

BUILDING WINNING BRANDS

Annual Report 2016



Contents

Company Information	2
Core Values	3
Our Equities and Initiatives	4
Notice of Annual General Meeting	10
Financial Summary	15
Directors' Report	16
Directors' Report - In Urdu	21
Statement of Value Added	28
Statement of Compliance with the Code of Corporate Governance	29
Review Report to the Members on Statement of Compliance with best Practices of Code of Corporate Governance	31
Auditors' Report to the Members	32
Balance Sheet	33
Profit and Loss Account	34
Statement of Changes in Equity	35
Cash Flow Statement	36
Notes to and Forming Part of the Financial Statements	37
Pattern of Shareholding	77
Operating and Financial Highlights	79
Form of Proxy	
Form of Proxy - In Urdu	



Company Information

Board of Directors

Iqbal Ali Lakhani	Chairman
Amin Mohammed Lakhani	
Tasleemuddin Ahmed Batlay	
Aliya Saeeda Khan	
Lisa Mather	
Vinod Nambiar	
Zufiqar Ali Lakhani	Chief Executive

Advisor

Sultan Ali Lakhani

Audit Committee

Aliya Saeeda Khan	Chairperson
Iqbal Ali Lakhani	
Amin Mohammed Lakhani	
Tasleemuddin Ahmed Batlay	

Human Resource & Remuneration Committee

Iqbal Ali Lakhani	Chairman
Zulfiqar Ali Lakhani	
Amin Mohammed Lakhani	

Company Secretary

Mansoor Ahmed

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Internal Auditors

BDO Ebrahim & Co.
Chartered Accountants

Registered Office

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

Shares Registrar

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

Factories

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

217, Sundar Industrial Estate,
Raiwind Road, Lahore

Website

www.colgate.com.pk



Core Values

Caring

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

Teamwork

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

Continuous Improvement

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





Oral Care

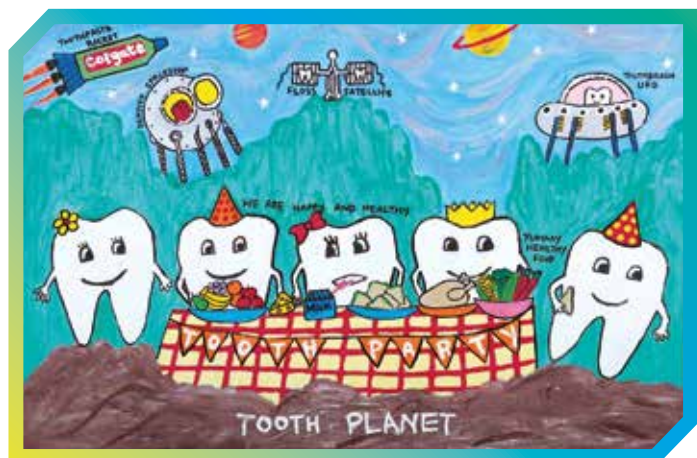
With a consistently growing market share, Colgate-Palmolive continued to lead the toothpaste market in Pakistan. This success was driven by a sharp focus on business strategies and increased marketing spends.

The flagship brand, Colgate Maximum Cavity Protection, rolled out a 360-degree communication platform 'Na Cavities Ka Dar Na Pyar Main Jhijhak' further assuring mothers who have always trusted Colgate for protecting their children from cavities. With consumer engagement as the essence, it was brought to life through multiple touch points ranging from media to activations.



Global Art Contest (GAC)

In its 16th year of successfully providing children in Pakistan the opportunities to not only display their artistic talent but also become informed about good oral health, 'My Bright Smile' Global Art Contest received a record-breaking number of over 110,000 entries from more than 2219 schools from all over the country. One young Pakistani artist secured a position amongst the global top 12 winners. The winning artwork will be featured in the 'Colgate My Bright Smile Calendar 2017'.



Bright Smiles, Bright Futures (BSBF)

‘Bright Smiles, Bright Futures’ oral health education program has reached over 9 million children across Pakistan educating them about the importance of oral hygiene using various educative tools designed for classroom presentations and take-home material. From urban cities to rural areas, private schools to government schools, the program is conducted by well-trained Colgate trainers and educators.



Colgate Sensitive

Addressing one of the key reasons of sensitivity – enamel damage – a differentiated line extension of Colgate Sensitive Pro-Relief by the name of ‘Enamel Repair’ was launched. It protects teeth from acid erosion that causes enamel damage, occludes to repair and provides instant and long-lasting sensitivity relief.

Colgate SlimSoft Tri-Tip

Colgate SlimSoft Tri-Tip launched with the distinction of being the first toothbrush in Pakistan with 3 cleaning tips on each bristle. Its innovative design and super soft bristles reach between teeth and provide consumers with gentle, deeper clean. Its unique bristles with 3 cleaning tips enable better plaque removal from the gum line and interdental areas, with less pressure.

The result of Colgate’s outstanding and continued innovation in oral care products, Colgate SlimSoft Tri-Tip is an ideal brush for everyday use.





Personal Care

It has been an exciting year for the Personal Care category in terms of growth and new initiatives. To revitalize the Palmolive Naturals portfolio, the entire bar soap range was re-launched with fresh packaging graphics, aligning it with the new Palmolive global packaging design.

A new and innovative variant, 'Flawless Clean', was launched in the bar soap portfolio. Infused with 100% natural charcoal powder, the product helps cleanse the skin and eliminate dirt. Its long-lasting pleasant scent was also well received by our consumers. The launch was supported by integrated marketing communication, utilizing relevant touch points to engage consumers. In-store presence was strengthened through fortifying shelf space and improved visibility.



As the principal sponsor, Palmolive continued to support Karachi Women's Swimming Association in successfully organizing its 23rd Annual Swim Meet. Palmolive aspires to develop swimming as a leading sport in Pakistan as well as taking it to a level of international excellence. Our goal is to create a platform where local female swimmers can hone their talent and become icons of inspiration for other ambitious female swimmers, both at home and abroad.



Surface Care

Lemon Max Bar strengthened its leadership position in the dishwashing category through a strong 360-degree communication that yielded good results and gain in market share.



Max Liquid improved its market share in the dishwash liquid segment through its new communication highlighting product superiority, i.e. 3 times more dishes washed with Max liquid versus regular dishwash liquids. A strong consumer engagement program escalated the communication across all relevant touch points.





Fabric Care

Brite Equity re-launch was one of the key initiatives of the year. Brite successfully reached targeted consumers with its contemporary new packaging design and improved product. The re-launch was supported by substantial investment in advertising and promotion. In unison, various activities were carried out to increase trade interest in the product and engage shoppers at the store level.



Bonus Tristar improved its value to consumers by revitalizing the product bundle. This included a packaging change and product upgrade. With focus on recruiting new users and increasing conversion from laundry bar users, Bonus Tristar was re-launched with new integrated marketing communication.



Awards

Top 25 Companies' Award

The Pakistan Stock Exchange Limited (PSX), formerly known as Karachi Stock Exchange Limited, ranked the Company amongst the top 25 listed companies in Pakistan for the years 2014 and 2015. This makes it the 12th consecutive year for the Company to receive this prestigious award.

PSX judges the companies based on a criteria focusing on service to the shareholders in compliance with listing regulations and good corporate governance.

MAP'S Corporate Excellence Awards

The Company was presented its 5th consecutive 'Corporate Excellence Award' at the 31st Corporate Excellence Awards Ceremony organized by the Management Association of Pakistan. The Company was also awarded Corporate Excellence Certificates on five earlier occasions in recognition of its achievements and overall performance.





Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 38th Annual General Meeting of COLGATE-PALMOLIVE (PAKISTAN) LIMITED will be held on Thursday, September 22, 2016 at 10:00 a.m. at Avari Towers Hotel, Fatima Jinnah Road, Karachi to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2016 together with the Directors' and Auditors' reports thereon.
2. To declare final dividend in cash @ 300% i.e. Rs.30 per share of Rs.10 each held by the members as recommended by the Board of Directors.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

Special Resolution

4. To consider, and if thought fit, to pass the following resolution as special resolution:

"RESOLVED that the Articles of Association of the Company be amended by adding a new sub-Clause 44(a) after the Clause 44 of the Articles of Association of the Company as under:

The provisions and requirements for e-voting as prescribed by the Securities & Exchange Commission of Pakistan for the time being and from time to time shall be deemed to be incorporated in these Articles, irrespective of the other provisions of these Articles of Association and notwithstanding anything contradictory therein."

Ordinary Resolutions

5. To consider to pass the following ordinary resolutions:
 - a) "RESOLVED that the transactions carried out in normal course of business with associated companies during the year ended June 30, 2016 be and are hereby ratified and approved."
 - b) "RESOLVED that the Chief Executive of the Company be and is hereby authorized to approve all the transactions carried out and to be carried out in normal course of business with associated companies during the ensuing year ending June 30, 2017 and in this connection the Chief Executive be and is hereby also authorized to take any and all necessary actions and sign/execute any and all such documents/indentures as may be required in this regard on behalf of the Company."

Statement under section 160 of the Companies Ordinance, 1984 in the above matters mentioned in item Nos.4 & 5 is annexed.

By Order of the Board

(MANSOOR AHMED)
Company Secretary

Karachi: August 22, 2016

NOTES:

1. The share transfer books of the Company will remain closed from September 16, 2016 to September 22, 2016 (both days inclusive). Transfers received in order by the Shares Registrar of the Company, M/s. FAMCO Associates (Private) Limited, 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shakra-e-Faisal, Karachi upto the close of business on September 15, 2016 will be treated in time for entitlement of the dividend.
2. A member, who has deposited his/her shares into Central Depository Company of Pakistan Limited, must bring his/her participant's ID number and CDC account/sub-account number along with original Computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting.
3. A member entitled to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend, speak and vote instead of him/her.
4. Forms of proxy, in order to be valid must be properly filled-in/executed and received at the registered office of the Company situated at Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi not later than 48 hours before the time of the meeting.
5. Members are requested to promptly notify Share Registrar of the Company of any change in their addresses.
6. Pursuant to the directive of the Securities & Exchange Commission of Pakistan (SECP), CNIC numbers of shareholders are mandatorily required to be mentioned on dividend warrants. Shareholders are therefore requested to submit a copy of their CNIC (if not already provided) to the Share Registrar. Henceforth, issuance of dividend warrant(s) will be subject to submission of copy of CNIC by individual shareholders.
7. In compliance with the SECP's Circular No.8(4)SM/CDC 2008 dated April 05, 2013, the Company wishes to inform its shareholders that under the law they are also entitled to receive their cash dividend directly in their bank accounts instead of receiving it through dividend warrants. Shareholders, wishing to exercise this option, may submit their application to the Company's Share Registrar, giving particulars relating to their name, folio number, bank account number, title of account and complete mailing address of the bank. CDC account holders should submit their request directly to their broker (participant)/CDC.
8. Pursuant to Notification vide SRO.787(1)/2014 of September 08, 2014, SECP has directed to facilitate the members of the company receiving Annual Financial Statements and Notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through e-mail in future. In this respect members are hereby requested to convey their consent via e-mail on a standard request form which is available at the Company website i.e. www.colgate.com.pk. Please ensure that your e-mail has sufficient rights and space available to receive such e-mail which may be larger than 1 MB file in size. Further, it is the responsibility of the member to timely update the Share Registrar of any change in the registered e-mail address.
9. (i) Pursuant to the provisions of the Finance Act 2016 effective July 1, 2016, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance, 2001 have been revised as follows:
 1. For filer of income tax return 12.5%
 2. For non-filers of income tax return 20%

To enable the Company to make tax deduction on the amount of cash dividend @ 12.5% instead of 20%, shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered in ATL before the first day of book closure, otherwise tax on their cash dividend will be deducted @ 20% instead of 12.5%.



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

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

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

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

- (iv) For any query/problem/information, the investors may contact the Company Secretary at phone: 35698082 and email address mansoor@lakson.com.pk and/or FAMCO Associates (Private) Limited at phone: 34380101-5 and email address: info.shares@famco.com.pk.
 - (v) Corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the company or FAMCO Associates (Private) Limited. Shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers. Without the NTN company would not be in a position to check filer status on the ATL and hence higher tax of 20% may be applied in such cases.
10. Members can also avail video conference facility, in this regard, please fill the following and submit to registered address of the Company 10 days before holding of the Annual General Meeting. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

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

- 11. Form of Proxy is enclosed.

STATEMENT OF MATERIAL FACTS CONCERNING SPECIAL BUSINESS PURSUANT TO SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984

This statement sets out the material facts concerning the Special Business, given in agenda item Nos.4 & 5 of the Notice will be considered to be passed by the members. The purpose of the Statement is to set forth the material facts concerning such Special Business.

1. Agenda item No.4 of the Notice – Amendment/change in Articles of Association of the Company

To give effect to the Companies (E-Voting) Regulation 2016, shareholders' approval is being sought to amend the Articles of Association of the Company to enable e-voting. The Board of Directors have recommended to the members to approve and adopt amendment/change in Articles of Association of the Company by inserting a new sub-Clause 44 (a) after the Clause 44 of the Articles of Association of the Company.

Subject to approval of the members the proposed resolution will be considered to be passed by the members as a special resolution.

2. Agenda Item No. 5(a) of the Notice – Transactions carried out with associated companies during the year ended June 30, 2016 to be passed as an Ordinary Resolution

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

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

In view of the above, the normal business transactions conducted during the financial year ended June 30, 2016 with associated companies as under are being placed before the shareholders for their consideration and approval/ratification.

NAME	DESCRIPTION OF TRANSACTION	AMOUNT IN RS ' 000		
		PURCHASE	SALE	OTHERS
Accuray Surgicals Ltd.	Purchase of Dental Instruments For Dental Conference	245		
Century Insurance Co. Ltd.	Insurance Services Received	222,685		
	Insurance Claims Received			7,396
	Insurance Commission Received			17,631
	Dividend Paid			441
Century Paper & Board Mills Ltd.	Purchase of Goods - Packing Material	478,813		
	Sale of Finished Goods		47	
Clover Pakistan Ltd.	Services Provided / Reimbursement of Expenses		488	
	Purchase of Watches	41		
	Purchase of Computers and Laptops			45



NAME	DESCRIPTION OF TRANSACTION	AMOUNT IN RS ' 000		
		PURCHASE	SALE	OTHERS
Hasanali and Gulbanoo	Rent & Allied Services			29,361
Lakhani Foundation	Sale of Finished Goods		49	
	Donations Paid			18,000
Merit Packaging Ltd.	Purchase of Packing Material	103,531		
	Sale of Finished Goods		22	
SIZA (Pvt) Ltd.	Guest House Services Received	517		
	Sale of Finished Goods		24	
	Dividend Paid			208,365
SIZA Foods (Pvt) Ltd.	Sale of Finished Goods		68	
	Purchase of Finished Goods	152		
Tetley Clover (Pvt) Ltd	Purchase of Finished Goods	78		
	Services Received / Reimbursement of Expenses	8,854		
	Sale of Finished Goods		16	
	Services Provided / Reimbursement of Expenses		4,725	
	Purchase of Laptops, Computers & Printers			1,348
	Purchase of Vehicles			4,438
	Purchase of Tools			420
Ice Animations (Pvt) Ltd.	Graphic Animation	1,089		

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

3. Agenda Item No. 5(b) of the Notice – Authorization to the Chief Executive for the transactions carried out and to be carried out with associated companies during the ensuing year ending June 30, 2017 to be passed as an Ordinary Resolution

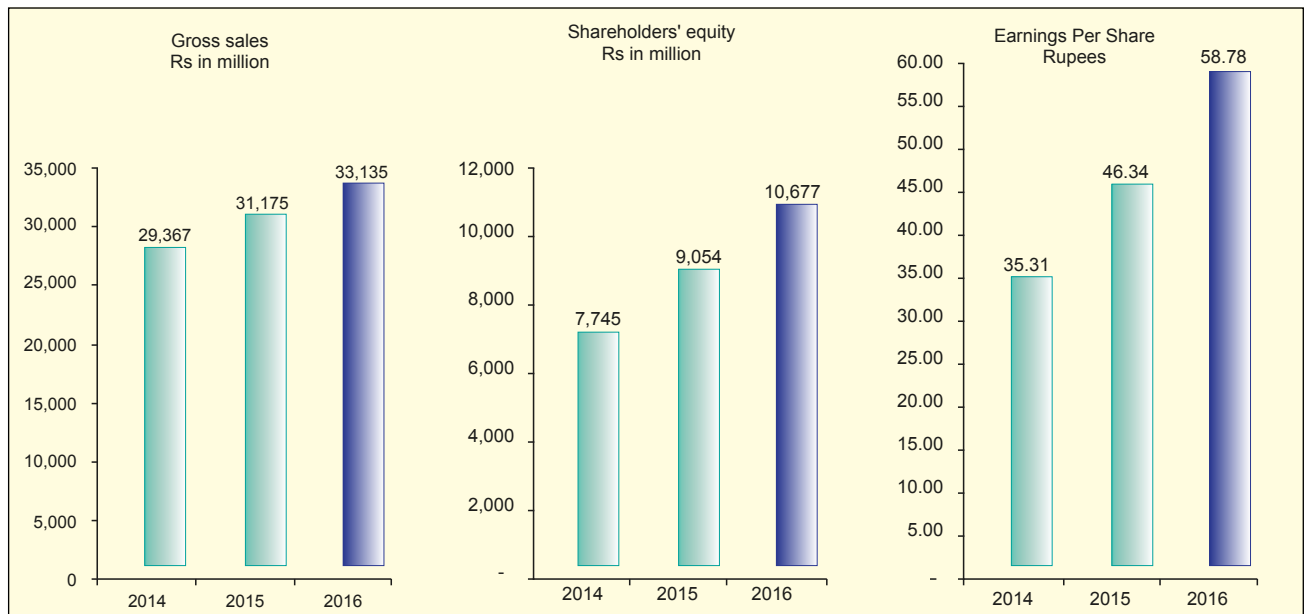
The Company would be conducting transactions with associated companies in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship and shareholding in the associated companies. Therefore, such transactions with associated companies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

In order to comply with the provisions of clause 5.19.6 (b) of the Code of Corporate Governance, 2012, the shareholders may authorize the Chief Executive to approve transactions carried out and to be carried out in normal course of business with associated companies during the ensuing year ending June 30, 2017.

