarding shares of associated companies to employees is reflected by recording a charge in the statement of profit or loss account equivalent to the fair value of shares over the vesting period, corresponding liability created is reflected in trade and other payables.

The liability is remeasured at each reporting date and at settlement date based on the fair value of the equity instruments granted. Any changes in the liability are recognized in the statement of profit or loss account.

#### 4.21 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

#### 4.22 Operating segment

The financial statements are prepared on the basis of single reporting segment consistent with the information reviewed by the chief operating decision maker of the Company.

### 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

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

- 5.1** The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

#### 5.1.1 Income taxes

In making the estimates for income taxes, the Company takes into account the current income tax law and decisions taken by appellate authorities on certain issues in the past. There may be various matters where the Company's view differs with the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of a material nature is in accordance with the law. The difference between the potential and actual tax charge, if any, is disclosed as a contingent liability.



### 5.1.2 Defined benefit plans

The Company has adopted certain actuarial assumptions as disclosed in note 20 to the financial statements for valuation of present value of defined benefit obligations and fair value of plan assets, based on actuarial advice.

### 5.1.3 Provisions

Provisions are considered, among others, for legal matters, disputed indirect taxes, employee termination cost and restructuring where a legal or constructive obligation exists at the reporting date and reliable estimate can be made of the likely outcome. The nature of these costs is such that judgment is involved in estimating the timing and amount of cash flows.

Significant assumptions are also involved while calculating the provisions which are adjustments to the carrying amount of the assets such as impairment of assets, provision for obsolescence of stock in trade / stores and spares and allowance for impairment of trade debts.

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

	January 1 2019	January 1 2018	January 01 2017
	← (Rupees in thousand) →		
Unappropriated profit	548,920	94,498	1,717,946
Cumulative adjustment of initial application of IFRS 16	(17,321)	(20,208)	(20,690)
	<u>531,599</u>	<u>74,290</u>	<u>1,697,256</u>

- 6.1 Effects of item wise restatement upon initial application of IFRS 16, other than those which have been disclosed elsewhere, are as follows:

Statement of Profit or Loss account and Other Comprehensive Income	(Restated) December 31 2018	Effect of initial application of IFRS 16	December 31 2018
	← (Rupees in thousand) →		
Cost of sales	6,549,353	(1,132)	6,550,485
Distribution Cost	2,690,609	(9,469)	2,700,078
Finance cost	47,300	6,442	40,858
Deferred tax	60,934	1,272	62,206
	<u>9,348,196</u>	<u>(2,887)</u>	<u>9,353,627</u>

### 7. PROPERTY, PLANT AND EQUIPMENT

	Note	2019 (Rupees in thousand)	2018
Operating assets	7.1	3,198,712	1,728,165
Capital work in progress	7.3	455,748	1,055,384
		<u>3,654,460</u>	<u>2,783,549</u>

## 7.1 Operating assets

	Freehold land	Building on freehold land	Leasehold improvements	Plant and machinery	Electrical, mechanical and office equipment	Furniture and fittings	Motor vehicles	Total
← (Rupees in thousand) →								
<b>Net carrying value basis</b>								
<b>Year ended December 31, 2019</b>								
Opening Net Book Value (NBV)	8,179	480,826	-	1,181,139	54,358	3,663	-	1,728,165
Additions (at cost)	-	465,835	-	1,169,679	11,349	22,139	-	1,669,002
<b>Disposals</b>								
Cost	-	-	-	53,067	1,625	210	-	54,902
Accumulated depreciation	-	-	-	(36,088)	(1,600)	(210)	-	(37,898)
Reversal of provision for impairment of fixed assets	-	-	-	(16,979)	(25)	-	-	(17,004)
Disposals (NBV)	-	-	-	-	-	-	-	-
Depreciation charge	-	(24,678)	-	(183,972)	(2,255)	(2,131)	-	(213,036)
Provision for impairment of fixed assets	-	(41,482)	-	(15,953)	(453)	(86)	-	(57,974)
Reversal of provision for impairment of fixed assets	-	39,090	-	33,239	75	151	-	72,555
Closing NBV	<u>8,179</u>	<u>919,591</u>	<u>-</u>	<u>2,184,132</u>	<u>63,074</u>	<u>23,736</u>	<u>-</u>	<u>3,198,712</u>
<b>Gross carrying value basis</b>								
<b>At December 31, 2019</b>								
Cost	8,179	1,162,308	14,918	3,207,187	137,586	37,958	1,405	4,569,541
Provision for impairment of fixed assets	-	(39,963)	-	(27,313)	(620)	(86)	-	(67,982)
Accumulated depreciation	-	(202,754)	(14,918)	(995,742)	(73,892)	(14,136)	(1,405)	(1,302,847)
Closing NBV	<u>8,179</u>	<u>919,591</u>	<u>-</u>	<u>2,184,132</u>	<u>63,074</u>	<u>23,736</u>	<u>-</u>	<u>3,198,712</u>
<b>Net carrying value basis</b>								
<b>Year ended December 31, 2018</b>								
Opening Net Book Value (NBV)	8,179	522,574	-	1,313,497	56,239	4,475	-	1,904,964
Additions (at cost)	-	16,203	-	65,185	610	70	-	82,068
<b>Disposals</b>								
Cost	-	(3,411)	-	(28,264)	(2,760)	(9)	-	(34,444)
Accumulated depreciation	-	486	-	16,394	2,760	9	-	19,649
Reversal of provision for impairment of fixed assets	-	2,925	-	11,870	-	-	-	14,795
Disposals (NBV)	-	-	-	-	-	-	-	-
Depreciation charge	-	(18,656)	-	(147,456)	(2,224)	(731)	-	(169,067)
Net charge of provision for impairment of fixed assets	-	(39,295)	-	(50,087)	(267)	(151)	-	(89,800)
Closing NBV	<u>8,179</u>	<u>480,826</u>	<u>-</u>	<u>1,181,139</u>	<u>54,358</u>	<u>3,663</u>	<u>-</u>	<u>1,728,165</u>
<b>Gross carrying value basis</b>								
<b>At December 31, 2018</b>								
Cost	8,179	696,473	14,918	2,090,575	127,862	16,029	1,405	2,955,441
Provision for impairment of fixed assets	-	(37,571)	-	(61,578)	(267)	(151)	-	(99,567)
Accumulated depreciation	-	(178,076)	(14,918)	(847,858)	(73,237)	(12,215)	(1,405)	(1,127,709)
Closing NBV	<u>8,179</u>	<u>480,826</u>	<u>-</u>	<u>1,181,139</u>	<u>54,358</u>	<u>3,663</u>	<u>-</u>	<u>1,728,165</u>
<b>Depreciation rate % per annum</b>	<b>-</b>	<b>2.5</b>	<b>25</b>	<b>7 to 10</b>	<b>10 to 25</b>	<b>20</b>	<b>20</b>	

**7.2 The depreciation charge for the year has been allocated as follows:**

	Note	2019 (Rupees in thousand)	2018
Cost of sales	27	207,497	164,672
Distribution costs	28	4,474	3,550
Administrative expenses	29	1,065	845
		<b>213,036</b>	<b>169,067</b>

**7.3 Capital work in progress – at cost**

	2019 (Rupees in thousand)	2018
Plant and machinery	336,252	852,387
Civil works	111,374	172,179
Advances to suppliers	8,122	30,818
	<b>455,748</b>	<b>1,055,384</b>

**7.4 Particulars of immovable asset of the Company are as follows:**

Location	Address	Usage of immovable property	Covered area (sq. ft)
Foods Factory	52KM, Multan Road, Phool Nagar, Tehsil Pattoki, District Kasur, Lahore	Manufacturing Plant	717300 sq. feet

**8. LEASES**

8.1 Right of use of asset	Note	Building	Plant and Machinery	Motor vehicles	Total
		(Rupees in Thousand)			
<b>As at January 1, 2018 (restated)</b>		25,179	23,335	5,108	<b>53,622</b>
Addition		-	-	5,175	<b>5,175</b>
Depreciation expense	8.2	(7,951)	(10,883)	(5,110)	<b>(23,944)</b>
<b>As at December 31, 2018 (restated)</b>		17,228	12,452	5,173	<b>34,853</b>
Addition		-	10,789	-	<b>10,789</b>
Depreciation expense	8.2	(7,951)	(13,924)	(5,173)	<b>(27,048)</b>
<b>As at December 31, 2019</b>		<b>9,277</b>	<b>9,317</b>	<b>-</b>	<b>18,594</b>

**8.2 The depreciation charge for the year has been allocated as follows:**

	Note	2019 (Rupees in thousand)	2018
Cost of sales	27	19,097	15,993
Distribution costs	28	7,951	7,951
		<b>27,048</b>	<b>23,944</b>

### 8.3 Lease Liabilities

Set out below the carrying amount of lease liabilities and the movements during the year:

	2019	(Restated) 2018
	(Rupees in thousand)	
<b>As at January 1</b>	<b>55,106</b>	78,267
Additions	<b>10,789</b>	5,175
Accretion of interest	<b>4,429</b>	6,442
Payments	<b>(39,932)</b>	(34,778)
<b>As at December 31</b>	<b>30,392</b>	55,106
Non - Current	-	24,819
Current	<b>30,392</b>	30,287

The future lease payments have been discounted using 3 year KIBOR + 0.5% applicable at the commencement of lease.

## 9. INTANGIBLE ASSETS

Gross carrying value basis	2019	2018
	(Rupees in thousand)	
Cost		
- Goodwill	<b>94,578</b>	94,578
- Agreement in restraint of trade	<b>139,661</b>	139,661
- Trademark	<b>20,000</b>	20,000
	<b>254,239</b>	254,239
Accumulated amortization and impairment	<b>(172,602)</b>	(172,602)
Net book value	<b>81,637</b>	81,637

The above represents amount paid for the acquisition of Glaxose-D in 1999 to Glaxo Wellcome Pakistan Limited (now GlaxoSmithKline Pakistan Limited).

The management has assessed the useful life of the intangible as indefinite, since it is expected that the underlying brand, Glaxose-D, will operate in the market for an indefinite period of time.

For impairment testing, the estimated recoverable amount has been determined using the discounted cash flows for a period of five years. Key assumptions used in estimation of recoverable amount includes profit forecasts (based on both internal and external market information and past performance) and discount rate.

The discount rate used is 13.25 % (2018: 10.03%), a pre-tax measure based on government bonds rate. The valuation exceeds the carrying amount sufficiently such that a reasonably possible change to key assumptions is unlikely to result in an impairment of Glaxose-D.

## 10. LONG TERM LOANS AND ADVANCES - considered good

	Note	2019	2018
		(Rupees in thousand)	
Executives	10.1	<b>9,276</b>	17,309
Recoverable within one year	14	<b>(4,119)</b>	(5,971)
		<b>5,157</b>	11,338

	2019 (Rupees in thousand)	2018
<b>10.1</b> Reconciliation of carrying amount of loans to executives:		
- Opening balances	17,309	20,003
- Disbursements	3,817	9,692
- Repayments	(11,850)	(12,386)
	<u>9,276</u>	<u>17,309</u>

**10.2** Loans to employees have been provided to facilitate purchase of houses and vehicle in accordance with the Company's policy which are repayable over a period of five years and are interest free.

**10.3** The maximum aggregate amount of loans due from executives at the end of any month during the year was Rs. 16.75 million (2018: Rs. 21.08 million).

	2019 (Rupees in thousand)	2018
<b>11. STORES AND SPARES</b>		
Stores	19,603	13,092
Spares (including in transit Rs. 1.89 million; 2018: Rs. 1.01 million)	<u>125,362</u>	<u>38,943</u>
	144,965	52,035
Provision for obsolescence	(4,445)	(2,980)
	<u>140,520</u>	<u>49,055</u>

	2019 (Rupees in thousand)	2018
<b>12. STOCK IN TRADE</b>		
Raw and packing materials (including in transit Rs. 118.46 million; 2018: Rs. 72.23 million)	611,435	606,776
Provision for obsolescence	<u>(55,528)</u>	<u>(40,510)</u>
	555,907	566,266
Work in process	25,022	25,021
Finished goods	362,286	431,146
Provision for obsolescence	<u>(40,864)</u>	<u>(59,399)</u>
	321,422	371,747
	<u>902,351</u>	<u>963,034</u>

**12.1** Stock in trade includes Rs. 368.47 million (2018: Rs. 787.74 million) held with third parties.

**12.2** The Company made a provision of Rs. 65.92 million (2018: Rs. 101.996 million) for obsolescence and has written off inventory of Rs. 69.44 million (2018: Rs. 65.07 million) by utilizing the provision during the year.

	Note	2019 (Rupees in thousand)	2018
<b>13. TRADE DEBTS</b>			
Trade debts		<b>915,024</b>	536,952
Less: Allowance for impairment	13.1	<b>(46,742)</b>	(27,664)
		<b>868,282</b>	509,288

**13.1** The Company has charged a provision of Rs. 20.06 million (2018: Rs. 2.96 million) and has written off any debtors of Rs. 0.98 million (2018: Nil) during the year.

