

Smile and get started.

Annual Report | 2020



COLGATE-PALMOLIVE (PAKISTAN) LTD.

Contents

Company Information	02
Core Values	03
Our Equities and Initiatives	04
Notice of Annual General Meeting	12
Financial Summary	17
Review Report by the Chairman	18
Review Report by the Chairman - In Urdu	19
Directors' Report	20
Directors' Report - In Urdu	27
Statement of Value Added	34
Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019	35
Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019	37
Report on the Audit of the Financial Statements	38
Statement of Financial Position	43
Statement of Profit or Loss and other Comprehensive Income	44
Statement of Changes in Equity	45
Statement of Cash Flows	46
Notes to and Forming Part of the Financial Statements	47
Pattern of Shareholding	90
Operating and Financial Highlights	92
Form of Proxy	
Form of Proxy - In Urdu	

Company Information

BOARD OF DIRECTORS

Iqbal Ali Lakhani	Chairman
Amin Mohammed Lakhani	
Aliya Saeeda Khan	
Kamran Yousuf Mirza	(from March 10, 2020)
Syed Shahid Ali Bukhari	(from March 10, 2020)
Peter John Graylin	
Xuan Dai	(from March 10, 2020)
Tasleemuddin A. Batlay	(upto March 10, 2020)
Mukul Vinayak Deoras	(upto March 10, 2020)
Zulfiqar Ali Lakhani	Chief Executive

ADVISOR

AUDIT COMMITTEE

Sultan Ali Lakhani	
Aliya Saeeda Khan	Chairperson
Iqbal Ali Lakhani	
Amin Mohammed Lakhani	
Kamran Yousuf Mirza	

HUMAN RESOURCE & REMUNERATION COMMITTEE

Kamran Yousuf Mirza	Chairman
Iqbal Ali Lakhani	
Zulfiqar Ali Lakhani	
Aliya Saeeda Khan	

COMPANY SECRETARY

Mansoor Ahmed

AUDITORS

A. F. Ferguson & Co.
Chartered Accountants

INTERNAL AUDITORS

BDO Ebrahim & Co.
Chartered Accountants

SHARES REGISTRAR

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

REGISTERED OFFICE

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

FACTORIES

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

H-36(B), 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

Colgate GRF

Colgate Great Regular Flavor (GRF) continued to lead the category this year as well. The new year was kicked off with the relaunch of the packaging of the flagship brand, communicating both its functional superiority 'strong teeth,' as well as its emotional benefits, i.e. instilling confidence and spreading smiles.

A new campaign was launched with the objective of emotionally connecting with the inner strength that mothers instill in children that gives them the confidence and strength to face every challenge with a smile. This integrated marketing campaign was amplified across all media platforms.



My Bright Smile: Global Art Contest 2020-2021

The annual 'My Bright Smile' Global Art Contest was conducted this year with a dual objective: first, to continue raising oral health & hygiene awareness using art as an enabler, and second, to use this platform to spread smiles and optimism to combat the fear and uncertainty fueled by the COVID-19 virus. This was a strictly no-contact, digital-only competition, reaching out to kids far and wide across Pakistan.

The Global Art Contest in Pakistan once again produced a global winner, awarding her a place in the prestigious Colgate 'Bright Smiles, Bright Futures' Global Calendar 2021, along with a scholarship and a grant for her school.



The Global Art Contest this year has given Colgate the opportunity to make a positive impact in society in these challenging times. This initiative continues to spark creativity, and helps develop and recognize the talents of students nationwide.

Bright Smiles, Bright Futures

Colgate is strongly committed to spreading oral health awareness, with the single-minded objective of building the consumption of toothpaste across Pakistan. By focusing on children, the aim remains to instill the habit of brushing twice a day at an early stage, and to improve the oral hygiene of Pakistan child by child. Since its inception, Colgate has reached out to approximately 13 million kids in Pakistan.



Personal Care

Palmolive Naturals Liquid Hand Wash Range

Palmolive Naturals Liquid Hand Wash range was launched with the 'Tough on Germs, Soft on Hands' promise, delivering germ protection and natural ingredients based skin care benefits to consumers. The attractive new packaging of bottles and refill pouches makes the three variants of Palmolive Naturals Liquid Hand Wash stand out on the shelves as a winning solution to consumers' health and hygiene needs. The launch was supported by a holistic marketing campaign including digital and PR.



27th Annual Sindh Women's Swimming Championship 2019

Palmolive yet again extended its support to the Karachi Women's Swimming Association as the principal sponsor for the 27th Annual Sindh Women's Swimming Championship 2019. Palmolive shows great support for local female swimmers by acknowledging their ability to succeed and break records by providing them a platform to compete on a national level. Such efforts have recognized swimming as a leading sport in Pakistan and allowed female swimmers to shine at international events as well.



Fabric Care

Brite

Brite continued to grow share in the premium laundry market space this year through significant spend on its equity building 'Brite Sab Right Kardega' campaign. This was supplemented by marketing activities on-ground and in-store to increase household penetration and generate trials. With e-commerce channels increasing in importance in recent times, Brite led the category's e-commerce initiatives and co-sponsored online sales events, as well as participated in category building efforts online. Brite aims to continue its broad spectrum of marketing activities and investment in the times ahead.



Surface Care

Lemon Max Bar

To drive conversion from unbranded bar users to **Lemon Max Bar**, the 'Aap ki Tarah Kaam mein Khara' campaign was launched. The campaign leveraged Max Bar's legacy 'Hara, Kaam mein Khara' to address the efficacy and product supremacy over



other dishwash bars, while the former part of the campaign recognizes and appreciates the contemporary woman who juggles between multiple roles and relationships, going through hits and misses but eventually finding a way out of every situation. The campaign was amplified via multiple touchpoints, including strong investment in Media, PR, In-Store and Digital.

Max All Purpose Cleaner

With the increase in consumption of surface cleaning products during COVID-19, Max All Purpose Cleaner strengthened its positioning on "**Mehfooz Mehekta Ghar**" ("Protected, Fragrant Home"), highlighting both its functional superiority in cleaning with antibacterial properties as well as its great fragrance.



To complement the support on media, Max All Purpose Cleaner initiated its brand ambassador program in the top towns' modern retail outlets to educate the shoppers on its benefits as well as enable trials of the Brand.

Colgate-Palmolive – Rising to Help Fight the COVID-19 Pandemic

Realizing the ever-growing threat of COVID-19 in Pakistan, Colgate-Palmolive Pakistan Limited launched a nationwide relief drive. With the aim to reach out to and facilitate the most vulnerable segments of society, Colgate-Palmolive Pakistan Limited distributed relief kits to help equip families to fight against the Coronavirus pandemic and to spread the awareness of personal hygiene importance in these challenging times.

Through a large-scale initiative, Colgate-Palmolive Pakistan Limited reached 500,000 households and donated 1 million soap bars and 0.5 million detergent sachets, covering 41 towns across Pakistan.

As a gesture of gratitude to the doctors and paramedic teams who put themselves at risk every day to care for COVID-19 patients, Colgate pledged to provide PPEs including 30,000 pairs of gloves, 30,000 surgical masks and 8,500 protective suits to hospitals in smaller towns of the country.

Relief Kits' Distribution Nationwide



PPEs Distribution in Hospitals



Awards

TOP 25 COMPANIES AWARD

For the 15th consecutive year, Pakistan Stock Exchange (PSX) ranked the Company amongst the top 25 listed companies. PSX judges companies based on comprehensive criteria, including capital efficiency, profitability, free float of shares, transparency, corporate governance & investors' relations, and compliance with listing of companies & securities regulations.

MAP'S CORPORATE EXCELLENCE AWARDS

The Company was presented its 9th consecutive 'Corporate Excellence Award' at the 35th Corporate Excellence Awards Ceremony organized by the Management Association of Pakistan. The Company was also awarded Corporate Excellence Certificates on six earlier occasions in recognition of its achievements and overall performance.



