



# ANNUAL REPORT 2016

Unilever Pakistan Foods Limited





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# 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, truth 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

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## Board of Directors

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**Mr. Kamran Y. Mirza**

Independent Director &  
Chairman of the Board

**Ms. Shazia Syed**

Executive Director & Chief Executive

**Mr. Sohail Hanif Baig**

Executive Director & CFO

**Ms. Farheen Salman Amir**

Executive Director

**Mr. Zulfikar Monnoo**

Non-Executive Director

**Mian M. Adil Monnoo**

Non-Executive Director

**Mr. Kamal Monnoo**

Non-Executive Director

**Mr. Badaruddin F. Vellani**

Non-Executive Director

**Mr. Noman Amjad Lutfi**

Non-Executive Director

## Company Secretary

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**Mr. Amar Naseer**

## Audit Committee

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**Mr. Zulfikar Monnoo**

Chairman & Member

**Mian M. Adil Monnoo**

Member

**Mr. Badaruddin F. Vellani**

Member

**Mr. Kamran Y. Mirza**

Member

**Ms. Mehwish Iqbal**

Secretary &  
Head of Internal Audit

## Human Resource & Remuneration Committee

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**Mr. Zulfikar Monnoo**

Chairman & Member

**Mr. Kamal Monnoo**

Member

**Ms. Shazia Syed**

Member

**Mr. Amar Naseer**

Company Secretary

## Auditors

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

## Share Registration Office

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Share Registrar Department,  
**Central Depository Company of  
Pakistan Limited,**  
CDC House, 99-B, Block "B", S.M.C.H.S.,  
Main Shakra-e-Faisal, Karachi - 74400

## Registered Office

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Avari Plaza  
Fatima Jinnah Road  
Karachi - 75530

## Website Address

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

## Directors' Profile

### Kamran Y. Mirza - Chairman

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

### Shazia Syed - CEO

Shazia joined the Board on April 20, 2014, and took over as CEO Unilever Pakistan Foods Limited on March 07, 2016. Prior to her role in Pakistan, Shazia was Chairperson of Unilever Sri Lanka Limited. In her 27 years with Unilever, she has worked across most Unilever categories and has led the Customer Development and Home & Personal Care teams at Unilever Pakistan and Unilever Vietnam. Shazia is married with 2 children and enjoys golf.

### Sohail Baig - CFO

Sohail joined the Board on January 19, 2017 and is currently Director & Chief Financial Officer of Unilever Pakistan Limited and Unilever Pakistan Foods Limited. Sohail joined Unilever in 2002 and has held various country, regional and global finance roles in Singapore, The Netherlands and Pakistan. Sohail is a member of CFA Institute, USA and involved in several volunteer programs

### Farheen Salman Amir

Farheen joined the Board on March 7, 2016 and is currently the Director Foods & Refreshments. Farheen joined Unilever as a Management Trainee in 1998. In her 17 years' career with the company, Farheen has worked in a number of categories across both Food & Refreshment and HPC. In her last two years as BD Director Ice Cream NAMET, Farheen worked for Unilever Turkey and crafted an innovation

& communication program for the portfolio that was instrumental in bringing the Euro 450 million ice cream business back to sustained double-digit growth.

### Zulfikar Monnoo

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

### Kamal Monnoo

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

### Mian M. 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 Raffan Maize Products Limited and is in the business of textile trade as the sole proprietor of HN Enterprises.

### Badaruddin F. Vellani

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

### Noman Amjad Lutfi

Noman again joined the Board on November 01, 2015. He has a long association with Unilever and has headed the Supply Chain function in Unilever Pakistan. Currently, he is working as Supply Chain Director of Unilever Sri Lanka.

# DIRECTORS' REPORT



\* اُردو کے لیے آخری صفحات ملاحظہ فرمائیے۔

## Winning with Brands and Innovations

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



# Summary of Business Performance

The directors present Unilever Pakistan Foods Limited's (UPFL) Annual Report together with audited financial statements for the year ended December 31, 2016.

## Business Review:

In 2016 the business grew by 10%. Growth was broad based with both Knorr and Rafhan portfolios registering growth.

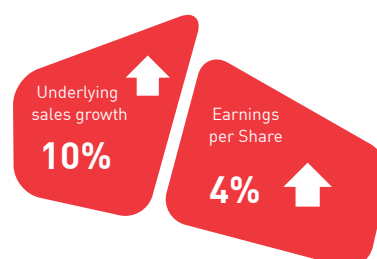
Gross margin for the year decreased by 32 bps mainly due to change in sales mix. Advertising and promotion was stepped up by 195 bps, reinforcing our commitment to building brands for the long term. EPS grew by 4%.

## Summary of Financial Performance

	2016	2015
	Rupees in million	
Sales	9,467	8,571
Gross Profit	4,202	3,832
Profit from Operations	1,802	1,702
Profit before tax	1,768	1,666
Profit after tax	1,276	1,232
EPS-basic (Rs.)	207.24	200.09

## Key Financial Indicators

- Financial Headlines**
- Turnover up by Rs. 896 Mn
  - Earnings per Share of Rs. 207.24



## Dividends

Interim Dividend 2016 (already paid): Rs. 90.97 per share (2015: Rs. 54 per share).

Final Dividend 2016: Rs. 278 per share (2015: Rs. 96 per share).

The key focus areas for 2016 were:

**Knorr's** growth was led by noodles, sauces, cubes and snacking mixes. During the year, snacking mixes were launched, which were received well by the consumers.

**Rafhan**, grew on the back of the desserts portfolio. The new advertising campaign celebrating the mother-daughter bond proved to be popular amongst our consumers.

## Our People

We believe that growth of a business is directly linked to the growth of our people. Hence, enabling their personal development and providing them with opportunities to deliver ambitious business results is one of our priorities. UPFL fully leverages the global Unilever Network to develop talent. Personal development is facilitated by empowering our people with bigger and more challenging assignments, along with coaching, mentoring and a robust appraisal system.

We strongly believe in an inclusive and a diverse work environment. We encourage our employees to work from remote locations and also offer them flexible working hours. In order to cater to the needs of the female employees, we offer them six months fully paid maternity leave and a state of the art day care centre which is now also used by male employees, whose spouses work elsewhere.

We focus continually on encouraging vitality and wellbeing amongst our employees. The Company has taken several initiatives in this regard including the provision of gym facilities and healthy eating options at the workplace.

Lastly, Unilever also runs a talent hunt programme called Unilever Talent Hunt which aims to provide a platform for the youth of the country to get the exposure they aspire for. Winners of this challenge get an opportunity to represent Unilever Pakistan internationally, at a global platform known as the Future Leaders League. In 2016, over a 1000 students participated in this competition.

## Corporate Social Responsibility (CSR)

UPFL endeavours to sustain growth whilst reducing our impact on the environment and simultaneously increasing our positive social impact. As a result, sustainability is integrated into our business strategy and helps fuel our growth. During 2016, our main initiatives included:

### i. Energy conservation and environment protection:

Eco-efficient manufacturing has always been the cornerstone of UPFL's manufacturing strategy. We aim to maintain manufacturing related carbon dioxide emissions to below 2008 levels. UPFL is already a certified "WWF Green Office" member based on its sustainability initiatives. This has led the factory team to come up with energy and water strategy, aligned with global 2020 goals of sustainable manufacturing.

In order to deliver this strategy a number of initiatives have been taken to conserve energy and reduce impact on the environment. Some of these are:

- Commissioning of eco-friendly solar panels and installation of energy efficient LED lights.
- Streamlining of logistics operations resulting in reduction of carbon dioxide emissions per trip.
- Increased reliance on remote connectivity through Skype, video and teleconferencing and promotion of group travel.
- Sustained the status of "zero non-hazardous waste to landfill sites" by following reduce, re-use and recycle policy.

### ii. Community Investment and Welfare Schemes: Rs. 35 million

Knorr extended its message of nutritious snacking through a school program that covered both urban and rural Pakistan. This drive reached 2.98 million children with customised sampling vans and vending carts to provide them with a healthier snacking alternatives.

Moreover, Knorr also increased its footprint in rural Pakistan through Unilever's Perfect Village platform, with the purpose of providing consumers with nutritious and hygienic food options.

### iii. Consumer Protection Measures:

The Company continued its operation of a complaints call centre called Raabta to receive consumer feedback, raise awareness of and addressing the growing menace of counterfeiting.

### iv. Occupational Safety and Health:

Safety is an integral part of all UPFL's operations. We operate a Vision Zero strategy which aims to ensure zero fatalities, zero injuries, zero accidents, zero process incidents, zero tolerance of unsafe behavior and practices. These are achieved through a variety of programs, including safety and health motivational drives, reward and recognitions and awareness sessions. These efforts helped us achieve zero Total Recordable Frequency (of injuries) Rate in 2016.

### v. Business Integrity:

UPFL holds frequent activities to ensure employees are working within the Code of Business Principles (CoBP). The CoBP is rigorously followed throughout the organisation. Management employees are also required to sign off on compliance with the CoBP. There is a 24 hour call line and e-mail service to lodge complaints in respect of breach of the Code.

### vi. Contribution to National Exchequer:

UPFL contributed Rs. 1.91 billion to the national exchequer by way of import duties, general sales tax, income tax and other government levies in 2016.

## Employee Involvement

Our people continued to uphold their commitment to creating sustainable development through volunteering and community support efforts. Employees contributed to various social organisations through the Employee Payroll Program to facilitate the delivery of quality education, health care and meals to deserving children in the country.

### Value of investments of employees in retirement fund

UPFL contributed Rs. 19.2 million to the staff retirement funds during the year. The value of investments made by the staff retirement funds operated by the Company as at December 31, 2016 is as follows:

	Rs. in million
Provident Fund	172
Gratuity Fund	24

## Corporate Governance

The management of UPFL is committed to good corporate governance and complying with the 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 its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the listed Company have been maintained.
- Appropriate accounting policies, as applicable in Pakistan, have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgement.
- International Financial Reporting Standards have been followed in the preparation of 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 listing regulations.

- Statements regarding the following are annexed or are disclosed in the notes to the financial statements;
  - Number of meetings of Board of Directors and its committees held and attendance by directors.
  - Key financial data for the last six years.
  - Pattern of shareholding.

## Directors

The election of directors was held at the AGM of 2014. The term of the present directors will expire on April 19, 2017.

Mr. Ali Tariq, resigned from the position of Director and CFO of the Company with effect from December 31, 2016, as he moved to another position in Unilever UK. Mr. Sohail Hanif Baig has been appointed as Director and CFO, with effect from January 19, 2017 to fill the casual vacancy on the Board.

## Auditors

The Auditors, KPMG Taseer Hadi & Co. were appointed for the year ending December 31, 2016. The Board has recommended the appointment of KPMG Taseer Hadi & Co. as the Auditors of the Company for the year 2017, subject to Shareholders' approval at the next AGM to be held on April 13, 2017.

## Holding Company

Through its wholly owned subsidiary Conopco Inc., USA, Unilever N.V., Netherlands, has a holding of 75.85% of the shares in UPFL.

## Reserve Appropriations

	Share Capital	Reserves				Total
		Capital		Revenue		
		Share Premium	Special	General	Un-appropriated Profit	
	←	(Rupees in thousand)				
Balance as at January 01, 2016	61,576	24,630	628	138	1,591,622	1,678,594
Total comprehensive income for the year ended December 31, 2016	-	-	-	-	1,277,614	1,227,614
- Profit for the year ended December 31, 2016	-	-	-	-	1,276,089	1,276,089
- Other comprehensive income for the year ended December 31, 2016	-	-	-	-	1,525	1,525
Interim dividend for the year ended December 31, 2016 @ Rs. 90.97 per share	-	-	-	-	(560,159)	(560,159)
Final dividend for the year ended December 31, 2015 @ Rs. 96 per share	-	-	-	-	(591,131)	(591,131)
Balance as at December 31, 2016	61,576	24,630	628	138	1,717,946	1,804,918

## Acknowledgement

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

## Future Outlook

Despite economic challenges, business has continued to deliver profitable growth which is expected to continue in future. We plan to overcome any challenges through a combination of superior consumer understanding, global expertise, Research and Development capability, powerful innovations and world class customer service. Our brands remain our biggest strength as we continue to provide better value to meet consumers' everyday needs. To make all this possible, we will continue to attract, develop and retain the best talent in the country.

Thanking you all.  
On behalf of the Board

**Kamran Y. Mirza**  
Chairman

Karachi  
March 8, 2017

## Board Meetings Attendance

During the year 2016, 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	5	5
Ms. Shazia Syed	5	5
Ms. Fariyha Subhani**	1	1
Mr. Ali Tariq	5	5
Ms. Farheen Salman Amir***	4	4
Mr. Zulfikar Monnoo	5	5
Mian M. Adil Monnoo	5	5
Mr. Kamal Monnoo	5	5
Mr. Badaruddin F. Vellani	5	5
Mr. Noman Amjad Lutfi	5	5

**Notes:**

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

\*\* Resigned with effect from March 06, 2016.

\*\*\* Appointed w.e.f. March 07, 2016.

## Board Committee Meetings Held During the Year

### Audit Committee

Name of Member	Total No. of Meetings Held*	No. of Meetings Attended
Mr. Zulfikar Monnoo Chairman	4	4
Mr. Kamran Y. Mirza Member	4	2
Mian M. Adil Monnoo Member	4	4
Mr. Badaruddin F. Vellani Member	4	4
Ms. Mehwish Iqbal Secretary	4	4

**Notes:**

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

### 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 four members, one independent Director and three Non-Executive Directors. All employees of the Company have access to the Committee. The Committee met four times during 2016. Minutes of the meetings are drawn up expeditiously and circulated for the information and consideration of the Board.

## Committee Of Directors

Name of Member	Total No. of Meetings Held*	No. of Meetings Attended
Ms. Shazia Syed Chairman	13	13
Ms. Fariyha Subhani** Member	1	1
Mr. Ali Tariq Member	13	8
Ms. Farheen Salman Amir** Member	12	12
Mr. Amar Naseer Secretary	13	13

**Notes:**

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

\*\* During the year, Ms. Farheen Salman has been appointed in place of Ms. Fariyha Subhani.

**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. Zulfikar Monnoo Chairman	1	1
Mr. Kamal Monnoo Member	1	1
Ms. Shazia Syed Member	1	1
Mr. Amar Naseer Member	1	1

**Notes:**

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

**Terms of Reference**

The Committee has been constituted by the Board to recommend human resource management policies to the Board and fulfil the requirements of the Code of Corporate Governance. It comprises of three members, two of whom are Non-Executive Directors.

# Performance Indicators for 6 years

2016      2015      2014      2013      2012      2011

← (Rupees in Thousand) →

## FINANCIAL POSITION

### Balance sheet

Property, plant and equipment	2,084,856	2,040,339	1,803,992	1,020,414	649,333	620,702
Other non-current assets	96,544	119,386	101,268	100,900	107,574	110,152
Current assets	2,436,695	2,257,568	1,560,692	1,204,872	1,248,575	1,036,314
Total assets	4,618,095	4,417,293	3,465,952	2,326,186	2,005,482	1,767,168
Share capital - ordinary	61,576	61,576	61,576	61,576	61,576	61,576
Reserves	1,743,342	1,617,018	721,822	388,153	534,202	420,085
Total equity	1,804,918	1,678,594	783,398	449,729	595,778	481,661
Non-current liabilities	215,694	220,644	112,239	111,922	106,989	114,403
Current liabilities	2,597,483	2,518,055	2,570,315	1,764,535	1,302,715	1,171,104
Total liabilities	2,813,177	2,738,699	2,682,554	1,876,457	1,409,704	1,285,507
Total equity and liabilities	4,618,095	4,417,293	3,465,952	2,326,186	2,005,482	1,767,168
Net current (liabilities) / assets	(160,788)	(260,487)	(1,009,623)	(559,663)	(54,140)	(134,790)

## OPERATING AND FINANCIAL TRENDS

### Profit and loss

Net sales	9,466,836	8,571,097	7,787,059	6,958,846	5,861,096	4,940,251
Cost of sales	(5,264,621)	(4,738,804)	(4,426,989)	(4,051,302)	(3,630,636)	(3,015,502)
Gross profit	4,202,215	3,832,293	3,360,070	2,907,544	2,230,460	1,924,749
Operating profit	1,802,228	1,701,775	1,739,722	1,472,898	1,080,241	916,995
Profit before tax	1,767,758	1,665,685	1,689,929	1,463,855	1,072,175	910,132
Profit after tax	1,276,089	1,232,128	1,171,821	1,004,755	728,981	616,695
Cash ordinary dividends	1,152,012	457,309	771,089	1,133,265	614,356	529,800

### Cash flows

Operating activities	1,517,410	1,191,568	1,405,243	1,652,146	806,912	964,204
Investing activities	(182,195)	(330,757)	(784,673)	(397,293)	(54,237)	(345,950)
Financing activities	(1,152,012)	(457,309)	(771,089)	(1,133,265)	(614,356)	(529,800)
Cash and cash equivalents at the end of the year	694,779	511,576	108,074	258,593	137,005	(1,314)

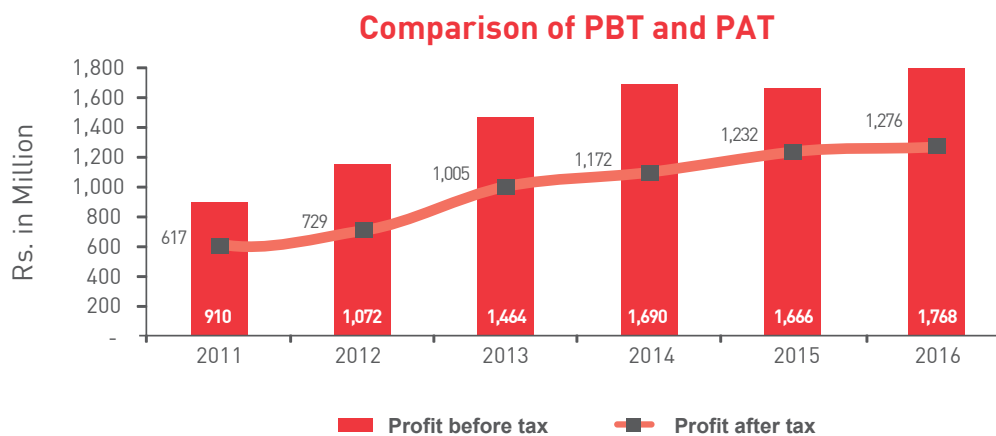
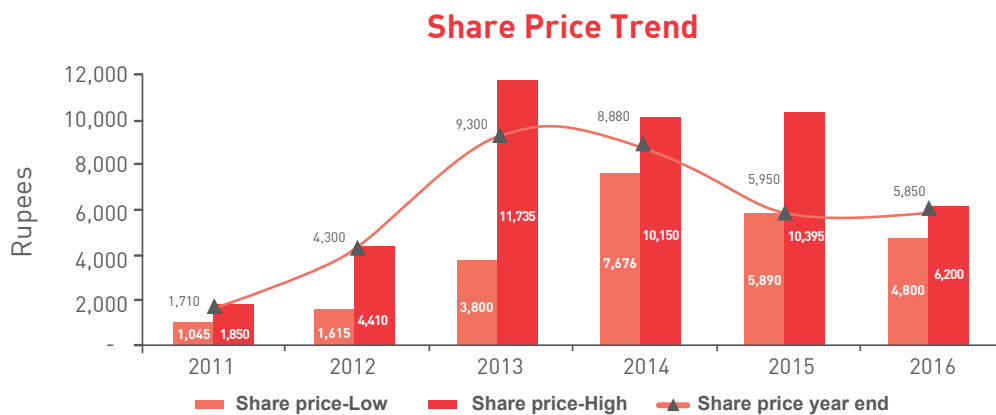
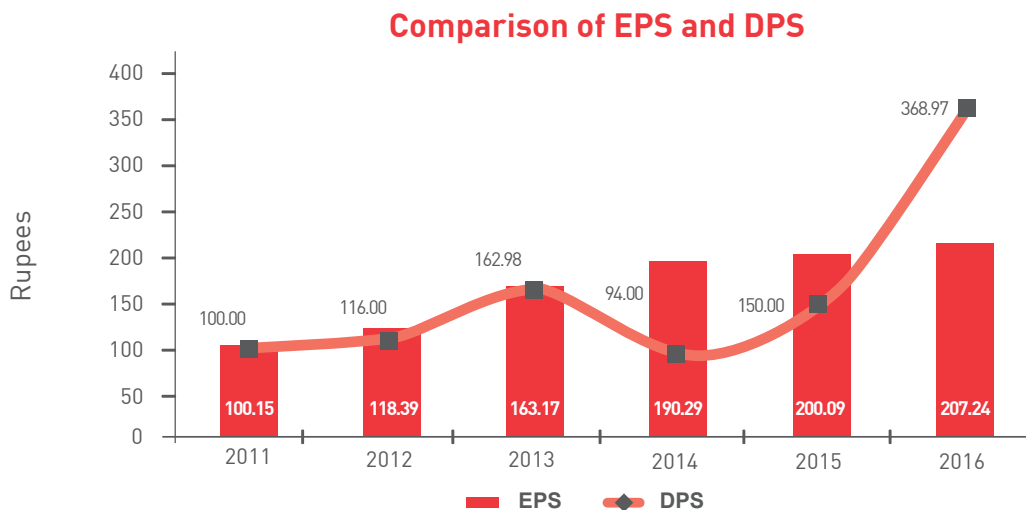
# Performance Indicators for 6 years