**13.2** As of December 31, 2019, trade debts of Rs. 26.51 million (2018: Rs. 16.09 million) were past due but not materially impaired. These relate to independent customers for whom there is no recent history of default. The age analysis of these trade debts is as follows:

	Note	2019 (Rupees in thousand)	2018
Up to 3 months		<b>26,008</b>	-
More than 3 months to not later than 6 months		<b>504</b>	9,272
More than 6 months		-	6,823
		<b>26,512</b>	16,095

#### **14. LOANS AND ADVANCES - considered good**

Current portion of loans to executives	10	<b>4,119</b>	5,971
Advances to:			
- executives	14.1	<b>864</b>	864
- other employees		<b>214</b>	331
- suppliers and others		<b>8,657</b>	5,941
		<b>9,735</b>	7,136
		<b>13,854</b>	13,107

**14.1** The advances to executives are given to meet business expenses and are settled as and when the expenses are incurred. Further, the Company provides advance house rent to its employees.

	Note	2019 (Rupees in thousand)	2018
<b>15. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>			
Trade deposits		<b>394</b>	5,491
Prepayments	15.1	<b>14,014</b>	28,505
		<b>14,408</b>	33,996

**15.1** This includes media bulk discount on airing TV commercials.

	Note	2019 (Rupees in thousand)	2018
<b>16. OTHER RECEIVABLES</b>			
Workers' Profit Participation Fund	16.1	251	44,766
Others		31,799	2,370
		<b>32,050</b>	47,136

#### 16.1 Workers' Profit Participation Fund

Balance as at January 1		44,766	12,476
Allocation for the year		(128,559)	(91,135)
		<b>(83,793)</b>	(78,659)
Paid to the fund		128,810	135,901
Refunded by the fund		(44,766)	(12,476)
Balance as at December 31		<b>251</b>	44,766

	Note	2019 (Rupees in thousand)	2018
<b>17. CASH AND BANK BALANCES</b>			
With banks on:			
- savings accounts	17.1	324,184	-
- current accounts	17.2	400,219	1,114,670
		<b>724,403</b>	1,114,670
Cash in hand		153	146
		<b>724,556</b>	1,114,816

- 17.1** Mark-up on savings accounts was at rates ranging from 8.00% to 12.80% per annum (2018: 3.90% to 9.40% per annum).
- 17.2** This includes an amount of Rs. 157.59 million (2018: Rs. 56.20 million) in respect of cash margin on imports kept with commercial banks.

**18. SHARE CAPITAL**

		2019 (Rupees in thousand)	2018
<b>Authorised share capital</b>			
<b>Number of shares</b>			
<u>20,000,000</u>	Ordinary shares of Rs. 10 each	<u>200,000</u>	<u>200,000</u>
<b>Issued, subscribed and paid up capital</b>			
<b>Number of shares</b>			
1,451,659	Ordinary shares of Rs. 10 each allotted:	<b>14,516</b>	14,516
24,196	for consideration paid in cash	<b>242</b>	242
<u>4,894,095</u>	for consideration other than cash	<u>48,941</u>	<u>48,941</u>
<u>6,369,950</u>	as bonus shares	<u>63,699</u>	<u>63,699</u>

- 18.1** As at December 31, 2019, Conopco Inc. USA, subsidiary of Unilever N.V. Netherlands, held 4.88 million (2018: 4.88 million) ordinary shares of Rs. 10 each.

		(Restated)		
19. RESERVES	Note	December 31 2019	December 31 2018	January 01 2018
		← (Rupees in thousand) →		
Capital reserves				
- Share premium	19.1	1,296,499	1,296,499	24,630
- Special		628	628	628
		1,297,127	1,297,127	25,258
Revenue reserves				
- General		138	138	138
- Unappropriated profit		943,233	531,599	74,290
		943,371	531,737	74,428
		2,240,498	1,828,864	99,686

- 19.1** This reserve can be utilized by the Company only for the purpose specified in section 81 of the Companies Act, 2017.

**20. STAFF RETIREMENT BENEFITS**

- 20.1** As stated in note 4.5, the Company operates a retirement benefit plan (The Plan) namely approved funded defined benefit gratuity scheme for all non-management employees subject to minimum service of prescribed period in the respective trust deed. Actuarial valuation of the plan is carried out every year and the latest actuarial valuation was carried out as at December 31, 2019.



**20.2** Plan assets held in trust are governed by local regulations which mainly includes Trust Act, 1882, Companies Act, 2017, Income Tax Rules, 2002, Employees Contributory Funds (Investment in Listed Securities) Regulations, 2018 and Rules under the Trust deed of the Plan. Responsibility for governance of the Plan, including investment decisions and contribution schedules, lies with the Board of Trustees. The Company appoints the trustees and all trustees are employees of the Company.

**20.3** The latest actuarial valuation of the Fund as at December 31, 2019 was carried out using the 'Projected Unit Credit Method'. Details of the Fund as per the actuarial valuation are as follows:

		2019	2018
	Note	Funded Gratuity	
		(Rupees in thousand)	
<b>20.4 Reconciliation</b>			
Present value of defined benefit obligation at December 31	20.5	(51,686)	(40,098)
Fair value of plan assets at December 31	20.6	27,545	26,098
Deficit		(24,141)	(14,000)
<b>20.5 Movement in the present value of defined benefit obligation</b>			
Balances as at January 1		40,098	35,158
Benefits paid by the plan		(1,384)	-
Current service costs		4,262	3,924
Interest cost		5,221	2,900
Remeasurement on obligation		3,489	(1,884)
Balance as at December 31		51,686	40,098
<b>20.6 Movement in the fair value of plan assets</b>			
Fair value of plan assets at January 1		26,098	25,813
Contributions paid into the plan		-	-
Benefits paid by the plan		(1,385)	-
Interest income		3,477	2,131
Remeasurement on plan assets		(645)	(1,846)
Fair value of plan assets at December 31		27,545	26,098

	2019	2018
	Funded	
	Gratuity	
	(Rupees in thousand)	
<b>20.7 Expense recognised in statement of profit or loss</b>		
Current service cost	4,262	3,924
Net interest cost	1,744	769
Expense recognised in statement of profit or loss account	6,006	4,693
<b>20.8 Remeasurements recognised in Other Comprehensive Income</b>		
Experience loss / (gain)	3,489	(1,884)
Remeasurement of fair value of plan assets	645	1,846
Remeasurements	4,134	(38)
<b>20.9 Net recognised liability</b>		
Net liability at January 1	14,000	9,345
Charge for the year	6,006	4,693
Contribution made during the year to the Fund	-	-
Remeasurements recognised in Other Comprehensive Income	4,134	(38)
Recognised liability / (asset) as at December 31	24,140	14,000
<b>20.10 Plan assets comprise of following:</b>		
Government Bonds	9,809	4,812
National Savings	11,914	11,295
Shares	7,556	6,330
Cash at bank	895	4,905
Benefits due	(122)	-
Due to the Company	(2,507)	(1,244)
Total as at December 31	27,545	26,098
<b>20.11 Actuarial assumptions</b>		
Discount rate at December 31	12.00%	13.25%
Future salary increases	10.00%	11.25%
<b>20.12</b>	Mortality was assumed to be 70% of the EFU (61-66) Table.	

**20.13** In case of the funded plan, the Company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the Retirement benefit plan. Within this framework, the Company's ALM objective is to match assets to the retirement benefit obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the Retirement benefit plan obligations. The Company has not changed the processes used to manage its risks from previous periods. The Company does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2019 consists of Government bonds, National Savings and shares. The Company believes that National saving and shares offer the best returns over the long term with an acceptable level of risk.

**20.14** The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the reporting date.

The Company's contribution to the gratuity fund in 2020 is expected to amount to Rs. 8.16 million.

The actuary conducts separate valuations for calculating contribution rates and the Company contributes to the gratuity funds according to the actuary's advice. Expense of the defined benefit plan is calculated by the actuary.

Figures in this note are based on the latest actuarial valuation carried out as at December 31, 2019.

#### **20.15 Sensitivity analysis for actuarial assumptions**

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

	Impact on defined benefit obligation		
	Change in assumption (Percentage)	Increase in assumption (Rupees in thousand)	Decrease in assumption
Discount rate at December 31	1.00 %	(5,903)	6,997
Future salary increases	1.00 %	7,066	(6,052)

There is no significant change in the obligation if life expectancy increases by 1 year.

The 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 pension liability recognized within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

**20.16** The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the Fund, at the beginning of the period, for returns over the entire life of related obligation.

**20.17** The Company's contributions towards the Rafhan Best Foods Limited Employees Gratuity Fund for the year ended December 31, 2019 amounted to Rs. Nil (2018: Nil).

**20.18** The weighted average duration of the defined benefit obligation is 14.2 years.

Expected maturity analysis of undiscounted retirement benefit plans:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
<b>At December 31, 2019</b>	<b>(Rupees in thousand)</b>				
Retirement benefit plans	1,909	514	7,282	35,876	45,581

**20.19** The Company also operates a couple of defined contribution plans which receives fixed contributions. The expense recognized in the current year in relation to these contributions was Rs. 35.06 million (2018: Rs. 19.74 million).

<b>21. DEFERRED TAXATION</b>	<b>Note</b>	<b>2019 (Rupees in thousand)</b>	<b>2018 (Rupees in thousand)</b>
Credit balance arising in respect of:			
- accelerated tax depreciation allowance		<b>328,572</b>	182,850
- amortization of Right of use of asset		<b>5,242</b>	10,107
- amortisation of intangible assets		<b>22,742</b>	19,268
		<b>356,556</b>	212,225
Debit balance arising in respect of:			
- provision for stock in trade		<b>(28,290)</b>	(27,199)
- allowance for impairment of trade debts		<b>(13,390)</b>	(7,999)
- provision for restructuring		<b>(2,785)</b>	(3,397)
- provision for staff retirement benefits		<b>(6,067)</b>	(3,720)
- Amortization of lease liability		<b>(8,568)</b>	(15,981)
- other provisions		<b>(16,917)</b>	(18,213)
		<b>(76,017)</b>	(76,509)
		<b>280,539</b>	135,716
<b>22. TRADE AND OTHER PAYABLES</b>			
Creditors		<b>811,244</b>	599,622
Bills payable	22.1	<b>568,105</b>	474,633
Forward foreign exchange contract		<b>16,868</b>	-
Accrued liabilities		<b>1,413,290</b>	1,067,891
Royalty and technology fee		<b>1,214,062</b>	548,595
Contract liabilities	22.5	<b>35,354</b>	23,278
Withholding tax		<b>91,094</b>	6,304
Workers' Welfare Fund	22.2	<b>67,860</b>	72,894
Payable to Employee Retirement Benefit funds		<b>4,512</b>	4,128
Liability for share-based compensation	22.3	<b>4,884</b>	2,045
Payable to provident and contributory pension fund		-	1,730
Others		<b>36,254</b>	34,270
		<b>4,263,527</b>	2,835,390

- 22.1** Bills payable represents inland letters of credit under vendor financing arrangements which includes interest cost as per the Company's negotiated rates.

	2019 (Rupees in thousand)	2018
<b>22.2 Workers' Welfare Fund</b>		
Balance as at January 1	72,894	55,958
Charge for the year	49,508	50,881
	122,402	106,839
Payment during the year	(54,542)	(33,945)
Balance as at December 31	67,860	72,894

- 22.3** As at December 31, 2019 Company had share-based compensation plans in the form of performance shares.

Performance share awards are made under the Management Co-Investment Plan (MCIP). The MCIP allows Company's eligible managers to invest up to 100% of their annual bonus in shares in Unilever NV and Unilever PLC and to receive a corresponding award of performance-related shares. The awards of the plans will vest after three years depending on the satisfaction of performance conditions.

The performance conditions of MCIP are underlying sales growth, operating cash flow and underlying operating margin improvement.

In addition to above, 'buy 3 get 1 free share' plan gives eligible employees an opportunity to invest in Unilever PLC shares. After a holding period of 3 years, the company will award 1 free share, for every 3 shares bought.

A summary of the status of the Share Plans as at December 31, 2019 and 2018 and changes during the years ended on these dates is presented below:

	2019 (Numbers of shares)	2018
Outstanding at January 1	252	-
Awarded	479	252
Vested	(172)	-
Forfeited	(87)	-
Outstanding at December 31	472	252
<b>Share price</b>		
Unilever NV	€ 51.23	€ 47.42
Unilever PLC	£ 43.50	£ 41.09

The Company has treated these share-based plans as cash settled in view of obligation of the Company.

**22.4** Amounts due to related parties included in trade and other payables are as follows:

	<b>2019</b>	<b>2018</b>
	<b>(Rupees in thousand)</b>	
Holding company	<b>17,567</b>	237,088
Other related parties	<b>1,172,523</b>	408,854

**22.5** Contract liabilities amounting to Rs 16.21 million as of the beginning of the year has been recognized as revenue for the year ended December 31, 2019.