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 42nd Annual General Meeting of COLGATE-PALMOLIVE (PAKISTAN) LIMITED will be held on Tuesday, September 29, 2020 at 03:00 p.m. at the Registered office of the Company at Lakson Square Building No.2, Sarwar Shaheed Road, Karachi through Video Conference 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, 2020 together with the Directors' and Auditors' reports thereon.
2. To declare final dividend in cash @ 235% i.e. Rs.23.50 per share of Rs.10.00 each and by way of issue of fully paid bonus shares @ 10% in the proportion of one share for every ten shares of Rs.10.00 each held by the members as recommended by the Board of Directors. This is in addition to interim cash dividend @ 225% i.e. Rs.22.50 per share already paid.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

4. To consider, subject to declaration of the final dividend as above, to capitalize a sum of Rs.57,545,920 by way of issue of 5,754,592 fully paid bonus shares of Rs.10.00 each and if thought fit to pass an ordinary resolution in the matter.

Statement under Section 134 of the Companies Act, 2017 in the above matter mentioned in item No.4 is annexed.

By Order of the Board



(MANSOOR AHMED)
Company Secretary

Karachi: August 27, 2020

NOTES:

1. The share transfer books of the Company will remain closed from September 23, 2020 to September 29, 2020 (both days inclusive). Transfers received in order by the Shares Registrar of the Company, M/s. FAMCO Associates (Private) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi up to the close of business on September 22, 2020 will be treated in time for entitlement of the dividend and bonus shares.
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.

Notice of Annual General Meeting

3. In light of the threat by the evolving coronavirus (COVID-19) situation, the Securities & Exchange Commission of Pakistan vide Circular No. 5 dated March 17, 2020 has advised the Company to modify their usual planning for Annual General Meeting in order to protect the well-being of the shareholders.

The Shareholders who are interested to attend the AGM through Video Conference, are hereby requested to get themselves registered with the Company Secretary office by providing the following detail at the earliest but not later than 24 hours before the time of AGM (i.e. before 3.00 p.m. on September 28, 2020) through following means:

Mobile/WhatsApp: 0315 5008228

E-mail: mansoor@lakson.com.pk

Shareholders are advised to mention Name, CNIC Number, Folio/CDC Account Number, cell number and email ID for identification.

Upon receipt of the above information from the interested shareholders, the Company will send the login credentials at their e-mail address. On the date of AGM, shareholders will be able to login and participate in the AGM proceedings through their smartphone / computer devices.

In view of the above the Shareholders can also provide their comments/suggestions for the proposed agenda items of the AGM by using the aforesaid means:

4. 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, and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the meeting as are available to a member. A proxy must be a member of the Company.
5. Form 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 excluding holidays.
6. Members holding shares in physical form are requested to promptly notify Shares Registrar of the Company of any change in their addresses. Shareholders maintaining their shares in electronic form should have their address updated with their participant or CDC Investor Accounts Service.
7. Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders.

In order to receive dividends directly into their bank account, shareholders are requested to fill in Electronic Credit Mandate Form available on Company's website and send it duly signed along with a copy of CNIC to the Shares Registrar of the Company M/s. FAMCO Associates (Private)

Notice of Annual General Meeting

Limited, in case of physical shares.

In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's broker/participant/CDC account services. No further action is required if IBAN has already been incorporated/updated in the CDC account or physical folio of the shareholder.

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 Shares Registrar of any change in the registered e-mail address.
9. (i) Pursuant to the provisions of the Finance Act, 2019 effective July 1, 2019, the rates of deduction of income tax from dividend payments under Section 150 of the Income Tax Ordinance, 2001 have been revised as follows:
 1. Persons appearing in Active Tax Payers List (ATL) 15%
 2. Persons not appearing in Active Tax Payers List (ATL) 30 %

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, 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 @ 30% instead of 15%.

- (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), withholding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.

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

Notice of Annual General Meeting

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 Shares 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: 3840 0000 and email address mansoor@lakson.com.pk and/or FAMCO Associates (Private) Limited. at phone: 3438 0101-5 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 30% may be applied in such cases.
10. Members can exercise their right to demand a poll subject to meeting requirements of Section 143 to Section 145 of the Companies Act, 2017 and applicable clauses of the Companies (Postal Ballot) Regulations, 2018.
11. Form of Proxy is enclosed.

STATEMENT OF MATERIAL FACTS CONCERNING SPECIAL BUSINESS PURSUANT TO SECTION 134 OF THE COMPANIES ACT, 2017

The statement sets out the material facts concerning the Special Business given in agenda item No.4 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.

Agenda Item No.4 of the Notice – issue of Bonus Shares to be passed as an Ordinary Resolution

The Board of Directors has recommended to the members of the Company to declare final dividend in cash @ 235% and by way of issue of fully paid bonus shares @ 10% for the year ended June 30, 2020. Subject to approval of the Board of Directors' recommendation as above, the resolution as under will be considered to be passed by the members as an ordinary resolution:

Notice of Annual General Meeting

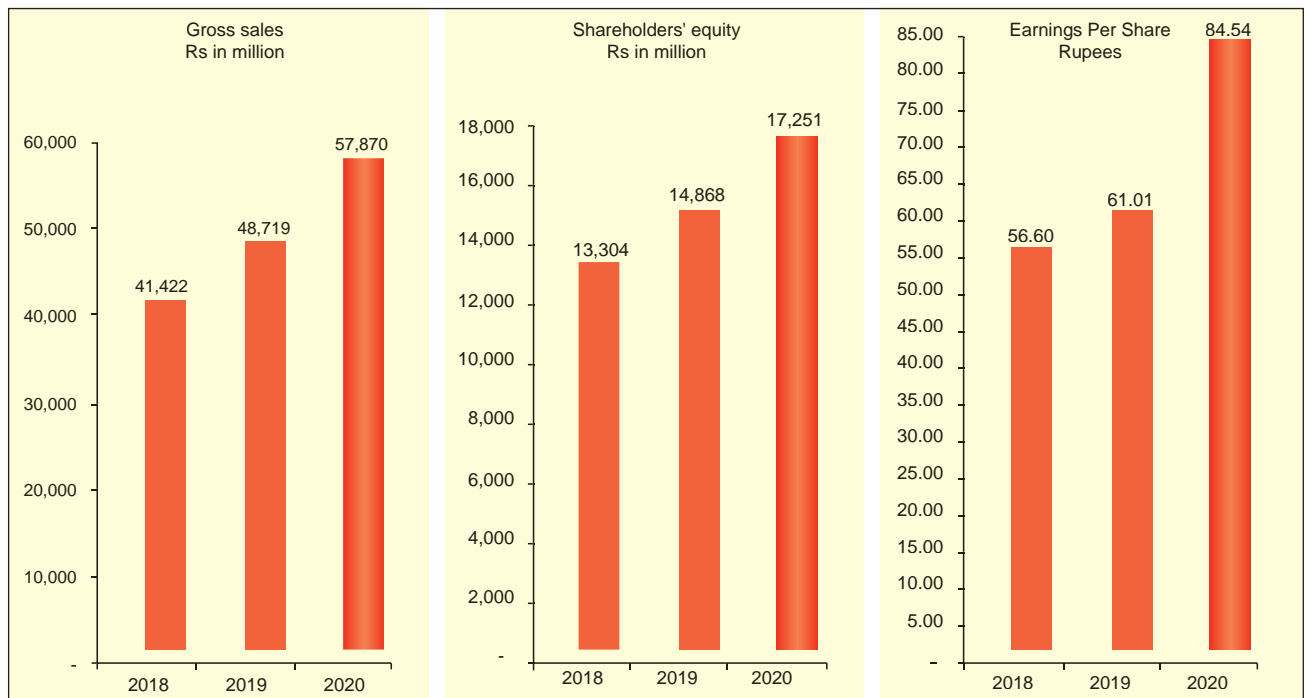
“RESOLVED THAT:

- i) a sum of Rs.57,545,920 out of the profit for the year ended June 30, 2020 be capitalized and applied in making payment in full of 5,754,592 ordinary shares of Rs.10 each and that the said shares be allotted as fully paid up bonus shares to those members of the Company whose names appear in the register of members on September 29, 2020 @ 10% i.e. in the proportion of one share for every ten existing shares held by the members and that such new shares shall rank pari passu in all respects with the existing ordinary shares of the Company. However, they will not qualify for the final cash dividend declared for the year ended June 30, 2020;
- ii) in the event of any member holding less than ten shares or a number of shares which is not an exact multiple of ten, the fractional entitlements of shares of such members shall be consolidated into whole new shares and the Directors of the Company be and are hereby authorized to arrange sale of the shares constituted thereby in such manner as they may think fit and to pay the proceeds of the sale to such of the members according to their entitlement;
- iii) for the purpose of giving effect to the above, the Directors be and are hereby authorized to take all necessary steps in the matter and to settle any question or difficulties that may arise in regard to the distribution of the said new shares as they think fit.”

