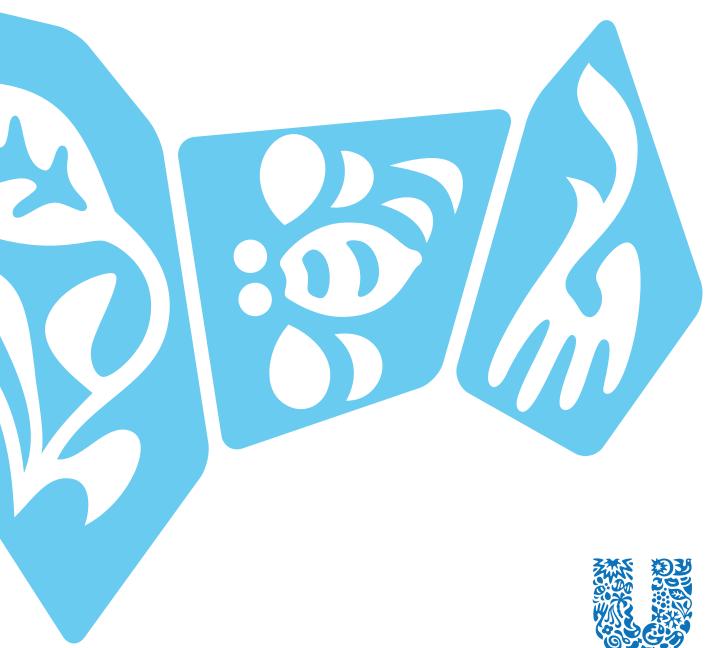


### **Unilever Pakistan Foods Limited**

Avari Plaza, Fatima Jinnah Road, Karachi-75530, T: +92 21 35660062-9 F: +92 21 35681705 www.unilever.pk









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

# **CORE VALUES**



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

### Living an **Enterprise Culture**

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



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



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



We deliver what we promise.



02 Unilever Pakistan Foods Limited Annual Report 2017

### UNILEVER PAKISTAN FOODS LIMITED COMPANY INFORMATION

### **Board of Directors**

Mr. Kamran Y. Mirza Ms. Shazia Syed Mr. Sohail Hanif Baig Ms. Farheen Salman Amir Mr. Zulfikar Monnoo Mian M. Adil Monnoo Mr. Kamal Monnoo Mr. Badaruddin F. Vellani Mr. Ali Tariq Independent Director & Chairman of the Board Executive Director & Chief Executive Officer Executive Director & Chief Financial Officer Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director

### **Company Secretary**

Mr. Aman Ghanchi

### Audit Committee

Mr. Zulfikar Monnoo Mian M. Adil Monnoo Mr. Badaruddin F. Vellani Mr. Kamran Y. Mirza Ms. Mehwish Iqbal Chairman & Member Member Member Secretary & Head of Internal Audit

### Human Resource & Remuneration Committee)

Mr. Zulfikar Monnoo Mr. Kamal Monnoo Ms. Shazia Syed Mr. Aman Ghanchi Chairman & Member Member Member Company Secretary

### Auditors

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

### **Registered Office**

Avari Plaza Fatima Jinnah Road Karachi - 75530

### Share Registration Office

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

### Website Address

www.unilever.pk

### **Directors' Profile**

### Kamran Y. Mirza - Chairman

Kamran joined the Board in 2014 as Chairman of Unilever Pakistan Foods Limited. He gualified as a Chartered Accountant from the UK. He joined Abbott Laboratories (Pakistan) Limited in 1970, where he was one of the youngest ever Managing Director and served in that position for 29 years till 2006. He was also the CEO of the Pakistan Business Council. Kamran is also the Chairman of Philip Morris (Pakistan) Ltd and Karwan-e-Hayat as well as serving on the Boards of Abbott Laboratories (Pakistan), Bank Alfalah, International Steel (ISL), Education Fund for Sindh (EFS) & Safari Club. Previously he served as Chairman of Karachi Stock Exchange, PMEX (formerly National Commodities Exchange), Education Fund for Sindh (EFS), Export Processing Zones Authority and as President of Overseas Chamber of Commerce & Industry, American Business Council, as Director of State Bank of Pakistan, Pakistan State Oil, National Bank of Pakistan, Pakistan Textile City Limited, Competitiveness Support Fund (CSF), Genco Holding Company and NAVTEC. 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 of Unilever Pakistan Foods Limited on March 07, 2016. Prior to this, Shazia was Chairperson, Unilever Sri Lanka Limited. She has held various senior management positions across most categories at Unilever Pakistan and other markets, including Unilever Vietnam as Business Unit Leader for Personal Care. She joined Unilever as a Management Trainee and has completed her 28 years in the organization in 2017. She is also the Chairman and Chief Executive Officer of Unilever Pakistan Limited. Shazia is an active advocate of diversity in the workplace and believes that enabling and facilitating working women from all backgrounds across all sectors should be every leader's top priority.

### 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 is involved in several volunteer programmes. He is also co-opted board member for CFA Society Pakistan.

### 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 18 years' career with the company, Farheen has worked in a number of categories across both Food & Refreshment and HPC. In her last three 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 Rafhan 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 Rafhan 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.

#### Ali Tariq

Ali joined the Board in April 2017 and Unilever in 2003. He has since held several Global, Regional and Country leadership roles in Singapore, UK and Pakistan. He is currently based at Unilever's headquarters in the UK in a global role. Prior to Unilever, Ali held business advisory roles with PricewaterhouseCoopers UK where he also trained as a Chartered Accountant. Ali is a member of the Institute of Chartered Accountants in England & Wales.

### **Chairman's Review**

#### **BUSINESS AND INDUSTRY OVERVIEW**

The Company continued to deliver strong business growth whilst building increasingly sustainable communities through its value chain and brands. Our position of leadership across categories, global expertise in research and development, history of consumer trust, and far-reaching presence has accelerated meaningful growth fueled by purpose.

The Board played a pivotal role in steering the Company forward in a progressively challenging landscape through its commitment to the overarching business strategy. Through the effective oversight of the Directors, Unilever Pakistan Foods Limited ensured the transparency of corporate governance and compliance.

The Board performed its role and responsibilities for the overall management and supervision of the affairs of the Company and remained duly cognizant of its fiduciary responsibilities. In addition to this, during the year under review, the Board also continued to monitor financial results on a quarterly basis.

In 2017, the business grew by 13.5%, mainly led by volume. Knorr and Rafhan portfolios recorded growth against relaunched categories and renewed sales mix. Increased investment in innovative marketing campaigns also helped drive consumer traction and brand reinforcement. Moreover, as testament to our sustained commitment to creating shareholder value, we recorded EPS growth of 6.2%.

#### **BOARD PERFORMANCE AND EFFECTIVENESS**

An annual evaluation of the Board of Directors' (the Board) overall performance is conducted in compliance with the requirement of the Code of Corporate Governance and the Companies Act, 2017. The purpose of this evaluation is to ensure that the Board performance is measured in the context of overall corporate objectives and governance structure of the Company. For the financial year ended 31 December 2017, the Board's overall performance and effectiveness has been assessed as 'Satisfactory' in achieving Company's objectives. We are committed towards development of the Board in terms of efficiency. It's also important to highlight the key role played by the Committees (Audit Committee, Human Resource and Remuneration Committee) in underscoring and directing towards areas of improvements and recommending practical solutions. Going forward as one of the top multinational companies, we will ensure the continuity of making our consumers happy along with complying with our best governance practices.

#### **FUTURE PROSPECTS**

Looking ahead, the Company aims to enhance its competitive position by extending manufacturing capabilities, strengthening research and development by leveraging its global expertise, further expanding market presence and delivering growth through an inclusive business model. Despite a complex market environment, the Company is prepared to respond to the rapidly changing dynamics of the business and industry. We remain committed to our vision of making sustainable development commonplace through responsible value chains and purpose driven brands that consumers can trust.

#### ACKNOWLEDGMENTS

On behalf of the Board of Directors, I would like to express gratitude to our stakeholders for their continued support and encouragement and place on record the appreciation of the valuable services rendered by the employees of the Company. I also acknowledge the commitment and diligence of my fellow directors during the year under review and thank our CEO and her Executive Team for their exceptional efforts.

Mr. Kamran Y. Mirza Chairman of the Board 

\* أردو کے لیے آخری صفحات ملاحظہ فرمائیے۔

### Winning with Brands and Innovations

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

### **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, 2017.

#### **Business Review:**

#### **Company's Principal Activities**

It manufactures and sells consumer and commercial food products under brand names of Rafhan, Knorr, Energile, Glaxose-D and Food Solutions. In 2017 the business grew by 13.5%, mainly led by volume. Growth was broad based with both Knorr and Rafhan portfolios registering growth.

The key growth drivers in 2017 were:

Knorr: Growth was led by the noodles, sauces and cubes categories. The relaunch of cubes during the year attracted positive consumer interest and feedback.

**Rafhan:** Desserts was the main driver of category growth. Advertising campaigns led by the brand to celebrate key occasions proved to be popular amongst audiences and received consumer traction.

Gross margin for the year increased by 59 bps mainly due to change in sales mix. Advertising and promotion was increased by 7.9%, reinforcing our commitment towards building brands for the long term. EPS grew by 6.2%.

### **Operating Results**

	2017	2016
	Rupees i	in million
Sales	10,745	9,467
Gross Profit	4,834	4,202
Profit from Operations	1,947	1,802
Profit before tax	1,921	1,768
Profit after tax	1,356	1,276
EPS-basic (Rs.)	220.16	207.24

### **Key Financial Indicators**

- Financial Headlines Turnover up by Rs. 1,278 Mn
  - Earnings per Share of Rs. 220.16



### **Dividends**

First Interim Dividend 2017 (already paid): Rs. 122 per share (2016: Rs. 90.97 per share).

Second Interim Dividend 2017 (already paid): Rs. 50 per share. Third Interim Dividend 2017: Rs. 33 per share.

Final Dividend 2017: Rs. nil per share (2016: 278 per share).

#### **Industry Review**

The Foods market (including dairy, cold beverages and oils) in Pakistan is currently estimated at US \$ 28.6 billion (estimate as per Household panel / Euromonitor / retail audit). Of the total market, branded players account for approximately 30% at US \$ 8.2 billion. The market consists of several local and multinational companies, with numerous regional players as well.

Considering UPFL's topline of US \$97.3 million, there is a significant opportunity to grow consumption further.

### **Capital Expenditure**

The Company, in process of expanding capacity and increasing efficiency, invested Rs. 95 million on capital expenditure during the year.

### **Liquidity Profile**

The Company was able to generate Rs. 1,884 million from operating activities during the year.

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

Investment strategies are planned after careful consideration to risk profile and mostly kept in short-term bank deposits.

#### **Evaluation of Company's Performance**

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

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

#### **Principal Risks and Uncertainties**

The Company is faced with the following principal risks:

- Low tax to GDP ratio, high fiscal deficit and loss-making public-sector enterprises have increased the risk of default on payments, this is also likely to result in pressure on tax collection with far reaching implications on the organised sector.
- High government borrowing has diverted funding away from the private sector and from investment in development. Introduction of enforcement measures by the Central Bank is expected to impact FOREX outflow, thereby, causing potential delays in offshore payments to our principal.
- Judicial pronouncements may impact businesses with regards to taxation etc. Further, as a consequence of the 18th amendment, litigation related to jurisdiction and / or apportionment may also arise.

#### Our People

We believe that our people are our biggest assets. Empowering employees with meaningful roles, challenging assignments and world class learning platforms, has paved the way for a more purpose driven organisation. Honest conversations, coaching and mentoring continue to equip our people to grow and drive the business. In 2017, AC Nielsen rated the Company as the No.1 Employer of Choice, a position Unilever Pakistan has now held for a decade.

The Unilever Future Leaders Programme (UFLP) is the organisation's flagship platform for the recruitment of young talent from across the country. The UFLP is considered one of the most competitive amongst other graduate programmes.

Diversity and inclusion remains at the heart of our business. Our female employees form an integral part of our workforce and perform a variety of challenging roles across the different functions in the Company. Out of the 13 Unilever Future Leaders (UFLs) on boarded this year, 54% are females. As part of our inclusive business agenda, we are also driving recruitment efforts for differently abled individuals in the organisation. Additionally, we focus continually on encouraging vitality and wellbeing amongst our employees. The Company has taken several initiatives in this regard including the provision of fitness and gym amenities, daycare facilities, yoga classes and healthy eating options at the workplace. We encourage the use of Agile working, maternity and paternity leaves to help ensure that our employees maintain work life balance.

### Corporate Social Responsibility (CSR)

UPFL strives to drive sustainable business growth whilst decoupling environmental impact. Our efforts to grow the business by enhancing positive social impact is central to our vision of making sustainable development commonplace.

During 2017, main initiatives included:

#### Energy Conservation and Environment Protection: Rs. 18 million

Environmentally sustainable production is deeply anchored in the UPFL manufacturing strategy. The Company continues to uphold its commitment to sustainable development through environmentally friendly operations that are closely aligned with the United Nation's Sustainable Development Goals. UPFL is also a certified "WWF Green Office" member, on the basis of its various sustainability initiatives.

In 2017, the journey of our sustainable consumption of energy has made further headway with the addition of the following initiatives:

- Streamlining of measuring and monitoring systems alongside efficiency improvement in areas of production has resulted in decreased line losses in the steam network. These measures have contributed towards a 20% overall reduction in steam consumption rates.
- Enhanced efficiency on production machines has enabled reduced electricity consumption, generating electricity savings sufficient to power 250 households for a year. Additionally, installation of solar panels has allowed conversion to solar energy for electricity generation to further decrease environmental impact. Conventional chillers have also been replaced by absorption chiller technology to further reduce electricity use.
- Process efficiency improvement and technology upgradation has led to reduction in CO<sub>2</sub> emissions equivalent to the planting of 19,500 trees.
- Strategic steps to minimize water footprint of the site have resulted in the savings of 22 million litres of water.

Unilever Pakistan Foods Limited strives to drive sustainable business practices under the umbrella of the Unilever Sustainable Living Plan (USLP). Unilever Pakistan continued to deliver on its vision to make sustainable living commonplace through its brands and operations. Our commitment to grow the business whilst furthering positive social impact has enabled the USLP to serve as the blueprint for our strategy globally as well as in Pakistan.

Our efforts to contribute to society through sustained growth includes consumers, customers, suppliers, business and social partners to truly amplify scale and mobilise collective impact. This philosophy is supported by the Unilever Foundation which helps us achieve our ambition to improve the lives of people and create a sustainable future for the planet.

During 2017, some of our main programmes included:

### Community Investment and Welfare Schemes: Rs. 145 million

- a) Knorr continued to spread the message of nutritious snacking through its school programmes, especially in the rural parts of the country where undernutrition remains a challenge. The initiative reached over 6.1 million children through sampling activities that allowed them to learn about healthier snacking options.
- b) Knorr also provided livelihood opportunities to 500 mobile retailers through its noodle vending programme, which also brings rural consumers with more nutritious and hygienic alternatives for consumption.

#### **Occupational Safety and Health:**

Safety is an integral part of all UPFL's operations. Our Vision Zero has made unsafe behaviours and practices a non-negotiable for the company. UPFL is persistent in improving safety through visible leadership, responsible employee behaviour, safety focused plant design, facilities and products, and the implementation of safe systems and procedures throughout the organisation. Furthermore, UPFL has reinforced the importance of safety through trainings and motivational drives. The HAZOP review to enhance process safety and rewards, along with multiple safety sessions by site leadership, has contributed to reduce total recordable incidents (contractors and employees) from 3 in 2016 to 1 in 2017.

#### **Employee Involvement**

As people with purpose, our employees continued to drive sustainable development with vigour through volunteering their time and offering support to underserved communities. Our employees contributed over Rs 2 million to social partners including The Citizens Foundation, Aga Khan University Hospital and the World Food Programme through the Employee Payroll Programme that will enable easier access to education, improved health and nutrition for underprivileged children.

### Value of investments of Employees in Retirement Funds

UPFL contributed Rs. 23.7 million to the staff retirement funds during the year. The value of investments made by the staff retirement funds operated by the Company as per their financial statements as at December 31, 2017 is as follows:

	Rs. in million
Provident Fund	185
Gratuity Fund	26
Total – 2017	211
Total – 2016	196

### **Corporate Governance**

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

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

#### Directors

The following persons are the directors of the Company:

- Mr. Kamran Y. Mirza (Chairman of the Board)
- Ms. Shazia Syed (CEO)
- Mr. Sohail Hanif Baig (CFO)
- Ms. Farheen Salman Amir
- Mr. Zulfikar Monnoo (Chairman Audit Committee and HR & R Committee)
- Mian M. Adil Monnoo
- Mr. Kamal Monnoo

Mr. Badaruddin F. Vellani

**Reserve Appropriations** 

- Mr. Ali Tariq (appointed w.e.f. April 20, 2017)
- Mr. Noman Amjad Lutfi (resigned w.e.f. December 31, 2017)

The election of directors was held at the AGM of 2017. The term of the present directors will expire on April 19, 2020.

Mr. Noman Amjad Lutfi has resigned from the position of Director of the Company with effect from December 31, 2017. The casual vacancy arising from his resignation will be filled within the stipulated time as per the applicable law.

#### **Auditors**

The Auditors, KPMG Taseer Hadi & Co. were appointed for the year ending December 31, 2017. The Board has recommended the appointment of KPMG Taseer Hadi & Co. as the Auditors of the Company for the year 2018, subject to Shareholders' approval at the next AGM to be held on April 09, 2018.