<b>23. PROVISIONS</b>	<b>Note</b>	<b>2019</b>	<b>2018</b>
		<b>(Rupees in thousand)</b>	
Sindh Infrastructure Cess	23.1	<b>51,428</b>	40,684
Restructuring	23.2	<b>15,823</b>	12,852
		<b>67,251</b>	53,536

**23.1 Sindh Infrastructure Cess**

Balance as at January 1	<b>40,684</b>	32,293
Charge for the year	<b>10,744</b>	8,391
Balance as at December 31	<b>51,428</b>	40,684

**23.2 Restructuring**

Balance as at January 1	<b>12,852</b>	28,366
Provision during the year	<b>42,884</b>	-
Payments during the year	<b>(39,913)</b>	(15,514)
Balance as at December 31	<b>15,823</b>	12,852

**24. SHORT TERM BORROWINGS****Running finance under mark-up arrangements**

The facilities for running finance available from various banks amount to Rs. 3.61 billion (2018: Rs. 2.68 billion). The rates of mark-up range between 1-month KIBOR - 0.3% to 3-month KIBOR + 0.5% per annum (2018: 1-month KIBOR to 3-month KIBOR + 0.15% per annum).

The arrangements are secured by way of hypothecation over the Company's current assets amounting to Rs. 1.54 billion (2018: Rs. 1.00 billion).

The facilities for opening letters of credit and guarantees as at December 31, 2019 amounted to Rs. 5.11 billion (2018: Rs. 5.12 billion) of which the amount that remained unutilized at year end was Rs. 3.25 billion (2018: Rs. 4.26 billion).

**25. CONTINGENCY AND COMMITMENTS****25.1 Contingency**

There were no contingencies as at December 31, 2019.

## 25.2 Commitments

Aggregate commitments outstanding for capital expenditure as at December 31, 2019 amounted to Rs. 207.5 million (2018: Rs. 653.1 million).

## 26. SALES

2019  
2018  
(Rupees in thousand)

Gross sales	18,374,511	15,790,887
Sales tax	(2,452,779)	(2,059,010)
	15,921,732	13,731,877
Returns, rebates and allowances	(2,630,308)	(1,833,447)
	13,291,424	11,898,430

### 26.1 The Company analyses its net revenue by the following product groups:

Products used by entities	2,194,254	2,196,137
Products used by end consumers	11,097,170	9,702,293
	13,291,424	11,898,430

### 26.2 Revenue from one customer approximates 13.23% (2018: 14.4%) of the total revenue of the Company.

	Note	2019 (Rupees in thousand)	2018 (Rupees in thousand)
<b>27. COST OF SALES</b>			
Raw and packing materials consumed		6,266,087	5,051,129
Manufacturing charges paid to third party	27.2	58,898	44,112
Stores and spares consumed		47,204	35,109
Staff costs	27.2	569,648	536,538
Utilities	27.2	196,458	132,328
Depreciation		207,497	164,672
(Reversal against) / provision for impairment of fixed assets		(14,581)	90,160
Repairs and maintenance		46,652	29,776
Rent, rates and taxes		1,264	352
Travelling and entertainment		7,253	4,384
Insurance		12,993	12,028
Stationery and office expenses		14,204	2,147
Other expenses		7,003	6,243
Technology charges		36,744	-
Charges by related party	27.1	175,954	116,586
		7,633,278	6,225,564
Opening work in process		25,021	25,997
Closing work in process		(25,022)	(25,021)
Cost of goods manufactured		7,633,277	6,226,540
Opening stock of finished goods		371,747	460,245
Purchase of finished goods		177,503	234,315
Closing stock of finished goods		(321,422)	(371,747)
		7,861,105	6,549,353

**27.1** This represents amount charged to the Company for certain management and other services received from its associated undertaking - Unilever Pakistan Limited.

**27.2** This includes amount of depreciation for Rights of Use of Assets.

	Note	2019	2018
<b>28. DISTRIBUTION COST</b>		<b>(Rupees in thousand)</b>	
Staff costs		<b>160,144</b>	147,019
Advertisement and sales promotion		<b>873,163</b>	1,392,789
Outward freight and handling		<b>303,563</b>	313,041
Royalty, technology fee and related duties	28.1	<b>574,126</b>	506,663
Travelling and entertainment		<b>24,944</b>	20,973
Rent, rates and taxes	28.3	<b>7,951</b>	7,951
Depreciation		<b>4,474</b>	3,550
Repairs and maintenance		<b>4,291</b>	3,765
Stationery and office expenses		<b>958</b>	1,591
Technology charges		<b>36,810</b>	-
Other expenses		<b>25,312</b>	16,765
Charges by related party	28.2	<b>254,267</b>	276,502
		<b>2,270,003</b>	2,690,609

**28.1** This includes amount payable to Conopco Inc. (Holding Company) and Unilever Plc (Associated Company).

**28.2** This represents amount charged to the Company for certain management and other services received from its associated undertaking - Unilever Pakistan Limited.

**28.3** This includes amount of depreciation for Rights of Use of Assets.

	Note	2019	2018
<b>29. ADMINISTRATIVE EXPENSES</b>		<b>(Rupees in thousand)</b>	
Staff costs		<b>4,533</b>	7,814
Depreciation		<b>1,065</b>	845
Travelling and entertainment		<b>4,610</b>	7,146
Auditors' remuneration	29.1	<b>2,210</b>	2,561
Allowance for impairment of trade debts		<b>20,057</b>	2,960
Legal and professional charges		<b>13,278</b>	12,161
Other expenses		<b>11,664</b>	2,132
Technology charges		<b>19,445</b>	-
Charges by related party	29.2	<b>266,850</b>	279,773
		<b>343,712</b>	315,392

**29.1 Auditors' remuneration**

Annual audit fee	<b>1,000</b>	1,000
Half yearly review	<b>300</b>	300
Certifications for regulatory purposes	<b>765</b>	1,000
Out of pocket expenses	<b>145</b>	261
	<b>2,210</b>	2,561



- 29.2** This represents amount charged to the Company for certain management and other services received from its associated undertaking - Unilever Pakistan Limited.

	Note	2019 (Rupees in thousand)	2018
<b>30. OTHER OPERATING EXPENSES</b>			
Workers' Profit Participation Fund	16.1	128,559	91,135
Workers' Welfare Fund	22.2	49,508	50,881
		<u>178,067</u>	<u>142,016</u>
<b>31. OTHER INCOME</b>			
<b>Income from financial assets</b>			
Return on savings accounts		3,762	6,537
<b>Income from non-financial assets</b>			
Scrap sales		45,910	37,169
(Loss) / gain on disposal of property, plant and equipment		(16,194)	460
Reversal of provision for impairment of fixed assets		17,004	360
		<u>46,720</u>	<u>37,989</u>
<b>Others</b>			
Service fee	31.1	79,944	89,529
Exchange gain - net		117,010	195,549
Others		56,903	12,511
		<u>304,339</u>	<u>342,115</u>

- 31.1** This includes amount charged by the Company for certain management and other services rendered to its associated undertaking - Unilever Pakistan Limited, in accordance with the Service Agreement between the two companies.

	2019 (Rupees in thousand)	2018
<b>32. FINANCE COSTS</b>		
Mark-up on short term borrowings	118,130	25,461
Mark-up on Leases	4,429	6,442
Bank charges	12,517	15,397
	<u>135,076</u>	<u>47,300</u>
<b>33. TAXATION - charge</b>		
<b>Current year:</b>		
-Current tax	208,839	761,588
-Deferred tax	146,023	(60,934)
	<u>354,862</u>	<u>700,654</u>
<b>Prior year:</b>		
-Current tax	-	60,764
	<u>354,862</u>	<u>761,418</u>

**33.1 Reconciliation between tax expense and accounting profit:**

	<b>2019</b> <b>(Rupees in thousand)</b>	<b>2018</b>
Accounting profit before tax	<b>2,807,800</b>	2,495,875
Tax at the applicable tax rate of 29% (2018: 29%)	<b>814,262</b>	723,804
Tax effect of credits	<b>(475,989)</b>	(6,551)
Tax effect of final tax	<b>(12,128)</b>	(42,796)
Tax effect of change in tax rate	<b>26,797</b>	(27,608)
Tax effect of super tax	-	51,176
Tax effect of prior years	-	60,764
Others	<b>1,920</b>	2,629
Tax expense for the year	<b>354,862</b>	761,418

**34. BASIC AND DILUTED EARNINGS PER SHARE**

	<b>2019</b> <b>(Rupees in thousand)</b>	<b>2018</b>
Profit after taxation attributable to ordinary shareholders	<b>2,452,938</b>	1,734,457
Weighted average number of shares in issue during the year	<b>(Number in thousand)</b> <b>6,370</b>	6,309
Basic earnings per share	<b>(Rupees)</b> <b>385.08</b>	274.92

There is no dilutive effect on the basic earnings per share of the Company.

**35. RELATED PARTY DISCLOSURES**

The related parties comprise of the holding company, its group companies, directors and their close family members, associated undertakings, key management personnel and retirement benefit funds.

The Company in the normal course of business carries out transactions with various related parties. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere are as follows:

35.1	Relationship with the Company	Nature of transactions	2019	2018
			(Rupees in thousand)	
i)	Holding company	Royalty	2,675	3,963
ii)	Associated companies	Royalty and technology fee	571,452	502,700
		Purchase of goods & Property, Plant & Equipment	1,824,649	2,116,816
		Sale of goods	33,909	38,391
		Fee for receiving of services from related parties	830,282	672,861
		Fee for providing of services to related parties	79,944	89,529
iii)	Staff retirement funds	Contribution (from)/ to:		
		- Defined contribution plans	35,063	20,267
		Settlement on behalf of:		
		- Defined contribution plans	(7,170)	108
iv)	Key management personnel	Salaries and other short-term employee benefits	18,115	15,262

**35.2** The following are the related parties with whom the Company had entered into transaction or have arrangement / agreement in place

Name of the Related Party	Basis of association	Aggregate % of Shareholding
Rafhan Maize Products Co. Limited	Associated Company due to common directorship	4.26%
Unilever Pakistan Limited	Associated Company due to common directorship	N/A

**35.3** Details of related parties, including those incorporated outside Pakistan, with whom the Company had entered into transactions or have arrangement / agreement in place are as below:

Name and country of Incorporation	Registered Address	Basis of Association	Aggregate % of shareholding
Unilever Asia Private Limited (Singapore)	20 Pasir Panjang Rd, #06-22 Mapletree Business City, Singapore 117439	Associated Company	N/A
Unilever Bangladesh Limited (Bangladesh)	ZN Tower, Plot#, 02 Rd 08, Dhaka 1212, Bangladesh	Associated Company	N/A
Unilever Lipton Ceylon Limited (Sri Lanka)	258 M. Vincent Perera Mawatha, Colombo 01400, Sri Lanka	Associated Company	N/A
Unilever Europe BV	Weena 455, 3013 Rotterdam Netherlands	Associated Company	N/A
Conopco Inc.	800 Sylvan Avenue Englewood Cliffs, NJ 07632, USA	Holding Company	76.55%
Unilever PLC	700 Sylven Avenue, Englewood Cliffs, NJ 07632, USA	Associated Company	N/A
Unilever South Africa (pty) Limited	Riverhouse Valley Business State, 77 Riverhorse Road, newlands East, Durban, South Africa	Associated Company	N/A
Unilever Central Services	Mail-Point 13930 Omega House, Emerald Way, Stone Business Park, Stone Staffordshire, ST15 0SR, United Kingdom	Associated Company	N/A
Unilever NV	PO BOX 544, 2400 AM Alphen aan den Rijn, The Netherlands	Associated Company	N/A

Transactions with related parties are carried out on commercial terms.

Royalty and technology fee are paid in accordance with the agreements duly acknowledged by the State Bank of Pakistan. The purchase and sale of goods and services from related parties are made on agreed terms and conditions. However, in the current year both agreements are in the process of approval by the State Bank of Pakistan.

Dividend paid to the Holding Company amounts to PKR 1.556 billion (2018: Rs. 1.123 billion).

The Company has entered into agreement with its associate, Unilever Pakistan Limited to share various administrative and other resources. Service fee from the associate has been disclosed in note 31.

The related party outstanding balances as at December 31, 2019 are included in other receivables and trade and other payables respectively. These are settled in ordinary course of business.

