



UNILEVER⁴

بہتر معیار زندگی کی پہچان

Unilever Pakistan Foods Limited
Annual Report

2021



Unilever

Contents

Vision & Core Values	02
Company Information	03
Directors' Profile	04
Chairman's Review	06
Directors' Report	08
Board Meetings Attendance	15
Board Committee Meetings Held During the Year	15
Performance Indicators for 6 years	17
Statement of Financial Position - Analysis for 6 years	20
Profit or Loss Account and other Comprehensive Income - Analysis for 6 years	22
Statement of Wealth Generated and Distributed	24
Pattern of Shareholding	25
Statement of Compliance with the Code of Corporate Governance	27
Independent Auditor's Review Report	28
Financial Statements	29
Notice of Annual General Meeting	82
Form of Proxy <small>پراکسی فارم</small>	88
Dividend Mandate Form <small>ڈویڈنڈ مینڈیٹ فارم</small>	90

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

Mr. Kamran Y. Mirza	Independent Director & Chairman of the Board
Mr. Amir R. Paracha	Executive Director & Chief Executive Officer
Mr. Aly Yusuf	Executive Director & Chief Financial Officer
Ms. Asima Haq	Executive Director
Mr. Zulfikar Monnoo	Non-Executive Director
Mr. Muhammad Adil Monnoo	Non-Executive Director
Mr. Kamal Monnoo	Non-Executive Director
Mr. Sarfaraz Ahmed Rehman	Independent Director
Mr. Khalid Mansoor	Independent Director
Mr. Ali Tariq	Non-Executive Director

Company Secretary

Mr. Aman Ghanchi

Audit Committee

Mr. Khalid Mansoor	Chairman & Member
Mr. Muhammad Adil Monnoo	Member
Mr. Sarfaraz Ahmed Rehman	Member
Mr. Zulfikar Monnoo	Member
Mr. Kamran Y. Mirza	Member
Mr. Moiz Idris Rajput	Secretary & Head of Internal Audit

Human Resource & Remuneration Committee

Mr. Kamran Y. Mirza	Chairman & Member
Mr. Zulfikar Monnoo	Member
Mr. Kamal Monnoo	Member
Mr. Amir R. Paracha	Member
Mr. Sarfaraz Ahmed Rehman	Member
Ms. Kanize Fathema Zuberi	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

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 as well as serving on the Boards of Colgate-Palmolive (Pakistan) Limited & 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, Karwan-e-Hayat, 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 21 years with Unilever, he has held various senior management positions in Pakistan and other markets. Amir Paracha is also the Chairman and Chief Executive Officer of Unilever Pakistan Limited, Trustee at The Duke of Edinburgh's Award Foundation Pakistan, Member at the Board of Governors of the National Management Foundation, Co-Chair on PSD's Parwaaz – National Accelerator on Closing the Skills Gap in Pakistan and is on the Board for the Karachi Vocational Training Centre & Shell 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 a MBA from the LUMS and is a CFA Charter holder. Over his 15-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.

Asima Haq

Asima has 20 years + of FMCG experience across local and international markets. Currently she is looking after the 'Beauty & Personal Care' division for Unilever Pakistan and is part of the local Management Committee.

She has been with Unilever since 2001 and has worked across various categories in Beauty & Personal Care and Foods & Refreshments. In 2015, she got expatriated to PT. Unilever Indonesia and was responsible for their hair business till she moved back to Pakistan in 2018.

She is a passionate advocate for girls' empowerment and aims to drive inclusion through the reach and influence of the brands she works on.

Zulfikar Monnoo

Zulfikar joined the Board in 1998 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 of Rafhan Maize Products Limited, Maple Leaf Cement Factory Limited & Kohinoor Textile Mill and is also the Chief Executive of Pakwest Industries (Pvt) Ltd., Lahore.

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.

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.

Sarfaraz Ahmed Rehman

Sarfaraz, a Chartered Accountant by qualification, has contributed his management expertise to several multinational companies such as Unilever, SB (GSK), Jardine Matheson/Olayan JV and PepsiCo during his varied career. Sarfaraz joined Fauji Group in June 2020 as MD & CEO of Fauji Fertilizer Bin Qasim Limited (FFBL) till October 2021 and he is currently the Managing Director & Chief Executive Officer of Fauji Fertilizer Company Limited. In 2005, Sarfaraz established Engro Foods as its CEO. The company grew from a green-field to become the leading liquid dairy company in Pakistan. Since Oct 2015, he has been involved in consultancy projects, among others with ICI, IBL, JSPE, Shan Foods, Al-Shaheer, Soya Supreme, Burque Corp, CCL and ITL. Sarfaraz was Chairman of the Broadcasters/Advertisers Council 2015-18 (joint body controlling advertising in Pakistan). Further, he was the Chairman of the 1st Effie Awards in Pakistan, in 2019. He is also on the Board of Patient Aid Foundation and associated with Hisaar Foundation and its work on water/environmental issues in Pakistan. Additionally, Sarfaraz speaks at various forums. He has given motivational talks at Lays, Mondelez, Nutrico, RB, Engro, Octara, ICI, Shell and MAP. In the past he was associated with Shaukat Khanum Hospital as a Board of Governor and with WWF as a Director.

Khalid Mansoor

Khalid Mansoor is a Graduate in Chemical Engineering with distinction and honors and currently serving as Special Assistant to the Prime Minister on CPEC Affairs. He has been the Chief Executive Officer of Hubco, the first and largest Independent Power Producer (IPP) in Pakistan.

Mr. Mansoor had also been the 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 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, Thar Energy Limited and Sui Northern Gas Pipeline Limited. He also served as the President of the Overseas Investors Chamber of Commerce & Industry (OICCI) for the term 2017. He is currently Director on the Boards of Unilever Pakistan Foods Limited and National Bank of Pakistan, Fund Management Limited. He is also an Advisor on the board of Jazz Pakistan (a subsidiary of Veon Global) Board.

Ali Tariq

Ali joined the Board as a Non-Executive Director in April 2017 and the Unilever Group in 2003. He has since held Global, Regional and Country leadership roles in both Developed and Emerging markets. He was CFO of the Pakistan Business from 2013 to 2017 and is currently based at Unilever's headquarters in the UK as global Vice President and partner to the Unilever Executive in his capacity as the Global Head of Finance for Supply Chain. Prior to Unilever, Ali held business advisory roles with PwC UK where he also trained as a Chartered Accountant. He is a member of the Institute of Chartered Accountants in England & Wales.

Chairman's Review Report

BUSINESS AND INDUSTRY OVERVIEW

On behalf of the Board, it is my pleasure to present the Chairman's review report for the year ended 31 December 2021.

Despite a challenging operating environment, including unprecedented inflationary headwinds, COVID led restrictions and supply disruptions, the Company continued to deliver strong results in 2021. This was possible as a result of Company's resilient supply chain network which delivered uninterrupted supplies to meet consumer demands, continued focus on business fundamentals and our experienced management which dealt with the situation professionally. The Food Solutions business which was severely impacted by COVID restrictions in 2020 rebounded back with easing lockdowns and exceeded pre-COVID levels in 2021.

Overall, the business grew by 27% in 2021, with a healthy mix of price and volume. The growth was broad based, led by Food Solutions and Savory categories. The Company continued its investment behind brands and innovations. Through a combination of timely pricing actions, savings initiatives and volume leverage, the Company was able to grow profit by 34.7%.

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.

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 evaluation reflects an increase in overall strategic performance of the Board every year.

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's 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 operating and economic environment remains challenging primarily due to sustained high inflation led by global commodities and rupee devaluation, political uncertainty and COVID-19 related challenges resulting in supply disruptions. The Company, however, remains committed to deliver strong results on the back of purposeful brands, a diversified portfolio, superior consumer understanding and robust end to end value chain. At the same time, the Company will continue to work towards its vision of reducing carbon footprint and making a positive social contribution through initiatives such as plastic reduction, green energy etc.

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. I also acknowledge the commitment and diligence of my fellow directors during 2021 and thank their leadership for their valuable contributions for the continued growth of the Company.

Mr. Kamran Y. Mirza

Chairman of the Board



DIRECTORS' REPORT

* اُردو کے لیے آخری صفحات ملاحظہ فرمائیے۔

Winning with Brands and Innovations

“ 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, 2021.

Company's Principal Activities

The Company manufactures and sells consumer and commercial food products under the brand names Raffan, Knorr, Hellmann's, Energile, Glaxose-D and Best Foods. In 2021 the business recorded a broad-based growth of 27.3%, led by both UFS & Retail business.

The key growth drivers in 2021 were:

Knorr: Growth in Knorr was primarily led by Noodles & Ketchup that grew on the back of building brand equity, consumption in urban as well driving penetration in rural areas, leveraging digital mediums through precision marketing and capitalizing on the excitement of mega occasions. The new marketing campaign on noodles was a remarkable achievement that has led to significant increase in the brand power and other mind metrics scores.

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

Foods Solutions: The business witnessed a bounce-back post-Covid easing led by opening of key fast-food outlets.

Hellmann's: The business launched Hellmann's Real Mayo in the retail consumer market.

Gross margin increased by 2.1% to 45% through better cost absorption, timely pricing, and a rigorous cost reduction/productivity improvement program. EPS grew by 34.7% versus last year driven by growth and margin improvement.

Operating Results

	2021 (Rupees in million)	2020
Sales	19,820	15,572
Gross Profit	8,916	6,678
Profit from Operations	5,501	4,096
Profit before tax	5,422	4,054
Profit after tax	5,169	3,837
EPS-basic (Rs)	811.53	602.42

Dividends

First Interim Dividend 2021 (already paid): Rs. 228 per share (2020: Rs. 130 per share).

Second Interim Dividend 2021 (already paid): Rs. 151 per share. (2020: Rs. 141 per share).

Third Interim Dividend 2021 (already paid): Rs. 187 per share. (2020: 121 per share).

Final Dividend 2021: Rs. 245 per share (2020: 211 per share).

Industry Review

The Foods market (Total package 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. With the increasing rate of urbanisation in terms of demographics, dine out and demand for packaged foods are trending with the packaged goods market growing at 11% mainly led by snacks and edible oils.

Capital Expenditure

The Company, in order to expand capacity and increase efficiency, invested Rs. 658 million during the year. The Company has also entered financing under the subsidised facilities provided by the government for future expansionary projects under Temporary Economic Refinance Facility (TERF), amounting to Rs. 900 million, out of which Rs. 110 million was utilised during the year.

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 risk profile and surplus funds are mostly kept in short-term bank deposits.

Evaluation of Company's Performance

There is a stringent performance management mechanism in place at the Company. The management uses several indicators based on global best practices from parent company as well as local leadership to ensure that both short term delivery and long-term health of the business remain in good position.

Our strategic framework to assess performance is based on the '5 Fundamentals of Growth' which captures – Purposeful Brands, Improved Penetration, Design for Channel, Impactful Innovations and Fuel for Growth – thereby providing a wholistic approach to assessing business shape and progress end to end.

Principal Risks and Uncertainties

Sustained high inflation led by global commodity and fuel prices continue to be the single biggest challenge on future demand as the consumers' disposable income is likely to be adversely affected.

Moreover, structural reforms remain need of the hour as the country continues to be net importer causing pressure on the foreign currency reserves, especially with fuel and global commodity prices expected to operate at significantly higher than usual levels. Additionally, fiscal deficit, if not timely addressed, will continue to hamper the economic progress.

Our People

We are a purpose-led, future-fit organization and we firmly believe that people with purpose thrive. Our culture promotes openness, agility, creativity and a growth mindset. Employee wellbeing takes center-stage in all we do. Our people are the ambassadors of our values of respect, dignity and fair treatment and we take great pride in empowering them with meaningful roles, equipping them for the future of work.

Post COVID-19, our people rose to the occasion to meet the unique challenges which emerged in the wake of a pandemic with renewed rigor delivering unprecedented growth despite the loss of the tea division.

2021 was a special year as our employees received multiple accolades globally and locally. We were crowned Champion of 2021 at the Overseas Investors Chamber of Commerce and Industry (OICCI) Women Empowerment Awards 2021 in recognition for our efforts on Equity, Diversity and Inclusion. We were also voted Most Preferred Employer at the Best Place to Work Awards 2021. We also received the Marketer of the Year title at the Effie Awards 2021 organized by the Pakistan Advertisers Society. Our Customer Development team also won the coveted global Unilever award for Movers and Shakers of Growth.

Environment Protection

Sustainability is deeply embedded in all our operations. It is central to the UPFL manufacturing strategy. Our aim is to

uphold the vision of United Nation's Sustainable Development Goals. In 2021, our manufacturing sites initiated various environmental protection measures for the conservation of water, energy and waste by implementing the following sustainability projects.

- Installation of solar plants at our sites
- Reduction in compressed air consumption through effective loss reduction approach by monitoring and capturing leakages
- Reduction in energy consumption through installation of VFDs on high power motors
- Steam network optimization
- Replacement of environment friendly refrigerant in chillers
- Offsetting carbon impact of electricity through purchase of renewable certificates
- Replacement of old motors with energy efficient motors
- Significant reduction in air emission through boilers by replacing HFO with cleaner fuel
- Reusing and Recycling of waste materials generated from sites
- Replacing traditional air conditioners with inverters to reduce energy consumption.

A reduced carbon footprint is an effort which 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 global awareness on climate issues and challenges.

Occupational Safety and Health

Safety lies at the core of all UPFL operations with zero tolerance for any compromise on safety which is a priority aligned with our goal of Vision Zero UPFL. We remain committed to imparting 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. We have now expanded the scope beyond our employees to our partners and service providers and we hold them to our high safety standards. The use of technology has also played a vital role in our journey towards becoming a Zero injury company.

Employee Engagement

Our employees have a strong sense of duty and make a conscious choice to uplift the lives of underserved 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 raised close to Rs. 1.5 million in support for our social partners; The Citizen's Foundation; Aga Khan University Hospital and the World Food Program. These funds are channelized to facilitate access to learning, nutrition and wellbeing for underprivileged children and youth.

Value of investments of employees in retirement funds

UPFL contributed Rs. 31.23 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, 2021 is as follows:

	Rs. in million
Provident Fund	188
Gratuity Fund	47
Total – 2021	235
Total – 2020	226

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 there from 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

Category	Names
Independent Directors	<ul style="list-style-type: none"> • Mr. Kamran Y. Mirza (Chairman of the Board) • Mr. Khalid Mansoor • Mr. Sarfaraz Ahmed Rehman
Executive Directors	<ul style="list-style-type: none"> • Mr. Amir R. Paracha (CEO) • Mr. Aly Yusuf (CFO)
Female Directors	<ul style="list-style-type: none"> • Ms. Asima Haq
Non-Executive Directors	<ul style="list-style-type: none"> • Mr. Zulfikar Monnoo • Mr. Muhammad Adil Monnoo • Mr. Kamal Monnoo • Mr. Ali Tariq

Audit Committee

Mr. Khalid Mansoor	Chairman & Member
Mr. Muhammad Adil Monnoo	Member
Mr. Sarfaraz Ahmed Rehman	Member
Mr. Zulfikar Monnoo	Member
Mr. Kamran Y. Mirza	Member
Mr. Moiz Idris Rajput	Secretary & Head of Internal Audit

Human Resource & Remuneration Committee

Mr. Kamran Y. Mirza	Chairman & Member
Mr. Zulfikar Monnoo	Member
Mr. Kamal Monnoo	Member
Mr. Amir R. Paracha	Member
Mr. Sarfaraz Ahmed Rehman	Member
Ms. Kanize Fathema Zuberi	Secretary & Head of HR

The election of directors was held at the AGM of 2020. The term of the present directors will expire on April 19, 2023.

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 practical solutions. Going forward we will continue our efforts to ensure that we comply with best governance practices on the interest of all stake holders.

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. It is ensured that no director takes part in deciding their own remuneration. 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. The Board, if deems appropriate, may engage independent consultant to determine the appropriate level of remuneration of its directors. The remuneration shall not compromise nor influence in any way the independence of the directors.

Auditors

The Auditors, KPMG Taseer Hadi & Co., Chartered Accountants, were appointed for the year ended December 31, 2021. The Board has recommended the appointment of KPMG Taseer Hadi & Co. as the Auditors of the Company for the year 2022.

Holding Company

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

Subsequent Events

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. At the time of writing this report the Ukrainian – Russian conflict has erupted and it is difficult to forecast its impact on the domestic economy. The company will monitor the events closely and take timely action to minimise the adverse impact on its operations.

Reserve Appropriations

	Reserves					Total	
	Share Capital	Capital			Revenue	Sub Total	
	Issued, subscribed and paid up capital	Share Premium	Special	General	Un-appropriated Profit		
	(Rupees in thousand)						
Balance as at January 1, 2021	63,699	1,296,499	628	138	1,386,730	2,683,995	2,747,694
Transactions with owners of the Company - Distribution							
Final dividend for the year ended							
December 31, 2020 @ Rs. 210.89 per share	-	-	-	-	(1,343,359)	(1,343,359)	(1,343,359)
First Interim dividend for the year ended December 31, 2021 @ Rs. 228 per share	-	-	-	-	(1,452,350)	(1,452,350)	(1,452,350)
Second Interim dividend for the year ended December 31, 2021 @ Rs. 151 per share	-	-	-	-	(961,862)	(961,862)	(961,862)
Third Interim dividend for the year ended December 31, 2021 @ Rs. 187 per share	-	-	-	-	(1,191,181)	(1,191,181)	(1,191,181)
	-	-	-	-	(4,948,752)	(4,948,752)	(4,948,752)
Total comprehensive income for the year							
Profit for the year ended							
December 31, 2021	-	-	-	-	5,169,477	5,169,477	5,169,477
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	1,147	1,147	1,147
	-	-	-	-	5,170,624	5,170,624	5,170,624
Balance as at December 31, 2021	63,699	1,296,499	628	138	1,608,602	2,905,867	2,969,566

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

Pakistan's economic situation is expected to remain volatile primarily due to sustained double-digit inflation led by global commodities and crude oil prices. This may further aggravate the already weakened current account balance and PKR-USD parity. The above factors will directly impact the purchasing power of households potentially leading to sharper spending choices, down-trading and down-grading.

In light of the above, the company expects to face some headwinds in the short-term as consumer demand is likely to get affected. However, the management remains committed to navigate the situation effectively and serve the interests of all stakeholders. The management is confident to deliver competitive results by delivering value to consumers via leveraging our sound understanding of their needs, innovations and new pack price architectures, while managing profitability through a combination of volume leverage, savings initiatives and optimum pricing.

Thanking you all.