	Unit	2016	2015	2014	2013	2012	2011
<b>FINANCIAL RATIOS</b>							
<b>Profitability Ratios</b>							
Gross profit ratio	%	<b>44.39</b>	44.71	43.15	41.78	38.06	38.96
Net profit to sales	%	<b>13.48</b>	14.38	15.05	14.44	12.44	12.48
EBITDA margin to sales	%	<b>20.45</b>	20.88	22.59	21.84	19.23	19.40
Operating leverage ratio	Times	<b>0.54</b>	(0.10)	1.34	1.95	0.94	1.72
Pre tax return on equity	%	<b>97.94</b>	99.23	215.72	325.50	179.96	188.96
Post tax return on equity	%	<b>70.70</b>	73.40	149.58	223.41	122.36	128.04
Return on capital employed	%	<b>70.70</b>	73.40	149.58	223.41	122.36	128.04
<b>Liquidity Ratios</b>							
Current ratio	Times	<b>0.94</b>	0.90	0.61	0.68	0.96	0.88
Quick / Acid test ratio	Times	<b>0.57</b>	0.52	0.28	0.35	0.38	0.36
Cash to current liabilities	Times	<b>0.27</b>	0.24	0.05	0.16	0.15	0.08
Cash flow from operations to sales	Times	<b>0.16</b>	0.14	0.18	0.24	0.14	0.20
<b>Activity / Operating Performance Ratios</b>							
Inventory turnover ratio	Days	<b>66</b>	70	59	61	68	58
Debtor turnover ratio	Days	<b>10</b>	9	9	9	10	11
Creditor turnover ratio	Days	<b>165</b>	187	175	132	113	89
Total assets turnover ratio	Times	<b>2</b>	2	2	3	3	3
Fixed assets turnover ratio	Times	<b>5</b>	4	4	7	9	8
Operating cycle	Days	<b>(89)</b>	(108)	(107)	(62)	(35)	(20)
<b>Investment / Market Ratios</b>							
Earnings per share (EPS)	Rs.	<b>207.24</b>	200.09	190.29	163.17	118.39	100.15
Price earning ratio	Times	<b>28.23</b>	29.74	46.66	56.99	36.32	17.07
Dividend yield ratio	Times	<b>0.06</b>	0.03	0.01	0.02	0.03	0.06
Dividend payout ratio - earnings	Times	<b>1.78</b>	0.75	0.49	1.00	0.98	1.00
Dividend payout ratio - par value	Times	<b>36.90</b>	15.00	9.40	16.30	11.60	10.00
Dividend cover ratio	Times	<b>0.56</b>	1.33	2.02	1.00	1.02	1.00
Cash dividend*	Rs.	<b>368.97</b>	150.00	94.00	162.98	116.00	100.00
Market value - low	Rs.	<b>4,800</b>	5,890	7,676	3,800	1,615	1,045
Market value - high	Rs.	<b>6,200</b>	10,395	10,150	11,735	4,410	1,850
Market value - year end	Rs.	<b>5,850</b>	5,950	8,880	9,300	4,300	1,710
Breakup value per share without surplus on revaluation of fixed assets	Rs.	<b>293.12</b>	272.60	127.22	73.04	96.75	79.83
<b>Capital Structure Ratios</b>							
Financial leverage ratio	Times	<b>0.00</b>	0.05	0.04	0.05	0.10	0.19
Interest cover ratio	Times	<b>180.74</b>	101.01	167.32	470.94	551.12	271.00

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



## Performance Indicators for 6 years



# Balance Sheet Horizontal Analysis for 6 years

(Rs. in thousand)

## EQUITY AND LIABILITIES

### Capital and reserves

	2016 Rs.	16 Vs.15 %	2015 Rs.	15 Vs.14 %	2014 Rs.	14 Vs.13 %	2013 Rs.	13 Vs.12 %	2012 Rs.	12 Vs.11 %	2011 Rs.	11 Vs.10 %
Share capital	61,576	-	61,576	-	61,576	-	61,576	-	61,576	-	61,576	-
Reserves	1,743,342	7.81	1,617,018	124.02	721,822	85.96	388,153	(27.34)	534,202	24.24	429,959	25.42
	1,804,918	7.53	1,678,594	114.27	783,398	74.19	449,729	(24.51)	595,778	21.21	491,535	21.55

### Non-current liabilities

Retirement benefits - obligation	2,452	(56.91)	5,691	315.70	1,369	(68.37)	4,328	10.32	3,923	(77.61)	17,519	95.98
Deferred taxation	213,242	(0.80)	214,953	93.88	110,870	3.04	107,594	4.39	103,066	18.45	87,010	197.54
	215,694	(2.24)	220,644	96.58	112,239	0.28	111,922	4.61	106,989	2.35	104,529	173.77

### Current liabilities

Trade and other payables	2,424,678	3.24	2,348,513	(6.76)	2,518,817	46.75	1,716,409	41.49	1,213,083	17.73	1,030,383	137.94
Provision	57,623	51.90	37,935	74.09	21,791	36.69	15,942	112.33	7,508	(70.92)	25,817	158.17
Accrued interest / mark-up	-	(100.00)	1,119	47.82	757	(12.28)	863	(3.58)	895	492.72	151	(92.52)
Taxation - provision less payments	-	-	-	-	-	(100.00)	6,160	(47.31)	11,692	100.00	-	-
Sales tax payable	115,182	135.97	48,812	100	-	-	-	(100.00)	4,640	(77.06)	20,227	(36.04)
Short term borrowings	-	(100.00)	81,676	182.13	28,950	15.06	25,161	(61.23)	64,897	(31.34)	94,526	(44.46)
	2,597,483	3.15	2,518,055	(2.03)	2,570,315	45.67	1,764,535	35.45	1,302,715	11.24	1,171,104	81.03
	4,618,095	4.55	4,417,293	27.45	3,465,952	49.00	2,326,186	15.99	2,005,482	13.49	1,767,168	62.20

## ASSETS

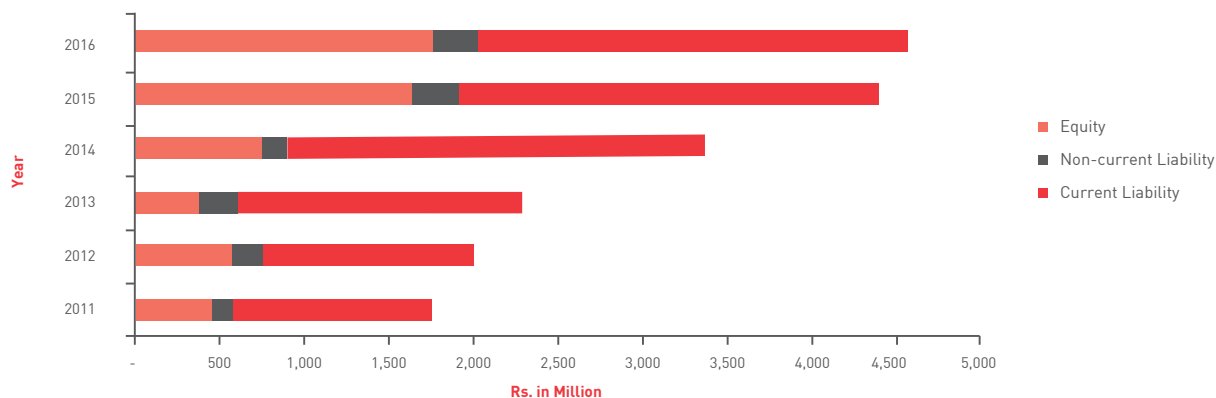
### Non-current assets

Property, plant and equipment	2,084,856	2.18	2,040,339	13.10	1,803,992	76.79	1,020,414	57.15	649,333	4.61	620,702	106.40
Intangible assets	81,637	-	81,637	-	81,637	-	81,637	-	81,637	-	81,637	-
Long term loans and advances	12,302	(67.41)	37,749	111.42	17,855	(3.79)	18,558	(17.44)	22,477	(12.27)	25,621	1,087.81
Long term prepayment	2,605	100	-	-	-	-	-	-	-	(100.00)	2,894	2,160.94
Retirement benefit - prepayment	-	-	-	(100.00)	1,776	151.91	705	(79.62)	3,460	100.00	-	-
	2,181,400	1.00	2,159,725	13.36	1,905,260	69.91	1,121,314	48.14	756,907	3.56	730,854	90.01

### Current assets

Stores and spares	31,429	39.79	22,483	(12.46)	25,682	15.53	22,229	30.89	16,983	1.69	16,700	(4.34)
Stock in trade	958,171	(0.12)	959,276	12.98	849,057	42.91	594,105	(20.83)	750,374	26.50	593,162	65.64
Trade debts	301,929	44.42	209,064	2.31	204,351	11.79	182,797	25.11	146,113	(22.51)	188,563	95.19
Loans and advances	23,864	57.21	15,180	(5.58)	16,077	(4.67)	16,865	32.98	12,682	(34.51)	19,366	31.66
Trade deposits and short term prepayments	74,049	46.68	50,484	(15.95)	60,067	22.06	49,212	24.26	39,603	(24.98)	52,793	160.96
Other receivables	10,815	(64.96)	30,868	(40.53)	51,901	161.56	19,843	(75.48)	80,918	180.30	28,868	199.51
Taxation - payments less provision	341,659	(9.36)	376,961	116.84	173,843	100.00	-	-	-	(100.00)	43,650	(59.45)
Cash and bank balances	694,779	17.11	593,252	332.95	137,024	(51.71)	283,754	40.54	201,902	116.61	93,212	15.88
Sales tax refundable	-	-	-	(100.00)	42,690	18.36	36,067	100.00	-	-	-	-
	2,436,695	7.93	2,257,568	44.65	1,560,692	29.53	1,204,872	(3.50)	1,248,575	20.48	1,036,314	47.03
	4,618,095	4.55	4,417,293	27.45	3,465,952	49.00	2,326,186	15.99	2,005,482	13.49	1,767,168	62.20

## Balance Sheet Analysis - Equity & Liabilities



# Balance Sheet Vertical Analysis for 6 years

(Rs. in thousand)

	2016		2015		2014		2013		2012		2011	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
<b>EQUITY AND LIABILITIES</b>												
<b>Capital and reserves</b>												
Share capital	61,576	1.33	61,576	1.39	61,576	1.78	61,576	2.65	61,576	3.07	61,576	3.48
Reserves	1,743,342	37.75	1,617,018	36.61	721,822	20.83	388,153	16.69	534,202	26.64	429,959	24.33
	<b>1,804,918</b>	<b>39.08</b>	<b>1,678,594</b>	<b>38.00</b>	<b>783,398</b>	<b>22.60</b>	<b>449,729</b>	<b>19.33</b>	<b>595,778</b>	<b>29.71</b>	<b>491,535</b>	<b>27.81</b>
<b>Non-current liabilities</b>												
Retirement benefits - obligation	2,452	0.05	5,691	0.13	1,369	0.04	4,328	0.19	3,923	0.20	17,519	0.99
Deferred taxation	213,242	4.62	214,953	4.87	110,870	3.20	107,594	4.63	103,066	5.14	87,010	4.92
	<b>215,694</b>	<b>4.67</b>	<b>220,644</b>	<b>5.00</b>	<b>112,239</b>	<b>3.24</b>	<b>111,922</b>	<b>4.81</b>	<b>106,989</b>	<b>5.33</b>	<b>104,529</b>	<b>5.92</b>
<b>Current liabilities</b>												
Trade and other payables	2,424,678	52.50	2,348,513	53.17	2,518,817	72.67	1,716,409	73.79	1,213,083	60.49	1,030,383	58.31
Provision	57,623	1.25	37,935	0.86	21,791	0.63	15,942	0.69	7,508	0.37	25,817	1.46
Accrued interest / mark-up	-	-	1,119	0.02	757	0.02	863	0.04	895	0.04	151	0.01
Taxation - provision less payments	-	-	-	-	-	-	6,160	0.26	11,692	0.58	-	-
Sales tax payable	115,182	2.49	48,812	1.11	-	-	-	-	4,640	0.23	20,227	1.14
Short term borrowings	-	-	81,676	1.85	28,950	0.84	25,161	1.08	64,897	3.24	94,526	5.35
	<b>2,597,483</b>	<b>56.25</b>	<b>2,518,055</b>	<b>57.00</b>	<b>2,570,315</b>	<b>74.16</b>	<b>1,764,535</b>	<b>75.86</b>	<b>1,302,715</b>	<b>64.96</b>	<b>1,171,104</b>	<b>66.27</b>
	<b>4,618,095</b>	<b>100.00</b>	<b>4,417,293</b>	<b>100.00</b>	<b>3,465,952</b>	<b>100.00</b>	<b>2,326,186</b>	<b>100.00</b>	<b>2,005,482</b>	<b>100.00</b>	<b>1,767,168</b>	<b>100.00</b>

## ASSETS

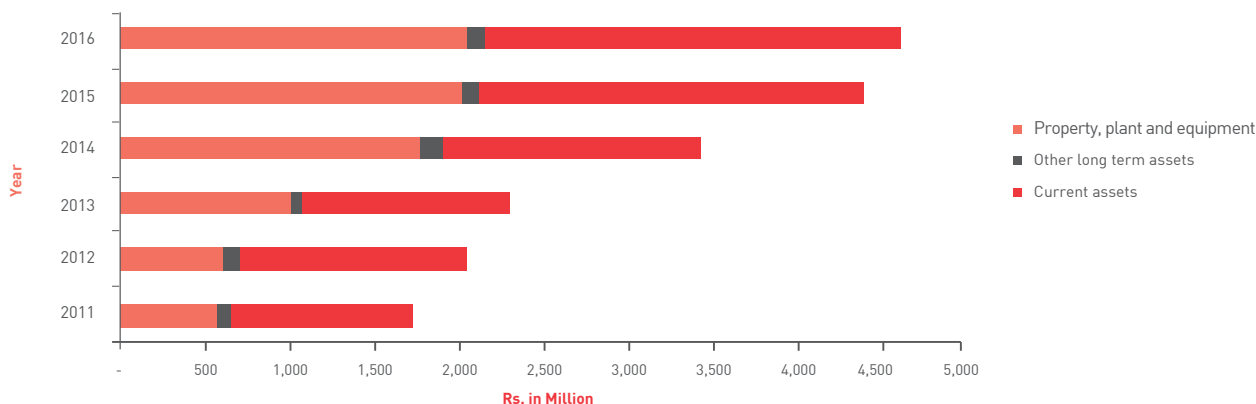
### Non-current assets

Property, plant and equipment	2,084,856	45.15	2,040,339	46.19	1,803,992	52.05	1,020,414	43.87	649,333	32.38	620,702	35.12
Intangible assets	81,637	1.77	81,637	1.85	81,637	2.36	81,637	3.51	81,637	4.07	81,637	4.62
Long term loans	12,302	0.27	37,749	0.85	17,855	0.52	18,558	0.80	22,477	1.12	25,621	1.45
Long term prepayment	2,605	0.06	-	-	-	-	-	-	-	-	2,894	0.16
Retirement benefit - prepayment	-	-	-	-	1,776	0.05	705	0.03	3,460	0.17	-	-
	<b>2,181,400</b>	<b>47.24</b>	<b>2,159,725</b>	<b>48.89</b>	<b>1,905,260</b>	<b>54.97</b>	<b>1,121,314</b>	<b>48.20</b>	<b>756,907</b>	<b>37.74</b>	<b>730,854</b>	<b>41.36</b>

### Current assets

Stores and spares	31,429	0.68	22,483	0.51	25,682	0.74	22,229	0.96	16,983	0.85	16,700	0.95
Stock in trade	958,171	20.75	959,276	21.72	849,057	24.50	594,105	25.54	750,374	37.42	593,162	33.57
Trade debts	301,929	6.54	209,064	4.73	204,351	5.90	182,797	7.86	146,113	7.29	188,563	10.67
Loans and advances	23,864	0.52	15,180	0.34	16,077	0.46	16,865	0.73	12,682	0.63	19,366	1.10
Trade deposits and short term prepayments	74,049	1.60	50,484	1.14	60,067	1.73	49,212	2.12	39,603	1.97	52,793	2.99
Other receivables	10,815	0.23	30,868	0.70	51,901	1.50	19,843	0.85	80,918	4.03	28,868	1.63
Taxation - payments less provision	341,659	7.40	376,961	8.53	173,843	5.02	-	-	-	-	43,650	2.47
Cash and bank balances	694,779	15.04	593,252	13.43	137,024	3.95	283,754	12.20	201,902	10.07	93,212	5.27
Sales tax refundable	-	-	-	-	42,690	1.23	36,067	1.55	-	-	-	-
	<b>2,436,695</b>	<b>52.76</b>	<b>2,257,568</b>	<b>51.11</b>	<b>1,560,692</b>	<b>45.03</b>	<b>1,204,872</b>	<b>51.80</b>	<b>1,248,575</b>	<b>62.26</b>	<b>1,036,314</b>	<b>58.64</b>
	<b>4,618,095</b>	<b>100.00</b>	<b>4,417,293</b>	<b>100.00</b>	<b>3,465,952</b>	<b>100.00</b>	<b>2,326,186</b>	<b>100.00</b>	<b>2,005,482</b>	<b>100.00</b>	<b>1,767,168</b>	<b>100.00</b>

### Balance Sheet Analysis - Assets



# Profit and Loss Account

## Horizontal Analysis for 6 years

(Rs. in thousand)