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

The aggregate amounts charged in the financial statements of the year for remuneration including all benefits to directors, chief executive and executives of the Company are as follows:

		Executive Directors		Chief Executive		Executives	
	Note	2019	2018	2019	2018	2019	2018
		(Rupees in thousand)					
Managerial remuneration and allowances		5,563	5,508	6,305	4,354	95,234	96,535
Retirement benefits	36.1	-	-	-	-	13,164	13,791
Other long term benefits		-	-	-	-	1,292	1,266
Medical expenses		-	-	-	-	1,662	2,052
Other expenses		-	-	-	-	3,925	2,534
Share based compensation		-	-	-	-	2,839	2,045
		5,563	5,508	6,305	4,354	118,116	118,223
Number of persons		2	2	1	1	37	39

In addition to this, a lump sum amount of Rs. 22.30 million (2018 Rs. 17.61 million) on account of variable pay has been accounted for in financial statements for the current year payable in 2019 after verification of target achievement.

Out of the variable pay recognized for 2018 and 2017 following payments were made:

	Paid in 2019 relating to 2018	Paid in 2018 relating to 2017
(Rupees in thousand)		
Executive Directors	2,658	1,714
Chief Executive	3,589	3,686
Executives	22,288	21,782
Other employees	676	792
	<u>29,211</u>	<u>27,974</u>

Aggregate amount charged in these financial statements for the year for fee to seven non-executive directors was Rs. 3.6 million (2018: seven non-executive directors Rs. 3.83 million).

Certain executives of the Company are also provided with the Company maintained cars.

In respect of full time working Directors, Chief Executive Officer and Company Secretary, the Company is charged monthly by an associated undertaking (Unilever Pakistan Limited) on agreed basis.

**36.1** Retirement benefits represent amount contributed towards various retirement benefit plans.

### 37. PLANT CAPACITY AND PRODUCTION

2019

2018

Actual production of the plant in metric tons

40,195

38,276

**37.1** The capacity of the plant is indeterminable as it is a multi-product plant capable of producing several interchangeable products.

### 38. PROVIDENT FUND RELATED DISCLOSURE

All investments out of provident fund have been made in accordance with the provision of Section 218 of the Companies Act 2017 and the rules formulated for this purpose.

### 39. NUMBER OF EMPLOYEES

2019

2018

Total number of employees at year end

251

271

Average number of employees during the year

261

275

### 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

#### 40.1 Financial risk factors

The Company's activities expose it to variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on having cost effective funding as well as manage financial risk to minimise earnings volatility and provide maximum return to shareholders.

#### 40.2 Reconciliation of movements of financial liabilities to cash flows arising from financing activities

	Lease liabilities	Unappropriated profit	Total
	(Rupees in thousand)		
Balance as at January 1, 2019 - restated	55,106	531,599	586,705
Changes from financing cash flows			
Repayment of lease liabilities	(39,932)	-	(39,932)
Dividends paid	-	(2,021,704)	(2,021,704)
<b>Total changes from financing activities</b>	<b>(39,932)</b>	<b>(2,021,704)</b>	<b>(2,061,636)</b>
Other changes - interest cost			
Interest expense	4,429	-	4,429
Increase in lease liabilities	10,789	-	10,789
<b>Total changes</b>	<b>15,218</b>	<b>-</b>	<b>15,218</b>
Total comprehensive income for the year	-	2,450,003	2,450,003
Dividend not paid during the year	-	(16,665)	(16,665)
<b>Balance as at December 31, 2019</b>	<b>30,392</b>	<b>943,233</b>	<b>990,290</b>

### 40.3 Financial assets and liabilities by category and their respective maturities

	Interest / Mark-up bearing			Non-interest / Non mark-up bearing			Total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
← (Rupees in thousand) →							
<b>FINANCIAL ASSETS</b>							
Amortized Cost							
Loans and advances	-	-	-	4,119	5,157	9,276	9,276
Trade debts	-	-	-	868,282	-	868,282	868,282
Long term deposits	-	-	-	-	2,980	2,980	2,980
Trade deposits	-	-	-	394	-	394	394
Other receivables	-	-	-	32,050	-	32,050	32,050
Cash and bank balances	324,184	-	324,184	400,372	-	400,372	724,556
<b>December 31, 2019</b>	<b>324,184</b>	<b>-</b>	<b>324,184</b>	<b>1,305,217</b>	<b>8,137</b>	<b>1,313,354</b>	<b>1,637,538</b>
December 31, 2018	-	-	-	1,682,702	14,318	1,697,020	1,697,020
	Interest / Mark-up bearing			Non-interest / Non mark-up bearing			Total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
← (Rupees in thousand) →							
<b>FINANCIAL LIABILITIES</b>							
Derivative financial liability- measured at fair value							
Forward foreign exchange contract	-	-	-	16,868	-	16,868	16,868
Other financial liabilities- not measured at fair value							
Trade and other payables	568,105	-	568,105	3,474,850	-	3,474,850	4,042,955
Unpaid dividend	-	-	-	27,348	-	27,348	27,348
Unclaimed dividend	-	-	-	21,504	-	21,504	21,504
Short term borrowings	35,217	-	35,217	-	-	-	35,217
Accrued interest / mark up	-	-	-	34,717	-	34,717	34,717
Lease liability	30,392	-	30,392	55,106	-	55,106	85,498
<b>December 31, 2019</b>	<b>633,714</b>	<b>-</b>	<b>633,714</b>	<b>3,630,393</b>	<b>-</b>	<b>3,630,393</b>	<b>4,264,107</b>
December 31, 2018	1,438,446	30,287	1,468,733	2,234,833	-	2,234,833	3,703,566
<b>FINANCIAL POSITION GAP</b>							
<b>December 31, 2019</b>	<b>(309,530)</b>	<b>-</b>	<b>(309,530)</b>	<b>(2,325,176)</b>	<b>8,137</b>	<b>(2,317,039)</b>	<b>(2,626,569)</b>
December 31, 2018	(1,438,446)	(30,287)	(1,468,733)	(552,131)	14,318	(537,813)	(2,006,546)
<b>NON FINANCIAL POSITION ITEMS</b>							
Letters of credit / guarantee:							
<b>December 31, 2019</b>							<b>1,856,211</b>
December 31, 2018							857,959

The carrying value of financial assets and financial liabilities approximate their fair value.

For valuation of derivative (forward foreign exchange contract : refer note 22) at reporting date, the relevant rate has been taken from financial institution and has been classified in to level 2 fair value measurement hierarchy as defined in IFRS 13.

**(i) Credit risk**

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The maximum exposure to credit risk is equal to the carrying amount of financial assets. Out of total financial assets of Rs. 1,637.2 million (2018: Rs. 1,697.02 million), the financial assets which are subject to credit risk amounted to Rs. 877.6 million (2018: Rs. 526.60 million).

For trade debts, internal risk assessment process determines the credit quality of the customers, taking into account their financial positions, past experiences and other factors. Individual risk limits are set based on internal or external credit worthiness ratings in accordance with limits set by the management. As of December 31, 2019 trade debts of Rs. 26.51 million (2018: Rs. 16.09 million) were past due but not impaired. The carrying amount of trade debts relates to a number of independent customers for whom there is no recent history of default.

For trade debts, the Company applies IFRS 9 simplified approach for measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, to measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 months before 1 January 2019 and the corresponding historical credit losses experienced within this period.

The following table provides information about the exposure to credit risk and Expected Credit Loss for trade receivables as at reporting date:

	2019			
	Gross carrying amount	Expected credit loss	Specific loss allowance	Expected credit loss rate
	(Rupees in thousand)			
Not yet due	583,937	1,379	-	0.1% - 0.5%
Less than 3 months	246,439	534	-	0.1% - 5%
More than 3 months to not later than 6 months	19,602	128	-	0.1% - 15%
More than 6 months to not later than 12 months	19,651	-	3,893	30% - 75%
More than one year	45,395	-	40,808	75%-100%
	<u>915,024</u>	<u>2,041</u>	<u>44,701</u>	
	2018			
	Gross carrying amount	Expected credit loss	Specific loss allowance	Expected credit loss rate
	(Rupees in thousand)			
Not yet due	394,429	391	-	0.1% - 0.5%
Less than 3 months	94,149	326	-	0.1% - 5%
More than 3 months to not later than 6 months	2,696	9	-	0.1% - 15%
More than 6 months to not later than 12 months	1,342	3	1,115	30% - 75%
More than one year	44,336	4	25,816	75%-100%
	<u>536,952</u>	<u>2,041</u>	<u>26,931</u>	



For current year, the Company has booked an additional charge on account of allowance for impairment of trade debts as required under IFRS 9, of Rs. 1.17 million.

Deposits have been placed mainly against utility company, shipping guarantees and letters of credit, hence exposed to no significant credit risk.

Loans and advances to employees are not exposed to any material credit risk.

Other receivables constitute mainly receivables from the related parties, therefore, are not exposed to any significant credit risk.

The bank balances represent low credit risk as they are placed with banks having good credit ratings assigned by credit rating agencies.

The management does not expect any losses from non-performance by these counterparties.

Management believes that it is not exposed to significant credit risk.

## (ii) **Liquidity risk**

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

## (iii) **Market risk**

Market risk is the risk that changes in foreign exchange rate, interest rates will affect the Company's income or value of its holding in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing returns.

### a) **Foreign exchange risk**

Foreign exchange risk arises mainly where receivables and payables exist in foreign currency. As at December 31, 2019, financial assets of Rs. 107.03 million (2018: Rs. 1,180.48 million) and financial liabilities of Rs. 175.39 million (2018: Rs. 180.81 million) were in foreign currency which were exposed to foreign currency risk.

All foreign currency financial assets are in USD. Foreign currency liabilities are approx. 47% in USD, 12% in EURO, 10% in GBP & 33% in CNY.

As at December 31, 2019, if the Pakistan Rupee had weakened / strengthened by 5% against Euro with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 1.02 million (2018: Rs. 0.89 million), mainly as a result of foreign exchange losses / gains on translation of Euro denominated financial liabilities.

As at December 31, 2019, if the Pakistan Rupee had weakened / strengthened by 5% against US Dollar with all other variables held constant, profit before tax for the year would have been higher / lower by Rs. 1.26 million (2018: Rs. 58.77 million), mainly as a result of foreign exchange losses / gains on translation of US Dollar denominated financial liabilities.

As at December 31, 2019, if the Pakistan Rupee had weakened / strengthened by 5% against Great Britain Pound with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 0.77 million (2018: Rs. Nil), mainly as a result of foreign exchange losses / gains on translation of Great Britain Pound denominated financial liabilities.

As at December 31, 2019, if the Pakistan Rupee had weakened / strengthened by 5% against CNY with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 2.88 million (2018: Rs. 2.98 million), mainly as a result of foreign exchange losses / gains on translation of CNY denominated financial liabilities.

The sensitivity of foreign exchange rate looks at the outstanding foreign exchange balances of the Company only as at the reporting date and assumes this is the position for a full twelve-month period.

**Derivative financial liability - at fair value through profit or loss****(Rupees in Thousand)**

Opening balance as at January 1, 2019	-
Cumulative net loss during the year	23,717
Net realized loss during the year	(6,849)
Net unrealized Loss as at December 31, 2019	<u>16,868</u>

**b) Interest rate risk**

Interest rate risk arises due to changes in market interest rates that results in fluctuation in fair value or future cash flows of a financial instrument. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk.

At December 31, 2019, the Company had variable interest bearing financial assets of Rs. 324.18 million (2018: Rs. Nil) and financial liabilities of Rs. 633.71 million (2018: Rs. 1,468.73 million), and had the interest rate varied by 200 basis points with all the other variables held constant, profit before tax for the year would have been approximately Rs. 6.19 million (2018: 29.37 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings.

**41. 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 benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The gearing ratios as at December 31, 2019 and 2018 were as follows:

	<b>2019</b>	<b>2018</b>
	<b>(Rupees in thousand)</b>	
Long - term debt	-	-
Cash and bank	<u>(724,556)</u>	(1,114,816)
Net (cash surplus) / debt	<u>(724,556)</u>	(1,114,816)
Total equity	<u>1,892,563</u>	1,909,884
Total capital	<u>1,892,563</u>	<u>1,909,884</u>
<b>Gearing ratio</b>	<b>0.0%</b>	0.0%

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

**42. CASH AND CASH EQUIVALENTS****Note****2019**  
**(Rupees in thousand)****2018**

Cash and bank balances	17	<u>724,556</u>	1,114,816
Short term borrowings - running finance under mark up arrangements	24	<u>(35,217)</u>	(938,994)
		<u>689,339</u>	<u>175,822</u>

#### 43. PROPOSED AND DECLARED DIVIDENDS

At the Board of Directors' meeting held on February 28, 2020, a final dividend of Rs. 142 per share amounting to Rs.905 million in respect of 2019 is proposed (2018: Rs. 76 per share amounting to Rs. 482 million).

This is in addition to the cumulative interim cash dividend of Rs. 244 per share amounting to Rs. 1,554 million (2018: Rs. 204 per share amounting to Rs. 1,277 million) declared during the year.

#### 44. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and reclassified, wherever necessary for purpose of comparison and better presentation.

#### 45. DATE OF AUTHORISATION

These financial statements were authorized for issue on February 28, 2020 by the Board of Directors of the Company.