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

Financial Summary

Year Ended June 30, 2016



Year ended June 30

Rupees in million except EPS	2014	2015	% Change	2016	% Change
Gross Sales	29,367	31,175	6.2%	33,135	6.3%
Operating Income	2,477	3,295	33.0%	4,199	27.4%
Net Profit After Tax	1,693	2,222	31.2%	2,819	26.8%
Earnings per share (Rs.)	35.31	46.34	31.2%	58.78	26.8%
Shareholders' Equity	7,745	9,054	16.9%	10,677	17.9%



Directors' Report

The Directors of your Company are pleased to present the Annual Report with the audited financial statements of the Company for the year ended June 30, 2016.

Financial Highlights

For the year 2015 – 2016, the Company achieved sales revenue of PKR 33.1 billion, which was a 6.3% increase as compared to 2014 – 2015. Gross profit margin of the Company grew to 36.1%, an increase of 21.3% over 2014-2015. Lower oil prices contributed in reduction of material cost, utilities and freight cost. The NPAT this year was PKR 2.82 billion, a 26.9% increase over 2014 – 2015. The growth was achieved through steady volume growth generated by timely media spending, effective promotions, and engaging brand activations.

Selling & Distribution costs for the year increased by 15.6%, mainly because of increased media and promotion costs. Administrative expenses grew by 21.4% primarily due to higher depreciation and employee related expenses.

Other income this year increased by 15.2% versus 2014 – 2015 due to the realization of profit on short term investments.

Earnings per share have increased by 26.9% to PKR 58.78 as compared to last year.

Financial Position at a Glance

A brief financial analysis is presented as under:

Operating Results	2015 - 2016	2014 - 2015	Increase / (Decrease)
	Rs. in million		
Gross Revenue	33,135	31,175	6.29%
Net Revenue	25,818	24,310	6.20%
Gross Profit	9,315	7,679	21.30%
Gross Profit %	36.1%	31.6%	450 bps
Operating Profit	4,199	3,295	27.44%
Profit After Tax	2,819	2,222	26.87%
Profit After Tax (% of Net Revenue)	10.9%	9.1%	182 bps
Earnings per Share	58.78	46.34	26.85%

2015-16 PKR In '000'

Profit and Appropriations

Profit After Tax	2,818,889
Un-appropriated profit brought forward – restated	159
Profit available for appropriation	2,819,048
Appropriations:	
Proposed Cash Dividend @ 300% i.e. PKR 30 per share (2015: @ 250% i.e. PKR 25 per share)	1,438,648
Transfer to General Reserve	1,380,000
Un-appropriated profit carried forward	400

Business Performance Highlights

Home care performed strongly despite intense competition from both organized and unorganized sectors. The year saw intense price wars forcing the Company to align its key brand pricing with competition. The Company re-launched two of its brands, Brite and Bonus Tristar, that powered the powder detergent category growth. The increased level of media advertising and execution of other integrated marketing communication components supported the re-launches.

Palmolive bar soap continued with the double digit volume growth this year. A new innovative variant “Flawless Clean” was launched along with a new thematic campaign supported by integrated marketing communication reaching consumers at relevant touch points. The variant with 100% natural charcoal powder as the differentiating proposition has supported the growth through incremental volume. Promotional packs along with improved variant availability in smaller strata towns have also contributed to this growth.

Colgate-Palmolive continued to lead the oral care market in Pakistan with strong performance in 2015-16. The success was driven by a sharp focus on business strategies and increased marketing investment.

Our flagship brand, Colgate Maximum Cavity Protection, rolled out a 360-degree campaign. The focus remained on creating awareness of oral hygiene, a much needed area in Pakistan. The campaign introduced the new news of “Lock in Calcium” to the consumers. With consumer engagement at the core, it was brought to life through multiple marketing touch points.

Colgate Sensitive added a new breakthrough product called Pro-Relief Enamel Repair and continued efforts to gain market share in the fast growing sensitivity segment.

Our toothbrush range led the category during the year. Extra Clean, Premier Clean and Classic Clean variants were re-launched. Moreover, a new toothbrush, Colgate Tri Tip was launched to strengthen our leadership through offering advanced solutions for dental care. With innovative tri-tip filaments, this unique toothbrush does 3X cleaning with less pressure.



Corporate Social Responsibility

Our globally successful oral health education program Bright Smiles, Bright Futures has spread oral hygiene awareness amongst millions of school-going children across urban and rural Pakistan. The program has educational components like animated video, teachers' training, classroom and take-home materials that not only ensure oral health education in the classroom but extends its practice at home, involving the whole family. These interactive awareness sessions on the importance of oral health and hygiene are conducted by our trained educators. Since the inception of this program, around 9 million children have benefitted from oral health education.

'My Bright Smile' Global Art Contest is an integral part of Colgate's Oral Health Education Program that recorded a successful 16th consecutive year of schools and children participation. This year the contest received an all-time high record participation with 110,000 artworks from 2,219 schools. Growing in popularity, the contest provides Pakistani children an opportunity to express and display their artistic abilities nationally and at an international level. In the process they also become more aware of good oral health practices through an interesting and engaging 'My Bright Smile' art contest theme.

In partnership with leading Dental Institutes and practitioners, the Company is committed to improve oral health in Pakistan. To pursue this ambition, the Company has 'Oral Health Month' as a regular event on its calendar. Facilities of free dental checkups, professional advice and oral health education to people from all walks of life are provided through this initiative. With the help of our professional partners, the program is organized in urban cities, smaller towns and rural areas. Specially designed mobile dental units manned by qualified dentists are increasing the reach of this public health program to people in small towns and rural areas with no access to dental care services.

The Company made donations amounting to PKR 18.8 million for health, education & social welfare projects.

Future Outlook

The Company expects benefits to be derived from the recent economic measures, reduced rate of inflation and improved security concerns in Pakistan by 2017. However, intense competition from existing players and new entrants in all categories remains the greatest challenge. To stand out of the competition, the Company will focus on assessing the needs of our consumers and bringing improved operational efficiencies and synergies through optimization of capital investments and increasing spend on advertising and promotion along with competitive pricing strategy.

The Company anticipates pressure on margins as a result of aggressive pricing strategy due to increased competition and appreciation of commodity prices. Strong concentration on growing our investment in distribution including a technologically aided urban and rural distribution system will serve to provide a competitive edge. Supporting its future growth ambitions, the Company has firm plans to enter consumer relevant, profitable new categories with differentiating propositions.

The Company stays committed to effective product mix management, optimization of our value chain through our funding-the-growth programs, investment in technology to improve its sales and distribution systems, better trade partnering with distributors and retailers. We believe that this will help to achieve the integral part of the Company's vision.

Financial & Corporate Reporting Framework

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

Following are the statements on Corporate and Financial Reporting Framework:

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

2015-16
Rs. in million

CPPL Staff Provident Fund	574.978
CPPL Staff Gratuity Fund	360.633

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

Directors Name	Attendance
Mr. Iqbal Ali Lakhani	3
Mr. Zulfiqar Ali Lakhani	4
Mr. Amin Mohammed Lakhani	3
Mr. Tasleemuddin Ahmed Batlay	4
Ms. Aliya Saeeda Khan	4
Ms. Lisa Mather - Nominee of CP – USA	4
Mr. Vinod Nambiar - Nominee of CP – USA (from 27 July 2015)	1
Mr. Mukul Deoras - Nominee of CP – USA (upto 27 July 2015)	-

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



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

Members Name	Attendance
Ms. Aliya Saeeda Khan	4
Mr. Iqbal Ali Lakhani	4
Mr. Amin Mohammed Lakhani	3
Mr. Tasleemuddin Ahmed Batlay	4

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

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

Auditors

The Auditors, Messrs A. F. Ferguson & Co., Chartered Accountants retire at the conclusion of the 38th Annual General Meeting. Being eligible, they have offered themselves for re-appointment and the Board's Audit Committee has also recommended their re-appointment which is endorsed by the Board.

Pattern of Shareholding

A statement showing pattern of shareholdings of the Company and additional information as at June 30, 2016 is included in the report.

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

Acknowledgement

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

On behalf of Board of Directors


IQBAL ALI LAKHANI
Chairman

Karachi: July 28, 2016

ڈائریکٹرز کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز بڑی مسرت کے ساتھ، سال مختتمہ 30 جون 2016 کے لیے کمپنی کی سالانہ رپورٹ مع آڈٹ شدہ فنانشل اسٹیٹمنٹس پیش کرتے ہیں۔

مالیاتی کارکردگی کی جھلکیاں

سال 2015-2016 کے لیے کمپنی نے 33.1 بلین پاکستانی روپے کا سبز ریونیو حاصل کیا ہے، جو سال 2014-2015 کے مقابلے میں 6.3 فیصد زیادہ ہے۔ کمپنی کا مجموعی منافع کا مارجن بڑھ کر 36.1 فیصد ہو گیا، جو 2014-15 کے مقابلے میں 21.3 فیصد زیادہ ہے۔ آئس کی قیمتوں میں کمی کی وجہ سے میٹریئل، یوٹیلیٹیز اور فریٹ کے اخراجات میں کمی آئی۔ اس سال ٹیکس کی کٹوتی کے بعد خالص منافع 2.82 بلین پاکستانی روپے تھا، جو کہ 2014-2015 کے مقابلے میں 26.9 فیصد زیادہ ہے۔ یہ اضافہ میڈیا پر بروقت خرچ، موثر پروموشنز اور پُرکشش برانڈ ایکٹیویشن کے باعث ہوا۔

اس سال سیلنگ اور ڈسٹری بیوٹن کے اخراجات میں 15.6 فیصد اضافہ ہوا، جس کی بڑی وجہ میڈیا اور پروموشنز کے اخراجات کا بڑھ جانا ہے۔ انتظامی اخراجات بھی فرسودگی اور ملازمین سے متعلق اخراجات میں اضافے کے باعث 21.4 فیصد بڑھ گئے۔

سال 2014-2015 کے مقابلے میں اس سال دیگر ذرائع سے آمدنی میں 15.2 فیصد اضافی ہوا، جس کی وجہ قلیل مدتی سرمایہ کاریوں سے حصول منافع ہے۔

فی حصص آمدنی (ای پی ایس) پچھلے سال کے مقابلے میں 26.9 فیصد بڑھ کر 58.78 پاکستانی روپے ہو گئی۔

مالیاتی صورتحال ایک نظر میں

مختصر مالیاتی جائزہ درج ذیل ملاحظہ کیجیے:

اضافہ (کمی)	2014-2015	2015-2016	کاروباری کارکردگی کے نتائج
	(روپے میں)	(روپے میں)	
6.29%	31,175	33,135	مجموعی آمدنی
6.20%	24,310	25,818	خالص آمدنی
21.30%	7,679	9,315	مجموعی منافع
450 bps	31.6%	36.1%	مجموعی منافع %
27.44%	3,295	4,199	آپریٹنگ منافع
26.87%	2,222	2,819	خالص منافع بعد از ٹیکس
182 bps	9.1%	10.9%	خالص منافع بعد از ٹیکس (خالص آمدنی کا فیصد)
26.85%	46.34	58.78	فی حصص آمدنی (ای پی ایس)



2015-2016
(روپے '000 میں)

2,818,889

159

2,819,048

1,438,648

1,380,000

400

منافع اور اسے مختص کرنا

خالص منافع بعد از ٹیکس

گذشتہ غیر مختص شدہ منافع (Brought Forward)

منافع جو مختص کرنے کے لیے دستیاب ہے

تخصیصات:

تجویز کردہ کیش ڈیویڈنڈ، %300 کے حساب سے یعنی 30 پاکستانی روپے فی حصص (2014-2015: %250)

جزل ریزرو میں ٹرانسفر

غیر مختص شدہ منافع (Carried Forward)

کاروباری کارکردگی کی جھلکیاں

منظوم اور غیر منظوم سیکٹرز کی جانب سے سخت ترین مسابقت کے باوجود گھریلو مصنوعات کے شعبے نے اچھی کارکردگی دکھائی۔ اس سال قیمتوں کی بنیاد پر سخت مقابلے کی وجہ سے کمپنی کو اپنے اہم برانڈز کی قیمتوں کا تعین مسابقت کے حساب سے کرنا پڑا۔ کمپنی نے اپنے دو برانڈز، برائٹ اور بونس دوبارہ لانچ کیے، جس کی وجہ سے پاؤڈر ڈزرنٹس کی بیگنگ کی مزید استحکام حاصل ہوا۔ برانڈز کی دوبارہ لانچ کے لیے میڈیا ایڈورٹائزنگ اور مارکیٹنگ کمیونیکیشن کے دیگر ذرائع کو بھرپور انداز میں استعمال کیا گیا۔

پامولو بار سوپ کے حجم میں اس سال بھی تسلسل کے ساتھ اضافہ دہرے ہندسوں تک جا پہنچا۔ پامولو کا ایک نیا اور جدید صابن "Flawless Clean" اپنی نئی تھیم، میک پیپن، اور مارکیٹنگ کمیونیکیشن کے دیگر ذرائع کے ساتھ لانچ کیا گیا تاکہ صارفین کو اس پروڈکٹ کی معلومات اور فائدوں سے آگاہ کیا جاسکے۔ اس صابن میں 100 فیصد قدرتی چارکول پاؤڈر کا ہونا اسے دوسرے صابنوں سے منفرد بناتا ہے، اور یہی بات اس کے حجم میں بتدریج اضافے کا سبب ہے۔ اس کے علاوہ چھوٹے ٹیبلٹوں اور شہروں میں اس کے پروموشنل پیکیجس کی دستیابی بھی اس اضافے کی وجہ بنی۔

کولگیٹ پامولو 2015-2016 میں پاکستان کی اورل کیئر مارکیٹ میں اپنی بہترین کارکردگی کے ساتھ سب سے آگے رہا۔ اس کامیابی کی وجہ کاروباری حکمت عملی پر پوری توجہ اور مارکیٹ میں سرمایہ کاری میں اضافہ ہے۔

ہمارے ایک اور صف اول کے برانڈ، "کولگیٹ میکسیم کیو بیٹی پروڈکشن" نے اپنی 360 ڈگری کمپین لانچ کی۔ اس کمپین کا مقصد دانتوں کی صحت و صفائی کے حوالے سے ملک میں آگاہی دینا تھا، جس کی پاکستان میں اشد ضرورت ہے۔ اس کمپین میں "Lock-In-Calcium" متعارف کرایا گیا، اور صارفین کی دلچسپی کو مد نظر رکھتے ہوئے مختلف مارکیٹنگ کے ذرائع سے اس کمپین کو لانچ کیا گیا۔