	2016 Rs.	16 Vs.15 %	2015 Rs.	15 Vs.14 %	2014 Rs.	14 Vs.13 %	2013 Rs.	13 Vs.12 %	2012 Rs.	12 Vs.11 %	2011 Rs.	11 Vs.10 %
Sales	9,466,836	10.45	8,571,097	10.07	7,787,059	11.90	6,958,846	18.73	5,861,096	18.64	4,940,251	22.26
Cost of sales	(5,264,621)	11.10	(4,738,804)	7.04	(4,426,989)	9.27	(4,051,302)	11.59	(3,630,636)	20.40	(3,015,502)	20.33
Gross profit	4,202,215	9.65	3,832,293	14.05	3,360,070	15.56	2,907,544	30.36	2,230,460	15.88	1,924,749	25.40
Distribution cost	(2,238,606)	14.56	(1,954,022)	35.13	(1,445,978)	17.10	(1,234,866)	24.25	(993,825)	16.92	(850,012)	8.06
Administrative expenses	(155,137)	0.54	(154,298)	(4.01)	(160,740)	2.73	(156,472)	5.09	(148,898)	6.97	(139,198)	170.04
Other operating expenses	(126,587)	0.97	(125,372)	(1.45)	(127,212)	9.80	(115,857)	42.48	(81,316)	14.91	(70,767)	36.59
Other income	120,343	16.64	103,174	(9.16)	113,582	56.56	72,549	(1.72)	73,820	(10.61)	82,582	250.28
	1,802,228	5.90	1,701,775	(2.18)	1,739,722	18.12	1,472,898	36.35	1,080,241	14.03	947,354	41.71
Restructuring cost	-	-	-	-	-	-	-	-	-	(100.00)	(30,359)	197.58
Profit from operations	1,802,228	5.90	1,701,775	(2.18)	1,739,722	18.12	1,472,898	36.35	1,080,241	17.80	916,995	39.30
Finance costs	(34,470)	(4.49)	(36,090)	(27.52)	(49,793)	450.62	(9,043)	12.11	(8,066)	17.53	(6,863)	(44.87)
Profit before taxation	1,767,758	6.13	1,665,685	(1.43)	1,689,929	15.44	1,463,855	36.53	1,072,175	17.80	910,132	40.92
Taxation	(491,669)	13.40	(433,557)	(16.32)	(518,108)	12.85	(459,100)	33.77	(343,194)	16.96	(293,437)	40.81
Profit after taxation	1,276,089	3.57	1,232,128	5.15	1,171,821	16.63	1,004,755	37.83	728,981	18.21	616,695	40.97
Other comprehensive (loss)/ income	1,525	(134.49)	(4,421)	(538.59)	1,008	(185.79)	(1,175)	(230.85)	898	100.00	-	-
Total comprehensive income	1,277,614	4.07	1,227,707	4.68	1,172,829	16.86	1,003,580	37.50	729,879	18.35	616,695	40.97

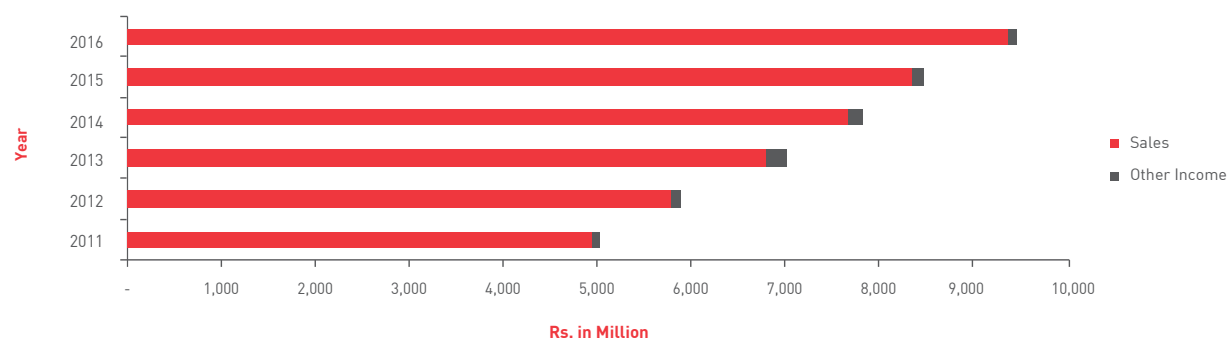
## Vertical Analysis for 6 years

(Rs. in thousand)

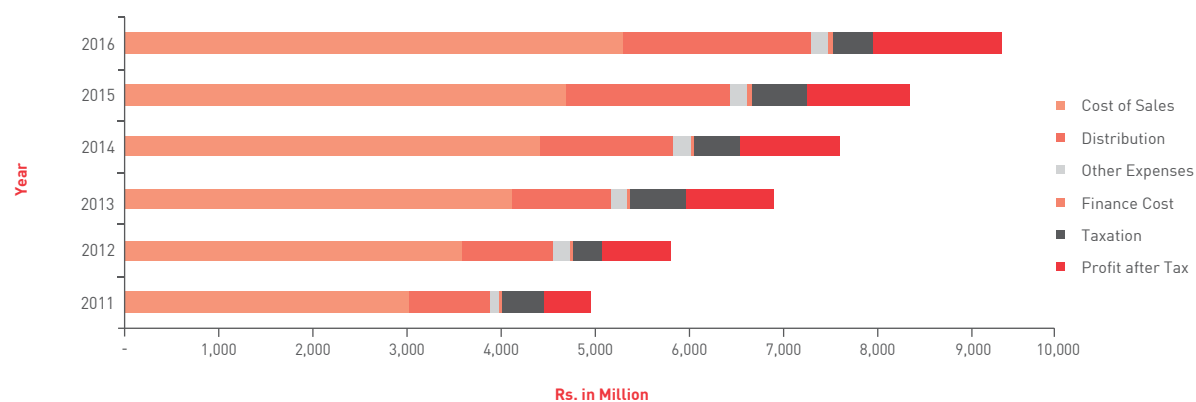
	2016		2015		2014		2013		2012		2011	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Sales	9,466,836	100.00	8,571,097	100.00	7,787,059	100.00	6,958,846	100.00	5,861,096	100.00	4,940,251	100.00
Cost of sales	(5,264,621)	(55.61)	(4,738,804)	(55.29)	(4,426,989)	(56.85)	(4,051,302)	(58.22)	(3,630,636)	(61.94)	(3,015,502)	(61.04)
Gross profit	4,202,215	44.39	3,832,293	44.71	3,360,070	43.15	2,907,544	41.78	2,230,460	38.06	1,924,749	38.96
Distribution cost	(2,238,606)	(23.65)	(1,954,022)	(22.80)	(1,445,978)	(18.57)	(1,234,866)	(17.75)	(993,825)	(16.96)	(850,012)	(17.21)
Administrative expenses	(155,137)	(1.64)	(154,298)	(1.80)	(160,740)	(2.06)	(156,472)	(2.25)	(148,898)	(2.54)	(139,198)	(2.82)
Other operating expenses	(126,587)	(1.34)	(125,372)	(1.46)	(127,212)	(1.63)	(115,857)	(1.66)	(81,316)	(1.39)	(70,767)	(1.43)
Other operating income	120,343	1.27	103,174	1.20	113,582	1.46	72,549	1.04	73,820	1.26	82,582	1.67
	1,802,228	19.04	1,701,775	19.85	1,739,722	22.34	1,472,898	21.17	1,080,241	18.43	947,354	19.18
Restructuring cost	-	-	-	-	-	-	-	-	-	-	(30,359)	(0.61)
Profit from operations	1,802,228	19.04	1,701,775	19.85	1,739,722	22.34	1,472,898	21.17	1,080,241	18.43	916,995	18.56
Finance cost	(34,470)	(0.36)	(36,090)	(0.42)	(49,793)	(0.64)	(9,043)	(0.13)	(8,066)	(0.14)	(6,863)	(0.14)
Profit before taxation	1,767,758	18.67	1,665,685	19.43	1,689,929	21.70	1,463,855	21.04	1,072,175	18.29	910,132	18.42
Taxation	(491,669)	(5.19)	(433,557)	(5.06)	(518,108)	(6.65)	(459,100)	(6.60)	(343,194)	(5.86)	(293,437)	(5.94)
Profit after taxation	1,276,089	13.48	1,232,128	14.38	1,171,821	15.05	1,004,755	14.44	728,981	12.44	616,695	12.48
Other comprehensive (loss)/ income	1,525	0.02	(4,421)	(0.05)	1,008	0.01	(1,175)	(0.02)	898	0.02	-	-
Total comprehensive income	1,277,614	13.50	1,227,707	14.32	1,172,829	15.06	1,003,580	14.42	729,879	12.45	616,695	12.48

# Graphical Analysis

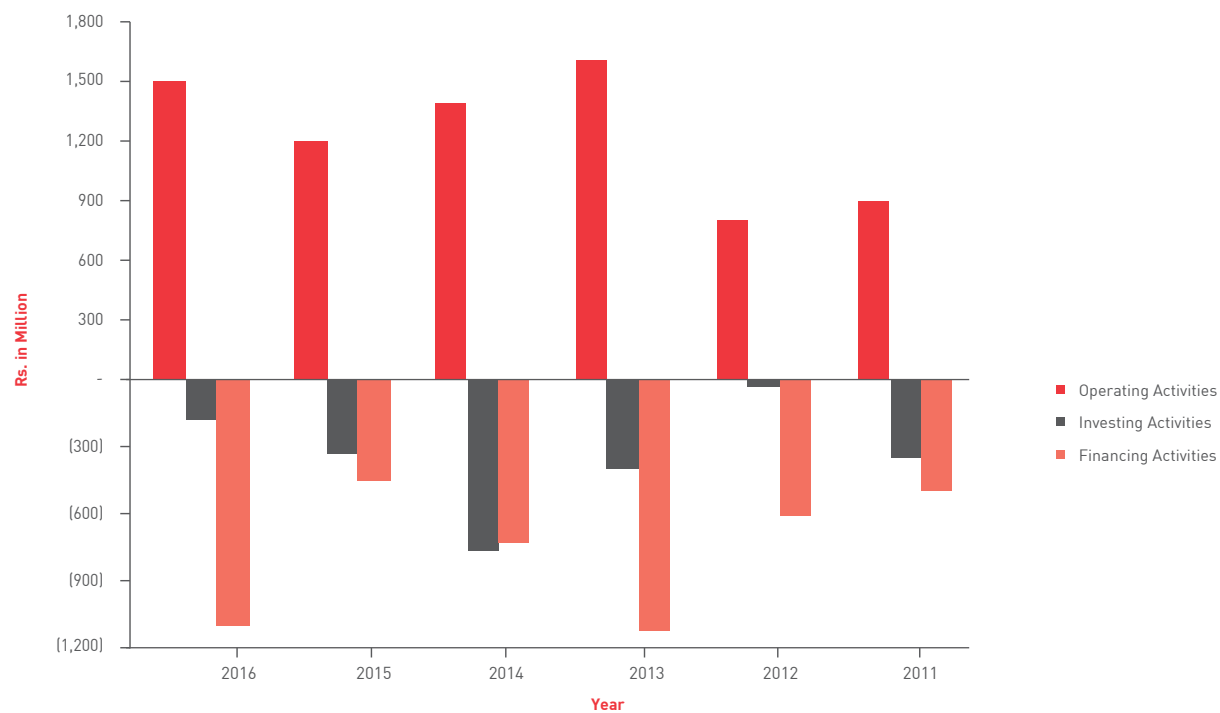
## Profit and Loss Analysis - Income



## Profit and Loss Analysis - Expenses



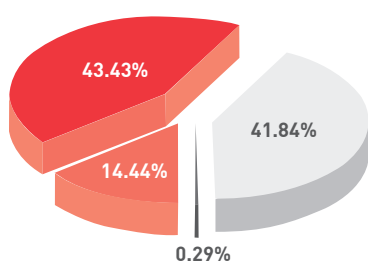
## Cash Flow Analysis



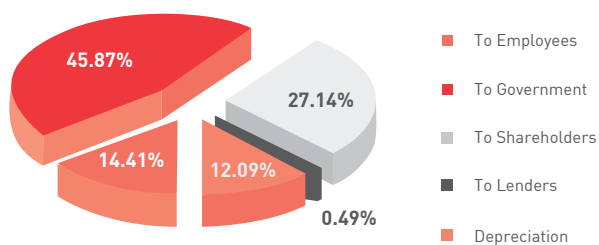
# Statement of Wealth Generated and Distributed

	2016		2015	
	Rs. in thousand	%	Rs. in thousand	%
<b>WEALTH GENERATED</b>				
Total Revenue inclusive of sales tax and other Income	<b>10,262,797</b>		9,367,782	
Bought in material	<b>(6,834,635)</b>		(5,964,891)	
	<b>3,428,163</b>	<b>100</b>	<b>3,402,891</b>	<b>100</b>
<b>WEALTH DISTRIBUTION</b>				
<b>To Employees</b>				
Salaries, benefits and other costs	<b>495,119</b>	<b>14.44</b>	490,492	14.41
<b>To Government</b>				
Income tax, sales tax, excise duty, custom duty, WWF and WPPF	<b>1,488,718</b>	<b>43.43</b>	1,560,754	45.87
<b>To Providers of Capital</b>				
Dividend to shareholders*	<b>1,434,491</b>	<b>41.84</b>	923,643	27.14
Mark-up / interest expenses on borrowed funds	<b>9,835</b>	<b>0.29</b>	16,655	0.49
<b>To Company</b>				
Depreciation, amortization and retained profit*	-	-	411,347	12.09
	<b>3,428,163</b>	<b>100</b>	<b>3,402,891</b>	<b>100</b>

**WEALTH DISTRIBUTION 2016**



**WEALTH DISTRIBUTION 2015**



\*Total dividend for the year 2016 was Rs. 2,272 million which was partly funded by reserves.

# Pattern of Shareholding

As at December 31, 2016

Number of Shareholders	Shareholdings' Slab	Total Shares Held
707	1 to 100	23,071
102	101 to 500	19,838
16	501 to 1000	10,097
9	1001 to 5000	20,370
2	20001 to 25000	44,581
1	25001 to 30000	28,760
1	35001 to 40000	37,080
3	40001 to 45000	131,552
1	60001 to 65000	61,670
1	65001 to 70000	67,180
2	75001 to 80000	153,573
1	90001 to 95000	94,344
2	95001 to 100000	191,847
1	110001 to 115000	113,860
1	130001 to 135000	134,865
1	150001 to 155000	153,728
1	200001 to 205000	200,947
1	4670001 to 4675000	4,670,255
853		6,157,618

Categories of Shareholders	Number of Shareholders	Number of Shares Held	Percentage
Associated Companies, undertakings and related parties	1	4,670,255	75.85
Directors, CEO and their spouse(s) and minor children	10	371,456	6.03
Public Sector Companies and Corporations	2	64	0.00
Banks, development finance institutions, non-banking finance companies insurance companies, takaful, modarabas and pension funds	2	1,107	0.02
General Public			
a. Local	818	1,113,634	18.09
b. Foreign	7	11	0.00
Foreign Companies	2	172	0.00
Others	11	919	0.01
Totals	853	6,157,618	100.00

Shareholders holding 5% or more	Shares Held	Percentage
CONOPCO, INC.	4,670,255	75.85

# Pattern of Shareholding Additional Information

As at December 31, 2016

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	4,670,255
ii) Directors, CEO and their spouse(s) and minor children		
Mr. Kamran Y. Mirza	1	1,760
Mrs. Shazia Syed	1	1
Mr. Zulfikar Monnoo	1	153,828
Mian M. Adil Monnoo	1	96,246
Mr. Kamal Monnoo	1	114,060
Mr. Badaruddin F. Vellani	1	100
Mrs. Farheen Salman Amir	1	1
Mr. Noman Amjad Lutfi	1	1
Mrs. Sarwat Zulfikar W/o Mr. Zulfikar Monnoo	1	5,430
Mrs. Amna Monnoo D/o Mr. Zulfikar Monnoo	1	29
iii) Public Sector Companies and Corporations	2	64
iv) Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds	2	1,107
v) Shareholders holding 5% or more voting rights (name-wise details)		
CONOPCO Inc.	1	4,670,255

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

During 01-01-2016 to 31-12-2016

S.No.	Name	Acquired during the year
1	Farheen Salman	1
2	Noman Amjad Lutfi	1
S.No.	Name	Transferred during the year
1	Badaruddin F. Vellani	1
2	Fariyha Subhani	1
3	Ali Tariq	1



# Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (the Code), set out in the listing regulations of Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code, in the following manner:

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

Category	Names
Independent Director	<ul style="list-style-type: none"> <li>• Mr. Kamran Y. Mirza (Chairman of the Board)</li> </ul>
Executive Directors	<ul style="list-style-type: none"> <li>• Ms. Shazia Syed ( CEO)</li> <li>• Mr. Sohail Hanif Baig (CFO)</li> <li>• Ms. Farheen Salman Amir</li> <li>• Mr. Ali Tariq (resigned w.e.f. December 31, 2016)</li> </ul>
Non-Executive Directors	<ul style="list-style-type: none"> <li>• Mr. Zulfikar Monnoo (Chairman Audit Committee)</li> <li>• Mian M. Adil Monnoo</li> <li>• Mr. Kamal Monnoo</li> <li>• Mr. Badaruddin F. Vellani</li> <li>• Mr. Noman Amjad Lutfi</li> </ul>

The independent director meets the criteria of independence under clause 5.19.1 (b) of the Code.

2. The Directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member/broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy in the Board of Directors occurred on December 31, 2016 which was filled up by the Directors within stipulated time.
5. The Company has adopted a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Company has a Vision / Mission statement and overall corporate strategy. The Company, traditionally, maintains and follows policies designed to align with the Unilever group of companies and global best practices. The Board considers any significant amendments to the policies, as and when required.
7. All the powers of the Board have been duly exercised and decisions on material transactions, based on the significance of the matters involved, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other Executive Directors and Non-Executive Directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. All the directors of the Company have completed Directors Training Program while Mr. Kamran Y. Mirza is exempt from this requirement, as per criteria defined in the Rule Book of Stock Exchange.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The Financial Statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of four Members; three Non-Executive Directors and one Independent Director
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed a Human Resource and Remuneration (HR&R) Committee. It comprises of three members, two of whom are Non-Executive Directors and the Chairman of the Committee is a Non-Executive Director.
18. During the year 2015, the Company has appointed Ms. Mehwish Iqbal as Head of Internal Audit and Secretary of Audit Committee of UPFL. Internal Audit resourcing services are secured through Unilever Pakistan Limited (an associated company) through shared services arrangements. The audit staff of Unilever Pakistan Limited is suitably qualified and conversant with the policies and procedures. The Company had applied to obtain the concurrence of SECP on these arrangements.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The "closed period", prior to the announcement of interim and final results, and business decisions, which may materially affect the market price of Company's Securities, was determined and intimated to Directors, employees and Stock Exchange.
22. Material/price sensitive information has been disseminated among all market participants immediately through Stock Exchange.
23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained record including basis for inclusion and exclusion of names of persons from the said list.
24. We confirm that all material principles enshrined in the Code have been complied with except for any exception already disclosed hereinabove.

**Shazia Syed**

Chief Executive

Karachi

March 08, 2017

# Auditors' Review Report

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## Review Report to the Members on the Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of Unilever Pakistan Foods Limited ("the Company") for the year ended December 31, 2016 to comply with the requirements of Listing Regulation of the Pakistan Stock Exchange where the Company is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended December 31, 2016.

Further, we highlight below instance of non-compliance with the requirement of the Code as reflected in the paragraph reference where it is stated in the Statement of Compliance:

### Paragraph Description reference

- 18** Internal Audit resourcing services are secured through Unilever Pakistan Limited (an associated company) through shared services arrangements. The audit staff of Unilever Pakistan Limited is suitably qualified and conversant with the policies and procedures. The Company had applied to obtain the concurrence of SECP on these arrangements.