**Amir R. Paracha**

Chief Executive Officer

**Farheen Salman**

Director

**Aly Yusuf**

Director and Chief Financial Officer

# Notice of Annual General Meeting

Notice is hereby given that the 22nd Annual General Meeting of Unilever Pakistan Foods Limited will be held at Pearl Continental Hotel, Club Road, Karachi, on Thursday, April 09, 2020, at 03:00 p.m. to transact the following business:

## Ordinary Business

1. To receive, consider and adopt the Company's Financial Statements for the year ended 31 December 2019, together with the Reports of the Auditors and Directors thereon.
2. To approve and declare dividend (2019) on the Ordinary Shares of the Company.  
The Directors have recommended a final cash dividend of 1420% (or Rs. 142.00 per share) on the Ordinary Shares. Together with the First Interim dividend of 880 % (or Rs. 88.00) per ordinary share, Second Interim Dividend of 630% (or Rs. 63.00) per ordinary share and Third Interim Dividend of 930% (or Rs. 93.00) per ordinary share, already paid, the total dividend for 2019 will thus amount to 3860% (or Rs. 386.00) per ordinary share.
3. To appoint Auditors for the ensuing year, and to fix their remuneration.  
Messrs KPMG Taseer Hadi & Co., Chartered Accountants, retire and being eligible have offered themselves for re-appointment.
4. To elect Directors of the Company for a three-year term. The Board of Directors in the meeting held on February 28, 2020, fixed the number of Directors at ten (10). The term of the office of the following ten (10) Directors will expire on April 19, 2020.

- |                              |                            |
|------------------------------|----------------------------|
| 1. Mr. Kamran Y. Mirza       | 2. Mr. Amir R. Paracha     |
| 3. Mr. Aly Yusuf             | 4. Mr. Zulfikar Monnoo     |
| 5. Mr. Muhammad Adil Monnoo  | 6. Mr. Kamal Monnoo        |
| 7. Mr. Badaruddin F. Vellani | 8. Ms. Farheen Salman Amir |
| 9. Mr. Ali Tariq             | 10. Mr. Khalid Mansoor     |

Attached to this notice of meeting being sent to the members is a statement under Section 166(3) of the Companies Act, 2017.

By Order of the Board

Karachi  
March 16, 2020

Aman Ghanchi  
Company Secretary

## Notes:

1. Share Transfer Books will be closed from April 02, 2020 to April 09, 2020 (both days inclusive) when no transfer of shares will be accepted for registration. Transfers in good order, received at the office of Company's Share Registrar M/s Central Depository Company Share Registrar Services Limited, CDC House, 99-B, Block "B", S.M.C.H.S., Main Shakra-e-Faisal, Karachi-74400 by the close of the Business on April 01, 2020 will be treated in time for the purpose of payment of Final Dividend to the transferees and for ascertaining the entitlement of Shareholders for attending the Annual General Meeting.
2. All Members / Shareholders are entitled to attend and vote at the meeting. A Member may appoint a proxy who need not be a Member of the Company.
3. The Individuals (Member/Proxy), shall authenticate his / her identity by showing his / her original valid Computerized National Identity Card (CNIC) or original passport at the time of attending the Meeting.
4. Duly completed instrument of proxy, and the other authority under which it is signed, or a notarially certified copy thereof, must be lodged with the Company Secretary at the Company's Registered Office (1st Floor, Avani Plaza, Fatima Jinnah Road, Karachi) at least 48 hours before the time of the meeting.
5. CDC Account Holders will further have to follow the under-mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan:

**A. For Attending the Meeting:**

- i. In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his / her identity by showing his / her original valid Computerised National Identity Card (CNIC) or original passport at the time of attending the meeting.
- ii. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

**B. For Appointing Proxies:**

- i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form accordingly.
- ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii. Attested copies of valid CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his / her original valid CNIC or original passport at the time of meeting.
- v. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature and attested copy of Valid CNIC of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted along with proxy form to the Company.

**6. Procedure to Contest Election of Director:**

Any person who seeks to contest the election to the office of directors, whether he is retiring director or otherwise, shall file the following documents with the Company Secretary, at the Registered Office of the Company located at Avari Towers Fatima Jinnah Road, Karachi not later than 14 days before the date of the Meeting:

- i) Notice of intention to offer him / herself for the election to the office of director in terms of Section 159(3) of the Companies Act 2017 ("Act");
- ii) Consent on Form 28 prescribed under the Companies Act, 2017;
- iii) A detail profile along with office address;
- iv) Declaration under Clause 3 of the Listed Companies (Code of Corporate Governance) Regulations 2019 ("CoCG").
- v) Declaration that he/she is eligible to become a director of the Company in terms of Section 153 of the Act;
- vi) Since independent director(s) will be elected through the process of election of director in accordance with the provision of the Act and the Companies (Manner and Selection of Independent Directors) Regulations 2018 ("Independent Director Regulations"), accordingly the following additional documents are required to be submitted by the candidates intending to contest election of directors as an Independent Director:

Declaration by Independent Director(s) under Clause 6(3) of the CoCG; and Undertaking on non-judicial stamp paper that he/she meet the requirements of sub-regulation (1) of rule 4 of the Independent Director Regulations.

7. If the number of persons who offer themselves to be elected is more than the number of directors fixed under sub-section (1) of section 159 of the Companies Act, 2017, then the Company shall provide its members with options of voting through ballot paper in accordance with the provisions of the Companies (Postal Ballot) Regulations, 2018. Further details in this regard will be communicated to the shareholders within legal time frame as stipulated under these said regulations, if required.
8. In accordance with the directives of the SECP, the dividends of shareholders whose CNIC copies have not been received by the Company shall not be electronically credited until receipt thereof. Therefore, the individual shareholders who have not submitted their CNIC copies are requested to send the same at the earliest to the share registrar of the Company. Corporate entities are requested to provide their NTN. While providing their CNIC/NTN, shareholders must quote their respective folio numbers.
9. (i) The Government of Pakistan through Finance Act, 2014 has made certain amendments in Section 150 of the Income Tax Ordinance 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the Companies. Now these rates as per the Finance Act -2019 are as under:
 

(a)	For Filers of Income Tax Return	15%
(b)	For Non-Filers of Income Tax Return	30%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30% all the shareholders whose names are not entered into the Active Tax-payers 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 into ATL before the start of book closure date i.e. April 02, 2020 for entitlement to final dividend to be paid on April 22, 2020 otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

- (ii) For any query/problem/information, the investor may contact the Share Registrar: The Manager, Share Registrar Department, Central Depository Company of Pakistan Limited, telephone number: 0800 - 23275 (Toll Free), e-mail address: [info@cdcpak.com](mailto:info@cdcpak.com) and /or the Company: Mr. Hussain Ahmed, telephone number: +92-21-35681008 e-mail address: [corporate.secretarial@unilever.com](mailto:corporate.secretarial@unilever.com).
- (iii) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholder should send a copy of their NTN certificate to the company or it's Share Registrar M/s Central Depository Company of Pakistan Limited, Share Registrar Department. The Shareholders while sending NTN or NTN certificates, as the case may be, must code Company name and their respective folio numbers.

According to clarification received from Federal Board of Revenue (FBR), withholding 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 holding / joint account. In this regard, all shareholders who hold shares with joint shareholders, are requested to provide shareholding proportions of Principal Shareholder and JointHolder(s) in respect of shares held by them, to Company's Share Registrar, M/s Central Depository Company of Pakistan Limited, Share Registrar Department, CDC House, 99-B, Block "B", S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400, in writing as follows:

Name of Company	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)

Otherwise it will be assumed that the shares are equally held by Principal Shareholder and Joint –Holder(s).

10. 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 Dividend Mandate Shareholders having physical holding should submit the prescribed Dividend Mandate Form, to the Company's Share Registrar. The Shareholders who hold shares with participants / stock brokers or with Central Depository Company may approach to submit the prescribed Dividend Mandate details to their participants / stock broker or to CDC for this option, with a copy of the Dividend Mandate Form to Share Registrar of the Company. The dividend mandate form is available in the Annual Report and also uploaded on our Company's website.

11. Pursuant to Section 134(2) and Section 132(2) of the Companies Act, 2017, members can also avail video conference facility at Lahore, subject to the following conditions.

The video conferencing facility will be provided only if the Company receives consent from members holding in aggregate 10% or more shareholding residing at Lahore, to participate in the meeting through video conference at least 7 days prior to the date of general meeting.

The Company will intimate to the members regarding venue of video conference facility 5 days before the date of general meeting along with complete information necessary to enable them to access such facility.

In this regard, members who wish to participate through video conference facility at Lahore should send a duly signed request as follows:

I/We, \_\_\_\_\_ S/o, D/o, W/o \_\_\_\_\_ being a member of Unilever Pakistan Foods Limited, holder of \_\_\_\_\_ Ordinary Share(s) as per Register Folio No. \_\_\_\_\_ hereby opt for video conferencing facility at \_\_\_\_\_ (Name of City).

\_\_\_\_\_  
Signature of Member

12. Any change of address of Members should be immediately notified to the Company's Share Registrars, M/s CDC Share Registrar Services Limited, CDC House, 99-B, Block "B", S.M.C.H.S., Main Shahra-e-Faisal, Karachi -74400

## Statement of material facts under section 166 (3) of the Companies Act, 2017

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This statement sets out the material facts concerning election of directors, given in agenda items No.4 of the Notice, to be transacted at the 22nd Annual General Meeting of the Company.

Section 166(3) of the Companies Act 2017 (the Act) requires that a statement of material facts is required to be annexed to the notice of the general meeting called for the purpose of election of directors which shall indicate the justification for choosing independent director.

The Company is required to have at least three (3) independent directors on the Board under the Listed Companies (Code of Corporate Governance) Regulations, 2019. The independent directors shall also be elected through the process of election of directors in terms of section 159 of the Companies Act, 2017.

Justification for selecting Independent Directors - Candidates should be eligible for election as director of a listed company under Section 153 of the Act and meet the criteria of independence laid down under section 166(2) of the Act and the Companies (Manner and Selection of Independent Directors) Regulation, 2018 and his/her name is included in the data bank of independent directors maintained by the Pakistan Institute of Corporate Governance (PICG) duly authorized by the Securities & Exchange Commission of Pakistan.

The present Directors of the Company have no interest in the above said business except being eligible for re-election as director of the company.
















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## Form of Proxy

The Secretary  
**Unilever Pakistan Foods Limited**  
Avari Plaza, Fatima Jinnah Road  
Karachi-75530, Pakistan.

I/We \_\_\_\_\_ son/daughter/wife of \_\_\_\_\_ shareholder of Unilever Pakistan Foods Limited, holding \_\_\_\_\_ ordinary shares hereby appoint Mr./Ms. \_\_\_\_\_ having CNIC No. \_\_\_\_\_ who is my \_\_\_\_\_ [state relationship (if any) with the proxy; required by Government regulations] and the son/daughter/wife of \_\_\_\_\_, (holding \_\_\_\_\_ ordinary shares in the Company under Folio No. \_\_\_\_\_) [required by Government; delete if proxy is not the Company's shareholder] as my / our proxy, to attend and vote for me / us and on my / our behalf at the 22nd Annual General Meeting of the Company to be held on April 09, 2020 and / or any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2020.

### Witness 1:

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

CNIC #: \_\_\_\_\_

Address: \_\_\_\_\_

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

**Sign across Rs. 5/-  
Revenue Stamp**

### Witness 2:

Signature of Member(s)

Signature: \_\_\_\_\_

Shareholder's Folio No.: \_\_\_\_\_

Name: \_\_\_\_\_

and / or CDC Participant I.D. No.: \_\_\_\_\_

CNIC #: \_\_\_\_\_

and Sub- Account No.: \_\_\_\_\_

Address: \_\_\_\_\_

Shareholder's CNIC #: \_\_\_\_\_

### Note:

- The Member is requested to:
  - affix Revenue Stamp of Rs. 5/- at the place indicated above.
  - sign across the Revenue Stamp in the same style of signature as is registered with the Company.
  - write down his/her/their Folio Number.
  - attach an attested photocopy of their valid Computerised National Identity Card/ Passport/Board Resolution and the copy of CNIC of the proxy, with this proxy form before submission.
- In order to be valid, this Proxy Form must be received at the Registered Office of the Company at least 48 hours before the time fixed for the Meeting, duly completed in all respects.
- Shareholders or their Proxies should bring their original valid Computerised National Identity Card or original valid Passport for their identification, CDC shareholders should also bring their Participant's ID Number and their Account Number.
- Detailed procedure is given in the Notes to the Notice of AGM.