کولگیٹ سینسیو نے ایک انقلابی پروڈکٹ ”پرو بلیف انٹیمل ریپیئر“ کا اضافہ کیا ہے۔ مسلسل کاوشوں کے باعث، تیزی سے بڑھتی ہوئی حساس دانتوں سے متاثرہ ماریٹ میں اس پروڈکٹ کے ماریٹ شیئر میں اضافہ ہو رہا ہے۔

ہماری ٹوتھ برش ریٹج اس سال کیٹیگری میں صف اول پر رہی۔ ایکسٹرا کلین، پرییمیئر کلین اور کلاسک کلین ٹوتھ برشز کو دوبارہ لانچ کیا گیا۔ اس کے علاوہ ایک نیا ٹوتھ برش کولگیٹ ”ٹرائی ٹپ“ کو بھی لانچ کیا گیا، تاکہ دانتوں کی صحت و صفائی کے مسائل کے جدید حل دینے کی روایت قائم رہے اور اس کیٹیگری میں ہماری لیڈر شپ مزید مستحکم ہو۔ اپنے جدید ”ٹرائی ٹپ فلامنٹس“ کی بدولت، یہ منفرد ٹوتھ برش بہت کم زور لگا کر بھی 3 گنا زیادہ صفائی کرتا ہے۔

ادارے کی سماجی ذمہ داری

دانتوں کی صحت و صفائی کے ہمارے بین الاقوامی طور پر کامیاب پروگرام ”برائٹ اسمائلز، برائٹ فیوچرز“ نے پاکستان بھر میں شہری اور دیہی علاقوں کے اسکول جانے والے لاکھوں بچوں میں دانتوں کی صحت و صفائی کا شعور اجاگر کرنے میں اہم کردار ادا کیا ہے۔ اس پروگرام میں انیمیٹڈ ڈویڈیو اور ٹیچروں کی تربیت کے علاوہ کلاس روم اور گھر کے لیے بھی ایسا تربیتی میٹریئل شامل ہے جس کی بدولت دانتوں کی صحت و صفائی کی آگاہی صرف کلاس روم تک محدود نہیں رہی بلکہ عملی طور پر پورے خاندان تک پہنچی ہے۔ دانتوں کی صحت و صفائی کی آگاہی کے یہ تربیتی سیشنز باہمی تبادلہ خیال پر مشتمل ہوتے ہیں، جنہیں ہمارے تربیت یافتہ ایجوکیٹرز انجام دیتے ہیں۔ اس پروگرام کے آغاز سے اب تک 90 لاکھ بچے دانتوں کی صحت و صفائی کے حوالے سے آگاہی حاصل کر چکے ہیں۔

”مائی برائٹ اسمائل“ گلوبل آرٹ کوئیسٹ کولگیٹ کے ”اورل ہیلتھ ایجوکیشن پروگرام“ کا حصہ ہے جس میں گزشتہ 16 سال سے اسکول اور بچے بڑے جوش و خروش سے شامل ہو رہے ہیں۔ اس سال 12,219 اسکولوں سے 110,000 آرٹ ورکس وصول ہوئے، جو اس کوئیسٹ میں شمولیت کا اب تک کا سب سے بڑا ریکارڈ ہے۔ اس کوئیسٹ کی مقبولیت میں مسلسل اضافہ ہو رہا ہے، کیونکہ یہ ایک ایسا پلیٹ فارم ہے جو بچوں کو اپنی تخلیقی صلاحیتوں کے اظہار اور انہیں منوانے کے لیے قومی اور بین الاقوامی سطح پر موقع دیتا ہے۔ کوئیسٹ کے دوران بچے بڑے دلچسپ انداز میں ”مائی برائٹ اسمائل“ تھیم کے ذریعے دانتوں کی صحت و صفائی کی اچھی عادتیں بھی سیکھتے ہیں۔

صف اول کے ڈینٹل انسٹیٹیوٹس اور پریکٹیشنرز کی شراکت سے کمپنی پاکستان میں دانتوں کی صحت کو بہتر بنانے کے لیے پُر عزم ہے۔ اپنے اس مقصد کو پورا کرنے کے لیے کمپنی ہر سال ”اورل ہیلتھ منٹھ“ کا انعقاد کرتی ہے۔ اورل ہیلتھ منٹھ میں زندگی کے تمام شعبوں سے تعلق رکھنے والے لوگوں کو دانتوں کے مفت چیک اپس اور پیشہ ورانہ مشوروں کے ساتھ دانتوں کی صحت و صفائی کی مکمل آگاہی دی جاتی ہے۔ پیشہ ورانہ مہارت رکھنے والے اپنے پارٹنرز کے ساتھ اس پروگرام کو بڑے شہروں، چھوٹے قصبوں اور دیہی علاقوں میں منعقد کیا جاتا ہے۔ ایسے چھوٹے قصبوں اور دیہی علاقوں کے لیے جہاں دانتوں کے علاج کی سہولیات موجود نہیں ہیں، موبائل ڈینٹل یونٹس ڈیزائن کیے گئے ہیں جن میں موجود کو الیفا نیڈ ڈینٹسٹ وہاں کے لوگوں تک اس پبلک ہیلتھ پروگرام کی رسائی بڑھا رہے ہیں۔

کمپنی نے صحت، تعلیم اور سماجی بہبود کے پروجیکٹس کے لیے 18.8 ملین روپے بطور عطیہ دیے ہیں۔

مستقبل کا منظر نامہ

کمپنی حالیہ اقتصادی اقدامات، افراترکی کم شرح اور 2017 تک پاکستان میں امن وامان کی صورت حال میں بہتری کو اپنے لیے فائدہ مند ثابت ہونے کی توقع رکھتی ہے۔ تاہم تمام کیٹیگریز میں موجودہ اور نئے داخل ہونے والے حریفوں سے درپیش سخت مقابلہ بدستور سب سے بڑا چیلنج ہے۔ مقابلے میں سبقت حاصل کرنے کے لیے کمپنی اپنے صارفین کی ضروریات کو سمجھنے اور کیپیٹل انویسٹمنٹس سے زیادہ سے زیادہ استفادے اور مسابقتی قیمتوں کی حکمت عملی کے ساتھ ایڈوائسنگ اور پروموشن پر اخراجات میں اضافے کے ذریعے کاروباری استعداد میں بہتری اور ہم آہنگی لانے پر توجہ مرکوز کرے گی۔

کمپنی کو اس بات کا بخوبی اندازہ ہے کہ بڑھتی ہوئی مسابقت کی وجہ سے قیمتوں کی جارحانہ حکمت عملی اور ایشیائے صرف کی قیمتوں میں اضافے کے باعث منافع کی شرح پر دباؤ پڑ سکتا ہے۔ ڈسٹری بیوشن، بشمول ٹیکنالوجی کے حامل شہری اور دیہی ڈسٹری بیوشن سسٹم میں ہماری سرمایہ کاری بڑھانے پر پوری توجہ ہمیں مسابقتی برتری حاصل کرنے میں مددگار ہوگی۔ مستقبل میں ترقی کے اپنے عزم کے لیے کمپنی منفرد پیشکشوں کے ساتھ صارف سے متعلق، منافع بخش نئی کیٹیگریز میں اپنی جگہ بنانے کے ٹھوس منصوبے رکھتی ہے۔

کمپنی اپنے ”فڈنگ دی گروتھ پروگرامز“، سیلز اور ڈسٹری بیوشن سسٹمز میں بہتری کے لیے ٹیکنالوجی میں سرمایہ کاری اور ڈسٹری بیوٹرز اور ریٹیلرز کے ساتھ بہتر تجارتی شراکت کے ذریعے موثر پروڈکٹ مکس مینجمنٹ اور پروڈکٹ کی تیاری سے کسٹمر سروس تک ہر مرحلے کو بہتر بنانے (Value Chain Optimization) کے لیے پُر عزم ہے۔ ہم یقین رکھتے ہیں کہ اس سے کمپنی کے نصب العین کے حصول میں مدد ملے گی۔

فنانشل اور کارپوریٹ رپورٹنگ فریم ورک

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

فنانشل اور کارپوریٹ رپورٹنگ فریم ورک کی تفصیلات درج ذیل ہیں:

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے، اس کے معاملات، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
- کمپنی نے باضابطہ طور پر اکاؤنٹس کے کھاتوں کو برقرار رکھا ہے۔
- ان مالیاتی گوشواروں کی تیاری میں مخصوص اکاؤنٹنگ پالیسیوں کی پیروی کی گئی ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانش مندانہ رائے پر مبنی ہیں۔
- ان مالیاتی گوشواروں کی تیاری میں فنانشل رپورٹنگ کے بین الاقوامی معیاروں کی، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، پیروی کی گئی ہے۔
- انٹرنل کنٹرول کا نظام اپنے ڈیزائن کے اعتبار سے مستحکم ہے اور اس کا موثر اطلاق اور نگرانی کی جاتی ہے۔

- بطور ادارہ کمپنی کے کام جاری رکھنے کی اہلیت پر کوئی شک نہیں ہے۔
- متعین اصول و ضوابط میں تفصیلاً درج کارپوریٹ گورننس کے رہنما اصولوں سے انحراف نہیں کیا گیا ہے۔
- گذشتہ 6 سال کا اہم کاروباری اور مالیاتی ڈیٹا اس سالانہ رپورٹ سے منسلک ہے۔
- ٹیکسوں اور محصولات کے بارے میں معلومات نوٹس اور مالیاتی گوشواروں کا حصہ ہیں۔
- اسٹاف ریٹائرمنٹ فنڈز کی ان کے متعلقہ اکاؤنٹس پر مبنی سرمایہ کاری کی مالیت حسب ذیل ہے:

2015-16

ملین روپے میں

574.978

360.633

CPPL اسٹاف پروویڈنٹ فنڈ

CPPL اسٹاف گریجویٹ فنڈ

- اس سال کے دوران بورڈ کے چار (4) اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی طرف سے اجلاسوں میں شرکت کی تعداد درج ذیل ہے:

ڈائریکٹر کا نام	اجلاس میں شرکت
جناب اقبال علی لاکھانی	3
جناب ذوالفقار علی لاکھانی	4
جناب امین محمد لاکھانی	3
جناب تسلیم الدین احمد باٹلے	4
محترمہ عالیہ سعیدہ خان	4
محترمہ لیزا ماقتر۔ CP-USA کی نامزد کردہ	4
جناب ونو ونمبیار۔ CP-USA کے نامزد کردہ	4
(27 جولائی 2015 سے)	1
جناب مکمل دیوراس۔ CP-USA کے نامزد کردہ	-
(27 جولائی 2015 تک)	-

بعض بورڈ مینٹنگز میں شرکت نہ کر پانے والے ڈائریکٹرز کو غیر حاضری کی رخصت دے دی گئی۔

• اس سال کے دوران آڈٹ کمیٹی کے چار (4) اجلاس منعقد ہوئے۔ ہر ممبر کی طرف سے شرکت کی تعداد درج ذیل ہے:

ممبر کا نام	اجلاس میں شرکت
محترمہ عالیہ سعیدہ خان	4
جناب اقبال علی لاکھانی	4
جناب امین محمد لاکھانی	3
جناب تسلیم الدین احمد باٹلے	4

• اس سال کے دوران ہیومن ریسورس کمیٹی نے دو (2) اجلاس منعقد کیے۔ ہر ممبر کی شرکت کی تعداد درج ذیل ہے:

ممبر کا نام	اجلاس میں شرکت
جناب اقبال علی لاکھانی	2
جناب ذوالفقار علی لاکھانی	2
جناب امین محمد لاکھانی	1

آڈیٹرز

آڈیٹرز میسرز اے ایف فرگوسن اینڈ کو، چارٹرڈ اکاؤنٹنٹس 38 ویں سالانہ اجلاس عام کے اختتام پر ریٹائر ہو رہے ہیں۔ اہلیت کی بنیاد پر انہوں نے دوبارہ تقرری کے لیے خود کو پیش کیا ہے اور بورڈ کی آڈٹ کمیٹی نے بھی ان کی دوبارہ تقرری کی سفارش کی ہے، جس کی بورڈ نے توثیق کی ہے۔

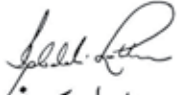
شیئر ہولڈنگ کی ترتیب

30 جون 2016 کے مطابق کمپنی کے شیئر ہولڈنگ کی ترتیب اور اضافی معلومات کی نشاندہی کرنے والی ایک اسٹیٹمنٹ رپورٹ میں شامل ہے۔ بورڈ نے CCG-2012 کی شق (I) xvi کے تحت کمپنی کے ایگزیکٹوز اور ملازمین کے لیے، جو سالانہ 1.5 ملین روپے یا زائد بنیادی تنخواہ وصول کر رہے ہیں، کمپنی کے شیئرز کی خرید و فروخت کے حوالے سے حتمی حد کا تعین کر رکھا ہے۔

اظہار تشکر

ہم اپنے برانڈز پر اعتماد کے لیے اپنے کسٹمرز کا شکریہ ادا کرنا چاہیں گے۔ ہم لگاتار سرپرستی کے لیے اپنے شیئر ہولڈرز، بینکرز اور سپلائرز کے تعاون اور کمپنی کے لیے خدمات پر اپنے ملازمین کا بھی شکریہ ادا کرنا چاہیں گے۔

بورڈ آف ڈائریکٹرز کی جانب سے

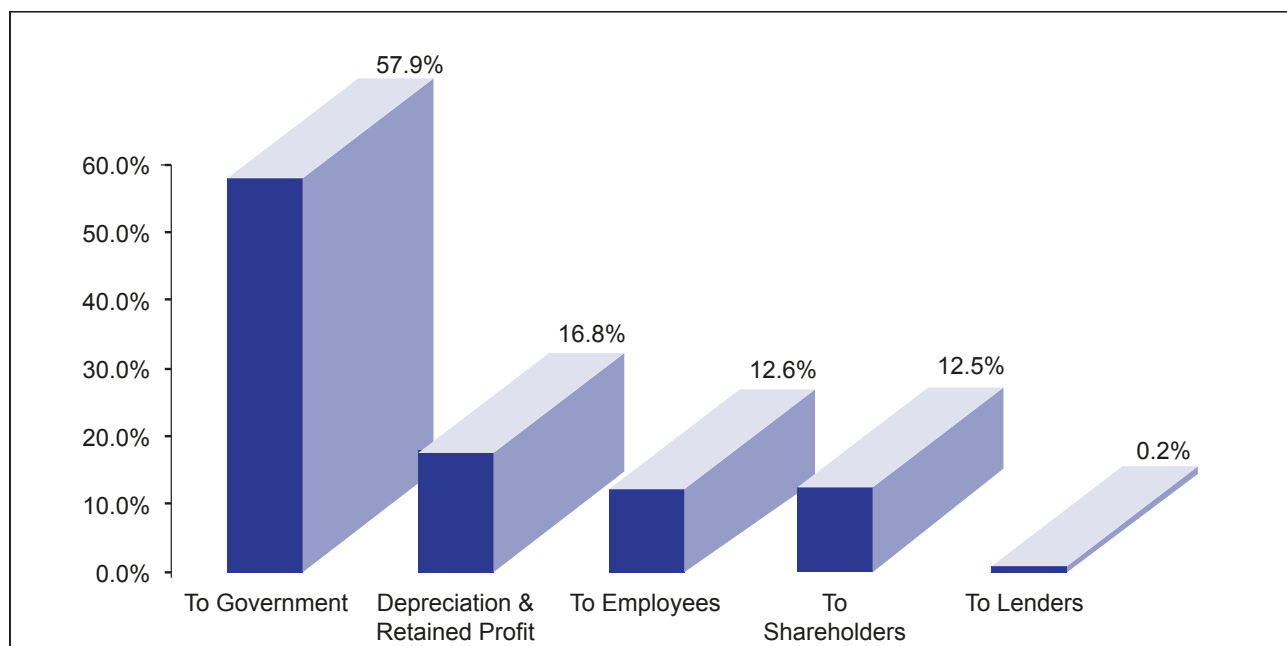

اقبال علی لاکھانی
چیئرمین

کراچی: 28 جولائی، 2016



Statement of Value Added

	Year ended June 30	
	2016	2015
(Rs in million)		
Wealth Generated		
Total revenue net of discount and allowances	31,514	29,635
Bought-in-material and services	20,045	19,620
	11,469	10,015
Wealth Distributed		
To Employees		
Salaries, benefits and other costs	1,448	1,242
To Government		
Income tax, sales tax	6,636	6,016
To Providers of Capital		
Dividend to shareholders	1,439	1,199
Mark up/interest expenses on borrowed funds	23	20
Retained for Reinvestment and Growth		
Depreciation and retained profits	1,923	1,538
	11,469	10,015



Statement of Compliance with the Code of Corporate Governance

For the year ended June 30, 2016

This statement is being presented to comply with the requirements of Rule Book of Pakistan Stock Exchange Limited, Chapter 5.19.23(b) of the Code of Corporate Governance where the Company is listed for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

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

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

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

2. The Directors have confirmed that none of them is serving as a Director in more than seven listed companies, including this Company.
3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a Banking company, a DFI or an NBFIs or being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurred on the Board on 27 July 2015 was filled up by the directors on the same day.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies alongwith the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive Director have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, alongwith agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. In accordance with the criteria specified on clause 5.19.7 of PSX Rules, majority of Directors of the Company are exempted from the requirement of Directors' training program.