**KPMG Taseer Hadi & Co.**

Chartered Accountants

Karachi

Dated: March 8, 2017

# Financial Statements 2016





# Auditors' Report to the Members

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We have audited the annexed balance sheet of Unilever Pakistan Foods Limited ("the Company") as at December 31, 2016 and the related profit and loss account, statement of changes in equity and cash flow statement together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
  - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2016 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Dated: March 8, 2017  
Karachi

**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Mohammad Mahmood Hussain

# Balance Sheet

as at December 31, 2016

	Note	2016 (Rupees in thousand)	2015
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	2,084,856	2,040,339
Intangible assets	6	81,637	81,637
Long term prepayment		2,605	-
Long term loans and advances	7	12,302	37,749
		<b>2,181,400</b>	2,159,725
<b>Current assets</b>			
Stores and spares	8	31,429	22,483
Stock in trade	9	958,171	959,276
Trade debts	10	301,929	209,064
Loans and advances	11	23,864	15,180
Trade deposits and short term prepayments	12	74,049	50,484
Other receivables	13	10,815	30,868
Taxation - net		341,659	376,961
Cash and bank balances	14	694,779	593,252
		<b>2,436,695</b>	2,257,568
<b>Total assets</b>		<b>4,618,095</b>	4,417,293

# Balance Sheet

as at December 31, 2016

	Note	2016 (Rupees in thousand)	2015
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	15	61,576	61,576
Reserves	16	1,743,342	1,617,018
		<b>1,804,918</b>	1,678,594
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Staff retirement benefits	17	2,452	5,691
Deferred taxation	18	213,242	214,953
		<b>215,694</b>	220,644
<b>Current liabilities</b>			
Trade and other payables	19	2,424,678	2,348,513
Provisions	20	57,623	37,935
Accrued interest / mark-up		-	1,119
Sales tax payable		115,182	48,812
Short term borrowings	21	-	81,676
		<b>2,597,483</b>	2,518,055
<b>Total liabilities</b>		<b>2,813,177</b>	2,738,699
<b>Total equity and liabilities</b>		<b>4,618,095</b>	4,417,293
<b>Contingency and commitments</b>			
	22		

The annexed notes 1 to 41 form an integral part of these financial statements.

**Shazia Syed**  
Chief Executive

**Sohail Hanif Baig**  
Director and Chief Financial Officer

# Profit and Loss Account

for the year ended December 31, 2016

	Note	2016 (Rupees in thousand)	2015
Sales	23	9,466,836	8,571,097
Cost of sales	24	(5,264,621)	(4,738,804)
Gross profit		4,202,215	3,832,293
Distribution cost	25	(2,238,606)	(1,954,022)
Administrative expenses	26	(155,137)	(154,298)
Other operating expenses	27	(126,587)	(125,372)
Other income	28	120,343	103,174
		1,802,228	1,701,775
Finance costs	29	(34,470)	(36,090)
Profit before taxation		1,767,758	1,665,685
Taxation	30	(491,669)	(433,557)
Profit after taxation		1,276,089	1,232,128
Other comprehensive income:			
<b>Items that will not be reclassified to Profit or Loss</b>			
Gain / (loss) on remeasurements of post employment defined benefit obligations		2,178	(6,316)
Impact of deferred tax		(653)	1,895
		1,525	(4,421)
<b>Items that may be subsequently reclassified to Profit or Loss</b>		-	-
Total comprehensive income		1,277,614	1,227,707
Basic and diluted earnings per share (Rupees)	31	207.24	200.09

The annexed notes 1 to 41 form an integral part of these financial statements.

**Shazia Syed**  
Chief Executive

**Sohail Hanif Baig**  
Director and Chief Financial Officer



# Cash Flow Statement

for the year ended December 31, 2016

	2016 (Rupees in thousand)	2015
<b>Cash flows from operating activities</b>		
Profit before taxation	1,767,758	1,665,685
Adjustments for non-cash charges and other items		
Depreciation	158,402	107,283
Gain on disposal of property, plant and equipment	(1,527)	(1,965)
Provision for staff retirement benefits	3,028	1,744
Reversal of provision for fixed assets	(1,006)	-
Mark-up on short term borrowings	9,835	16,655
Return on savings accounts	(18,191)	(10,909)
	150,541	112,808
	1,918,299	1,778,493
<b>Effect on cash flows due to working capital changes</b>		
(Increase) / decrease in current assets		
Stores and spares	(8,946)	3,199
Stock in trade	1,105	(110,219)
Trade debts	(92,865)	(4,713)
Loans and advances	(8,684)	897
Trade deposits and short term prepayments	(23,565)	9,583
Sales tax refundable	-	42,690
Other receivables	20,053	21,033
	(112,902)	(37,530)
Increase / (decrease) in current liabilities		
Trade and other payables	76,887	(45,505)
Provisions	19,688	16,144
Sales tax payable	66,370	48,812
	162,945	19,451
Cash generated from operations (carried forward)	1,968,342	1,760,414

# Cash Flow Statement

for the year ended December 31, 2016

	Note	2016 (Rupees in thousand)	2015
Cash generated from operations (brought forward)		1,968,342	1,760,414
Mark-up paid		(10,954)	(16,293)
Income tax paid		(458,731)	(530,697)
Staff retirement benefits - contributions paid		(4,089)	(1,962)
Long term prepayments		(2,605)	-
Decrease / (increase) in long term loans		25,447	(19,894)
<b>Net cash from operating activities</b>		<b>1,517,410</b>	<b>1,191,568</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(201,962)	(342,910)
Proceeds from disposal of property, plant and equipment		1,576	1,244
Return received on savings accounts		18,191	10,909
<b>Net cash used in investing activities</b>		<b>(182,195)</b>	<b>(330,757)</b>
<b>Cash flows from financing activities</b>			
Dividends paid		(1,152,012)	(457,309)
<b>Net increase in cash and cash equivalents</b>		<b>183,203</b>	<b>403,502</b>
Cash and cash equivalents at beginning of the year		511,576	108,074
Cash and cash equivalents at end of the year	39	<b>694,779</b>	<b>511,576</b>

The annexed notes 1 to 41 form an integral part of these financial statements.

**Shazia Syed**  
Chief Executive

**Sohail Hanif Baig**  
Director and Chief Financial Officer

# Statement of Changes in Equity

for the year ended December 31, 2016

	SHARE 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, 2015	61,576	24,630	628	138	696,426	721,822	783,398
Transactions with owners of the Company							
Interim dividend for the year ended December 31, 2015 @ Rs. 54 per share	-	-	-	-	(332,511)	(332,511)	(332,511)
Total comprehensive income for the year ended December 31, 2015							
- Profit for the year ended December 31, 2015	-	-	-	-	1,232,128	1,232,128	1,232,128
- Other comprehensive income for the year ended December 31, 2015	-	-	-	-	(4,421)	(4,421)	(4,421)
	-	-	-	-	1,227,707	1,227,707	1,227,707
Balance as at December 31, 2015	61,576	24,630	628	138	1,591,622	1,617,018	1,678,594
Transactions with owners of the Company							
Final dividend for the year ended December 31, 2015 @ Rs. 96 per share	-	-	-	-	(591,131)	(591,131)	(591,131)
Interim dividend for the year ended December 31, 2016 @ Rs. 90.97 per share	-	-	-	-	(560,159)	(560,159)	(560,159)
Total comprehensive income for the year ended December 31, 2016							
- Profit for the year ended December 31, 2016	-	-	-	-	1,276,089	1,276,089	1,276,089
- Other comprehensive income for the year ended December 31, 2016	-	-	-	-	1,525	1,525	1,525
	-	-	-	-	1,277,614	1,277,614	1,277,614
<b>Balance as at December 31, 2016</b>	<b>61,576</b>	<b>24,630</b>	<b>628</b>	<b>138</b>	<b>1,717,946</b>	<b>1,743,342</b>	<b>1,804,918</b>

The annexed notes 1 to 41 form an integral part of these financial statements.

**Shazia Syed**  
Chief Executive

**Sohail Hanif Baig**  
Director and Chief Financial Officer

# Notes to and Forming Part of the Financial Statements

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for the year ended December 31, 2016

## 1. THE COMPANY AND ITS OPERATIONS

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

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

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

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

#### a) Standards, interpretations and amendments to published approved accounting standards which became effective during the year

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

- IFRS 14 - 'Regulatory Deferral Accounts'
- Amendments to IFRS 11 - 'Accounting for Acquisition of Interest in Joint Operations'
- Amendments to IFRS 10, 12 and IAS 28 - 'Investment Entities (Applying the Consolidation Exception)'
- Amendments to IAS 16 and IAS 38 - 'Clarification of Acceptable Methods of Depreciation and Amortization'
- Agriculture - 'Bearer Plants (Amendment to IAS 16 and IAS 41)'
- Amendments to IAS 27 - 'Equity Method in Separate Financial Statements'
- Disclosure Initiatives - 'Amendments to IAS 1'
- Annual Improvements Cycle to IFRS 2012-2014 Cycle - various standards

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

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after January 1, 2017. These are not expected to have a material impact on the financial statements of the Company:

- Amendments to IAS 12 'Income Taxes'
- Amendments to IAS 7 'Statement of Cash Flows'
- Amendments to IFRS 2 - 'Share-based Payment'
- Amendments to IAS 40 'Investment Property'
- IFRS 12 'Disclosure of Interests in Other Entities'
- Amendments to IAS 28 'Investments in Associates and Joint Ventures'
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'

## **2.3 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.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

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

### **3.1 Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any, except capital work in progress which is stated at cost. 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 profit or loss as and when incurred. Individual assets costing up to Rs. 10,000 are charged to profit or loss. Major renewals and improvements are capitalised 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 recognised in the profit and loss account.

## **3.2 Intangible assets**

Intangible assets having indefinite useful life are stated at cost less accumulated amortisation and impairment, if any. Carrying amounts of intangibles are subject to impairment review at each balance sheet date and where conditions exist, impairment is recognized. The determination of recoverable amount is based on value-in-use calculations that require use of judgement to determine net cash flows arising from continuing use and applicable discount rate.

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

## **3.3 Taxation**

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

### **3.3.1 Current**

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

### **3.3.2 Deferred**

Deferred tax is recognised using the balance sheet 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 recognised 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 recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. 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 realised.

## **3.4 Short-term employee benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognised 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.

## **3.5 Staff retirement benefits**

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

### 3.5.1 Defined contribution plans

A defined contribution plan is a plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised 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 and 10% of base salary plus cost of living allowance in respect of management employees and unionised 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.

### 3.5.2 Defined benefit plans

Defined benefit plans define an amount of pension or gratuity that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined benefit plan is a plan that is not a defined contribution plan. The liability recognised in the balance sheet 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 obligation is calculated annually by independent actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised 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 plan.

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

The Company operates the following scheme:

- i) Funded gratuity scheme for management and non-management employees of the Company. Contributions are made on the basis of the actuarial valuation. The latest actuarial valuation was carried out as at December 31, 2016, using the 'Projected Unit Credit Method'.

The amount arising as a result of remeasurements are recognised in the Balance Sheet immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur.

Past-service costs are recognised immediately in profit and loss.

### **3.5.3 Other long-term employee benefits**

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in 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, 2016.

### **3.6 Stores and spares**

These are valued at average cost less impairment loss, if any, except for items in transit which are stated at invoice value plus other charges incurred thereon till the balance sheet date. 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 profit and loss account.

### **3.7 Stock in trade**

Stock in trade is valued at the lower of cost and net realisable 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 realisable 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 recognised in the profit and loss account.

### **3.8 Trade and other receivables**

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



### **3.9 Cash and cash equivalents**

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

### **3.10 Impairment**

#### **3.10.1 Financial assets**

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

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

#### **3.10.2 Non-financial assets**

The carrying amounts of non-financial assets other than inventories, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized as an expense in the profit and loss account for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less 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 amortisation, if no impairment loss had been recognised. Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

### **3.11 Trade and other payables**

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

### **3.12 Borrowings and their cost**

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

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

### **3.13 Provisions**

Provisions, if any, are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources 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 recognised in the period in which the Company becomes legally or constructively committed to incur.

### **3.14 Financial assets and liabilities**

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instruments. The Company derecognises 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 derecognised from the balance sheet 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 de-recognition of the financial assets and liabilities is taken to profit and loss account.

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. The financial assets and liabilities are subsequently measured at fair value, amortised cost or cost, as the case may be.

### **3.15 Derivative financial instruments**

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

### **3.16 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.

### **3.17 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 balance sheet 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 recognised in the profit and loss account.

### **3.18 Revenue recognition**

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable for goods sold, net of discounts and sales tax and is recognised on the following basis:

- sale of goods is recognised when significant risks and rewards are transferred.
- return on savings accounts and deposit accounts is recognised on time proportion basis, taking effect of the effective interest rate.

### **3.19 Dividend and appropriations**

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

### **3.20 Offsetting**

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

### **3.21 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. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

Estimates and judgements 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.

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

### **4.1.1 Income taxes**

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

#### 4.1.2 Defined benefit plans

The Company has adopted certain actuarial assumptions as disclosed in note 17 to the financial statements for valuation of present value of defined benefit obligations and fair value of plan assets, based on actuarial advice.

#### 4.1.3 Provisions

Provisions are considered, among others, for legal matters, disputed indirect taxes, employee termination cost and restructuring where a legal or constructive obligation exists at the balance sheet date and reliable estimate can be made of the likely outcome. The nature of these costs is such that judgement 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 provision for doubtful debts.

Estimates and judgements 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.

	Note	2016 (Rupees in thousand)	2015
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating assets	5.1	<b>1,952,320</b>	1,946,209
Capital work in progress	5.3	<b>132,536</b>	94,130
		<b>2,084,856</b>	2,040,339

## 5.1 Operating assets

	Freehold land	Building on freehold land	Leasehold improvements	Plant and machinery	Electrical, mechanical and office equipment	Furniture and fittings	Motor vehicles	Total
← (Rupees in thousand) →								
<b>Net carrying value basis</b>								
<b>Year ended December 31, 2016</b>								
Opening Net Book Value (NBV)	8,179	474,225	-	1,402,858	55,245	5,702	-	1,946,209
Additions (at cost)	-	34,052	-	125,116	4,388	-	-	163,556
Disposals (NBV)	-	-	-	(49)	-	-	-	(49)
Depreciation charge	-	(16,837)	-	(136,793)	(4,077)	(695)	-	(158,402)
Reversal of provision for fixed assets to be written off	-	-	-	1,006	-	-	-	1,006
Closing NBV	<b>8,179</b>	<b>491,440</b>	<b>-</b>	<b>1,392,138</b>	<b>55,556</b>	<b>5,007</b>	<b>-</b>	<b>1,952,320</b>
<b>Gross carrying value basis</b>								
<b>At December 31, 2016</b>								
Cost	8,179	633,712	14,918	1,967,972	126,602	15,801	1,405	2,768,589
Provision for fixed assets to be written off	-	-	-	(2,395)	-	-	-	(2,395)
Accumulated depreciation	-	(142,272)	(14,918)	(573,439)	(71,046)	(10,794)	(1,405)	(813,874)
NBV	<b>8,179</b>	<b>491,440</b>	<b>-</b>	<b>1,392,138</b>	<b>55,556</b>	<b>5,007</b>	<b>-</b>	<b>1,952,320</b>
<b>Net carrying value basis</b>								
<b>Year ended December 31, 2015</b>								
Opening Net Book Value (NBV)	8,179	273,408	-	656,639	50,657	6,397	-	995,280
Additions (at cost)	-	215,336	-	835,190	6,966	-	-	1,057,492
Disposals (NBV)	-	(12)	-	(1,543)	(40)	-	-	(1,595)
Depreciation charge	-	(14,519)	-	(88,880)	(3,189)	(695)	-	(107,283)
Reversal of provision for fixed assets to be written off	-	12	-	1,452	851	-	-	2,315
Closing NBV	<b>8,179</b>	<b>474,225</b>	<b>-</b>	<b>1,402,858</b>	<b>55,245</b>	<b>5,702</b>	<b>-</b>	<b>1,946,209</b>
<b>Gross carrying value basis</b>								
<b>At December 31, 2015</b>								
Cost	8,179	599,660	14,918	1,868,155	125,213	16,628	1,405	2,634,158
Provision for fixed assets to be written off	-	-	-	(3,401)	-	-	-	(3,401)
Accumulated depreciation	-	(125,435)	(14,918)	(461,896)	(69,968)	(10,926)	(1,405)	(684,548)
NBV	<b>8,179</b>	<b>474,225</b>	<b>-</b>	<b>1,402,858</b>	<b>55,245</b>	<b>5,702</b>	<b>-</b>	<b>1,946,209</b>
<b>Depreciation rate % per annum</b>	<b>-</b>	<b>2.5</b>	<b>25</b>	<b>7 to 10</b>	<b>10 to 25</b>	<b>20</b>	<b>20</b>	

**5.2** The details of operating fixed assets disposed off during the year are as follows:

Description	Original Cost	Accumulated Depreciation	Net Book Value	Sales proceeds
	(Rupees in thousand)			
<b>Other assets with book value less than Rs. 50,000</b>				
Plant and machinery	25,299	25,250	49	1,528
Electrical, mechanical and office equipment	2,999	2,999	-	22
Furniture and fittings	827	827	-	26
<b>December 31, 2016</b>	<b>29,125</b>	<b>29,076</b>	<b>49</b>	<b>1,576</b>

**2016**      **2015**  
(Rupees in thousand)

**5.3 Capital Work in Progress – at cost**

Civil work	-	6,450
Plant and machinery	119,907	87,480
Advances to suppliers	12,629	200
	<b>132,536</b>	<b>94,130</b>

**6. INTANGIBLE ASSETS**

**Gross carrying value basis**

Cost		
- Goodwill	94,578	94,578
- Agreement in restraint of trade	139,661	139,661
- Trademark	20,000	20,000
	<b>254,239</b>	<b>254,239</b>
Accumulated amortisation and impairment	(172,602)	(172,602)
Net book value	<b>81,637</b>	<b>81,637</b>

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

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

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

The discount rate used is 7.4% (2015: 8.4%), 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.

	Note	2016 (Rupees in thousand)	2015
<b>7. LONG TERM LOANS AND ADVANCES - considered good</b>			
Executives	7.1	17,549	18,915
Recoverable within one year	11	(5,247)	(8,009)
		12,302	10,906
Advance to supplier		-	26,843
		12,302	37,749
<b>7.1 Reconciliation of carrying amount of loans to executives:</b>			
Opening balances		18,915	28,259
Disbursements		5,496	8,331
Repayments		(6,862)	(17,675)
		17,549	18,915
<b>7.2</b>	Loans to employees have been provided to facilitate purchase of houses and vehicles in accordance with the Company's policy which are repayable over a period of five years and are interest free.		
<b>7.3</b>	The maximum aggregate amount of loans due from executives at the end of any month during the year was Rs. 22.70 million (2015: Rs. 29.04 million).		

	Note	2016 (Rupees in thousand)	2015
<b>8. STORES AND SPARES</b>			
Stores		23,496	12,098
Spares (including in transit Rs. 1.95 million; 2015: Rs. 2.47 million)		9,933	12,053
		33,429	24,151
Provision for obsolescence		(2,000)	[1,668]
		31,429	22,483

**8.1** Stores and spares of Rs. 0.69 million (2015: Nil) were written off during the year.

		2016 (Rupees in thousand)	2015
<b>9. STOCK IN TRADE</b>			
Raw and packing materials (including in transit Rs. 47.39 million; 2015: Rs. 93.25 million)		559,094	582,289
Provision for obsolescence		(59,109)	[13,950]
		499,985	568,339
Work in process		26,409	41,664
Finished goods		438,597	369,036
Provision for obsolescence		(6,820)	[19,763]
		431,777	349,273
		958,171	959,276

**9.1** Stock in trade includes Rs. 758.29 million (2015: Rs. 732.15 million) held with third parties.

**9.2** The above balances include stock in trade costing Rs. 5.13 million (2015: Rs. 19.68 million) valued at net realisable value of Rs. 4.82 million (2015: Rs. 10.54 million).

**9.3** The Company made a provision of Rs. 67.29 million (2015: Rs. 46.02 million) for obsolescence and has written off inventory of Rs. 44.21 million (2015: Rs.78.58 million) by utilising the provision during the year.