## پراکسی فارم

جناب سیکریٹری صاحب  
یونی لیور پاکستان فوڈز لمیٹڈ  
آواری پلازہ، فاطمہ جناح روڈ  
کراچی۔ 75530، پاکستان۔

میں/ہم \_\_\_\_\_ بیٹا/بیٹی/بیوی \_\_\_\_\_  
یونی لیور پاکستان فوڈز لمیٹڈ کا شیئر ہولڈر ہوں اور \_\_\_\_\_ عمومی شیئرز کی تحویل رکھتا ہوں، میں بذریعہ ہذا  
جناب/محترمہ \_\_\_\_\_  
سی این آئی سی نمبر: \_\_\_\_\_ جو تعلق میں میرے \_\_\_\_\_ ہیں (رشتہ داری واضح کریں،  
اگر کوئی ہو یہ حکومتی ضابطوں کے تحت درکار ہے) یہ کمپنی میں \_\_\_\_\_ عمومی شیئرز،  
فولیو نمبر \_\_\_\_\_ کے تحت رکھتے ہیں [یہ حکومتی ضابطوں کے تحت درکار ہے، پراکسی کے کمپنی کا شیئر ہولڈر نہ ہونے کی صورت میں کراس (X) لگا دیں] کو اپنا  
پراکسی (مختار) نامزد کرتا/کرتی ہوں جو میری/ہماری جانب سے کمپنی کے 22 ویں سالانہ اجلاس عام میں شرکت کرنے اور ووٹ دینے کے اہل ہیں۔ جو کہ  
09 اپریل 2020 کو یا التواء کی صورت میں کسی بھی دیگر وقت مقررہ پر منعقدہ ہوگا۔

آج بتاریخ \_\_\_\_\_ 2020 کو دستخط کیا۔

گواہ نمبر 1:

(دستخط کمپنی کے پاس رجسٹر کردہ دستخط  
کے جیسا ہونا چاہیے)

5 روپے کارسیدی ٹکٹ  
چسپاں کر کے دستخط کریں

ممبر (ز) کا/کے دستخط:

دستخط: \_\_\_\_\_  
نام: \_\_\_\_\_  
سی این آئی سی نمبر: \_\_\_\_\_  
پتہ: \_\_\_\_\_

گواہ نمبر 2:

\_\_\_\_\_ شیئر ہولڈر کا فولیو نمبر:  
\_\_\_\_\_ اور/یا CDC میں شرکت کا آئی ڈی نمبر:  
\_\_\_\_\_ اور ذیلی اکاؤنٹ نمبر:  
\_\_\_\_\_ شیئر ہولڈر کا سی این آئی سی نمبر:

دستخط: \_\_\_\_\_  
نام: \_\_\_\_\_  
سی این آئی سی نمبر: \_\_\_\_\_  
پتہ: \_\_\_\_\_

نوٹ:

(1) ممبر سے درخواست ہے کہ:

(i) درج بالا واضح کردہ جگہ پر 5 روپے کارسیدی ٹکٹ چسپاں کریں۔

(ii) رسیدی ٹکٹ پر دستخط کریں جیسے کہ کمپنی کے ریکارڈ میں ہیں۔

(iii) اپنا فولیو نمبر لکھیں۔

(iv) شیئر ہولڈر (ز) کے کارآمد سی این آئی سی/پاسپورٹ/بورڈ کی قرارداد اور پراکسی کے کارآمد سی این آئی سی کی تصدیق شدہ کاپی فارم کے ساتھ منسلک کریں۔

(2) باضابطہ مکمل شدہ پراکسی فارم کمپنی کے رجسٹرڈ آفس میں اجلاس کے وقت سے کم از کم 48 گھنٹے قبل موصول ہو جانا چاہیے۔

(3) شیئر ہولڈر (ز) اور ان کے پراکسیز سے درخواست ہے کہ سالانہ اجلاس میں شرکت کے وقت شناخت کے لیے وہ اپنا اصل کارڈ یا شناختی کارڈ یا اصل کارڈ یا پاسپورٹ

دکھائیں۔ CDC شیئر ہولڈرز CDC میں شرکت کا آئی ڈی نمبر اور اکاؤنٹ نمبر بھی ہمراہ لائیں۔

(4) تفصیلی طریقہ کار سالانہ اجلاس عام کی اطلاع کے نوٹس میں درج ہے۔



منافع منقسمہ کی نقد ادائیگی کے لیے شیئر ہولڈرز کے بینک اکاؤنٹ کی تفصیل (ڈیویڈنڈ مینڈیٹ فارم)  
(کمپنیز ایکٹ 2017 کے مطابق لازمی طور پر مطلوب)

کمپنی:

فولیو نمبر / CDS اکاؤنٹ نمبر —

شیر ہولڈر کا نام:

والد / شوہر کا نام:

ایڈریس:

قومی شناختی کارڈ نمبر:

موائل نمبر:

فون نمبر:

ای میل:

گزارش کی جاتی ہے کہ کمپنی کی جانب سے دیئے جانے والے میرے منافع منقسمہ کی تمام رقم مندرجہ ذیل بینک اکاؤنٹ میں جمع کر دی جائے۔

انٹرنیشنل بینک اکاؤنٹ نمبر (IBAN): لازمی:

[illegible]

<p>بینک کا نام</p> <p>برانچ کا نام</p> <p>برانچ کا ایڈریس</p>	
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بیان کیا کہ اتنے کہ کمپنی اور متعلقہ شیئر رجسٹر ارا کو دی جانے والی مندرجہ بالا معلومات درست ہے اور اس میں ہونے والی کسی طرح کی بھی تبدیلی سے متعلق آپ کو آگاہ کیا جائے گا۔

شیر ہولڈر کے نام

بشمول سی این آئی سی کی کاپی

نوٹ: مکمل اور دستخط شدہ یہ فارم بشمول فعال کمپیوٹرائزڈ قومی شناختی کارڈ کی کاپی (سی این آئی سی) شیر رجسٹرارڈ پارٹنٹ، سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ، سی ڈی سی ہاؤس، 99-B، بلاک 'بی'، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی، 74400 پاکستان کو بھیجی ہوگی۔

ڈائریکٹرز نے یونیورسٹی پاکستان فوڈز لمیٹڈ (UPFL) کی سالانہ رپورٹ برائے اختتام سال 31 دسمبر 2019 اور کمپنی کے آڈٹ شدہ مالی گوشوارے پیش کئے ہیں۔

## کاروباری جائزہ

### کمپنی کی بنیادی سرگرمیاں

کمپنی اپنے برانڈز، رفان، کنور، انرجائل، گلیکسوز ڈی اور بیسٹ فوڈز کے ساتھ کنزیومر اور کمرشل فوڈز کی تیاری اور ان کی فروخت کے امور انجام دیتی ہے۔ سال 2019 کے دوران حجم میں اضافے کی بدولت کاروبار میں 11.7 فیصد اضافہ ہوا۔ یہ بہترین نتائج رفان اور کنور کے کاروبار میں ترقی کی وجہ سے حاصل ہوئے ہیں۔

2019 کے نتائج کی کلیدی خصوصیات مندرجہ ذیل ہیں:

**کنور:** ترقی میں نوڈلز کا کردار سرفہرست رہا۔ نوڈلز کی فروخت میں اضافے کے پیچھے برانڈ کی مضبوط ساکھ دیہات اور شہری علاقوں میں اس کی بڑھتی ہوئی کھپت کا اہم کردار ہے۔ اس کے علاوہ اس کی زبردست مارکیٹنگ اور خصوصی مواقع پر اس کی دستیابی بھی کامیابی کا سبب بنے۔

**رفان:** 2019 ہمارے لئے ایک چیلنجنگ سال تھا۔ اس کے باوجود رفان نے اپنے ڈیزٹس اور کارن آئل کی فروخت میں قابل قدر اضافہ کیا۔ یہ اضافہ کامیاب پرائس کنٹرول اور کنزیومر پروموشنز کے ذریعے حاصل کیا گیا۔

مشکل کاروباری ماحول کی وجہ سے مجموعی منافع 41 فی صد رہا۔ کاروباری پلان کے عین مطابق ایڈورٹائزنگ اور پروموشنز رکھے گئے تھے۔ گزشتہ سال کے مقابلے میں فی شیئر آمدنی (EPS) 40.1 فیصد بڑھ گئی۔

ہماری مالیاتی کارکردگی کا خلاصہ:

2018	2019	روپے ملین میں
11,898	13,291	سیلز
5,349	5,430	مجموعی منافع
2,543	2,943	آپریشنز سے منافع
2,496	2,808	ٹیکس سے پہلے منافع
1,734	2,453	ٹیکس کے بعد منافع
274.92	385.08	EPS Basic روپے

### ڈیویڈنڈ (منافع منقسمہ)

پہلا عبوری ڈیویڈنڈ برائے 2019 (جو پہلے ہی دیا جا چکا ہے۔)	88 روپے فی شیئر (2018: 105 روپے فی شیئر)
دوسرا عبوری ڈیویڈنڈ برائے 2019 (جو پہلے ہی دیا جا چکا ہے۔)	63 روپے فی شیئر (2018: 44 روپے فی شیئر)
تیسرا عبوری ڈیویڈنڈ برائے 2019 (جو پہلے ہی دیا جا چکا ہے۔)	93 روپے فی شیئر (2018: 55 روپے فی شیئر)
حتمی ڈیویڈنڈ برائے 2019:	142 روپے فی شیئر (2018: 76 روپے فی شیئر)



## صنعتی جائزہ

پاکستان کی فوڈ مارکیٹ (پیک کئے ہوئے کھانوں کی کل انڈسٹری) کا موجودہ تخمینہ (یورو مانیٹر اور کنزیومر پینل کے مطابق) 26 کھرب روپے بنتا ہے۔ یہ مارکیٹ کئی مقامی اور ملٹی نیشنل کمپنیوں پر مشتمل ہے۔ جن میں بے شمار بچل کمپنیاں بھی شامل ہیں۔ پیک شدہ کھانے (پیکچیزڈ فوڈ) میں 10.2 فیصد کا اضافہ دیکھا جا رہا ہے جس میں خوردنی تیل اور ڈریسنگز نمایاں ہیں۔

## سرمایہ کاری

رواں سال کمپنی نے پیداواری گنجائش میں اضافے اور معیار کی بہتری پر 1,069 ملین روپے کی سرمایہ کاری کی۔

## ادائیگیوں (لیکونڈیٹی) کا نظام

رواں سال کے دوران کمپنی نے کاروباری سرگرمیوں سے 3,640 ملین روپے کی آمدنی حاصل کی اور سال کے اختتام پر کمپنی کے پاس 689 ملین روپے کی نقد رقم موجود تھی۔ کمپنی کے نقدی کے تخمینے وقفے وقفے سے باقاعدگی کے ساتھ تیار کئے جاتے ہیں اور ان تخمینوں کی بھرپور نگرانی کی جاتی ہے تاکہ مؤثر حکمت عملی بنائی جاسکے اور زیادہ سے زیادہ منافع حاصل کیا جاسکے۔

سرمایہ کاری کی حکمت عملی مرتب کرتے وقت ممکنہ خطرات کا بغور جائزہ لیا جاتا ہے اور زائد از ضرورت رقم عموماً قلیل المدتی بینک ڈپازٹس میں رکھی جاتی ہے۔

## کمپنی کی کارکردگی کی قدریمائی

کمپنی میں کارکردگی کو پرکھنے کا ایک کڑا نظام موجود ہے۔ ہماری انتظامیہ کمپنی کی کارکردگی جانچنے کے لئے کئی طریق کار اپناتی ہے جن میں مدمقابل کمپنیوں کی پوزیشن، گزشتہ سال کی ہماری کارکردگی، مارکیٹ کی بڑھوتری اور معاشی صورت حال کے علاوہ دیگر عوامل شامل ہیں۔

انتظامیہ کے لئے ٹارگٹ مقرر کرنے کے غرض سے بجٹ تیار کئے جاتے ہیں، جن کے ذریعے اصل نتائج سے آمدنی کا مقابلہ کیا جاتا ہے اور وقفے وقفے کے بعد مؤثر انداز میں درست اقدامات کئے جاتے ہیں۔

## بنیادی خطرات اور غیر یقینی حالات

ہماری کمپنی کو درج ذیل بنیادی خطرات کا سامنا ہے:

- حکومت کی طرف سے عائد کردہ سخت مالی پالیسیوں کے نفاذ کے بعد پاکستان کی معیشت سست روی اور زوال کا شکار ہے۔ یاد رہے کہ ان پالیسیوں کا مقصد یہ ہے کہ پاکستان کے کاروباری مالی خسارے کو دور کیا جائے اور ٹیکس کی وصولی میں اضافہ کیا جائے۔
- معیشت کی سست روی اور بڑھتے ہوئے افراط زر کی وجہ سے گھریلو اشیاء کی کھپت میں کمی کے ساتھ کمپنی کی ترقی پر بھی منفی اثرات مرتب ہونگے۔