10. The Board has approved appointment of CFO including their remuneration and terms and conditions of employment. Mr. Mansoor Ahmed was assigned the responsibilities of Company Secretary of Colgate-Palmolive (Pakistan) Limited in addition to his responsibilities in other Group Companies. Internal Audit function of the Company was outsourced with the approval of the Board. The Board has approved appointment of Head of Internal Audit and terms and conditions of his appointment.
11. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises four members of whom three are non-executive Directors and the Chairperson of the Committee is an independent Director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company. The Terms of Reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises of three members, of whom two are non-executive Directors and the Chairman of the Committee is a non-executive Director.
18. The Board has outsourced internal audit function of the Company to a firm of Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, 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 of the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
23. We confirm that all other material principles enshrined in the CCG have been complied with.

Zulfiqar Ali Lakhani
Chief Executive

Tasleemuddin Ahmed Batlay
Director

Karachi: July 28, 2016



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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors (the Board) of Colgate Palmolive (Pakistan) Limited (the Company) for the year ended June 30, 2016 to comply with the requirements of Rule 5.19 of the Rule Book of the Pakistan Stock Exchange where the Company is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2016.

Further, we highlight that the Code requires non-executive directors as members of Audit Committee, however, the Audit Committee of the Company comprises of four members, three of them are non-executive directors as reflected in paragraph 15 of the Statement of Compliance.

Karachi: July 28, 2016


A.F. FERGUSON & CO.
Chartered Accountants

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

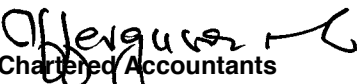
Auditors' Report to the Members

We have audited the annexed balance sheet of Colgate-Palmolive (Pakistan) Limited as at June 30, 2016 and the related profit and loss account, statement of changes in equity and cash flow statement together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion-
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of changes in equity and cash flow statement together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2016 and of the profit, its changes in equity and cash flows for the year then ended; and
- (d) in our opinion, zakat deductible at source under the Zakat and Ushr Ordinance, 1980 was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.


Chartered Accountants
Karachi, July 28, 2016

Audit Engagement Partner: Khurshid Hasan

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
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Balance Sheet

As at June 30, 2016

	Note	2016 (Rupees in '000)	2015
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	2,769,966	2,935,589
Intangible assets	5	6,091	7,552
Long term loans	6	30,675	19,585
Long term security deposits	7	17,887	14,267
		2,824,619	2,976,993
CURRENT ASSETS			
Stores and spares	8	158,257	152,238
Stock in trade	9	2,827,048	2,607,106
Trade debts	10	537,994	666,378
Loans and advances	11	208,587	164,821
Trade deposits and short term prepayments	12	110,647	32,960
Other receivables	13	15,986	18,101
Accrued profit		4,425	1,482
Taxation		461,116	886,001
Short term investments	14	5,436,147	3,101,198
Cash and bank balances	15	1,122,602	936,419
		10,882,809	8,566,704
TOTAL ASSETS		13,707,428	11,543,697
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital	16	750,000	750,000
Issued, subscribed and paid-up share capital	16	479,549	479,549
Reserves	17	10,260,504	8,640,488
Remeasurement of post retirement benefits obligation		(69,982)	(67,469)
Surplus on revaluation of investments		7,296	1,048
		10,677,367	9,053,616
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred taxation	18	265,940	348,076
Long term deposits	19	48,644	25,493
Deferred liability	20	2,683	37,088
		317,267	410,657
CURRENT LIABILITIES			
Trade and other payables	21	2,712,794	2,079,424
TOTAL LIABILITIES		3,030,061	2,490,081
TOTAL EQUITY AND LIABILITIES		13,707,428	11,543,697
CONTINGENCIES AND COMMITMENTS			
	23		

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



Zulfiqar Ali Lakhani
Chief Executive



Tasleemuddin Ahmed Batlay
Director



Profit and Loss Account

For the year ended June 30, 2016

	Note	2016	2015
(Rupees in '000)			
Turnover		33,135,291	31,174,591
Sales tax		(5,278,903)	(4,962,757)
Trade and other discounts		(2,038,419)	(1,901,672)
Net turnover		25,817,969	24,310,162
Cost of sales	24	(16,502,405)	(16,631,197)
Gross profit		9,315,564	7,678,965
Selling and distribution cost	25	(4,870,647)	(4,214,248)
Administrative expenses	26	(325,531)	(268,311)
Other expenses	27	(336,846)	(262,926)
Other income	28	416,927	361,719
Profit from operations		4,199,467	3,295,199
Finance cost and bank charges	29	(23,476)	(20,410)
Profit before taxation		4,175,991	3,274,789
Taxation	30	(1,357,102)	(1,052,621)
Profit after taxation		2,818,889	2,222,168
Other comprehensive income / (loss) for the year - net of tax			
Items that may be reclassified subsequently to profit and loss			
Surplus on investments categorised as 'available for sale'		240,573	168,929
Gain realised on disposal of short term investments		(233,187)	(254,307)
Impact of tax		(1,138)	10,672
Total items that may be reclassified subsequently to profit and loss		6,248	(74,706)
Item that will not be reclassified to profit and loss			
Remeasurement of post retirement benefits obligation		(3,696)	(35,591)
Impact of tax		1,183	11,745
Total items that will not be reclassified to profit and loss		(2,513)	(23,846)
		3,735	(98,552)
Total comprehensive income for the year		2,822,624	2,123,616

-----Rupees-----

Earnings per share - basic and dilutive	31	58.78	46.34
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The annexed notes 1 to 44 form an integral part of these financial statements.

Zulfiqar Ali Lakhani
Chief Executive

Tasleemuddin Ahmed Batlay
Director

Statement of Changes in Equity

For the year ended June 30, 2016

	Issued, subscribed and paid-up share capital	Reserves				Remeasurement on post retirement benefits obligation - net of tax	Surplus on revaluation of investments - net of tax	Total Equity
		Capital reserve - share premium	Revenue reserves		Sub total - reserves			
			General reserve	Unappropriated profit				
------(Rupees in '000)-----								
Balance as at July 1, 2014	479,549	13,456	5,525,000	1,695,098	7,233,554	(43,623)	75,754	7,745,234
Transactions with owners								
Final dividend for the year ended June 30, 2014 at the rate of Rs 17 per share	-	-	-	(815,234)	(815,234)	-	-	(815,234)
Total transactions with owners	-	-	-	(815,234)	(815,234)	-	-	(815,234)
Comprehensive income for the year								
Profit after taxation for the year ended June 30, 2015	-	-	-	2,222,168	2,222,168	-	-	2,222,168
Other comprehensive loss	-	-	-	-	-	(23,846)	(74,706)	(98,552)
Total comprehensive income for the year ended June 30, 2015	-	-	-	2,222,168	2,222,168	(23,846)	(74,706)	2,123,616
Transfer to general reserve	-	-	878,000	(878,000)	-	-	-	-
Balance as at June 30, 2015	479,549	13,456	6,403,000	2,224,032	8,640,488	(67,469)	1,048	9,053,616
Transactions with owners								
Final dividend for the year ended June 30, 2015 at the rate of Rs 25 per share	-	-	-	(1,198,873)	(1,198,873)	-	-	(1,198,873)
Total transactions with owners	-	-	-	(1,198,873)	(1,198,873)	-	-	(1,198,873)
Comprehensive income for the year								
Profit after taxation for the year ended June 30, 2016	-	-	-	2,818,889	2,818,889	-	-	2,818,889
Other comprehensive (loss) / income	-	-	-	-	-	(2,513)	6,248	3,735
Total comprehensive income for the year ended June 30, 2016	-	-	-	2,818,889	2,818,889	(2,513)	6,248	2,822,624
Transfer to general reserve	-	-	1,025,000	(1,025,000)	-	-	-	-
Balance as at June 30, 2016	479,549	13,456	7,428,000	2,819,048	10,260,504	(69,982)	7,296	10,677,367

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



Zulfiqar Ali Lakhani
Chief Executive



Tasleemuddin Ahmed Batlay
Director



Cash Flow Statement

For the year ended June 30, 2016

	Note	2016	2015
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	32	4,784,996	3,388,708
Finance cost paid		-	(3)
Taxes paid		(1,014,308)	(1,419,704)
Long term loans		(11,090)	(5,279)
Long term security deposits (assets)		(3,620)	320
Staff retirement gratuity paid		(59,956)	(39,129)
Long term deposits		23,151	4,261
Net cash generated from operating activities		3,719,173	1,929,174
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(399,972)	(318,149)
Purchase of intangible assets		(6,955)	(6,247)
Short term investments made during the year		(14,144,000)	(7,000,000)
Proceeds from sale of property, plant and equipment		63,001	24,501
Profit received on saving accounts		49,848	53,205
Profit received on Pakistan Investment Bonds		1,072	-
Profit received on term deposit receipt		9,955	1,401
Sale proceeds on disposal of short term investments		11,967,125	7,013,126
Net cash used in investing activities		(2,459,926)	(232,163)
CASH USED IN FINANCING ACTIVITIES			
Dividend paid		(1,197,439)	(814,548)
Net increase in cash and cash equivalents		61,808	882,463
Cash and cash equivalents at the beginning of the year		1,736,419	853,956
Cash and cash equivalents at the end of the year	33	1,798,227	1,736,419

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

Zulfiqar Ali Lakhani
Chief Executive

Tasleemuddin Ahmed Batlay
Director

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2016

1. THE COMPANY AND ITS OPERATIONS

Colgate-Palmolive (Pakistan) Limited (the Company) was initially incorporated in Pakistan on December 5, 1977 as a public limited company with the name of National Detergents Limited. The name of the Company was changed to Colgate-Palmolive (Pakistan) Limited on March 28, 1990 when the Company entered into a Participation Agreement with Colgate-Palmolive Company, USA. The Company is listed on the Karachi and Lahore Stock Exchanges, with effect from January 11, 2016 both stock exchanges merged into Pakistan Stock Exchange. The registered office of the Company is situated at Lakson Square, Building No. 2, Sarwar Shaheed Road, Karachi, Pakistan.

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

2. SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

2.1 Basis of preparation

2.1.1 Basis of measurement

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

2.1.2 Statement of compliance

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

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

2.1.3.1 Standards and amendments to approved accounting standards which became effective during the year ended June 30, 2016

2.1.3.2 There were certain new standards and amendments to the approved accounting standards which became effective during the year ended June 30, 2016 but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements except for IFRS 13 'Fair Value Measurement'. IFRS 13 consolidates the guidance on how to measure fair value, which was spread across various IFRSs, into one comprehensive standard. It introduces the use of an exit price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. The application of IFRS 13 does not have an impact on fair values except for disclosures which are included in note 38.1.4 to these financial statements.

2.1.4 Amendments to approved accounting standards that are effective for the Company's accounting periods beginning after July 1, 2016:

2.1.4.1 There are certain new amendments to the approved accounting standards that are mandatory for the Company's accounting periods beginning after July 1, 2016 but are considered not to be relevant or are not expected to have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.



2.2 Property, plant and equipment

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

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

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

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

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

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

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

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

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

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

2.2.2 Capital work in progress

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

2.3 Intangible assets

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

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

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

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

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

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

2.4 Stores and spares

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

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

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

2.5 Stock in trade

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

Stages of stock in trade	Basis of valuation
Raw and packing material	Moving average cost
Raw and packing material in bonded warehouse and in transit	Cost accumulated upto the balance sheet date
Work in process and finished goods	Cost of direct materials and appropriate portion of production overheads
Trading goods	Moving average cost

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

2.6 Trade debts and other receivables

Trade debts and other receivables are recognised and carried at original invoice amount less an estimated allowance made for doubtful receivables based on review of outstanding amounts at the year end. A provision for impairment of trade debts and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. Debts, considered irrecoverable, are written off, as and when identified.



2.7 Taxation

Current

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

Deferred

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

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

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

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

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

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

2.8 Cash and cash equivalents

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

2.9 Borrowing costs

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

2.10 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed periodically and adjusted to reflect the current best estimates.

2.11 Staff retirement benefits

Defined benefit plan

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

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

Defined contribution plan

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

Compensated absences

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

2.12 Revenue recognition

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

2.13 Foreign currency transactions

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

2.14 Dividend and other appropriations

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

2.15 Financial instruments

2.15.1 Financial assets

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



a) Financial assets at fair value through profit or loss

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

b) Loans and receivables

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

c) Held to maturity

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

d) Available for sale financial assets

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

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

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

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

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

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

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

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

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

2.15.2 Financial liabilities

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

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

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

2.15.3 Off-setting of financial assets and financial liabilities

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

2.16 Contingent liabilities

Contingent liability is disclosed when:

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

2.17 Contingent assets

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

2.18 Segment reporting

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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



- a) assumptions and estimates used in determining the recoverable amount, residual values and useful lives of property, plant and equipment (note 4);
- b) assumptions and estimates used in determining the useful lives and residual values of intangible assets (note 5);
- c) assumptions and estimates used in determining the provision for slow moving stores and spares (note 8);
- d) assumptions and estimates used in writing down items of stock in trade to their net realisable value (note 9);
- e) assumptions and estimates used in calculating the provision for impairment for trade debts (note 10);
- f) assumptions and estimates used in deriving fair value of short term investments (note 14);
- g) deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the assets may be utilised (note 18);
- h) assumptions and estimates used for valuation of present value of defined benefit obligation and fair value of plan assets (note 20);
- i) assumptions and estimates used in disclosure and assessment of provision for contingencies (note 23); and
- j) assumptions and estimates used in determining current income under relevant tax law and the decisions of appellate authorities on certain cases issued in the past (note 30).