On behalf of the Board

Kamran Y. Mirza
Chairman
Karachi

February 28, 2022

Amir R. Paracha
Chief Executive Officer
Karachi
February 28, 2022

Board Meetings Attendance

During the year 2021, 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
Mr. Amir R. Paracha	4	4
Mr. Aly Yusuf	4	4
Ms. Farheen Salman Amir**	2	2
Ms. Asima Haq***	2	2
Mr. Zulfikar Monnoo	4	4
Mr. Muhammad Adil Monnoo	4	4
Mr. Kamal Monnoo	4	4
Mr. Sarfaraz Ahmed Rehman	4	4
Mr. Khalid Mansoor	4	3
Mr. Ali Tariq	4	4

Notes:

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

** Resigned w.e.f. 12th August 2021.

*** Appointed w.e.f. 13th August 2021

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	3
Mr. Zulfikar Monnoo Member	4	4
Mr. Kamran Y. Mirza Member	4	3
Mr. Muhammad Adil Monnoo Member	4	4
Mr. Sarfaraz Ahmed Rehman Member	4	3
Mr. Moiz Idris Rajput Secretary	4	4

Terms of Reference

Committee has been constituted by the Board in compliance with Listing Regulations. 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, three independent Director and two Non-Executive Directors. All employees of the Company have access to the Committee. The Committee met four times during 2021. 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
Mr. Amir R. Paracha Chairman	6	6
Mr. Aly Yusuf Member	6	6
Ms. Farheen Salman Amir** Member	4	4
Ms. Asima Haq*** Member	2	2
Mr. Aman Ghanchi Secretary	6	6

Notes:

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

** Resigned w.e.f. 12th August 2021.

*** Appointed w.e.f. 13th August 2021

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
Mr. Amir R. Paracha Member	1	1
Mr. Sarfaraz Ahmed Rehman Member	-	-
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 five members, two of whom are Non-Executive Directors and two are Independent Directors.

Performance Indicators for 6 years

2021 2020 2019 2018 2017 2016

← (Rupees in thousand) →

Financial Position

Property, plant and equipment	4,053,993	3,732,128	3,654,460	2,783,549	1,992,974	2,084,856
Other non-current assets	132,272	100,559	108,368	130,808	94,842	96,544
Current assets	6,202,550	3,614,686	3,326,005	3,056,526	1,993,132	2,436,695
Total assets	10,388,815	7,447,373	7,088,833	5,970,883	4,080,948	4,618,095
Share capital	63,699	63,699	63,699	63,699	61,576	61,576
Reserves	2,905,867	2,683,995	2,240,498	1,828,864	119,894	1,743,342
Total equity	2,969,566	2,747,694	2,304,197	1,892,563	181,470	1,804,918
Non-current liabilities	591,678	410,824	304,680	174,535	213,130	215,694
Current liabilities	6,827,571	4,288,855	4,479,956	3,903,785	3,686,348	2,597,483
Total liabilities	7,419,249	4,699,679	4,784,636	4,078,320	3,899,478	2,813,177
Total equity and liabilities	10,388,815	7,447,373	7,088,833	5,970,883	4,080,948	4,618,095
Net current liabilities	(625,021)	(674,169)	(1,153,951)	(847,259)	(1,693,216)	(160,788)

OPERATING AND FINANCIAL TRENDS

Profit or loss

Net sales	19,820,946	15,572,747	13,291,424	11,898,430	10,745,260	9,466,836
Cost of sales	(10,904,750)	(8,894,178)	(7,789,001)	(6,549,353)	(5,911,696)	(5,264,621)
Gross profit	8,916,196	6,678,569	5,502,423	5,349,077	4,833,564	4,202,215
Operating profit	5,501,987	4,077,508	2,942,876	2,543,175	1,946,726	1,802,228
Profit before tax	5,422,836	4,054,958	2,807,800	2,495,875	1,920,706	1,767,758
Profit after tax	5,169,477	3,837,412	2,452,938	1,734,457	1,355,673	1,276,089
Cash ordinary dividends	3,564,734	3,390,721	2,021,704	1,490,332	2,737,580	1,152,012

Cash flows

Operating activities	6,317,887	3,908,226	3,635,518	1,705,568	1,883,709	1,517,410
Investing activities	(504,685)	(264,533)	(1,064,794)	(1,042,445)	(77,091)	(182,195)
Financing activities	(3,445,342)	(3,403,137)	(2,057,207)	(251,118)	(2,737,580)	(1,152,012)
Cash and cash equivalents at the end of the year	3,297,755	929,895	689,339	175,822	(236,183)	694,779

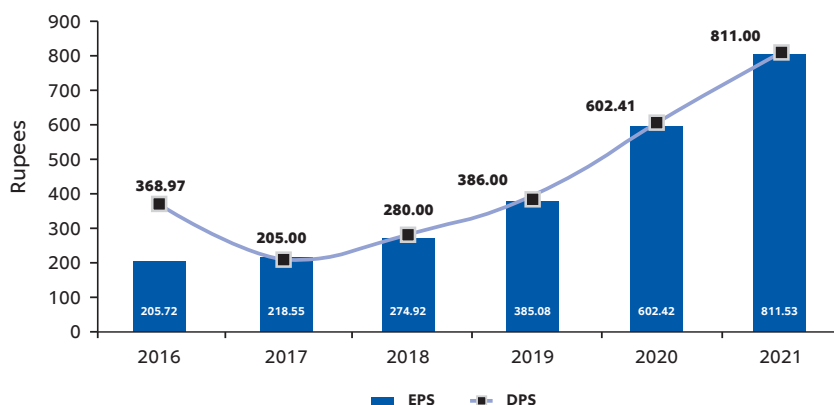
Performance Indicators for 6 years

	Unit	2021	2020	2019	2018	2017	2016
FINANCIAL RATIOS							
Profitability Ratios							
Gross Profit Ratio	%	44.98	42.89	41.40	44.96	44.98	44.39
Net Profit to Sales	%	26.08	24.64	18.46	14.58	12.62	13.48
EBITDA margin to sales	%	29.34	28.08	23.85	22.87	19.54	20.45
Operating leverage ratio	Times	1.26	2.26	1.34	2.93	0.66	0.54
Pre Tax return on equity	%	189.70	160.53	133.81	240.68	193.39	101.49
Post tax return on equity	%	180.84	151.92	116.90	167.25	136.50	70.70
Return on capital employed	%	169.13	151.2	116.90	167.25	136.50	70.70
Liquidity Ratios							
Current Ratio	Times	0.91	0.84	0.74	0.78	0.54	0.94
Quick / Acid Test Ratio	Times	0.69	0.57	0.51	0.52	0.26	0.56
Cash to current liabilities	Times	0.48	0.22	0.16	0.29	0.09	0.27
Cash flow from operations to sales	Times	0.32	0.25	0.27	0.14	0.18	0.16
Activity / Operating Performance Ratios							
Inventory turnover ratio	Days	39	39	44	55	61	66
Debtor turnover ratio	Days	9	16	19	15	13	10
Creditor turnover ratio	Days	-157	-171	-165	-156	-168	-165
Total assets turnover ratio	Times	2	2	2	2	3	2
Fixed assets turnover ratio	Times	5	4	4	4	5	5
Operating cycle	Days	(109)	(116)	(103)	(87)	(95)	(89)
Investment / Market Ratios							
Earnings per share (EPS)	Rs.	811.53	602.43	385.08	274.92	218.55	205.72
Price earning ratio	Times	23.41	23.24	19.48	25.92	27.22	28.44
Dividend yield ratio	Times	0.04	0.04	0.05	0.04	0.03	0.06
Dividend payout ratio - earnings	Times	1.00	1.00	1.00	1.02	0.93	1.79
Dividend payout ratio - par value	Times	81.10	60.24	38.60	28.00	20.50	36.90
Dividend Cover ratio	Times	1.00	1.00	1.00	0.98	1.07	0.56
Cash dividend*	Rs.	811.00	602.41	386.00	280.00	205.00	368.97
Market Value - low	Rs.	13,550	6,950	5,170	6,935	5,400	4,800
Market Value - high	Rs.	22,096	15,000	7,625	9,999	7,500	6,200
Market Value - year end	Rs.	19,000	14,000	7,500	7,125	7,315	5,850
Breakup value per share without surplus on revaluation of fixed assets	Rs.	466.18	431.35	361.73	297.11	29.47	293.12
Capital Structure Ratios							
Financial leverage ratio	Times	0.07	0.01	0.02	0.33	0.01	0.00
Interest cover ratio	Times	703.28	394.46	24.01	79.23	135.66	180.74

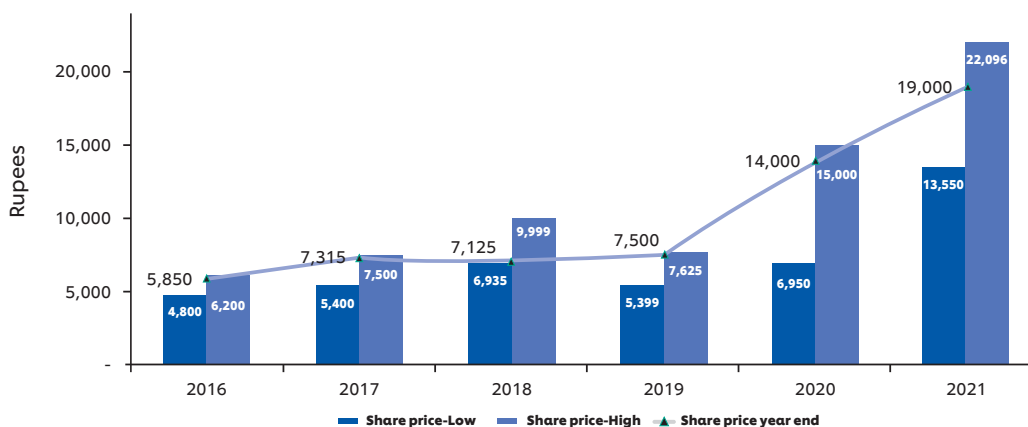
*This includes interim and proposed final dividend for the year

Performance Indicators for 6 years

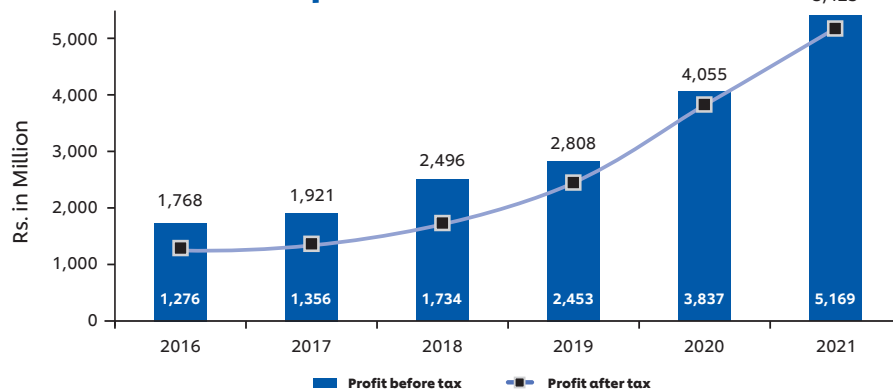
Comparison of EPS and DPS



Share Price Trend



Comparison of PBT and PAT



Statement of Financial Position

Horizontal Analysis for 6 years

(Rs. in thousand)

EQUITY AND LIABILITIES

Capital and reserves

	2021 Rs.	21 Vs.20 %	2020 Rs.	20 Vs.19 %	2019 Rs.	19 Vs.18 %	2018 Rs.	18 Vs.17 %	2017 Rs.	17 Vs.16 %	2016 Rs.	16 Vs.15 %
Share capital	63,699	-	63,699	-	63,699	-	63,699	3.45	61,576	-	61,576	-
Reserves	2,905,867	8.27	2,683,995	19.79	2,240,498	22.51	1,828,864	1,425.40	119,894	(93.12)	1,743,342	7.81
	2,969,566	8.07	2,747,694	19.25	2,304,197	21.75	1,892,563	942.91	181,470	(89.95)	1,804,918	7.53

Non-current liabilities

Retirement benefits - obligation	15,513	-39.70	25,727	6.57	24,141	72.44	14,000	49.81	9,345	281.12	2,452	(56.91)
Long term borrowing	168,619	612.68	23,660	100.00	-	-	-	-	-	-	-	-
Deferred income - government grant	29,271	100.00	387	100.00	-	(100.00)	24,819	100.00	-	100.00	-	-
Lease liabilities	20,571	5215.50	361,050	28.70	280,539	106.71	135,716	(33.40)	203,785	(4.43)	213,242	(0.80)
Deferred taxation	357,704	-0.93	361,050	28.70	280,539	106.71	135,716	(33.40)	203,785	(4.43)	213,242	(0.80)
	591,678	44.02	410,824	34.84	304,680	74.57	174,535	(18.11)	213,130	(1.19)	215,694	(2.24)

Current liabilities

Trade and other payables	6,698,532	60.68	4,168,976	(2.47)	4,274,576	49.07	2,867,577	(5.00)	3,018,467	24.49	2,424,678	3.24
Provision	124,524	15.58	107,740	2.56	105,054	96.23	53,536	(11.74)	60,659	5.27	57,623	51.90
Accrued interest / mark up	1,876	202.58	620	(98.21)	34,717	159.26	13,391	485.27	2,288	100.00	-	(100.00)
Sales tax payable	-	-	-	-	-	-	-	(100.00)	21,193	(81.60)	115,182	135.97
Current portion of deferred income - government grant	2,252	-	-	-	-	-	-	-	-	-	-	-
Current portion of lease liabilities	387	(96.64)	11,519	(62.10)	30,392	0.35	30,287	100.00	-	100.00	-	-
Short term borrowings	-	-	-	(100.00)	35,217	(96.25)	938,994	60.86	583,741	100.00	-	(100.00)
	6,827,571	59.19	4,288,855	(4.27)	4,479,956	14.76	3,903,785	5.90	3,686,348	41.92	2,597,483	3.15
	10,388,815	39.50	7,447,373	5.06	7,088,833	18.72	5,970,883	46.31	4,080,948	(11.63)	4,618,095	4.55

ASSETS

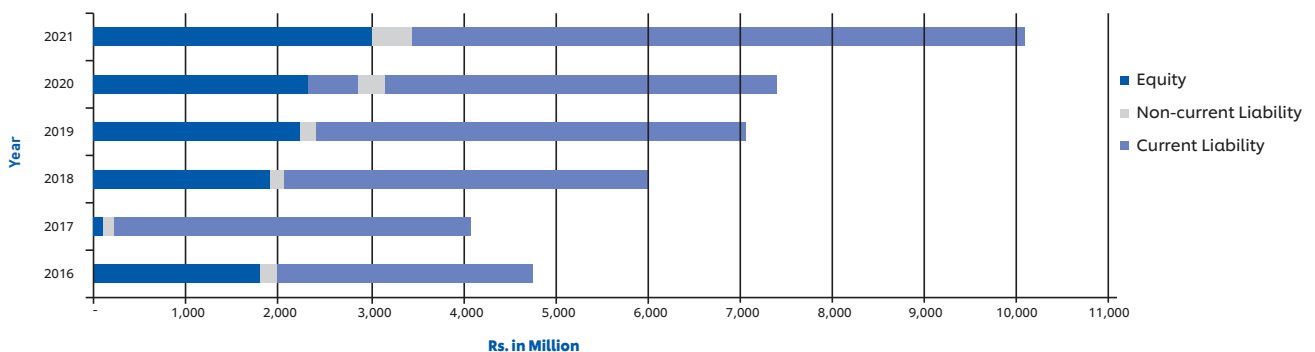
Non-current assets

Property, plant and equipment	4,053,993	8.62	3,732,128	2.13	3,654,460	31.29	2,783,549	39.67	1,992,974	(4.41)	2,084,856	2.18
Right-of-use assets	46,511	269.99	12,571	(32.39)	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	1,144	(66.06)	3,371	(34.63)	5,157	(54.52)	11,338	(14.14)	13,205	7.34	12,302	(67.41)
Long term deposit and prepayment	2,980	-	2,980	-	2,980	-	2,980	100.00	-	(100.00)	2,605	100.00
Retirement benefit - prepayment	-	-	-	-	-	-	-	-	-	-	-	-
	4,186,265	9.23	3,832,687	1.86	3,762,828	29.11	2,914,357	39.59	2,087,816	(4.29)	2,181,400	1.00

Current assets

Stores and spares	196,537	19.62	164,302	16.92	140,520	186.45	49,055	38.39	35,446	12.78	31,429	39.79
Stock in trade	1,327,888	32.91	999,124	10.72	902,351	(6.30)	963,034	(4.44)	1,007,742	5.17	958,171	(0.12)
Trade debts	519,372	14.09	455,214	(47.57)	868,282	70.49	509,288	16.07	438,767	45.32	301,929	44.42
Loans and advances	3,531	(94.90)	69,256	399.90	13,854	5.70	13,107	7.58	12,184	(48.94)	23,864	57.21
Trade deposits and short term prepayments	82,055	6.02	77,395	437.17	14,408	(57.62)	33,996	(59.80)	84,566	14.20	74,049	46.68
Other receivables	96,045	67.02	57,506	79.43	32,050	(32.01)	47,136	143.65	19,346	78.88	10,815	(64.96)
Taxation - net	536,557	(17.30)	648,799	52.22	426,235	61.53	263,869	455.24	47,523	(86.09)	341,659	(9.36)
Cash and bank balances	3,297,755	254.64	929,895	28.34	724,556	(35.01)	1,114,816	220.76	347,558	(49.98)	694,779	17.11
Sales tax refundable	142,810	(33.01)	213,195	4.64	203,749	227.44	62,225	100.00	-	-	-	-
	6,202,550	71.59	3,614,686	8.68	3,326,005	8.82	3,056,526	53.35	1,993,132	(18.20)	2,436,695	7.93
	10,388,815	39.50	7,447,373	5.06	7,088,833	18.72	5,970,883	46.31	4,080,948	(11.63)	4,618,095	4.55

Statement of Financial Position Analysis - Equity & Liabilities



Statement of Financial Position

Vertical Analysis for 6 years

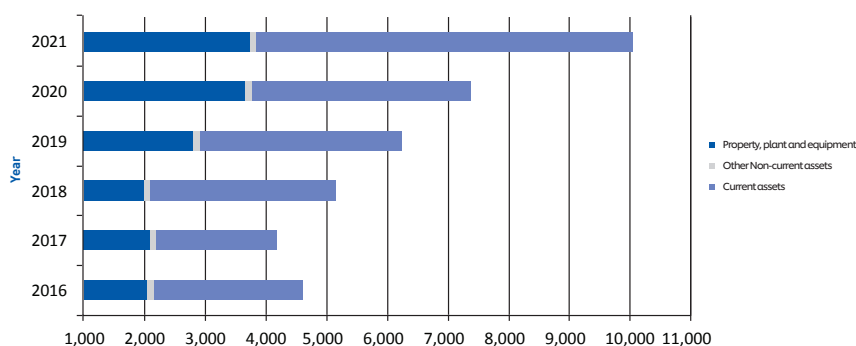
(Rs. in thousand)