		2016 (Rupees in thousand)	2015
<b>10. TRADE DEBTS</b>			
Considered good		301,929	209,064
Considered doubtful		23,801	23,379
		325,730	232,443
Provision for doubtful debts	10.1	(23,801)	[23,379]
		301,929	209,064

**10.1** The Company has charged a provision of Rs. 0.42 million (2015: reversed a provision of Rs. 2.02 million) and has not written off any debtors during the year (2015:Nil).



- 10.2** As of December 31, 2016 trade debts of Rs.100.90 million (2015: Rs. 13.21 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The age analysis of these trade debts is as follows.

	Note	2016 (Rupees in thousand)	2015
Up to 3 months		86,950	10,754
More than 3 months to not later than 6 months		9,731	2,317
More than 6 months		4,244	138
		<b>100,925</b>	<b>13,209</b>

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

Current portion of loans to executives	7	5,247	8,009
Advances to:			
- executives	11.1	864	864
- other employees		-	3,378
- suppliers and others		17,753	2,929
		<b>18,617</b>	<b>7,171</b>
		<b>23,864</b>	<b>15,180</b>

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

		2016 (Rupees in thousand)	2015
<b>12. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>			
Trade deposits		6,369	3,788
Prepayments - Advertisement	12.1	45,632	40,393
Prepaid rent		22,048	6,303
		<b>74,049</b>	<b>50,484</b>

- 12.1** This includes media bulk discount on airing TV commercials .

		2016 (Rupees in thousand)	2015
<b>13. OTHER RECEIVABLES</b>			
Due from associated undertakings		-	9,385
DC Pension Fund - unsecured		-	2,455
Rafhan Best Foods Superannuation Fund		-	724
Receivable from Worker's Profit Participation Fund	19.2	2,449	-
Others		8,366	18,304
		<b>10,815</b>	<b>30,868</b>

	Note	2016 (Rupees in thousand)	2015 (Rupees in thousand)
<b>14. CASH AND BANK BALANCES</b>			
With banks on:			
savings accounts	14.1	488,867	421,913
current accounts		205,810	171,241
		694,677	593,154
Cash in hand		102	98
		694,779	593,252

**14.1** Mark-up on savings accounts was at rates ranging from 4% to 5% per annum (2015: 4% to 6% per annum).

		2016 (Rupees in thousand)	2015 (Rupees in thousand)
<b>15. SHARE CAPITAL</b>			
<b>Authorised share capital</b>			
<b>Number of shares</b>			
20,000,000	Ordinary shares of Rs. 10 each	200,000	200,000
<b>Issued, subscribed and paid up capital</b>			
<b>Number of shares</b>			
1,239,327	Ordinary shares of Rs. 10 each allotted:		
24,196	for consideration paid in cash	12,393	12,393
4,894,095	for consideration other than cash	242	242
6,157,618	as bonus shares	48,941	48,941
		61,576	61,576

**15.1** As at December 31, 2016 and 2015 Conopco Inc. USA, subsidiary of Unilever N.V., Netherlands, held 4.67 million ordinary shares of Rs. 10 each.

		2016 (Rupees in thousand)	2015 (Rupees in thousand)
<b>16. RESERVES</b>			
<b>Capital reserves</b>			
Share premium		24,630	24,630
Special		628	628
		25,258	25,258
<b>Revenue reserves</b>			
General		138	138
Unappropriated profit		1,717,946	1,591,622
		1,718,084	1,591,760
		1,743,342	1,617,018

## 17. STAFF RETIREMENT BENEFITS

**17.1** As stated in note 3.5, the Company operates a retirement benefit plan (The Plan) namely approved funded defined benefit gratuity scheme for all management and non-management employees subject to minimum service of prescribed period in the respective trust deed. Actuarial valuation of the plan is carried out every year and the latest actuarial valuation was carried out as at December 31, 2016.

**17.2** Plan assets held in trust are governed by local regulations which mainly includes Trust Act, 1882, Companies Ordinance, 1984, Income Tax Rules, 2002 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.

**17.3** The latest actuarial valuation of the Fund as at December 31, 2016 was carried out using the 'Projected Unit Credit Method'. Details of the Fund as per the actuarial valuation are as follows:

Note	2016		2015	
	Funded		Funded	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in thousand)			
<b>17.4 Balance sheet reconciliation</b>				
Present value of defined benefit obligation at December 31	17.5	-	(26,269)	(31,696) (23,772)
Fair value of plan assets at December 31	17.6	-	23,817	31,346 18,431
(Deficit) / surplus		-	(2,452)	(350) (5,341)
<b>17.5 Movement in the present value of defined benefit obligation</b>				
Balances as at January 1		31,696	23,772	29,470 17,016
Benefits paid by the plan		-	(885)	(2,840) -
Settlements paid by the plan		(32,807)	-	- -
Current service costs		(302)	2,994	- 1,897
Interest cost		1,413	2,170	3,085 1,872
Remeasurement on obligation		-	(1,782)	1,981 2,987
Balance as at December 31		-	26,269	31,696 23,772
<b>17.6 Movement in the fair value of plan assets</b>				
Fair value of plan assets at January 1		31,346	18,431	31,246 15,647
Contributions paid into the plan		576	3,513	- 1,962
Benefits paid by the plan		-	(885)	(2,840) -
Settlements paid by the plan		(32,807)	-	- -
Interest income		1,408	1,839	3,281 1,829
Remeasurement on plan assets		(523)	919	(341) (1,007)
Fair value of plan assets at December 31		-	23,817	31,346 18,431

2016		2015	
Funded		Funded	
Pension	Gratuity	Pension	Gratuity
(Rupees in thousand)			

**17.7 (Income) / Expense recognised in profit and loss account**

Current service costs	-	2,994	-	1,897
Past service cost	(302)	-	-	-
Net interest (income) / cost	5	331	(196)	43
(Income) / expense recognised in profit and loss account	(297)	3,325	(196)	1,940

**17.8 Remeasurement recognised in Other Comprehensive Income**

Loss from changes in demographic assumptions	-	-	-	-
Loss from changes in financial assumptions	-	-	-	1,430
Experience loss / (gain)	-	(1,782)	1,981	1,557
Remeasurement of fair value of plan assets	523	(919)	341	1,007
Remeasurements	523	(2,701)	2,322	3,994

**17.9 Net recognised liability / (asset)**

Net (asset) / liability at January 1	350	5,341	(1,776)	1,369
(Income) / charge for the year	(297)	3,325	(196)	1,940
Contribution made during the year to the Fund	(576)	(3,513)	-	(1,962)
Remeasurements recognised in Other Comprehensive Income	523	(2,701)	2,322	3,994
Recognised liability / (asset) as at December 31	-	2,452	350	5,341

**17.10 Plan assets comprise of following:**

Government bonds	-	12,425	18,778	19,693
National Savings	-	8,201	-	-
Shares	-	2,552	-	-
Cash at bank	-	639	13,292	462
Due (to) / from Company	-	-	(724)	(1,724)
Total as at December 31	-	23,817	31,346	18,431

2016		2015	
Funded		Funded	
Pension	Gratuity	Pension	Gratuity
(Percentage)			

#### 17.11 Actuarial assumptions

Discount rate at December 31	-	8.25%	9.25%	9.25%
Future salary increases	-	6.25%	7.25%	7.25%
Future pension increases	-	0.00%	0.00%	0.00%

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

**17.13** 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 2016 consists of government bonds and term deposits. The Company believes that government bond offer the best returns over the long term with an acceptable level of risk.

**17.14** 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 balance sheet date.

The Company's contribution to the gratuity fund in 2017 is expected to amount to Rs 3.29 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, 2016.

**17.15** During the year, remaining members of the pension plan opted for full and final cash settlement of pension benefit due under the plan.

#### 17.16 Sensitivity analysis for actuarial assumptions

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

	Impact on defined benefit obligation		
	Change in assumption (Percentage)	Increase in assumption (Rupees in thousand)	Decrease in assumption
Discount rate at December 31	1.00	(3,172)	3,785
Future salary increases	1.00	3,824	(3,255)

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 balance sheet.

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

**17.17** 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.

**17.18** The Company's contributions towards the Rafhan Best Foods Superannuation Fund and Rafhan Best Foods Limited Employees Gratuity Fund for the year ended December 31, 2016 amounted to Rs. 4.09 million (2015: Rs. 1.96 million).

**17.19** The weighted average duration of the defined benefit obligation is 14.5 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
At December 31, 2016	(Rupees in thousand)				
Retirement benefit plans	619	128	2,309	13,838	16,894
				2016 (Rupees in thousand)	2015 (Rupees in thousand)

## 18. DEFERRED TAXATION

Credit balance arising in respect of:

- accelerated tax depreciation allowance
- amortisation of intangible assets

Debit balance arising in respect of:

- provision for stock in trade
- provision for doubtful debts
- provision for restructuring
- provision for staff retirement benefits
- other provisions

<b>235,230</b>	209,656
<b>23,208</b>	24,491
<b>258,438</b>	234,147
<b>(19,311)</b>	(12,855)
<b>(6,766)</b>	(7,014)
<b>(9,155)</b>	(5,562)
<b>(1,966)</b>	(1,706)
<b>(7,998)</b>	7,943
<b>(45,196)</b>	(19,194)
<b>213,242</b>	214,953

	Note	2016 (Rupees in thousand)	2015
<b>19. TRADE AND OTHER PAYABLES</b>			
Creditors		<b>455,237</b>	480,107
Bills payable	19.1	<b>116,697</b>	129,518
Forward foreign exchange contract		<b>1,093</b>	742
Accrued liabilities		<b>1,172,126</b>	1,091,719
Royalty and technology fee		<b>390,583</b>	520,084
Advances from customers		<b>210,446</b>	51,135
Withholding tax		<b>6,891</b>	8,460
Workers' Profits Participation Fund	19.2	<b>-</b>	2,166
Workers' Welfare Fund	19.3	<b>53,347</b>	47,309
Payable to Provident Fund		<b>4,022</b>	1,507
Unclaimed dividend		<b>8,794</b>	9,516
Others		<b>5,442</b>	6,250
		<b>2,424,678</b>	2,348,513

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

	2016 (Rupees in thousand)	2015
<b>19.2 Workers' Profits Participation Fund</b>		
Balance as at January 1	<b>2,166</b>	88,495
Allocation for the year	<b>94,717</b>	89,551
	<b>96,883</b>	178,046
Paid to trustees of the fund	<b>(183,212)</b>	(92,000)
Refunded by / (Payment made on behalf of) the fund	<b>83,880</b>	(83,880)
Balance as at December 31	<b>(2,449)</b>	2,166

<b>19.3 Workers' Welfare Fund</b>		
Balance as at January 1	<b>47,309</b>	42,742
Charge for the year	<b>31,870</b>	35,821
	<b>79,179</b>	78,563
Payments during the year	<b>(25,832)</b>	(31,254)
Balance as at December 31	<b>53,347</b>	47,309

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

	<b>Note</b>	<b>2016</b> <b>(Rupees in thousand)</b>	<b>2015</b>
Holding company		<b>192,889</b>	394,817
Other related parties		<b>251,268</b>	267,161

## **20. PROVISIONS**

Sindh Infrastructure Cess	20.1	<b>25,417</b>	19,394
Restructuring	20.2	<b>32,206</b>	18,541
		<b>57,623</b>	37,935

### **20.1 Sindh Infrastructure Cess**

Balance as at January 1	<b>19,394</b>	14,778
Charge for the year	<b>6,023</b>	4,616
Balance as at December 31	<b>25,417</b>	19,394

### **20.2 Restructuring**

Balance as at January 1		<b>18,541</b>	7,013
Provision during the year	20.2.1	<b>21,605</b>	13,128
Reversed during the year		-	(1,600)
Payments during the year		<b>(7,940)</b>	-
Balance as at December 31		<b>32,206</b>	18,541

**20.2.1** This includes amount of Rs. 14.20 million recoverable from associated company in respect of restructuring payment for shared resources.

## **21. SHORT TERM BORROWINGS**

### **Running finance under mark-up arrangements - secured**

The facilities for running finance available from various banks amount to Rs. 0.93 billion (2015: Rs. 1.60 billion). The rates of mark-up range between KIBOR to KIBOR + 0.15% per annum (2015: KIBOR to KIBOR + 1% per annum).

The arrangements are secured by way of hypothecation over the Company's current assets amounting to Rs. 900.00 million (2015: Rs.848.90 million).

The facilities for opening letters of credit and guarantees as at December 31, 2016 amounted to Rs. 2.35 billion (2015: Rs. 2.30 billion) of which the amount remained unutilised at year end was Rs. 2.08 billion (2015: Rs. 1.80 billion).



## 22. CONTINGENCY AND COMMITMENTS

### 22.1 Contingency

22.1.1 There were no contingencies as at December 31, 2016.

### 22.2 Commitments

22.2.1 Aggregate commitments outstanding for capital expenditure as at December 31, 2016 amounted to Rs. 34.81 million (2015: Rs. 28.54 million).

	2016	2015
	(Rupees in thousand)	
<b>23. SALES</b>		
Gross sales	12,497,869	11,330,238
Sales tax	(1,615,201)	(1,503,494)
	10,882,668	9,826,744
Returns, rebates and allowances	(1,415,832)	(1,255,647)
	9,466,836	8,571,097

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

Products used by end consumers	7,841,779	7,297,405
Products used by entities	1,625,057	1,273,692
	9,466,836	8,571,097

23.2 Sales to domestic customers in Pakistan are 95.1% (2015: 97.4%) and to customers outside Pakistan are 4.9% (2015: 2.6%) of the revenue during the year.

23.3 Revenue from one customer approximates 14% (2015: 15%) of the total revenue of the Company.

	Note	2016 (Rupees in thousand)	2015
<b>24. COST OF SALES</b>			
Raw and packing materials consumed		<b>4,498,631</b>	4,018,892
Manufacturing charges paid to third party		<b>66,549</b>	77,196
Stores and spares consumed		<b>6,085</b>	6,300
Staff costs	24.1	<b>328,627</b>	312,367
Utilities		<b>126,653</b>	137,932
Depreciation		<b>154,238</b>	104,463
Repairs and maintenance		<b>62,000</b>	37,299
Rent, rates and taxes		<b>5,364</b>	12,580
Travelling and entertainment		<b>3,587</b>	4,685
Insurance		<b>6,221</b>	4,686
Stationery and office expenses		<b>3,454</b>	3,065
Other expenses		<b>7,552</b>	7,282
Charges by related party	24.2	<b>52,641</b>	51,207
		<b>5,321,602</b>	4,777,954
Opening work in process		<b>41,664</b>	20,782
Closing work in process		<b>(26,409)</b>	(41,664)
Cost of goods manufactured		<b>5,336,857</b>	4,757,072
Opening stock of finished goods		<b>349,273</b>	330,246
Purchase of finished goods		<b>10,268</b>	759
Closing stock of finished goods		<b>(431,777)</b>	(349,273)
		<b>5,264,621</b>	4,738,804

#### 24.1 Staff costs

Salaries and wages	<b>317,681</b>	303,925
Medical expenses	<b>4,422</b>	2,152
Pension - defined benefit plan	<b>(68)</b>	(45)
Gratuity - defined benefit plan	<b>765</b>	464
Cost of defined contribution plan	<b>5,827</b>	5,871
	<b>328,627</b>	312,367

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

	Note	2016 (Rupees in thousand)	2015
<b>25. DISTRIBUTION COST</b>			
Staff costs	25.1	149,958	151,052
Advertisement and sales promotion		1,338,774	1,044,979
Outward freight and handling		203,485	196,967
Royalty, technology fee and related duties		386,500	410,387
Travelling and entertainment		18,310	18,532
Rent, rates and taxes		14,797	11,282
Depreciation		3,307	2,240
Repairs and maintenance		1,368	1,332
Stationery and office expenses		1,037	2,524
Other expenses		4,275	4,223
Charges by related party	25.2	116,795	110,504
		<b>2,238,606</b>	<b>1,954,022</b>

#### 25.1 Staff costs

Salaries and wages	131,117	139,286
Medical expenses	690	865
Pension - defined benefit plan	(223)	(147)
Gratuity - defined benefit plan	2,494	1,436
Cost of defined contribution plan	9,572	9,612
Restructuring	6,308	-
	<b>149,958</b>	<b>151,052</b>

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

		2016 (Rupees in thousand)	2015
<b>26. ADMINISTRATIVE EXPENSES</b>			
Staff costs	26.1	16,534	27,073
Depreciation		857	580
Travelling and entertainment		3,220	1,372
Auditors' remuneration	26.2	1,749	1,707
Provision/ (reversal) for doubtful debts		422	(2,019)
Legal and professional charges		9,372	8,236
Other expenses	26.3	1,810	1,069
Charges by related party	26.4	121,173	116,280
		<b>155,137</b>	<b>154,298</b>

	2016	2015
	(Rupees in thousand)	
<b>26.1 Staff costs</b>		
Salaries and wages	14,559	14,833
Pension - defined benefit plan	(6)	(4)
Gratuity - defined benefit plan	67	40
Cost of defined contribution plan	784	676
Restructuring	1,130	11,528
	<b>16,534</b>	<b>27,073</b>

<b>26.2 Auditors' remuneration</b>		
Audit fee	1,000	1,000
Interim review and other certifications	635	595
Out of pocket expenses	114	112
	<b>1,749</b>	<b>1,707</b>

**26.3** This includes donation of Rs. 0.46 million.

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

	Note	2016	2015
		(Rupees in thousand)	
<b>27. OTHER OPERATING EXPENSES</b>			
Workers' Profits Participation Fund	19.2	94,717	89,551
Workers' Welfare Fund	19.3	31,870	35,821
		<b>126,587</b>	<b>125,372</b>

## **28. OTHER INCOME**

### **Income from financial assets**

Return on savings accounts		18,191	10,909
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### **Income from non-financial assets**

Scrap sales		28,362	29,104
Gain on disposal of property, plant and equipment	5.2	1,527	1,965

### **Others**

Service fee	28.1	57,628	57,377
Others		14,635	3,819
		<b>120,343</b>	<b>103,174</b>

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

	Note	2016	2015
		(Rupees in thousand)	
<b>29. FINANCE COSTS</b>			
Mark-up on short term borrowings		9,835	16,655
Exchange loss		14,493	9,718
Bank charges		10,142	9,717
		<u>34,470</u>	<u>36,090</u>

### 30. TAXATION - charge

#### Current year:

- Current tax
- Deferred tax

#### Prior year:

- Current tax - net

446,947	304,708
(2,364)	105,978
<u>444,583</u>	<u>410,686</u>
47,086	22,871
<u>491,669</u>	<u>433,557</u>

### 30.1 Reconciliation between tax expense and accounting profit:

	2016	2015
	(Rupees in thousand)	
Accounting profit before tax	<u>1,767,758</u>	<u>1,665,685</u>
Tax at the applicable tax rate of 31% (2015: 32%)	548,005	533,019
Tax effect of credits	(26,573)	(94,495)
Tax effect of final tax	(63,402)	(27,286)
Tax effect of change in tax rate	(6,855)	(22,904)
Tax effect of prior years	47,086	22,871
Others	(6,592)	22,352
Tax expense for the year	<u>491,669</u>	<u>433,557</u>

### 31. BASIC AND DILUTED EARNINGS PER SHARE

Profit after taxation attributable to ordinary shareholders	<u>1,276,089</u>	<u>1,232,128</u>
Weighted average number of shares in issue during the year (in thousand)	<u>6,158</u>	<u>6,158</u>
Basic earnings per share	<u>207.24</u>	<u>200.09</u>

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

### 32. RELATED PARTY DISCLOSURES

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

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

Relationship with the Company	Nature of transactions	2016 (Rupees in thousand)	2015
i) Holding company	Royalty	177,437	188,998
ii) Other related parties	Technology fee	183,198	193,711
	Purchase of goods	1,397,297	1,409,535
	Sale of goods	184,051	25,286
	Fee for receiving of services from related parties	278,893	266,918
	Fee for providing of services to related parties	57,628	57,377
	Contribution to:		
	- Defined Contribution plans	16,322	16,159
	- Defined Benefit plans	4,089	1,961
	Settlement on behalf of:		
	- Defined Contribution plans	36,032	59,612
	- Defined Benefit plans	33,692	2,840
	Other settlements on behalf of fund	-	2,757
iii) Key management personnel	Salaries and other short-term employee benefits	7,759	5,290

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.