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

4. PROPERTY, PLANT AND EQUIPMENT

	Note	2016 (Rupees in '000)	2015
Operating fixed assets	4.1	2,662,034	2,846,001
Capital work in progress	4.2	107,932	89,588
		<u>2,769,966</u>	<u>2,935,589</u>

4.1 Operating fixed assets

4.1.1 The following is a statement of operating fixed assets:

	Leasehold land	Factory building on leasehold land	Plant and machinery	Electric fittings and installation	Gas installation	Furniture and fixtures	Tools and equipment	Vehicles	Computers and accessories	Office equipment	Total
(Rupees in '000)											
At July 1, 2014											
Cost	89,850	726,090	3,127,704	182,092	154	99,116	273,430	383,512	122,127	72,203	5,076,278
Accumulated depreciation	-	(295,596)	(1,201,104)	(62,766)	(121)	(37,989)	(138,283)	(170,405)	(88,227)	(34,242)	(2,028,733)
Net book value	89,850	430,494	1,926,600	119,326	33	61,127	135,147	213,107	33,900	37,961	3,047,545
Year ended June 30, 2015											
Additions	-	3,208	72,573	8,661	-	1,856	13,648	83,866	26,820	13,173	223,805
Transfers from capital work in progress during the year (note 4.2.1)	-	4,746	87,246	1,121	-	904	27	9,338	122	943	104,447
Disposals (note 4.1.4)											
Cost	-	-	(7,167)	-	-	-	-	(35,126)	(3,133)	(1,663)	(47,089)
Depreciation	-	-	5,746	-	-	-	-	23,189	2,970	1,210	33,115
Net book value	-	-	(1,421)	-	-	-	-	(11,937)	(163)	(453)	(13,974)
Write offs (note 4.1.3)											
Cost	-	-	(325)	-	-	(45)	(494)	-	(2,206)	(612)	(3,682)
Depreciation	-	-	245	-	-	17	394	-	2,206	507	3,369
Net book value	-	-	(80)	-	-	(28)	(100)	-	-	(105)	(313)
Depreciation charge for the year (note 4.1.5)	-	(67,875)	(297,025)	(19,454)	(7)	(14,123)	(36,949)	(44,750)	(24,668)	(10,658)	(515,509)
Net book value as at June 30, 2015	89,850	370,573	1,787,893	109,654	26	49,736	111,773	249,624	36,011	40,861	2,846,001
Year ended June 30, 2016											
Additions	-	2,939	61,718	2,116	-	1,601	14,916	55,343	25,396	14,724	178,753
Transfers from capital work in progress during the year (note 4.2.1)	-	16,616	177,759	5,568	-	970	1,637	-	-	325	202,875
Disposals (note 4.1.4)											
Cost	-	-	-	-	-	-	(595)	(62,995)	(4,356)	(921)	(68,867)
Depreciation	-	-	-	-	-	-	491	39,965	4,209	647	45,312
Net book value	-	-	-	-	-	-	(104)	(23,030)	(147)	(274)	(23,555)
Write offs (note 4.1.3)											
Cost	-	-	-	-	-	(707)	-	-	(9,429)	(1,282)	(11,418)
Depreciation	-	-	-	-	-	323	-	-	9,263	1,104	10,690
Net book value	-	-	-	-	-	(384)	-	-	(166)	(178)	(728)
Depreciation charge for the year (note 4.1.5)	-	(69,075)	(309,797)	(20,497)	(7)	(14,428)	(40,446)	(49,488)	(24,228)	(13,346)	(541,312)
Net book value as at June 30, 2016	89,850	321,053	1,717,573	96,841	19	37,495	87,776	232,449	36,866	42,112	2,662,034
At June 30, 2015											
Cost	89,850	734,044	3,280,031	191,874	154	101,831	286,611	441,590	143,730	84,044	5,353,759
Accumulated depreciation	-	(363,471)	(1,492,138)	(82,220)	(128)	(52,095)	(174,838)	(191,966)	(107,719)	(43,183)	(2,507,758)
Net book value	89,850	370,573	1,787,893	109,654	26	49,736	111,773	249,624	36,011	40,861	2,846,001
Annual rates of depreciation (%) 2015	-	10	10	10	10	15	15	20	33	15	
At June 30, 2016											
Cost	89,850	753,599	3,519,508	199,558	154	103,695	302,569	433,938	155,341	96,890	5,655,102
Accumulated depreciation	-	(432,546)	(1,801,935)	(102,717)	(135)	(66,200)	(214,793)	(201,489)	(118,475)	(54,778)	(2,993,068)
Net book value	89,850	321,053	1,717,573	96,841	19	37,495	87,776	232,449	36,866	42,112	2,662,034
Annual rates of depreciation (%) 2016	-	10	10	10	10	15	15	20	33	15	



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

	2016	2015
	(Rupees in '000)	
Industrial Packages (Private) Limited	7,132	7,132
Rollins Industries (Private) Limited	18,609	18,609
Techno Plast	8,503	9,388
Naveed Company	113	113
Afeef Packages (Private) Limited	1,348	1,348
Transpak Corporation Limited	1,675	1,675
	<u>37,380</u>	<u>38,265</u>

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

4.1.3 During the year, the Company has identified certain items of operating fixed assets from which further economic benefits are no longer being derived. Therefore, assets having cost of Rs 11.418 million (2015: Rs 3.862 million) and net book value of Rs 0.728 million (2015: Rs 0.313 million) have been retired from active use and have been written off in these financial statements.

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

Particulars	Mode of disposal	Cost	Accumulated depreciation	Net book value	Sale proceeds / receivable from insurance company	Gain / (loss)	Particulars of purchasers
----- (Rupees in '000) -----							
Vehicles	Maturity of Company's maintained car scheme	1,839	1,471	368	875	507	Taimur Asif Butt Employee of the Company
	--do--	1,209	967	242	578	336	Shaharyar Bin Ejaz Employee of the Company
	--do--	567	267	300	271	(29)	Asif Iqbal Employee of the Company
	--do--	732	353	379	344	(35)	Hassan Imam Employee of the Company
	--do--	796	399	397	402	5	Zainab Kaleem Employee of the Company
	--do--	1,330	975	355	788	433	Waheedulla Khan Ex-Employee of the Company
	--do--	574	334	240	247	7	Muhammad Azeem Employee of the Company
	--do--	742	341	401	401	-	Kamran Ghaffar Ex-Employee of the Company
	--do--	1,300	874	426	426	-	Usman Ali Employee of the Company
	--do--	883	607	276	317	41	Zubairuddin Khan Employee of the Company
	--do--	964	655	309	525	216	Abdul Karim Employee of the Company
	--do--	500	298	202	202	-	Arif Kamran Employee of the Company
	--do--	1,302	370	932	1,175	243	Kashan Waseem Ex-Employee of the Company
	--do--	540	432	108	230	122	Mudassar Hussan Employee of the Company
	--do--	589	455	134	255	121	Shahzad Qamar Employee of the Company
	--do--	521	350	171	171	-	Pir Abdul Nasir Employee of the Company
	--do--	1,583	545	1,038	1,300	262	Jamil Anwer Ex-Employee of the Company
	--do--	1,049	364	685	750	65	Naseem Ayaz Ex-Employee of the Company
	--do--	1,010	500	510	510	-	Syed Ejaz Ali Employee of the Company
	Bid	603	482	121	530	409	Muhammad Taimur Dyer Karachi
	--do--	976	781	195	715	520	Salman Soomro Karachi



Particulars	Mode of disposal	Cost	Accumulated depreciation	Net book value	Sale proceeds / receivable from insurance company	Gain / (loss)	Particulars of purchasers
	--do--	683	77	606	650	44	Rollins Industries (Pvt) Ltd Kotri
	--do--	3,111	2,217	894	2,130	1,236	Aly Diamond Pirani Karachi
	--do--	3,040	2,021	1,019	2,290	1,271	Murtaza Ali Virani Karachi
	--do--	974	779	195	580	385	Zahid Ali Karachi
	--do--	16,998	13,372	3,626	23,845	20,219	Transpak Enterprises Karachi
	--do--	2,923	2,100	823	3,250	2,427	Al-Shakoor Traders Jaranwala
	--do--	355	284	71	305	234	Haji Shafiq Khan Karachi
	--do--	425	344	81	300	219	Fayyaz Ahmed Khan Karachi
	--do--	2,278	1,754	524	2,025	1,501	Noor Khan Karachi
	Bid	2,073	1,658	415	1,775	1,360	Saleem Khan Karachi
	--do--	855	502	353	1,425	1,072	Ghazanfar Ali Employee of the Company
	--do--	119	60	59	1,150	1,091	Babu Khan Employee of the Company
	--do--	810	655	155	475	320	Noman Feroz Karachi
	--do--	1,039	263	776	875	99	Shahnawaz Fazal Karachi
	Insurance Claim	5,913	623	5,290	5,811	521	Century Insurance Co Ltd Karachi
Computer and accessories	Insurance Claim	115	42	73	96	23	Century Insurance Co Ltd Karachi
Office and electrical equipment	Negotiation	810	598	212	368	156	S.A. Engineering Karachi
Tools and equipment	--do--	595	491	104	111	7	Master Technologies Karachi
Others Items having net book value of less than Rs 50,000 each	Various	6,142	5,652	490	4,528	4,038	Various
2016		68,867	45,312	23,555	63,001	39,446	
2015		47,089	33,115	13,974	24,501	10,527	

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

	Note	2016 (Rupees in '000)	2015
Cost of sales	24.1	469,748	448,826
Selling and distribution costs	25	46,444	42,634
Administrative expenses	26	25,120	24,049
		<u>541,312</u>	<u>515,509</u>

4.2 Capital work in progress

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

	Factory building on leasehold land	Plant and machinery	Electric fittings and installation	Other assets	Total
	----- (Rupees in '000) -----				
Balance as at July 1, 2014	9,724	84,427	354	5,186	99,691
Capital expenditure incurred during the year (note 4.2.2)	23,302	53,871	5,101	12,070	94,344
Transfers to operating fixed assets (note 4.1.1)	(4,746)	(87,246)	(1,121)	(11,334)	(104,447)
Balance as at June 30, 2015	<u>28,280</u>	<u>51,052</u>	<u>4,334</u>	<u>5,922</u>	<u>89,588</u>
Capital expenditure incurred during the year (note 4.2.2)	69,801	137,922	6,033	7,463	221,219
Transfers to operating fixed assets (note 4.1.1)	(16,616)	(177,759)	(5,568)	(2,932)	(202,875)
Balance as at June 30, 2016	<u>81,465</u>	<u>11,215</u>	<u>4,799</u>	<u>10,453</u>	<u>107,932</u>

4.2.2 This includes items in transit aggregating Rs 12.14 million (2015: Rs 5.491 million).



5. INTANGIBLE ASSETS

	Note	Goodwill and trade mark	Computer software	Total
----- (Rupees in '000) -----				
At July 1, 2014				
Cost		43,500	67,587	111,087
Accumulated amortisation		(43,500)	(62,777)	(106,277)
Net book value		-	4,810	4,810
Year ended June 30, 2015				
Additions		-	6,247	6,247
Amortisation for the year	5.3	-	(3,505)	(3,505)
Net book value as at June 30, 2015		-	7,552	7,552
Year ended June 30, 2016				
Additions		-	6,955	6,955
Amortisation for the year	5.3	-	(8,416)	(8,416)
Net book value as at June 30, 2016		-	6,091	6,091
At June 30, 2015				
Cost		43,500	73,834	117,334
Accumulated amortisation		(43,500)	(66,282)	(109,782)
Net book value		-	7,552	7,552
At June 30, 2016				
Cost		43,500	80,789	124,289
Accumulated amortisation		(43,500)	(74,698)	(118,198)
Net book value		-	6,091	6,091

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

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

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

	Note	2016	2015
(Rupees in '000)			
Cost of sales	24.1	1,137	530
Selling and distribution costs	25	5,208	921
Administrative expenses	26	2,071	2,054
		<u>8,416</u>	<u>3,505</u>

6. LONG TERM LOANS

	Note	2016	2015
(Rupees in '000)			
Considered good			
- due from executives	6.1 & 6.2	16,106	13,116
- due from other employees	6.2	31,200	18,787
		<u>47,306</u>	<u>31,903</u>
Recoverable within one year	11	(16,631)	(12,318)
		<u>30,675</u>	<u>19,585</u>
6.1 Reconciliation of carrying amount of loans to executives:			
Opening balance as at July 1, 2015 / 2014		13,116	6,489
Disbursements		11,374	12,549
Repayments		(8,384)	(5,922)
Closing balance as at June 30		<u>16,106</u>	<u>13,116</u>

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

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

7. LONG TERM SECURITY DEPOSITS

Long term security deposits	<u>17,887</u>	<u>14,267</u>
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7.1 This includes Rs 5.783 million (2015: Rs 5.783 million) representing amount deposited with Water and Power Development Authority (WAPDA) for enhancement in electricity load for detergent unit at Kotri.

7.2 This includes a Term Deposit Receipt (TDR) amounting to Rs 1.7 million (2015: Rs 1.7 million) issued by a banking company. This TDR has been provided as a security (lien) to a banking company for issuance of guarantee in favour of Sui Southern Gas Company Limited. The TDR carries profit at the rate of 7.07% (2015: 7.07%) per annum and shall mature on September 1, 2016 at which time the management intends to rollover the TDR.

7.3 This includes an amount of Rs 16.187 million (2015: Rs 12.567 million) which do not carry any markup arrangement.

8. STORES AND SPARES

Stores		48,160	44,493
Spares	8.1	110,097	107,745
	24.1.3	<u>158,257</u>	<u>152,238</u>

8.1 This includes spares in transit amounting to Rs 1.991 million (2015: Rs 0.637 million).



9. STOCK IN TRADE

	Note	2016	2015
(Rupees in '000)			
Raw materials			
- in hand		652,813	936,526
- in bonded warehouse		64,239	143,214
- in transit		849,218	414,067
	24.1.1	<u>1,566,270</u>	<u>1,493,807</u>
Packing materials			
- in hand		259,857	241,240
- in transit		2,731	27,424
- with third parties		1,854	1,717
	24.1.2	<u>264,442</u>	<u>270,381</u>
Work in process	24.1	261,086	196,392
Finished goods			
- in hand		539,283	499,497
- in transit		1,053	938
	24	<u>540,336</u>	<u>500,435</u>
Trading goods			
- in hand		180,727	143,141
- in transit		14,187	2,950
	24	<u>194,914</u>	<u>146,091</u>
		<u>2,827,048</u>	<u>2,607,106</u>

10. TRADE DEBTS

Considered good			
- due from related parties	10.1	3,086	4,054
- others		534,908	662,324
		<u>537,994</u>	<u>666,378</u>
Considered doubtful			
- others		30,968	30,968
		<u>568,962</u>	<u>697,346</u>
Less: Provision for impairment	10.4	30,968	30,968
		<u>537,994</u>	<u>666,378</u>

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

Merit Packaging Limited	136	113
Tetley Clover (Private) Limited	2,058	3,330
Hasanali and Gulbanoo Lakhani Foundation	4	-
SIZA (Private) Limited	13	5
Television Media Network (Private) Limited	841	567
Cyber Internet Services (Private) Limited	26	34
SIZA Foods (Private) Limited	3	3
SIZA Services (Private) Limited	5	2
	<u>3,086</u>	<u>4,054</u>

10.2 The maximum aggregate amount of receivable due from related parties at the end of any month during the year was Rs 4.236 million (2015: Rs 4.129 million).

- 10.3 As at June 30, 2016, trade receivables of Rs 132.359 million (2015: Rs 138.67 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2016 (Rupees in '000)	2015 (Rupees in '000)
Upto 1 month	53,816	73,387
1 to 6 months	8,976	9,382
More than 6 months	69,567	55,901
	<u>132,359</u>	<u>138,670</u>

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

	upto 1 month	1 to 6 months	More than 6 months	As at June 30, 2016	As at June 30, 2015
------(Rupees in '000)-----					
Merit Packaging Limited	-	12	124	136	113
Television Media Network (Private) Limited	7	135	699	841	567
Tetley Clover (Private) Limited	-	-	2,058	2,058	3,330
Hasanali and Gulbanoo Lakhani Foundation	-	4	-	4	-
SIZA (Private) Limited	2	2	9	13	5
Cyber Internet Services (Private) Limited	-	-	26	26	34
SIZA Foods (Private) Limited	-	-	3	3	3
SIZA Services (Private) Limited	5	-	-	5	2
	<u>14</u>	<u>153</u>	<u>2,919</u>	<u>3,086</u>	<u>4,054</u>

- 10.4 As at June 30, 2016, trade receivables of Rs 30.968 million (2015: Rs 30.968 million) were impaired and provided for. The ageing of these receivables is as follows:

	Note	2016 (Rupees in '000)	2015 (Rupees in '000)
Five years and over		<u>30,968</u>	<u>30,968</u>

11. LOANS AND ADVANCES

Considered good

Current portion of long term loans

- due from executives

- due from other employees

5,299	4,464
<u>11,332</u>	<u>7,854</u>
6	12,318

Advances

- to employees

- to contractors and suppliers

11.1 & 11.3

11.2 & 11.3

12,831	12,317
<u>179,125</u>	<u>140,186</u>
<u>208,587</u>	<u>164,821</u>

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

- 11.2 Advances include the following amounts due from following related parties:

Princeton Travels (Private) Limited

Television Media Network (Private) Limited

-	261
-	<u>25,235</u>
<u>-</u>	<u>25,496</u>

- 11.3 The advances provided to employees, contractors and suppliers are interest free.



12. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2016 (Rupees in '000)	2015
Security deposits	12.1	20,485	11,955
Prepayments		90,162	21,005
		<u>110,647</u>	<u>32,960</u>

12.1 These security deposits are interest free.

13. OTHER RECEIVABLES

Receivable from related parties	13.1	288	2,674
Sales tax claimable		6,222	6,187
Special excise duties claimable		8,720	8,720
Insurance claims receivable from New Jubilee			
General Insurance		747	502
Others		9	18
		<u>15,986</u>	<u>18,101</u>

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

Tetley Clover (Private) Limited	-	2,674
Century Insurance Company Limited	288	-
	<u>288</u>	<u>2,674</u>

14. SHORT TERM INVESTMENTS

Investments - Loans and receivables (term deposits)	14.1	-	800,000
Investments - Held to maturity	14.2	1,925,262	-
Investments - Available for sale	14.3	3,510,885	2,301,198
		<u>5,436,147</u>	<u>3,101,198</u>

14.1 The range of rates of profits on these term deposits is between 7.15% and 7.50% per annum (2015: 7.30% per annum) matured in January 2016.

14.2	Name of the investment instrument / issuer	Maturity	Effective interest rate	As at July 1, 2015	Purchase during the year	Redemption during the year	As at June 30, 2016	Amortised cost as at June 30, 2016
	----- Number of units in '000 -----						-----Rs in '000-----	
	Treasury bills (T-Bills) Government of Pakistan	Between January 2016 and January 2017	Between 5.92% and 6.18%	-	50,500	(30,890)	19,610	1,925,262

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

14.3	Name of the investees	As at July 1, 2015	Purchases during the year	Bonus units	Sales / Redemptions during the year	As at June 30, 2016	Average cost as at June 30, 2016	Fair value as at June 30, 2016	Unrealised gain as at June 30, 2016
		----- Number of units '000-----				----- Rupees in '000 -----			
	Lakson Money Market Fund (associated undertaking)	7,990	15,862	-	(11,859)	11,993	1,200,000	1,200,863	863
	Lakson Income Fund (associated undertaking)	7,935	18,859	163	(23,002)	3,955	400,000	400,000	-
	UBL Government Securities Fund	-	17,255	155	(12,657)	4,753	500,000	501,425	1,425
	Atlas Money Market Fund	1,390	1,398	-	(1,390)	1,398	700,000	700,293	293
	Atlas Income Fund	-	2,615	-	(2,615)	-	-	-	-
	ABL Government Securities Fund	-	184,528	1,545	(136,269)	49,804	500,000	500,159	159
	Pakistan Investment Bonds (PIBs)	-	-	-	-	-	202,301	208,145	5,844
		17,315	240,517	1,863	(187,792)	71,903	3,502,301	3,510,885	8,584

15. CASH AND BANK BALANCES

	Note	2016 (Rupees in '000)	2015
With banks in current / saving accounts			
- Local currency			
- Current accounts	15.1	548,166	325,833
- Saving accounts	15.2	521,662	557,496
		1,069,828	883,329
Cheques in hand		52,185	52,177
Cash in hand		589	913
		1,122,602	936,419

15.1 This includes an amount of Rs 7.399 million placed under an arrangement permissible under Shariah.

15.2 The range of rates of profit on these saving accounts is between 4% and 6% (2015: 5% and 7.07%) per annum.



16. SHARE CAPITAL

16.1 Authorised share capital

2016	2015		2016	2015
Number of shares			(Rupees in '000)	
75,000,000	75,000,000	Ordinary shares of Rs 10 each	750,000	750,000

16.2 Issued, subscribed and paid-up share capital

2016	2015		2016	2015
Number of shares			(Rupees in '000)	
5,882,353	5,882,353	Ordinary shares of Rs 10 each fully paid in cash	58,824	58,824
42,072,576	42,072,576	Ordinary shares of Rs 10 each issued as fully paid bonus shares	420,725	420,725
47,954,929	47,954,929		479,549	479,549

17. RESERVES

	2016	2015
	(Rupees in '000)	
Capital reserve		
- Share premium reserve	13,456	13,456
Revenue reserve		
- General reserve	7,428,000	6,403,000
- Unappropriated profit	2,819,048	2,224,032
	10,247,048	8,627,032
	10,260,504	8,640,488

18. DEFERRED TAXATION

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

Taxable temporary difference

Accelerated tax depreciation allowance	296,431	378,165
Intangibles	-	624
Short term investments	1,288	150
	297,719	378,939

Deductible temporary difference

Provision for compensated absences	(9,253)	(8,934)
Intangibles	(609)	-
Provision for impairment of trade debts	(9,109)	(9,121)
Deferred liabilities	(12,808)	(12,808)
	(31,779)	(30,863)
	265,940	348,076

18.1 The movement in temporary differences is as follows:

	Balance as at July 1, 2014	Recognised in profit and loss account	Recognised in other comprehensive income	Balance as at June 30, 2015	Recognised in profit and loss account	Recognised in other comprehensive income	Balance as at June 30, 2016
------(Rupees in '000)-----							
Deferred tax debits:							
Accelerated tax							
depreciation allowance	474,916	(96,751)	-	378,165	(81,734)	-	296,431
Intangibles	-	624	-	624	(1,233)	-	(609)
Short term investments	(3,392)	14,214	(10,672)	150	-	1,138	1,288
	<u>471,524</u>	<u>(81,913)</u>	<u>(10,672)</u>	<u>378,939</u>	<u>(82,967)</u>	<u>1,138</u>	<u>297,110</u>
Deferred tax credits:							
Provision for							
compensated absences	(8,594)	(340)	-	(8,934)	(319)	-	(9,253)
Provision for impairment							
of trade debts	(10,645)	1,524	-	(9,121)	12	-	(9,109)
Deferred liabilities	(13,046)	238	-	(12,808)	-	-	(12,808)
	<u>439,239</u>	<u>(80,491)</u>	<u>(10,672)</u>	<u>348,076</u>	<u>(83,274)</u>	<u>1,138</u>	<u>265,940</u>

19. LONG TERM DEPOSITS

	Note	2016	2015
(Rupees in '000)			
Deposits obtained from:			
- Distributors		46,139	22,988
- Transporters		500	500
- Others		2,005	2,005
		<u>48,644</u>	<u>25,493</u>

19.1 These deposits are interest free and are not refundable during the subsistence of relationship with the Company.

20. DEFERRED LIABILITY

Defined benefit plan (staff retirement gratuity)			
- funded	20.4	<u>2,683</u>	<u>37,088</u>

20.1 As stated in note 2.11, the Company operates a defined benefit plan i.e. an approved funded gratuity scheme for all its permanent employees subject to attainment of retirement age and minimum service of prescribed period. Actuarial valuation of the scheme is carried out every year and the latest actuarial valuation was carried out as at June 30, 2016. The disclosures made in notes 20.2 to 20.15 are based on the information included in that actuarial report.

20.2 The actuarial valuation of gratuity plan was carried out as at June 30, 2016. The projected unit credit method using the following significant assumptions was used for this valuation:

	2016	2015
Percentage		
- Discount rate - per annum compound	7.25	9.75
- Expected rate of increase in salaries - per annum		
For next year	13.00	14.00
For subsequent years	6.25	8.75



20.3 Mortality rate

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

20.4 Balance sheet reconciliation

	Note	2016 (Rupees in '000)	2015
Present value of defined benefit obligation	20.5	363,316	311,132
Fair value of plan assets	20.6	(360,633)	(274,044)
Net liability in the balance sheet		<u>2,683</u>	<u>37,088</u>

20.5 Movement in defined benefit obligation

Present value of defined benefit obligation as at July 1, 2015 / 2014		311,132	249,445
Current service cost		21,161	18,090
Interest cost		29,515	32,547
Remeasurement on obligation		18,346	18,655
Benefits paid		(16,838)	(7,605)
Present value as at June 30		<u>363,316</u>	<u>311,132</u>

20.6 Movement in fair value of plan assets

Fair value as at July 1, 2015 / 2014		274,044	227,256
Expected return on plan assets		28,821	32,200
Remeasurement on fair value of plan assets		14,650	(16,936)
Contributions made during the year to the fund		59,956	39,129
Benefits paid		(16,838)	(7,605)
Fair value as at June 30		<u>360,633</u>	<u>274,044</u>

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

Balance of net liability as at July 1, 2015 / 2014		37,088	22,189
Charge for the year	20.9	21,855	18,437
Contributions made during the year to the fund		(59,956)	(39,129)
Net remeasurement for the year		3,696	35,591
Balance of net liability as at June 30		<u>2,683</u>	<u>37,088</u>

20.8 Amounts charged to profit and loss account:

Current service cost		21,161	18,090
Net Interest cost		694	347
Expenses		<u>21,855</u>	<u>18,437</u>

20.9 Charge for the year has been allocated as under:

Cost of sales	24.1	11,538	9,348
Selling and distribution costs	25	5,492	5,041
Administrative expenses	26	4,825	4,048
		<u>21,855</u>	<u>18,437</u>

2016 2015
(Rupees in '000)

20.10 Actual return on plan assets

Expected return on plan assets	28,821	32,200
Remeasurement on fair value of plan assets	14,650	(16,936)
Actual return on plan assets	<u>43,471</u>	<u>15,264</u>

20.11 Plan assets comprise of the following:

	2016		2015	
	(Rs in '000)	Percentage	(Rs in '000)	Percentage
Shares and units of mutual funds	90,095	24.98	35,526	12.96
Debt instruments	262,131	72.69	237,808	86.78
Cash at Banks	8,407	2.33	710	0.26
	<u>360,633</u>	<u>100.00</u>	<u>274,044</u>	<u>100.00</u>

20.12 Expected contribution to defined benefit plan for the year ending June 30, 2016 is Rs 23.157 million (2015: Rs 22.869 million).

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

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
	(Rupees in '000)		
Discount rate	1%	(29,655)	34,530
Salary growth rate	1%	34,340	(30,020)

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

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

21. TRADE AND OTHER PAYABLES

	Note	2016	2015
		(Rupees in '000)	
Trade creditors	21.1	632,767	517,478
Accrued liabilities	21.2	1,050,920	872,908
Bills payable		414,075	215,479
Advances from distributors		58,598	43,184
Sales tax payable		54,391	27,068
Royalty payable to an associated undertaking		152,147	125,429
Workers' profits participation fund	21.3	224,560	175,827
Workers' welfare fund		86,246	66,814
Retention money payable		3,831	3,173
Unclaimed dividend		6,084	4,650
Others	21.4	29,175	27,414
		<u>2,712,794</u>	<u>2,079,424</u>



21.1 This includes Rs 119.93 million (2015: Rs 35.485 million) payable to related parties.

21.2 This includes Rs 17.042 million (2015: Rs 32.301 million) payable to related parties.

21.3 Workers' profits participation fund

	Note	2016	2015
(Rupees in '000)			
Balance at the beginning of the year		175,827	132,071
Allocation for the year	27	224,560	175,827
		400,387	307,898
Less: Payments during the year		175,827	132,071
Balance at the end of the year		224,560	175,827

21.4 This includes Rs 0.755 million (2015: Rs 1.004 million) payable to related parties.

22. SHORT TERM RUNNING FINANCES

22.1 The Company has arranged short-term borrowing facilities from various banks on mark-up basis to the extent of Rs 1,240 million (2015: Rs 1,040 million), which can be interchangeably utilised as running finance facilities or import credit facilities. These facilities expired during the year and were renewed subsequently. The renewed facilities are available for various periods upto March 31, 2017. The arrangements are secured by a joint hypothecation of stocks, stores and spares, trade debts, other current assets and second charge on immovable assets of the Company.

22.2 The mark-up on short term running facilities ranges between 7.10% and 8.00% (2015: 7.83% and 9.74%) per annum.

22.3 The facilities for opening letters of credit and guarantees as at June 30, 2016 aggregated Rs 4,600 million and Rs 100 million (2015: Rs 3,800 million and Rs 80 million) respectively of which the amounts remaining unutilised at the year end were Rs 4,232.735 million and Rs 62.016 million (2015: Rs 3,388.844 million and Rs 47.069 million) respectively.

23. CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

23.1.1 Certain cases have been filed against the Company by some employees claiming Rs 3.248 million (2015: Rs 0.784 million) in aggregate. Provision has not been made in these financial statements for the said amount as the management of the Company, based on the advice of its legal counsel handling the subject cases, is of the opinion that matters shall be decided in the Company's favour.

23.1.2 Post dated cheques have been issued to custom authorities as a security in respect of duties and taxes amounting to Rs 19.758 million (2015: Rs 188.456 million) payable at the time of exbonding of imported goods. Further, the custom authorities has withheld cheques which became due during the year amounting to Rs 134.420 million on account of claim in relation to custom duty, sales tax and income tax made by custom authorities as mentioned in note 23.1.3 below.

- 23.1.3 During the current year, the Company received a letter dated December 21, 2015 from the Directorate of Input Output Co-Efficient Organisation, Federal Board of Revenue stating that the conditions for claiming the exemption on import of a raw material during the year ended June 30, 2015 under SRO 565(1) / 2006 (SRO) were not fulfilled and sought an explanation from the Company as to why Custom Duty of Rs 560.964 million, Sales Tax of Rs 93.971 million and Income Tax of Rs 8.237 million remitted under SRO may not be recovered from the Company. Further, the Company has filed a constitutional petition No. D - 3134 of 2016 in the High Court of Sindh dated May 28, 2016 and has obtained a stay order dated May 31, 2016 to restrain the custom authorities from taking any coercive action against the Company. The management of the Company, based on its discussion with tax and legal consultants, is confident that its submissions shall be accepted and no demand will be raised against the Company.
- 23.1.4 During the year 2011, the Gas Infrastructure Development Cess (GIDC) was levied at Rs 13 per unit of gas consumption through the Gas Infrastructure Development Cess Act, 2011 (the Act) . The rate was increased to Rs 100 per unit w.e.f. July 2012 whereas subsequently it was reduced to Rs 50 per unit through a notification dated September 7, 2012. The High Court of Sindh through its order dated September 19, 2012, however, has restrained Sui Southern Gas Company Limited (SSGCL), being the company required to charge and collect the cess, from charging cess over and above Rs 13 per unit from the Company. In case of a separate petition on June 13, 2013, the GIDC Act was declared unconstitutional by the Peshawar High Court (PHC) and such judgment was also upheld by the Supreme Court on August 22, 2014.

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

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

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

- 23.1.5 Contingent liabilities in respect of indemnities given to financial institutions for guarantees issued by them on behalf of the Company in the normal course of business aggregate Rs 37.948 million (2015: Rs 32.931 million).

23.2 Commitments

- 23.2.1 Commitments in respect of capital expenditure and inventory items amount to Rs 56.536 million and Rs 547.060 million respectively (2015: Rs 4.826 million and Rs 359.828 million respectively).
- 23.2.2 Outstanding letters of credit amount to Rs 240.406 million (2015: Rs 350.492 million).
- 23.2.3 Outstanding duties leviable on clearing of stocks amount to Rs 10.576 million (2015: Rs 10.849 million).