EQUITY AND LIABILITIES

	2021		2020		2019		2018		2017		2016		2015	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Capital and reserves														
Share capital Reserves	63,699	0.86	63,699	0.86	63,699	0.90	63,699	1.07	61,576	1.51	61,576	1.33	61,576	1.39
	2,905,867	39.02	2,683,995	36.04	2,240,498	31.61	1,828,864	30.63	1,19,894	2.94	1,743,342	37.75	1,617,018	36.61
	2,969,566	39.87	2,747,694	36.89	2,304,197	32.50	1,892,563	31.70	181,470	4.45	1,804,918	39.08	1,678,594	38.00
Non-current liabilities														
Retirement benefits - obligation	15,513	0.21	25,727	0.35	24,141	0.34	14,000	0.23	9,345	0.23	2,452	0.05	5,691	0.13
Long term borrowing	168,619	2.26	23,660	0.32	-	-	-	-	-	-	-	-	-	-
Deferred income - government grant	29,271	-	-	-	-	-	-	-	-	-	-	-	-	-
Lease liabilities	20,571	0.28	387	0.01	-	0.00	24,819	0.42	-	-	-	-	-	-
Deferred taxation	357,704	4.80	361,050	4.85	280,539	3.96	135,716	2.27	203,785	4.99	213,242	4.62	214,953	4.87
	591,678	7.94	410,824	5.52	304,680	4.30	174,535	2.92	213,130	5.22	215,694	4.67	220,644	5.00
Current liabilities														
Trade and other payables	6,698,532	89.94	4,168,976	55.98	4,274,576	60.30	2,867,577	48.03	3,018,467	73.96	2,424,678	52.50	2,348,513	53.17
Provision	124,524	1.67	107,740	1.45	105,054	1.48	53,536	0.90	60,659	1.49	57,623	1.25	37,935	0.86
Accrued interest / mark up	1,876	0.03	620	0.01	34,717	0.49	13,391	0.22	2,288	-	-	-	1,119	0.03
Taxation - provision less payments	-	0.00	-	0.00	-	0.00	-	-	-	-	-	-	-	-
Sales tax payable	-	0.00	-	0.00	-	0.00	-	-	21,193	0.52	115,182	2.49	48,812	1.11
Current portion of deferred income - government grant	2,252	-	-	-	-	-	-	-	-	-	-	-	-	-
Current portion of lease liabilities	387	0.01	11,519	0.15	30,392	0.43	30,287	-	-	-	-	-	-	-
Short term borrowings	-	0.00	-	0.00	35,217	0.50	938,994	15.73	583,741	14.30	-	-	81,676	1.85
	6,827,571	91.68	4,288,855	57.59	4,479,956	63.20	3,903,785	65.38	3,686,348	90.33	2,597,483	56.25	2,518,055	57.00
	10,388,815	139.50	7,447,373	100.00	7,088,833	100.00	5,970,883	100.00	4,080,948	100.00	4,618,095	100.00	4,417,293	100.00
ASSETS														
Non-current assets														
Property, plant and equipment	4,053,993	54.44	3,732,128	50.11	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
Right-of-use assets	46,511	0.62	12,571	0.17	18,594	0.26	34,853	0.58	-	-	-	-	-	-
Intangible assets	81,637	1.10	81,637	1.10	81,637	1.15	81,637	1.37	81,637	2.00	81,637	1.77	81,637	1.85
Long term loans	1,144	0.02	3,371	0.05	5,157	0.07	11,338	0.19	13,205	0.32	12,302	0.27	37,749	0.85
Long term deposit and prepayment	2,980	0.04	2,980	0.04	2,980	0	2,980	-	-	-	2,605	0.06	-	-
Retirement benefit - prepayment	-	0.00	-	0.00	-	-	-	-	-	-	-	-	-	-
	4,186,265	56.21	3,832,687	51.46	3,762,828	53.08	2,914,357	48.81	2,087,816	51.16	2,181,400	47.24	2,159,725	48.89
Current assets														
Stores and spares	196,537	2.64	164,302	2.21	140,520	1.98	49,055	0.82	35,446	0.87	31,429	0.68	22,483	0.51
Stock in trade	1,327,888	17.83	999,124	13.42	902,351	12.73	963,034	16.13	1,007,742	24.69	958,171	20.75	959,276	21.72
Trade debts	519,372	6.97	455,214	6.11	868,282	12.25	509,288	8.53	438,767	10.75	301,929	6.54	209,064	4.73
Loans and advances	3,531	0.05	69,256	0.93	13,854	0.20	13,107	0.22	12,184	0.30	23,864	0.52	15,180	0.34
Trade deposits and short term prepayments	82,055	1.10	77,395	1.04	14,408	0.20	33,996	0.57	84,566	2.07	74,049	1.60	50,484	1.14
Other receivables	96,045	1.29	57,506	0.77	32,050	0.45	47,136	0.79	19,346	0.47	10,815	0.23	30,868	0.70
Taxation - net	536,557	7.20	648,799	8.71	426,235	6.01	263,869	4.42	47,523	1.16	341,659	7.40	376,961	8.53
Cash and bank balances	3,297,755	44.28	929,895	12.49	724,556	10.22	1,114,816	18.67	347,558	8.52	694,779	15.04	593,252	13.43
Sales tax refundable	142,810	1.92	213,195	2.86	203,749	2.87	62,225	1.04	-	-	-	-	-	-
	6,202,550	83.29	3,614,686	48.54	3,326,005	46.92	3,056,526	51.19	1,993,132	48.84	2,436,695	52.76	2,257,568	51.11
	10,388,815	139.50	7,447,373	100.00	7,088,833	100.00	5,970,883	100.00	4,080,948	100.00	4,618,095	100.00	4,417,293	100.00

Balance Sheet Analysis - Assets

Statement of Financial Position Analysis - Assets



Profit or Loss Account and other Comprehensive Income

Horizontal Analysis for 6 years

(Rs. in thousand)

	2021 Rs.	21 vs 20 %	2020 Rs.	20 vs 19 %	2019 Rs.	19 vs 18 %	2018 Rs.	18 vs 17 %	2017 Rs.	17 vs 16 %	2016 Rs.	16 vs 15 %	2015 Rs.
Sales	19,820,946	27.28	15,572,747	17.16	13,291,424	11.71	11,898,430	10.73	10,745,260	13.50	9,466,836	10.45	8,571,097
Cost of sales	(10,904,750)	22.61	(8,894,178)	14.19	(7,789,001)	18.93	(6,549,353)	10.79	(5,911,696)	12.29	(5,264,621)	11.10	(4,738,804)
Gross profit	8,916,196	33.50	6,678,569	21.38	5,502,423	2.87	5,349,077	10.67	4,833,564	15.02	4,202,215	9.65	3,832,293
Distribution cost	(2,888,333)	27.01	(2,274,181)	(1)	(2,294,223)	(15)	(2,690,609)	1.56	(2,649,320)	18.35	(2,238,606)	14.56	(1,954,022)
Administrative expenses	(486,020)	7.90	(450,428)	15.02	(391,596)	24.16	(315,392)	4.17	(302,756)	95.15	(155,137)	0.54	(154,298)
Other operating expenses	(371,223)	29.84	(285,906)	60.56	(178,067)	25.39	(142,016)	3.26	(137,533)	8.65	(126,587)	0.97	(125,372)
Other income	331,367	(22.65)	428,421	41	304,339	(11)	342,115	68.72	202,771	68.49	120,343	16.64	103,174
	5,501,987	34.31	4,096,475	39.20	2,942,876	15.72	2,543,175	30.64	1,946,726	8.02	1,802,228	5.90	1,701,775
Profit from operations	5,501,987	34.31	4,096,475	39.20	2,942,876	15.72	2,543,175	30.64	1,946,726	8.02	1,802,228	5.90	1,701,775
Finance costs	(79,151)	90.65	(41,517)	-69.26	(135,076)	185.57	(47,300)	81.78	(26,020)	(24.51)	(34,470)	(4.49)	(36,090)
Profit before taxation	5,422,836	33.73	4,054,958	44.42	2,807,800	12.50	2,495,875	29.95	1,920,706	8.65	1,767,758	6.13	1,665,685
Taxation	(253,359)	16.46	(217,546)	(39)	(354,862)	(53)	(761,418)	34.76	(565,033)	14.92	(491,669)	13.40	(433,557)
Profit after taxation	5,169,477	34.71	3,837,412	56.44	2,452,938	41.42	1,734,457	27.94	1,355,673	6.24	1,276,089	3.57	1,232,128
Other comprehensive income/(loss)	1,147	(74.96)	4,581	(256)	(2,935)	(10,970)	27	-100.54	(4,992)	(427.34)	1,525	(134.49)	(4,421)
Total comprehensive income	5,170,624	34.58	3,841,993	56.82	2,450,003	41.25	1,734,484	28.42	1,350,681	5.72	1,277,614	4.07	1,227,707

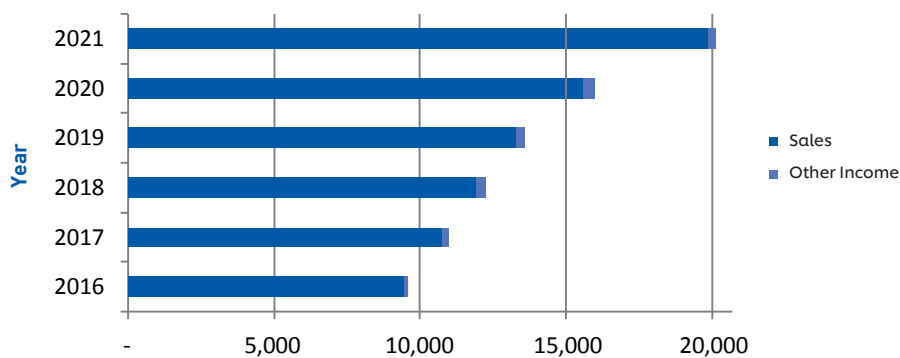
Vertical Analysis for 6 years

(Rs. in thousand)

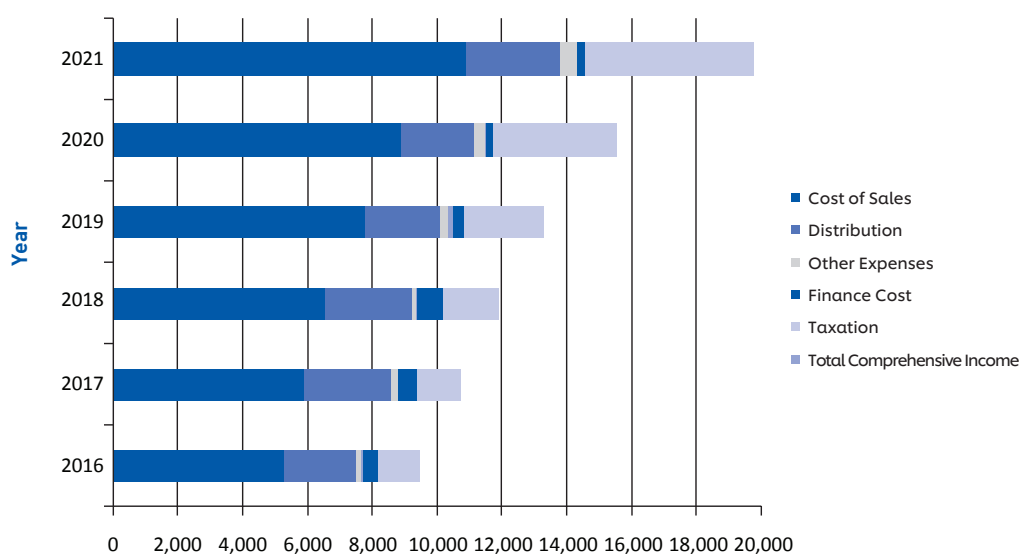
Sales	19,820,946	100.00	15,572,747	100.00	13,291,424	100.00	11,898,430	100.00	10,745,260	100.00	9,466,836	100.00	8,571,097
Cost of sales	(10,904,750)	(55.02)	(8,894,178)	(57.11)	(7,789,001)	(58.60)	(6,549,353)	(55.04)	(5,911,696)	(55.02)	(5,264,621)	(55.61)	(4,738,804)
Gross profit	8,916,196	44.98	6,678,569	42.89	5,502,423	41.40	5,349,077	44.96	4,833,564	44.98	4,202,215	44.39	3,832,293
Distribution cost	(2,888,333)	(14.57)	(2,274,181)	(14.60)	(2,294,223)	(17.26)	(2,690,609)	(22.61)	(2,649,320)	(24.66)	(2,238,606)	(23.65)	(1,954,022)
Administrative expenses	(486,020)	(2.45)	(450,428)	(2.89)	(391,596)	(2.95)	(315,392)	(2.65)	(302,756)	(2.82)	(155,137)	(1.64)	(154,298)
Other operating expenses	(371,223)	(1.87)	(285,906)	(1.84)	(178,067)	(1.34)	(142,016)	(1.19)	(137,533)	(1.28)	(126,587)	(1.34)	(125,372)
Other operating income	331,367	1.67	428,421	2.75	304,339	2.29	342,115	2.88	202,771	1.89	120,343	1.27	103,174
	5,501,987	27.76	4,096,475	26.31	2,942,876	22.14	2,543,175	21	1,946,726	18.12	1,802,228	19.04	1,701,775
Profit from operations	5,501,987	27.76	4,096,475	26.31	2,942,876	22.14	2,543,175	21.37	1,946,726	18.12	1,802,228	19.04	1,701,775
Finance cost	(79,151)	(0.40)	(41,517)	(0.27)	(135,076)	(1.02)	(47,300)	(0.40)	(26,020)	(0.24)	(34,470)	(0.36)	(36,090)
Profit before taxation	5,422,836	27.36	4,054,958	26.04	2,807,800	21.12	2,495,875	20.98	1,920,706	17.87	1,767,758	18.67	1,665,685
Taxation	(253,359)	(1.28)	(217,546)	(1.40)	(354,862)	(2.67)	(761,418)	(6.40)	(565,033)	(5.26)	(491,669)	(5.19)	(433,557)
Profit after taxation	5,169,477	26.08	3,837,412	24.64	2,452,938	18.46	1,734,457	14.58	1,355,673	12.62	1,276,089	13.48	1,232,128
Other comprehensive income/(loss)	1,147	0.01	4,581	0.03	(2,935)	(0.02)	27	0.00	(4,992)	(0.05)	1,525	0.02	(4,421)
Total comprehensive income	5,170,624	26.09	3,841,993	24.67	2,450,003	18.43	1,734,484	14.58	1,350,681	12.57	1,277,614	13.50	1,227,707

Graphical Analysis

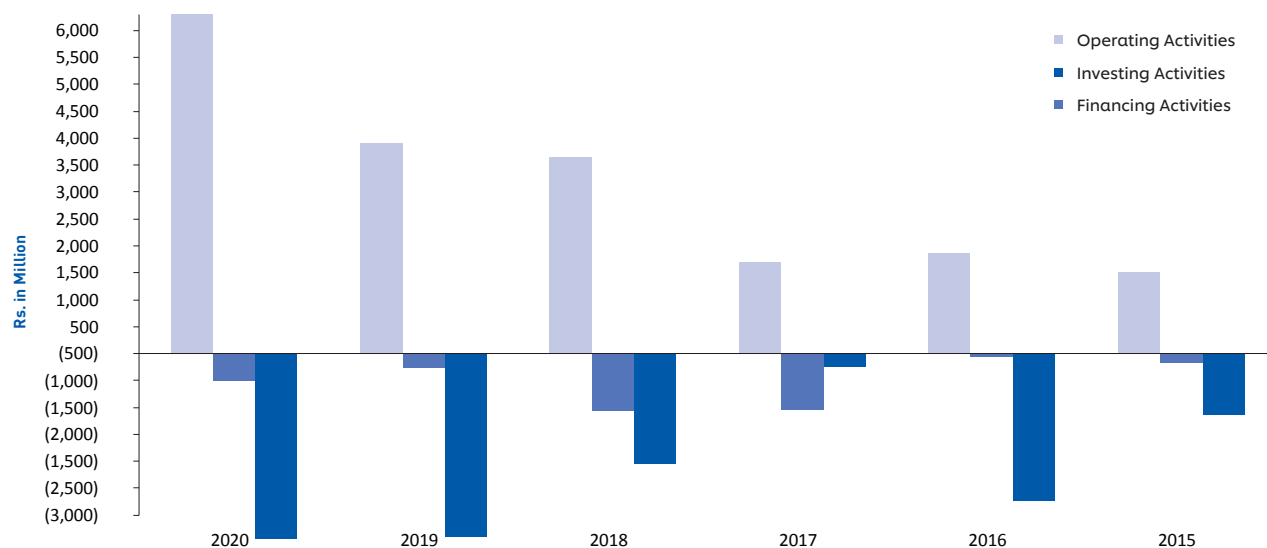
Profit or Loss Analysis - Income



Profit or Loss Analysis - Expenses



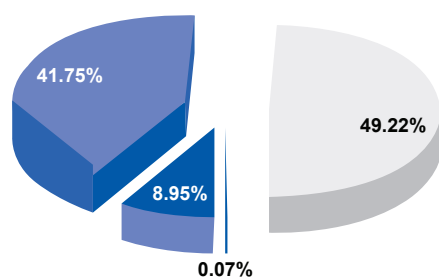
Cash Flows Analysis



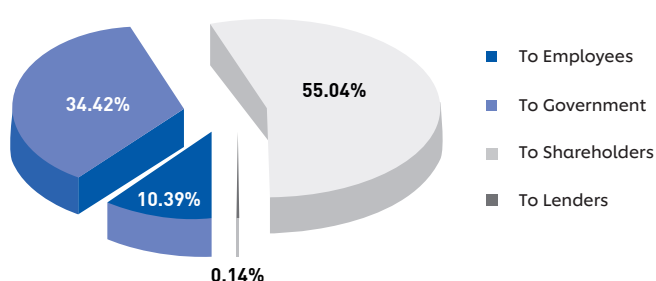
Statement of Wealth Generated and Distributed

	2021 Rs. in thousand	2020 Rs. in thousand
Total Revenue inclusive of sales tax and other Income	23,809,880	18,877,270
Brought-in-materials and services	(12,690,342)	(10,125,735)
	11,119,538	8,751,535
To Employees	995,592	778,194
To Government	4,642,651	3,841,781
To Shareholders	5,473,489	4,121,206
To Providers of Capital	7,806	10,354
Retained for reinvestment & future growth		
Total	11,119,538	8,751,535

UPFL - WEALTH DISTRIBUTION 2021



UPFL - WEALTH DISTRIBUTION 2020



Pattern of Shareholding

As at December 31, 2021

Number of Shareholders	Shareholdings' Slab		Total Shares Held*
	From	To	
650	1	100	19,209
95	101	500	18,241
19	501	1,000	12,101
15	1,001	5,000	31,032
3	5,001	10,000	22,578
2	10,001	15,000	25,158
2	25,001	30,000	59,751
2	35,001	40,000	75,084
2	45,001	50,000	99,780
3	50,001	55,000	159,882
1	65,001	70,000	69,500
1	70,001	75,000	70,085
1	75,001	80,000	78,524
1	80,001	85,000	80,344
1	85,001	90,000	87,597
2	95,001	100,000	198,461
1	115,001	120,000	117,786
1	125,001	130,000	129,028
1	135,001	140,000	139,515
1	4,875,001	4,880,000	4,876,294
804			6,369,950

Shareholders' Category	Number of Shareholders	Number of Shares Held	Percentage
Associated Companies, undertakings and related parties	1	4,876,294	76.55
Directors, CEO and their spouse(s) and minor children	12	396,867	6.23
Public Sector Companies and Corporations	2	64	0.00
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	3	1,182	0.02
Executives	1	30	0.00
General Public			
a. Local*	755	1,089,102	17.10
b. Foreign*	13	557	0.01
Foreign Companies	1	2,160	0.03
Others	16	3,694	0.06
Totals	804	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, 2021

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
Mr. Amir R. Paracha	1	1
Mr. Aly Yusuf	1	1
Ms. Asima Haq	1	1
Mr. Zulfiqar Monnoo	1	159,173
Mr. Muhammad Adil Monnoo	1	112,184
Mr. Kamal Monnoo	1	118,034
Mr. Sarfaraz Ahmed Rehman	1	1
Mr. Ali Tariq	1	1
Mr. Khalid Mansoor	1	1
Ms. Amna Monnoo D/o Mr. Zulfiqar Monnoo	1	30
Mrs. Sarwat Zulfikar W/o Mr. Zulfiqar 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	1,182
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, 2021 to December 31, 2021

S.No.	Name	Acquired during the year
1.	Asima Haq	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"> Mr. Kamran Y. Mirza (Chairman of the Board) Mr. Khalid Mansoor Mr. Sarfaraz Ahmed Rehman
Executive Directors	<ul style="list-style-type: none"> Mr. Amir R. Paracha (CEO) Mr. Aly Yusuf (CFO)
Female Directors	<ul style="list-style-type: none"> Ms. Asima Haq
Non-Executive Directors	<ul style="list-style-type: none"> Mr. Zulfikar Monnoo Mr. Muhammad Adil Monnoo Mr. Kamal Monnoo Mr. Ali Tariq

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 Board 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.
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. Sarfaraz Ahmed Rehman

b) HR and Remuneration Committee

- Mr. Kamran Y. Mirza (Chairman)
- Mr. Zulfikar Monnoo
- Mr. Kamal Monnoo
- Mr. Sarfaraz Ahmed Rehman
- Mr. Amir R. Paracha

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 (a member firm of Price water House Coopers), 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.