## ہمارے ملازمین

یونیورسٹی میں ہم ایک مقصد کے تحت کاروبار کرتے ہیں اور کمپنی کے ساتھ اپنے لگاؤ اور وابستگی کے ساتھ اس مقصد کو پورا کرنے کی جدوجہد میں ہمارے ملازمین روزانہ مصروف عمل رہتے ہیں۔ تیزی سے بدلتی ہوئی اس دنیا میں ہم مسلسل کوشاں رہتے ہیں کہ اپنے ملازمین کو اتنا بااختیار بنائیں کہ وہ اس ڈیجیٹل دنیا میں قائدانہ کردار ادا کر سکیں۔

ہم اپنے ملازمین کی صلاحیتوں میں مسلسل اضافے کے لئے تعلیمی پروگراموں، چیلنجنگ ذمہ داریوں، جدید معلومات کی نشستوں اور کام کے دوران مفید مشوروں کا سہارا لیتے ہیں۔

مستقبل کے قائدین کے لئے یونیورسٹی پروگرام (Unilever Future Leader Program) کمپنی کا ایک نہایت پسندیدہ پروگرام ہے۔ جہاں ملک بھر کے باصلاحیت نوجوانوں کو ملازمت اور ترقی کے مواقع میسر آتے ہیں۔ پورے ملک کے باصلاحیت لوگوں کی رائے کے مطابق سب سے زیادہ پسندیدہ آج کا مقام گزشتہ دس سال سے یونیورسٹی پاکستان کو حاصل ہے اور اس نے اپنی اس حیثیت کو 2019 میں بھی برقرار رکھا ہے۔

کاروباری امور میں افرادی تنوع اور شمولیت کے سفر میں ہم مزید آگے بڑھے جس کے نتیجے میں کمپنی اور اس کی سپلائی چین میں معذور افراد کو مزید ملازمتیں فراہم کی گئیں۔ اس سال ہم نے خواجہ سراؤں کے لئے بھی یونیورسٹی میں ملازمت کا سازگار ماحول پیدا کرنے پر اپنی توجہ مرکوز رکھی۔ ہر کام ہم نے اس طرح شروع کیا کہ اپنے ملازمین اور ان سے وابستہ ٹیموں کے اندر یہ احساس پیدا کر دیا کہ وہ خواجہ سراؤں کی ملازمت میں آسانی پیدا کر سکیں۔

اپنی سرگرمیوں کے دوران ہماری کوشش یہ رہی کہ کمپنی سے وابستہ ٹیموں کی فلاح و بہبود اور ان کی مشغولیت میں اضافہ کریں اور یہ اضافہ جسمانی، جذباتی، معاشی اور خاندانی فلاح و بہبود سے کچھ آگے بڑھ کر ہو۔ ہماری اس کوشش کا نتیجہ یہ نکلا کہ کمپنی کے ملازمین کی مشغولیت میں اضافہ ہوا اور ان کے کام میں بہتری آئی کیونکہ ملازمین کو اگر یہ اختیار حاصل ہو کہ وہ اپنی پسند سے کام کریں اور توان کی کارکردگی میں بہتری آ جاتی ہے۔

## ماحول کی حفاظت

یونیورسٹی پاکستان فوڈز لمیٹڈ کی صنعتی حکمت عملی کا مرکزی نکتہ ماحول کی حفاظت ہے۔ کمپنی کی کوشش یہ ہے کہ اپنی ترقی کے لئے ماحول کی حفاظت کے ساتھ اقوام متحدہ کے مقاصد کو بھی سامنے رکھا جائے۔ 2019 کے دوران ہماری فیکٹریوں میں ماحول کی حفاظت کے لئے پانی، توانائی اور ضیاع سے متعلق مندرجہ ذیل اقدامات کئے گئے:

- کوئنگ ٹاورز (Cooling Towers) اور چلرز (ٹھنڈے پانی کے پمپ) کے لئے لوڈ منیجمنٹ سسٹم کی تنصیب اور توانائی کے بہترین استعمال کے لئے ہوا کا مناسب انتظام۔
- ایچ پی ایس (HPS) لائٹس کے بجائے توانائی بچانے والی ای ڈی (LED) لائٹس کا استعمال۔

ہیں۔ اس رقم کے ذریعے ہمارے سماجی شراکت داروں، یعنی دی سٹیزن فاؤنڈیشن، آغا خان یونیورسٹی ہسپتال اور عالمی فوڈ پروگرام کی مدد کی جاتی ہے اور اسے مستحق بچوں اور نوجوانوں کی تعلیم، خوراک اور بہبود پر خرچ کیا جاتا ہے۔

### ریٹائرمنٹ فنڈز میں ملازمین کی سرمایہ کاری

یونیورسٹی پاکستان فوڈز لمیٹڈ نے اسٹاف ریٹائرمنٹ فنڈز میں اس سال 35.6 ملین روپے ادا کئے۔ مالیاتی گوشوارے برائے اختتام سال 31 دسمبر 2019 کے مطابق کمپنی کے زیر انتظام چلائے جانے والے اسٹاف ریٹائرمنٹ فنڈز کی سرمایہ کاری مندرجہ ذیل ہے:

ملین روپے	
179	پراویڈنٹ فنڈ
31	گریجویٹ فنڈ
210	نول 2019
223	نول 2018

### کارپوریٹ گورننس

یونیورسٹی پاکستان فوڈز لمیٹڈ کی انتظامیہ کارپوریٹ گورننس کی پیروی اور بہترین تجربات پر عمل درآمد کے لئے پرعزم ہے۔ کوڈ آف کارپوریٹ گورننس کے عین مطابق کمپنی کے ڈائریکٹرز کا بیان درج ذیل ہے:

- کمپنی انتظامیہ کی جانب سے تیار کئے گئے مالیاتی گوشواروں میں کمپنی کی سرگرمیوں کے نتائج، کیش فلووز اور ایکویٹی کی تبدیلیوں کو واضح انداز میں پیش کیا گیا ہے۔
- کمپنی کے مالیاتی کھاتے درست انداز میں تیار کئے گئے ہیں۔
- پاکستان میں رائج مناسب مالی پالیسیوں کے عین مطابق کمپنی کے مالی گوشواروں کی تیاری کی گئی ہے اور اس کے مالی تخمینے مناسب اور محتاط فیصلوں کی بنیاد پر لگائے گئے ہیں۔
- مالیاتی گوشواروں کی تیاری انٹرنیشنل فنانشل رپورٹنگ سسٹم (IFRS) کے مطابق کی گئی ہے اور اس سے کسی طرح کے انحراف کو مناسب طریقے سے واضح کیا گیا ہے۔
- کمپنی میں اندرونی احتساب کا نظام مستحکم ہے اور مؤثر انداز میں اس پر عمل درآمد اور اس کی نگرانی کی جاتی ہے۔
- کمپنی کے استحکام اور آگے بڑھنے کی صلاحیت پر کسی شک و شبہ کی کوئی خاص گنجائش نہیں۔
- اسٹاک ایکسچینج کے رول بک میں مفصل کارپوریٹ گورننس پر بہترین انداز میں عمل درآمد سے کسی طرح کا بھی انحراف دیکھنے میں نہیں آیا۔
- درج ذیل سے متعلق اسٹیٹمنٹ مالیاتی گوشواروں کے نوٹس کے ساتھ ہیں یا ان میں وضاحت کی گئی ہے:

- بورڈ آف ڈائریکٹرز، کمیٹیز کے اجلاسوں کی تعداد، ڈائریکٹرز کی حاضری
- گزشتہ 6 سالوں پر مشتمل اہم مالیاتی تفصیل
- پیٹرن آف شیئر ہولڈنگ

• بوائلروں کے لئے ایچ ایف او (HFO) کے بجائے کھینز فیول (Cleaner Fuel) کا استعمال تاکہ ہوا کا اخراج کم سے کم ہو۔

• الٹرا وولٹ (Ultra Violet) اور الٹرا فیلٹریشن (Ultra Filtration) منصوبوں کے ذریعے کوئلے اور ز (Cooling Towers) کے اخراج کا دوبارہ استعمال۔

- پانی کی پائپ لائنیں تبدیل کر کے پانی کے استعمال میں قابل قدر بچت۔
- بارش کا پانی ذخیرہ کرنے والے ٹینکوں میں بہتری۔
- فیکٹریوں سے خارج ہونے والے پیکر مواد کو دوبارہ قابل استعمال بنانا۔
- ای۔ بیگ (E-Bag) پر عمل کرنا۔

ماحول کی آلودگی کم رکھنے کے ہمارے عہد کا تعلق ہمارے دفاتر، فیکٹریوں، صارفین اور شراکت داروں سے ہے۔ ہمارے کرہ زمین کے محفوظ مستقبل کے لئے ضروری ہے کہ ہم سب مل کر اسے محفوظ رکھنے کی کوشش کریں اور آب و ہوا کی تبدیلی کے بارے میں آگاہی حاصل کریں۔

### سماجی سرمایہ کاری اور فلاح و بہبود کی اسکیمیں

(112 ملین روپے)

(a) بچوں کے بدلتے ہوئے رجحانات پر کنور کی ٹیم نے غور کیا، جس سے ظاہر ہوا کہ موبائل اور کمپیوٹر کے بڑھتے ہوئے استعمال سے بچے روایتی کھیلوں سے دور ہوتے جا رہے ہیں۔ کنور کی صحت بخش اور ہلکی پھلکی غذاؤں کے اسکول پروگراموں سے بھی یہی بات سامنے آئی (خاص طور پر دیہی آبادی والے اسکولوں میں جہاں اس آگاہی کی ضرورت زیادہ ہے)۔ اس پروگرام کے علاوہ کنور کے نمونے بانٹنے کے دیگر پروگرام بھی منعقد کئے گئے۔

(b) نوڈلز فروخت کرنے والے ٹھیلے کنور کے ٹیم جو پروگرام کے ذریعے لوگوں میں تقسیم کیے جا رہے ہیں، جن کے ذریعے دیہاتی نوجوان اپنی روزی بھی کما رہے ہیں اور ساتھ ہی ساتھ دیہات میں رہنے والوں کو صحت بخش اور صاف غذا بھی فراہم کر رہے ہیں۔ کنور کے اس اقدام کے ذریعے گزشتہ دو سال کے اندر 1100 سے زائد خوردہ فروش (Retailers) بنائے جا چکے ہیں۔

### پیشہ ورانہ حفاظت و صحت

یونیورسٹی پاکستان فوڈز لمیٹڈ اپنی تمام سرگرمیوں میں سیفٹی کو انتہائی اہمیت دیتی ہے۔ ہم اپنے صفر کے تصور (Vision Zero) کے ساتھ وسیع انتظار رہنماؤں، ذمے دار، ملازمین، محفوظ مشینری، سہولیات اور مصنوعات، محفوظ نظام اور طریقوں پر عمل درآمد کی بدولت سیفٹی میں بہتری کے لئے مصروف عمل رہتے ہیں۔ مزید برآں کمپنی کے سربراہان اپنے ملازمین کی کارکردگی، ان کی سیفٹی سے آگاہی، نیڑ سیفٹی کے لئے ان کے رویے میں اضافے کی خاطر ترقیاتی پروگرام منعقد کرتے رہتے ہیں۔ ان اقدامات کی بدولت ہمارے ہاں حادثات کی تعداد صفر (Zero) ہے۔

### ملازمین کی شمولیت

ہمارے ملازمین ہر سال پسماندہ لوگوں کی زندگی بہتر کرنے، ان کی صحت، خوش حالی، تعلیم اور صحت بخش غذا فراہم کرنے میں ان کی مدد کرتے ہیں۔ ان مقاصد کے لئے وہ چندہ جمع کرتے ہیں اور رضا کارانہ طور پر اپنی خدمات انجام دیتے ہیں۔ ہمارے ملازمین کی تنخواہوں کے پروگرام کے ذریعے 2 ملین روپے سالانہ اکٹھے کئے جاتے



## ڈائریکٹرز

مندرجہ ذیل شخصیات کمپنی کے ڈائریکٹرز ہیں:

- جناب کامران مرزا (چیئرمین آف بورڈ)
- جناب عامر پراچہ (سی ای او) (مورخہ یکم فروری 2020 کو منتخب)
- جناب علی یوسف (سی ایف او)
- محترمہ فرین سلمان عامر
- جناب ذوالفقار مٹو
- جناب محمد عادل مٹو
- جناب کمال مٹو
- جناب بدر الدین ایف۔ ویلائی
- جناب علی طارق
- جناب خالد منصور

ڈائریکٹرز کا انتخاب 2017 AGM میں کیا گیا تھا اور موجودہ ڈائریکٹرز کی مدت 19 اپریل 2020 کو ختم ہوگی۔

جناب عامر پراچہ کو یکم فروری 2020 سے ڈائریکٹر اور چیف ایگزیکٹو آفیسر کے طور پر، مس شاز یہ سید کے مستعفی ہونے کے سبب خالی ہونے والے عہدے پر منتخب کیا گیا۔ جناب علی یوسف کو یکم اکتوبر 2019 سے ڈائریکٹر اور چیف فنانشل آفیسر کے طور پر، جناب امان گھانچی کے مستعفی ہونے کے سبب خالی ہونے والے عہدے پر منتخب کیا گیا۔ اس سال کے دوران جناب امان گھانچی کو ڈائریکٹر اور ایکننگ سی ایف او کے طور پر، جناب سہیل حنیف بیگ کے 9 اپریل 2019 کو مستعفی ہونے کے سبب خالی ہونے والے عہدے پر منتخب کیا گیا۔