The Directors are interested in this business only to the extent of their entitlement of dividend and bonus shares as ordinary shareholders.

Financial Summary

Year Ended June 30, 2020



Year ended June 30

Rupees in million except EPS	2018	2019	% Change	2020	% Change
Gross Sales	41,422	48,719	17.6%	57,870	18.8%
Operating Income	4,697	5,003	6.5%	6,808	36.1%
Net Profit After Tax	3,257	3,511	7.8%	4,865	38.6%
Earnings per share - Rupees	56.60	61.01	7.8%	84.54	38.6%
Shareholders' Equity	13,304	14,868	11.8%	17,251	16.0%

Review Report by the Chairman

As required under the Listed Companies (Code of Corporate Governance) Regulations, 2019 an annual evaluation of the Board of Directors of Colgate-Palmolive (Pakistan) Limited is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

For the financial year ended June 30, 2020, the Board's overall performance and effectiveness has been assessed as Satisfactory. Improvements are an ongoing process leading to action plans. The above overall assessment is based on an evaluation of integral components, including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitor financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's responsibility.

The Board of Directors of your Company received agendas and supporting written material including follow up materials in sufficient time prior to the board and its committee meetings. The board meets frequently enough to adequately discharge its responsibilities. The non-executive and independent directors are equally involved in important decisions.



(IQBAL ALI LAKHANI)
Chairman

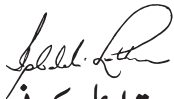
Dated: August 24, 2020

چیئر مین کی جائزہ رپورٹ

کولکٹ پامولیو (پاکستان) لمیٹڈ کے بورڈ آف ڈائریکٹرز کا سالانہ جائزہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے تحت کیا جاتا ہے۔ اس جائزے کا مقصد اس امر کو یقینی بنانا ہے کہ بورڈ کی مجموعی کارکردگی اور افادیت کو کمپنی کے مختص کردہ مقاصد کے تناظر میں پرکھا جاسکے۔

مالی سال برائے 30 جون، 2020 کے لیے بورڈ کی مجموعی کارکردگی اور افادیت اطمینان بخش قرار پائی ہے۔ بہتری ایک مستقل جاری رہنے والا عمل ہے جس کی مدد سے عملی منصوبہ بندیوں کو ممکن بنایا جاتا ہے۔ مجموعی جائزہ ضروری اجزاء کے انفرادی جائزے پر منحصر ہے جن میں دورانہدشی، نصب العین اور اقدار، حکمت عملی کے بنانے میں کردار، پالیسیز کی تشکیل، کمپنی میں جاری کاروباری سرگرمیوں کی نگرانی، مالیاتی وسائل کے انتظام کی نگرانی، موثر مالی نگرانی، بورڈ کے کاروبار کو پورا کرنے میں ملازمین کے ساتھ منصفانہ سلوک اور بورڈ کی ذمہ داریوں کو موثر انداز سے پورا کرنا شامل ہیں۔

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کو بورڈ اور اس کی کمیٹی کی ملاقاتوں میں ایجنڈا مع دیگر ضروری دستاویزات قبل از وقت موصول ہوئے۔ بورڈ ضروری سرگرمیوں اور ذمہ داریوں کو موثر طریقے سے انجام دینے کے لیے باقاعدگی سے ملاقات کرتا ہے۔ نان ایگزیکٹو اور آزاد ڈائریکٹرز بھی اہم فیصلوں میں برابری کی بنیاد پر شامل ہوتے ہیں۔


اقبال علی لاکھانی

چیئر مین

مورخہ: 24 اگست، 2020

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, 2020.

Financial Performance at a Glance

A brief financial analysis is presented as under:

Operating Results	2019 - 2020	2018 - 2019	Increase / (Decrease)
	Amount in PKR million		
Gross Revenue	57,870	48,719	18.78%
Net Revenue	43,530	36,961	17.77%
Gross Profit	12,617	10,471	20.49%
Gross Profit %	28.98%	28.33%	65 bps
Selling & Distribution Costs	5,504	5,132	7.25%
Administrative Expenses	582	520	11.92%
Operating Profit	6,808	5,003	36.08%
Profit After Tax	4,865	3,511	38.56%
Earnings per Share – Rupees	84.54	61.01	38.56%

Financial Highlights

Net Turnover of the Company grew by 17.77% over last year on the back of volume gains and price adjustments across all categories. During the second half of the year, the growth could be attributed to consumers' panic buying and surge in demand for hygiene products owing to the COVID-19 pandemic. Your Company's agile supply chain and countrywide distribution network met this demand amid challenging Government's actions to stem the spread of COVID-19 limiting access to stores, limited mobility of staff and shortage of imported materials.

Input costs were up during the second half of the year as the rupee weakened further against the US Dollar. The Company also made alternate sourcing arrangements to overcome shortages of some imported materials due to COVID-19 in order to keep production going. The Company also increased its stock levels to cater for unforeseen disruption in the supply of key materials resulting in increased working capital investment and higher inventory keeping costs. This translated into 65 bps gain in gross profit margin despite selling price adjustments and favorable pack mix changes.

Selling and distribution costs increased by 7.25% as compared to last year primarily due to freight related cost. Administrative expenses went up by 11.92% due to employee related cost and depreciation expense.

Income from short term investments was up by 75.55% on account of higher interest rates during the first half of the year. Revenue growth and higher income from short term investments resulted in 38.56% increase in profit after tax and earnings per share.

Appropriation of Profit

	2019 – 2020 PKR In '000'
Profit after tax	4,864,816
Un-appropriated profit brought forward	447
Profit available for appropriation	4,865,263
Appropriations:	
Proposed Final Cash Dividend @ 235% i.e. PKR 23.5 per share (2019: @ 200% i.e. PKR 20 per share)	1,352,329
Proposed bonus shares @ 10% i.e. 1 share for every 10 shares held (2019: 0% i.e. Nil)	57,546
Interim Cash Dividend @ 225% i.e. PKR 22.5 per share (2019: @ 165% i.e. PKR 16.5 per share)	1,294,783
Transfer to General Reserve	2,160,000
Un-appropriated profit carried forward	605

Principal Risks and Uncertainties

The Company is exposed to certain inherent risks and uncertainties. However, we consider the following as key risks:

- Adverse movement in foreign exchange rates and commodity prices;
- Data security and data privacy; and
- Market disruption due to changes in tax laws and regulations to widen the tax net.

The Company works with internal and external stakeholders to mitigate / reduce to acceptable level the likely impacts of aforesaid risks.

Business Performance Highlights

Colgate continued to lead the Oral Care category, and strengthened its leadership position by relaunching its flagship brand, Maximum Cavity Protection, with a new uplifting global packaging, and a communication focused around functional superiority of stronger teeth. The focus remained on building consumption for the category and special packs were introduced for smaller towns and rural consumers to encourage brushing. Continuous improvement and innovation in packaging led to the launch of new hanger packs which improved the visibility of smaller packs in general trade.

Responding to the importance of personal hygiene and hand washing in this period of pandemic, the Company launched its locally manufactured Palmolive Liquid Hand Soap range in attractive new packaging and three variants delivering on consumers' needs of germ protection and natural ingredients for skin care. The range is available in bottles and refill pouches and the launch is supported by an integrated marketing campaign.

On the back of increased demand, Palmolive soaps continued to grow its market share with Company's efforts behind its distribution expansion. Introduction of new luxury size bars and economy bundle packs helped strengthen position in retail channels.

Fabric Care category remained competitive with all key players focusing on gaining market share. Unorganized sector continued to grow due to lower price and higher trade margins in both fabric and dish washing products. In these challenging times, we remained committed to have uninterrupted supplies of our products to the stores.