The Company has entered into agreements with its associate, Unilever Pakistan Limited to share various administrative and other resources. Service fee from the associate have been disclosed in note 28.

The related party status of outstanding balances as at December 31, 2016 is included in other receivables and trade and other payables respectively. These are settled in ordinary course of business.

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

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

	Note	Executive Directors		Chief Executive		Executives	
		2016	2015	2016	2015	2016	2015
← (Rupees in thousand) →							
Managerial remuneration and allowances		3,262	1,269	2,978	2,651	90,986	99,761
Retirement benefits	33.1	-	-	-	-	12,558	13,183
Other long term benefits		-	-	-	-	348	802
Medical expenses		-	-	-	-	1,201	1,326
Other expenses		-	-	-	-	3,555	4,470
		3,262	1,269	2,978	2,651	108,648	119,542
Number of persons		2	1	2	1	54	65

In addition to this, a lump sum amount of Rs. 22.30 million (2015: Rs. 20.10 million) on account of variable pay has been accounted for in financial statements for the current year payable in 2017 after verification of target achievement.

Out of the variable pay recognised for 2016 and 2015 following payments were made:

	Paid in 2016 relating to 2015	Paid in 2015 relating to 2014
(Rupees in thousand)		
Executive Director	424	549
Chief Executive	1,095	821
Executives	11,639	14,309
Other employees	63	595
	<u>13,221</u>	<u>16,274</u>

Aggregate amount charged in these financial statements for the year for fee to six non-executive directors was Rs. 2.40 million (2015: five non executive directors Rs. 2.10 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.

### 33.1 Retirement benefits represent amount contributed towards various retirement benefit plans.

2016                  2015  
(Rupees in thousand)

## 34. PLANT CAPACITY AND PRODUCTION

Actual production of the plant in metric tons

<u>35,895</u>	<u>30,003</u>
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- 34.1** The capacity of the plant is indeterminable as it is a multiproduct plant capable of producing several interchangeable products.

## **35. PROVIDENT FUND RELATED DISCLOSURE**

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

	<b>2016</b> <b>(Rupees in thousand)</b>	<b>2015</b>
Size of the Fund - Total Assets	<b>172,282</b>	149,112
Fair value of investments	<b>169,358</b>	149,053
Percentage of investments made	<b>98.30%</b>	99.96%

- 35.1** The cost of above investments amounted to Rs. 145.45 million (2015: Rs. 135.66 million).

- 35.2** The break-up of fair value of investments is as follows:

	<b>2016</b> <b>(Percentage)</b>	<b>2015</b>	<b>2016</b> <b>(Rupees in thousand)</b>	<b>2015</b>
National Savings Schemes	<b>43.63%</b>	48.39%	<b>73,883</b>	72,123
Government Securities	<b>34.73%</b>	31.55%	<b>58,815</b>	47,033
Equity Securities	<b>21.64%</b>	20.06%	<b>36,660</b>	29,897
	<b>100%</b>	100%	<b>169,358</b>	149,053

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

	<b>2016</b>	<b>2015</b>
<b>36. NUMBER OF EMPLOYEES</b>		
Number of employees including contractual employees at year end	<b>287</b>	296
Average number of employees including contractual employees during the year	<b>292</b>	272

## **37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

### **37.1 Financial risk factors**

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



## 37.2 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	
<div>← (Rupees in thousand) →</div>							
<b>FINANCIAL ASSETS</b>							
<i>Loan and receivables - not measured at fair value</i>							
Loans and advances	-	-	-	23,864	12,302	36,166	36,166
Trade debts	-	-	-	301,929	-	301,929	301,929
Trade deposits	-	-	-	6,369	-	6,369	6,369
Other receivables	-	-	-	10,815	-	10,815	10,815
Cash and bank balances	488,867	-	488,867	205,912	-	205,912	694,779
<b>December 31, 2016</b>	<b>488,867</b>	<b>-</b>	<b>488,867</b>	<b>548,889</b>	<b>12,302</b>	<b>561,191</b>	<b>1,050,058</b>
December 31, 2015	421,913	-	421,913	430,239	10,906	441,145	863,058
<b>FINANCIAL LIABILITIES</b>							
<i>Other financial liabilities- not measured at fair value</i>							
Trade and other payables	116,697	-	116,697	2,031,089	-	2,031,089	2,147,786
Short term borrowings	-	-	-	-	-	-	-
Accrued interest / mark up	-	-	-	-	-	-	-
<i>Derivative financial liability- measured at fair value</i>							
Forward foreign exchange contract	-	-	-	1,093	-	1,093	1,093
<b>December 31, 2016</b>	<b>116,697</b>	<b>-</b>	<b>116,697</b>	<b>2,032,182</b>	<b>-</b>	<b>2,032,182</b>	<b>2,148,879</b>
December 31, 2015	211,936	-	211,936	2,110,302	-	2,110,302	2,322,238
<b>ON BALANCE SHEET GAP</b>							
<b>December 31, 2016</b>	<b>372,170</b>	<b>-</b>	<b>372,170</b>	<b>(1,483,293)</b>	<b>12,302</b>	<b>(1,470,991)</b>	<b>(1,098,821)</b>
December 31, 2015	209,977	-	209,977	(1,680,063)	10,906	(1,669,157)	(1,459,180)
<b>OFF BALANCE SHEET ITEMS</b>							
Letters of credit / guarantee:							
<b>December 31, 2016</b>							<b>561,930</b>
December 31, 2015							560,550

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

For valuation of derivative (forward foreign exchange contract: refer note 19) at reporting date, the relevant rate has been taken from financial institution and has been classified into level 2 fair value measurement hierarchy as defined in IFRS 13.

## **(i) Credit risk**

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The maximum exposure to credit risk is equal to the carrying amount of financial assets. Out of total financial assets of Rs. 1,051.10 million (2015: Rs. 863.06 million), the financial assets which are subject to credit risk amounted to Rs. 267.21 million (2015:Rs 209.06 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, 2016 trade debts of Rs. 100.90 million (2015: Rs. 13.20 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.

Deposits have been placed mainly against 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 that 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 optimising returns.

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

Foreign exchange risk arises mainly where receivables and payables exist in foreign currency. As at December 31, 2016, financial assets of Rs. 46.22 million (2015: Rs. 47.96 million) and financial liabilities of Rs. 35.42 million (2015: Rs. 96.94 million) were in foreign currency which were exposed to foreign currency risk.

The foreign currency assets are 100% in USD. The foreign currency liabilities are approx. 83% in USD and 17% in EURO.

As at December 31, 2016, 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. 0.29 million (2015: Rs. 1.45 million), mainly as a result of foreign exchange losses / gains on translation of Euro denominated financial assets and liabilities.

As at December 31, 2016, 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 lower / higher by Rs. 0.84 million (2015: Rs. 1.00 million), mainly as a result of foreign exchange losses / gains on translation of US Dollar denominated financial assets and liabilities.

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

#### **b) Interest rate risk**

Interest rate risk arises due to changes in market interest rates that result 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, 2016, the Company had variable interest bearing financial assets of Rs. 488.87 million (2015: Rs. 421.91 million) and financial liabilities of Rs 141.43 million (2015: Rs. 211.94 million), and had the interest rate varied by 200 basis points with all the other variables held constant, profit before tax for the year would have been approximately Rs. 6.95 million (2015: Rs. 4.20 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings.

### **38. CAPITAL RISK MANAGEMENT**

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

The gearing ratios as at December 31, 2016 and 2015 were as follows:

	<b>2016</b>	<b>2015</b>
	<b>(Rupees in thousand)</b>	
<b>Total borrowings</b>	-	81,676
Cash and bank	<b>(694,779)</b>	(593,252)
Net (cash surplus) / debt	<b>(694,779)</b>	(511,576)
<b>Total equity</b>	<b>1,804,918</b>	1,678,594
Total capital	<b>1,804,918</b>	1,678,594
<b>Gearing ratio</b>	<b>0.00%</b>	0.00%

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.

	Note	2016 (Rupees in thousand)	2015
<b>39. CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	14	694,779	593,252
Short term borrowings - running finance under mark-up arrangements	21	-	(81,676)
		<u>694,779</u>	<u>511,576</u>

#### 40. PROPOSED AND DECLARED DIVIDENDS

At the Board of Directors' meeting held on March 8, 2017, a final dividend of Rs. 278 per share amounting to Rs. 1,711.82 million in respect of 2016 is proposed (2015: Rs. 96 per share amounting to Rs. 591.13 million).

The Board of Directors in its meeting held on August 22, 2016 declared cash dividend in respect of six months period ended June 30, 2016 of Rs. 90.97 per share amounting to Rs. 560.16 million (interim cash dividend for six months period ended June 30, 2015: Rs. 54.00 per share amounting to Rs. 332.51 million).

These financial statements do not reflect the proposed final dividend as payable, which will be accounted for in the statement of changes in equity as an appropriation from the unappropriated profit in the year ended December 31, 2017.

#### 41. DATE OF AUTHORISATION

These financial statements were authorized for issue on March 8, 2017 by the Board of Directors of the Company.

**Shazia Syed**  
Chief Executive

**Sohail Hanif Baig**  
Director and Chief Financial Officer

# Notice of Annual General Meeting

Notice is hereby given that the 19th Annual General Meeting of Unilever Pakistan Foods Limited will be held at Movenpick Hotel, Club Road, Karachi, on Thursday, April 13, 2017, at 03:00 p.m. to transact the following business:

## Ordinary Business

1. To receive, consider and adopt the Company's Financial Statements for the year ended 31 December 2016, together with the Reports of the Auditors and Directors thereon.
2. To approve and declare dividend (2016) on the Ordinary Shares of the Company.  
The Directors have recommended a final cash dividend of 2780% (or Rs.278.00 per share) on the Ordinary Shares. Together with the Interim dividend of 909.7% (or Rs. 90.97 per ordinary share), already paid, the total dividend for 2016 will thus amount to 3689.7% (or Rs.368.97 per ordinary share).
3. To appoint Auditors for the ensuing year, and to fix their remuneration.  
Messrs KPMG Taseer Hadi & Co., Chartered Accountants, retire and being eligible have offered themselves for re-appointment.
4. To elect Directors of the Company for a three year term. The Board of Directors in the meeting held on March 08, 2017, fixed the number of Directors at Ten (10). The term of the office of the following nine (9) Directors will expire on April 19, 2017.

- |                              |                            |
|------------------------------|----------------------------|
| 1. Mr. Kamran Y. Mirza       | 2. Ms. Shazia Syed         |
| 3. Mr. Sohail Hanif Baig     | 4. Mr. Zulfikar Monnoo     |
| 5. Mian M. Adil Monnoo       | 6. Mr. Kamal Monnoo        |
| 7. Mr. Badaruddin F. Vellani | 8. Ms. Farheen Salman Amir |
| 9. Mr. Noman Amjad Lutfi     |                            |

## Special Business

5. To consider and subject to the approval of regulatory authority, amendments to be made in the Articles of Association of the Company for the purpose of compliance with the mandatory e-voting requirements as prescribed in the Companies (E-Voting Regulations, 2016 issued by the Securities and Exchange Commission of Pakistan vide SRO 43 (I) 2016 dated 22 January 2016 and for the circulation to the Members of the annual audited financial statements, auditors report and directors' report etc. ("Annual Audited Accounts") and the notices of general meeting as permitted under SRO 787 (I) 2014 dated 8 September 2014 and SRO 470 (I) 2016 dated 31 May 2016, and to incorporate the change, in accordance with the Companies Ordinance 1984 and if thought fit to pass the following resolutions as special resolution:

*RESOLVED as and by way of Special Resolution THAT the Articles of Association of the Company, be amended as follows:*

*(a) by inserting the following new article immediately after Article 39 as Article 39A, namely:*

- 39A. *Subject to any rules or regulations that may be made from time to time by Securities and Exchange Commission of Pakistan in this regard, Members may exercise voting rights at general meeting through electronic means if the Company receives the requisite demand for poll in accordance with the applicable laws. The Company shall facilitate the voting by electronic means in the manner and in accordance with the requirements prescribed by Securities and Exchange Commission of Pakistan.*

(b) by replacing Article 44 as follows:

44. The instrument appointing a proxy, together with the power of attorney of other authority (if any), under which it is signed or notarially certified copy thereof, shall be deposited at the office of the Company at least forty-eight hours before the time appointed for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote, and instrument of proxy not meeting the foregoing requirement shall not be treated as valid.

(c) by inserting the following new article immediately after Article 44 as Article 44A, namely:

44A. The instrument appointing proxy for e-voting shall be deposited in writing at least ten days before holding of general meeting at the registered office of the Company through courier/in person, or through email address mentioned in the notice of general meeting or in the form specified for e-voting in schedule II to the Companies (E-Voting) Regulations 2016 and amended time to time or in any other form approved by the Directors.

(d) by inserting the following new article immediately after Article 89 as Article 89A, namely:

89A. Notwithstanding anything contained in these Articles, the annual audited financial statements, auditor's report and directors' report etc. ("Annual Audited Accounts") and the notices of general meeting may be transmitted and circulated to Members as permitted from time to time and at any time under any law, rules, regulations, notifications, circulars and subject to the provisions of any such any law, rules, regulations, notifications, circulars, by way of email / electronic & digital means or through sending by way of CD/DVD/USB or other permissible compatible medium to the registered or notified address of the Members or through any other means as may be prescribed, instead of transmitting the Annual Audited Accounts and the notices of general meeting in hard copy.

*RESOLVED FURTHER THAT the Executive Directors and / or the Company Secretary be and hereby are jointly and severally authorized to do all such acts and take all such steps as may be necessary for amendment to the Articles of Association of the Company.*

6. To consider & approve transmission of annual audited financial statements, auditor's report and directors' report etc. ("Annual Audited Accounts") to members through electronic & digital means CD/DVD/USB or other permissible compatible medium at their registered or notified address as allowed by the Securities and Exchange Commission of Pakistan under SRO 470(I) 2016 dated 31 May 2016 and if thought fit to pass the following resolution as ordinary resolution.

*RESOLVED THAT under and pursuant to S.R.O. No. 470 (I)/2016 dated 31 May 2016 issued by the Securities and Exchange Commission of Pakistan the transmission of annual audited financial statements, auditor's report and directors' report etc. ("Annual Audited Accounts") to members at their registered or notified address in soft form by way of email / electronic & digital means or by way of CD/DVD/USB or other permissible compatible medium instead of transmitting the Annual Audited Accounts in hard copies, be and is hereby approved.*

By Order of the Board

Karachi  
March 21, 2017

**Amar Naseer**  
Company Secretary

**Notes:**

1. Share Transfer Books will be closed from April 07, 2017 to April 13, 2017 (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 of Pakistan Limited, Share Registrar Department, 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 06, 2017 will be treated in time for the purpose of payment of Final Dividend to the transferees & for ascertaining the entitlement of shareholders for the purpose of 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. Election of Directors:

The number of Directors to be elected at the Annual General Meeting has been fixed by the Board of Directors, at Ten (10) at its meeting held on March 08, 2017.

Any person who seeks to contest election for directorship of the Company shall file with the Company at its registered office:

- i) A Notice of his/her intention to offer himself for election 14 days before the date of the above said Annual General Meeting, in terms of Section 178(3) of the Companies Ordinance 1984;
- ii) Form 28 (consent to Act as Director) prescribed under the Companies Ordinance 1984;
- iii) Detailed profile along with office address; and
- iv) Declaration in respect of being compliant with the requirements of the Code of Corporate Governance 2012 and the eligibility criteria as set out in the Companies Ordinance, 1984 to act as director or an independent director of the listed companies.
- v) Attested copy of valid CNIC and NTN

Detailed profile of the nominated Director along with office address to be placed on the Company's website seven days prior to the date of election in terms of SECP's SRO 634(I)2014 of July 10, 2014.

7. The Individual Members who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to the Company / Share Registrar, are once again reminded to send the same at the earliest directly to Company's Share Registrar, M/s Central Depository Company of Pakistan Limited, Share Registrar Department, CDC House, 99-B, Block "B", S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400. The Corporate Entities are requested to provide their National Tax Number (NTN). Please give Folio Number with the copy of CNIC / NTN details. The Shareholders who hold shares with Participants / Stock Brokers or with Central Depository Company may approach to provide the CNIC number / NTN details to their Participants / Stock Broker or to CDC to update the details in their electronic system. Reference is also made to the Securities and Exchange Commission of Pakistan (SECP) Notifications SRO 779 (I) dated August 18, 2011, and SRO 831 (I) 2012 dated July 05, 2012, which mandates that the dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members. In case of non-receipt of the copy of a valid CNIC, the Company will withhold dividend warrants of such Shareholders to comply with the said SROs of SECP. Further, mentioning of CNIC number in the Annual Return "Form A" is also an obligatory requirement, which is required to be filed with SECP under Section 156 of the Companies Ordinance 1984.
8. (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 -2016 are as under:
- |     |                                     |       |
|-----|-------------------------------------|-------|
| (a) | For Filers of Income Tax Return     | 12.5% |
| (b) | For Non-Filers of Income Tax Return | 20.0% |

To enable the Company to make tax deduction on the amount of cash dividend @ 12.5% instead of 20% 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 07, 2017 for entitlement to final dividend to be paid on May 09, 2017 otherwise tax on their cash dividend will be deducted @ 20% instead of 12.5%.

(ii) For any query/problem/information, the investor may contact the Share Registrar: The Manager, Share Registrar Department, Central Depository Company of Pakistan Limited, telephone number: 0800 - 23275 (Toll Free), e-mail address: info@cdcpak.com and /or the Company: Ms. Wajiha Khan, telephone number: +92- 21-35660062 e-mail address: wajiha.khan@unilever.com.

(iii) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholder should send a copy of their NTN certificate to the company or it's Share Registrar M/s Central Depository Company of Pakistan Limited, Share Registrar Department. The Shareholders while sending NTN or NTN certificates, as the case may be, must code Company name and their respective folio numbers.

According to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on 'Filer/Non-Filer' status of Principal Shareholder as well as Joint Holder(s) based on their shareholding proportions, in case of joint holding / joint account. In this regard, all shareholders who hold shares with joint shareholders, are requested to provide shareholding proportions of Principal Shareholder and Joint-Holder(s) in respect of shares held by them, to Company's Share Registrar, M/s Central Depository Company of Pakistan Limited, Share Registrar Department, CDC House, 99-B, Block "B", S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400, in writing (on the form annexed with the annual accounts of the Company and is also available on Company's website)), otherwise it will be assumed that the shares are equally held by Principal Shareholder and Joint -Holder(s).

9. According to the SECP circular No. 8(4) SM/CDC 2008 of April 05, 2013, Shareholders are entitled to receive their cash dividend directly in their bank accounts instead of receiving the dividend warrants physically. Shareholders having physical holding and desiring to avail this option may 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 has been attached in the Annual Report and also uploaded on our Company's website.

10. Under and pursuant to the Circular No. 10 of 2014 dated 21 May 2014 issued by the Securities and Exchange Commission of Pakistan, 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 10 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 per the format, attached with the annual report of the Company and also available on the website of the Company, to the registered address of the Company at least 10 days before the date of general meeting.

11. The Securities and Exchange Commission of Pakistan under Notification SRO 787(I)/2014 dated 8 September 2014 has allowed listed companies, to circulate to the members, by way of email, the annual balance sheet and profit and loss account, auditor's report and directors' report etc. ("Annual Audited Accounts") along with the notice of general meeting.