## انٹرنل فنانشل کنٹرولز

انٹرنل فنانشل کنٹرول کے حوالے سے ڈائریکٹرز اپنی ذمہ داریوں سے پوری طرح آگاہ ہیں۔ یہ مینجمنٹ، اور آڈیٹرز کے ساتھ (انٹرنل اور ایکسٹرنل) بات چیت کے ذریعے رائے قائم کی ہے کہ کمپنی کی جانب سے مناسب کنٹرولز پر عمل درآمد کیا جا رہا ہے۔

## بورڈ کا جائزہ

کوڈ آف کارپوریٹ گورننس اور کمپنیز ایکٹ 2017 کی ہدایات کے تحت بورڈ، اس کی کمیٹیوں اور بورڈ کے ڈائریکٹرز کی انفرادی کارکردگی کا جائزہ پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (PICG) کے زیر انتظام لیا گیا تاکہ شفافیت کو یقینی بنایا جاسکے۔

بورڈ کو اس کی ذیلی کمیٹیوں بشمول آڈٹ کمیٹی اور ہیومن اینڈ ریسورس کمیٹیوں نے مدد فراہم کی۔ ان ذیلی کمیٹیوں نے سال کے دوران کارپوریٹ گورننس کے قواعد و ضوابط کے تحت اپنے اجلاسوں کا انعقاد کیا۔ یہاں یہ ضروری ہے کہ کمیٹیوں (آڈٹ کمیٹی اور ہیومن ریسورس اینڈ ریمونیشن کمیٹی) کی جانب سے بہتری کے شعبوں کی نشاندہی اور سفارشات برائے عملی اقدامات کے لیے ان کے اہم کردار کو سراہا جائے۔ ہم آئندہ بھی تمام اسٹیک ہولڈرز کے مفاد میں بہترین انتظامی اقدامات پر عمل درآمد کو یقینی بنائیں گے۔

## ڈائریکٹرز ریمونیشن پالیسی

ڈائریکٹرز کی فیس بورڈ کی منظوری سے ادا کی جاتی ہے کمپنی نے اس سلسلے میں کمپنیز ایکٹ 2017 اور CCG کے مطابق ایک رسمی پالیسی کی منظوری دی ہے۔ نان ایگزیکٹو اور انڈی پینڈنٹ ڈائریکٹرز جو کمپنی کے بورڈ اور کمیٹی کی میٹنگز میں حاضر ہوتے ہیں بورڈ کو وفا قوانان کی فیس کا تعین کرتا ہے۔

## آڈیٹرز

KPMG Taseer Hadi & Co. چارٹرڈ اکاؤنٹنٹس کو اختتام سال برائے 31 دسمبر 2019 میں بطور آڈیٹر تقرر کیا گیا تھا۔

بورڈ نے KPMG Taseer Hadi & Co. کو سال 2020 کے لئے کمپنی کے آڈیٹرز کے طور پر تقرری کی سفارش کی ہے، جس کا فیصلہ 09 اپریل 2020 کو ہونے والی سالانہ اجلاس عام میں شیئرز ہولڈرز کی منظوری سے ہوگا۔

## ہولڈنگ کمپنی

اپنی مکمل ماتحت کمپنی Conopco Inc. امریکہ کے توسط سے یونی لیور NV نیدرلینڈز یونی لیور پاکستان فوڈز لمیٹڈ میں 76.5% حصص رکھتی ہے۔

یہ یونی لیور کی واحد بیرون کمپنی ہے۔

## مابعد تفصیلات

مالیاتی سال کے اختتام کے درمیان کی مدت کے دوران کمپنی کی مالیاتی پوزیشن کو متاثر کرنے والی کوئی خاص تبدیلی یا فیصلہ سازی نہیں ہوئی۔ تاہم سی ای او مس شاز یہ سید کو یکم فروری 2020 سے پاکستان سے باہر نئی ذمہ داری سونپی گئی۔ ان کی جگہ پر جناب عامر پراچہ کو منتخب کیا گیا۔

جناب عامر پراچہ کو یکم فروری 2020 سے ڈائریکٹر اور چیف ایگزیکٹو آفیسر کے طور پر، مس شاز یہ سید کے مستعفی ہونے کے سبب خالی ہونے والے عہدے پر منتخب کیا گیا۔

	Share Capital	Reserves			Total	
	Issued, subscribed and paid up capital	Capital		Revenue		
		Share Premium	Special	General	Un- appropriated Profit	
	(Rupees in thousand)					
Balance as at January 01, 2019 - Restated	63,699	1,296,499	628	138	531,599	1,892,563
Total comprehensive income for the year ended 31 December 2019						
- Profit for the year ended December 31, 2019	-	-	-	-	2,452,938	2,452,938
- Other comprehensive income for the year ended December 31, 2019	-	-	-	-	(2,935)	(2,935)
	-	-	-	-	2,450,003	2,450,003
Final dividend for the year ended December 31, 2018 @ Rs. 76 per share.	-	-	-	-	(484,113)	(484,113)
First Interim dividend for the year ended December 31, 2019 @ Rs. 88 per share	-	-	-	-	(560,551)	(560,551)
Second Interim dividend for the year ended December 31, 2019 @ Rs. 63 per share	-	-	-	-	(401,304)	(401,304)
Third Interim dividend for the year ended December 31, 2019 @ Rs. 93 per share	-	-	-	-	(592,401)	(592,401)
Balance as at December 31, 2019	63,699	1,296,499	628	138	943,233	2,304,197

## توثیقی بیان

ہمارے ملازمین UPFL کی مستحکم ترقی میں اہم کردار ہے اور ہمارے ڈائریکٹرز اپنے ہر ایک ملازم کی کاوشوں کو تسلیم کرتے ہیں۔ ہم اپنے تمام صارفین کا ہماری پروڈکٹس پر بھروسہ کرنے کیلئے شکرگزار ہیں۔ ہم اپنے شیئر ہولڈرز کے بھی ان کی سپورٹ اور ہماری انتظامیہ پر اعتماد کرنے کیلئے مشکور ہیں۔

## مستقبل پر نظر

مشکل اقتصادی و انتظامی حالات کے باوجود کاروبار نے منافع بخش ترقی کا سفر جاری رکھا ہوا ہے۔ مشکلات پر قابو پانے میں ہماری عالمی مہارت، صارفین کا بھروسہ، مصنوعات کے معیار و جدت اور عالمی سطح کی کسٹمر سروس پر سرمایہ کاری اہم کردار ادا کرتے ہیں۔ ہم پر اعتماد ہیں کہ اپنے عزم اور بھرپور کوششوں سے اپنے صارفین کی روزمرہ کی ضروریات کی فراہمی اور مستحکم و منافع بخش ترقی جاری رکھیں گے۔

آپ سب کا شکریہ۔  
منجانب بورڈ

عامر پراچہ  
چیف ایگزیکٹو آفیسر  
کراچی  
28 فروری، 2020

کامران مرزا  
چیئر مین  
کراچی  
28 فروری، 2020

## چیئر مین کا جائزہ

### تجارتی اور صنعتی جائزہ

بورڈ کی جانب سے چیئر مین جائزہ رپورٹ برائے اختتام سال 31 دسمبر 2019 پیش کرنا میرے لئے خوشی کا باعث ہے۔

کمپنی نے مثبت کارکردگی کرنے کا عمل جاری رکھتے ہوئے تمام کیلنگریز میں اپنی برتری برقرار رکھی، حالانکہ اس دوران حکومت کی معاشی حکمت عملی میں غیر یقینی صورت حال کا سامنا تھا۔ اس کے علاوہ ہمیں صارفین کی دستیابی آمدنی میں کمی اور کاروباری اخراجات میں اضافے کے مسائل بھی درپیش تھے، لیکن اپنے عزم مستحکم، صارفین کے اعتماد اور ملک بھر میں اپنی اشیاء کی فراہمی کی بدولت ہم نے اعلیٰ کارکردگی اور مسلسل ترقی کو یقینی بنایا۔

کمپنی کا بورڈ اپنے تمام شراکت داروں کے مفاد کی خاطر اپنی قانونی ذمہ داریاں پوری کرنے اور کمپنی کو درپیش چیلنجز کا مقابلہ کرنے کے ساتھ اس کی ترقی میں نہایت اہم کردار ادا کرتا رہا۔ بورڈ کو اس امر کا مکمل ادراک رہا ہے کہ کمپنی کے اہم مقاصد کے حصول اور تمام شراکت داروں کے منافع میں اضافے کی خاطر ہمیں کیا حکمت عملی اختیار کرنی چاہیے۔

2019 کے دوران کاروبار میں حجم اور قیمت کے لحاظ سے 11.7 فیصد قابل قدر اضافہ ہوا۔ یہ نتائج کنور اور رفان کیلنگریز کی ری لانچ اور سیلز مکس میں تجدید کی بدولت حاصل ہوئے۔ مارکیٹنگ کی جدید مہمات میں سرمایہ کاری کے اضافے سے صارفین کی پسندیدگی اور برانڈز کی ساکھ بہتر بنانے میں مدد ملی۔ اس کے علاوہ شیئر ہولڈرز کی فی شیئر آمدنی (EPS) میں 40.1 فیصد اضافہ ریکارڈ کیا گیا جو شراکت داروں کی قدر بڑھانے کے لئے ہمارے عزم مسلسل کا واضح ثبوت ہے۔

### بورڈ کی کارکردگی اور صلاحیت

کوڈ آف کارپوریٹ گورننس اور کمپنیز ایکٹ 2017 کے ضوابط کے تحت بورڈ، اس کی کمیٹیوں اور بورڈ کے ڈائریکٹرز کی انفرادی کارکردگی کا جائزہ، پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس (PICG) کے زیر انتظام لیا گیا تاکہ شفافیت کو یقینی بنایا جاسکے۔ بورڈ کو اس کی ذیلی کمیٹیوں بشمول آڈٹ کمیٹی (Audit Committee) اور ہیومن ریسورسز اینڈ ریپوزیشن کمیٹی (HR&R Committee) نے مدد فراہم کی۔ ان ذیلی کمیٹیوں نے سال کے دوران کارپوریٹ گورننس کے قواعد و ضوابط کے تحت اپنی میننگلز منعقد کیں۔

یہاں یہ ضروری ہے کہ ذیلی کمیٹیوں (آڈٹ کمیٹی اور ہیومن ریسورسز اینڈ ریپوزیشن کمیٹی) کی جانب سے معاملات میں مزید بہتری کی نشان دہی اور عملی سفارشات پیش کرنے میں ان کے اہم کردار کا اعتراف کیا جائے۔ آئندہ بھی مسلسل ترقی کے لیے بہترین گورننس کے اقدامات نافذ کرنے کے لئے اپنی کاوشیں جاری رکھیں گے۔

### مستقبل کے امکانات پر ایک نظر

کمپنی کا عزم ہے کہ اپنی پیداواری صلاحیت میں اضافہ اور کارکردگی میں بہتری کی مدد سے اپنے کاروبار میں مسلسل ترقی حاصل کرتی رہے۔ اگرچہ مستقبل قریب میں معیشت بدستور مشکلات کا شکار رہے گی، لیکن موجودہ حکومت کی حالیہ پالیسیوں سے معاشی عدم توازن، امن و امان کی صورت حال اور مقامی طلب میں بہتری ہوتی دکھائی دے رہی ہے، جس سے متوسط المیعا، نیز طویل المیعا معاشی کارکردگی کے حوالے سے مثبت اشارے مل رہے ہیں۔ ہم اپنے صارفین کے بھروسے اور مصنوعات کی ذمہ دار نہ فراہمی میں مسلسل بہتری کے لئے پرعزم ہیں۔

### توثیقی بیان

بورڈ آف ڈائریکٹرز کی جانب سے میں کمپنی کے شراکت داروں کے مسلسل تعاون اور حوصلہ افزائی پر ان کا تہہ دل سے شکر گزار ہوں اور کمپنی کے ملازمین کی قابل قدر خدمات کو سراہتا ہوں۔ میں سال 2019 کے دوران اپنے ساتھی ڈائریکٹرز کے عزم و جواں فطانی کا معترف ہوں اور کمپنی کی مسلسل ترقی کے لئے ان کی قابل قدر خدمات پر کمپنی کی قیادت کا شکریہ ادا کرتا ہوں۔ خاص طور پر سابق سی ای او شاز یہ سید کی خدمات کا مشکور ہوں جن کوئی بین الاقوامی ذمہ داریوں پر فائز کیا گیا ہے۔

### کامران مرزا

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