24. COST OF SALES

	Note	2016	2015
(Rupees in '000)			
Opening stock of finished goods (including trading goods)		646,526	657,033
Cost of goods manufactured	24.1	13,755,443	13,629,411
Purchases of trading goods		2,835,686	2,991,279
		<u>17,237,655</u>	<u>17,277,723</u>
Less: Closing stock of finished goods (including trading goods)	9	735,250	646,526
		<u>16,502,405</u>	<u>16,631,197</u>
24.1 Cost of goods manufactured			
Opening stock of work in process		196,392	360,531
Raw materials consumed	24.1.1 & 24.1.4	8,818,744	8,821,060
Packing materials consumed	24.1.2 & 24.1.4	2,961,066	2,778,634
Stores and spares consumed	24.1.3	67,941	59,552
Salaries, wages and other benefits		782,417	649,907
Staff retirement gratuity	20.9	11,538	9,348
Provident fund		12,457	11,170
Power and fuel		349,423	348,312
Repairs and maintenance		34,216	27,333
Rent, rates and taxes		13,202	11,547
Insurance		43,762	41,724
Laboratory expenses		6,471	5,374
Cartage		188,403	202,939
Depreciation	4.1.5	469,748	448,826
Amortisation	5.3	1,137	530
Other manufacturing expenses		59,612	49,016
		<u>14,016,529</u>	<u>13,825,803</u>
Less: Closing stock of work in process	9	261,086	196,392
		<u>13,755,443</u>	<u>13,629,411</u>
24.1.1 Raw materials consumed			
Opening stock		1,493,807	1,225,299
Purchases		8,891,207	9,089,568
		<u>10,385,014</u>	<u>10,314,867</u>
Less: Closing stock	9	1,566,270	1,493,807
		<u>8,818,744</u>	<u>8,821,060</u>
24.1.2 Packing materials consumed			
Opening stock		270,381	230,383
Purchases		2,955,127	2,818,632
		<u>3,225,508</u>	<u>3,049,015</u>
Less: Closing stock	9	264,442	270,381
		<u>2,961,066</u>	<u>2,778,634</u>

	Note	2016 (Rupees in '000)	2015
24.1.3 Stores and spares consumed			
Opening stock		152,238	125,720
Purchases		73,960	86,070
		<u>226,198</u>	<u>211,790</u>
Less: Closing stock	8	158,257	152,238
		<u>67,941</u>	<u>59,552</u>

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

Raw materials	11,642	24,522
Packing materials	9,672	1,798
Finished goods	6,904	1,014
Stores and spares	2,079	3,389
	<u>30,297</u>	<u>30,723</u>

25. SELLING AND DISTRIBUTION COST

Salaries, wages and other benefits		440,332	404,965
Staff retirement gratuity	20.9	5,492	5,041
Provident fund		13,569	12,283
Travelling and conveyance		48,586	48,930
Repairs and maintenance		6,061	7,776
Vehicle running expenses		100,100	127,913
Advertising and sales promotion		3,154,921	2,543,226
Royalty on sale of licensed products		125,037	114,324
Postage, telephone and internet charges		16,306	16,515
Rent, rates and taxes		88,806	80,067
Printing and stationery		5,052	5,507
Subscription and membership		773	1,311
Legal and professional		798	979
Freight		733,767	727,292
Electricity		11,884	12,378
Insurance		40,145	36,160
Security service charges		8,639	6,635
Depreciation	4.1.5	46,444	42,634
Amortisation	5.3	5,208	921
Other expenses		12,836	17,688
		<u>4,864,756</u>	<u>4,212,545</u>
Charge from related parties		5,891	1,703
		<u>4,870,647</u>	<u>4,214,248</u>



26. ADMINISTRATIVE EXPENSES

	Note	2016	2015
		(Rupees in '000)	
Salaries, wages and other benefits		171,148	140,397
Staff retirement gratuity	20.9	4,825	4,048
Provident fund		6,743	5,652
Travelling and conveyance		11,018	6,828
Repairs and maintenance		21,551	17,901
Vehicle running expenses		10,983	11,038
Postage, telephone and internet charges		9,097	6,176
Rent, rates and taxes		9,876	6,380
Printing and stationery		3,842	3,568
Subscription and membership		14,798	6,300
Legal and professional		3,568	3,572
Electricity		5,616	5,317
Insurance		10,053	9,155
Security service charges		5,814	4,899
Depreciation	4.1.5	25,120	24,049
Amortisation	5.3	2,071	2,054
Others		1,267	800
		<u>317,390</u>	<u>258,134</u>
Charge from related parties		8,141	10,177
		<u>325,531</u>	<u>268,311</u>

27. OTHER EXPENSES

Workers' profits participation fund	21.3	224,560	175,827
Workers' welfare fund	27.1	86,246	65,922
Auditors' remuneration	27.2	2,116	2,119
Property, plant and equipment - written off	4.1.1	728	313
Donations	27.3	18,835	18,745
Advances to employees written off		74	-
Others		4,287	-
		<u>336,846</u>	<u>262,926</u>

27.1 Workers' welfare fund			
Charge for the year		86,246	66,814
Prior year		-	(892)
		<u>86,246</u>	<u>65,922</u>

27.2 Auditors' remuneration			
Audit fee		943	873
Fee for half yearly review		410	380
Tax and others		312	418
		<u>1,665</u>	<u>1,671</u>
Out of pocket expenses		451	448
		<u>2,116</u>	<u>2,119</u>

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

Name of director	Interest in donee	Name and address of donee	Note	2016 (Rupees in '000)	2015
Mr. Iqbal Ali Lakhani	(See note 1 below)	Special Olympics Pakistan, 205, Sunset Tower, Sunset Boulevard, DHA, Phase-II, Karachi		-	25
Note 1: Spouse of Mr. Iqbal Ali Lakhani is the Program Chief Executive of the donee organisation.					
Mr. Zulfiqar Ali Lakhani, Mr. Amin Mohammed Lakhani and Mr. Iqbal Ali Lakhani	(See note 2 below)	Hasanali and Gulbanoo Lakhani Foundation		18,000	18,000

Note 2: The above mentioned directors are trustees of Hasanali and Gulbanoo Lakhani Foundation

28. OTHER INCOME

Income from financial assets					
Profit on saving accounts	28.1	48,593		54,499	
Profit on treasury bills		22,283		-	
Profit on a term deposit receipt		9,955		1,401	
Profit on PIBs		5,270		-	
Net exchange gain	28.2	161		2,262	
Gain on disposal of short term investments		252,780		254,307	
Liabilities no longer payable written back		-		52	
Others		138		36	
		339,180		312,557	
Income from non-financial assets					
Insurance commission		17,631		22,634	
Gain on disposal of items of property, plant and equipment	4.1.4	39,446		10,527	
Sale of scrap		20,670		16,001	
		77,747		49,162	
		416,927		361,719	

28.1 This profit is earned from bank accounts under mark up arrangements.

28.2 The net exchange gain comprises of income from fluctuations in foreign currency related to foreign currency balances.

28.3 Profit and / or gain on disposal of short term investments are earned from Shariah non-compliant arrangements.



29. FINANCE COST AND BANK CHARGES

	2016	2015
	(Rupees in '000)	
Markup on short term borrowings	-	3
Guarantee commission	547	527
Bank commission and other charges	22,929	19,880
	<u>23,476</u>	<u>20,410</u>

30. TAXATION

	2016	2015
	(Rupees in '000)	
Current		
- for the year	1,442,866	1,136,969
- for prior years	(2,490)	(3,857)
	<u>1,440,376</u>	<u>1,133,112</u>
Deferred tax	(83,274)	(80,491)
	<u>1,357,102</u>	<u>1,052,621</u>

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

	2016	2015
	Percentage	
Applicable tax rate	32.00	33.00
Tax effect of income assessed under final tax regime	(1.29)	(1.08)
Tax effect of change in statutory tax rate for next years	(0.44)	(1.93)
Tax credits	(0.82)	(0.79)
Tax effect due to impact of super tax	3.11	3.06
	<u>32.56</u>	<u>32.26</u>
Tax effect of income tax provision relating to prior years	(0.06)	(0.12)
	<u>32.50</u>	<u>32.14</u>

30.2 The Board of Directors in their meeting held on July 28, 2016 has proposed sufficient cash dividend for the year ended June 30, 2016 (refer note 34). Accordingly, no provision for tax on undistributed reserves under section 5A of the Income Tax Ordinance, 2001 has been recognised in these financial statements for the year ended June 30, 2016.

31. EARNINGS PER SHARE

	2016	2015
	(Rupees in '000)	
Profit after taxation	<u>2,818,889</u>	<u>2,222,168</u>
	(Number of shares)	
Weighted average number of ordinary shares outstanding during the year	<u>47,954,929</u>	<u>47,954,929</u>
	(Rupees)	
Earnings per share	<u>58.78</u>	<u>46.34</u>

31.1 There are no dilutive potential ordinary shares outstanding as at June 30, 2016 and 2015.

32. CASH GENERATED FROM OPERATIONS

	Note	2016	2015
		(Rupees in '000)	
Profit before taxation		4,175,991	3,274,789
Adjustment for non-cash charges and other items:			
Depreciation expense		541,312	515,509
Amortisation expense		8,416	3,505
Gain on disposal of items of property, plant and equipment		(39,446)	(10,527)
Staff retirement gratuity		21,855	18,437
Profit on saving accounts		(48,593)	(54,499)
Profit on a term deposit receipt		(9,955)	(1,401)
Profit on treasury bills		(22,283)	-
Profit on PIBs		(5,270)	-
Gain on disposal of short term investments		(252,780)	(254,307)
Finance cost		-	3
Liabilities no longer payable written back		-	(52)
Stocks in trade written off		28,218	27,334
Advances to employees written off		74	-
Stores and spares written off		2,079	3,389
Property, plant and equipment written off		728	313
Working capital changes	32.1	<u>384,650</u>	<u>(133,785)</u>
		<u>4,784,996</u>	<u>3,388,708</u>



	Note	2016	2015
		(Rupees in '000)	
32.1 Working capital changes			
(Increase) / decrease in current assets:			
Stores and spares		(8,098)	(29,907)
Stock in trade		(248,160)	(161,194)
Trade debts		128,384	(13,375)
Loans and advances		(43,840)	(41,923)
Trade deposits and short term prepayments		(77,687)	6,167
Other receivables		2,115	7,648
		<u>(247,286)</u>	<u>(232,584)</u>
Increase in current liabilities:			
Trade and other payables		631,936	98,799
		<u>384,650</u>	<u>(133,785)</u>
33. CASH AND CASH EQUIVALENTS			
Cash and bank balances	15	1,122,602	936,419
Short term investments - Term Deposit Receipts (TDRs)	14	-	800,000
Short term investments - Held to maturity	14	675,625	-
		<u>1,798,227</u>	<u>1,736,419</u>

34. PROPOSED DIVIDEND

The Board of Directors in their meeting held on July 28, 2016 has proposed a cash dividend of Rs 30 per share (2015: Rs 25 per share) for the year ended June 30, 2016, amounting to Rs 1,438.648 million (2015: Rs 1,198.873 million) and transfer of unappropriated profit to general reserve amounting to Rs 1,380 million (2015: Rs 1,025 million) subject to the approval of members at the annual general meeting. The effect of such dividend and transfer shall be accounted for in the financial statement for the year ending June 30, 2017.

35. RELATED PARTY DISCLOSURES

35.1 Disclosure of transactions between the Company and related parties

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

Nature of transactions	Relationship with the Company	2016 (Rupees in '000)	2015 (Rupees in '000)
Sale of goods, services provided and reimbursement of expenses	Associates	5,822	32,077
Purchase of goods, services received and reimbursement of expenses	Associates	1,661,029	1,580,684
Rent, allied and other charges	Associates	32,969	26,853
Purchase of short term investments	Associate	3,600,000	3,700,000
Sale proceeds on redemption of short term investments	Associate	3,488,972	3,250,000
Profit on short term investments	Associate	111,028	159,706
Royalty charges	Associate	125,037	114,324
Sale of property, plant and equipment	Associate	-	39
Purchase of property, plant and equipment	Associates	6,251	3,171
Expense in relation to staff retirement gratuity fund	Employees fund	21,855	18,437
Expense in relation to provident fund	Employees fund	32,769	29,105
Donations	Associate	18,000	18,025
Compensation paid to key management personnel	Key management personnel	See note 36.1	
Insurance claims received	Associate	7,396	18,626
Insurance commission income	Associate	17,631	22,634
Dividend paid	Associates	1,054,371	716,973

35.2 The related party status of outstanding balances as at June 30, 2016 are included in trade debts (note 10), loans and advances (note 11), other receivables (note 13), investments (note 14) and trade and other payables (note 21). These are to be settled in the ordinary course of business. The receivables and payables are primarily unsecured in nature and bear no interest.



36. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

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

	Chief Executive		Director		Executives	
	2016	2015	2016	2015	2016	2015
	------(Rupees in '000)-----					
Managerial remuneration	8,190	6,930	2,419	3,205	243,621	200,972
Bonus / commission	-	-	557	518	67,225	39,873
Staff retirement gratuity	-	-	561	811	3,005	3,651
Provident fund	-	-	102	289	20,514	16,708
Housing	3,510	2,970	1,089	1,442	109,693	90,506
Utilities	1,627	1,384	-	-	-	-
Motor vehicles	658	960	238	330	17,211	31,594
Others	-	-	251	270	37,018	17,998
	<u>13,985</u>	<u>12,244</u>	<u>5,217</u>	<u>6,865</u>	<u>498,287</u>	<u>401,302</u>
Number of persons	1	1	1	1	207	175

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

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

36.4 No remuneration is paid to any other director.

37. FINANCIAL INSTRUMENTS BY CATEGORY

	2016	2015
	(Rupees in '000)	
FINANCIAL ASSETS		
Loans and receivables at amortised cost		
Long term loans	30,675	19,585
Long term security deposits	17,887	14,267
Trade debts	537,994	666,378
Loans	16,631	12,318
Trade deposits	20,485	11,955
Other receivables	1,044	3,194
Accrued profit	4,425	1,482
Short term investments	-	800,000
Cash and bank balances	1,122,602	936,419
	<u>1,751,743</u>	<u>2,465,598</u>
Held to maturity		
Short term investments	1,925,262	-
Available for sale		
Short term investments	3,510,885	2,301,198
	<u>7,187,890</u>	<u>4,766,796</u>
FINANCIAL LIABILITIES		
Financial liabilities at amortised cost		
Long term deposits	48,644	25,493
Trade and other payables	2,288,999	1,766,531
	<u>2,337,643</u>	<u>1,792,024</u>

38. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

38.1.1 Credit risk and concentration of credit risk

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

Out of the total financial assets of Rs 7,187.89 million (2015: Rs 4,766.796 million), the financial assets that are subject to credit risk aggregated to Rs 5,053.894 million (2015: Rs 4,765.883 million).

The analysis below summarises the credit quality of the Company's financial assets as at June 30, 2016 / 2015.

The bank balances along with credit ratings are tabulated below:

Credit ratings	2016 (Rupees in '000)	2015 (Rupees in '000)
A-1+	1,121,409	881,005
Others	604	55,414
	<u>1,122,013</u>	<u>936,419</u>

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

Credit ratings	2016 (Rupees in '000)	2015 (Rupees in '000)
A-1+	500,159	800,000
A+(f)	-	800,471
AA(f)	-	1,500,727
	<u>500,159</u>	<u>3,101,198</u>
Management Quality ratings		
AM2	1,201,718	-
AM2-	1,600,863	-
	<u>3,302,740</u>	<u>3,101,198</u>

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

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

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

Due from customers other than related parties	2016 (Rupees in '000)	2015 (Rupees in '000)
Institutional customers	472,400	480,792
Distributors	70,803	195,736
Others	22,673	16,764
	<u>565,876</u>	<u>693,292</u>



Out of Rs 565.876 million (2015: Rs 693.292 million), the Company has provided Rs 30.968 million (2015: Rs 30.968 million) as the amounts being doubtful to be recovered from certain customers.

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

	2016	2015
	(Rupees in '000)	
Trade debts	3,086	4,054
Other receivables	288	2,674
	3,374	6,728

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

38.1.2 Liquidity risk

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

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

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

	Non-interest / mark-up bearing		
	Maturity within one year	Maturity after one year	Total
	June 30, 2016		
	----- (Rupees in '000) -----		
Financial liabilities			
Long term deposits	-	48,644	48,644
Trade and other payables	2,288,999	-	2,288,999
	2,288,999	48,644	2,337,643
	June 30, 2015		
	----- (Rupees in '000) -----		
Financial liabilities			
Long term deposits	-	25,493	25,493
Trade and other payables	1,766,531	-	1,766,531
	1,766,531	25,493	1,792,024

38.1.3 Market Risk

Currency Risk

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

At June 30, 2016, had Pakistani rupees weakened / strengthened by 5% against the USD and Euro with all other variables held constant, profit before taxation for the year would have been lower / higher by Rs 20.704 million (2015: Rs 10.774 million). This will mainly result due to foreign exchange gains / losses on translation of USD and Euro denominated bills payables.

Interest rate risk

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

- Fair value risk - Presently, fair value risk to the Company arises from TDRs, T-Bills, PIBs and cash with banks in saving accounts which are based on fixed interest rates. As at June 30, 2016, had there been increase / decrease in fixed interest rates by 100 basis points, with all other variables held constant, the profit before tax for the year would have been higher / lower by Rs 20.773 million (2015: Rs 13.575 million)
- Future cash flow risk - Presently, the Company is not exposed to future cash flow risk.

Other price risk

Other price risk is the risk of changes in the fair value of investment in mutual funds as the result of changes in the levels of net asset value of units held by the Company. As at June 30, 2016, had there been increase / decrease in net asset value by 1%, with all other variables held constant, the profit before tax for the year would have been higher / lower by Rs 33.027 million (2015: Rs 23.012 million).

38.1.4 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

As at June 30, 2016, all financial assets and financial liabilities are carried at amortised cost except for investment in mutual funds and PIBs which are carried at their fair values.