Health, Safety and Environment

Keeping our people safe while ensuring that our products reach our consumers has been topmost priority. Strict social distancing protocols, including work from home for Head Office staff were implemented. Clear guidelines were issued, and frequent communication was made with all employees to ensure that they understand their role in curbing the spread of this virus while ensuring that Company's operations are carried out smoothly.

The Company complies with all applicable rules and regulations in the formulation, manufacture, labeling and marketing of its products and takes active measures to reduce discharge of hazardous waste in the environment. In order to remain environment friendly, the Company encourages its employees to identify potentially hazardous conditions, while also providing training on work safety and sound environmental practices.

The Company is committed on carrying out its business in a responsible manner and continuously looks for ways to reduce the impact of its products on the environment.

The Company continues to invest in projects that will reduce its environmental footprint. During the year, the Company invested PKR 82 million in a new waste water treatment plant based on bio-treatment technology.

Corporate Social Responsibility

The Company distributed 500,000 hygiene kits amounting to PKR 30.366 million throughout the country which not only provided basic hygiene products to the community but also reminded them about the importance of washing hands to fight COVID-19.

Furthermore, the Company has pledged to provide PPEs including 30,000 pairs of gloves, 30,000 surgical masks and 8,500 protective suits to hospitals in smaller towns of the country as way to show its gratitude to our doctors and paramedic teams who have put themselves at risk to provide healthcare and support to the patients of COVID-19. This support will continue in future as and when the country needs your Company to step up efforts to help the medical fraternity.

During these unprecedented times, the Company has committed to cover all COVID-19 treatments costs for employees and their immediate family. This also includes our distributors' sales team which handles our products. The welfare of our employees is paramount.

The Company also made donations amounting to PKR 22.6 million for social welfare projects.

To promote positivity during these challenging times, Colgate continues its commitment to spread smiles via its comprehensive oral health education focused school program - Bright Smiles Bright Futures. The program has reached around 13 million children since its inception through Colgate's trained educators.

My Bright Smiles Global Art Contest had a dual objective, of not only increasing oral health awareness through art, but also to mitigate fear in kids by spreading optimism and smiles in these tough times. The contest has been conducted digitally, and Pakistan has again managed to create a ripple globally by contributing highest number of artworks from any participating country.

Future Outlook

Recovery has started as businesses and communities have adapted to the new ways of living and conducting business, but the challenges are far from over. The economic recovery is slow, and fear of a pandemic's second wave is keeping businesses from going forward with their growth and expansion plans.

Although consumer goods companies especially those providing hygiene and personal care products have generally done well during the pandemic, it is expected that the current economic condition would soften the demand as consumers would look to down trade and curtail discretionary spending.

The Company is well placed to help consumers meet their daily needs for hygiene and personal care products with its wide range of products across all categories. More products are also in the pipeline which will provide consumers with greater choices of products to take care of their families and loved ones.

Internal Financial Controls

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

Financial & Corporate Reporting Framework

In compliance with the provisions of the listing regulations of the Pakistan Stock Exchange, the Board members are pleased to place the following statements on record:

- 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 maintains 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 are followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively monitored and implemented.
- 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 is 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 is as follows:

	2019 – 2020 PKR In '000'
CPPL Staff Provident Fund	650,616
CPPL Staff Gratuity Fund	690,498

- The Board held five (5) meetings during the year. Attendance by each director was as follows:

Directors Name	Attendance
Mr. Iqbal Ali Lakhani	3
Mr. Zulfiqar Ali Lakhani	5
Mr. Amin Mohammed Lakhani	5
Mr. Tasleemuddin Ahmed Batlay (upto March 10, 2020)	3
Ms. Aliya Saeeda Khan	5
Mr. Peter John Graylin - Nominee of CP – USA	5
Mr. Mukul Vinayak Deoras – Nominee of CP – USA (upto March 10, 2020)	3
Ms. Xaun Dai – Nominee of CP – USA (from March 10, 2020)	2
Mr. Kamran Yousuf Mirza (from March 10, 2020)	2
Mr. Shahid Ali Bukhari (from March 10, 2020)	2

Leave of absence was 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	1
Mr. Amin Mohammed Lakhani	4
Mr. Kamran Yousuf Mirza (from March 10, 2020)	1

- The HR Committee held one (1) meeting during the year. Attendance by each member was as follows:

Members Name	Attendance
Mr. Kamran Yousuf Mirza	1
Ms. Aliya Saeeda Khan	1
Mr. Iqbal Ali Lakhani	1
Mr. Zulfiqar Ali Lakhani	1

Composition of Board

The board consists of 6 male and 2 female directors with following composition:

Independent directors (including 1 female director)	3
Other non-executive directors	4
Executive director	1
Total number of directors	8

Remuneration Policy of Non-Executive Directors

The fee of the Non-Executive and Independent Directors for attending the Board and Committee meetings of the Company is determined by the Board from time to time.

Remuneration Package of Chief Executive and Directors

Remuneration package of Chief Executive and other directors is disclosed in note 38 to the financial statements.

Auditors

The Auditors, Messrs A. F. Ferguson & Co., Chartered Accountants, retire at the conclusion of the 42nd 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 has been endorsed by the Board.

Pattern of Shareholding

A statement showing pattern of shareholdings of the Company and additional information as at June 30, 2020 is included in the report.

The Board has determined threshold in respect of trading of Company's shares by executives and employees who are drawing annual basic salary of PKR 1.5 million or more.

Subsequent Events

The Honorable Supreme Court of Pakistan has decided the matter of Gas Infrastructure Development Cess in favor of the Government on August 13, 2020. The effect of this decision has been appropriately accounted for in these financial statements.

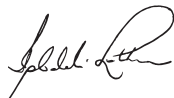
Except for the decision of GIDC, no material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year and the date of this report.

Acknowledgement

This year belongs to our employees and our distributors work force as it is due to their unwavering commitment and passion that the Company has been able to provide its consumers with the products they need to take care of their families and loved ones.

We would like to extend our sincere gratitude to our consumers for their trust in our brands. We are thankful to our customers, distributors, supply chain partners, bankers and shareholders for their continued support.

On behalf of Board of Directors



Iqbal Ali Lakhani
Chairman



Zulfiqar Ali Lakhani
Chief Executive

Karachi: August 24, 2020

ڈائریکٹرز رپورٹ

کمپنی ڈائریکٹرز مسرت کے ساتھ 30 جون 2020 کو اختتام پذیر ہونے والے سال کے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ سالانہ رپورٹ پیش کرتے ہیں۔

مالیاتی صورت حال ایک نظر میں
کمپنی کا مختصر مالیاتی جائزہ ذیل کے مطابق ہے:

کاروباری نتائج	2019-2020	2018-2019	اضافہ/(کمی)
	(روپے ملین میں)		
مجموعی آمدنی	57,870	48,719	18.78%
خالص آمدنی	43,530	36,961	17.77%
مجموعی منافع	12,617	10,471	20.49%
مجموعی منافع %	28.98%	28.33%	65 بنیادی پوائنٹس
فروخت اور ترسیل کے اخراجات	5,504	5,132	7.25%
انتظامی اخراجات	582	520	11.92%
آپریٹنگز سے منافع	6,808	5,003	36.08%
بعد از ٹیکس منافع	4,865	3,511	38.56%
فی شیئر آمدنی۔ (روپے)	84.54	61.01	38.56%

مالیاتی کارکردگی کی جھلکیاں

تمام کیٹیگریز میں حجم اور قیمت فروخت میں مطابقت کی بدولت کمپنی کی خالص آمدنی میں گزشتہ سال کے مقابلے میں 17.77% فی صد اضافہ ہوا۔ سال کے نصف آخر میں مصنوعات کی طلب میں اضافے کو صارفین کی باعث گھبراہٹ خریداری اور کووڈ-19 عالمی وباء کی وجہ سے حفظان صحت سے متعلق مصنوعات کی طلب میں اضافے سے منسوب کیا جاسکتا ہے۔ کووڈ-19 کے پھیلاؤ کو روکنے کے لیے اٹھائے جانے والے حکومتی اقدامات جیسے دکانوں تک محدود رسائی، ملازمین کی محدود نقل و حرکت اور درآمدی خام مال کی کمی کی موجودگی میں بھی آپ کی کمپنی نے اپنی مستعد سپلائی چین اور ملک گیر ڈسٹری بیوشن کے جال کی بدولت اپنی مصنوعات کی طلب کو پورا کیا۔