#### **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.

#### **Share Capital** Reserves Total **Capital** Revenue Un-appropriated Profit Share Special General Premium (Rupees in thousand) Balance as at January 01, 2017 61,576 24,630 628 138 1,717,946 1,804,918 Total comprehensive income for the year ended 31 December 2017 1,350,681 1,350,681 - Profit for the year 1,355,673 1,355,673 ended December 31, 2017 - Other comprehensive income for the year [4, 992][4,992] ended December 31, 2017 First Interim dividend for the year ended December 31, 2017 @ Rs. 122 per share (751,229) (751,229) Second Interim dividend for the year ended December 31, 2017 @ Rs. 50 per share (307,881) (307,881) Third Interim dividend for the year ended December 31, 2017 @ Rs. 33 per share (203, 201)(203, 201)Final dividend for the year ended December 31, 2016 @ Rs. 278 per share (1,711,818) (1,711,818) 61,576 24,630 628 138 Balance as at December 31, 2017 94,498 181,470

### Acknowledgement

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

### **Future Outlook**

Despite a challenging economic and operating environment, the business has continued to deliver profitable growth. We aim to overcome the challenges that lie ahead with our access to global expertise, better customer understanding, continuous investment in product lines, innovations and world class customer service. We are confident that our dedicated and focused efforts will allow us to provide better value to meet consumers' everyday needs and deliver sustained profitable growth.

Thanking you all. On behalf of the Board

#### Kamran Y. Mirza

Chairman Karachi February 26th, 2018 Shazia Syed Chief Executive Officer Karachi February 26th, 2018

### **Board Meetings Attendance**

During the year 2017, five 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. Farheen Salman Amir	5	5
Mr. Sohail Hanif Baig	5	5
Mr. Zulfikar Monnoo	5	5
Mian M. Adil Monnoo	5	5
Mr. Kamal Monnoo	5	5
Mr. Badaruddin F. Vellani	5	5
Mr. Ali Tariq**	4	4
Mr. Noman Amjad Lutfi	5	5

#### Notes:

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

\*\* Appointed w.e.f. April 20, 2017.

### **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	5	5
Mr. Kamran Y. Mirza Member	5	5
Mian M. Adil Monnoo Member	5	5
Mr. Badaruddin F. Vellani Member	5	5
Ms. Mehwish Iqbal Secretary	5	5

#### **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 five times during 2017. 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	14	12
Mr. Sohail Hanif Baig** Member	13	11
Ms. Farheen Salman Amir Member	14	12
Mr. Amar Naseer Secretary	14	14

#### Notes:

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

\*\* During the year, Mr. Sohail Baig was appointed on the Board on January 19, 2017.

#### **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	2	2
Mr. Kamal Monnoo Member	2	2
Ms. Shazia Syed Member	2	2
Mr. Amar Naseer Secretary	2	2

#### **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**

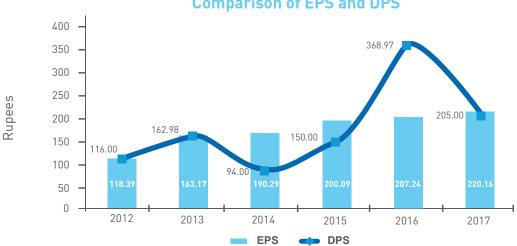
	2017	2016	2015	2014	2013	2012
	<	(	Rupees in	Thousand)		
FINANCIAL POSITION						
Balance sheet						
Property, plant and equipment	1,992,974	2,084,856	2,040,339	1,803,992	1,020,414	649,333
Other non-current assets	94,842	96,544	119,386	101,268	100,900	107,574
Current assets	1,993,132	2,436,695	2,257,568	1,560,692	1,204,872	1,248,575
Total assets	4,080,948	4,618,095	4,417,293	3,465,952	2,326,186	2,005,482
Share capital - ordinary	61,576	61,576	61,576	61,576	61,576	61,576
Reserves	119,894	1,743,342	1,617,018	721,822	388,153	534,202
Total equity	181,470	1,804,918	1,678,594	783,398	449,729	595,778
Non-current liabilities	213,130	215,694	220,644	112,239	111,922	106,989
Current liabilities	3,686,348	2,597,483	2,518,055	2,570,315	1,764,535	1,302,715
Total liabilities	3,899,478	2,813,177	2,738,699	2,682,554	1,876,457	1,409,704
Total equity and liabilities	4,080,948	4,618,095	4,417,293	3,465,952	2,326,186	2,005,482
Net current (liabilities) / assets	(1,693,216)	(160,788)	(260,487)	(1,009,623)	(559,663)	(54,140)
OPERATING AND FINANCIAL TRENDS						
Profit and loss						
Net sales	10,745,260	9,466,836	8,571,097	7,787,059	6,958,846	5,861,096
Cost of sales	(5,911,696)		(4,738,804)	(4,426,989)	(4,051,302)	(3,630,636)
Gross profit	4,833,564	4,202,215	3,832,293	3,360,070	2,907,544	2,230,460
Operating profit	1,946,726	1,802,228	1,701,775	1,739,722	1,472,898	1,080,241
Profit before tax	1,920,706	1,767,758	1,665,685	1,689,929	1,463,855	1,072,175
Profit after tax	1,355,673	1,276,089	1,232,128	1,171,821	1,004,755	728,981
Cash ordinary dividends	2,737,580	1,152,012	457,309	771,089	1,133,265	614,356
Cash flows						
Operating activities	1,883,709	1,517,410	1,191,568	1,405,243	1,652,146	806,912
Investing activities	(77,091)	(182,195)	(330,757)	(784,673)	(397,293)	(54,237)
Financing activities	(2,737,580)	(1,152,012)	(457,309)	(771,089)	(1,133,265)	(614,356)
Cash and cash equivalents at the end of the year	(236,183)	694,779	511,576	108,074	258,593	137,005

### **Performance Indicators for 6 years**

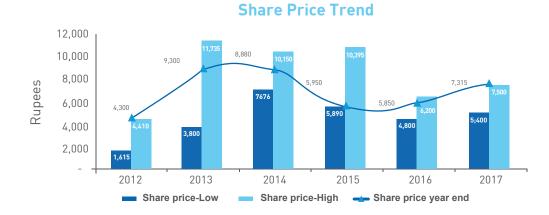
	Unit	2017	2016	2015	2014	2013	2012
FINANCIAL RATIOS							
<b>Profitability Ratios</b>							
Gross profit ratio	%	44.98	44.39	44.71	43.15	41.78	38.06
Net profit to sales	%	12.62	13.48	14.38	15.05	14.44	12.44
EBITDA margin to sales	%	19.54	20.45	20.88	22.59	21.84	19.23
Operating leverage ratio	Times	0.66	0.54	(0.10)	1.34	1.95	0.94
Pre tax return on equity	%	1058.42	97.94	99.23	215.72	325.50	179.96
Post tax return on equity	%	747.05	70.70	73.40	149.58	223.41	122.36
Return on capital employed	%	747.05	70.70	73.40	149.58	223.41	122.36
Liquidity Ratios							
Current ratio	Times	0.54	0.94	0.90	0.61	0.68	0.96
Quick / Acid test ratio	Times	0.27	0.57	0.52	0.28	0.35	0.38
Cash to current liabilities	Times	0.09	0.27	0.24	0.05	0.16	0.15
Cash flow from operations to sales	Times	0.18	0.16	0.14	0.18	0.24	0.14
Activity / Operating Performance Ratios							
Inventory turnover ratio	Days	61	66	70	59	61	68
Debtor turnover ratio	Days	13	10	9	9	9	10
Creditor turnover ratio	Days	168	165	187	175	132	113
Total assets turnover ratio	Times	3	2	2	2	3	3
Fixed assets turnover ratio	Times	5	5	4	4	7	9
Operating cycle	Days	(95)	(89)	(108)	(107)	[62]	(35)
Investment / Market Ratios							
Earnings per share (EPS)	Rs.	220.16	207.24	200.09	190.29	163.17	118.39
Price earning ratio	Times	27.03	28.23	29.74	46.66	56.99	36.32
Dividend yield ratio	Times	0.03	0.06	0.03	0.01	0.02	0.03
Dividend payout ratio - earnings	Times	0.93	1.78	0.75	0.49	1.00	0.98
Dividend payout ratio - par value	Times	20.50	36.90	15.00	9.40	16.30	11.60
Dividend cover ratio	Times	1.07	0.56	1.33	2.02	1.00	1.02
Cash dividend*	Rs.	205.00	368.97	150.00	94.00	162.98	116.00
Market value - low	Rs.	5,400	4,800	5,890	7,676	3,800	1,615
Market value - high	Rs.	7,500	6,200	10,395	10,150	11,735	4,410
Market value - year end	Rs.	7,315	5,850	5,950	8,880	9,300	4,300
Breakup value per share without surplus on revaluation of fixed assets	Rs.	29.47	293.12	272.60	127.22	73.04	96.75
Capital Structure Ratios							
	Times	0.01	0.00	0.05	0.07	0.05	0.10
Financial leverage ratio	Times	0.01	0.00	0.05	0.04	0.05	0.10 551.12
Interest cover ratio	Times	135.66	180.74	101.01	167.32	470.94	551.12

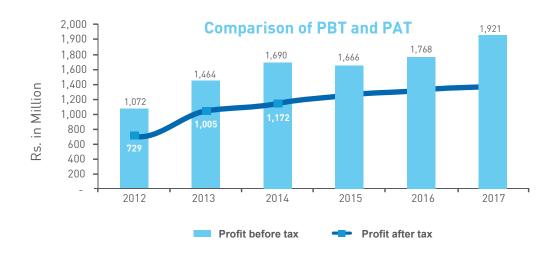
\* This includes interim and proposed final dividend for the year.

### **Performance Indicators for 6 years**



**Comparison of EPS and DPS** 





### Balance Sheet Horizontal Analysis for 6 years

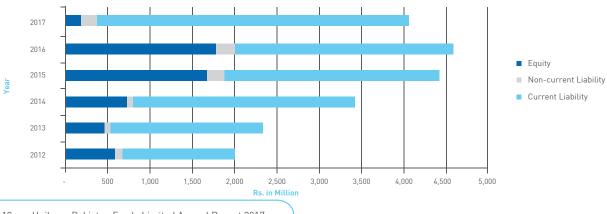
												(Rs. in th	ousand)
		2017 Rs.	17 Vs.16 %	2016 Rs.	16 Vs.15 %	2015 Rs.	15 Vs.1 %	4 2014 Rs.	14 Vs.1	3 2013 Rs.	13 Vs.1	2 2012 Rs.	12 Vs.11 %
	EQUITY AND LIABILITIES												
\	Capital and reserves												
1	Share capital	61,576	-	61,576	-	61,576	-	61,576	-	61,576	-	61,576	-
/	Reserves	119,894	(93.12)	1,743,342	7.81	1,617,018	124.02	721,822	85.96	388,153	[27.34]	534,202	24.24
		181,470	(89.95)	1,804,918	7.53	1,678,594	114.27	783,398	74.19	449,729	(24.51)	595,778	21.21
)	Non-current liabilities												
	Retirement benefits - obligation	9,345	281.12	2,452	(56.91)	5,691	315.70	1,369	(68.37)	4,328	10.32	3,923	(77.61)
	Deferred taxation	203,785	(4.43)	213,242	(0.80)	214,953	93.88	110,870	3.04	107,594	4.39	103,066	18.45
		213,130	(1.19)	215,694	[2.24]	220,644	96.58	112,239	0.28	111,922	4.61	106,989	2.35
	Current liabilities												
	Trade and other payables	3,018,467	24.49	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
	Provision	60,659	5.27	57,623	51.90	37,935	74.09	21,791	36.69	15,942	112.33	7,508	(70.92)
	Accrued interest / mark-up	2,288	100.00	-	(100.00)	1,119	47.82	757	(12.28)	863	(3.58)	895	492.72
	Taxation - provision less payments	-	-	-	-	-	-	-	(100.00)	6,160	(47.31)	11,692	100.00
	Sales tax payable	21,193	(81.60)	115,182	135.97	48,812	100.00	-	-	-	(100.00)	4,640	(77.06)
	Short term borrowings	583,741	100.00	-	(100.00)	81,676	182.13	28,950	15.06	25,161	[61.23]	64,897	[31.34]
		3,686,348	41.92	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
		4,080,948	(11.63)	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

#### ASSETS

#### Non-current assets

Property, plant and equipment	1,992,974	(4.41)	2,084,856	2.18	2,040,339	13.10	1,803,992	76.79	1,020,414	57.15	649,333	4.61
Intangible assets	81,637	-	81,637	-	81,637	-	81,637	-	81,637	-	81,637	-
Long term loans and advances	13,205	7.34	12,302	(67.41)	37,749	111.42	17,855	[3.79]	18,558	[17.44]	22,477	[12.27]
Long term prepayment	-	(100.00)	2,605	100.00	-	-	-	-	-	-	-	(100.00)
Retirement benefit - prepayment	-	-	-	-	-	(100.00)	1,776	151.91	705	(79.62)	3,460	100.00
	2,087,816	(4.29)	2,181,400	1.00	2,159,725	13.36	1,905,260	69.91	1,121,314	48.14	756,907	3.56
Current assets												
Stores and spares	35,446	12.78	31,429	39.79	22,483	[12.46]	25,682	15.53	22,229	30.89	16,983	1.69
Stock in trade	1,007,742	5.17	958,171	(0.12)	959,276	12.98	849,057	42.91	594,105	(20.83)	750,374	26.50
Trade debts	438,767	45.32	301,929	44.42	209,064	2.31	204,351	11.79	182,797	25.11	146,113	(22.51)
Loans and advances	12,184	(48.94)	23,864	57.21	15,180	(5.58)	16,077	[4.67]	16,865	32.98	12,682	(34.51)
Trade deposits and short term												
prepayments	84,566	14.20	74,049	46.68	50,484	(15.95)	60,067	22.06	49,212	24.26	39,603	[24.98]
Other receivables	19,346	78.88	10,815	[64.96]	30,868	(40.53)	51,901	161.56	19,843	(75.48)	80,918	180.30
Taxation - payments less provision	47,523	(86.09)	341,659	(9.36)	376,961	116.84	173,843	100.00	-	-	-	(100.00)
Cash and bank balances	347,558	(49.98)	694,779	17.11	593,252	332.95	137,024	(51.71)	283,754	40.54	201,902	116.61
Sales tax refundable	-	-	-	-	-	(100.00)	42,690	18.36	36,067	100.00	-	-
	-	-										
	1,993,132	(18.20)	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
	4,080,948	(11.63)	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

#### **Balance Sheet Analysis - Equity & Liabilities**



### Balance Sheet Vertical Analysis for 6 years

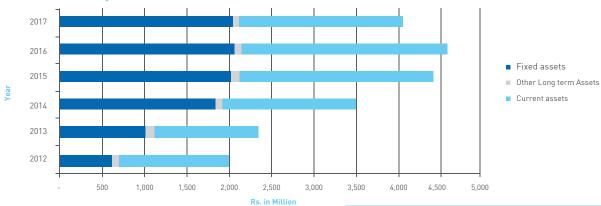
										(Rs. in thousand)				
	201	7	201	2016		15	20	14	20	13	20	12		
	Rs.	%	Rs.	%										
EQUITY AND LIABILITIES														
Capital and reserves														
Share capital	61,576	1.51	61,576	1.33	61,576	1.39	61,576	1.78	61,576	2.65	61,576	3.07		
Reserves	119,894	2.94	1,743,342	37.75	1,617,018	36.61	721,822	20.83	388,153	16.69	534,202	26.64		
	181,470	4.45	1,804,918	39.08	1,678,594	38.00	783,398	22.60	449,729	19.33	595,778	29.71		
Non-current liabilities														
Retirement benefits - obligation	9,345	0.23	2,452	0.05	5,691	0.13	1,369	0.04	4,328	0.19	3,923	0.20		
Deferred taxation	203,785	4.99	213,242	4.62	214,953	4.87	110,870	3.20	107,594	4.63	103,066	5.14		
	213,130	5.22	215,694	4.67	220,644	5.00	112,239	3.24	111,922	4.81	106,989	5.33		
Current liabilities														
Trade and other payables	3,018,467	73.96	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		
Provision	60,659	1.49	57,623	1.25	37,935	0.86	21,791	0.63	15,942	0.69	7,508	0.37		
Accrued interest / mark-up	2,288	0.06	-	-	1,119	0.02	757	0.02	863	0.04	895	0.04		
Taxation - provision less payments	-	-	-	-	-	-	-	-	6,160	0.26	11,692	0.58		
Sales tax payable	21,193	0.52	115,182	2.49	48,812	1.11	-	-	-	-	4,640	0.23		
Short term borrowings	583,741	14.30	-	-	81,676	1.85	28,950	0.84	25,161	1.08	64,897	3.24		
	3,686,348	90.33	2,597,483	56.25	2,518,055	57.00	2,570,315	74.16	1,764,535	75.86	1,302,715	64.96		
	4,080,948	100.00	4,618,095	100.00	4,417,293	100.00	3,465,952	100.00	2,326,186	100.00	2,005,482	100.00		