For the purpose of Clause 6 (1), the Company has not rounded up the fraction as one since the Board has adequate Independent Directors i.e. 03 Independent Directors out of the Board of 10 Directors. We have duly complied with the minimum requirement of Executive & Independent Director. The additional number out of 10 is assigned to Non-Executive Director.

Amir R. Paracha
Chief Executive Officer

Kamran Y. Mirza
Chairman

Karachi
February 28, 2022

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 2021 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. 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.

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 2021.

KPMG Taseer Hadi & Co.
Chartered Accountants

Date: March 9, 2022
Karachi
UDIN: CR202110102A4y9X75wn

FINANCIAL STATEMENTS 2021



Independent Auditor's Report

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 2021**, and the statement of profit or loss 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 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 2021 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.	Revenue Recognition	
	<p>Refer notes 4.18 and 27 to the financial statements.</p> <p>The amount of revenue is the most significant class of transaction on the statement of profit or loss. Revenue is recognized when control of the underlying products has been transferred to the customer. We identified revenue recognition as a key audit matter since it is a key performance measure for the Company and gives rise to the risk associated with the judgement in determining the transfer of control of goods.</p>	<p>Our audit procedures in respect of recognition of revenue, amongst others, included the following:</p> <ul style="list-style-type: none"> Assessing the appropriateness of the Company's revenue recognition accounting policies by comparing with applicable accounting standards; 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; 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; Critically assessing manual journals posted to revenue to identify unusual or irregular items; and Testing, on a sample basis, invoices and inspecting credit notes issued subsequent to year end for accuracy of revenue.

S. No.	Key audit matters	How the matters were addressed in our audit
2.	Valuation of stock-in-trade	
	<p>Refer notes 4.8 & 11 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"> • 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; • 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 • 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.

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 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.

Date: March 9, 2022

Karachi

UDIN: AR202110102NEoQsISV4

KPMG Taseer Hadi & Co.

Chartered Accountants

Statement of Financial Position

As at December 31, 2021

	Note	2021	2020
ASSETS			
← (Rupees in thousand) →			
Non-current assets			
Property, plant and equipment	6	4,053,993	3,732,128
Right-of-use asset	7	46,511	12,571
Intangible assets	8	81,637	81,637
Long term deposits		2,980	2,980
Long term loans and advances	9	1,144	3,371
		4,186,265	3,832,687
Current assets			
Stores and spares	10	196,537	164,302
Stock-in-trade	11	1,327,888	999,124
Trade debts - net	12	519,372	455,214
Loans and advances	13	3,531	69,256
Trade deposits and short term prepayments	14	82,055	77,395
Other receivables	15	96,045	57,506
Sales tax refundable - net		142,810	213,195
Taxation - net		536,557	648,799
Cash and bank balances	16	3,297,755	929,895
		6,202,550	3,614,686
Total assets		10,388,815	7,447,373

Statement of Financial Position

As at December 31, 2021

	Note	2021	2020
← (Rupees in thousand) →			
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	17	63,699	63,699
Reserves	18	2,905,867	2,683,995
Total equity		2,969,566	2,747,694
LIABILITIES			
Non-current liabilities			
Staff retirement benefits	19	15,513	25,727
Long term borrowings	20	168,619	23,660
Deferred income - government grant	21	29,271	-
Lease liabilities	7.3	20,571	387
Deferred taxation	22	357,704	361,050
		591,678	410,824
Current liabilities			
Trade and other payables	23	5,257,887	4,112,349
Current portion of deferred income - government grant	21	2,252	-
Current portion of lease liabilities	7.3	387	11,519
Provisions	24	124,524	107,740
Unpaid dividend		1,416,018	31,180
Unclaimed dividend		24,627	25,447
Accrued interest / mark up		1,876	620
		6,827,571	4,288,855
Total liabilities		7,419,249	4,699,679
Total equity and liabilities		10,388,815	7,447,373
Contingencies and commitments	26		

The annexed notes 1 to 46 form an integral part of these financial statements.

Amir R. Paracha
Chief Executive Officer

Asima Haq
Director

Aly Yusuf
Director and Chief Financial Officer

Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2021

	Note	2021 (Rupees in thousand)	2020
Sales - net	27	19,820,946	15,572,747
Cost of sales	28	(10,904,750)	(8,894,178)
Gross profit		8,916,196	6,678,569
Distribution cost	29	(2,888,333)	(2,274,181)
Administrative expenses	30	(486,020)	(450,428)
Other operating expenses	31	(371,223)	(285,906)
Other income	32	331,367	428,421
Operating profit		5,501,987	4,096,475
Finance costs	33	(79,151)	(41,517)
Profit before taxation		5,422,836	4,054,958
Taxation	34	(253,359)	(217,546)
Profit after taxation		5,169,477	3,837,412
Other comprehensive income which will not be reclassified to the profit or loss in subsequent periods:			
Gain on remeasurements of post employment defined benefit obligation	19.9	1,616	6,452
Impact of deferred tax		(469)	(1,871)
		1,147	4,581
Total comprehensive income		5,170,624	3,841,993
		(Rupees)	
Basic and diluted earnings per share	35	811.53	602.42

The annexed notes 1 to 46 form an integral part of these financial statements.

Amir R. Paracha
Chief Executive Officer

Asima Haq
Director

Aly Yusuf
Director and Chief Financial Officer

Statement of Changes in Equity

For the year ended December 31, 2021

	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, 2020	63,699	1,296,499	628	138	943,233	2,240,498	2,304,197
Transactions with owners of the Company - Distribution							
Final dividend for the year ended December 31, 2019 @ Rs. 142 per share	-	-	-	-	(904,533)	(904,533)	(904,533)
First Interim dividend for the year ended December 31, 2020 @ Rs. 130 per share	-	-	-	-	(828,094)	(828,094)	(828,094)
Second Interim dividend for the year ended December 31, 2020 @ Rs. 141 per share	-	-	-	-	(898,163)	(898,163)	(898,163)
Third Interim dividend for the year ended December 31, 2020 @ Rs. 120.52 per share	-	-	-	-	(767,706)	(767,706)	(767,706)
	-	-	-	-	(3,398,496)	(3,398,496)	(3,398,496)
Total comprehensive income for the year							
- Profit for the year ended December 31, 2020	-	-	-	-	3,837,412	3,837,412	3,837,412
- Other comprehensive income for the year ended December 31, 2020	-	-	-	-	4,581	4,581	4,581
	-	-	-	-	3,841,993	3,841,993	3,841,993
Balance as at January 1, 2021	63,699	1,296,499	628	138	1,386,730	2,683,995	2,747,694
Transactions with owners of the Company - Distribution							
Final dividend for the year ended December 31, 2020 @ Rs. 210.89 per share	-	-	-	-	(1,343,359)	(1,343,359)	(1,343,359)
First Interim dividend for the year ended December 31, 2021@ Rs. 228 per share	-	-	-	-	(1,452,350)	(1,452,350)	(1,452,350)
Second Interim dividend for the year ended December 31, 2021 @ Rs. 151 per share	-	-	-	-	(961,862)	(961,862)	(961,862)
Third Interim dividend for the year ended December 31, 2021 @ Rs. 187 per share	-	-	-	-	(1,191,181)	(1,191,181)	(1,191,181)
	-	-	-	-	(4,948,752)	(4,948,752)	(4,948,752)
Total comprehensive income for the year							
- Profit for the year ended December 31, 2021	-	-	-	-	5,169,477	5,169,477	5,169,477
- Other Comprehensive income for the year ended December 31, 2021	-	-	-	-	1,147	1,147	1,147
	-	-	-	-	5,170,624	5,170,624	5,170,624
Balance as at December 31, 2021	63,699	1,296,499	628	138	1,608,602	2,905,867	2,969,566

The annexed notes 1 to 46 form an integral part of these financial statements.

Amir R. Paracha
Chief Executive Officer

Asima Haq
Director

Aly Yusuf
Director and Chief Financial Officer

Statement of Cash Flows

For the year ended December 31, 2021

	Note	2021 (Rupees in thousand)	2020
Cash flows from operating activities			
Profit before taxation		5,422,836	4,054,958
Adjustments for:			
Depreciation on property, plant and equipment	6.2	304,012	283,794
Depreciation on right-of-use asset	7.2	30,418	23,613
Gain on disposal of property, plant and equipment	32	(5,610)	-
Provision for staff retirement benefits	19.7	7,150	9,531
Provision for impairment of property, plant and equipment - net	28	32,442	2,086
Mark-up on long term borrowings	33	6,022	10,354
Return on savings accounts	32	(148,024)	(99,015)
		226,410	230,363
		5,649,246	4,285,321
Changes in working capital:			
Stores and spares		(32,235)	(23,782)
Stock in trade - net		(328,764)	(96,773)
Trade debts		(64,158)	413,068
Loans and advances		65,725	(55,402)
Trade deposits and short term prepayments		(4,660)	(62,987)
Sales tax refundable		70,385	(9,446)
Other receivables		(38,539)	(25,456)
Trade and other payables		1,145,538	(113,375)
Provisions		16,784	2,686
		830,076	28,533
Cash generated from operations		6,479,322	4,313,854

Statement of Cash Flows

For the year ended December 31, 2021

	Note	2021 (Rupees in thousand)	2020
Cash generated from operations (brought forward)		6,479,322	4,313,854
Mark up paid		(6,544)	(44,452)
Income tax paid		(141,370)	(361,469)
Staff retirement benefits - contributions paid		(15,748)	(1,493)
Decrease in long term loans		2,227	1,786
Net cash generated from operating activities		6,317,887	3,908,226
Cash flows from investing activities			
Purchase of property, plant and equipment		(658,488)	(363,548)
Proceeds from disposal of property, plant and equipment		5,779	-
Return received on savings accounts	32	148,024	99,015
Net cash used in investing activities		(504,685)	(264,533)
Cash flows from financing activities			
Lease liability payments		(57,090)	(36,076)
Proceeds from long term financing		176,482	23,660
Dividends paid		(3,564,734)	(3,390,721)
Net cash used in financing activities		(3,445,342)	(3,403,137)
Net increase in cash and cash equivalents		2,367,860	240,556
Cash and cash equivalents at beginning of the year		929,895	689,339
Cash and cash equivalents at end of the year	43	3,297,755	929,895

The annexed notes 1 to 46 form an integral part of these financial statements.

Amir R. Paracha
Chief Executive

Asima Haq
Director

Aly Yusuf
Director and Chief Financial Officer

Notes to and forming part of the Financial Statements

For the year ended December 31, 2021

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 PLC United Kingdom.

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

Factory

- 52-Km, Multan Road Lahore, Parna Plant Near Bhai Pheru.

Sales Offices

- 4th Floor, Siddiqui Center, Abdali Masjid Road, Multan.
- 12 - D East, SNC Centre, 1st Floor, Blue Area, Islamabad.
- Shahpur Interchange, 14KM Multan Road, Lahore.
- Beacon Impex Plaza, Bilal Road, New Civil Lines, Faisalabad.
- Plot #A/51-B SITE Area, Hyderabad.
- HPC Factory, Laghari Road, Rahim Yar Khan

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

New or amendments / interpretations to existing standards, interpretations and forthcoming requirements

There are certain new or amended standards and interpretations that are mandatory for accounting periods beginning on or after January 1, 2021, but are considered not to be relevant or do not have any significant effect on the Company's financial position and are therefore not stated in these financial statements.

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2022. Management is in the process of evaluating the impact of these amendments and new standards:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarify what comprises the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022:

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

Classification of liabilities as current or non-current (Amendments to IAS 1) amendments apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been

added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023 and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

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. SUMMARY OF 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.

Capital work-in-progress is stated at cost less identified impairment loss, if any. It consists of all expenditures and advances connected with specific assets incurred and made during installations and construction period. These are transferred to relevant property, plant and equipment as and when assets are available for use.

4.2 Leases

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

The Company recognizes a right-of-use (ROU) asset and a lease liability at the lease commencement date, except for short term leases of 12 months or less and leases of low value items, which are expensed in the statement of profit or loss on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payment that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If this rate cannot be readily determined, the Company uses the incremental borrowing rate applicable in the market for such leases.

The lease liability is subsequently measured at amortized cost using the effective interest rate method and remeasured (with a corresponding adjustment to the related ROU asset) when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in case of reassessment of options.

At inception, the ROU asset comprises the initial lease liability, initial direct costs and the obligations to refurbish the asset, less any incentives granted by the lessors. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator for impairment, as for owned assets.

4.3 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 date to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset.

Impairment testing involves a number of judgemental areas which are subject to inherent significant uncertainty, including the preparation of cash flow forecasts for periods that are beyond the normal requirements of management reporting and the assessment of the discount rate appropriate to the business. The detailed assumptions underlying impairment testing of goodwill and intangibles with indefinite lives are given in note 8 to these financial statements.

4.4 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognised in the statement of profit or loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, as the case may be.

4.4.1 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.

4.4.2 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.

4.5 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.

4.6 Staff retirement benefits

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

4.6.1 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.

4.6.2 **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 funded gratuity scheme for 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, 2021, 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.

4.6.3 **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 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, 2021.

4.7 Stores and spares

These are valued at weighted 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.

4.8 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.

4.9 Trade and other receivables

Trade debts and other receivables are recognised and carried at original invoice amount (unless they contain significant financing component in which case such are recognised at fair value) less an estimated allowance made for doubtful receivables based on 'Expected Credit Loss' model. Balances considered bad and irrecoverable are written off when identified.

4.10 Cash and cash equivalents

For the purposes of the statement of cashflow, cash and cash equivalents comprise cash in hand, with banks on current and savings accounts, deposit accounts with maturities of three months or less and short term finance.

4.11 Financial Instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, 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.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Derecognition

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 or other comprehensive income.

(iv) Offsetting of financial assets and financial liabilities

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.

4.12 Impairment

4.12.1 Financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

4.12.2 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 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.

4.13 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.

4.14 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.

4.15 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.

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.

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 the counterparty.

4.19 Miscellaneous Income

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. Miscellaneous income is recognized on receipt basis.

4.20 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.

4.21 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 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.

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.

4.23 Government grants

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government refers to government, government agencies and similar bodies whether local, national or international.

The Company recognizes government grants when there is reasonable assurance that grants will be received and the Company will be able to comply with conditions associated with grants.

Government grants related to assets, including non-monetary grants at fair value, shall be presented in the statement of financial position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Government grants shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

The benefit of a government loan at a below-market rate of interest is treated as a government grant. The loan shall be recognised and measured in accordance with IFRS 9 Financial Instruments. The benefit of the below-market rate of interest shall be measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received.

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.

The areas involving judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below:

5.1 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.

5.2 Defined benefit plans

The Company has adopted certain actuarial assumptions as disclosed in note 19 to the financial statements for valuation of present value of defined benefit obligations and fair value of plan assets, based on actuarial advice.

5.3 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.

5.4 Property, plant and equipment / intangible assets

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

5.5 Stock in trade, stores and spares

The Company continuously reviews its inventory for existence of any items which may have become obsolete. These estimates are based on historical experience and are continuously reviewed and the cost of such stocks is fully provided for.

5.6 Trade debts and other receivables

These financial assets are adjusted for loss allowances that are measured at amount equal to lifetime expected credit loss that result from all possible default events over expected life of the financial asset.

5.7 Leases

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset to the site on which it is located less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of fixed assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted to certain remeasurements of the lease liability.

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 interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

5.8 Rebate accrual

Accrual for rebate is recognized as deduction from revenue based on terms of the arrangements with the customer and is included in trade and other payables.