سال کے دوسرے نصف آخر میں ان پٹ لاگت میں اضافہ ہوا کیونکہ امریکی ڈالر کے مقابلے میں روپے کی قیمت مزید کم ہو گئی۔ کمپنی نے پیداوار جاری رکھنے کے لئے کووڈ-19 کی وجہ سے کچھ درآمدی خام مال کی قلت پر قابو پانے کے لئے متبادل ذرائع کا بندوبست بھی کیا۔ کمپنی نے اہم میٹریلز کی فراہمی میں غیر متوقع رکاوٹ کو پورا کرنے کے لئے اپنے اسٹاک کی سطح میں بھی اضافہ کیا جس کا نتیجہ ورکنگ کیپیٹل میں اضافے اور انویسٹری رکھنے کی لاگت میں اضافے کی صورت میں سامنے آیا۔ قیمت فروخت میں ایڈجسٹمنٹ اور پیک کس میں سازگار

تبدیلیوں کے باوجود مجموعی منافع کی شرح میں صرف 65 بنیادی پوائنٹس کا اضافہ ہوا۔

مال برداری کے اخراجات میں اضافے کی وجہ سے فروخت اور ڈسٹری بیوٹن کے اخراجات میں پچھلے سال کے مقابلے میں 7.25 فیصد اضافہ ہوا ہے۔ ملازمین اور ڈیپریسییشن سے متعلق اخراجات اور فرسودگی کے اخراجات کی وجہ سے انتظامی اخراجات میں 11.92 فی صد اضافہ ہوا ہے۔

سال کی پہلی ششماہی کے دوران بلند شرح سود کی وجہ سے قلیل مدتی سرمایہ کاری سے حاصل ہونے والے منافع میں 75.55 فیصد تک اضافہ ہوا۔ آمدنی میں اضافے اور قلیل مدتی سرمایہ کاری سے زیادہ منافع کے نتیجے میں بعد از ٹیکس منافع اور فی شیئر آمدنی میں 38.56 فیصد اضافہ ہوا۔

منافع کا تصرف

2019-2020

(روپے 000 میں)

4,864,816

447

4,865,263

بعد از ٹیکس منافع

گذشتہ غیر مختص شدہ منافع

مختص کرنے کے لئے دستیاب منافع

تصرفات بذریعہ تقسیم

1,352,329

مجوزہ حتمی کیش ڈیویڈنڈ بحساب 235 فیصد یعنی 23.5 روپے فی حصص

(2019: بحساب 200 فیصد یعنی 20 روپے فی حصص)

57,546

تجویز کردہ بونس حصص بحساب 10 فیصد یعنی 1 حصص ہر 10 حصص کے عوض

(2019: بحساب 0 فیصد)

1,294,783

عبوری کیش ڈیویڈنڈ بحساب 225 فیصد یعنی 22.5 روپے فی حصص

(2019: بحساب 165 فیصد یعنی 16.5 روپے فی حصص)

2,160,000

جنرل ریزرو میں ٹرانسفر

605

غیر مختص شدہ منافع

بنیادی خطرات اور غیر یقینی صورتحال

کمپنی کو کچھ مخصوص امکانی خطرات اور غیر یقینی صورتحال کا سامنا ہے۔ تاہم، ہم مندرجہ ذیل کو کلیدی خطرات سمجھتے ہیں۔

• زرمبادلہ کی شرح اور اشیاء کی قیمتوں میں منفی اثرات؛

• ڈیٹا کی حفاظت اور ڈیٹا کی رازداری؛ اور

• ٹیکس کا دائرہ وسیع کرنے کے لئے ٹیکس قوانین اور ضوابط میں تبدیلی کی وجہ سے مارکیٹ میں تعطل۔

مذکورہ بالا خطرات کے ممکنہ اثرات کو کم کرنے/قابل قبول سطح تک کم کرنے کے لئے کمپنی اندرونی اور بیرونی اسٹیک ہولڈرز کے ساتھ مل کر کام کرتی ہے۔

کاروباری کارکردگی کی جھلکیاں

کولکٹ نے اورل کینٹر کیٹگری میں اپنی برتری برقرار رکھی، اور اپنے فلیگ شپ برانڈ، میکسیم کیو بی پی پروڈکشن کو ایک نئی جدت آفرین گلوبل پیکیجنگ اور مضبوط دانتوں کی عملی برتری پرمکوز پیغام کے ساتھ دوبارہ لانچنگ کے ذریعہ اپنی قیادت کو مستحکم کیا۔ اس کیٹگری کے لیے کھپت میں اضافے پر توجہ مرکوز رکھی گئی اور برش کرنے کی حوصلہ افزائی کے لیے چھوٹے شہروں اور دیہاتوں کے صارفین کے لئے خصوصی پیکس متعارف کرائے گئے۔ پیکیجنگ میں مسلسل بہتری اور جدت کے نتیجے میں نئے ہینگر پیکس لانچ ہوئے جس نے عام تجارت میں چھوٹے پیک کی ویریتیلیٹی کو بہتر بنایا۔

عالمی وبا کے اس دور میں ذاتی حفظان صحت اور ہاتھ دھونے کی اہمیت کے پیش نظر کمپنی نے جلد کی دیکھ بھال کے لئے صارفین کی جراثیم سے تحفظ اور جلد کی دیکھ بھال کے قدرتی اجزاء کی ضروریات پوری کرنے کے لئے اپنے مقامی سطح پر تیار کردہ پامولیو لیکوڈ ہینڈ سوپ کی رینج کو پرکشش نئی پیکیجنگ اور تین اقسام میں پیش کیا۔ یہ رینج بوتلوں اور ری فل پاؤچر میں دستیاب ہے اور لانچ کو مربوط مارکیٹنگ مہم کے ذریعہ سپورٹ کیا گیا ہے۔

پامولیو صابن کی طلب میں اضافہ کمپنی کی جانب سے ڈسٹری بیوٹن میں پھیلاؤ کی کوششوں کی بدولت ہے لہذا مارکیٹ شیئر میں تسلسل کے ساتھ اضافہ ہوا ہے۔ نئے لکڑی ساز اور کانومی ہنڈل پیکس متعارف کرانے سے ریٹیل چینلز میں پوزیشن مستحکم کرنے میں مدد ملی۔

فیبرک کینٹر میں مقابلے کی فضا برقرار رہی جیسا کہ تمام اہم کھلاڑیوں نے مارکیٹ شیئر میں اضافے پر توجہ مرکوز رکھی۔ فیبرک اور ڈش واشنگ مصنوعات دونوں میں کم صارفین قیمتوں اور زیادہ تجارتی منافع جات کی وجہ سے غیر منظم شعبے کی توسیع جاری رہی۔ چینلج سے بھرپور ان حالات میں ہم اسٹورز کو ہماری مصنوعات کی لگاتار سپلائی کے لیے پرعزم رہے۔

صحت، سلامتی اور ماحول

اپنے لوگوں کو محفوظ رکھتے ہوئے، ہماری مصنوعات تک ہمارے صارفین کی رسائی یقینی بنانا ہماری اولین ترجیح رہی ہے۔ سماجی فاصلہ رکھنے کے سخت پروٹوکولز بشمول ہیڈ آفس اسٹاف کے گھر سے کام کرنے پر عمل درآمد کیا گیا۔ واضح ہدایات جاری کی گئیں، اور تمام ملازمین کے ساتھ بار بار بات چیت کی گئی تاکہ یہ یقینی بنایا جاسکے کہ وہ اس وائرس کے پھیلاؤ کو روکنے میں اپنا کردار سمجھتے ہیں یہ یقینی بناتے ہوئے کہ کمپنی کے امور مناسب انداز میں سرانجام پا رہے ہیں۔