#### ASSETS

#### Non-current assets

1,992,974	48.84	2,084,856	45.15	2,040,339	46.19	1,803,992	52.05	1,020,414	43.87	649,333	32.38
81,637	2.00	81,637	1.77	81,637	1.85	81,637	2.36	81,637	3.51	81,637	4.07
13,205	0.32	12,302	0.27	37,749	0.85	17,855	0.52	18,558	0.80	22,477	1.12
-	-	2,605	0.06	-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,776	0.05	705	0.03	3,460	0.17
2,087,816	51.16	2,181,400	47.24	2,159,725	48.89	1,905,260	54.97	1,121,314	48.20	756,907	37.74
35,446	0.87	31,429	0.68	22,483	0.51	25,682	0.74	22,229	0.96	16,983	0.85
1,007,742	24.69	958,171	20.75	959,276	21.72	849,057	24.50	594,105	25.54	750,374	37.42
438,767	10.75	301,929	6.54	209,064	4.73	204,351	5.90	182,797	7.86	146,113	7.29
12,184	0.30	23,864	0.52	15,180	0.34	16,077	0.46	16,865	0.73	12,682	0.63
84,566	2.07	74,049	1.60	50,484	1.14	60,067	1.73	49,212	2.12	39,603	1.97
19,346	0.47	10,815	0.23	30,868	0.70	51,901	1.50	19,843	0.85	80,918	4.03
47,523	1.16	341,659	7.40	376,961	8.53	173,843	5.02	-	-	-	-
347,558	8.52	694,779	15.04	593,252	13.43	137,024	3.95	283,754	12.20	201,902	10.07
-	-	-	-	-	-	42,690	1.23	36,067	1.55	-	-
1,993,132	48.84	2,436,695	52.76	2,257,568	51.11	1,560,692	45.03	1,204,872	51.80	1,248,575	62.26
4,080,948	100.00	4,618,095	100.00	4,417,293	100.00	3,465,952	100.00	2,326,186	100.00	2,005,482	100.00
	81,637 13,205 - - 2,087,816 35,446 1,007,742 438,767 12,184 84,566 19,346 47,523 347,558 - 1,973,132	81,637         2.00           13,205         0.32           -         -           2,087,816         51.16           35,446         0.87           1,007,742         24.69           438,767         10.75           12,184         0.30           84,566         2.07           19,346         0.47           47,523         1.16           347,558         8.52           1,993,132         48.84	81,637         2.00         81,637           13,205         0.32         12,302           -         -         2,605           -         -         2,605           2,087,816         51.16         2,181,400           35,446         0.87         31,429           1,007,742         24.69         958,171           438,767         10.75         301,929           12,184         0.30         23,864           84,566         2.07         74,049           19,346         0.47         10,815           347,558         8.52         694,779           1,993,132         48.84         2,436,695	81,637         2.00         81,637         1.77           13,205         0.32         12,302         0.27           -         -         2,605         0.06           -         -         2,605         0.06           -         -         -         -           2,087,816         51.16         2,181,400         47.24           35,446         0.87         31,429         0.68           1,007,742         24.69         958,171         20.75           438,767         10.75         301,929         6.54           1,2,184         0.30         23,864         0.52           84,566         2.07         74,049         1.60           19,346         0.47         10,815         0.23           47,523         1.16         341,659         7.40           347,558         8.52         694,779         15.04           -         -         -         -         -           1,993,132         48.84         2,436,695         52.76	81,637         2.00         81,637         1.77         81,637           13,205         0.32         12,302         0.27         37,749           -         -         2,605         0.06         -           2,087,816         51.16         2,181,400         47.24         2,159,725           35,446         0.87         31,429         0.68         22,483           1,007,742         24.69         958,171         20.75         959,276           438,564         0.30         23,864         0.52         15,180           84,566         2.07         74,049         1.60         50,484           19,346         0.47         10,815         0.23         30,668           37,528         8.52         694,779         15.04         593,252           -         -         -         -         -           1,993,132         48.84         2,436,695         52.76         2,257,568	81,637         2.00         81,637         1.77         81,637         1.85           13,205         0.32         12,302         0.27         37,749         0.85           -         -         2,605         0.06         -         -           2,087,816         51.16         2,181,400         47.24         2,159,725         48.89           35,446         0.87         31,429         0.68         22,483         0.51           1,007,742         24.69         958,171         20.75         959,276         21.72           438,767         10.75         301,929         6.54         209,064         4.73           12,184         0.30         23,864         0.52         15,180         0.34           84,566         2.07         74,049         1.60         50,484         1.14           19,346         0.47         10,815         0.23         30,868         0.70           37,558         8.52         694,779         15.04         593,252         13.43           347,558         8.52         694,779         15.04         593,252         13.43           -         -         -         -         -         -	81,637         2.00         81,637         1.77         81,637         1.85         81,637           13,205         0.32         12,302         0.27         37,749         0.85         17,855           -         -         2,605         0.06         -         -         -           -         2,605         0.06         -         -         -         -         -           2,087,816         51.16         2,181,400         47.24         2,159,725         48.89         1,905,260           35,446         0.87         31,429         0.68         22,483         0.51         25,682           1,007,742         24.69         958,171         20.75         959,276         21.72         849,057           438,677         10.75         301,929         6.54         209,064         4.73         204,351           12,184         0.30         23,864         0.52         15,180         0.34         16,077           84,566         2.07         74,049         1.60         50,484         1.14         60,067           19,346         0.47         10,815         0.23         30,686         0.70         51,901           17,523         1.16	81,637         2.00         81,637         1.77         81,637         1.85         81,637         2.36           13,205         0.32         12,302         0.27         37,749         0.85         17,855         0.52           -         -         2,605         0.06         -	81,637         2.00         81,637         1.77         81,637         1.85         81,637         2.36         81,637           13,205         0.32         12,302         0.27         37,749         0.85         17,855         0.52         18,558           -         -         2,605         0.06         -         1.171         10.75         11.11         1.11         1.11         1.11         1.11         1.11         1.11         1.11	81,637         2.00         81,637         1.77         81,637         1.85         81,637         2.36         81,637         3.51           13,205         0.32         12,302         0.27         37,749         0.85         17,855         0.52         18,558         0.80           -         -         2,605         0.06         - <t< td=""><td>81,637         2.00         81,637         1.77         81,637         1.85         81,637         2.36         81,637         3.51         81,637           13,205         0.32         12,302         0.27         37,749         0.85         17,855         0.52         18,558         0.80         22,477           -         -         2,605         0.06         -</td></t<>	81,637         2.00         81,637         1.77         81,637         1.85         81,637         2.36         81,637         3.51         81,637           13,205         0.32         12,302         0.27         37,749         0.85         17,855         0.52         18,558         0.80         22,477           -         -         2,605         0.06         -





### Horizontal Analysis for 6 years

HUHZUHIai AH	(Rs. in thousand)											
	2017 Rs.	17 Vs.16 %	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 %
Sales	10,745,260	13.50	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
Cost of sales	(5,911,696)	12.29	(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
Gross profit	4,833,564	15.02	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
Distribution cost	(2,649,320)	18.35	(2,238,606)	14.56	(1,954,022)	35.13	(1,445,978)	17.10	(1,234,866)	24.25	(993,825)	16.92
Administrative expenses	(302,756)	95.15	(155,137)	0.54	(154,298)	(4.01)	(160,740)	2.73	(156,472)	5.09	(148,898)	6.97
Other operating expenses	(137,533)	8.65	(126,587)	0.97	(125,372)	(1.45)	(127,212)	9.80	(115,857)	42.48	(81,316)	14.91
Other income	202,771	68.49	120,343	16.64	103,174	(9.16)	113,582	56.56	72,549	(1.72)	73,820	(10.61)
Profit from operations	1,946,726	8.02	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
Finance costs	(26,020)	(24.51)	(34,470)	(4.49)	(36,090)	(27.52)	(49,793)	450.62	(9,043)	12.11	(8,066)	17.53
Profit before taxation	1,920,706	8.65	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
Taxation	(565,033)	14.92	(491,669)	13.40	(433,557)	(16.32)	(518,108)	12.85	(459,100)	33.77	(343,194)	16.96
Profit after taxation	1,355,673	6.24	1,276,089	3.57	1,232,128	5.15	1,171,821	16.63	1,004,755	37.83	728,981	18.21
Other comprehensive (loss) / income	(4,992)	(427.34)	1,525	(134.49)	(4,421)	(538.59)	1,008	(185.79)	(1,175)	(230.85)	898	100.00
Total comprehensive income	1,350,681	5.72	1,277,614	4.07	1,227,707	4.68	1,172,829	16.86	1,003,580	37.50	729,879	18.35

### Vertical Analysis for 6 years

	2011 Rs.	7 %	201 Rs.	6 %	201 Rs.	15 %	20′ Rs.	4 %	20 Rs.	13 %	201 Rs.	12 %
Sales	10,745,260	100.00	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
Cost of sales	(5,911,696)	(55.02)	(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)
Gross profit	4,833,564	44.98	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
Distribution cost	(2,649,320)	(24.66)	(2,238,606)	(23.65)	(1,954,022)	(22.80)	(1,445,978)	(18.57)	(1,234,866)	(17.75)	(993,825)	(16.96)
Administrative expenses	(302,756)	(2.82)	(155,137)	(1.64)	(154,298)	(1.80)	(160,740)	(2.06)	(156,472)	(2.25)	(148,898)	(2.54)
Other operating expenses	(137,533)	(1.28)	(126,587)	(1.34)	(125,372)	(1.46)	(127,212)	(1.63)	(115,857)	(1.66)	(81,316)	(1.39)
Other operating income	202,771	1.89	120,343	1.27	103,174	1.20	113,582	1.46	72,549	1.04	73,820	1.26
Profit from operations	1,946,726	18.12	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
Finance cost	(26,020)	(0.24)	(34,470)	(0.36)	(36,090)	(0.42)	(49,793)	(0.64)	(9,043)	(0.13)	(8,066)	(0.14)
Profit before taxation	1,920,706	17.87	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
Taxation	(565,033)	(5.26)	(491,669)	(5.19)	(433,557)	(5.06)	(518,108)	(6.65)	(459,100)	(6.60)	(343,194)	(5.86)
Profit after taxation	1,355,673	12.62	1,276,089	13.48	1,232,128	14.38	1,171,821	15.05	1,004,755	14.44	728,981	12.44
Other comprehensive (loss)/ income	(4,992)	(0.05)	1,525	0.02	(4,421)	(0.05)	1,008	0.01	(1,175)	(0.02)	898	0.02
Total comprehensive income	1,350,681	12.57	1,277,614	13.50	1,227,707	14.32	1,172,829	15.06	1,003,580	14.42	729,879	12.45

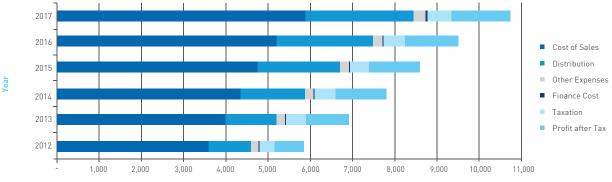
#### (Rs. in thousand)

### **Graphical Analysis**

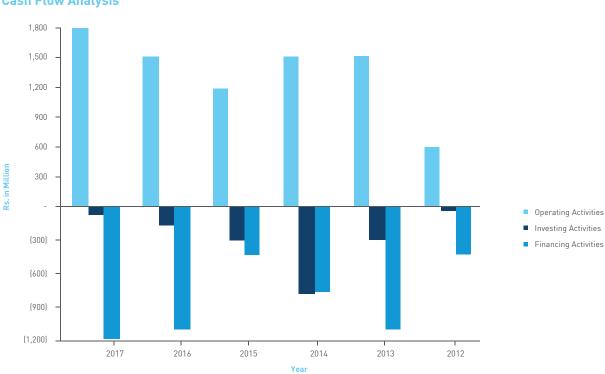
#### Profit and Loss Analysis - Income



### **Profit and Loss Analysis - Expenses**



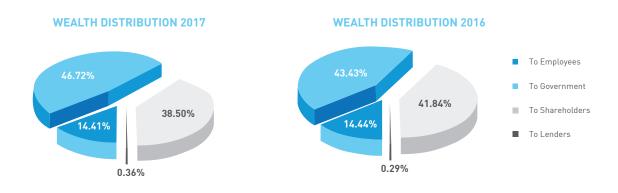
Rs. in Million



### **Cash Flow Analysis**

### **Statement of Wealth Generated and Distributed**

	<b>20</b> Rs. in thousand	9 <b>17</b> %	20 Rs. in thousand	)16 %
WEALTH GENERATED				
Total Revenue inclusive of sales tax and other Income	11,902,261		10,262,797	
Bought in material	(7,954,325)		(6,834,635)	
	3,947,936	100	3,428,163	100
WEALTH DISTRIBUTION				
<b>To Employees</b> Salaries, benefits and other costs	569,065	14.41	495,119	14.44
<b>To Government</b> Income tax, sales tax, excise duty, custom duty, WWF and WPPF	1,844,518	46.72	1,488,718	43.43
<b>To Providers of Capital</b> Dividend to shareholders* Mark-up / interest expenses on	1,520,090	38.50	1,434,491	41.84
borrowed funds	14,263	0.36	9,835	0.29
	3,947,936	100	3,428,163	100



\*Total dividend for the year 2017 was Rs. 1,262 million which was partly funded by reserves.

### **Pattern of Shareholding**

### As at December 31, 2017

Number of Shareholders	Sh	areholding	js' Slab		Total Shares Held
690	1	to	100		21,819
97	101	to	500		19,550
16	501	to	1000		10,097
10	1001	to	5000		21,910
1	50001	to	10000		9,000
2	20001	to	25000		44,581
1	25001	to	30000		28,760
2	35001	to	40000		72,582
2	40001	to	45000		87,050
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
833					6,157,618
Associated Companies, undertal related parties	kings and	Shareho	1	Shares Held 4,670,255	75.85
Directors, CEO and their spouse	(s) and minor				
children		1	2	371,458	6.03
Public Sector Companies and Co	rporations		2	64	0.00
Banks, development finance ins non-banking finance companies	insurance				
companies, takaful, modarabas	and pension funds		2	1,107	0.02
General Public		70	1	1 110 150	10.00
a. Local b. Foreign		79	6 7	1,113,159 10	18.08 0.00
b. Foreign			/	10	0.00
Foreign Companies			2	172	0.00
Others		1	1	1393	0.02
Totals		83	3	6,157,618	100.00
Shareholders holding 5% or mo	re			Shares Held	Percentage
CONOPCO, INC.				4,670,255	75.85

### Pattern of Shareholding Additional Information

### As at December 31, 2017

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

Sha	reholders' 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		
	Ms. Shazia Syed Mr. Kamran Y. Mirza Mr. Zulfikar Monnoo Mian M. Adil Monnoo Mr. Kamal Monnoo Mrs. Sarwat Zulfikar W/o Mr. Zulfikar Monnoo Ms. Sarwat Zulfikar W/o Mr. Zulfikar Monnoo Ms. Farheen Salman Amir Mr. Noman Amjad Lutfi Mr. Badaruddin F. Vellani Mr. Sohail Hanif Baig Mr. Ali Tariq	1 1 1 1 1 1 1 1 1 1 1 1	1 1,760 153,828 96,246 114,060 5,430 29 1 1 1 100 1 1
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)	1	4,670,255

CONOPCO Inc.

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

During 01-01-2017 to 31-12-2017

S.No.	Name	Acquired during the year
1	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 Rule Book 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:

 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> <li>Mr. Kamran Y. Mirza (Chairman of the Board)</li> </ul>
Executive Directors	• Ms. Shazia Syed (CEO)
	• Mr. Sohail Hanif Baig (CFO)
	• Ms. Farheen Salman Amir
Non-Executive Directors	• Mr. Zulfikar Monnoo (Chairman Audit Committee)
	Mian M. Adil Monnoo
	Mr. Kamal Monnoo
	• Mr. Badaruddin F. Vellani

- Mr. Ali Tariq (appointed w.e.f. April 20, 2017)
- Mr. Noman Amjad Lutfi (resigned w.e.f. December 31, 2017)

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.
- 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 NBFI or, being a member/broker of a stock exchange, has been declared as a defaulter by that stock exchange.
- A casual vacancy in the Board of Directors occurred on December 31, 2017 and will be filled 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 The Directors have been provided with copies of the Rule Book of the Stock Exchange; the Company's Memorandum and Articles of Association and the code of Corporate Governance and are well conversant with their duties and responsibilities. All the directors of the Company except one has 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.

- The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
- 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. The Company has continued to present the details of all related party transactions before the Audit Committee and upon their recommendation to the Board for review and approval. The definition of related party used is in accordance with repealed Companies Ordinance, 1984 and applicable financial reporting frame work as the regulations under Section 208 of the Companies Act, 2017 have not yet been announced.
- 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. The Board has co-sourced the internal audit function to A.F.Ferguson & Co. [a member firm of PricewaterHouseCoopers] & Deloitte who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
- 19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review 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 Officer

Karachi February 26, 2018

### Auditors' Review Report

### 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 31 December 2017 to comply with the requirements of Listing Regulation of the Pakistan Stock Exchange Limited 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 31 December 2017.

Karachi Dated: February 26, 2018 **KPMG Taseer Hadi & Co.** Chartered Accountants

## FINANCIAL STATEMENTS 2017

### Auditors' Report to the Members

We have audited the annexed balance sheet of Unilever Pakistan Foods Limited ("the Company") as at December 31, 2017 and the related profit and loss account, statement of changes in equity and cash flow statement together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the repealed 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 repealed 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 repealed 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 repealed 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, 2017 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: February 26, 2018 Karachi KPMG Taseer Hadi & Co. Chartered Accountants Mohammad Mahmood Hussain

### **Balance Sheet**

as at December 31, 2017

	Note	2017 (Rupees in	2016 n thousand)
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,992,974	2,084,856
Intangible assets	6	81,637	81,637
Long term prepayment		-	2,605
Long term loans and advances	7	13,205	12,302
		2,087,816	2,181,400
Current assets			
Stores and spares	8	35,446	31,429
Stock in trade	9	1,007,742	958,171
Trade debts	10	438,767	301,929
Loans and advances	11	12,184	23,864
Trade deposits and short term prepayments	12	84,566	74,049
Other receivables	13	19,346	10,815
Taxation - net		47,523	341,659
Cash and bank balances	14	347,558	694,779
		1,993,132	2,436,695
Total assets		4,080,948	4,618,095

### **Balance Sheet**

as at December 31, 2017

	Note	2017 (Rupees i	2016 n thousand)
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	15	61,576	61,576
Reserves	16	119,894	1,743,342
LIABILITIES		181,470	1,804,918
Non-current liabilities			
Staff retirement benefits	17	9,345	2,452
Deferred taxation	18	203,785	213,242
		213,130	215,694
Current liabilities			
Trade and other payables	19	3,018,467	2,424,678
Provisions	20	60,659	57,623
Accrued interest / mark-up		2,288	-
Sales tax payable		21,193	115,182
Short term borrowings	21	583,741	_
		3,686,348	2,597,483
Total liabilities		3,899,478	2,813,177
Total equity and liabilities	_	4,080,948	4,618,095
	_		

**Contingency and commitments** 

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The annexed notes 1 to 42 form an integral part of these financial statements.