Therefore, it is notified to all members that in accordance with Notification SRO 787(I)/2014 dated 8 September 2014, members who wish to receive copies of the Audited Financial Statements (Annual Report) along with notice of AGM by email, may send the Standard Request Form to the Company's Share Registrar. The Standard Request Form is available from the Company's website. If a member prefers to receive hard copies for all the future Audited Financial Statements and notices of general meetings, then such preference of the member shall be noted in the Standard Request Form.

The Company shall, however, provide the hard copies of the Annual Audited Accounts to the Members, on demand, free of cost.

12. The annual report of the company for the year ended 31 December 2016 has been placed on the Company's website.
13. Any change of address of Members should be immediately notified to the Company's Share Registrars, M/s Central Depository Company of Pakistan Limited, Share Registrar Department, CDC House, 99-B, Block "B", S.M.C.H.S., Main Shakra-e-Faisal, Karachi -74400.

## **STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984**

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This statement sets out the material facts concerning the Special Business to be transacted at the Annual General Meeting to be held on April 13, 2017.

### **AGENDA ITEM 5**

#### **Amendments in the Articles of Association**

The Companies (E-Voting) Regulations, 2016 provides to the members of a company an option to vote electronically at general meetings of a company and a member may in this regard appoint another member or a non-member as their proxy to vote on their behalf through electronic voting. As such, in order to enable voting by electronic means the Articles of Association of the Company are required to be amended.

Further the Securities and Exchange Commission of Pakistan has allowed listed companies through SRO 787(I)/2014 dated 8 September 2014 and SRO 470 (I)/2016 dated 31 May 2016 to transmit and circulate the annual balance sheet and profit and loss account, auditor's report and directors' report etc. ("Annual Audited Accounts") and the notices of general meeting to its members through email/electronic and digital means or through CD/DVD/USB or other permissible compatible medium sent to their registered or notified address instead of transmitting the Annual Audited Accounts and the notices of general meeting in hard copies. As such the Articles of Association are required to be amended to provide for transmission of Annual Audited Accounts and the notices of general meeting to Members in forms other than hard copies.

The approval of the Members is being sought for the specific amendments to the Articles of Association.

The resolutions required for the above purpose are set forth in the notice convening the Annual General Meeting and the resolutions will be proposed and passed as a Special Resolution.

None of the directors of the Company have any direct or indirect interest in the above said special business.

### **AGENDA ITEM 6**

#### **Transmission of Annual Audited financial statements through CD/DVD/USB**

The Securities and Exchange Commission of Pakistan has in continuation of SRO 787(I)/2014 dated 8 September 2014 allowed listed companies under SRO 470 (I)/2016 dated 31 May 2016 to transmit the annual balance sheet and profit and loss account, auditor's report and directors' report etc. ("Annual Audited Accounts") to its members by sending through email / electronic & digital means or by way of CD/DVD/USB or other permissible compatible medium to their registered address or notified address instead of transmitting the Annual Audited Accounts in hard copies. The Company shall, however, supply the hard copies of the Annual Audited Accounts to the Members, on demand, free of cost upon receipt of the Standard Request Form, which will be made available on the website of the Company.

None of the directors of the Company have any direct or indirect interest in the above said special business.

### Procedure for Election of Directors:

According to the Company's Articles of Association, the Companies Ordinance 1984, and the Code of Corporate Governance, the following procedure is to be followed for nomination and election of Directors:









- (i) The election of ten (10) Directors will be for a term of three years, commencing from April 20, 2017.
- (ii) The Directors shall be elected from persons who offer themselves for election and are not ineligible under Section 187 of the Companies Ordinance 1984.
- (iii) Any person wishing to stand for election (including a retiring Director) is required to file with the Company (not later than 14 days before the election date), a notice of his intention to stand for election, along with duly completed and signed Form 28 giving his consent to act as Director of the Company if elected, and certify that he is not ineligible to become a Director / independent Director and fulfills the requirements of Code of Corporate Governance.
- (iv) The Company will file the candidates' consents with the Registrar of Companies and notify their names in the Press at least seven days prior to general meeting.
- (v) A person may withdraw his candidature any time before the election is held.
- (vi) If the number of candidates equals the number of vacancies, no voting will take place and all the candidates will be deemed to have been elected.
- (vii) In case of voting, a Member shall have votes equal to the number of shares held by him multiplied by ten (i.e. the number of Directors to be elected).
- (viii) A Member may cast vote/s in favour of a single candidate or for as many of the candidates and in such proportion as the Member may choose.
- (ix) The person receiving the highest number of votes will be declared elected, followed by the next highest, and so on, till all the vacancies are filled.









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and ios devices

# Dividend Mandate Form

SHARE REGISTRAR DEPARTMENT  
**CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED**  
CDC HOUSE, 99-B, BLOCK "B",  
S.M.C.H.S., MAIN SHAHRA-E-FAISAL,  
KARACHI-74400

Date: \_\_\_\_ / \_\_\_\_ / \_\_\_\_

I / We, Mr. / Ms. / Mrs. / M/s, \_\_\_\_\_, holding CNIC No. /  
Passport No. / NTN \_\_\_\_\_ and being the registered shareholder  
of Unilever Pakistan Foods Limited hereby authorize the Company to **directly credit** in my bank account cash  
dividend, if any declared by the Company in future, instead of issuance of dividend warrant. Following are my  
details to facilitate the aforementioned request:

SHAREHOLDER'S INFORMATION & BANK DETAILS	
Name of Shareholder	
Folio No.	
CNIC No. / NTN / Passport No. (please attach an attested photocopy)	
Title of Bank Account	
Bank Account Number (COMPLETE)	
Bank's Name	
Bank's Branch Name	
Branch Code	
Address of Bank Branch	
Telephone Number (Landline)	
Telephone Number (Mobile)	

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 its share registrar as soon as these occur.

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

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

(PLEASE WRITE NAME IN BLOCK LETTERS)

# منافع منقسمہ مینڈیٹ فارم

شیئر رجسٹرار ڈیپارٹمنٹ،

سینٹرل ڈیپازٹری کمپنی آف پاکستان لمیٹڈ،

Block "B", 99-B،

سندھی مسلم کوآپریٹو ہاؤسنگ سوسائٹی،

مین شاہراہ فیصل، کراچی-74400

تاریخ: \_\_\_\_\_ \ \_\_\_\_\_ \ \_\_\_\_\_

میں / ہم / مسٹر / مس / میسرز

سی این آئی سی نمبر / پاسپورٹ نمبر / این ٹی این \_\_\_\_\_ بطور یونی لیور پاکستان فوڈز لمیٹڈ کے رجسٹرڈ شیئر ہولڈر بذریعہ ہذا کمپنی کو یہ اختیار تفویض کرتا / کرتی ہوں کہ اگر کمپنی کی جانب سے مستقبل میں کوئی نقد منافع منقسمہ دیا جائے تو ڈیویڈنڈ وارنٹ جاری کرنے کے بجائے اسے براہ راست میرے بینک اکاؤنٹ میں کریڈٹ کروا دیا جائے۔ مذکورہ بالا درخواست پر عمل درآمد کے لیے میری تفصیلات درج ذیل ہیں:

شیئر ہولڈر کی معلومات اور بینک کی تفصیلات	
شیئر ہولڈر کا نام	
فولیو نمبر	
CNIC نمبر / این ٹی این / پاسپورٹ نمبر (براہ مہربانی تصدیق شدہ کاپی منسلک کریں)	
بینک اکاؤنٹ کا نام (ٹائٹل)	
بینک اکاؤنٹ نمبر (مکمل)	
بینک کا نام	
بینک کی برانچ کا نام	
برانچ کوڈ	
بینک کی برانچ کا پتہ	
ٹیلی فون نمبر (لینڈ لائن)	
ٹیلی فون نمبر (موبائل)	

میں یہ اقرار کرتا / کرتی ہوں کہ مندرجہ بالا فراہم کردہ معلومات درست ہیں اور مذکورہ بالا تفصیلات میں کسی بھی قسم کی تبدیلی کی صورت میں، جیسے ہی وہ واقع ہوں، میں کمپنی اور اس کے شیئر رجسٹرار کو فوری طور پر تحریری صورت میں مطلع کروں گا / کروں گی۔

ممبر کا دستخط: \_\_\_\_\_

نام: \_\_\_\_\_

# Form for Deduction of Tax on Dividend Income

SHARE REGISTRAR DEPARTMENT  
**CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED**  
CDC HOUSE, 99-B, BLOCK "B",  
S.M.C.H.S., MAIN SHAHRA-E-FAISAL,  
KARACHI-74400

Date: \_\_\_\_ / \_\_\_\_ / \_\_\_\_

Please further note that under Section 150 of the Income Tax Ordinance, 2001 and pursuant to Finance Act 2016 withholding tax on dividend income will be deducted for 'Filer' and 'Non-Filer' shareholders @ 12.5% and 20% respectively. 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 accounts.

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 our Share Registrar, Central Depository Company of Pakistan Limited, Share Registrar Department, CDC House, 99-B, Block "B", S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400, in writing.

Following are the details of Principal/Joint holder(s) of the shares of **Unilever Pakistan Foods Limited** and proportion of their shareholding:

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)

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 its share registrar as soon as these occur.

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

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

(PLEASE WRITE NAME IN BLOCK LETTERS)

Signature of Joint-Holder 1:

\_\_\_\_\_

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

(PLEASE WRITE NAME IN BLOCK LETTERS)

Signature of Joint-Holder 2:

\_\_\_\_\_

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

(PLEASE WRITE NAME IN BLOCK LETTERS)



# منافع منقسمہ کی آمدنی پر ٹیکس کٹوتی کا فارم

شیئر رجسٹرار ڈیپارٹمنٹ،

سینٹرل ڈیپازٹری کمپنی آف پاکستان لمیٹڈ،

Block "B", 99-B، ہاؤس،

سندھی مسلم کوآپریٹو ہاؤسنگ سوسائٹی،

مین شاہراہ فیصل، کراچی-74400

تاریخ: \_\_\_\_\_ \ \_\_\_\_\_ \ \_\_\_\_\_

آپ کو مزید یاد دہانی کرائی جاتی ہے کہ انکم ٹیکس آرڈیننس 2001 کے سیکشن 150 کے تحت اور فنانس ایکٹ 2016 کے مطابق منافع منقسمہ کی آمدنی پر ود ہولڈنگ ٹیکس ”فائلر“ اور ”نان فائلر“ شیئر ہولڈرز سے بالترتیب 12.5% اور 20% کے حساب سے وصول کیا جائے گا۔

فیڈرل بورڈ آف ریونیو کی وضاحت کے مطابق پرنسپل شیئر ہولڈر اور جوائنٹ شیئر ہولڈر (ز) کی صورت میں ود ہولڈنگ ٹیکس کا تعین علیحدہ علیحدہ ان کے فائلر/ نان فائلر کی بنیاد پر اور جوائنٹ اکاؤنٹ میں ان کی شیئر ہولڈنگ کے تناسب کے اعتبار سے کیا جائے گا۔

ایسے تمام شیئر ہولڈرز جن کے اکاؤنٹ جوائنٹ شیئر ہولڈر (ز) کے ساتھ ہیں ان سے درخواست کی جاتی ہے کہ وہ اکاؤنٹ میں پرنسپل اور جوائنٹ شیئر ہولڈر (ز) کے شیئرز کے تناسب کی تفصیلات شیئر رجسٹرار سینٹرل ڈیپازٹری کمپنی آف پاکستان لمیٹڈ، شیئر رجسٹرار ڈیپارٹمنٹ، Block "B", 99-B، ہاؤس، سندھی مسلم کوآپریٹو ہاؤسنگ سوسائٹی، مین شاہراہ فیصل، کراچی-74400 کو تحریری طور پر فراہم کریں۔

پرنسپل اور جوائنٹ شیئر ہولڈر (ز) کے یونی لیور پاکستان فوڈز لمیٹڈ میں شیئرز کی تفصیلات بمعہ ان کے شیئر ہولڈنگ کے تناسب کے درج ذیل ہیں۔

فولیو/ CDS اکاؤنٹ نمبر	مجموعی شیئرز	پرنسپل شیئر ہولڈر		جوائنٹ شیئر ہولڈر (ز)	
		نام اور نمبر CNIC	شیئر ہولڈنگ کا تناسب (شیئرز کی تعداد)	نام اور نمبر CNIC	شیئر ہولڈنگ کا تناسب (شیئرز کی تعداد)

میں یہ اقرار کرتا/ کرتی ہوں کہ مندرجہ بالا فراہم کردہ معلومات درست ہیں اور مذکورہ بالا تفصیلات میں کسی بھی قسم کی تبدیلی کی صورت میں، جیسے ہی وہ واقع ہوں، میں کمپنی اور اس کے شیئر رجسٹرار کو فوری طور پر تحریری صورت میں مطلع کروں گا/ کروں گی۔

ممبر کا دستخط: \_\_\_\_\_

نام: \_\_\_\_\_

جوائنٹ شیئر ہولڈر 1 کا دستخط: \_\_\_\_\_

جوائنٹ شیئر ہولڈر 2 کا دستخط: \_\_\_\_\_

نام: \_\_\_\_\_

نام: \_\_\_\_\_

# 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 19th Annual General Meeting of the Company to be held on April 13<sup>th</sup> 2017 and / or any adjournment thereof.

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

## Witness 1:

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

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

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

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

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

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

## Witness 2:

Signature of Member(s)

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

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

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

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

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

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

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

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

## Note:

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

# پراکسی فارم

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

میں/ہم \_\_\_\_\_ ولد/خاوند \_\_\_\_\_  
یونی لیور پاکستان فوڈز لمیٹڈ کاشیئر ہولڈر ہوں اور \_\_\_\_\_ عمومی شیئرز کی تحویل رکھتا ہوں، میں بذریعہ ہذا  
جناب/محترمہ \_\_\_\_\_ ولد/خاوند \_\_\_\_\_،  
سی این آئی سی نمبر: \_\_\_\_\_ جو تعلق میں میرے \_\_\_\_\_ ہیں (رشتہ داری واضح کریں  
اگر کوئی ہو یہ حکومتی ضابطوں کے تحت درکار ہے) یہ کمپنی میں \_\_\_\_\_ عمومی شیئرز،  
فولیو نمبر \_\_\_\_\_ کے تحت رکھتے ہیں [یہ حکومتی ضابطوں کے تحت درکار ہے، پراکسی کے کمپنی کاشیئر ہولڈر نہ ہونے کی صورت میں کراس (X) لگا دیں] کو اپنا  
پراکسی (مختار) نامزد کرتا/کرتی ہوں جو میری/ہماری جانب سے کمپنی کے 19 ویں سالانہ اجلاس عام میں شرکت کرنے اور ووٹ دینے کے اہل ہیں۔ جو کہ  
13 اپریل 2017 کو یا التواء کی صورت میں کسی بھی دیگر وقت مقررہ پر منعقدہ ہوگا۔

آج تاریخ \_\_\_\_\_ 2017 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:

گواہ نمبر 2:

\_\_\_\_\_ دستخط:  
\_\_\_\_\_ نام:  
\_\_\_\_\_ سی این آئی سی نمبر:  
\_\_\_\_\_ پتہ:  
\_\_\_\_\_ گواہ نمبر 2:  
\_\_\_\_\_ دستخط:  
\_\_\_\_\_ نام:  
\_\_\_\_\_ سی این آئی سی نمبر:  
\_\_\_\_\_ پتہ:  
\_\_\_\_\_ گواہ نمبر 2:  
\_\_\_\_\_ 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 کارآمد سی این آئی سی/پاسپورٹ/بورڈ کی قرارداد اور پراکسی کے کارآمد سی این آئی سی کی تصدیق شدہ کاپی فارم کے ساتھ منسلک کریں۔
- باضابطہ مکمل شدہ پراکسی فارم کمپنی کے رجسٹرڈ آفس میں اجلاس کے وقت سے کم از کم 48 گھنٹے قبل موصول ہو جانا چاہیئے۔
- شیئر ہولڈر (ز) اور ان کے پراکسیز سے درخواست ہے کہ سالانہ اجلاس میں شرکت کے وقت شناخت کے لیے وہ اپنا اصل کارآمد شناختی کارڈ یا اصل کارآمد پاسپورٹ دکھائیں۔ CDC شیئر ہولڈرز CDC میں شرکت کا آئی ڈی نمبر اور اکاؤنٹ نمبر بھی ہمراہ لائیں۔
- تفصیلی طریقہ کار سالانہ اجلاس عام کی اطلاع کے نوٹس میں درج ہے۔

## Option Form for Video Conferencing Facility

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THE SECRETARY  
**UNILEVER PAKISTAN FOODS LIMITED**  
AVARI PLAZA, FATIMA JINNAH ROAD  
KARACHI-75530, PAKISTAN.

Date: \_\_\_\_ / \_\_\_\_ / \_\_\_\_

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(s)

Note:

- 1) To be valid, this option form must be received at the Registered Office of the Company at least 10 days before the date of Annual General Meeting, duly completed in all respects.
- 2) Company will arrange Video Conferencing Facility, if the Company receives consent form Members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting.