کمپنی اپنی مصنوعات کی فارمولہ سازی، تیاری، لیبلنگ اور مارکیٹنگ میں تمام قابل اطلاق قواعد و ضوابط کی تعمیل کرتی ہے اور ماحول میں مضر فضلہ کے خارج ہونے کو کم کرنے کے لئے سرگرم اقدامات کرتی ہے۔ ماحول دوست رہنے کے لئے، کمپنی اپنے ملازمین کو ممکنہ طور پر خطرناک حالات کی نشاندہی کرنے کی ترغیب دیتی ہے، جبکہ ورک سیفٹی اور ماحولیاتی معمولات کے بارے میں تربیت بھی فراہم کرتی ہے۔

کمپنی ذمہ دار انداز میں اپنا کاروبار سرانجام دینے کے عہد پر قائم ہے اور ماحول پر اپنی مصنوعات کے اثرات کو کم کرنے کے طریقوں کی مسلسل تلاش میں رہتی ہے۔

کمپنی ایسے منصوبوں میں سرمایہ کاری جاری رکھے گی جس سے اس کے ماحولیاتی اثرات کو کم کیا جاسکے۔ سال کے دوران، کمپنی نے بائیوٹریٹمنٹ ٹیکنالوجی پر مبنی گندے پانی کی صفائی کے پلانٹ میں 82 ملین روپے کی سرمایہ کاری کی۔

کاروباری سماجی ذمہ داری

کمپنی نے پورے ملک میں 30.366 ملین روپے مالیت کی حفظان صحت کی 500,000 کٹس تقسیم کیں جس سے نہ صرف کمیونٹی کو حفظان صحت کی بنیادی مصنوعات دستیاب ہوئیں بلکہ اس سے انہیں کووڈ-19 سے لڑنے کے لئے ہاتھ دھونے کی اہمیت کے بارے میں یاد دہانی بھی ہوئی۔

مزید برآں، کمپنی نے ملک کے چھوٹے قصبوں کے اسپتالوں میں 30,000 جوڑی دستانے، 30,000 سرجیکل ماسک اور 8,500 حفاظتی سوٹ سمیت پی پی ای فراہم کرنے کا وعدہ کیا ہے تاکہ ہمارے ڈاکٹروں اور پیرامیڈک ٹیموں کا شکریہ ادا کیا جاسکے جنہوں نے کووڈ-19 کے مریضوں کو صحت کی دیکھ بھال اور مدد کے لئے خود کو خطرے میں ڈالا۔ یہ مدد مستقبل میں بھی جاری رہے گی جب بھی طبی برادری کو یہ مدد درکار ہوگی۔

ان غیر معمولی اوقات کے دوران، کمپنی نے ملازمین اور ان کے قریبی خاندان کے لئے کووڈ-19 کے علاج کے اخراجات پورے کرنے کا عہد کیا ہے۔ اس میں ہمارے ڈسٹری بیوٹرز کی سلائیٹ بھی شامل ہے جو ہماری مصنوعات سنبھالتی ہے۔ ہمارے ملازمین کی فلاح و بہبود ہمارے لئے سب سے اہم ہے۔

کمپنی نے سماجی بہبود کے منصوبوں کے لئے 22.6 ملین روپے کی رقم عطیہ بھی کی ہے۔ ان مشکل وقت کے دوران مثبت ماحول کو فروغ دینے کے لئے کولگیٹ اورل ہیلتھ ایجوکیشن پرائیویٹ اپنے جامع اسکول پروگرام ’’برائٹ اسمائلز، برائٹ فیوچرز‘‘ کے ذریعہ مسکراہٹوں کو پھیلانے کے اپنے عزم کو جاری رکھے ہوئے ہے۔ یہ پروگرام کولگیٹ کے تربیت یافتہ ایجوکیٹرز کے ذریعہ اپنے آغاز سے لے کر اب تک تقریباً 13 ملین بچوں تک پہنچ چکا ہے۔ مائی برائٹ اسمائیل عالمی آرٹ مقابلہ کے دوہرے مقاصد تھے کہ نہ صرف آرٹ کے ذریعہ اورل ہیلتھ سے متعلق شعور اجاگر کیا جائے، بلکہ ان مشکل اوقات میں خوش امید اور مسکراہٹوں کو پھیلانے کے ذریعے بچوں میں خوف کو کم کیا جائے۔ یہ مقابلہ ڈیجیٹل طور پر کرایا گیا ہے اور پاکستان نے ایک مرتبہ پھر کسی بھی شریک ملک سے زیادہ فن پاروں کے ذریعے شرکت کر کے عالمی سطح پر ایک لہر پیدا کرنے میں کامیابی حاصل کی ہے۔

مستقبل کی توقعات

بحالی کا آغاز ہو چکا ہے جیسا کاروباری اداروں اور کمیونٹیز نے زندگی گزارنے اور کاروبار کرنے کے نئے طریقوں کو اپنایا ہے، لیکن چیلنجوں کا خاتمہ ابھی دور ہے۔ معاشی بحالی سست ہے، اور عالمی وبا کی دوسری لہر کا خوف کاروبار کو اپنی نمو اور توسیع کے منصوبوں کے ساتھ آگے بڑھنے سے روک رہا ہے۔

اگرچہ کنزیومر گڈز کمپنیوں خاص طور پر حفظان صحت اور ذاتی نگہداشت سے متعلق مصنوعات مہیا کرنے والوں نے عالمی وبا کے دوران عام طور پر اچھی کارکردگی کا مظاہرہ کر رہی ہیں، لیکن توقع کی جارہی ہے کہ موجودہ معاشی صورت حال اس طلب کو کم کر دے گی کیونکہ صارفین تجارت اور صوابدیدی اخراجات کو کم کرنے کی کوشش کریں گے۔

کمپنی تمام کیٹیگریز میں مصنوعات کے وسیع انتخاب کے ساتھ صارفین کی حفظان صحت اور ذاتی نگہداشت سے متعلق مصنوعات کی روزمرہ کی ضروریات پوری کرنے میں مدد کے لیے عمدہ مقام پر ہے۔ مزید مصنوعات پائپ لائن میں بھی ہیں جو صارفین کو اپنے اہل خانہ اور اپنے پیاروں کی دیکھ بھال کے لئے مصنوعات کا زیادہ سے زیادہ انتخاب فراہم کریں گی۔

انٹرنل فنانشل کنٹرول

ڈائریکٹرز انٹرنل فنانشل کنٹرول کے سلسلے میں اپنی ذمہ داری سے بخوبی واقف ہیں۔ مینجمنٹ اور آڈیٹرز (انٹرنل اور ایکسٹرنل دونوں) کے ساتھ بات چیت کے ذریعے، وہ اس بات کی تصدیق کرتے ہیں کہ کمپنی کی طرف سے مناسب کنٹرول نافذ کیے گئے ہیں۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک

بورڈ ممبران پاکستان اسٹاک ایکسچینج کے لسٹنگ ضوابط کی شقوق کی تعمیل میں، درج ذیل بیانات کو ریکارڈ پر لاتے ہوئے خوشی محسوس کرتا ہے:

☆ کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے کمپنی کے معاملات کی صورت حال، سرگرمیوں کے نتائج، کیش فلو، لیکویڈیٹی اور ایکویٹی میں تبدیلیاں منصفانہ طور پر پیش

کرتے ہیں۔

☆ کمپنی کی طرف سے اکاؤنٹس کے درست کھاتے مینین رکھے گئے ہیں۔

☆ مالیاتی گوشواروں کی تیاری میں مستقل مناسب اکاؤنٹنگ پالیسیز کا اطلاق کیا گیا ہے۔ اکاؤنٹنگ کے تخمینے موزوں اور محتاط اندازے پر مبنی ہیں۔

☆ مالیاتی گوشواروں کی تیاری میں انٹرنیشنل فنانسئل رپورٹنگ اسٹینڈرڈز (IFRS)، جیسا کہ پاکستان میں قابل اطلاق ہیں، کی پیروی کسی بھی پہلو تہی کے بغیر کی گئی ہے۔

☆ کمپنی میں انٹرنل کنٹرولز کا نظام درست طرز پر ڈیزائن کیا گیا ہے اور اس کا موثر اطلاق اور نگرانی کی گئی ہے۔

☆ کمپنی کے کاروبار جاری رکھنے کی اہلیت پر کوئی قابل ذکر خدشات نہیں ہیں۔

☆ کارپوریٹ گورننس کی بہترین روایات سے کسی قسم کا مادی انحراف نہیں کیا گیا ہے جیسا کہ اس سالانہ رپورٹ کی لسٹنگ ریگولیشنز میں تفصیلاً درج ہے۔