Shazia Syed Chief Executive Farheen Salman Director Sohail Hanif Baig

Director and Chief Financial Officer

### **Profit and Loss Account**

### for the year ended December 31, 2017

	Note	2017 (Rupees in	2016 n thousand)
Sales	23	10,745,260	9,466,836
Cost of sales	24	(5,911,696)	(5,264,621)
Gross profit		4,833,564	4,202,215
Distribution cost	25	(2,649,320)	(2,238,606)
Administrative expenses	26	(302,756)	(155,137)
Other operating expenses	27	(137,533)	(126,587)
Other income	28	202,771	120,343
		1,946,726	1,802,228
Finance costs	29	(26,020)	(34,470)
Profit before taxation		1,920,706	1,767,758
Taxation	30	(565,033)	(491,669)
Profit after taxation		1,355,673	1,276,089
Other comprehensive income:			
Items that will not be reclassified to Profit or Loss			
<ul> <li>(Loss) / Gain on remeasurements of post employment defined benefit obligations</li> <li>Impact of deferred tax</li> <li>Items that may be subsequently reclassified to Profit or Loss</li> </ul>		(7,132) 2,140 (4,992)	2,178 (653) 1,525
Total comprehensive income		1,350,681	1,277,614
rotat comprehensive income			1,277,014
Basic and diluted earnings per share (Rupees)	31	220.16	207.24

The annexed notes 1 to 42 form an integral part of these financial statements.

#### Shazia Syed

Chief Executive

Farheen Salman Director

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

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### **Cash Flow Statement**

for the year ended December 31, 2017

	2017 (Rupees in	2016 thousand)
Cash flows from operating activities		
Profit before taxation	1,920,706	1,767,758
Adjustments for non-cash charges and other items		
Depreciation	164,417	158,402
Gain on disposal of property, plant and equipment	-	(1,527)
Provision for staff retirement benefits	3,052	3,028
Provision / (reversal) of impairment for fixed assets	22,167	(1,006)
Mark-up on short term borrowings	14,263	9,835
Return on savings accounts	(17,611)	(18,191)
	186,288	150,541
	2,106,994	1,918,299
Effect on cash flows due to working capital changes		
Decrease / (Increase) in current assets		
Stores and spares	(4,017)	(8,946)
Stock in trade	(49,571)	1,105
Trade debts	(136,838)	(92,865)
Loans and advances	11,680	(8,684)
Trade deposits and short term prepayments	(10,517)	(23,565)
Other receivables	(8,531)	20,053
	(197,794)	(112,902)
Increase / (Decrease) in current liabilities		
Trade and other payables	357,240	76,887
Provisions	3,036	19,688
Sales tax payable	(93,989)	66,370
		162,945

6 758

Cash generated from operations (carried forward)

**2,175,487** 1,968,342

# **Cash Flow Statement**

for the year ended December 31, 2017

	Note	2017 (Rupees i	2016 n thousand)
Cash generated from operations (brought forward)		2,175,487	1,968,342
Mark-up paid		(11,975)	(10,954)
Income tax paid		(278,214)	(458,731)
Staff retirement benefits - contributions paid		(3,291)	(4,089)
Long term prepayment		2,605	(2,605)
(Increase) / decrease in long term loans		(903)	25,447
Net cash from operating activities		1,883,709	1,517,410
Cash flows from investing activities			
Purchase of property, plant and equipment		(94,702)	(201,962)
Proceeds from disposal of property, plant and equ	ipment	-	1,576
Return received on savings accounts		17,611	18,191
Net cash used in investing activities		(77,091)	(182,195)
Cash flows from financing activities			
Dividends paid		(2,737,580)	(1,152,012)
Net (decrease) / increase in cash and cash equivalents		(930,962)	183,203
Cash and cash equivalents at beginning of the year		694,779	511,576
Cash and cash equivalents at end of the year	39	(236,183)	694,779

The annexed notes 1 to 42 form an integral part of these financial statements.

Shazia Syed Chief Executive Farheen Salman Director Sohail Hanif Baig Director and Chief Financial Officer

# **Statement of Changes in Equity**

# for the year ended December 31, 2017

	SHARE	RESERVES			/ES		TOTAL
	CAPITAL	CA	PITAL	R	EVENUE	SUB	
	Issued, subscribed and	Share Premium	Special	General	Unappropriated Profit	TOTAL	
	paid up capital			(Rupees in th	iousand) ———		
Balance as at January 1, 2016	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
Balance as at December 31, 2016	61,576	24,630	628	138	1,717,946	1,743,342	1,804,918
Transactions with owners of the Company							
Final dividend for the year ended December 31, 2016 @ Rs. 278 per share	-	-	-	-	(1,711,818)	(1,711,818)	(1,711,818)
First Interim dividend for the year ending December 31, 2017 @ Rs 122 per share	-	-	-	-	(751,229)	(751,229)	(751,229)
Second Interim dividend for the year ending December 31, 2017 @ Rs 50 per share	-	-	-	-	(307,881)	(307,881)	(307,881)
Third Interim dividend for the year ending December 31, 2017 @ Rs 33 per share	-	-	-	-	(203,201)	(203,201)	(203,201)
Total comprehensive income for the year ended December 31, 2017							
- Profit for the year ended December 31, 2017	-	-	-	-	1,355,673	1,355,673	1,355,673
- Other comprehensive income for the year ended December 31, 2017	-	-	-	-	(4,992)	[4,992]	(4,992)
	-	-	-	-	1,350,681	1,350,681	1,350,681
Balance as at December 31, 2017	61,576	24,630	628	138	94,498	119,894	181,470

The annexed notes 1 to 42 form an integral part of these financial statements.

Shazia Syed Chief Executive Farheen Salman

#### Director

# Sohail Hanif Baig

Director and Chief Financial Officer

# Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2017

# 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 as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

The Companies Act, 2017 was enacted on 30 May 2017 and SECP vide its Circular 23 of 2017 has clarified that the companies whose financial year closes on or before 31 December 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, these financial statements are prepared in accordance with the provisions of repealed Companies Ordinance, 1984.

# 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:

- Amendments to IAS 12 'Income Taxes'
- Amendments to IAS 7 'Statement of Cash Flows'
- IFRS 12 'Disclosure of Interests in Other Entities'

# 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, 2018. Management is in the process of evaluating the impact of these amendments and new standards:

- Ammendments to IFRS 2 'Share-based payment'
- Ammendments to IAS 40 'Investment Property'
- Annual Improvements Cycle to IFRS 2014-2016 Cycle various standards
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'
- IFRIC 23 'Uncertainty over Income Tax Treatments'
- IFRS 15 'Revenue from contracts with customers'
- IFRS 9 'Financial Instruments'
- Amendments to IAS 28 'Investments in Associates and Joint Ventures'
- Amendments to IFRS 3 'Business Combinations' and IFRS 11 'Joint Arrangement'
- Amendments to IAS 12 'Income taxes'
- Amendments to IAS 23 'Borrowing Costs'

#### 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 and loss accounts as and when incurred. Individual assets costing up to Rs. 10,000 are charged to profit and loss accounts. 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 impairment, if any. Carrying amounts of intangibles are subject to impairment review at each balance sheet date and where conditions exist, impairment is recognised. 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 recognized 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 obligations are calculated annually by independent actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the 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 plans.

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

The Company operates the following scheme:

i) Funded gratuity scheme for management and non-management employees of the Company. Contributions are made on the basis of the actuarial valuation. The latest actuarial valuation was carried out as at December 31, 2017, 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 earr determine its presen The Company provid permanent employee The latest actuarial v 3.6 Stores and spares These are valued at invoice value plus off

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, 2017.

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 recognised 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 recognised 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 amortization, 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 de-recognised 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, amortized 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 recognised 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.

#### 5. **PROPERTY, PLANT AND EQUIPMENT**

	Note	2017	2016
		(Rupees in t	housand)
FINANCE COSTS			
Operating assets	5.1	1,904,964	1,952,320
Capital work in progress	5.2	88,010	132,536
		1,992,974	2,084,856

# 5.1 Operating assets

	Freehold land	Building on freehold land	Leasehold improve- ments	Plant and machinery	Electrical, mechanical and office equipment	Furniture and fittings	Motor vehicles	Total
	<b></b>			— (Rupees in	thousand) —			
Net carrying value basis								
Year ended December 31, 2017								
Opening Net Book Value (NBV)	8,179	491,440	-	1,392,138	55,556	5,007	-	1,952,320
Additions (at cost)	-	49,969	-	85,682	3,410	167	-	139,228
Disposals (NBV)	-	-	-	-	-	-	-	-
Depreciation charge	-	(17,634)	-	(143,357)	(2,727)	[699]	-	(164,417)
Charge of provision for impairment of fixed assets	-	(1,201)	-	(20,966)	-	-	-	(22,167)
Closing NBV	8,179	522,574		1,313,497	56,239	4,475	-	1,904,964

#### Gross carrying value basis

At December 31, 2017								
Cost	8,179	683,681	14,918	2,053,654	130,012	15,968	1,405	2,907,817
Provision for impairment of fixed assets	-	(1,201)	-	(23,361)	-	-	-	(24,562)
Accumulated depreciation	-	(159,906)	[14,918]	(716,796)	(73,773)	(11,493)	(1,405)	(978,291)
Closing NBV	8,179	522,574	-	1,313,497	56,239	4,475	-	1,904,964
Net carrying value basis								
Year ended December 31, 2016								
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 impairment of fixed assets	-	-	-	1,006	-	-	-	1,006
Closing NBV	8,179	491,440	-	1,392,138	55,556	5,007	-	1,952,320
Gross carrying value basis								
At December 31, 2016								
Cost	8,179	633,712	14,918	1,967,972	126,602	15,801	1,405	2,768,589
Provision for impairment of fixed assets	-	-	-	(2,395)	-	-	-	(2,395)
Accumulated depreciation		[142,272]	(14,918)	(573,439)	(71,046)	(10,794)	(1,405)	(813,874)
Closing NBV	8,179	491,440	-	1,392,138	55,556	5,007	-	1,952,320
Depreciation rate % per annum	-	2.5	25	7 to 10	10 to 25	20	20	

81,637

2016

81,637

2017

5.2	Capital Work in Progress – at cost	Note	2017	2016
			(Rupees i	n thousand)
	Plant and machinery		86,465	119,907
	Advances to suppliers		1,545	12,629
			88,010	132,536
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
			254,239	254,239
	Accumulated amortization and impairment		(172,602)	(172,602)

Accumulated amortization and impairment Net book value

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 7.5% (2016: 7.4%), 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.

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

		(Rupees in thousand)		
Executives	7.1	20,003	17,549	
Recoverable within one year	11	(6,798)	(5,247)	
		13,205	12,302	

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

- Opening balances	17,549	18,915
- Disbursements	12,755	5,496
- Repayments	(10,301)	(6,862)
	20.003	17.549

- **7.2** 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.
- **7.3** The maximum aggregate amount of loans due from executives at the end of any month during the year was Rs 22.91 million (2016: Rs. 22.70 million).

	2017 (Rupees in	2016 thousand)
STORES AND SPARES		
Stores	26,844	23,496
Spares (including in transit Rs. 0.76 million; 2016:		
Rs. 1.95 million)	10,842	9,933
	37,686	33,429
Provision for obsolescence	(2,240)	(2,000)
	35,446	31,429

8.1 Stores and spares of Rs. Nil (2016: Rs. 0.69 million) were written off during the year.

8.

9.

	2017 (Rupees in	2016 thousand)
STOCK IN TRADE	(	
Raw and packing materials (including in transit		
Rs. 102.12 million; 2016: Rs. 47.39 million)	560,142	559,094
Provision for obsolescence	(38,642)	(59,109)
	521,500	499,985
Work in process	25,997	26,409
Finished goods	484,589	438,597
Provision for obsolescence	(24,344)	(6,820)
	460,245	431,777
	1,007,742	958,171

- 9.1 Stock in trade includes Rs. 460.95 million (2016: Rs. 758.29 million) held with third parties.
- **9.2** The above balances include stock in trade costing Rs. Nil (2016: Rs. 5.13 million) valued at net realizable value of Rs. Nil (2016: Rs. 4.82 million).
- **9.3** The Company made a provision of Rs. 62.65 million (2016: Rs. 67.29 million) for obsolescence and has written off inventory of Rs. 65.59 million (2016: Rs. 44.21 million) by utilizing the provision during the year.

		Note	2017 (Rupees ii	2016 n thousand)
10.	TRADE DEBTS			
	Considered good		438,767	301,929
	Considered doubtful		24,704	23,801
			463,471	325,730
	Provision for doubtful debts	10.1	(24,704)	(23,801)
			438,767	301,929

- **10.1** The Company has charged a provision of Rs. 0.90 million (2016: a provision of Rs. 0.42 million) and has not written off any debtors during the year (2016: Nil).
- 10.2 As of December 31, 2017 trade debts of Rs. 126.30 million (2016: Rs. 100.93 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:

		2017	2016	
		(Rupees in thousand)		
Up to 3 months		112,516	86,950	
, More than 3 months to not later than 6 months		8,206	9,731	
More than 6 months		5,579	4,244	
		126,301	100,925	
LOANS AND ADVANCES - considered good				
Current portion of loans to executives	7	6,798	5,247	
Advances to:				
- executives	11.1	864	864	
- other employees		155	-	
- suppliers and others		4,367	17,753	
		5,386	18,617	
		12,184	23,864	

11.

**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.

12.	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		2017 (Rupees in th	2016 nousand)
	Trade deposits		8,529	6,369
	Prepayments	12.1	73,326	45,632
	Prepaid rent		2,711	22,048
			84,566	74,049