# Electronic Transmission Consent Form

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SHARE REGISTRAR DEPARTMENT

**CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED**

CDC HOUSE, 99-B, BLOCK "B",

S.M.C.H.S., MAIN SHAHRA-E-FAISAL,

KARACHI-74400

Date: \_\_\_\_ / \_\_\_\_ / \_\_\_\_

Pursuant to the provisions of SRO 787(I)/2014 dated September 8, 2014 notified by the Securities & Exchange Commission of Pakistan (SECP), I/we, Mr./Mrs./Ms. \_\_\_\_\_ S/o,D/o,W/o \_\_\_\_\_ hereby give my/our consent to electronically receiving the annual Audited Financial Statements of Unilever Pakistan Foods Limited along with Notice of Annual General Meeting on my/our following e-mail ID;

Name of the Member	
Folio / CDC Account Number of Shareholder	
CNIC Number of Shareholder	
NTN/STN Number	
E-mail Address	

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

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

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

(PLEASE WRITE NAME IN BLOCK LETTERS)

## ڈائریکٹرز کی جائزہ رپورٹ

ڈائریکٹرز نے یونی لیور پاکستان فوڈز لمیٹڈ (UPFL) کی سالانہ رپورٹ برائے سال ختمہ 31 دسمبر 2016 اور کمپنی کے تشخیص شدہ مالیاتی گوشوارے پیش کئے ہیں۔

### کاروباری جائزہ:

سال 2016 میں ہمارے کاروبار نے 10 فیصد ترقی کی۔ اس ترقی کی وجہ پورٹ فولیو کی سیلز میں اضافہ ہے۔ بالخصوص کنور اور رفحان کی سیلز۔

حالیہ سال سیلکس میں تبدیلی کی وجہ سے مجموعی منافع میں 32 bps سے کمی آئی ہے۔ برانڈز کو طویل مدتی حکمت عملی کے ساتھ مستحکم بنانے کے لئے ایڈوائزنگ اور پروموشن پر 195 bps کا اضافی خرچ کیا گیا۔ EPS میں 4 فیصد اضافہ ہوا۔

### ہماری مالیاتی کارکردگی کا خلاصہ:

2016	2015	روپے ملین میں
سیلز	9,467	8,571
مجموعی منافع	4,202	3,832
آپریٹنگ منافع	1,802	1,702
ٹیکس سے قبل منافع	1,768	1,666
ٹیکس کے بعد منافع	1,276	1,232
فی حصص آمدنی	207.24	200.09

### ڈیویڈنڈ (منافع منقسمہ):

عبوری منافع برائے 2016 (پہلے ہی دیا جا چکا) ہے 90.97 روپے فی حصص (2015: 54 روپے فی حصص)  
 حتمی منافع منقسمہ برائے 2016: 278 روپے فی حصص (2015: 96 روپے فی حصص)

### سال 2016 کے لئے ہمارے کاروباری سنگ میل یہ ہیں:

کنور کی ترقی میں نوڈلز، ساسز، کیوبز اور اسٹیکس مکسر سرفہرست رہے۔ سال کے دوران، اسٹیکنگ مکسر کو متعارف کرایا گیا، جس کو صارفین کی جانب سے بھرپور پذیرائی حاصل ہوئی۔

رفحان کی ترقی میں ڈیزرٹس کے پورٹ فولیو کا بڑا کردار ہے۔ نئی اشتہاری مہم، جس میں ماں اور بیٹی کے تعلق کو خراج تحسین پیش کیا گیا ہے، صارفین میں بہت زیادہ مقبول ہوئی ہے۔

### ہمارے ملازمین:

ہمارا یہ کامل یقین ہے کہ اپنے ملازمین کی ذاتی صلاحیت اور کاروباری لگن میں ترقی سے ہی کاروبار ترقی کرے گا۔ اس لیے، ان کی ذاتی ترقی اور کاروبار میں بہترین نتائج کی خواہش کو حقیقت میں بدلنے کے لیے انہیں مواقع فراہم کرنا ہماری ترجیحات میں شامل ہے۔ UPFL نے اپنے ملازمین کی صلاحیتوں کو ترقی دینے کے لیے گلوبل یونی لیور نیٹ ورک کا سہارا لیتی ہے۔ ذاتی ترقی کے لیے ہم اپنے لوگوں کو بڑے اور زیادہ کڑے اہداف کی تکمیل کے لیے انہیں مکمل خود مختاری دیتے ہیں، جس کے لیے تربیت، سرپرستی اور خود احتسابی کا شاندار نظام رائج ہے۔

ہم کام کرنے کے لیے شراکت اور ڈائیورسٹی پر یقین رکھتے ہیں۔ ہم مختلف علاقوں سے اور لچکدار اوقات کار میں کام کرنے والے ملازمین کی ہمت افزائی کرتے ہیں۔ خواتین ملازمین کی ضروریات پوری کرنے کے لیے، ہم انہیں مکمل تنخواہ کے ساتھ چھ ماہ کی میٹرنیٹی لیو دیتے ہیں اور ان کے لیے جدید ڈے کیئر سینٹر کی سہولت بھی دستیاب ہے، جس سے اب مرد ملازمین بھی فائدہ اٹھا رہے ہیں، جن کی شریک حیات کہیں اور کام کرتی ہیں۔

ہم اپنے ملازمین کی بھلائی اور ہمت افزائی کے لیے مستقل بنیادوں پر کام کر رہے ہیں۔ اس سلسلے میں کمپنی نے مختلف اقدامات اٹھائے ہیں، جن میں کام کی جگہ پر جم اور صحت مند کھانے کی سہولیات شامل ہیں۔

سب سے بڑھ کر یہ کہ یونی لیور نے ملک کے نوجوانوں کو اپنی خواہشات پوری کرنے کے لیے یونی لیور ٹیلنٹ ہنٹ کے نام سے ایک پروگرام شروع کیا ہے۔ اس پروگرام کے تحت مقابلے میں جیتنے والوں کو موقع فراہم کیا جائے گا کہ وہ عالمی سطح پر یونی لیور پاکستان کی نمائندگی کریں گے، جس کے لیے فیلو چر لیڈر ز لیگ کے نام سے گلوبل پلیٹ فارم پر نمائندگی کر سکیں گے۔ رواں سال ایک ہزار سے زیادہ طلباء نے اس پروگرام میں حصہ لیا۔

### کارپوریٹ سوشل ریسپانسیبلٹی

UPFL مستقل ترقی کے ساتھ ماحول پر ہونے والے مضر اثرات میں کمی کے لیے کوشاں ہے اور ہم اپنے مثبت سماجی بھلائی کے تاثر میں اضافہ کرنا چاہتے ہیں۔ اس کے نتیجے میں کاروباری حکمت عملی میں Sustainability کا اہم کردار ہے اور ہماری ترقی کے لیے ایندھن کی مانند ہے۔ 2016 کے دوران ہمارے اہم اقدامات بشمول:

### ۱. توانائی کا استعمال اور ماحول کی حفاظت:

ماحول دوست مینوفیکچرنگ UPFL کی پیداواری منصوبہ بندی کا بنیادی عنصر رہا ہے۔ ہم کاربن ڈائی آکسائیڈ کے اخراج کو 2008 کی سطح کے برابر رکھنا چاہتے ہیں۔ باوجود اس کے ہماری پیداوار میں مسلسل اضافہ ہو رہا ہے۔ UPFL کو اس کے مستقل اقدامات کی وجہ سے

WWF Green Office“ نے اپنا تصدیق شدہ رکن بنایا ہوا ہے۔ وقت کے ساتھ کمپنی کی فیکٹری مینوفیکچرنگ بڑھنے کے باوجود توانائی کی بچت کے لئے کوشاں ہے۔ اس کے پیش نظر فیکٹری ٹیمز توانائی اور پانی کی بچت کی منصوبہ بندی کر رہی ہیں تاکہ مستحکم پیداوار کے عالمی مقاصد برائے 2020 پر عمل درآمد بھی ہو۔

اس حکمت عملی کے مطابق توانائی کی بچت اور ماحول پر منفی اثرات کو کم کرنے کے لیے مختلف اقدامات اٹھائے گئے ہیں۔ جن میں سے چند یہ ہیں:

- ماحول دوست سولر پینلز کے ساتھ LED لائٹس لگائی گئی ہیں۔
- لاجسٹکس آپریشنز کی ترتیب بہتر بنانے سے فی ٹرپ کے حساب سے کاربن ڈائی آکسائیڈ کے اخراج میں کمی ہو رہی ہے۔
- دور دراز علاقوں میں رابطوں کے لیے اسکا پ، ویڈیو اور ٹیلی کانفرنسنگ کے رواج کے علاوہ گروپ ٹریولز کو بھی فروغ دیا جا رہا ہے۔
- کچرے اور فضلے میں کمی، دوبارہ استعمال اور ری سائیکل پالیسی پر عملدرآمد سے UPFL نے "Zero non-hazardous waste to landfill sites" کا درجہ برقرار رکھا۔

## ii. کمپنی میں سرمایہ کاری اور فلاحی کام: مبلغ 35 ملین روپے

کنور نے اسکولوں پر پروگرام کے تحت صحت مند اسٹیکس کے پیغام کو جاری رکھا ہوا ہے جو کہ پاکستان کے دیہی اور شہری دونوں علاقوں پر مشتمل ہے۔ اس پروگرام کے تحت خصوصی ڈیزائن کردہ گاڑیوں کی خدمات حاصل کی گئی ہیں۔ جن کی بدولت 2.98 ملین بچوں میں صحت مند اسٹیکس کی اہمیت کو اجاگر کیا گیا۔ اس کے علاوہ کنور نے بھی یونی لیور پرفیکٹ ویلج پلیٹ فارم کے ذریعے پاکستان کے دیہی علاقوں میں اپنے قدم مضبوط کئے ہیں، جس کا مقصد صارفین کو صحت مند اور خوراک کی فراہمی کے مواقع مہیا کرنا ہے۔

## iii. صارف کی حفاظت کے اقدامات:

کمپنی ایک شکایتی سیل بنام رابطہ چلا رہی ہے تاکہ صارف کا رد عمل موصول ہو سکے۔ اس سیل کے قیام کا مقصد مجلس سازی کی بڑھتی ہوئی لعنت کو ختم کیا جائے اور اس سے لوگوں کو آگاہ کیا جائے۔

## iv. پیشہ ورانہ حفاظت اور صحت:

UPFL کے تمام آپریشنز میں حفاظت کو خصوصی اہمیت حاصل ہے۔ ہم وژن زیرو کی حکمت عملی کو یقینی بنانے کے لیے صفر اموات، صفر چوٹ، صفر حادثات، صفر واقعات، صفر فیصد غیر حفاظتی روایات کو فروغ دیتے ہیں۔ اس کے لیے ہم نے مختلف پروگرام بشمول حفاظت اور صحت کے لیے مہم، انعامات اور توثیق اور آگاہی سیشن ہمارے اس عزم کو عملی روپ دیتے ہیں۔ ان اقدامات کی بدولت 2016 میں ہمارے ہاں (ذخموں کی) مجموعی شرح صفر ہے۔

## v. ہماری کاروباری اقدار

UPFL ایسی تمام سرگرمیاں جاری رکھے رہتی ہے کہ ملازمین ہر وقت کاروباری اقدار کے اصولوں (CoBP) پر عمل درآمد کو یقینی بنائیں۔ کاروباری اقدار پر بلا کسی تفریق کے پوری کمپنی میں عمل درآمد ہوتا ہے۔ تمام ملازمین کے لئے ان اصولوں کی پاسداری کے دستاویز پر اپنے دستخط کرنا لازم ہے۔ کمپنی نے شکایات کے اندراج کے لئے چوٹیں گھٹے کال لائن اور ایمیل سروس قائم کر رکھی ہے۔

## vi. قومی خزانے سے تعاون

UPFL نے سال 2016 میں 1.91 بلین روپے قومی خزانے میں جمع کرائے جس میں امپورٹ ڈیوٹیز، جزل سیلز ٹیکس، انکم ٹیکس اور دیگر حکومتی ٹیکسز شامل ہیں۔

## ملازمین کی شرکت

ہمارے ملازمین پائیدار ترقی کے ہمارے عزم کی تکمیل میں ہماری مدد کرتے ہیں۔ اس ضمن میں پورے سال کے دوران منعقد ہونے والے رضا کارانہ پروگرامز میں ان کی شرکت واضح دلیل ہے۔ ملازمین نے سال بھر مختلف سماجی آرگنائزیشن کے ذریعے ایسپلائی پے رول پروگرام کے تحت ملک کے غریب طلبہ کو معیاری تعلیم، صحت اور ان کی غذائی معاونت کے لیے مختلف اداروں سے تعاون کیا۔

## ریٹائرمنٹ فنڈز میں ملازمین کی سرمایہ کاری:

UPFL نے سال بھر میں ملازمین کے ریٹائرمنٹ فنڈز میں 19.2 ملین روپے کا حصہ ملا یا۔ 31 دسمبر 2016 کو ختم شدہ سال کے لئے کمپنی کی طرف سے چلائے جانے والے اسٹاف ریٹائرمنٹ فنڈز سے ہونے والی سرمایہ کاری کی تفصیل درج ذیل ہے:

ملین روپے	
172	پراویڈنٹ فنڈ
24	گرجیو بیٹ فنڈ

## کارپوریٹ انتظامیہ

UPFL کی انتظامیہ بہتر و مربوط نظام اور اعلیٰ کاروباری اقدار پر عمل پیرا رہنے کے لئے پرعزم ہے۔ کوڈ آف کارپوریٹ گورننس کے تحت ڈائریکٹرز درج ذیل بیان کرتے ہیں:

- کمپنی انتظامیہ کی جانب سے تیار کئے گئے مالیاتی گوشوارے، کمپنی کے معاملات، اس کے آپریشنز کے نتائج، کیش فلو، جینرز ان ایکوئیٹی ادارے کی بہتر صورتحال پیش کرتے ہیں۔
- لسٹڈ کمپنی کے اکاؤنٹ بکس بہتر انداز میں بحال ہیں۔
- مالیاتی گوشوارے کی تیاری پاکستان میں لاگو اکاؤنٹنگ پالیسیوں کے تحت کی گئی ہے اور حساب کتاب کے تخمینے احتیاط سے اور مناسب انداز میں لگائے گئے ہیں۔

## کاروباری خطرات اور مستقبل پر نظر:

مشکل اقتصادی حالات کے باوجود کمپنی نے اپنی منافع بخش ترقی جاری رکھی اور مستقبل میں اسے جاری رکھنے کے لیے پرعزم ہے۔ ہمارے کاروبار کا مستقبل روشن ہے۔ ہم صارف کی بہتر سمجھ، عالمی تجربے اور ریسرچ اینڈ ڈیولپمنٹ کی صلاحیت، جدت اور عالمی سطح کی کسٹمر سروس سے آنے والی مشکلات سے نبرد آزما ہوں گے۔ ہمارے اعلیٰ برانڈز ہماری اصل طاقت ہیں اور اسی سے ہی ہم اپنے صارفین کی روزمرہ کی ضروریات کو بہترین انداز میں پورا کریں گے۔ اسے حاصل کرنے کیلئے ہم بہترین ٹیلنٹ پر انحصار کریں گے۔

برائے بورڈ

کراچی

تاریخ 8 مارچ 2017

کامران مرزا

چیئرمین

- مالیاتی گوشوارے کی تیاری میں عالمی مالیاتی رپورٹنگ کے معیاروں کو سامنے رکھ کر اور ان سے باہر جانے کی مناسب وجہ بھی لکھی گئی ہے۔
- کمپنی کا اندرونی نظام مربوط ہے اور موثر انداز میں عمل درآمد اور نگرانی کے پہلوؤں کو جانچا جاتا ہے۔
- کوئی بھی ایسی وجہ موجود نہیں جس سے کمپنی کی ترقی کی اہلیت پر شک پیدا ہو۔
- لسٹنگ ریگولیشنز میں مذکور کارپوریٹ گورننس پر کسی بھی طرح عدم تعمیل کا کوئی ثبوت نہیں۔
- درج ذیل بیان سے متعلق مالیاتی گوشوارے کے نوٹس میں تفصیل کی گئی ہے۔

## ڈائریکٹرز:

2014 میں منعقد کی گئی AGM میں ڈائریکٹرز کا انتخاب کیا گیا۔ اور موجودہ ڈائریکٹرز کی مدت 19 اپریل 2017 کو ختم ہوگی۔

محترم علی طارق نے کمپنی کے ڈائریکٹر اور سی ایف او کے عہدے سے 31 دسمبر 2016 کو استعفیٰ دے دیا، اور وہ یونی لیور U.K. میں دوسری ذمہ داری سنبھالیں گے۔ محترم سہیل حنیف بیگ کو 19 جنوری، 2017 سے بورڈ میں ان کی جگہ لینے کے لیے ڈائریکٹر اور سی ایف او مقرر کیا گیا ہے۔

## آڈیٹرز:

آڈیٹرز KPMG تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کا تقرر 31 دسمبر 2016 تک کیا گیا تھا۔

بورڈ نے KPMG تاثیر ہادی اینڈ کمپنی کی سال 2017 کیلئے کمپنی کے آڈیٹرز کے طور پر تقرری کی سفارش کی ہے جس کا انحصار اگلے سالانہ اجلاس 13 اپریل 2017 میں شیئر ہولڈرز کی منظوری سے ہوگا۔

## ہولڈنگ کمپنی:

Conopco Inc امریکہ، کی مکمل ملکیت کی حامل یونی لیور NV، ایک کمپنی جو Netherlands میں رجسٹرڈ ہے اس کے پاس یونی لیور پاکستان فوڈز لمیٹڈ کے 75.85% حصص ہیں۔

## توثیقی بیان

ہمارے ملازمین UPFL کی پائیدار ترقی میں اہم کردار ادا کر رہے ہیں اور ہمارے ڈائریکٹرز ان کی کاوشوں کو تسلیم کرتے ہیں۔ ہم اپنے تمام صارفین کا ہماری برانڈز پر بھروسہ کرنے کیلئے شکرگزار ہیں۔ ہم اپنے شیئر ہولڈرز کے بھی ان کی سپورٹ اور ہماری انتظامیہ پر اعتماد کرنے کیلئے مشکور ہیں۔



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**AGM scheduled for 13 April 2017**

**Amendment in Articles of Association of the Company:**

S.No.	Article No.	Existing Articles	Proposed Amendments in the Articles of Association
1	39  39 A	Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares every member present in person or by proxy or represented by attorney or representative shall have one vote on a show of hands and in case of a poll shall have one vote for every share of which he is the holder.  -----	Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares every member present in person or by proxy or represented by attorney or representative shall have one vote on a show of hands and in case of a poll shall have one vote for every share of which he is the holder.  Subject to any rules or regulations that may be made from time to time by Securities and Exchange Commission of Pakistan in this regard, Members may exercise voting rights at general meeting through electronic means if the Company receives the requisite demand for poll in accordance with the applicable laws. The Company shall facilitate the voting by electronic means in the manner and in accordance with the requirements prescribed by Securities and Exchange Commission of Pakistan.
2	44  44A	The instrument appointing a proxy, together with the power of attorney of other authority (if any), under which it is signed or notarially certified copy thereof, shall be deposited at the office of the Company at least seventy-two hours before the time appointed for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote, and any instrument of proxy not meeting the foregoing requirement shall not be treated as valid.  -----	The instrument appointing a proxy, together with the power of attorney of other authority (if any), under which it is signed or notarially certified copy thereof, shall be deposited at the office of the Company at least <i>forty-eight</i> hours before the time appointed for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote, and any instrument of proxy not meeting the foregoing requirement shall not be treated as valid.  The instrument appointing proxy for e-voting shall be deposited in writing at least ten days before holding of general meeting at the registered office of the Company through courier/in person, or through email address mentioned in the notice of general meeting or in the form specified for e-voting in schedule II to the Companies (E-Voting) Regulations 2016 and amended time to time or in any other form approved by the Directors.



3	89	<p>Once at least in every year the Directors shall lay before the Company in General Meeting a profit and loss account for the period since the preceding account, made up to a date not more than six months before such meeting. A balance sheet shall also be made out in every year as at the date to which the profit and loss account is made up, and shall be laid before the Company in General Meeting. The said account and balance sheet shall be accompanied by such reports and documents and shall contain such particulars as are prescribed by the Ordinance and the Security and Exchange Ordinance, 1969 (as in effect at the time) and the Directors shall in their report state the amount which they recommend to be paid by way of dividend, and the amount (if any) which they propose to carry to any reserve fund. The Auditors' report shall be attached to the balance sheet and shall be read before the Company in General Meeting and be open to inspection by any member as required by the Ordinance. The Company shall send a copy of such balance sheet and profit and loss account, duly audited, with a copy of the Auditors' report and the Directors report to the registered address of every member of the Company at least twenty-one days before the meeting at which it is to be laid before the members and shall keep a copy at the office for the inspection of the members during the period of at least twenty-one days before that meeting.</p>	<p>Once at least in every year the Directors shall lay before the Company in General Meeting a profit and loss account for the period since the preceding account, made up to a date not more than six months before such meeting. A balance sheet shall also be made out in every year as at the date to which the profit and loss account is made up, and shall be laid before the Company in General Meeting. The said account and balance sheet shall be accompanied by such reports and documents and shall contain such particulars as are prescribed by the Ordinance and the Security and Exchange Ordinance, 1969 (as in effect at the time) and the Directors shall in their report state the amount which they recommend to be paid by way of dividend, and the amount (if any) which they propose to carry to any reserve fund. The Auditors' report shall be attached to the balance sheet and shall be read before the Company in General Meeting and be open to inspection by any member as required by the Ordinance. The Company shall send a copy of such balance sheet and profit and loss account, duly audited, with a copy of the Auditors' report and the Directors report to the registered address of every member of the Company at least twenty-one days before the meeting at which it is to be laid before the members and shall keep a copy at the office for the inspection of the members during the period of at least twenty-one days before that meeting.</p> <p>Notwithstanding anything contained in these Articles, the annual audited financial statements, auditor's report and directors' report etc. ("Annual Audited Accounts") and the notices of general meeting may be transmitted and circulated to Members as permitted from time to time and at any time under any law, rules, regulations, notifications, circulars and subject to the provisions of any such any law, rules, regulations, notifications, circulars, by way of email / electronic &amp; digital means or through sending by way of CD/DVD/USB or other permissible compatible medium to the registered or notified address of the Members or through any other means as may be prescribed, instead of transmitting the Annual Audited Accounts and the notices of general meeting in hard copy.</p>
	89A	<p>-----</p>	