6. PROPERTY, PLANT AND EQUIPMENT

	Note	2021 (Rupees in thousand)	2020
Operating assets	6.1	3,380,073	3,530,582
Capital work in progress - at cost	6.3	673,920	201,546
		<u>4,053,993</u>	<u>3,732,128</u>

6.1 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) →								
Net carrying value basis								
Year ended December 31, 2021								
Opening Net Book Value (NBV)	8,179	1,061,099	-	2,327,030	103,105	31,169	-	3,530,582
Additions (at cost)	-	53,908	-	115,939	10,565	5,702	-	186,114
Disposals								
Cost	-	-	-	(19,091)	(1,619)	(122)	(687)	(21,519)
Accumulated depreciation	-	-	-	18,941	1,600	122	687	21,350
Disposals (NBV)	-	-	-	(150)	(19)	-	-	(169)
Depreciation charge (note 6.2)	-	(36,761)	-	(253,643)	(10,498)	(3,110)	-	(304,012)
Provision for impairment of fixed assets	-	(18,111)	-	(32,107)	(2,780)	(270)	-	(53,268)
Reversal of provision for impairment of fixed assets	-	18,503	-	2,306	17	-	-	20,826
Closing NBV	8,179	1,078,638	-	2,159,375	100,390	33,491	-	3,380,073
Gross carrying value basis								
At December 31, 2021								
Cost	8,179	1,392,038	14,918	3,685,011	194,587	53,568	718	5,349,019
Provision for impairment of fixed assets	-	(39,571)	-	(57,114)	(3,383)	(356)	-	(100,424)
Accumulated depreciation	-	(273,829)	(14,918)	(1,468,522)	(90,814)	(19,721)	(718)	(1,868,522)
Closing NBV	8,179	1,078,638	-	2,159,375	100,390	33,491	-	3,380,073
Net carrying value basis								
Year ended December 31, 2020								
Opening Net Book Value (NBV)	8,179	919,591	-	2,184,132	63,074	23,736	-	3,198,712
Additions (at cost)	-	175,822	-	381,681	48,055	10,106	-	615,664
Disposals								
Cost	-	-	-	705	-	76	-	781
Accumulated depreciation	-	-	-	(705)	-	(76)	-	(781)
Disposals (NBV)	-	-	-	-	-	-	-	-
Depreciation charge (Note 6.2)	-	(34,314)	-	(238,783)	(8,024)	(2,673)	-	(283,794)
Closing NBV	8,179	1,061,099	-	2,327,030	103,105	31,169	-	3,530,582
Gross carrying value basis								
At December 31, 2020								
Cost	8,179	1,338,130	14,918	3,588,163	185,641	47,988	1,405	5,184,424
Provision for impairment of fixed assets	-	(39,963)	-	(27,313)	(620)	(86)	-	(67,982)
Accumulated depreciation	-	(237,068)	(14,918)	(1,233,820)	(81,916)	(16,733)	(1,405)	(1,585,860)
Closing NBV	8,179	1,061,099	-	2,327,030	103,105	31,169	-	3,530,582

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

	Note	2021 (Rupees in thousand)	2020
Cost of sales	28	294,892	275,280
Distribution costs	29	6,080	5,676
Administrative expenses	30	3,040	2,838
		304,012	283,794

6.3 Capital work in progress – at cost

	2021 (Rupees in thousand)	2020
Plant and machinery	452,423	188,061
Civil works	215,442	3,527
Advances to suppliers	6,055	9,958
	673,920	201,546

6.4 Particulars of immovable asset of the Company are as follows

Location	Address	Usage of immovable property	Covered area (sq. ft)
Foods Factory	52-Km, Multan Road Lahore, Parna Plant Near Bhai Pheru	Manufacturing Plant	717300 sq. feet

7. LEASES
7.1 Right of use of asset

	Note	Building	Plant and Machinery	Total
		(Rupees in Thousand)		
As at December 31, 2019		9,277	9,317	18,594
Addition		-	17,590	17,590
Depreciation expense	7.2	(7,951)	(15,662)	(23,613)
As at December 31, 2020		1,326	11,245	12,571
Addition		64,358	-	64,358
Depreciation expense	7.2	(19,202)	(11,216)	(30,418)
As at December 31, 2021		46,482	29	46,511

7.2 The depreciation charge for the year pertaining to right-of-use-asset is as follows:

	Note	2021 (Rupees in thousand)	2020
Cost of sales	28	11,216	15,662
Distribution costs	29	19,202	7,951
		30,418	23,613

7.3 Lease Liabilities

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

	Note	2021 (Rupees in thousand)	2020
As at January 1		11,906	30,392
Additions		64,358	17,590
Accretion of interest		1,784	1,374
Payments		(57,090)	(37,450)
As at December 31		20,958	11,906
Current		387	11,519
Non - Current		20,571	387
		20,958	11,906

7.3.1 The Company has used incremental borrowing rate of 8.2% and 12.5% as its discount rate.

8. INTANGIBLE ASSETS

	2021 (Rupees in thousand)	2020
Gross carrying value basis		
Cost		
- Goodwill	94,578	94,578
- Agreement in restraint of trade	139,661	139,661
- Trademark	20,000	20,000
	254,239	254,239
Accumulated impairment	(172,602)	(172,602)
Net book value	81,637	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 using growth rate of 8.7%. 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 11.89% (2020: 11.06%), 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.

9. LONG TERM LOANS AND ADVANCES - considered good

	Note	2021 (Rupees in thousand)	2020
Executives	9.1	2,992	6,147
Recoverable within one year	13	(1,848)	(2,776)
		1,144	3,371

	2021 (Rupees in thousand)	2020
9.1 Reconciliation of carrying amount of loans to executives:		
- Opening balances	6,147	9,276
- Disbursements	1,767	-
- Repayments	(4,922)	(3,129)
	<u>2,992</u>	<u>6,147</u>
9.2	Loans to employees have been provided to facilitate purchase of houses in accordance with the Company's policy which are repayable over a period of five years and are interest free.	
9.3	The maximum aggregate amount of loans due from executives at the end of any month during the year was Rs. 5.22 million (2020: Rs. 8.94 million).	

	2021 (Rupees in thousand)	2020
10. STORES AND SPARES		
Stores	19,596	19,490
Spares (including in transit Rs. 2.35 million (2020: Rs. 1.75 million))	<u>183,467</u>	<u>150,405</u>
	203,063	169,895
Provision for obsolescence	(6,526)	(5,593)
	<u>196,537</u>	<u>164,302</u>

	2021 (Rupees in thousand)	2020
11. STOCK IN TRADE		
Raw and packing materials (including in transit Rs. 135.7 million; 2020: Rs. 62.3 million)	838,400	620,203
Provision for obsolescence	(30,568)	(27,146)
	<u>807,832</u>	<u>593,057</u>
Work in process	39,998	31,071
Finished goods	536,998	417,767
Provision for obsolescence	(56,940)	(42,771)
	<u>480,058</u>	<u>374,996</u>
	<u>1,327,888</u>	<u>999,124</u>

- 11.1** Stock in trade includes Rs. 556.99 million (2020: Rs. 416.15 million) held with third parties.
- 11.2** The Company made a provision of 57.57 million (2020: Rs. 45.6 million) for obsolescence and has written off inventory of Rs. 39.98 million (2020: Rs. 72.1 million) by utilizing the provision during the year.

			2021 (Rupees in thousand)	2020
12. TRADE DEBTS - net				
Trade debts			606,237	514,264
Less: Allowance for impairment	12.1		(86,865)	(59,050)
			519,372	455,214
12.1	The Company has charged a provision of Rs. 30.1 million (2020: Rs. 35.1 million) and has written off debtors of Rs. 2.2 million (2020: Rs. 22.8 million) during the year.			
12.2	As of December 31, 2021, trade debts of Rs. 1.9 million (2020: Rs. 3.6 million) were past due but not materially impaired. These relate to independent customers for whom there is no recent history of default.			
13. LOANS AND ADVANCES				
Considered good				
Current portion of loans to executives	9		1,848	2,776
Advances to suppliers			1,683	66,480
			3,531	69,256
	Note		2021	2020
			(Rupees in thousand)	
14. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS				
Trade deposits	14.1		31,827	48,736
Prepayments	14.2		50,228	28,659
			82,055	77,395
14.1	This represents deposits made to custom authorities.			
14.2	This majorly consists of media bulk discount on airing TV commercials.			
	Note		2021	2020
			(Rupees in thousand)	
15. OTHER RECEIVABLES				
Workers' Profit Participation Fund	23.3		-	4,177
Others	15.1		96,045	53,329
			96,045	57,506

- 15.1** This includes an amount of Rs. 24.2 million pertaining to associated undertakings which fall under the age bracket of 6 months.

	Note	2021 (Rupees in thousand)	2020
16. CASH AND BANK BALANCES			
With banks on:			
- savings accounts	16.1	2,689,067	661,375
- current accounts	16.2	608,661	268,342
		3,297,728	929,717
Cash in hand		27	178
		3,297,755	929,895

- 16.1** Savings accounts carry markup at rates ranging from 6.33% to 9.71% per annum (2020: 6.21% to 12.86% per annum).

- 16.2** This includes an amount of Rs. 182.2 million (2020: Rs. 114.66 million) in respect of cash margin on imports kept with commercial banks.

17. SHARE CAPITAL

			2021 (Rupees in thousand)	2020
Authorised share capital				
Number of shares				
2021	2020			
20,000,000	20,000,000	Ordinary shares of Rs. 10 each	200,000	200,000
Issued, subscribed and paid up capital				
		Ordinary shares of Rs. 10 each allotted:		
1,451,659	1,451,659	for consideration paid in cash	14,516	14,516
24,196	24,196	for consideration other than cash	242	242
4,894,095	4,894,095	as bonus shares	48,941	48,941
6,369,950	6,369,950		63,699	63,699

- 17.1** As at December 31, 2021, Conopco Inc. USA, subsidiary of Unilever P.L.C., held 4.88 million (2020: 4.88 million) ordinary shares of Rs. 10 each.

18. RESERVES

	Note	2021 (Rupees in thousand)	2020
Capital reserves			
- Share premium	18.1	1,296,499	1,296,499
- Special		628	628
		1,297,127	1,297,127
Revenue reserves			
- General		138	138
- Unappropriated profit		1,608,602	1,386,730
		1,608,740	1,386,868
		2,905,867	2,683,995

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

19. STAFF RETIREMENT BENEFITS

- 19.1** As stated in note 4.6, 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. The latest actuarial valuation was carried out as at December 31, 2021.
- 19.2** 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.
- 19.3** The latest actuarial valuation of the Fund as at December 31, 2021 was carried out using the 'Projected Unit Credit Method'. Details of the Fund as per the actuarial valuation are as follows:

	Note	2021 (Rupees in thousand)	2020
19.4 Reconciliation			
Present value of defined benefit obligation at December 31	19.5	(62,794)	(55,710)
Fair value of plan assets at December 31	19.6	47,281	29,983
Deficit		<u>(15,513)</u>	<u>(25,727)</u>
19.5 Movement in the present value of defined benefit obligation			
Balances as at January 1		55,710	51,685
Benefits paid by the plan		(304)	(1,563)
Current service costs		5,146	5,142
Interest cost		5,556	6,109
Remeasurement on obligation		(3,314)	(5,663)
Balance as at December 31		<u>62,794</u>	<u>55,710</u>
19.6 Movement in the fair value of plan assets			
Fair value of plan assets at January 1		29,983	27,545
Contributions paid into the plan		15,748	-
Benefits paid by the plan		(304)	(1,563)
Interest income		3,552	3,212
Remeasurement on plan assets		(1,698)	789
Fair value of plan assets at December 31		<u>47,281</u>	<u>29,983</u>
19.7 Expense recognised in statement of profit or loss			
Current service cost	19.5	5,146	5,142
Net interest cost	19.6 & 19.5	2,004	2,897
		<u>7,150</u>	<u>8,039</u>
19.8 Remeasurements recognised in Other Comprehensive Income			
Remeasurement on obligation	19.5	(3,314)	(5,663)
Remeasurement on plan assets	19.6	1,698	(789)
Remeasurements		<u>(1,616)</u>	<u>(6,452)</u>
19.9 Net recognized liability - gratuity			
Net liability at January 1		25,727	24,140
Charge for the year	19.7	7,150	8,039
Contribution made during the year	19.6	(15,748)	-
Remeasurements recognized in other comprehensive income		(1,616)	(6,452)
Recognized liability as at December 31		<u>15,513</u>	<u>25,727</u>

	2021	2020
	(Rupees in thousand)	
19.10 Plan assets comprise of following:		
Government Bonds	13,432	13,304
National Savings	21,812	12,673
Shares	11,070	7,323
Cash at bank	509	752
Due from / (to) the Company	458	(4,069)
Total as at December 31	47,281	29,983

19.11 Actuarial assumptions

Discount rate at 31 December	11.75%	10.00%
Future salary increases	9.75%	8.00%

19.12 Mortality was assumed to be 70% of the EFU(61-66) Table.

19.13 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 2021 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.

19.14 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 2022 is expected to amount to Rs. 7.4 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, 2021.

19.15 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 31st December 2021	1.00 %	(6,768)	7,957
Future salary increases	1.00 %	8,035	(6,940)
Future pension increases		-	-

	Impact on defined benefit obligation		
	Change in assumption (Percentage)	Increase in assumption (Rupees in thousand)	Decrease in assumption
Discount rate at 31st December 2020			
Future salary increases	1.00%	(6,353)	7,519
Future pension increases	1.00%	7,594	(6,516)

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

The sensitivity analyses 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.

19.16 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.

19.17 The Company's contributions towards the Rafhan Best Foods Limited Employees Gratuity Fund for the year ended December 31, 2021 amounted to Rs. 15.7 million (2020: Rs. Nil).

19.18 The weighted average duration of the defined benefit obligation is 13.3 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
	(Rupees in thousand)				
At December 31, 2021					
Retirement benefit plans	566	5,043	11,356	36,807	53,772
At December 31, 2020					
Retirement benefit plans	640	632	11,356	28,680	41,308

19.19 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. 15.48 million (2020: Rs. 15.88 million).

	Note	2021 (Rupees in thousand)	2020 (Rupees in thousand)
20. LONG TERM BORROWINGS - secured			
Long-term Finance Facility	20.1	89,840	23,660
Temporary Economic Refinance Facility (TERF)	20.2	110,302	-
		200,142	23,660
Deferred income - Government grant	21	(31,523)	-
		168,619	23,660

- 20.1** This represents long-term borrowing arrangement with a commercial bank for installation of solar panels under State Bank of Pakistan's Refinancing Scheme for Renewable Energy. The total facility is available for 12 years ending in 2032 and amounted to Rs. 149 million out of which Rs. 89.8 million were utilized as at year end. The loan carries mark-up at the rate of 3.65% per annum.

	2021 (Rupees in thousand)	2020
Opening	23,660	-
Disbursements	66,180	23,660
Closing	89,840	23,660

- 20.2** During the year, the Company has also entered into long-term loan agreement with commercial banks under State Bank's Temporary Economic Refinance Facility (TERF) amounting to Rs. 900 million. The loan carries a concessional mark-up rate of 2.3% and is repayable in 32 quarterly installments with a 2-year grace period commencing from first disbursement. Out of Rs. 900 million, Rs. 110 million has been utilized.

Opening	-	-
Disbursements	110,302	-
Closing	110,302	-

21. DEFERRED INCOME - GOVERNMENT GRANT

The value of benefit of below-market interest rate on the loan disclosed in note 20.2 to these financial statements has been accounted for as government grant under IAS - 20 Government grants.

Government Grant	31,523	-
Current portion of government grant	(2,252)	-
	29,271	-

22. DEFERRED TAXATION

Taxable temporary differences arising in respect of:

- accelerated tax depreciation allowance	376,831	377,609
- depreciation of right-of-use asset	13,256	3,567
- amortization of intangible assets	23,087	23,170
- others	3,015	-
	416,189	404,346

Deductible temporary differences arising in respect of:

- provision for stock in trade	(26,800)	(21,430)
- allowance for impairment of trade debts	(25,191)	(17,124)
- provision for restructuring	(521)	(519)
- amortization of lease liability	(5,973)	(3,378)
- others	-	(845)
	(58,485)	(43,296)
	357,704	361,050

	Note	2021 (Rupees in thousand)	2020
23. TRADE AND OTHER PAYABLES			
Trade creditors		1,331,843	932,470
Bills payable	23.1	841,118	587,124
Forward foreign exchange contract		146	341
Accrued liabilities		2,185,113	1,634,325
Royalty and technology fee		603,303	735,608
Contract liabilities	23.2	133,464	102,650
Withholding tax		16,088	9,117
Workers' Profits Participation Fund	23.3	2,229	-
Workers' Welfare Fund	23.4	129,169	97,538
Payable in respect of Employee Retirement Benefit		4,002	4,493
Liability for share-based compensation	23.5	9,562	7,120
Others		1,850	1,563
		5,257,887	4,112,349

23.1 Bills payable represents inland letters of credit under vendor financing arrangements.

23.2 Contract liabilities amounting to Rs 95 million as of the beginning of the year have been recognized as revenue for the year ended 31 December 2021.

23.3 Workers' Profits Participation Fund

Balance as at January 1		4,177	251
Allocation for the year	31	(260,406)	(191,871)
		(256,229)	(191,620)
Payments during the year		254,000	196,048
Refunded by the fund		-	(251)
Balance as at December 31		(2,229)	4,177

23.4 Workers' Welfare Fund

Balance as at January 1		97,538	67,860
Charge for the year	31	110,817	79,185
		208,355	147,045
Payment during the year		(79,186)	(49,507)
Balance as at December 31		129,169	97,538

23.5 Share based compensation plans

As at December 31, 2021 Company had share-based compensation plans in the form of performance shares.

Management Co-Investment Plan (MCIP) has been discontinued effective December 31, 2020. The new long-term award is the Performance Share Plan (PSP). Conditional PSP shares are awarded as an addition to bonus for a particular year depending on Employee's Target Bonus, Grade, and Personal Differentiation Factor. The differentiation factor can range from 0% to 200% of the Standard Target Award Value. The awards of the plans vests over a 3 year period.

The performance conditions of PSP are proportionate to business winning share, free cash flow, return on invested capital and sustainability progress index.

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, 2021 and 2020 and changes during the years ended on these dates is presented below:

	2021 (Numbers of shares)	2020
Outstanding at January 1	612	472
Awarded	735	277
Vested	(60)	(137)
Forfeited	-	-
Outstanding at December 31	<u>1,287</u>	<u>612</u>
Share price		
Unilever PLC Netherlands	€ 47.06	€ 49.76
Unilever PLC	£39.45	£43.92

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

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

	Note	2021 (Rupees in thousand)	2020
Holding company		1,414,223	10,891
Other related parties		<u>1,073,286</u>	<u>1,043,631</u>
		<u>2,487,509</u>	<u>1,054,522</u>

24. PROVISIONS

Sindh Infrastructure Cess	24.1	74,428	62,520
Restructuring	24.2	1,829	1,829
Stamp Duty	24.3	<u>48,267</u>	<u>43,391</u>
		<u>124,524</u>	<u>107,740</u>

24.1 Sindh Infrastructure Cess

Balance as at January 1	62,520	51,428
Charge for the year	<u>11,908</u>	<u>11,092</u>
Balance as at December 31	<u>74,428</u>	<u>62,520</u>

24.2 Restructuring

Balance as at January 1	1,829	15,823
Provision during the year	-	1,829
Payments during the year	-	(15,823)
Balance as at December 31	<u>1,829</u>	<u>1,829</u>

24.3 Stamp Duty

	2021 (Rupees in thousand)	2020
Balance as at January 1	43,391	37,803
Charge for the year	4,876	5,588
Balance as at December 31	48,267	43,391

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

The facilities for running finance available from various banks amount to Rs. 3.561 billion (2020: Rs. 3.636 billion). The rates of mark-up range between 1-month KIBOR - 0.3% to 3-month KIBOR + 0.5% per annum (2020: 1-month KIBOR - 0.3% to 3-month KIBOR + 0.5% per annum).