☆ گزشتہ چھ سالوں کی کلیدی سرگرمیوں اور مالیاتی اعداد و شمار کا خلاصہ منسلک ہے۔

☆ ٹیکسوں اور محصولاتوں کے بارے میں معلومات نوٹس میں دی گئیں ہیں اور انہیں مالی گوشواروں کا حصہ بنایا گیا ہے۔

☆ اسٹاف ریٹائرمنٹ فنڈز کی مالیت ان کے متعلقہ اکاؤنٹس کی بنیاد پر درج ذیل ہے:

2019-2020

'000 روپوں میں

650,616

690,498

CPPL اسٹاف پروویڈنٹ فنڈ

CPPL اسٹاف گریجویٹ فنڈ

سال کے دوران میں بورڈ کے پانچ (5) اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی طرف سے حاضری درج ذیل رہی:

حاضری

ڈائریکٹرز کے نام

3

جناب اقبال علی لاکھانی

5

جناب ذوالفقار علی لاکھانی

5

جناب امین محمد لاکھانی

3

جناب تسلیم الدین احمد باٹلے (10 مارچ 2020 تک)

5

محترمہ عالیہ سعیدہ خان

5

جناب پیٹر جان گرلین - CP-USA کی طرف سے نامزد

3

جناب مکمل وناٹیک دیوراس - CP-USA کی طرف سے نامزد (10 مارچ 2020 تک)

2

محترمہ ڈاؤن ڈائی - CP-USA کی طرف سے نامزد (10 مارچ 2020 سے)

2

جناب کامران یوسف مرزا (10 مارچ 2020 سے)

2

جناب شاہد علی بخاری (10 مارچ 2020 سے)

بورڈ اجلاسوں میں حاضری نہ ہونے والے کچھ ڈائریکٹرز کو رخصت دے دی گئی۔

آڈٹ کمیٹی کے چار (4) اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی طرف سے حاضری درج ذیل رہی:

حاضری	ممبران کے نام
4	محترمہ عالیہ سعیدہ خان
1	جناب اقبال علی لاکھانی
4	جناب امین محمد لاکھانی
1	جناب کامران یوسف مرزا

HR کمیٹی کا ایک (1) اجلاس منعقد ہوا۔ ہر ڈائریکٹر کی طرف سے حاضری درج ذیل رہی:

حاضری	ممبران کے نام
1	جناب کامران یوسف مرزا
1	محترمہ عالیہ سعیدہ خان
1	جناب اقبال علی لاکھانی
1	جناب ذوالفقار علی لاکھانی

بورڈ کی تشکیل

بورڈ درج ذیل ساخت کے ساتھ 6 حضرات اور 2 خواتین ڈائریکٹرز پر مشتمل ہے:

3	خود مختار ڈائریکٹرز (بشمول 1 خاتون ڈائریکٹر)
4	دیگرنان ایگزیکٹو ڈائریکٹرز
1	ایگزیکٹو ڈائریکٹر
8	ڈائریکٹرز کی کل تعداد

نان ایگزیکٹو ڈائریکٹرز کے مشاہرے کی پالیسی

نان ایگزیکٹو اور خود مختار ڈائریکٹرز کے کمپنی کے بورڈ اور کمیٹی کے اجلاسوں میں شرکت کی فیس کا تعین بورڈ کی طرف سے وقتاً فوقتاً کیا جاتا ہے۔

چیف ایگزیکٹو اور ڈائریکٹرز کے مشاہرے کا پیکیج

چیف ایگزیکٹو اور دیگر ڈائریکٹرز کے مشاہرے کا پیکیج مالیاتی گوشواروں کے نوٹ 38 میں مندرج ہے۔

آڈٹرز

آڈٹرز، میسرز ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس 42 ویں سالانہ اجلاس عام کے اختتام پر ریٹائر ہو رہے ہیں۔ اہل ہونے کی بنیاد پر انہوں نے خود کو دوبارہ تقرری کے لیے

پیش کیا ہے اور بورڈ کی آڈٹ کمیٹی نے بھی ان کی دوبارہ تقرری کی سفارش کی ہے جس کی بورڈ کی طرف سے توثیق کر دی گئی ہے۔

پیٹرن آف شیئر ہولڈنگ

رپورٹ میں کمپنی کے شیئر ہولڈرز کا پیٹرن اور اضافی معلومات برطریق 30 جون 2020 کو ظاہر کرنے والا ایک بیان رپورٹ میں شامل کیا گیا ہے۔
بورڈ نے ان ایگزیکٹوز اور ملازمین کی طرف سے کمپنی کے شیئرز کے لین دین کے سلسلے میں حد کا تعین کیا ہے جو 15 لاکھ یا اس سے زیادہ سالانہ بنیادی تنخواہ حاصل کر رہے ہیں۔

بعد ازاں رونما ہونے والے واقعات


عزت مآب سپریم کورٹ آف پاکستان نے گیس انفراسٹرکچر ڈویلپمنٹ سیس کے کیس میں 13 اگست 2020 کو حکومت کے حق میں فیصلہ دے دیا ہے۔ ان مالیاتی گوشواروں میں اس فیصلے کے اثرات کو مناسب طور پر شمار کیا گیا ہے۔

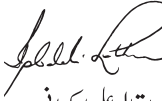
جی آئی ڈی سی کے فیصلے کے سوا، مالی سال کے اختتام اور اس رپورٹ کی تاریخ کے درمیان کمپنی کی مالی حیثیت کو متاثر کرنے والی کوئی مادی تبدیلی اور معاہدے نہیں ہوئے ہیں۔

تشکر

یہ سال ہمارے ملازمین اور ہماری ڈسٹری بیوشن ورک فورس سے منسوب ہے کیونکہ یہ ان کی غیر متزلزل لگن اور جذبے کا نتیجہ ہے کہ کمپنی اپنے صارفین کو وہ مصنوعات فراہم کرنے میں کامیاب رہی ہے جس کی انہیں اپنے کنبے اور پیاروں کی دیکھ بھال کے لیے ضرورت ہے۔

ہم اپنے براہدز پر اعتماد کے لئے خلوص دل سے اپنے صارفین کے شکر گزار ہیں۔ ہم اپنے کسٹمرز، ڈسٹری بیوٹرز، سپلائی چین پارٹنرز، بینکرز اور شیئر ہولڈرز سے ان کی مسلسل سرپرستی کے لیے اظہار تشکر کرتے ہیں۔