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

13. OTHER RECEIVABLES         Receivable from Workers' Profit Participation Fund       13.1       12,476       2,449         Rafhan Best Foods Limited Employees Gratuity Fund       1,244       -         Forward foreign exchange contract       2,930       -         Others       2,696       8,366         19,346       10,815         13.1       Workers' Profits Participation Fund         Balance as at January 1       2,449       (2,166)         Allocation for the year       (103,292)       (94,717)         Paid to trustees of the fund       113,319       183,212         Refunded by the fund       -       (83,880)         Balance as at December 31       12,476       2,449         2017       2016       (Rupees in thousand)         14.1       135,422       488,867         current accounts       14.1       135,422       488,867         current accounts       14.1       135,422       488,867         current accounts       14.1       135,422       488,867         205,810       347,340       694,677       205,810         347,340       694,677       205,810       347,340       694,677			Note	2017 (Rupees in	2016 thousand)
Rafhan Best Foods Limited Employees Gratuity Fund       1,244       -         Forward foreign exchange contract       2,930       -         Others       2,696       8,366         19,346       10,815         13.1       Workers' Profits Participation Fund         Balance as at January 1       2,449       (2,166)         Allocation for the year       (103,292)       (94,717)         Iton,843       (96,883)       113,319       183,212         Refunded by the fund       -       (83,880)       183,212         Balance as at December 31       2017       2016       (Rupees in thousand)         14.       CASH AND BANK BALANCES       14.1       135,422       488,867         With banks on:       savings accounts       14.1       135,422       488,867         211,918       205,810       347,340       694,677	13.	OTHER RECEIVABLES			
Forward foreign exchange contract       2,930       -         Others       2,696       8,366         19,346       10,815         13.1       Workers' Profits Participation Fund         Balance as at January 1       2,449       (2,166)         Allocation for the year       (103,292)       (94,717)         Iton 86(3)       (96,883)       113,319       183,212         Paid to trustees of the fund       113,319       183,212       -         Refunded by the fund       -       (83,880)       12,476       2,449         Dalance as at December 31       2017       2016       (Rupees in thousand)         14.       CASH AND BANK BALANCES       14.1       135,422       488,867         With banks on:       savings accounts       14.1       135,422       488,867         current accounts       14.1       135,422       488,867		Receivable from Workers' Profit Participation Fund	13.1	12,476	2,449
Others         2,696         8,366           19,346         10,815           13.1         Workers' Profits Participation Fund           Balance as at January 1         2,449         (2,166)           Allocation for the year         (103,292)         (94,717)           Paid to trustees of the fund         113,319         183,212           Refunded by the fund         -         (83,880)           Balance as at December 31         12,476         2,449           2017         2016         (Rupees in thousand)           14.         CASH AND BANK BALANCES         2017         2016           With banks on:         savings accounts         14.1         135,422         488,867           current accounts         14.1         135,422         488,867         205,810	<b>`</b>	Rafhan Best Foods Limited Employees Gratuity Fund		1,244	-
13.1       Workers' Profits Participation Fund         Balance as at January 1       2,449       (2,166)         Allocation for the year       (103,292)       (94,717)         Paid to trustees of the fund       113,319       183,212         Refunded by the fund       -       (83,880)         Balance as at December 31       12,476       2,449         2017       2016       (Rupees in thousand)         14.       CASH AND BANK BALANCES       14.1       135,422       488,867         With banks on:       14.1       135,422       488,867         current accounts       14.1       135,422       488,867		Forward foreign exchange contract		2,930	-
13.1       Workers' Profits Participation Fund         Balance as at January 1       2,449       (2,166)         Allocation for the year       (103,292)       (94,717)         Paid to trustees of the fund       113,319       183,212         Refunded by the fund       -       (83,880)         Balance as at December 31       12,476       2,449         2017       2016       (Rupees in thousand)         14.       CASH AND BANK BALANCES       14.1       135,422       488,867         With banks on:       14.1       135,422       488,867         current accounts       14.1       135,422       488,867		Others		2,696	8,366
Balance as at January 1       2,449       (2,166)         Allocation for the year       [103,292]       (94,717)         Paid to trustees of the fund       113,319       183,212         Refunded by the fund       -       (83,880)         Balance as at December 31       12,476       2,449         2017       2016       (Rupees in thousand)         14.       CASH AND BANK BALANCES       14.1       135,422       488,867         With banks on:       14.1       135,422       488,867       205,810         current accounts       14.1       135,422       488,867         347,340       694,677       694,677				19,346	10,815
Allocation for the year       (103,292)       (94,717)         Paid to trustees of the fund       (100,843)       (96,883)         Paid to trustees of the fund       113,319       183,212         Refunded by the fund       -       (83,880)         Balance as at December 31       12,476       2,449         2017 2016 (Rupees in thousand)         14. CASH AND BANK BALANCES         With banks on:       14.1       135,422       488,867         savings accounts       14.1       135,422       488,867         Current accounts       14.1       135,422       488,867	13.1	Workers' Profits Participation Fund			
Yeid to trustees of the fund       [100,843]       [96,883]         Refunded by the fund       113,319       183,212         Balance as at December 31       -       [83,880]         2017       2016         (Rupees in thousand)         14.       CASH AND BANK BALANCES         With banks on:       14.1         savings accounts       14.1         current accounts       14.1         347,340       694,677		Balance as at January 1		2,449	(2,166)
Paid to trustees of the fund       113,319       183,212         Refunded by the fund       -       (83,880)         Balance as at December 31       12,476       2,449         2017       2016         (Rupees in thousand)       (Rupees in thousand)         14.       CASH AND BANK BALANCES         With banks on:       14.1       135,422       488,867         current accounts       14.1       135,422       488,867         347,340       694,677       694,677		Allocation for the year		(103,292)	(94,717)
Refunded by the fund       -       (83,880)         Balance as at December 31       12,476       2,449         2017       2016         (Rupees in thousand)       (Rupees in thousand)         14.       CASH AND BANK BALANCES         With banks on:       -         savings accounts       14.1         current accounts       14.1         201, 201, 2016       2016         347, 340       694, 677				(100,843)	(96,883)
Balance as at December 31       12,476       2,449         2017       2016         (Rupees in thousand)       (Rupees in thousand)         14.       CASH AND BANK BALANCES         With banks on:       14.1         savings accounts       14.1         current accounts       14.1         347,340       694,677		Paid to trustees of the fund		113,319	183,212
2017         2016 (Rupees in thousand)           14.         CASH AND BANK BALANCES           With banks on: savings accounts current accounts         14.1           135,422         488,867           211,918         205,810           347,340         694,677		Refunded by the fund			(83,880)
With banks on:         14.1         135,422         488,867           current accounts         14.1         135,422         488,867           347,340         694,677		Balance as at December 31		12,476	2,449
With banks on:         14.1         135,422         488,867           current accounts         14.1         135,422         488,867           347,340         694,677				2017	2016
14. CASH AND BANK BALANCES         With banks on:         savings accounts         current accounts         14.1         135,422         211,918         205,810         347,340					
savings accounts       14.1       135,422       488,867         current accounts       211,918       205,810         347,340       694,677	14.	CASH AND BANK BALANCES		(Rupeed III	(nousana)
current accounts         211,918         205,810           347,340         694,677		With banks on:	ſ		
<b>347,340</b> 694,677		savings accounts	14.1	135,422	488,867
		current accounts		211,918	205,810
Cach in band 219 102				347,340	694,677
		Cash in hand		218	102

14.1 Mark-up on savings accounts was at rates ranging from 4.36% to 5.81% per annum (2016: 4% to 5% per annum).

694,779

347,558

# 15. SHARE CAPITAL

2017 2016 (Rupees in thousand)

# Authorised share capital

#### Number of

shares

20,000,000	Ordinary shares of Rs. 10 each	200,000	200,000
Issued, subscri	bed and paid up capital		
Number of			
shares	Ordinary shares of Rs. 10 each allotted:		
1,239,327	for consideration paid in cash	12,393	12,393
24,196	for consideration other than cash	242	242
4,894,095	as bonus shares	48,941	48,941
6,157,618		61,576	61,576

**15.1** As at December 31, 2017 and 2016 Conopco Inc. USA, subsidiary of Unilever N.V. Netherlands, held 4.67 million ordinary shares of Rs. 10 each.

		2017	2016
16.	RESERVES	(Rupees in	thousand)
	Capital reserves		
	Share premium	24,630	24,630
	Special	628	628
		25,258	25,258
	Revenue reserves		
	General	138	138
	Unappropriated profit	94,498	1,717,946
		94,636	1,718,084
		119,894	1,743,342

### **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, 2017.
- **17.2** Plan assets held in trust are governed by local regulations which mainly includes Trust Act, 1882, Companies Act 2017 (previously repealed 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, 2017 was carried out using the 'Projected Unit Credit Method'. Details of the Fund as per the actuarial valuation are as follows:

			20	17	20	16
			Fun	ded	Fun	ded
		Note	Pension	Gratuity	Pension	Gratuity
			•	— (Rupees i	n thousand) —	
17.4	Balance sheet reconciliation					
	Present value of defined benefit					
	obligation at December 31	17.5	-	(35,158)	_	(26,269)
	Fair value of plan assets at					
	December 31	17.6	-	25,813	-	23,817
	Deficit			(9,345)		(2,452)
17.5	Movement in the present value					
	of defined benefit obligation					
	Balances as at January 1		-	26,269	31,696	23,772
	Benefits paid by the plan		-	(1,244)	-	(885)
	Settlements paid by the plan		-	-	(32,807)	-
	Current service costs		-	2,985	(302)	2,994
	Interest cost		-	2,116	1,413	2,170
	Remeasurement on obligation		-	5,032	-	(1,782)
	Balance as at December 31		-	35,158	-	26,269
17.6	Movement in the fair value of plan assets					
	Fair value of plan assets at January 1		_	23,817	31,346	18,431
	Contributions paid into the plan		-	3,291	576	3,513
	Benefits paid by the plan		-	(1,244)	-	(885)
	Settlements paid by the plan		-	-	(32,807)	-
	Interest income		-	2,049	1,408	1,839
	Remeasurement on plan assets		-	(2,100)	(523)	919
	Fair value of plan assets at December 3	31	-	25,813	-	23,817

		20	17	20	16
		Fun		Fun	ded
		Pension	Gratuity	Pension	Gratuity
		•	— (Rupees in	thousand) —	•
17.7	(Income) / Expense recognised in				
	profit and loss account				
	Current service costs	-	2,985	-	2,994
	Past service cost	-	-	(302)	-
	Net interest (income) / cost	-	67	5	331
	(Income) / expense recognised in profit				
	and loss account	-	3,052	(297)	3,325
17.8	Remeasurement recognised in				
	Other Comprehensive Income				
	Experience loss / (gain)	_	5,032	_	(1,782)
	Remeasurement of fair value of plan assets	_	2,100	523	(919)
	Remeasurements		7,132	523	(2,701)
	Kennedourennenko				(2,701)
17.9	Net recognised liability / (asset)				
	Net (asset) / liability at January 1	-	2,452	350	5,341
	(Income) / charge for the year	-	3,052	(297)	3,325
	Contribution made during the year				
	to the Fund	-	(3,291)	(576)	(3,513)
	Remeasurements recognised in				
	Other Comprehensive Income	_	7,132	523	(2,701)
	Recognised liability / (asset)				
	as at December 31	-	9,345		2,452
17.10	Plan assets comprise of following:				
17.10	Government Bonds		12.050		12,425
		-	12,050	_	
	National Savings	-	8,201	_	8,201
	Shares	-	6,544	-	2,552
	Cash at bank	-	262	-	639
	Due to Company	-	(1,244)		-
	Total as at December 31	-	25,813	-	23,817

-	8.25%	0.00%	8.25%
-	6.25%	0.00%	6.25%
-	0.00%	0.00%	0.00%
	- - -	- 6.25%	- <b>6.25%</b> 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 2017 consists of government bonds and term deposits. The Company believes that government bonds 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 2018 is expected to amount to Rs 5.09 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, 2017.

**17.15** During the previous 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 o	bligation
	Change in assumption (Percentage)	Increase in assumption (Rupees in	Decrease in assumption thousand)
Discount rate at December 31	1.00	(4,301)	5,142
Future salary increases	1.00	5,194	(4,413)

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 recognised within the balance sheet.

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

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- **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, 2017 amounted to Rs. 3.29 million (2016: Rs. 4.09 million).
- **17.19** The weighted average duration of the defined benefit obligation is 14.7 years.

Expected maturity analysis of undiscounted retirement benefit plans:

At December 31, 2017	Less than a year	Between 1-2 years —— (Rup	Between 2-5 years ees in thousa	Over 5 years nd) ————————————————————————————————————	Total
Retirement benefit plans	142	208	2,989	15,380	18,719
DEFERRED TAXATION		Note		2017 (Rupees ir	2016 1 thousand)
Credit balance arising in respect of:					
- accelerated tax depreciation allowan	ice			237,656	235,230
- amortisation of intangible assets				22,965	23,208
				260,621	258,438
Debit balance arising in respect of:					
- provision for stock in trade				(18,905)	(19,311)
- provision for doubtful debts				(6,949)	(6,766)
<ul> <li>provision for restructuring</li> </ul>				(7,980)	(9,155)
<ul> <li>provision for staff retirement benefit</li> </ul>	S			(4,039)	(1,966)
- other provisions				(18,963)	(7,998)
				(56,836)	(45,196)
				203,785	213,242

# 19. TRADE AND OTHER PAYABLES

18.

Creditors		562,170	455,237
Bills payable	19.1	231,912	116,697
Forward foreign exchange contract		-	1,093
Accrued liabilities		1,349,228	1,172,126
Dividend payable		172,685	-
Royalty and technology fee		374,503	390,583
Advances from customers		153,823	210,446
Withholding tax		35,059	6,891
Workers' Welfare Fund	19.2	55,958	53,347
Payable to Employee Retirement Benefit funds		5,011	4,022
Unclaimed dividend		72,658	8,794
Others		5,460	5,442
		3,018,467	2,424,678

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

		Note	2017	2016
			(Rupees in thousand)	
9.2	Workers' Welfare Fund			
	Balance as at January 1		53,347	47,309
	Charge for the year		34,241	31,870
			87,588	79,179
	Payments during the year		(31,630)	(25,832)
	Balance as at December 31		55,958	53,347

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

	Holding company Other related parties		351,617 229,426	192,889 251,268
20.	PROVISIONS			
	Sindh Infrastructure Cess	20.1	32,293	25,417
	Restructuring	20.2	28,366	32,206
			60,659	57,623
20.1	Sindh Infrastructure Cess	L		
	Balance as at January 1		25,417	19,394
	Charge for the year		6,876	6,023
	Balance as at December 31	-	32,293	25,417
20.2	Restructuring	L		
	Balance as at January 1		32,206	18,541
	Provision during the year	20.2.1	7,078	21,605

Payments during the year	(10,918)	(7,940)
Balance as at December 31	28,366	32,206
20.2.1 This includes amount of Rs. Nil (2016 Rs.14.2 million) recoverable from	associated compa	any in respect of

#### 21. **SHORT TERM BORROWINGS**

# Running finance under mark-up arrangements - secured

restructuring payment for shared resources.

The facilities for running finance available from various banks amount to Rs. 1.33 billion (2016: Rs. 0.93 billion). The rates of mark-up range between KIBOR to KIBOR + 0.15% per annum (2016: KIBOR to KIBOR + 0.15% per annum). The arrangements are secured by way of hypothecation over the Company's current assets amounting to Rs. 1.00 billion (2016: Rs. 900.00 million).

The facilities for opening letters of credit and guarantees as at December 31, 2017 amounted to Rs. 3.28 billion (2016: Rs. 2.35 billion) of which the amount remained unutilised at year end was Rs. 2.67 billion (2016: Rs. 2.08 billion).

#### 22. CONTINGENCY AND COMMITMENTS

#### 22.1 Contingency

**22.1.1** There were no contingencies as at December 31, 2017.

#### 22.2 Commitments

**22.2.1** Aggregate commitments outstanding for capital expenditure as at December 31, 2017 amounted to Rs. 35.6 million (2016: Rs. 34.81 million).

		201	7 2016	
		(R	upees in thousand)	
23.	SALES			

Gross sales	14,305,269	12,497,869
Sales tax	(1,832,344)	(1,615,201)
	12,472,925	10,882,668
Returns, rebates and allowances	(1,727,665)	(1,415,832)
	10,745,260	9,466,836

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

Products used by end consumers	8,726,020	7,841,779
Products used by entities	2,019,240	1,625,057
	10,745,260	9,466,836

- 23.2 Sales to domestic customers in Pakistan are 94.7% (2016: 95.1%) and to customers outside Pakistan are 5.3% (2016: 4.9%) of the revenue during the year.
- 23.3 Revenue from one customer approximates 14% (2016: 14%) of the total revenue of the Company.

		Note	2017	2016
24.	COST OF SALES		(Rupees in	thousand)
	Raw and packing materials consumed		4,842,698	4,498,631
	Manufacturing charges paid to third party		65,176	66,549
	Stores and spares consumed		17,292	6,085
	Staff costs	24.1	402,847	328,627
	Utilities		120,792	126,653
	Depreciation		160,142	154,238
	Provision for impairment of fixed assets		22,167	-
	Repairs and maintenance		51,952	62,000
	Rent, rates and taxes		16,728	5,364
	Travelling and entertainment		5,369	3,587
	Insurance		4,422	6,221
	Stationery and office expenses		2,421	3,454
	Other expenses		8,007	7,552
	Charges by related party	24.2	108,061	52,641
			5,828,074	5,321,602
	Opening work in process		26,409	41,664
	Closing work in process		(25,997)	(26,409)
	Cost of goods manufactured		5,828,486	5,336,857
	Opening stock of finished goods		431,777	349,273
	Purchase of finished goods		111,678	10,268
	Closing stock of finished goods		(460,245)	(431,777)
			5,911,696	5,264,621
24.1	Staff costs			
	Salaries and wages		385,837	317,681
	Medical expenses		6,528	4,422
	Pension - defined benefit plan		-	(68)
	Gratuity - defined benefit plan		2,971	765
	Cost of defined contribution plan		7,511	5,827
			402,847	328,627

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

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		Note	2017 (Rupees in	2016 thousand)
25.	DISTRIBUTION COST			
	Staff costs	25.1	157,910	149,958
	Advertisement and sales promotion		1,444,484	1,338,774
	Outward freight and handling		237,103	203,485
	Royalty, technology fee and related duties		498,034	386,500
	Travelling and entertainment		20,156	18,310
	Depreciation		3,453	3,307
	Repairs and maintenance		1,540	1,368
	Stationery and office expenses		1,119	1,037
	Other expenses		9,795	19,072
	Charges by related party	25.2	275,726	116,795
			2,649,320	2,238,606
25.1	Staff costs			
	Salaries and wages		137,294	131,117
	Medical expenses		887	690
	Pension - defined benefit plan		-	(223)
	Gratuity - defined benefit plan		64	2,494
	Cost of defined contribution plan		12,587	9,572
	Restructuring		7,078	6,308
			157,910	149,958

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

			2017	2016
			(Rupees in thousand)	
26.	ADMINISTRATIVE EXPENSES			
	Staff costs	26.1	8,308	16,534
	Depreciation		822	857
	Travelling and entertainment		614	3,220
	Auditors' remuneration	26.2	1,885	1,749
	Provision for doubtful debts		903	422
	Legal and professional charges		9,567	9,372
	Other expenses	26.3	1,670	1,810
	Charges by related party	26.4	278,987	121,173
			302,756	155,137

		2017	2016
26.1	Staff costs	(Rupees in thousand)	
	Salaries and wages	7,810	14,559
	Pension - defined benefit plan	-	[6]
	Gratuity - defined benefit plan	17	67
	Cost of defined contribution plan	481	784
	Restructuring	-	1,130
		8,308	16,534

#### 26.2 Auditors' remuneration

Audit fee	1,000	1,000
Interim review and other certifications	715	635
Out of pocket expenses	170	114
	1,885	1,749

### **26.3** This includes donation of Rs. 0.37 million (2016: 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	2017	2016
27.	OTHER OPERATING EXPENSES		(Rupees in	thousand)
	Workers' Profits Participation Fund	13.1	103,292	94,717
	Workers' Welfare Fund	19.2	34,241	31,870
			137,533	126,587

### 28. OTHER INCOME

Income from financial assets Return on savings accounts		17,611	18,191
Income from non-financial assets			
Scrap sales		32,734	28,362
Gain on disposal of property, plant and equipment		-	1,527
Others		32,734	29,889
Service fee	28.1	101,737	57,628
Exchange gain		1,072	-
Others		49,617	14,635
		202,771	120,343

**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	2017 2016 (Rupees in thousand)	
29.	FINANCE COSTS			Ν
	Mark-up on short term borrowings Exchange loss		14,263	9,835 14,493
	Bank charges		11,757	10,142
	5		26,020	34,470
30.	TAXATION - charge			
	Current year:			
	-Current tax		513,374	446,947
	-Deferred tax		(7,317)	(2,364)
			506,057	444,583
	Prior year:		50.05/	(
	-Current tax		<u>58,976</u> 565,033	47,086
				471,007
30.1	Reconciliation between tax expense and accounting profit:			
	Accounting profit before tax		1,920,706	1,767,758
	Tax at the applicable tax rate of 30% (2016: 31%)		576,212	548,005
	Tax effect of credits		(7,920)	(26,573)
	Tax effect of final tax		(60,833)	(63,402)
	Tax effect of change in tax rate		-	(6,855)
	Tax effect of prior years Others		58,976	47,086
	Tax expense for the year		(1,402) 565,033	(6,592) 491,669
	Tax expense for the year			471,007
31.	BASIC AND DILUTED EARNINGS PER SHARE			
	Profit after taxation attributable to ordinary shareholders		1,355,673	1,276,089
	Weighted average number of shares in issue			
	during the year (in thousand)		6,158	6,158

(Rupees) 220.16 207.24 Basic earnings per share

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:

			2017	2016		
Relationship with the Company		Nature of transactions	(Rupees ii	(Rupees in thousand)		
i)	Holding company	Royalty	219,679	177,437		
ii)	Other related parties	Technology fee	235,345	183,198		
		Purchase of goods	1,907,940	1,397,297		
		Sale of goods	156,740	184,051		
		Fee for receiving of services				
		from related parties	663,262	278,893		
		Fee for providing of services				
		to related parties	101,737	57,628		
		Contribution to:				
		- Defined Contribution plans	20,377	16,322		
		- Defined Benefit plans	3,291	4,089		
		Settlement on behalf of:				
		- Defined Contribution plans	-	36,032		
		- Defined Benefit plans	-	33,692		
iii)	Key management personnel	Salaries and other short-term				
		employee benefits	9,767	7,759		

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 has been disclosed in note 28.