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the

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

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

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

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



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

The valuation techniques used are as follows:

Level 1: Quoted prices (unadjusted) in active markets

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

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

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

The following table analysis within the fair value hierarchy of the Company's financial assets (by class) measured at fair value at June 30, 2016:

Financial assets	2016			Total
	Level 1	Level 2	Level 3	
	-----Rupees-----			
Financial investments: Available for sale	3,302,740	208,145	-	3,510,885
	-----Rupees-----			
Financial assets	2015			Total
	Level 1	Level 2	Level 3	
	-----Rupees-----			
Financial investments: Available for sale	2,301,198	-	-	2,301,198

39. CAPITAL RISK MANAGEMENT

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

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

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

As at June 30, 2016 and 2015, the Company had surplus reserves to meet its requirements.

40. ENTITY-WIDE INFORMATION

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

40.2 Information about products

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

	2016	2015
Personal Care	23%	22%
Home Care	74%	74%
Others	3%	4%
	<u>100%</u>	<u>100%</u>

40.3 Information about geographical areas

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

40.4 Information about major customers

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

41. PLANT CAPACITY AND ACTUAL PRODUCTION

	2016 (Quantities in tons)	2015
Capacity	<u>236,900</u>	<u>233,900</u>
Production	<u>172,669</u>	<u>155,346</u>

Actual production was sufficient to meet the demand.

42. PROVIDENT FUND RELATED DISCLOSURES

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

	2016 (Rupees in '000)	2015
Size of the fund - Total assets	<u>574,978</u>	<u>510,635</u>
Cost of investments made	<u>525,935</u>	<u>466,491</u>
Percentage of investments made	<u>98%</u>	<u>100%</u>
Fair value of investments	<u>564,954</u>	<u>510,635</u>



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

	2016		2015	
	(Rs in '000)	----%----	(Rs in '000)	----%----
Shares in listed companies	27,451	4.77%	23,179	4.54%
Bank balances	10,023	1.74%	1,859	0.36%
Government securities	349,108	60.72%	145,384	28.47%
Debt securities	14,002	2.44%	257,260	50.38%
Mutual funds	174,394	30.33%	82,953	16.25%
	<u>574,978</u>	<u>100.00%</u>	<u>510,635</u>	<u>100.00%</u>

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

43. NUMBER OF EMPLOYEES

The total and average number of employees during the year and as at June 30, 2016 and 2015 respectively are as follows:

	2016	2015
	No of employees	
Average number of employees during the year	698	723
Number of employees as at June 30	692	711

44. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on July 28, 2016 by the board of directors of the Company.

Zulfiqar Ali Lakhani
Chief Executive

Tasleemuddin Ahmed Batlay
Director

Pattern of Shareholding

Held by the shareholders as at June 30, 2016

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

No. of Shareholders	Shareholdings			Total Shares Held
	From	To		
441	1	100	Shares	10,447
159	101	500	Shares	44,354
69	501	1,000	Shares	53,564
90	1,001	5,000	Shares	185,889
13	5,001	10,000	Shares	81,097
1	10,001	15,000	Shares	11,360
5	15,001	20,000	Shares	87,450
1	20,001	25,000	Shares	24,442
1	40,001	45,000	Shares	42,782
1	65,001	70,000	Shares	65,546
2	160,001	165,000	Shares	325,689
1	1,470,001	1,475,000	Shares	1,471,562
1	2,320,001	2,325,000	Shares	2,322,291
1	2,540,001	2,545,000	Shares	2,542,808
1	5,840,001	5,845,000	Shares	5,841,299
1	8,330,001	8,335,000	Shares	8,334,616
1	12,120,001	12,125,000	Shares	12,123,267
1	14,385,001	14,390,000	Shares	14,386,466
790	Total			47,954,929

Categories of Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer, and their spouses and minor children	2,338,893	4.88
Associated Companies, undertakings and related parties	27,795,811	57.96
NIT and ICP	201	-
Banks, Development Financial Institutions, Non Banking Financial Institutions, Insurance Companies	2,287	0.01
Modarabas and Mutual Funds	1,016	-
Shareholders holding 10%	40,685,648	84.84
General Public		
a. Local	833,892	1.74
b. Foreign	-	-
Others	16,982,829	35.41

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



Zulfiqar Ali Lakhani
Chief Executive



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

i) ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES	SHARES HELD
1. SIZA (Pvt) Limited	8,334,616
2. SIZA Services (Pvt) Limited	12,123,267
3. SIZA Commodities (Pvt) Limited	1,471,562
4. Premier Fashions (Pvt) Limited	5,841,299
5. Century Insurance Company Limited	17,639
6. Sultan Ali Lakhani	337
7. Shaista Sultan Ali Lakhani	536
8. Babar Ali Lakhani	2,880
9. Bilal Ali Lakhani	944
10. Danish Ali Lakhani	1,662
11. Anushka Zulfiqar Lakhani	436
12. Anika Amin Lakhani	633
ii) MUTUAL FUND	
CDC – Trustee AKD Index Tracker Fund	1,016
iii) DIRECTORS AND THEIR SPOUSES AND MINOR CHILDREN	
1. Iqbal Ali Lakhani Chairman/Director	2,327,687
2. Zulfiqar Ali Lakhani Director/Chief Executive	1,565
3. Amin Mohammed Lakhani Director	5,260
4. Tasleemuddin Ahmed Batlay Director	1,956
5. Aliya Saeeda Khan Director	1,000
6. Lisa Mather Nominee of Colgate-Palmolive Company, USA	-
7. Vinod Nambiar Nominee of Colgate-Palmolive Company, USA	-
8. Ronak Iqbal Lakhani W/o. Iqbal Ali Lakhani	498
9. Fatima Lakhani W/o. Zulfiqar Ali Lakhani	310
10. Saira Amin Lakhani W/o. Amin Mohammed Lakhani	617
iv) EXECUTIVES	3,095
v) PUBLIC SECTOR COMPANIES AND CORPORATIONS	NIL
vi) BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE COMPANIES, INSURANCE COMPANIES, TAKAFUL, MODARABAS AND PENSION FUNDS AND: [Other than those reported at i (5)]	2,488
vii) SHAREHOLDERS HOLDING 5% OR MORE	
Colgate-Palmolive Co., USA.	14,386,466
Arisaig India Fund Limited, Hongkong	2,542,808
[Other than those reported at i(1), i(2) & i(4)]	
viii) INDIVIDUALS AND OTHER THAN THOSE MENTIONED ABOVE	884,352
	47,954,929

Operating and Financial Highlights

BALANCE SHEET

2015- 2016 2014- 2015 2013- 2014 2012- 2013 2011- 2012 2010-2011
 -----(Rupees in '000)-----

Property, plant and equipment	2,769,966	2,935,589	3,147,236	3,185,014	2,863,125	2,680,784
Intangible assets	6,091	7,552	4,810	4,987	6,341	18,775
Long term loans and security deposits	48,562	33,852	28,893	27,146	20,164	22,709
	2,824,619	2,976,993	3,180,939	3,217,147	2,889,630	2,722,268
Current assets	10,882,809	8,566,704	7,026,946	5,986,094	5,006,017	3,687,865
Current liabilities	2,712,794	2,079,424	1,979,991	2,067,693	1,867,801	1,668,040
	8,170,015	6,487,280	5,046,955	3,918,401	3,138,216	2,019,825
TOTAL ASSETS EMPLOYED	10,994,634	9,464,273	8,227,894	7,135,548	6,027,846	4,742,093
REPRESENTED BY						
Equity						
Paid-up capital	479,549	479,549	479,549	435,954	363,295	315,909
Reserves	10,260,504	8,640,488	7,233,554	6,194,232	5,186,354	4,054,720
Remeasurement on post retirement benefits obligation	(69,982)	(67,469)	(43,623)	(26,738)	(16,596)	(15,322)
Surplus on revaluation of investments	7,296	1,048	75,754	27,970	3,189	
	10,677,367	9,053,616	7,745,234	6,631,418	5,536,242	4,355,307
Non-Current liabilities						
Long term loans, deposits, deferred tax and deferred liability	317,267	410,657	482,660	504,130	491,604	386,786
	317,267	410,657	482,660	504,130	491,604	386,786
	10,994,634	9,464,273	8,227,894	7,135,548	6,027,846	4,742,093
PROFIT AND LOSS ACCOUNT						
Turnover	33,135,291	31,174,591	29,367,346	25,515,265	23,327,820	18,132,057
Less : Sales tax & sed	5,278,903	4,962,757	4,668,503	3,869,346	3,464,671	2,994,755
: Trade discounts	2,038,419	1,901,672	1,472,757	1,378,479	1,154,438	986,882
	7,317,322	6,864,429	6,141,260	5,247,825	4,619,109	3,981,637
Net turnover	25,817,969	24,310,162	23,226,086	20,267,440	18,708,711	14,150,420
Cost of sales	16,502,405	16,631,197	16,645,655	14,594,894	13,297,138	9,990,872
Gross profit	9,315,564	7,678,965	6,580,431	5,672,546	5,411,573	4,159,548
Administrative, selling and distribution cost	(5,196,178)	(4,482,559)	(4,034,728)	(3,302,174)	(3,006,685)	(2,274,972)
Other expenses	(336,846)	(262,926)	(209,036)	(181,301)	(206,472)	(164,081)
Other income	416,927	361,719	140,728	89,154	62,192	72,573
	(5,116,097)	(4,383,766)	(4,103,036)	(3,394,321)	(3,150,965)	(2,366,480)
Profit from operations	4,199,467	3,295,199	2,477,395	2,278,225	2,260,608	1,793,068
Finance costs	23,476	20,410	17,796	15,376	17,587	11,933
Profit before taxation	4,175,991	3,274,789	2,459,599	2,262,849	2,243,021	1,781,135
Taxation	1,357,102	1,052,621	766,346	673,699	621,728	616,801
Profit after taxation	2,818,889	2,222,168	1,693,253	1,589,150	1,621,293	1,164,334



Operating and Financial Highlights - Continued

		2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011
FINANCIAL RATIOS							
RATE OF RETURN							
Pre tax return on equity	%	39	36	32	34	41	41
Post tax return on equity	%	26	25	22	24	29	27
Return on average capital employed	%	28	25	22	24	30	27
Interest cover	times	179	161	139	148	129	150
PROFITABILITY							
Gross profit margin	%	36	32	28	28	29	29
Operating profit to sales	%	16	14	11	11	12	13
Pre tax profit to sales	%	16	13	11	11	12	13
Post tax profit to sales	%	11	9	7	8	9	8
LIQUIDITY							
Current Ratio	ratio	4.0:1	4.1:1	3.5:1	2.9:1	2.7:1	2.2:1
Quick ratio	ratio	2.9:1	2.8:1	2.2:1	1.5:1	1.1:1	0.8:1
FINANCIAL GEARING							
Debt equity ratio	ratio	0:100	0:100	0:100	0:100	0:100	0:100
Gearing ratio	times	0.28	0.28	0.32	0.39	0.43	0.47
CAPITAL EFFICIENCY							
Debtors turnover	days	8	10	10	10	10	8
Inventory turnover	days	60	56	58	71	72	67
Total assets turnover	times	2	2	2	2	2	2
Property, plant and equipment turnover	times	9	8	7	6	7	5
INVESTMENT MEASURES PER ORDINARY SHARE							
Earnings per share - restated	Rs	58.78	46.34	35.31	33.14	33.81	24.28
Dividend cash (including proposed)	Rs	30	25	17	14	14	14
Dividend payout (including bonus)	%	51	54	48	41	36	42
Dividend yield	%	2	2	1	1	2	2
Price earning ratio - restated	times	25.94	32.74	50.72	55.37	28.98	31.68
Break-up value - restated	Rs	222.65	188.79	161.51	138.28	115.45	90.82
Market value - low	Rs	1,300	1,355	1,310.00	970.00	534.83	556.01
Market value - high	Rs	1,659	2,290	1,969.00	2,100.00	979.99	1,008.18
Market value - year end	Rs	1,525	1,517	1,791.00	1,835.00	979.99	769.25
Market capitalization -restated	Rs in Mn	73,131	72,748	85,887	87,997	46,995	36,889
Dividend - Cash	%	300	250	170	140	140	140
Dividend - Bonus shares	%	0	0	0	10	20	15

Form of Proxy

I/We _____

of _____

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

hereby appoint _____

of _____

or failing him _____

of _____

who is/are also member/s of Colgate-Palmolive (Pakistan) Limited to act as my/our proxy and to vote for me/us and on my/our behalf at the Annual General Meeting of the shareholders of the Company to be held on the 22nd day of September 2016 and at any adjournment thereof.

Signed this _____ day of _____ 2016.

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

Witness 1

Signature _____

Name _____

CNIC No. _____

Address _____

Witness 2

Signature _____

Name _____

CNIC No. _____

Address _____

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

Fold Here

AFFIX
CORRECT
POSTAGE

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

Fold Here

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مختار نامہ (پراکسی فارم)

میں/ہم _____ ساکن
 بچیت رکن (ممبر) کولگیٹ پامولیو (پاکستان) لمیٹڈ مقرر کرتا / کرتی ہوں / کرتے ہیں مسلی / مسماة _____ ساکن
 کو یا ان کی غیر حاضری میں مسلی / مسماة _____ ساکن
 کو جو خود بھی کولگیٹ پامولیو (پاکستان) لمیٹڈ کارکن ہے کہ وہ بطور میرا / ہمارا مختار نامہ (پراکسی) کولگیٹ پامولیو (پاکستان) لمیٹڈ کے سالانہ اجلاس عام میں جو ۲۲ ستمبر ۲۰۱۶ کو منعقد ہو رہا ہے یا اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے اور وہ میری / ہماری جگہ میری / ہماری طرف سے حق رائے دہی استعمال کرے۔

مورخہ ستمبر _____ ۲۰۱۶ کو میرے / ہمارے دستخط سے جاری ہوا۔

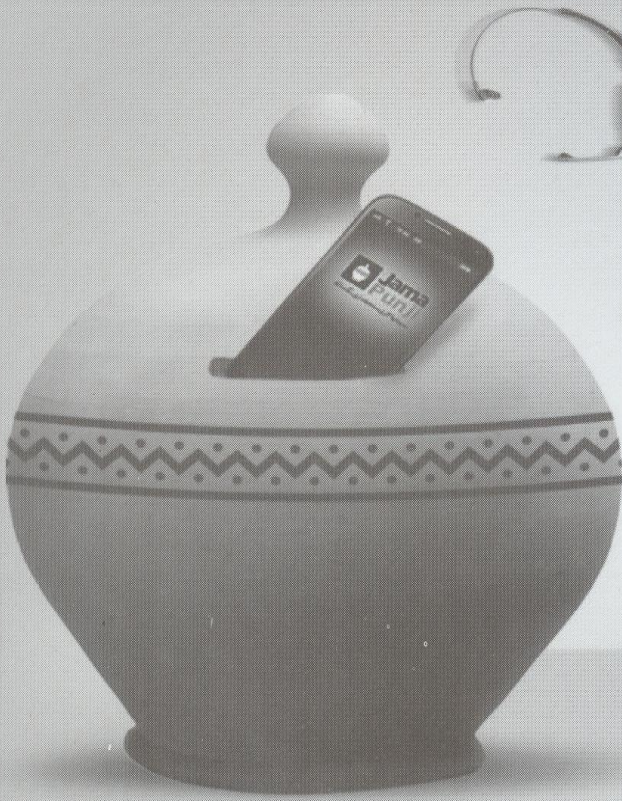
فولیو نمبر	سی ڈی سی لکھانہ نمبر	حصص کی تعداد

رسیدی ٹکٹ پر دستخط

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

ہدایات:








- ۱- مختار (پراکسی) کارکنی کارکن (ممبر) ہونا ضروری ہے۔
- ۲- ممبر (رکن) کے دستخط، نمونہ شدہ دستخط / اندراج شدہ دستخط سے مماثلت ہونا ضروری ہے۔
- ۳- سی ڈی سی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو مختار نامہ (پراکسی فارم) کے ہمراہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل منسلک کرنا ضروری ہے۔ کارپوریٹ ادارے کے نمائندوں کو معمول کے مطابق دستاویزات ساتھ لانا ضروری ہے۔
- ۴- مختار نامہ (پراکسی فارم) مکمل پُر شدہ کمپنی کے رجسٹرڈ آفس میں اجلاس کے مقرر وقت سے کم از کم ۳۸ گھنٹے قبل جمع کرانا ضروری ہے۔










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