The arrangements are secured by way of hypothecation over the Company's current assets amounting to Rs. 5.053 billion (2020: Rs. 5.061 billion).

The facilities for opening letters of credit and guarantees as at December 31, 2021 amounted to Rs. 5.5 billion (2020: Rs. 5.925 billion) of which the amount unutilized at year end was Rs. 2.688 billion (2020: Rs. 4.485 billion).

26. CONTINGENCIES AND COMMITMENTS

There were no contingencies as at December 31, 2021.

26.1 Commitments

Aggregate commitments outstanding for capital expenditure as at December 31, 2021 amounted to Rs. 990.9 million (2020: Rs. 295.5 million).

27. SALES - net

	2021 (Rupees in thousand)	2020
Gross sales	26,788,663	21,357,698
Sales tax	(3,657,567)	(2,895,069)
	23,131,096	18,462,629
Returns, rebates and allowances	(3,310,150)	(2,889,882)
	19,820,946	15,572,747

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

Products used by entities	2,638,720	1,681,653
Products used by end consumers	17,182,226	13,891,094
	19,820,946	15,572,747

27.2 Revenue from one customer approximates 13.4% (2020: 14.3%) of the total revenue of the Company.

	Note	2021 (Rupees in thousand)	2020
28. COST OF SALES			
Raw and packing materials consumed		8,885,348	7,126,455
Third party manufacturing charges		55,526	85,456
Staff costs		829,346	671,920
Utilities	28.1	229,246	197,958
Depreciation	6.2	294,892	275,280
Provision for impairment of property, plant and equipment - net		32,442	2,086
Repairs and maintenance		102,949	80,179
Rent, rates and taxes		195	446
Travelling and entertainment		5,288	5,128
Insurance		15,949	12,173
Stationery and office expenses		14,468	9,553
Other expenses		51,899	52,098
Technology charges		33,300	48,410
Charges by related party	28.2	172,968	129,828
		10,723,816	8,696,970
Opening work in process		31,071	25,022
Closing work in process		(39,998)	(31,071)
Cost of goods manufactured		10,714,889	8,690,921
Opening stock of finished goods		374,996	321,422
Purchase of finished goods		294,923	256,831
Closing stock of finished goods		(480,058)	(374,996)
		10,904,750	8,894,178

28.1 This includes an amount of depreciation for rights-of-use asset in relation with utility providing contracts (note 7.2).

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

	Note	2021 (Rupees in thousand)	2020
29. DISTRIBUTION COST			
Staff costs		166,246	106,274
Advertisement and sales promotion		1,323,062	794,460
Outward freight and handling		331,567	388,366
Royalty, technology fee and related duties	29.1	694,686	574,341
Travelling and entertainment		10,924	11,851
Rent, rates and taxes	29.2	19,202	7,951
Depreciation	6.2	6,080	5,676
Repairs and maintenance		1,182	1,376
Stationery and office expenses		682	1,080
Technology charges		65,578	48,190
Other expenses		29,603	24,587
Charges by related party	29.3	239,521	310,029
		2,888,333	2,274,181

- 29.1** This includes an amount payable to Conopco Inc. (Holding Company) and Unilever Plc (Associated Company).
- 29.2** This represents an amount of depreciation for rights-of-use asset in relation with rental contracts (note 7.2).
- 29.3** This represents amount charged to the Company for certain management and other services received from its associated undertaking - Unilever Pakistan Limited.

	Note	2021 (Rupees in thousand)	2020
30. ADMINISTRATIVE EXPENSES			
Depreciation	6.2	3,040	2,838
Travelling and entertainment		848	350
Auditors' remuneration	30.1	2,176	2,120
Allowance for impairment of trade debts		30,123	35,120
Legal and professional charges		15,871	11,441
Other expenses		9,818	9,007
Technology charges		30,527	25,432
Charges by related party	30.2	393,617	364,120
		486,020	450,428

30.1 Auditors' remuneration

Annual audit fee	1,000	1,000
Half yearly review	300	300
Certifications	730	635
Out of pocket expenses	146	185
	2,176	2,120

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

	Note	2021 (Rupees in thousand)	2020
31. OTHER OPERATING EXPENSES			
Workers' Profits Participation Fund	23.3	260,406	191,871
Workers' Welfare Fund	23.4	110,817	79,185
Donations		-	14,850
		371,223	285,906

32.	OTHER INCOME	Note	2021 (Rupees in thousand)	2020
	Income from financial assets			
	Return on savings accounts		148,024	99,015
	Income from non-financial assets			
	Scrap sales		74,994	71,108
	Gain on disposal of property, plant and equipment		5,610	-
			<u>80,604</u>	<u>71,108</u>
	Others			
	Service fee	32.1	102,739	58,220
	Others	32.2	-	200,078
			<u>331,367</u>	<u>428,421</u>

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

32.2 This included a liability written back in lieu of technology fee due to Unilever PLC for prior years as the State bank of Pakistan's approval was granted at 2% instead of 3% as per the previous agreements that were in place.

33.	FINANCE COSTS	2021 (Rupees in thousand)	2020
	Mark-up on long term borrowings	6,022	8,980
	Mark-up on leases	1,784	1,374
	Exchange loss - net	50,743	18,967
	Bank charges	20,602	12,196
		<u>79,151</u>	<u>41,517</u>
34.	TAXATION		
	Current year:		
	- Current tax	203,612	148,671
	- Deferred tax	(1,452)	78,725
	- Prior year tax	51,199	(9,850)
		<u>253,359</u>	<u>217,546</u>

	2021 (Rupees in thousand)	2020
34.1 Reconciliation between tax expense and accounting profit.		
Accounting profit before tax	5,422,836	4,054,958
Tax at the applicable tax rate of 29% (2020: 29%)	1,572,635	1,176,264
Tax effect of credits	(1,340,738)	(948,183)
Tax effect of final tax	(28,108)	(23,204)
Write down of deferred tax asset	-	19,113
Tax effect of prior years	51,199	(9,850)
Others	(1,629)	3,406
Tax expense for the year	253,359	217,546

	2021 (Rupees in thousand)	2020
35. BASIC AND DILUTED EARNINGS PER SHARE		
Profit after taxation attributable to ordinary shareholders	5,169,477	3,837,412
	(Number in thousand)	
Weighted average number of shares in issue during the year	6,370	6,370
	(Rupees)	
Basic earnings per share	811.53	602.42

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

36. RELATED PARTY DISCLOSURES

The related parties comprises of 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:

36.1	Relationship with the Company	Nature of transactions	2021 (Rupees in thousand)	2020
i)	Holding company	Royalty	2,050	2,799
ii)	Associated companies	Royalty and technology fee	692,636	375,652
		Purchase of goods & Property, Plant & Equipment	1,728,002	1,749,734
		Sale of goods	78,594	79,932
		Fee for receiving of services from related parties	963,829	949,059
		Fee for providing of services to related parties	102,739	59,418
iii)	Staff retirement funds	Contribution (from)/ to:		
		- Defined contribution plans	15,480	15,883
		Settlement on behalf of:		
		- Defined contribution plans	97,319	5,948
iv)	Key management personnel	Salaries and other short-term employee benefits	19,186	16,824

36.2 The following are the related parties with whom the Company 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

36.3 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, United States	Holding Company	76.55%
Unilever Plc	700 Sylven Avenue, Englewood Cliff, NJ 07632, USA	Associated Company	N/A
Unilever Malaysia Holdings Sdn BHD	Level 33-35, Menara Telekom, Jalan Pantai Baru, Kuala Lumpur, Malaysia	Associated Company	N/A
Unilever PLC	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.

Dividend paid to the Holding Company amounts to Rs. 2.387 billion (2020: Rs. 2.632 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 32.

The related party outstanding balances as at December 31, 2021 are included in other receivables and trade and other payables. These are settled in the ordinary course of business.

37. 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:

		<u>Executive Directors</u>		<u>Chief Executive</u>		<u>Executives</u>	
	Note	2021	2020	2021	2020	2021	2020
		(Rupees in thousand)					
Managerial remuneration and allowances		8,249	6,442	5,961	5,007	62,019	66,328
Retirement benefits	37.1	982	805	-	-	8,721	9,205
Other long term benefits		-	-	-	-	-	1,511
Medical expenses		19	35	3	3	1,588	2,038
Other expenses		-	37	69	30	398	950
Share based compensation		-	-	-	-	2,694	2,121
		9,250	7,319	6,033	5,040	75,420	82,153
Number of persons		2	2	1	1	11	23

In addition to this, a lump sum amount of Rs. 25.73 million (2020: Rs. 17.38 million) on account of variable pay has been accounted for in financial statements for the current year payable in 2022 after verification of target achievement.

Out of the variable pay recognized for 2020 and 2019 following payments were made:

	Paid in 2021 relating to 2020	Paid in 2020 relating to 2019
(Rupees in thousand)		
Executive Directors	1,635	1,376
Chief Executive	2,268	3,089
Executives	7,985	8,267
Other employees	317	-
	12,205	12,732

Aggregate amount charged in these financial statements for the year for fee to seven non-executive directors was Rs. 4.5 million (2020: seven non-executive directors Rs. 4.1 million).

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

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

37.1 Retirement benefits represent amount contributed towards various retirement benefit plans.

38. PLANT CAPACITY AND PRODUCTION

	2021	2020
Actual production of the plant in metric tons	47,559	40,121

- 38.1** The capacity of the plant is indeterminable as it is a multiproduct plant capable of producing several interchangeable products.

39. 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.

40. NUMBER OF EMPLOYEES

	2021 (Number)	2020
Total number of employees at year end	237	249
Average number of employees during the year	243	250
Total number of Factory employees as at the reporting date	226	228
Average number of Factory employees during the year	227	228

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

41.1 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 minimize earnings volatility and provide maximum return to shareholders.

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

	Lease liabilities	Long term Borrowings	Unappropriated profit	Total
	(Rupees in thousand)			
Balance as at 1 January 2021	11,906	23,660	1,386,730	1,422,296
Changes from financing cash flows				
Repayment of lease liabilities	(57,090)	-	-	(57,090)
Financing obtained during the year	-	176,482	-	176,482
Dividends paid	-	-	(3,564,734)	(3,564,734)
Total changes from financing activities	(57,090)	176,482	(3,564,734)	(3,445,342)
Other changes				
Interest expense	1,784	-	-	1,784
Deferred grant	-	(31,523)	-	(31,523)
Increase in lease liabilities	64,358	-	-	64,358
Total changes	66,142	(31,523)	-	34,619
Total comprehensive income for the year	-	-	5,170,624	5,170,624
Dividend not paid during the year	-	-	(1,384,018)	(1,384,018)
Balance as at December 31, 2021	20,958	168,619	1,608,602	1,798,179

41.3 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)						
FINANCIAL ASSETS							
Amortized Cost							
Loans and advances	-	-	-	1,848	1,144	2,992	2,992
Trade debts	-	-	-	519,372	-	519,372	519,372
Long term deposits	-	-	-	-	2,980	2,980	2,980
Trade deposits	-	-	-	31,827	-	31,827	31,827
Other receivables	-	-	-	96,045	-	96,045	96,045
Cash and bank balances	2,689,067	-	2,689,067	608,688	-	608,688	3,297,755
December 31, 2021	2,689,067	-	2,689,067	1,257,780	4,124	1,261,904	3,950,971
December 31, 2020	661,375	-	661,375	832,752	6,351	839,103	1,500,478
FINANCIAL LIABILITIES							
Financial liability- measured at fair value							
Forward foreign exchange contract	-	-	-	146	-	146	146
Financial liabilities- not measured at fair value							
Long term borrowings	-	168,619	168,619	-	-	-	168,619
Trade and other payables	841,118	-	841,118	4,122,109	-	4,122,109	4,963,227
Unpaid dividend	-	-	-	1,416,018	-	1,416,018	1,416,018
Unclaimed dividend	-	-	-	24,627	-	24,627	24,627
Short term borrowings	-	-	-	-	-	-	-
Accrued interest / mark up	-	-	-	1,876	-	1,876	1,876
Lease liability	387	20,571	20,958	-	-	-	20,958
December 31, 2021	841,505	189,190	1,030,695	5,564,776	-	5,564,776	6,595,471
December 31, 2020	598,643	24,047	622,690	3,361,554	-	3,361,554	3,984,244
ON BALANCE SHEET GAP							
FINANCIAL POSITION GAP							
December 31, 2021	1,847,562	(189,190)	1,658,372	(4,306,996)	4,124	(4,302,872)	(2,644,500)
December 31, 2020	62,732	(24,047)	38,685	(2,528,802)	6,351	(2,522,451)	(2,483,766)
NON FINANCIAL POSITION ITEMS							
Letters of credit / guarantee:							
December 31, 2021							2,688,647
December 31, 2020							1,439,880

The carrying value of financial assets and financial liabilities approximate their fair value largely due to the short-term maturities of these instruments.

For valuation of derivative (forward foreign exchange contract : refer note 23) 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. 3,951 million (2020: Rs. 1,498 million), the financial assets which are subject to credit risk amounted to Rs. 522 million (2020: Rs. 461 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, 2021 trade debts of Rs.1.9 million (2020: Rs. 3.6 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 debts, to measure the expected credit losses, trade debts 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 2021 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 debts as at reporting date.

	2021			
	Gross carrying amount	Expected credit loss	Specific loss allowance	Expected credit loss rate
	(Rupees in '000)			
Not yet due	466,045	739	-	0.1% - 0.5%
Less than 3 months	34,464	50	-	0.1% - 5%
More than 3 months to not later than 6 months	49,197	815	28,730	0.1% - 15%
More than 6 months to not later than 12 months	10,924	-	10,924	30% - 75%
More than one year	45,607	-	45,607	75%-100%
	<u>606,237</u>	<u>1,604</u>	<u>85,261</u>	

	2020			
	Gross carrying amount	Expected credit loss	Specific loss allowance	Expected credit loss rate
	(Rupees in thousand)			
Not yet due	407,071	206	-	0.1% - 0.5%
Less than 3 months	11,342	37	-	0.1% - 5%
More than 3 months to not later than 6 months	37,274	230	-	0.1% - 15%
More than 6 months to not later than 12 months	39,871	-	39,871	30% - 75%
More than one year	18,706	-	18,706	75%-100%
	<u>514,264</u>	<u>473</u>	<u>58,577</u>	

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 effect 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, 2021, financial liabilities of Rs.135 million (2020: Rs. 150 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. 67.74% in USD, 10.51% in GBP, 17.35% in CNY & 4.4% in EURO

As at December 31, 2021, 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. 0.3 million (2020: Rs. 0.35 million), mainly as a result of foreign exchange losses / gains on translation of Euro denominated financial liabilities.

As at December 31, 2021, 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. 4.58 million (2020: Rs. 5.07 million), mainly as a result of foreign exchange losses / gains on translation of US Dollar denominated financial liabilities.

As at December 31, 2021, 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. 1.17 million (2020: Rs. 0.50 million), mainly as a result of foreign exchange losses / gains on translation of CNY denominated financial liabilities.

As at December 31, 2021, 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. 0.71 million (2020: Rs. 0.68 million), mainly as a result of foreign exchange losses / gains on translation of GBP 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.

	2021 (Rupees in thousand)	2020
Derivative financial liability - at fair value through profit or loss		
Opening balance as at January 1	(341)	(16,868)
Cumulative net gain/ (loss) during the year	17,250	(58,219)
Net realized (gain)/ loss during the year	(17,055)	74,746
Net unrealized loss as at December 31	(146)	(341)

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, 2021, the Company had variable interest bearing financial assets of Rs. 2,689.1 million (2020: Rs. 661.4 million) and financial liabilities of Rs. 841.5 million (2020: Rs 622.69 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. 53.67 million (2020: 13.27 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings.

42. 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 debt-to-capital ratios as at December 31, 2021 and 2020 were as follows:

	2021 (Rupees in thousand)	2020
Long term borrowings	168,619	23,660
Cash and bank balance	(3,297,755)	(929,895)
Net cash surplus	(3,129,136)	(906,235)
Total capital	2,969,566	2,747,694
Debt-to-capital ratio	5.68%	0.86%

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.

43. CASH AND CASH EQUIVALENTS

	Note	2021 (Rupees in thousand)	2020
Cash and bank balances	16	3,297,755	929,895

44. PROPOSED AND DECLARED DIVIDENDS

At the Board of Directors' meeting held on February 28, 2022, a final dividend of Rs. 245.00 per share amounting to Rs. 1,561 million in respect of 2021 is proposed (2020: Rs. 210.89 per share amounting to Rs. 1,343 million). This is in addition to the cumulative interim cash dividend of Rs. 566 per share amounting to Rs. 3,605 million (2020: Rs. 391.52 per share amounting to Rs. 2,494 million) declared during the year.

45. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and reclassified, wherever necessary for purpose of comparison and better presentation. This did not affect profit, net assets or equity.

46. DATE OF AUTHORISATION

These financial statements were authorized for issue on February 28, 2022 by the Board of Directors of the Company.

Amir R. Paracha
Chief Executive

Asima Haq
Director

Aly Yusuf
Director and Chief Financial Officer

Notice of Annual General Meeting

Notice is hereby given that the 24th Annual General Meeting of Unilever Pakistan Foods Limited will be held at The Institute Chartered Accountants of Pakistan, Chartered Accountants Avenue, Clifton, Block-8, Karachi, on Friday, April 08, 2022, at 10:00 a.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 2021, together with the Reports of the Auditors and Directors thereon.
2. To approve and declare dividend (2021) on the Ordinary Shares of the Company.
The Directors have recommended a final cash dividend of 2450% (or Rs. 245.00) per share) on the Ordinary Shares. Together with the First Interim Dividend of 2280% (or Rs. 228.00) per ordinary share, Second Interim Dividend of 1510% (or Rs. 151.00) per ordinary share and Third Interim Dividend of 1870% (or Rs. 187.00) per ordinary share, already paid, the total dividend for will thus amount to 8110.0% (or Rs. 811.00) 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.

By Order of the Board

Karachi
March 16, 2022

Aman Ghanchi
Company Secretary

Notes:

1. Share Transfer Books will be closed from April 06, 2022 to April 08, 2022 (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 Shahra-e-Faisal, Karachi-74400 by the close of the Business on April 05, 2022 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, Avari 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. 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.

7. (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 -2020 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 06, 2022 for entitlement to final dividend to be paid on April 19, 2022 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, M/s Central Depository Company Share Registrar Services Limited, telephone number: 0800 - 23275 (Toll Free), e-mail address: info@cdcpak.com and /or the Company: Mr. Hussain Ahmed, telephone number: +92-21-35681008 e-mail address: 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 Share Registrar Services Limited. The Shareholders while sending NTN or NTN certificates, as the case may be, must quote 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 Joint Holder(s) in respect of shares held by them, to 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 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).

8. 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.

9. 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

10. 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.
11. Pursuant to the section 72 of the Companies Act, 2017 listed companies are required to replace its physical shares with book-entry form within the stipulated period notified by the SECP.