The related party status of outstanding balances as at December 31, 2017 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 directors, chief executive and executives of the Company are as follows:

		<b>Executive Directors</b>		Chief Executive		Executives	
	Note	2017	2016	2017	2016	2017	2016
		←		– (Rupees ir	n thousand)		
Managerial remuneration							
and allowances		3,974	3,262	3,209	2,978	99,968	90,986
Retirement benefits	33.1	-	-	-	-	14,494	12,558
Other long term benefits		-	-	-	-	254	348
Medical expenses		-	-	-	-	1,926	1,201
Other expenses		-	-	-	-	4,395	3,555
		3,974	3,262	3,209	2,978	121,037	108,648
Number of persons		2	2	1	2	50	54

In addition to this, a lump sum amount of Rs. 22.9 million (2016: Rs. 22.30 million) on account of variable pay has been accounted for in financial statements for the current year payable in 2018 after verification of target achievement.

Out of the variable pay recognised for 2017 and 2016 following payments were made:

	Paid in 2017 relating to 2016	Paid in 2016 relating to 2015
	(Rupees in	thousand)
Executive Directors	765	424
Chief Executive	1,819	1,095
Executives	17,051	11,639
Other employees	265	63
	19,900	13,221

Aggregate amount charged in these financial statements for the year for fee to four non-executive directors was Rs. 1.21 million (2016: six non executive directors Rs. 2.40 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.

		2017	2016
34.	PLANT CAPACITY AND PRODUCTION		
	Actual production of the plant in metric tons	36,763	35,895

# **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:

2017	2016
(Rupees in t	thousand)
185,414	172,282
182,541	169,358
98.45%	98.30%
	(Rupees in 185,414 182,541

# **35.1** The cost of above investments amounted to Rs.148.92 million (2016: Rs. 145.45 million).

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

	2017	2016	2017	2016
	(Perce	entage)	(Rupees	a in thousand)
National Savings Schemes Government Securities Equity Securities	41.57% 32.30% 26.13% 100%	43.63% 34.73% 21.64% 100%	75,862 58,962 47,717 182,541	73,883 58,815 36,660 169,358

**35.3** The investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 (previously section 227 of repealed Companies Ordinance, 1984) and the rules formulated for this purpose.

	2017	2016
6. NUMBER OF EMPLOYEES		
Number of employees including contractual employees at year end	279	287
Average number of employees including contractual employees during the year	283	292

# 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

# 37.1 Financial risk factors

36

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 bear	ring	Non-interest	Non-interest / Non mark-up bearing		
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
	4			(Rupees in thousand)			
FINANCIAL ASSETS							
Loan and receivables - not measured at fair value							
Loans and advances	-	-	-	6,798	13,205	20,003	20,00
Trade debts	-	-	-	438,767	-	438,767	438,76
Trade deposits	-	-	-	8,529	-	8,529	8,52
Other receivables	-	-	-	16,416	-	16,416	16,41
Cash and bank balances	135,422	-	135,422	212,136	-	212,136	347,55
Derivative financial asset- measured at fair value							
Forward foreign exchange							
contract	-	-	-	2,930	-	2,930	2,930
December 31, 2017	135,422	-	135,422	685,576	13,205	698,781	834,20
December 31, 2016	488,867	-	488,867	548,889	12,302	561,191	1,050,05
FINANCIAL LIABILITIES							
Other financial liabilities- not measured at fair value							
Trade and other payables	231,912	-	231,912	2,536,704	-	2,536,704	2,768,61
Short term borrowings	583,741	-	583,741	-	-	-	583,74
Accrued interest / mark up	-	-	-	2,288	-	2,288	2,28
December 31, 2017	815,653	-	815,653	2,538,992	-	2,538,992	3,354,64
December 31, 2016	116,697	-	116,697	2,032,182	-	2,032,182	2,148,87
ON BALANCE SHEET GAP							
December 31, 2017	(680,231)	-	(680,231)	(1,853,416)	13,205	(1,840,211)	(2,520,442
December 31, 2016	372,170	-	372,170	(1,483,293)	12,302	(1,470,991)	(1,098,82
OFF BALANCE SHEET ITEMS							
Letters of credit / guarantee:							
December 31, 2017							603,89
D 1 04 004 (							= / / 00

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

December 31, 2016

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

561,930

(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. 834.20 million (2016: Rs. 1,050.16 million), the financial assets which are subject to credit risk amounted to Rs. 458.77 million (2016:Rs 267.21 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, 2017 trade debts of Rs. 126.30 million (2016: Rs. 100.90 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, 2017, financial assets of Rs. Nil (2016: Rs. 46.22 million) and financial liabilities of Rs. 191.54 million (2016: Rs. 35.42 million) were in foreign currency which were exposed to foreign currency risk.

The foreign currency liabilities are approx. 80% in USD ,13% in EURO & 7% in Japanese Yen.

As at December 31, 2017, if the Pakistan Rupee had weakened / strengthened by 5% against Euro with all

other variables held constant, profit before tax for the year would have been lower / higher by Rs. 1.28 million (2016: Rs. 0.29 million), mainly as a result of foreign exchange losses / gains on translation of Euro denominated financial liabilities.

As at December 31, 2017, 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. 7.87 million (2016: Rs. 0.84 million), mainly as a result of foreign exchange losses / gains on translation of US Dollar denominated financial liabilities.

As at December 31, 2017, if the Pakistan Rupee had weakened / strengthened by 5% against Japenese Yen with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 0.6 million (2016: Rs. Nil), mainly as a result of foreign exchange losses / gains on translation of Japanese Yen denominated financial 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 results in fluctuation in fair value or future cash flows of a financial instrument. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk.

At December 31, 2017, the Company had variable interest bearing financial assets of Rs. 135.42 million (2016: Rs. 488.87 million) and financial liabilities of Rs. 815.65 million (2016: Rs. 116.70 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. 13.60 million (2016: Rs. 6.95 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, 2017 and 2016 were as follows:

	2017 (Rupees in	2016 thousand)
Long - term debt	-	-
Cash and bank	(347,558)	(694,779)
Net cash surplus	(347,558)	(694,779)
Total equity	181,470	1,804,918
Total capital	181,470	1,804,918
Gearing ratio	0.00%	0.00%

39.

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	2017	2016
-	CASH AND CASH EQUIVALENTS		(Rupees in	thousand)
	Cash and bank balances Short term borrowings - running finance under	14	347,558	694,779
	mark-up arrangements	21	(583,741) (236,183)	- 694,779

# 40. PROPOSED AND DECLARED DIVIDENDS

At the Board of Directors' meeting held on February 26, 2018, a final dividend of Rs. Nil per share amounting to Rs. Nil in respect of 2017 is proposed (2016: Rs. 278 per share amounting to Rs. 1,711.82 million). This is in addition to cumulative interim cash dividends of Rs. 205 per share amounting to Rs. 1,262 million (2016: Rs. 90.97 per share amounting to Rs. 560.16 million) declared during the year.

#### 41. CORRESPONDING FIGURES

For the purpose of better presentation certain figures have been reclassified in the financial statements.

#### 42. DATE OF AUTHORISATION

The Board of Directors in their meeting held on February 26, 2018 authorised these financial statements for issue and also recommended issuance of right shares in the proportion of 1 share for every 29 ordinary shares held in the Company (i.e 3.45 %) at a premium Rs. 5,990 per share.

Shazia Syed Chief Executive Farheen Salman Director Sohail Hanif Baig Director and Chief Financial Officer

# Notice of Annual General Meeting

Notice is hereby given that the 20th Annual General Meeting of Unilever Pakistan Foods Limited will be held at Movenpick Hotel, Club Road, Karachi, on Monday, April 09, 2018, 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 December 31, 2017, together with the Reports of the Auditors and Directors thereon.
- 2. To approve Interim Dividend of Rs. 205.00 (2050%) per Ordinary Share of the Company, already paid during the year 2017.
- To appoint Auditors for the ensuing year, and to fix their remuneration.
   Messrs KPMG Taseer Hadi & Co., Chartered Accountants, retire and being eligible have offered themselves for re-appointment.

By Order of the Board

Karachi March 15, 2018 Aman Ghanchi Company Secretary

#### Notes:

- Share Transfer Books will be closed from March 27, 2018 to April 09, 2018 (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 March 26, 2018 will be treated in time for the purpose of ascertaining the entitlement of Shareholders for attending the Annual General Meeting.
- 2. All Members / Shareholders are entitled to attend and vote at the meeting. A Member may appoint a proxy who need not be a Member of the Company.
- 3. The Individuals (Member/Proxy), shall authenticate his / her identity by showing his / her original valid Computerised 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:

# For Attending the Meeting:

Α.

- 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. The Individual Members who have not yet submitted photocopy of their valid Computerised 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 SR0 779 (I) dated August 18, 2011, and SR0 831 (I) 2012 dated July 05, 2012, which mandates that the dividend warrants should bear CNIC number of the registered member or the authorised 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 of such Shareholders to comply with the said SR0s 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.
- 7. (i) The Government of Pakistan through Finance Act, 2014 has made certain amendments in Section 150 of the Income Tax Ordinance 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the Companies. Now these rates as per the Finance Act -2017 are as under:
  - (a) For Filers of Income Tax Return 15%
  - (b) For Non-Filers of Income Tax Return 20%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 20% 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, otherwise tax on their cash dividend will be deducted @ 20% instead of 15%.

- 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 quote Company name and their respective folio numbers.

According to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on 'Filer/Non-Filer' status of Principal Shareholder as well as Joint Holder(s) based on their shareholding proportions, in case of joint holding / joint account. In this regard, all shareholders who hold shares with joint shareholders, are requested to provide shareholding proportions of Principal Shareholder and Joint-Holder(s) in respect of shares held by them, to Company's Share Registrar, M/s Central Depository Company 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).

- 8. Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. In order to receive dividends directly into their bank account, shareholders are requested to fill in Dividend Mandate Form. Shareholders having physical holding should submit the prescribed Dividend Mandate Form, to the Company's Share Registrar. The Shareholders who hold shares with participants / stock brokers or with Central Depository Company may approach to submit the prescribed Dividend Mandate details to their participants / stock broker or to CDC for this option, with a copy of the Dividend Mandate Form submitted 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.
- 9. Under and pursuant to the Circular No. 10 of 2014 dated May 21, 2014 issued by the Securities and Exchange Commission of Pakistan, members can also avail video conferencing 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 the members regarding venue of video conferencing 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.

10. 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 Annual Audited Accounts along with notice of AGM by email, may send the Standard Request Form to the Company's Share Registrar. The Standard Request Form is attached with the annual report of the Company and also available on the Company's website. If a member prefers to receive hard copies for all the future Annual Audited Accounts 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.

 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 Shahra-e-Faisal, Karachi -74400.



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### Form for Deduction of Tax on Dividend Income

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

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

Please further note that under Section 150 of the Income Tax Ordinance, 2001 and pursuant to Finance Act 2017, withholding tax on dividend income will be deducted for 'Filer' and 'Non-Filer' shareholders @ 15% 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:

		Principal Shareholder Joint			ıreholder
Folio/CDS Account #	Total Shares	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:

Signature of Joint-Holder 2:

Name:	
(PLEASE WRITE NAME IN BLOCK LETTERS)	

Name: \_\_\_\_

(PLEASE WRITE NAME IN BLOCK LETTERS)

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منافع منقسمہ کی آمدنی پڑیکس کٹوتی کا فارم

تاريخ: \_\_\_ \ \_\_\_ \

شيئر رجىڑار ڈيپار ٹمنٹ، سينرل ڈيپاز ٹری کمپنی آف پاکتان کمبیٹر، CDC ہاؤس، Block "B", 99-B سندھی مسلم کوآرپر یٹو ہاؤسنگ سوسائٹی، مین شاہراہ فیصل، کراچی -74400

آپ کو مزید یاد دہانی کرائی جاتی ہے کہ انکم ٹیکس آ رڈیننس 2001 کے سیشن 150 کے تحت اور فنانس ایکٹ 2017 کے مطابق منافع منقسمہ کی آ مدنی پر ودہولڈنگ ٹیکس '' فائکر'' اور'' نان فائکر'' شیئر ہولڈرز سے بالتر تیب 15% اور 20% کے حساب سے وصول کیا جائے گا۔

فیڈرل بورڈ آف ریونیو کی وضاحت کے مطابق پڑیپل شیئر ہولڈرا ورجوائنٹ شیئر ہولڈر(ز) کی صورت میں ودہولڈنگ ٹیکس کانعین علیحدہ علیحدہ ان کے فائکر/ نان فائکر کی بنیاد پراور 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 پر پیل اور جوائنٹ شیئر ہولڈر(ز) کے شیئرز کے تناسب کی تفصیلات شیئر رجٹرار سینٹرل ڈیپازٹری کمپنی آف پاکستان کمیٹڈ، شیئر رجٹرار ڈیپارٹمنٹ، CDC ہاؤس، Block "B", 99-B سندھی مسلم کوائپر یٹو ہاؤسنگ سوسائٹ، مین شاہراہ فیصل، کراچی-74400 کوتح رہی طور پر فراہم کریں۔

ز مولڈر(ز)	جوائن شيئر	بر ہولڈر	پر سپل شی		
شیئر ہولڈنگ کا تناسب (شیئرز کی تعداد)	نام اور CNIC نمبر	شیئر ہولڈنگ کا تناسب (شیئرز کی تعداد)	نام اور CNIC نمبر	مجموعی شیئرز	فوليو/CDS اکاؤنٹ نمبر

پر نیپل اور جوائٹ شیئر ہولڈر(ز) کے **یونی لیور پاکستان فوڈ زلمیٹڈ می**ں شیئرز کی تفصیلات بمعہان کے شیئر ہولڈنگ کے تناسب کے درج ذیل ہیں۔

میں بیاقرارکرتا/کرتی ہوں کہ مندرجہ بالافراہم کردہ معلومات درست ہیں اور مذکورہ بالاتفصیلات میں کسی بھی قتم کی تبدیلی کی صورت میں ، جیسے ہی وہ واقع ہوں ، میں کمپنی اور اس کے شیئر رجٹرارکوفوری طور پرتح بری صورت میں مطلع کروں گا/کروں گی۔

ممبر كا دستخط:

ٹام : \_\_\_\_\_

جوائنٹ شیئر ہولڈر <u>ہا</u> کا دستخط:

نام:\_

جوائنٹ شیئر ہولڈر <u>۲</u> کا دستخط: \_\_\_\_

نام:\_

#### Form of Proxy

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

of Unilever Pakistan Foods Limited, holding [state relationship] the son/daughter/wife of Company under Folio No. Company's shareholder] as my / our proxy, to	n/daughter/wife ofordinary shares hereby appoint Mr./Ms. having CNIC No who is my (if any) with the proxy; required by Government regulations] and , (holding ordinary shares in the ) [required by Government; delete if proxy is not the attend and vote for me / us and on my / our behalf at the 20th held on April 9, 2018 and / or any adjournment thereof.
Signed this day of	
Witness 1: Signature:	(Signature should agree with the specimen
Name:	signature registered with the Company)
CNIC #: Address :	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:

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

پراکسی فارم

		جناب سیکریٹری صاحب
		یونی لیور پاکستان فوڈ زلمبیٹڈ
		آ واری پلازه، فاطمه جناح روڈ
		کراچی۔ 75530 ، پاکستان۔
	ولد/ خاوند	یں/ ہم
عمومی شیئر زکی تحویل رکھتا ہوں ، میں بذریعہ مذا		و نی لیور پاکستان فو ڈ زلمیٹڈ کاشیئر ہولڈر ہوں ا ور
٢	ولد/ خاوند	جناب/مخترمه
یں (رشتہ داری واضح کریں	جوتعلق میں میرے	ی این آئی سی نمبر :
عمومی شیئرز،		گرکوئی ہو بیحکومتی ضابطوں کے تحت درکارہے ) ہی <sup>مپن</sup> ی میں <u>_</u>
		نولیونمبر کے تحت رکھتے ہیں[ یہ حکومتی ضابطوں
م میں شرکت کرنے اور ووٹ دینے کے اہل میں۔ جو کہ		پراکسی (مختار) نامزدکرتا/کرتی ہوں جومیری/ ہماری جانب سے <sup>ک</sup>
	مقرره پرمنعقده ہوگا۔	9 اپریل 2018 کو یاالتواء کی صورت میں کسی بھی دیگر دقت
	کیا ۔	آج ہتاریخ کود شخط
		گواه نمبر 1:
( د شخط کمپنی کے پاس رجسٹر کردہ د شخط		
کر جسیا ہونا چاہئے) کے جیسا ہونا چاہئے)		ام:
5 روپے کا رسیدی ٹکٹ		ی این آئی سی نمبر :
ۍ روپ کا رسیدی مت چسیاں کر کے دستخط کریں		
ممبر(ز) کا/کے دستخط:		• =
مبر(ر) ۲ / 2 و محط.		گواه نمبر 2:
	شيئر ہولڈر کا فولیونمبر: —	ــــــــــــــــــــــــــــــــــــــ
	اور/ یا CDC میں شرکت	ئام:
	اور ذیلی اکا ؤنٹ نمبر :	ی این آئی سی نمبر :
ى ئمبر:	شیئر ہولڈر کا سی این آئی ت	
		نوٹ:
		1) ممبر سے درخواس <b>ت</b> ہے کہ:
	مدی ٹکٹ چساں کر س۔	i) درج بالا واضح کردہ جگہ یہ 5 روپے کا رس
	*****	) رسیدی ٹکٹ پر دستخط کریں جیسے کہ کمپنی کے
	- 49 - 49	iii) اینافولیونمبرککھیں۔
ہاکسی کے کارآ مدسی این آئی سی کی تصدیق شدہ کا پی فارم	)/ یاسپورٹ/ بورڈ کی قرار داداور ب	iv) شیئر ہولڈر(ز) کے کارآ مدی این آئی سی
, <b>, , ,</b> , , , , , , , , , , , , , , ,	× ÷	کے ساتھ منسلک کریں۔
گھنے قبل موصول ہو جانا ح <u>ا</u> با بنے ۔	۔ یاجلاس کے وقت سے کم از کم 48	2) باضابطہ کمک شدہ پراکسی فارم کمپنی کے رجسڑ ڈ آ فس میر
، وقت شناخت کے لیے وہ اپنا اصل کارآ مد شناختی کارڈیا اصل		
	· · ·	کارآ مد پاسپورٹ دکھا <sup>ن</sup> یس - CDC شیئر ہولڈرز CDC
		4) تفصیلی طریقة کارسالانه اجلاس عام کی اطلاع کے نوٹر
	,	

### **Option Form for Video Conferencing Facility**

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$\left[ \begin{array}{c} 0 \\ 0 \\ \end{array} \right] \right]$
$\left( \right) \right) \right)$

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

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

\_\_\_\_\_\_S/o,D/o,W/o\_\_\_\_\_\_

l/We,\_\_\_\_ \_\_\_\_\_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:

- To be valid, this option form must be received at the Registered Office of the Company at least 10 days before the 1) 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**

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

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

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 receive 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 receive the Company's Audited Financial Statements and Notice of Annual General Meeting.

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

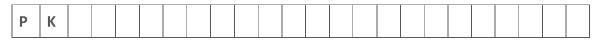
Name: \_\_\_\_\_

(PLEASE WRITE NAME IN BLOCK LETTERS)

Bank Account Details of Shareholder for Payment of Cash Dividend (Dividend Mandate Form) (Mandatory Requirement as per the Companies Act, 2017)
Company:
Folio No./CDS Account No.
Name of Shareholder:
Father's / Husband's Name:
Address:
CNIC #:
Cell #:
Land Line #:
Email:

It is requested that all my cash dividend amounts declared by the Company, may be credited into the following bank account:

International Bank Account Number (IBAN) – Mandatory:



Bank's Name Branch Name Branch Address

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

#### Name of Shareholder (s) Encl: Photocopy of CNIC

Note:

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

منافع منقسمہ کی نفدادا ئیگی کے لیے *شیئر ہولڈرز کے بینک اکاؤنٹ کی تفصیل* (ڈیویڈ ٹرمینڈیٹ فارم) (کپینزا یک 2017 کے مطابق لازی طور پرمطلوب)

CDاکاؤنٹ نمبر											
יוס:											
نام:											
ارد نبر:											
					-						
					-						
					-						
جاتی ہے کہ پنی کی جانب سے دیئے جانے وا <b>۔</b>	لےمیرےمنا	افع منقسمہ ک	نمام رقم من	ررجه ذيل بيئ	_اكا ۇ نىر	ٹ میں ج ٹ	م کردی جا	-2			
-اكاۇنٹ نمبر(IBAN):لازمى:											
										К	Ρ
کانام									 		
کانام کانڈریس											

بیان کیاجاتا ہے کہ کمپنی اور متعلقہ شیئر رجٹر ارکودی جانے والی مندرجہ بالامعلومات درست ہےاوراس میں ہونے والی کسی طرح کی بھی تبدیلی سے متعلق آپ کوآگاہ کیا جائے گا۔

منتقل الیہ کے دستخط بشمول تی این آئی تی کی کا پی

نوٹ بکمل اورد پنخاشدہ بیفارم ہثمول فعال کمپیوٹرائز ڈقومی شاختی کارڈ کی کاپی (سی این آئی سی ) شیئر رجسڑ ارڈ پارٹمنٹ ،سینٹرل ڈ پازٹری کمپنی آف پا کستان کمیٹڈ ، سی ڈی سی - ، بلاک بی ،ایس ایم سی اینچ ایس ، مین شاہراہ فیصل ،کراچی ،74400 پا کستان کو پیچنی ہوگی۔

بورڈ نے KPMG تا ثیر ہادی اینڈ کمپنی کی سال 2018 کے لئے کمپنی کے آڈیٹرز کے طور پر تقرری کی سفارش کی ہے جس کا انتصار اگلی ہونے والی میٹنگ 09 اپریل 2018 میں شیئر ہولڈرز کی منظوری ہے ہوگا۔

انی مکمل ماتحت کمپنی .Conopco Inc امریکہ کے توسط سے یونی لیورNV نیدرلینڈز

يونى ليوريا كىتان نو دْ زلمىيْدْ مِين %75.85 حصص ركھتى ہے۔

ڈائر کیٹرز کا نتخاب2017 کی AGM میں کیا تھا اور موجودہ ڈائر کیٹرز کی مدت 19 اپریل 2020 کوختم ہوگی۔ جناب نعمان امجد لطفی کمپنی کے ڈائر کیٹر کے عہدہ سے 31 دسمبر 2017 کو مستعفیٰ ہوئے۔ ان کے استعفانی سے خالی ہونے والی پوسٹ قانون کے تحت مقررہ وقت کے اندر پر کی جائے گی۔

<mark>آ د پیرز</mark>: آ د یرُز**KPMG** تا ثیر بادی ایند<sup>سمی</sup>نی، چارٹردْ اکاو<sup>نیٹن</sup>س کا تقرر **31** دسمبر**2017** تک کیا گیا تھا۔

	Share Capital		Res	erves		فوظا ثاثے Total
		Capital		Revenue		
		Share Premium	Special	General thousand)	Un- appropriated Profit	
Balance as at January 01, 2017	61,576	24,630	628	138	1,717,946	1,804,918
Total comprehensive income for the year ended 31 December 2017					1,350,681	1,350,681
- Profit for the year ended December 31, 2017					1,355,673	1,355,673
- Other comprehensive income for the year ended December 31, 2017					[4,992]	[4,992]
First Interim dividend for the year ended December 31, 2017 @ Rs. 122 per share					(751,229)	(751,229)
Second Interim dividend for the year ended December 31, 2017 @ Rs. 50 per share					(307,881)	(307,881)
Third Interim dividend for the year ended December 31, 2017 @ Rs. 33 per share					(203,201)	(203,201)
Final dividend for the year ended December 31, 2016 @ Rs. 278 per share					(1,711,818)	(1,711,818)
Balance as at December 31, 2017	61,576	24,630	628	138	94,498	181,470

ہولڈنگ کمپنی:

#### توثيقى بيان

ہمارے ملاز مین UPFL کی ستحکم ترقی میں اہم کردار ہےاور ہمارےڈائر یکٹرزاپنے ہرایک ملازم کی کاوشوں کوشلیم کرتے ہیں۔ہم اپنے تمام صارفین کا ہماری پروڈکٹس پربھروسہ کرنے کیلیےشکرگزار ہیں۔ہم اپنے شیئر ہولڈرز کے بھی ان کی سپورٹ اور ہماری انتظامیہ پراعتماد کرنے کیلیے مشکور ہیں۔

مستقبل برنظر: مشکل اقتصادی وانتظامی حالات کے باوجود کاروبارنے منافع بخش ترقی کا سفر جاری رکھا ہوا ہے چیلنجز پر قابو پانے میں عالمی مہارت ،کسٹمر کے بھروسے، پروڈکٹس کے معیاراور جدت، عالمی سطح کی سٹمر سروس پر سرمایہ کاری نے ہمیں نا قابل تسخیر بنارکھاہے۔ ہم پراعتام ہیں کہا پخ عز ماور کچر پورکوششوں سےاپنے صارفین کی روزمرہ کی ضروریات کی فراہمی اور شحکم ومنافع بخش ترقی جاری رہےگ۔

آپسبكاشكرىيە-برائ بورڈ

#### كامران مرزا

چیئر مین کراچی 26فروری،2018

ش**از بیسید** چیف ایگزیٹوآفیسر کراچی 2018 دوری، 2018

يونى ليوريا كتتان فو ڈزلم يشر سالانہ ريور ب 05

#### 2017 کے دوران ہمارے اہم اقد امات:

### ساجی سرماییکاری اور فلاحی کام میلغ 145 ملین روپ

- کنورنے اپنے اسکول پر دگرامز کے ذریعے غذائیت بھری خوارک کے پیغام کا پھیلا و جاری رکھا خاص طور پر ملک کے دیجی علاقوں میں بیر سرگرمیاں جاری رکھیں جہاں خوراک کی کی ایک بہت بڑا چیلیج ہے۔ اس اقدام سے 6.1 ملین بچوں تک غذائیت کی اہمیت کا پیغام پہنچایا گیا جس سے انہیں صحت بخش خوراک سے متعلق معلومات میں مرہو تی۔
- کنورنے اپنے نو ڈل وینڈ نگ پروگرام کی بدولت 500 موبائل ریٹیلرز کوروز گار کے مواقع فراہم کئے جس ہے دیہی صارفین کوخوراک کے دیگرغذائیت جفرے متبادل تک رسائی ملی ۔

#### يپشهورانه حفاظت اورصحت :

تحفظ UPFL آپریشنز کااہم حصہ ہے ہمارے Vision Zero نے کمپنی میں غیر محفوظ اقد امات اور تجربات کونا قابل رخصت بنادیا ہے۔ UPFL وسیع نظر رہنماؤں، ذ مہدار ملاز مین، بحفاظت پلانٹ ڈیز ائن، پیدا واری سہولیات، پروڈ کٹس اور پورے ادارے میں پر تحفظ نظام اور طریقوں پڑ کمل درآ مد کی بدولت حفاظت میں بہتری کے لیے مستعد ہے۔ مزید براں UPFL نے تربیت اور ہمت افز ااقد امات کے ذریعے تحفظ کی اہمیت کواجا گر کیا ہے۔ پروسیس سیفٹی اور ریوار ڈزکو بہتر بانے ک HAZOP جائز کے ساتھ سائٹ انتظام یہ کی جانب سے کئی حفاظتی سیشن ایس اقد امات ہیں کہ جن سے حادثات میں قابل قد رکھی واقع ہوئی ہے۔ (کنٹر کیٹر زاور ملاز مین) نتیج میں 2016 میں تین اور 2017 میں صرف ایک واقعہ رونما ہوا ہے۔

#### ملازمین کی شمولیت:

ہمارے ملاز مین اپنی رفاہی کوششوں اور رضا کارانہ اقدامات کے ذریعے متحکم ترقی کے قیام کے عزم پریقین رکھتے ہیں۔ ہمارے ملاز مین نے 2 ملین روپے سے زائد سے محتلف ساجی اداروں کی مدد کی تا کہ ستحق بچوں کو معیاری تعلیم ،صحت اور کھانہ فراہم کیا جا سکے، اس سلسلے میں سٹیرن فاؤنڈیشن ، آغا خان یو نیورش ہیپتال اور ورلڈ فوڈ پروگرام سے تعاون کیا گیا۔

#### ريٹائرمنٹ فنڈ زميں ملازمين کی سرماييکاري:

UPFL نے دوران سال اسٹاف ریٹائر منٹ فنڈ میں 23.7 ملین روپے سرما یہ کاری کی ۔ کمپنی کے زیر اہتمام چلائے جانے والے اسٹاف ریٹائر منٹ فنڈ زمیں مالیاتی گوشوارے برائے سال ختم شدہ31 دسمبر 2017 کے تحت اسٹاف ریٹائر منٹ فنڈ سے درج ذیل سرمایہ کاری کی ہے:

ملي <u>ن روپ</u>	Ę	ملين روپ	
26	ڪريجو پڻي فندڻ	185	<i>پراویڈنٹ فنڈ</i>
196	ٹوٹل: 2016	211	ٹوٹل: 2017

### کار پوریٹ گورننس

UPFL کی انتظامیکار پوریٹ گورننس کی پیروی اور بہترین تج بات پڑ مل درآ مد کے لیے پرعز م ہے ۔ کوڈ آف کار پوریٹ گورننس کے عین مطابق ، ڈائر مکٹرز درج ذیل کے بیان پرخوش ہیں:

- کمپنی انتظامیہ کی جانب سے تیار کئے گئے مالیاتی گوشواروں میں معاملات کی داخیح صورت، اس کے انتظامی نتائج، کیش فلوز اورا یکویٹی کی تبدیلیوں کو واضح انداز میں پیش کیا گیا ہے۔
  - کمپنی کےا کاؤنٹ بکس درست انداز میں برقرارر کھے گئے ہیں۔
  - مالیاتی گوشواروں اورا کاؤنٹنگ تخمینہ جات کی تیاری مناسب اور مختلط
     انداز کی بنیاد پر متعلقہ اکاؤنٹنگ پالیسیز کے تحت کی گئی ہے۔
- الیاتی گوشواروں کی تیاری انٹریشن فنانشل رپورٹنگ کے معیارات کے مطابق کی گئی ہےادراس سے کسی طرح کے انجراف کو با قاعدہ داضح کیا گیا ہے۔
- انٹرنل کنٹرول کا سسٹم بہترین ہے اوراس پر موثر انداز میں عمل درآ مداور تحکرانی کی جاتی ہے۔
- کمپنی کے ایتحکام اور آگے بڑھنے کی صلاحیت پر کسی بھی شک وشبہ کی کوئی گنجائش نہیں۔
- اسٹنگ ریگولیشنز میں مفصل کارپوریٹ گورنن پر بہترین انداز میں عمل درآ مد سے سی طرح کا بھی انحراف دیکھنے میں نہیں آیا۔
- درج ذیل سے متعلق اشیٹمنٹ مالیاتی گوشواروں کے نوٹس کے ساتھ ہیں یاان میں وضاحت کی گئی ہے۔
- بورڈ آف ڈائر یکٹر بمیٹیز کے اجلاسوں کی تعداد، ڈائر یکٹر زکی حاضری،
  - گزشته 6 سالوں پر شتمل اہم مالیاتی تفصیل
    - پیٹرن آف شیئر ہولڈنگ

#### ڈائریگٹرز:

مندرجہذیل شخصیات کمپنی کے ڈائر یکٹر زمیں:

- جناب کامران مرزا (چیئر مین آف بورڈ)
  - محترمه شاز بیسید (سی ای او)
  - باب سہیل حنیف بیگ (سی ایف او)
    - محتز مەفرىين سلمان عامر
- جناب د والفقارمتو (چیئر مین آ ڈٹ کمیٹی اور ہیومن ریسورس اینڈ رمیونریشن کمیٹی )
  - مياں محمد عادل متو
  - جناب كمال متو
  - جناب بدرالدين ايف ويلاني
  - جناب على طارق (مورخه 20 اپريل،2017 كونتخب)
  - جناب نعمان امجد لطفى (مورخه 31 دسمبر ،2017 كوسنتعنى )

انتظامیہ کے لیے ٹارگٹ کے تعین کے پیش نظر بجٹ تیار کیا جا تا ہےاور موثر انداز میں اٹھائے جانے والے درست اقدامات کے بعد اصل نتائج سے آمدنی کا تقابل کیا جا تار ہتا ہے۔

سمپنی کودرج ذیل بنیادی خطرات کا سامناہے:

- بحی ڈی پی کی شرح کے کم ٹیکس ، بڑھتا ہوا مالیاتی خسارہ اور خسارے میں جانے والے پبک سیکٹر نے ادائیکیوں میں ناکامی کا خطرہ پیدا کیا ہوا ہے، اس کے نتیج میں ٹیکس لینے پر دباؤبڑ ھے گا اور خاص طور پر منظم اداروں پر تحق بڑھ جائے گی۔
- حکومت کی طرف سے لیے گئے بہت زیادہ قرضوں کے سبب نجی شعبے اور تر قیاتی امور میں سرما میکاری کم ہور ہی ہے۔ مرکز ی بینک کی جانب سے ضابطے کے اقد امات اٹھائے جانے سے غیر ملکی زرمبادلہ متاثر ہونے کا خطرہ ہے۔ نیتجناً ہمارے پر نیپل کو آف شورادا ئیکیوں میں تا خیر ہونے کا خد شہہے۔
- نیکس وصولی ہے متعلق عدالتی احکامات تجارت پر انز انداز ہو سکتے ہیں۔ مزید برآن18 ویں ترمیم کے حوالے سے بھی قانونی چارہ جوئی میں دائر ہ کاریااس کی تقسیم کے مسائل بھی کھڑے ہو سکتے ہیں۔