The Shareholders who hold physical shares are encouraged to open CDC sub- account with any of the brokers or Investor Account directly with CDC to place their physical shares into scripless form.
12. The financial statements of the Company for the year ended December 31, 2021 have been placed on the website of the Company www.unilever.pk









**Be aware, Be alert,
Be safe**

**Learn about investing at
www.jamapunji.pk**

Key features:

-  Licensed Entities Verification
-  Scam meter*
-  Jamapunji games*
-  Tax credit calculator*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered
-  Online Quizzes

-  Stock trading simulator
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event
notifications, corporate and
regulatory actions)
-  Jamapunji application for
mobile device



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

 jamapunji.pk

 @jamapunji_pk

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

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 24th Annual General Meeting of the Company to be held on April 08, 2022 and / or any adjournment thereof.

Signed this _____ day of _____ 2022.

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: _____

Name: _____

CNIC #: _____

Address: _____

Signature of Member(s)

Shareholder's Folio No.: _____

and / or CDC Participant I.D. No.: _____

and Sub- Account No.: _____

Shareholder's CNIC #: _____

Email Address of Proxy: _____

Contact No. of Proxy: _____

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 valid CNIC of the proxy, with this proxy form before submission.
- In order to be valid, this Proxy 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.
- 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 / پرفرنس 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 / پرفرنس 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) لگادیں] کو اپنا
پراکسی (مختار) نامزد کرتا/کرتی ہوں جو میری/ہماری جانب سے کمپنی کے 24 ویں سالانہ اجلاس عام میں شرکت کرنے اور ووٹ دینے کے اہل ہیں۔ جو کہ
08 اپریل 2022 کو یا التواء کی صورت میں کسی بھی دیگر وقت مقررہ پر منعقدہ ہوگا۔

آج بتاریخ _____ 2022 کو دستخط کیا۔

گواہ نمبر 1:

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

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: _____
پراکسی کا ای میل ایڈریس: _____
پراکسی کا رابطہ نمبر: _____

دستخط: _____
نام: _____
سی این آئی سی نمبر: _____
پتہ: _____

نوٹ:

- ممبر سے درخواست ہے کہ:
 - درج بالا واضح کردہ جگہ پر 5 روپے کارسیدی ٹکٹ چسپاں کریں۔
 - رکسیدی ٹکٹ پر دستخط کریں جیسے کہ کمپنی کے ریکارڈ میں ہیں۔
 - اپنا فولیو نمبر لکھیں۔
 - شیئر ہولڈر (ز) کے کارآمدی این آئی سی / پاسپورٹ / بورڈ کی قرارداد اور پراکسی کے کارآمدی این آئی سی کی تصدیق شدہ کاپی فارم کے ساتھ منسلک کریں۔
- باضابطہ مکمل شدہ پراکسی فارم کمپنی کے رجسٹرڈ آفس میں اجلاس کے وقت سے کم از کم 48 گھنٹے قبل موصول ہو جانا چاہیئے۔
- تفصیلی طریقہ کار سالانہ اجلاس عام کی اطلاع کے نوٹس میں درج ہے۔

Unilever Pakistan Foods Limited - Annual Report 2021

Email: _____

International Bank Account Number (IBAN) – Mandatory:[illegible]

Bank's Name Branch Name Branch Address	
--	--

It is stated that the above-mentioned information is correct and that I will intimate the changes in the above-mentioned information to the company and the concerned Share Registrar as soon as these occur.

Encl: Photocopy of CNIC

This form duly filled and signed along with legible photocopy of valid Computerised National Identity Card (CNIC) will be sent to the 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, Pakistan.

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

کمپنی: _____

فولیو نمبر / CDS اکاؤنٹ نمبر: _____

شیئرز ہولڈر کا نام: _____

والد / شوہر کا نام: _____

ایڈریس: _____

قومی شناختی کارڈ نمبر: _____

موبائل 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:

P	K																		
---	---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

بینک کا نام برانچ کا نام برانچ کا ایڈریس	
--	--

بیان کیا جاتا ہے کہ کمپنی اور متعلقہ شیئرز 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۔

شیئرز ہولڈر کے نام
بشمول سی این آئی سی کا پی

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

ڈائریکٹرز کی جائزہ رپورٹ

31 دسمبر 2021 کو ختم شدہ سال کے لیے یونی لیور پاکستان فوڈز لمیٹڈ کی سالانہ رپورٹ اور آڈٹ شدہ مالی گوشوارے ڈائریکٹروں کی جانب سے ذیل میں پیش کیے جا رہے ہیں:

کمپنی کی خاص خاص سرگرمیاں:

رفان، کنور، ہیلمنس، ایبز جائل، گلیکسو زڈی اور بیسٹ فوڈز کے برانڈ ناموں سے کمپنی کنزیومر اور کرشل فوڈز پر وڈکٹس بناتی اور فروخت کرتی ہے۔ 2021ء میں IUFSA اور ریٹیل کاروبار میں 27.3% کارپیکارڈ اضافہ ہوا۔

2021 میں اضافہ کی وجوہات درج ذیل ہیں:

کنور: کنور میں اضافہ خاص طور پر اس کے نمایاں برانڈز نوڈلز اور کچپ میں ہوا جس کی وجوہات میں بہتر برانڈ ایکیویٹی اور شہروں میں اس کی زبردست مانگ رہی ساتھ ہی دیہات کی مارکیٹوں تک رسائی بھی کی گئی۔ ساتھ ہی اس کی نمایاں تشہیر کے لیے ڈیجیٹل ذرائع کا استعمال کیا گیا اور بڑی بڑی تقریبات کا انعقاد اور ان میں شرکت سے بھی اس کی فروخت میں اضافہ ہوا۔ نوڈلز کی نئی مارکیٹنگ کمپین نے شاندار کامیابی سے برانڈ کی طاقت میں اضافہ اور زبردست مقبولیت حاصل کی۔

رفان: اگرچہ یہ ایک مشکل سال تھا لیکن برانڈ نے ڈیزائن اور کارن آئل کی سائز بڑھانے میں کامیابی حاصل کی۔ یہ کامیابی قیمتوں کے تعین اور کنزیومر پروموشنز کے ذریعے حاصل ہوئی۔

فوڈ سلوشنز: برنس نے فاسٹ فوڈ آؤٹ لیٹس کے کھلنے سے کرونا سے پہلی کی سائز بحال کرنے میں کامیابی حاصل کی۔

ہیلمنس: برنس نے ریٹیل کنزیومر مارکیٹ میں ہیلمنس ریٹیل مایکرو متعارف کروایا۔

اس سال برنس کا مجموعی منافع گزشتہ سال 2.1% سے بڑھ کر 45% ہو گیا۔ اس کی وجوہات یہ تھیں کہ لاگت میں کمی کی گئی، قیمتوں کا بروقت تعین کیا اور اخراجات بچانے کے ساتھ پیداواری صلاحیت بڑھانے کے پروگرام پر عمل کیا۔ ای پی ایس (EPS) میں گزشتہ سال کے مقابلے میں 34.7% اضافہ ہوا جس کی وجوہات یہ تھیں کہ سائز مین اضافہ ہوا اور مارجن میں بہتری ہوئی۔

کاروباری نتائج:

2021	2020
(روپے ملین میں)	
19,820	15,572
8,916	6,678
5,501	4,096
5,422	4,054
5,169	3,837
811.53	602.42

سائز

مجموعی منافع

سرگرمیوں کے ذریعے منافع

ٹیکس سے پہلے منافع

ٹیکس کے بعد منافع

بنیادی ای۔ پی۔ ایس۔ (روپے)

حصہ داروں کا منافع: (ڈیویڈنڈ):

2021ء کا پہلا عبوری ڈیویڈنڈ (جو ادا کیا جا چکا ہے) 228 روپے فی شیئر تھا۔ (2020 میں یہ 130 روپے فی شیئر رہا)۔ 2021ء کا دوسرا عبوری ڈیویڈنڈ (جو ادا کیا جا چکا ہے) 151 روپے فی شیئر تھا۔ (2020 میں یہ 141 روپے فی شیئر رہا)۔ 2021ء کا تیسرا عبوری ڈیویڈنڈ (جو ادا کیا جا چکا ہے) 187 روپے فی شیئر تھا۔ (2020 میں یہ 121 روپے فی شیئر رہا)۔ آخری ڈیویڈنڈ 245 روپے فی شیئر ہے (2020ء میں یہ 211 روپے فی شیئر تھا)۔

انڈسٹری کا جائزہ:

پاکستان میں فوڈز کی مجموعی مارکیٹ کا اندازہ 2.6 ٹریلین (2.6 trillion) روپے لگایا گیا ہے (یہ اندازہ پوروما نیٹر اور کنزیومر بینٹل نے لگایا ہے)۔ اس مارکیٹ میں کئی قومی اور ملٹی نیشنل کمپنیوں کے علاوہ بہت سی علاقائی کمپنیاں بھی شامل ہیں۔ پیکٹ میں بند غذاؤں کی مانگ بڑھنے سے ان اشیاء کی مارکیٹ میں 11% اضافہ دیکھا گیا اور یہ اضافہ شہری علاقوں کی آبادی بڑھنے، گھر سے باہر کھانے کے رواج اور کھانے کے تیل اور کھانے

کے بعد تھوڑی سی کھائی جانے والی اضافی اشیاء (snacks) میں ہو رہا ہے۔

سرمایہ کاری:

کمپنی نے اپنی گنجائش بڑھانے اور کارکردگی بہتر کرنے کی غرض سے گزشتہ سال کے دوران 658 ملین روپے کی سرمایہ کاری کی۔ کمپنی نے ٹیمپری ری اکٹامک ری فنانس فیسلٹی (TERF) کے تحت مستقبل کے توسیعی پروجیکٹس کے لیے حکومت کی جانب سے رعایتی سہولیات حاصل کرنے میں سرمایہ کاری بھی کی ہے، یہ 900 ملین روپے کی سرمایہ کاری ہے جس میں سے دوران سال 110 ملین روپے استعمال کئے گئے ہیں۔

آپ کی کمپنی وقفے وقفے کے بعد جائزہ لے کر مالی گوشوارے تیار کرتی ہے تاکہ زیادہ سے زیادہ منافع حاصل کرنے کے لیے بہترین حکمت عملی اپنائی جائے۔ سرمایہ کاری کے لیے حکمت عملی کافی سوچ سمجھ کر ترتیب دی جاتی ہے اور اس میں مستقبل کے ممکنہ خطرات کا خاص خیال رکھا جاتا ہے اور ضرورت سے زائد رقومات مختصر مدت کے لیے بینکوں میں رکھی جاتی ہیں۔

مصنوعات کی تیاری میں ماحول کی حفاظت کا خاص خیال رکھتی ہے۔ 2021 کے دوران ہماری کمپنی کی مینوفیکچرنگ سائٹس نے ماحول کی حفاظت کے لیے کئی اقدامات کیے۔ جن میں پانی اور توانائی کا کم سے کم استعمال اور کوڑے کرکٹ میں کمی کرنا شامل تھا۔ ان مقاصد کے لیے درج ذیل پروجیکٹس پر کام ہوا:

- ہمارے سائٹس پر سولر پلائٹس نصب کئے گئے۔
- نگرانی اور رساؤ کی جانچ سے نقصان میں موثر کمی کے ذریعے کمپریسڈ ایئر کے استعمال میں کمی لائی گئی۔
- ہائی پاور موٹرز پر VFD کی تنصیب کے ذریعے بجلی کی کھپت میں کمی کی گئی۔
- اسٹیم نیٹ ورک کی درستگی عمل میں لائی گئی۔
- چلرز میں ماحول دوست ریفریجرنٹ لگائے گئے۔
- متبادل سرٹیفیکیشن کی خریداری کے ذریعے بجلی کے کاربن اثرات ختم کئے گئے۔
- پرانے موٹرز کی جگہ نئے کم بجلی لینے والے موٹرز لگائے گئے۔
- بوائلرز چلانے کیلئے ایچ۔ایف۔او کی جگہ بہتر ایندھن استعمال کیا گیا جس سے آلودگی میں کمی واقع ہوئی۔
- فیکٹریوں سے نکلنے والے بے کار مواد کو دوبارہ استعمال کے قابل بنایا گیا۔
- بجلی کی کھپت میں کمی لانے کے لیے روایتی ایئر کنڈیشنرز کی جگہ انورٹرز لگائے گئے۔

ہمارے دفاتر، فیکٹریاں، صارفین اور شرکاء کی کوشش یہ ہے کہ کاربن کے اخراج میں زیادہ سے زیادہ کمی کی جائے۔ ہم یہ کام اپنے اتحادیوں سے مل کر انجام دے رہے ہیں تاکہ ہمارے کرۂ ارض کا مستقبل برداشت کے قابل رہے۔ ہم یہ بھی جانتے ہیں کہ عالمی طور پر آب و ہوا کے معاملات اور مشکلات سے متعلق آگاہی بڑھتی جا رہی ہے۔

پیشہ ورانہ سیفٹی اور صحت:

یونی لیور پاکستان فوڈز لمیٹڈ کے کاموں میں سیفٹی پر سمجھوتے کی کوئی گنجائش نہیں ہے۔ یونی لیور پاکستان فوڈز لمیٹڈ کے (Vision Zero) کا ایک اہم نکتہ ہے۔ ہم سیفٹی پر مسلسل اپنی توجہ مرکوز رکھتے ہیں اور ہماری قیادت اس سلسلے میں برابر پیغامات دیتی رہتی ہے، جن میں ملازمین کا ذمہ دارانہ رویہ اور مشینوں کے محفوظ ڈیزائن، سہولیات اور مصنوعات شامل ہیں۔ ساتھ ہی ساتھ سارا سال محفوظ طریقے اور نظام اختیار کرنے پر توجہ دی جاتی ہے۔ ہم نے ملازمین سے بھی آگے اپنے شراکت داروں اور سروس فراہم کرنے والوں تک اس میں توسیع کی ہے اور ہم انہیں اپنے اعلیٰ حفاظتی معیارات پر پابند رکھتے ہیں۔ ٹیکنالوجی کے استعمال نے ہمیں صفر حادثات (Zero Injury) کمپنی بنانے میں اہم کردار ادا کیا ہے۔

ملازمین کی شراکت:

چندہ جمع کرنے اور رضا کارانہ سرگرمیوں کے ذریعے ہمارے ملازمین نادار لوگوں کی زندگی بہتر کرنے کے لئے انہیں تعلیم اور صحت بخش غذا فراہم کرنے میں ان کی مدد کرتے ہیں۔ ہمارے ملازمین کی تنخواہوں سے 15 لاکھ روپے اکٹھا کر کے ہمارے

کمپنی کی کارکردگی کا جائزہ:

کمپنی میں ایک ایسا نظام موجود ہے جس میں کمپنی کی کارکردگی کا سختی سے جائزہ لیا جاتا ہے۔ کمپنی کی انتظامیہ اس کے لیے کئی طریقے استعمال کرتی ہے۔ جو اس کی مادر کمپنی اور مقامی قیادت کے اچھے اقدامات پر مبنی ہوتے ہیں تاکہ ہمارا کاروبار مختصر مدت اور طویل مدت، دونوں کے دوران اچھی پوزیشن میں رہے۔

کارکردگی جانچنے کے لیے ہمارے اقدامات پانچ بنیادی نکات پر مشتمل ہوتے ہیں یعنی با مقصد برانڈ، بہتر رسائی، چینل کا ڈیزائن، موثر تبدیلیاں اور ترقی کی کوشش۔

خاص خطرات اور غیر یقینی حالات:

عالمی طور پر اجناس اور تیل کی مہنگی ہوتی ہوئیں قیمتیں سب سے بڑا مسئلہ بنی ہوئی ہیں جس سے مستقبل میں طلب اور صارفین کی آمدنی پر منفی اثرات مرتب ہونے کے امکانات ہیں۔

علاوہ ازیں، بنیادی ڈھانچے کی بحالی کے امور وقت کی اشد ضرورت ہیں کیونکہ درآمدات سے زرمبادلہ کے ذخائر پر دباؤ برقرار ہے، خصوصاً تیل اور اجناس کی قیمتیں عمومی سطح سے اونچی رہنے کے امکانات ہیں۔ مزید برآں، مالی خسارے پر قابو پانے میں ناکامی معاشی ترقی کی راہ میں رکاوٹ ثابت ہوگی۔

ہمارے لوگ:

ہم ایک با مقصد اور مستقبل سے باخبر ادارہ ہیں اور اس بات پر یقین رکھتے ہیں کہ با مقصد لوگ ہی کامیابی سے ہمکنار ہوتے ہیں۔ ہمارا ماحول صاف گوئی، مستعدی، تخلیق اور ترقی کی سوچ کو فروغ دیتا ہے۔ ملازمین کی صحت ہمارے ہر کام میں مرکزی حیثیت کی حامل ہے۔ ہمارے لوگ احترام، عظمت اور بہترین اخلاق پر مشتمل ہماری اقدار کے امین ہیں اور ہم اپنے لوگوں کو اچھے مواقع فراہم کر کے بڑا فخر محسوس کرتے ہیں۔

COVID-19 کے بعد، ہمارے لوگوں کو منفرد چیلنجز کا سامنا کرنے کا موقع ملا، جس میں انہوں نے ٹی ڈویژن کے نقصان کے باوجود غیر معمولی ترقی میں زبردست کردار ادا کیا۔

2021 ایک اسپیشل سال رہا جس میں ہمارے ملازمین نے عالمی اور مقامی سطح پر بڑے بڑے ایوارڈز جیتے۔ مساوات، تنوع اور شمولیت کے لیے ہماری کوششوں کے اعتراف میں اور سیزن انویسٹرز جیمبر آف کامرس اینڈ انڈسٹری (OICCI) دو مین امپاورمنٹ ایوارڈز 2021 میں ہمیں چیمپئن برائے 2021 کا تاج پہنایا گیا۔

بیسٹ پلیس ٹورک ایوارڈز 2021 میں ہمیں سب سے زیادہ ترجیحی آجر کے لیے منتخب کیا گیا۔ اس کے علاوہ پاکستان ایڈورٹائزرز سوسائٹی کی جانب سے منعقدہ Effie ایوارڈز میں ہم نے مارکیٹ آف دی ایئر کا انعام وصول کیا۔ ہماری کسٹمر ڈیولپمنٹ ٹیم نے موورز اینڈ ٹیکرز آف گروتھ کے لیے مایہ ناز گلوبل یونی لیور ایوارڈ جیتا۔

ماحول کی حفاظت:

یونی لیور پاکستان فوڈز لمیٹڈ کی مینوفیکچرنگ حکمت عملی میں یہ اہم نکتہ شامل ہے کہ مصنوعات تیار کرنے میں ماحول کی حفاظت کا خاص خیال رکھا جائے۔ اقوام متحدہ کے قابل برداشت ترقیاتی مقاصد حاصل کرنے کے ساتھ ساتھ ہماری کمپنی اپنی

سوشل پارٹنرز کو دیے گئے جن میں دی سٹینزن فاؤنڈیشن، آغا خان یونیورسٹی ہسپتال اور ورلڈ فوڈ پروگرام شامل تھے۔ یہ رقم نادار بچوں اور نوجوانوں کی تعلیم، غذا اور صحت کے لیے فراہم کی گئی۔