ہمارے ملازمین:

ہمارا یہ کامل یقین ہے کہ ہمارے ملاز مین ہمارا اثاثہ ہیں۔بامعنی کرداروں ،مشکل امور کی تفویض اور بین الاقوامی سطح کا سیکھنے کا ماحول ملاز مین کی صلاحیتوں کے تکھارنے کے ساتھ ہمارے لیے ایک بامقصدادارہ کی راہ ہموار کرتا ہے۔دیانت دارانہ تبادلہ خیال، سکھانے اور سیکھنے کا ماحول ہمارے ملاز مین اور کا روبار کی ترقی کا باعث ہیں۔2017 میں ایم پلائر آف چوائس (پسندیدہ آجر) کے حوالے سے AC Nielsen کی طرف سے ہمیں پہلی پوزیشن سے سرفراز کیا جمالسل ایک دہائی سے ہم جیت رہے ہیں۔

Unilever Future Leaders Program کمپنی کا متاز پلیٹ فارم ہے جہال پرملک کے باصلاحیۃ نوجوانوں کوملازمت کے مواقع میسر آتے ہیں۔ UFLP کودیگر شاندار گریجویٹ پروگراموں میں شامل ہونے کا درجہ حاصل ہے۔ کاروباری امور میں افرادی تنوع اور شمولیت ہمارے کا روبار کے لیے بہت اہم میں۔ خواتین ملاز مین ہمارے ادارے کا ناگز بر حصہ ہیں اور کمپنی کی مختلف ذمہ داریوں میں مایہ ناز کر دارادا کررہی ہیں۔ امسال ہم نے UFLs 13 (یونی لیور فیو چر لیڈرز)

بحرتی کئے جن میں **54 ف**صد خواتین ہیں۔ہمارے جامع کاروباری ایجنڈ اکے تحت، ہم ایپیش لوگوں کی بحرتی کے لیے کوشاں ہیں۔ دندیہ ہی ہی بین این ملیہ کہ صحب ایک این گرملیہ کہ تری ایک نہ کہ شد

مزید برآل، ہم اینے ملاز مین کی صحت اور معیار زندگی میں بہتری لانے کے لیے ہمیشہ سے کوشاں ہیں۔ تمینی نے اس حوالے سے کئی طرح کے اقد امات اٹھائے ہیں جن میں کام کرنے کی جگہ پر ورزش کی سہولیات، ڈے کیئر سہولیات، یوگا کلاسز اور کھانے پینے کے صحت مند متبادل موجود ہیں۔ ہم Materning اور Maternity اور زندگی میں توازن کے قیام کے لیے Maternity اور زندگی میں توازن کے قیام کے لیے Maternity

ساجى سركرميان:

UPFL می کاروباری ترقی کے ساتھ ماحولیاتی اثرات کوزیادہ سے زیادہ کم کرنے کی کوشش جاری رکھتی ہے۔ مثبت سابھ اثرات سے کاروباری ترقی کی کوششیں، ہر جگہ خوشحالی کے ہمار نے نظر رید کی اساس ہیں۔

2017 کے دوران ہمارے اہم اقدامات درج ذیل ہیں:

توانائی کااستعال اور ماحول کا تحفظ 🛛 🛛 18 ملین روپے

UPFL میں ماحولیاتی اعتبار سے پائیدار پروڈکشن ہماری منصوبہ بندی میں اہمیت رکھتی ہے۔اس حوالے سے کمپنی ماحول دوست آ پریشنز کے ذریع متحکم ترقی کے عزم پر کار بند ہے۔ یہ آ پریشنز اقوام متحدہ کے متحکم ترقی کے مقاصد کے تحت انجام دیئے جاتے ہیں۔UPFL اپنے ماحول دوست اقدامات کی بدولت ''Office Office

**2017 میں توانائی کے بہتر استعال کے ہمارے سفر میں مزید کھار کے لیے درج ذیل** اقدامات بھی اٹھائے گئے:

- پیداواری شعبہ جات میں مزید بہتری کے ساتھ جائی پڑتال کے نظام کوموثر بنانے سے اسٹیم نیٹ ورک کے لائن لا سزییں کمی واقع ہوئی۔ ان اقد امات سے مجموعی طور پر اسٹیم کے استعمال میں 20 فیصد کمی واقع ہوئی ہے۔
- ، پیداداری مشینوں پرکارکردگی بہتر کرنے سے بجلی کے اخراجات میں کمی آئی،جس کے منیتیے میں250 مرکانوں کے لیے کافی سالانہ بجلی کی بچپت ہوئی۔اس کے ساتھ ساتھ سالہ سینل لگانے سے بجلی کی کھپت میں مزید کمی کے ساتھ ما حولیاتی اثر ات بھی کم ہوئے بجلی کے استعال کومزید کم کرنے کی غرض سے روایتی چلر زکوامیز ارپشن چلر شیکنا کو جی سے تبدیل کیا گیا ہے۔
- امور میں بہتریاور ٹیکنالوجی کومزید بہتر کرنے سے کاربان ڈائی آ کسائیڈ کے اخراج میں اتن کمی لائی گئی جتنی کہ 19500 درخت لگانے سے ہوتی ہے۔
- سائٹ پر پانی کے ضیاع کو کم کرنے کے لیے اٹھائے گئے اقد امات سے 22 ملین لٹر پانی کی بچپت ہوئی ہے۔

UPFL پائیرارکاروباری امورکو UPFL پائیرارکاروباری امورکو Unilever Sustainable Living

UPFL اپنے برانڈ زادر آپریشنز کے ذریعے ہرایک کے لیے خوشحال زندگی کا نظریہ لیے سرگرم عمل ہے۔ مثبت معاشرتی اثرات سے کاروباری ترقی کے ہمارے عزم نے USLP کو ہماری عالمی اور پاکستانی منصوبہ بندی کے عین مطابق پنج کردکھایا ہے۔ ماحول دوست ترقی کی ہماری کوششوں سے معاشر \_ بشمول کنز پومرز، سٹرز، سپلائرز، بزنس اور سوشل پارشزز تک مجموعی اثرات مرتب ہور ہے ہیں۔ ہماری اس سوچ کو یونی لیور فاؤنڈیشن سے تقویت ملتی ہے، جس سے ہمیں لوگوں کی زند گیوں میں بہتری لانے اورد نیا کے لیے خوشحال مستقبل کی راہ ہموار کرنے میں مدد ملتی ہے۔

### <mark>ڈ ائر بیگٹرز کی جائز ہ ریچرٹ</mark> ڈائر کیٹرز نے کمپنی کی سالانہ ریچوٹ برائے31 دسمبر2017اور کمپنی کے تشخیص شدہ مالیاتی گوشوارے پیش کئے ہیں۔

#### کاروباری جائزہ: تمپنی کے بنیادی امور

سمپنی رفحان، کنور، انرجائل بگلیسو ز ڈی اورفوڈ سلوشنز کے برانڈ ناموں سے کنزیومراور کمرشل فوڈ پروڈ کٹس کی تیاری اوران کی فروخت کے امورانجام دیتی ہے۔سال2017 کے دوران جم میں اضافہ کی بدولت کاروبار میں13.5 فیصد کا اضافہ داقع ہوا۔رفحان اور کنور کے کاروبار میں ترقی سے ہی یہ ہترین نتائج حاصل ہوئے ہیں۔

> 2017 کے تائج کی کلیدی خصوصیات ریتھیں: کنور: ہمار نے دلز، ساسزاور کیوبز کنور برانڈ میں ترقی کا ذریعہ بنے۔

رفخان: ڈزرٹس پورٹ نولیونے ترقی میں اہم کردارادا کیا۔خاص تہواروں پرایڈورٹائزنگ نے صارفین میں شہرت حاصل کی۔ سالا نہ مجموعی منافع 59 bps بڑھا جس کی وجہ سیز کمس کی بہتری ہے۔ برانڈز کا سخکام کے لئے ایڈورٹائزنگ اور پروموثن پر 7.9 فیصداضافی اخراجات کئے گئے۔EPS میں 6.2 فیصداضافہ ہوا۔

### ہاری مالیاتی کارکردگی کاخلاصہ:

2016	2017	
یں	روپەلىن :	
9,467	10,745	سیلر **
4,202	4,834	مجموعي منافع
1,802	1,947	آ پریشنز <i>سے</i> منافع
1,768	1,921	ٹیکس سے پہلے منافع
1,276	1,356	ٹیکس کے بعد منافع
207.24	220.16	(روپے) EPS basic

ابهم مالياتي اشارے: مالياتي سرخياں • فروخت ميں اضافه 1278 ملين

روپ underlying sales growth 13.5% دیک Earnings per Share 6.2%

#### ڈیویڈنڈ (منافع منقسمہ):

پہلاعبوری منافع منقسمہ برائے2017 (پہلے بی دیاجا چکاہے) 122روپے نی حصص (2016: 90.97 روپے فی حصص) دوسراعبوری منافع منقسمہ برائے2017 (پہلے بی دیاجا چکاہے) 50 روپے فی حصص تیسراعبوری منافع منقسمہ برائے2017: 33 روپے فی حصص (پہلے بی دیاجا چکاہے) حتمی منافع منقسمہ برائے2017: صفر روپے فی حصص (2018: 278 روپے فی حصص)

#### صنعت کاعمومی جائزہ

یا کستان کی فوڈ مارکیٹ (بشمول ڈیری، کولڈ بیوریج اور آئلز ) کا موجودہ تخیینہ (گھریلو پینل / یورومیٹر / ریٹیل آڈٹ) **28.6 بلین ا**مریکی ڈالر بنتا ہے۔مجموعی مارکیٹ میں ے برانڈڈ پروڈکٹس کا حصہ **30 ف**صد یعنی **8.2 بلین ا**مریکی ڈالر ہے۔مارکیٹ کئی مقامی اورمکٹی نیشنل کمپنیوں برمحیط ہے،جس میں کئی علاقائی بھی ہیں۔ UPFL کی زیادہ سے زیادہ کاروباری سطح **97.3 ملین امریکی ڈالرز کو مدنظر** رکھتے ہوئے،اس شعبے میں مزیدتر قی کے مواقع دیکھے جاسکتے ہیں۔ سر مار کاری سمپنی نے دوران سال پیداداری اضافے اور معیار پر**95 ملین** روپے کا سرما یٹرچ کیا۔ ليكوئد ثي مينجهنك كاانتظام سمپنی دوران سال کاروباری سرگرمیوں سے **1,884 ملین** روپے کی آمدنی حاصل کرنے میں کامیاب رہی۔ سمپنی کی جانب سے پیش فلوز کے تخمینے متوا تر طور پر تیار کئے جاتے ہیں ان کا جا ئزہ لیا جا تاہےاوران کی نگرانی کی جاتی ہےتا کہ موثر منصوبہ بندی اور منافع کانعین کیا جا سکے۔ سرماییکاری کی منصوبہ بندی خطرات کوسا منے رکھتے ہوئے مختاط انداز میں کی جاتی ہے اورزیادہ ترقیل مدتی بینک ڈپازٹس میں کی جاتی ہے۔ کمپنی کی کارکردگی کی قدر پیائی

کمپنی میں کارکردگری کو حروب کی طرف کا ایک کڑا نظام موجود ہے۔ آپ کی انتظامیہ کمپنی کی کارکردگی کوجا ضحنے کے لیے کی طریقہ کارا پناتی ہے جن میں مدمقا ہل کی پوزیشن، گزشتہ سال کی کارکردگی، مارکیٹ کی بڑھوتری، کملی معاشی اظہار بے اور دیگر عوامل شامل ہیں۔

## تجارتى اورسنعتى جائزه

سمپنی نے تجارتی اعتبار سے سحکم حیثیت کے تسلسل کو برقر ارر کھتے ہوئے اپنی قابلِ قدر برانڈ ز کے ذریعے معاشرے میں ماحول دوست ترقی کوتر جیحے دی ہے۔تمام شعبہ جات میں ہماری سر براہانہ حیثیت؛ ریسرچ اورتر قی میں عالمی مہمارت،صارفین کے بھروسے کے پس منظر؛اوردوردورتک دستیابی نے ہماری بامقصد ترقی کی رفتارکوتیز کر دیا ہے۔

بورڈ نے تجارتی حکمت عملی پرکمل طور پرحملدرآ مدکے ذریعے کمپنی کوتمام تر مشکلات کے باوجودآ گے بڑھانے میں اہم کردارادا کیا ہے۔ڈائر یکٹرز کی متوثر تکرانی کی بدولت ،UPFL نے یقینی طور پرکار پوریٹ گورننس اوراس کی پاسداری کے تک کوشفاف بنایا ہے۔

بورڈ نے تمام ترا نتظامی اموراور کمپنی کے معاملات کی بھر پورنگرانی کے لیےا پنا کرداراورذ مے داریاں بخوبی نبھائی ہیں اورا پنی متولی ذمے داریوں کی ادائیگی میں بھی شجیدہ رہاہے۔ اس کےعلاوہ،زیر جائزہ سال کے دوران، بورڈ نے مالیاتی نتائج کی سہ ماہی بنیا دول پرنگرانی کو بھی جاری رکھاہے۔

2017 میں ،تجارت میں جم کے اعتبار سے 13.5% اضافہ ہوا۔ کنور اور رفحان کے پورٹ فولیوز میں پروڈ کٹس کو دوبارہ متعارف کرانے سے اور سیز کس تبدیل کرنے کے سبب شانداراضافہ ریکارڈ کیا گیا۔مارکیننگ کی جدید مہوں میں سرمایہ کاری کے اضافے سے صارفین کی لیندیدگی اور برانڈ کی سا کھ بحال کرنے میں مددملی۔اس کے علاوہ ،شیئر ہولڈر کی قدر بڑھانے کے لیے ہمارے مزم کی بدولت ، ہمارے EPS میں 6.2 فیصد کا اضافہ ریکارڈ کیا گیا۔

## بور ڈکی کارکردگی اور کا میابی

بورڈ آف ڈائر یکٹرز کی مجموعی کارکردگی کا سالا نہ جائزہ کوڈ آف کار پوریٹ گورنن اور کمپنیزا یک ،2017 کی ہدایات پر پابندی کے تحت لیاجا تا ہے۔ اس جائز کے کا مقصد میہ ہے کہ بورڈ آف ڈائر یکٹرز کی کارکردگی کا کمپنی کے کار پوریٹ مقاصد اور گورنس کے ڈھانچ کے مطابق جائزہ لیاجا تے ۔31 دسمبر،2017 کوختم شدہ سال کے لیے، بورڈ کی مجموعی کارکردگی اور کامیابی کے معیار کو کمپنی کے مقاصد کے حصول کے اعتبار سے ''اطمینان بخش'' قرار دیا جاتا ہے۔ ہم امید کرتے ہیں کہ مستقبل میں بورڈ کی مجموعی کارکردگی اور کامیابی کے معیار کو کمپنی کے مقاصد کے حصول کے اعتبار سے ''اطمینان بخش'' قرار دیا جاتا ہے۔ ہم امید کرتے ہیں کہ مستقبل میں بورڈ کی کارکردگ مزید بہتر ہوگی۔ یہاں پرضروری ہے کہ کمیڈیوں ( آڈٹ کمیٹی اور ہیون ریسورس اینڈ رمیوزیش کمیٹی) کی جانب سے بہتر کی کے شعبوں کی نشاند ہی اور سفار شان برا کے معلی کے لیے ان کے اہم کر دارکو بھی اجا گر کیا جائے۔ ایک سب سے بڑی ملٹی پیشن کمپنی ہونے نے ہم اپنے صارفین کو خوش رکھنے اور گورنس کے لیے ہور دی کارکردگ کے تعمل کو تین کہ معاد کر کیا جائے۔ ایک سب سے بڑی ملٹی پیشن کمپنی ہونے نے ہم اپنی کو خوش رکھنے اور گورنس کے لیے مال کے لیے معاد کر کار کردگ

مستقبل **پرلطر** مستقبل کی جانب دیکھتے ہوئے ، کمپنی اپنی عالمی مہارت کے ذریعے پیداواری صلاحیتوں میں اضافے ، ریسرچ اورتر قی کومزید مشحکم بنانے کے لیے پرعز م ہے ، علاوہ ازیں ، ہم مارکیٹ میں دستیابی کو بڑھانے اورایک مثالی تجارتی ماڈل کے ذریعے ترقی کے تسلسل کوقائم رکھنا چاہتے ہیں۔ مارکیٹ میں پیچیدہ ماحول کے باوجود ، کمپنی تجارتی او<sup>رسن</sup>تی عوامل میں فوری طور پرتبدیلی کے لیے تیار ہے۔ ہما پنی معیاری مصنوعات اور با مقصد برانڈ ز کے ذریعے اپنے وژن کے لیے پرعز م رہیں گھ

### توثيقى بيان

بورڈ کی جانب سے، میں اپنے اسٹیک ہولڈرز کے مسلسل تعاون اور ہمت افزائی پرتہہدل سے شکر گزار ہوں اور کمپنی کے ملاز مین کی قابل قدر خدمات کا معترف ہوں ۔ میں اپنے ڈائر کیٹرز کی جانب سے زیرِ جائزہ سال کے دوران ان کی پرعز مکوششوں کوقدر کی نگاہ ہے دیکھتا ہوں اور ہمار سے ای اواورا گیز کیٹوٹیم کی جانب سے ان کی غیر معمولی کوششوں پر ان کاشکر بیادا کرتا ہوں۔

محترم كامران مرزا

چيئر مين آف دي بور ڈ