ریٹائرمنٹ فنڈ میں ملازمین کی سرمایہ کاری:

یونی لیور پاکستان فوڈز لمیٹڈ نے گزشتہ سال 31.23 ملین روپے اسٹاف ریٹائرمنٹ فنڈ کے لئے فراہم کئے۔ ۳۱ دسمبر ۲۰۲۱ء کے مالیاتی گوشواروں کے مطابق کمپنی نے اسٹاف ریٹائرمنٹ فنڈ کے لیے جو رقومات فراہم کیں ان کی تفصیل درج ذیل ہے:

پراویڈنٹ فنڈ	188 ملین روپے
گریجویٹ فنڈ	47 ملین روپے
نومل 2021ء	235 ملین روپے
نومل 2020ء	226 ملین روپے

کمپنی کا نصب و نسق:

یونی لیور پاکستان فوڈز لمیٹڈ کی انتظامیہ اعلیٰ نظم و نسق کی پابند ہے اور اعلیٰ اقدامات پر عمل کرتی ہے۔ کوڈ آف کارپوریٹ گورننس کے مطابق کمپنی کے ڈائریکٹرز مندرجہ ذیل بیان دیتے ہوئے خوشی محسوس کر رہے ہیں:

- کمپنی کی انتظامیہ جو مالی گوشوارے تیار کرتی ہے ان میں کمپنی کی کاروائیاں، رقومات کا لین دین اور ملکیت میں تبدیلیاں واضح طور پر بیان کی جاتی ہیں۔
- حساب کتاب کے مناسب رجسٹر رکھے جاتے ہیں۔
- مالی گوشواروں کی تیاری میں پاکستان میں لاگو مناسب پالیسیاں استعمال کی جاتی ہیں اور حساب کتاب کے تخمینے لگانے میں معمول اور دانشمندانہ فیصلے کیے جاتے ہیں۔
- مالی گوشواروں کی تیاری میں بین الاقوامی مالی رپوننگ کے معیار پر عمل کیا ہے اور اس سے کسی قسم کا انحراف ہو تو اس کی مناسب نشاندہی کی جاتی ہے۔
- کمپنی میں اندرونی کنٹرول کا نظام ڈیزائن کے لحاظ سے نہایت اعلیٰ ہے اور اس پر موثر طریقے سے عمل کیا جاتا ہے۔
- ایک ترقی پذیر ادارے کی حیثیت سے کمپنی کی آگے بڑھنے کی لیاقت پر کوئی خاص شبہات نہیں ہیں۔
- کمپنی چلانے میں ان اعلیٰ اصولوں سے کسی قسم کی روگردانی نہیں کی جاتی جو اسٹاک ایکسچینج کے قواعد و ضوابط کے رجسٹر میں بتائے گئے ہیں۔
- ہم مندرجہ ذیل امور سے متعلق گوشوارے منسلک کر رہے ہیں یا ان کی وضاحت مالی گوشواروں کے آخر میں کر دی گئی ہے۔

- بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں نے کتنی میٹنگز منعقد کیں اور ان میں ڈائریکٹروں کی حاضری کتنی رہی۔

- گزشتہ 6 سال کے مالی اعداد و شمار۔
- حصہ داری کی تفصیلات۔

ڈائریکٹرز:

نام	کیٹگری
آزاد ڈائریکٹرز	• جناب کامران مرزا (بورڈ کے چیئرمین)
	• جناب خالد منصور
	• جناب سرفراز احمد رحمن
ایگزیکٹو ڈائریکٹرز	• جناب عامر پراچہ (سی۔ای۔او)
	• جناب علی یوسف (سی۔ایف۔او)
	• محترمہ عاصمہ حق
خواتین ڈائریکٹرز	• نان ایگزیکٹو ڈائریکٹرز
	• جناب ذوالفقار متو
	• جناب محمد عادل متو
	• جناب کمال متو
	• جناب علی طارق

آڈٹ کمیٹی

جناب خالد منصور	چیئرمین اینڈ ممبر
جناب محمد عادل متو	ممبر
جناب سرفراز احمد رحمن	ممبر
جناب ذوالفقار متو	ممبر
جناب کامران مرزا	ممبر
جناب معز ادریس راجپوت	سیکیٹری اینڈ ہیڈ آف انٹرنل آڈٹ

ہیومن ریسورسز اینڈ ریسورسز کمیٹی

جناب کامران مرزا	چیئرمین اینڈ ممبر
جناب ذوالفقار متو	ممبر
جناب کمال متو	ممبر
جناب عامر پراچہ	ممبر
جناب سرفراز احمد رحمن	ممبر
محترمہ کنیر فاطمہ زبیری	سیکیٹری اینڈ ہیڈ آف ایچ آر

ڈائریکٹروں کا چناؤ 2020ء میں ہونے والی سالانہ جنرل میٹنگ میں کیا گیا تھا۔ موجودہ ڈائریکٹروں کی مدت 19 اپریل 2023ء کو ختم ہوگی۔

مالی کنٹرولز (اندرونی)

ڈائریکٹرز کمپنی کے اندرونی مالی کنٹرولز سے متعلق اپنی ذمہ داری سے آگاہ ہیں۔ انتظامیہ اور ڈائریکٹرز (داخلی اور خارجی) سے بات چیت کے بعد ان کی رائے یہ ہے کہ کمپنی مناسب کنٹرولز پر عمل کر رہی ہے۔

وضاحت کے لیے خود مختار کنسلٹنٹ کی خدمات حاصل کر سکتا ہے۔ مشاہرے پر نہ کوئی سمجھوتہ ہوگا اور نہ ہی اس کے ذریعے ڈائریکٹر کی خود مختاری میں کوئی مداخلت ہوگی۔

آڈیٹرز:

31 دسمبر 2021ء کو ختم ہونے والے سال کے لئے کے۔ پی۔ ایم۔ جی۔ تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کو آڈیٹر مقرر کیا گیا تھا۔ بورڈ نے اس مرتبہ پھر کے۔ پی۔ ایم۔ جی۔ تاثیر ہادی اینڈ کمپنی کو 2022ء کے لئے کمپنی کا آڈیٹر مقرر کرنے کی سفارش کی ہے۔

ہولڈنگ کمپنی (مالک کمپنی):

یونی لیور پاکستان فوڈز لمیٹڈ میں 76.5% شیئرز یونی لیور پی۔ ایل۔ سی۔ کے موجود ہیں جو یونی لیور کی مادر کمپنی یعنی کونوپکوا انکارپوریشن یو۔ ایس۔ اے نے حاصل کیے ہیں۔

بعد کے واقعات:

گزشتہ مالی سال کے اختتام سے لے کر اس رپورٹ کی تاریخ تک کمپنی کی مالی حالت میں کوئی تبدیلی واقع نہیں ہوئی۔ اس رپورٹ کے اجراء کے وقت روس اور یوکرین کے درمیان جنگ چھڑ چکی ہے اور مقامی معیشت پر اس کے اثرات کی پیش گوئی کرنا مشکل ہے۔ کمپنی متعلقہ صورتحال کا بغور جائزہ لیتی رہے گی اور اپنے آپریشنز کو اس کے منفی اثرات سے بچانے کے لیے بروقت اقدامات اٹھائے گی۔

بورڈ کی قدر پیمائی:

کوڈ آف کارپوریٹ گورننس اور کمپنیز ایکٹ 2017ء کے مطابق بورڈ اس کی کمیٹیوں اور انفرادی ڈائریکٹروں کی قدر پہنائی پی۔ آئی۔ سی۔ جی (پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس) کے ذریعے انجام پائی تاکہ شفافیت کو یقینی بنایا جا سکے۔ بورڈ کو اپنی ذیلی کمیٹیوں یعنی آڈٹ کمیٹی اور ایچ آر۔ ایڈ۔ آر۔ کمیٹی کا تعاون حاصل ہے اور ان سب کمیٹیوں نے کوڈ آف کارپوریٹ گورننس کی شرائط کے مطابق دوران سال اپنی میٹنگز منعقد کیں۔ یہاں سب کمیٹیوں (آڈٹ کمیٹی اور ہیومن ریسورس ایڈ ریمونریشن کمیٹی) کا کردار بنانا ضروری ہے جو انہوں نے بہتری لانے اور مسائل کے عملی حل پیش کرنے میں ادا کیا۔ آئندہ بھی ہم اپنے تمام متعلقین کے مفاد کی خاطر بہترین نظم و نسق کے اقدامات پر عمل کو یقینی بنانے کی کوشش کرتے رہیں گے۔

ڈائریکٹروں کے معاوضے کی پالیسی:

ڈائریکٹروں کی فیس بورڈ کی منظوری کے مطابق ادا کی جاتی ہے اور اس سلسلے میں کمپنی نے ایک باقاعدہ پالیسی بنائی ہے جو کمپنیز ایکٹ 2017ء اور سی۔سی۔ جی (CCG) کے مطابق ہے۔ اس بات کو یقینی بنایا جاتا ہے کہ کوئی بھی ڈائریکٹر اپنے مشاہرے کے فیصلے میں شامل نہ ہو۔ بورڈ اور کمپنی کی کمیٹیوں کی میٹنگز میں شرکت کرنے کے لیے نان ایگزیکٹو اور خود مختار ڈائریکٹروں کی فیس وقفے وقفے سے بورڈ مقرر کرتا ہے۔ بورڈ اگر مناسب سمجھے تو اپنے ڈائریکٹرز کے مشاہرے مناسب حد کی

محفوظ اثنائے

	Share Capital	Reserves				Total	
	Capital	Capital		Revenue		Sub Total	
	Issued, subscribed and paid up capital	Share Premium	Special	General	Un-appropriated Profit		
	(Rupees in thousand)						
Balance as at January 1, 2021	63,699	1,296,499	628	138	1,386,730	2,683,995	2,747,694
Transactions with owners of the Company - Distribution							
Final dividend for the year ended							
December 31, 2020 @ Rs. 210.89 per share	-	-	-	-	(1,343,359)	(1,343,359)	(1,343,359)
First Interim dividend for the year ended							
December 31, 2021 @ Rs. 228 per share	-	-	-	-	(1,452,350)	(1,452,350)	(1,452,350)
Second Interim dividend for the year ended							
December 31, 2021 @ Rs. 151 per share	-	-	-	-	(961,862)	(961,862)	(961,862)
Third Interim dividend for the year ended							
December 31, 2021 @ Rs. 187 per share	-	-	-	-	(1,191,181)	(1,191,181)	(1,191,181)
	-	-	-	-	(4,948,752)	(4,948,752)	(4,948,752)
Total comprehensive income for the year							
Profit for the year ended							
December 31, 2021	-	-	-	-	5,169,477	5,169,477	5,169,477
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	1,147	1,147	1,147
	-	-	-	-	5,170,624	5,170,624	5,170,624
Balance as at December 31, 2021	63,699	1,296,499	628	138	1,608,602	2,905,867	2,969,566

اعتراف:

یونی لیور پاکستان فوڈز لمیٹڈ کی مسلسل ترقی میں کمپنی کے لوگوں کا بڑا ہاتھ ہے اور کمپنی کے ڈائریکٹر کمپنی کے ہر ملازم کے تعاون کا اعتراف کرتے ہیں۔ ہماری مصنوعات پر جو اعتماد ہمارے صارفین نے ظاہر کیا اس کے لئے ہم ان کے بھی بے حد مشکور ہیں۔ اپنی انتظامیہ کے ساتھ تعاون اور اعتماد کے لئے ہم اپنے حصے داروں کا بھی شکریہ ادا کرتے ہیں۔

مستقبل کا اندازہ:

عالمی طور پر اجناس اور کروڈ آئل کی قیمتوں میں ڈبل ڈبل مہنگائی کی بدولت پاکستان کی معاشی صورتحال اتار چڑھاؤ کا شکار رہنے کی توقع ہے۔ اس میں کرنٹ اکاؤنٹ کے عدم توازن اور امریکی ڈالر کے مقابلے میں پاکستانی روپے کی ناقدری سے مزید مشکلات پیدا ہو سکتی ہیں۔ مذکورہ بالا عوامل سے روزمرہ کی ضروریات کی قوت خرید پر منفی اثرات پڑیں گے، نتیجتاً غیر معیاری اور سستی اشیاء کی خریداری بڑھے گی۔

مندرجہ بالا صورتحال کی روشنی میں، کمپنی کو کنزیومر کی طلب پر منفی اثرات کے نتیجے میں قلیل مدتی مسائل کا سامنا ہو سکتا ہے۔ تاہم انتظامیہ ہر صورتحال سے نبرد آزما ہونے کے لیے تیاری کے ساتھ تمام اسٹیک ہولڈرز کے مفادات کو تحفظ دینے کے لیے پرعزم ہے۔ انتظامیہ اپنے صارفین کی ضروریات کے عین مطابق جدت سے مزین اور نئے پیک پر نئی قیمت جیسی مہارتوں، مقدار، بچت اور قیمتوں کے تعین سے اپنے منافع کو برقرار رکھنے کے لیے پراعتماد ہے۔

بورڈ کی جانب سے
آپ سب کا شکریہ

کامران مرزا
چیئرمین
کراچی

28 فروری 2022ء

عامر پراچہ
چیف ایگزیکٹو آفیسر
کراچی
28 فروری 2022ء

چیئر مین کا جائزہ

بزنس اور انڈسٹری کا جائزہ

31 دسمبر 2021 کو ختم ہونے والے سال کے لیے بورڈ کی جانب سے چیئر مین کی جائزہ رپورٹ پیش کرتے ہوئے مجھے خوش محسوس ہو رہی ہے۔

مشکل ترین کاروباری ماحول، غیر معمولی مہنگائی، کرونا کے سبب عائد ہونے والی پابندیوں اور سپلائی میں تعطل کے باوجود، کمپنی نے 2021 میں شاندار کاروباری نتائج کی فراہمی جاری رکھی۔ یہ سب کمپنی کے زبردست سپلائی چین نیٹ ورک، کنزیومر کی ضروریات کو پورا کرنے کے لیے بلا تعطل فراہمی، کاروباری اصولوں کی مسلسل پاسداری اور ہماری انتظامیہ کی پیشہ ورانہ مہارتوں کی بدولت ممکن ہوا۔ 2020 میں Covid-19 کے سبب سب سے زیادہ متاثر ہونے والے بزنس فوڈ سلوشنز نے لاک ڈاؤنز میں نرمی ہوتے ہی کرونا سے قبل کی پوزیشن حاصل کر لی۔

مجموعی طور پر، کاروبار نے 2021 میں قیمت اور مقدار میں اضافے کی بدولت 27 فیصد ترقی کی۔ اس وسیع الہیاد ترقی میں فوڈ سلوشنز اور سیوری کیلگریز کا اہم کردار رہا۔ کمپنی نے براڈنڈ اور جدت کے لیے سرمایہ کاری جاری رکھی۔ قیمتوں سے متعلق بروقت کارروائی، بجٹ کے اقدامات اور مقدار پر توجہ دینے سے کمپنی 34.7 فیصد منافع حاصل کرنے میں کامیاب رہی۔

بورڈ نے ایک مشکل ماحول میں اپنے تمام متعلقین کے مفاد کی خاطر اپنی آئینی ذمہ داریاں پوری کرنے کے ساتھ ساتھ کمپنی کو آگے بڑھایا۔ نیز کمپنی کے اہم مقاصد حاصل کرنے اور تمام متعلقین کے منافع میں اضافہ کرنے کے لیے بورڈ نے سارا سال اپنے کردار اور اپنی سرگرمیوں پر گہری نظر رکھی۔

بورڈ کی کارکردگی اور اس کے نتائج

کوڈ آف کارپوریٹ گورننس اور کمپنیز ایکٹ 2017ء کے مطابق، بورڈ اور اس کی کمیٹیوں اور ڈائریکٹروں کو پی۔ آئی۔ سی۔ جی۔ (PICG) کے ذریعے جانچا گیا تاکہ شفافیت یقینی بنائی جاسکے۔ اس جانچ کے ذریعے بورڈ کی ہر سال کی کارکردگی میں اضافہ ظاہر ہوا۔

اس کام میں بورڈ کی ذیلی کمیٹیوں نے بورڈ کی مدد کی، ان ذیلی کمیٹیوں میں آڈٹ کمیٹی اور ایچ آر (HR & R) کمیٹی شامل تھیں۔ دوران سال کوڈ آف کارپوریٹ گورننس کے قوانین و ضوابط کے مطابق ان سب کمیٹیوں نے اپنی میٹنگز منعقد کیں۔

یہاں یہ ضروری ہے کہ ہم ان ذیلی کمیٹیوں (آڈٹ کمیٹی اور ایچ آر (HR & R) کمیٹی) کا عملی کردار جان لیں تاکہ ہمیں زیادہ سے زیادہ بہتری لانے کے لیے عملی اقدامات معلوم ہو سکیں۔ اس کے ساتھ ہی ہم بہترین عملی اقدامات اور اپنے تمام متعلقین کے مسلسل مفاد کے لیے اپنی کوششیں جاری رکھیں گے۔

مستقبل کے امکانات

عالمی طور پر اجناس کی قیمتیں بڑھنے سے مہنگائی میں اضافے، روپے کی ناقدری، سیاسی غیر یقینی کی صورتحال اور کرونا کے سبب سپلائی میں آنے والے تعطل نے کاروباری اور معاشی ماحول کو مشکل بنا رکھا ہے۔ البتہ، کمپنی با مقصد براڈنڈز، وسیع تر پورٹ فولیو، کنزیومرز کی زبردست سوجھ بوجھ اور بہترین ویلیو چین کی بدولت شاندار نتائج دینے کے لیے پرعزم ہے۔ اسی کے ساتھ کمپنی پلاسٹک میں کمی لانے، گرین انرجی وغیرہ جیسے اقدامات سے مثبت سماجی کردار اور آلودگی کو کم کرنے کے اپنے عزم پر کاربند رہے گی۔

اعتراف

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے میں کمپنی کے تمام متعلقین کا شکریہ ادا کرتا ہوں کہ وہ ہمارے ساتھ مسلسل تعاون اور ہماری حوصلہ افزائی کرتے رہے۔ میں کمپنی کے ملازمین کا بھی مشکور ہوں کہ انہوں نے اپنی قیمتی خدمات فراہم کیں۔ 2021ء کے دوران میرے ساتھی ڈائریکٹروں نے جس وابستگی اور جانفشانی سے کام کیا اور کمپنی کی ترقی کے لیے جو کوششیں کیں اس کے لیے بھی میں ان کا شکریہ ادا کرتا ہوں۔

جناب کامران مرزا

بورڈ چیئر مین

For further information about
Unilever, please visit our website
www.unilever.pk

Unilever

Pakistan Foods Limited

Avari Plaza, Fatima Jinnah
Road, Karachi-75530,

T: +92 21 35660062

F: +92 21 35674968

www.unilever.pk