ذوالفقار علی لاکھانی
چیف ایگزیکٹو

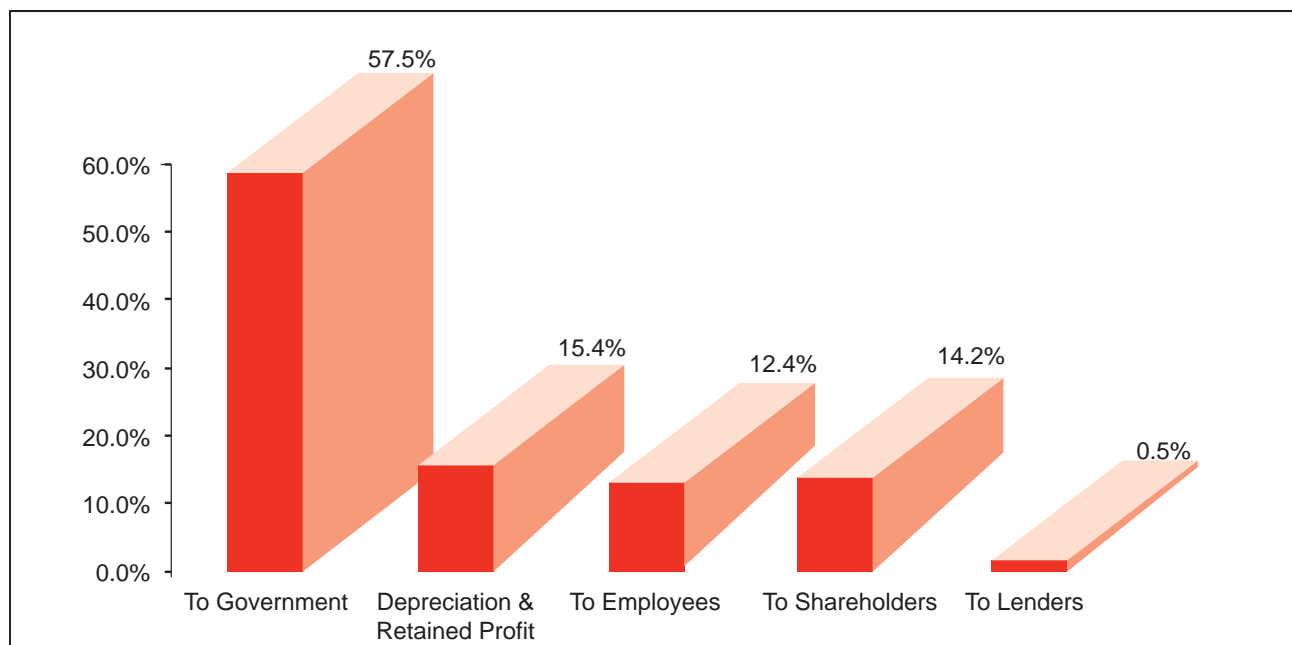

اقبال علی لاکھانی
چیرمین

بورڈ آف ڈائریکٹرز کی جانب سے

کراچی: 24 اگست، 2020

Statement of Value Added

	Year ended June 30	
	2020	2019
	(Rs in million)	
Wealth Generated		
Total revenue net of discount and allowances	53,706	45,292
Bought-in-material and services	34,540	29,622
	19,166	15,670
Wealth Distributed		
To Employees		
Salaries, benefits and other costs	2,385	2,143
To Government		
Income tax, sales tax	11,023	9,171
To Providers of Capital		
Dividend to shareholders	2,704	2,101
Mark up/interest expenses on borrowed funds	96	38
Retained for Reinvestment and Growth		
Depreciation and retained profits	2,958	2,217
	19,166	15,670



Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

For The Year Ended June 30, 2020

The Company has complied with the requirements of with Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) in the following manner:

1. The total number of directors are eight as per the following:

a. Male	6
b. Female	2

2. The composition of the Board is as follows:

Independent Directors	Ms. Aliya Saeeda Khan Mr. Kamran Y. Mirza Mr. Syed Shahid Ali Bukhari
Other Non-executive Directors	Mr. Iqbal Ali Lakhani - Chairman Mr. Amin Mohammed Lakhani Mr. Peter John Graylin Ms. Xuan Dai
Executive Director	Mr. Zulfiqar Ali Lakhani
Female Directors	Ms. Aliya Saeeda Khan Ms. Xuan Dai


3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company.
4. The Company has 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.
5. The board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Companies Act, 2017 and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board.
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Majority of the Directors of the Company are completed / exempted from the requirement of Directors' Training program.
10. The board has approved appointment of Chief Financial Officer and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. Mr. Mansoor Ahmed was assigned the responsibilities of Company Secretary of the Company in addition to his responsibilities in other group companies.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

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

Audit Committee	Ms. Aliya Saeeda Khan – Chairperson Mr. Iqbal Ali Lakhani - Member Mr. Amin Mohammed Lakhani – Member Mr. Kamran Y. Mirza - Member
HR and Remuneration Committee	Mr. Kamran Y. Mirza - Chairman Mr. Iqbal Ali Lakhani - Member Mr. Zulfiqar Ali Lakhani – Member Ms. Aliya Saeeda Khan – Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committees were as per following:
- | | | |
|----|-------------------------------|----------------------|
| a. | Audit Committee | 4 quarterly meetings |
| b. | HR and Remuneration Committee | 1 annual meeting |
15. The board has outsourced the 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.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
19. Explanation for non-compliance with requirements, other than regulations 3,6,7,8,27,32,33 and 36 is below:

Regulations	Explanation
10 (3) (V)	The present Board was elected effective from March 10, 2020, accordingly, the Board committees i.e. Audit Committee and Human Resource and Remuneration Committee were reconstituted thereafter. The process of annual evaluation of the members of the Board and of its committees shall be completed during the year ending June 30, 2021.
14 (ii) & (iii)	The Chief Executive as well as the Chief Commercial Officer of the Company place significant issues for the information, consideration and decision of the Board and or its committees and same are discussed in various formats for example annual business plan, cash flow projections, forecasts and strategic plan and budgetary information are discussed during review of the financial performance of the Company, therefore, the same matters are not recorded separately. However, going forward, the management will include review of these matters / information specifically in the minutes of the meetings under the head of significant matters.



Iqbal Ali Lakhani
Chairman



Zulfiqar Ali Lakhani
Chief Executive



Independent Auditor's Review Report to the Members of Colgate-Palmolive (Pakistan) Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Colgate-Palmolive (Pakistan) Limited (the Company) for the year ended June 30, 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2020.

A. F. Ferguson & Co.,
Chartered Accountants
Karachi
September 2, 2020

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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Independent Auditor's Report to the members of Colgate-Palmolive (Pakistan) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Colgate-Palmolive (Pakistan) Limited (the Company), which comprise the statement of financial position as at June 30, 2020, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matter

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

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■ KARACHI ■ LAHORE ■ ISLAMABAD

Following is the Key audit matter:

S. No.	Key audit matter	How the matter was addressed in our audit
(i)	Initial application of IFRS 16 – Leases	
	<p>Refer notes 2.1.3.1, 2.2.3, 2.7, 4.3 and 22 to the annexed financial statements</p> <p>The International Financial Reporting Standard 16 “Leases” (IFRS 16) became applicable for the first time for the preparation of the Company’s annual financial statements for the year ended June 30, 2020. The Company has adopted IFRS 16 retrospectively with effect from July 1, 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in IFRS16.</p> <p>Under the IFRS 16 the distinction between operating lease and finance lease has been removed and as a result all leases are recognised on the statement of financial position with the exception of short-term and low value leases. The application of new standard gave rise to Right-of-use assets (ROUA) of Rs 354.574 million measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at June 30, 2019. Corresponding lease liabilities of Rs 354.726 million were measured at the present value of the remaining lease payments, discounted using the Company’s incremental borrowing rate as of July 01, 2019.</p> <p>The initial application of IFRS 16 and the significant judgements and assumptions involved in the recognition of ROUA and related lease liabilities in the financial statements is considered as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> – Obtained an understanding of the Company’s adoption of IFRS 16 and identified the internal controls adopted by the Company for the accounting, processes and systems under the new accounting standard; – Evaluated the management’s assessment for the appropriateness of discount rate and lease term used therein; – Checked the accuracy of underlying source data by agreeing sample of leases to supports; – Assessed the lease agreements on sample basis for specific terms and conditions and considering the impact of the same on management’s assessment; – Recalculated the amount of lease liability and ROUA independently using the judgements and assumptions made by the management; and – Assessed the adequacy of disclosures as required under the applicable financial reporting framework.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

The engagement partner on the audit resulting in this independent auditor's report is Syed Fahim ul Hasan.



A. F. Ferguson & Co
Chartered Accountants

Karachi

Date: September 2, 2020

Statement of Financial Position

As at June 30, 2020

	Note	2020 (Rupees in '000)	2019
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	5,102,949	4,291,939
Intangible assets	5	13,675	14,435
Long term loans	6	33,176	41,730
Long term security deposits	7	21,127	19,045
		<u>5,170,927</u>	<u>4,367,149</u>
CURRENT ASSETS			
Stores and spares	8	348,815	267,753
Stock in trade	9	6,173,696	4,974,814
Trade debts	10	837,141	749,550
Loans and advances	11	126,670	187,239
Trade deposits and short term prepayments	12	93,847	56,962
Other receivables	13	407,416	298,915
Accrued profit		3,695	14,167
Taxation		976,164	1,317,968
Short term investments	14	6,030,408	5,546,618
Cash and bank balances	15	2,339,835	1,214,300
		<u>17,337,687</u>	<u>14,628,286</u>
TOTAL ASSETS		<u>22,508,614</u>	<u>18,995,435</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital	16	750,000	750,000
Issued, subscribed and paid-up share capital	16	575,459	575,459
Reserves	17	16,863,937	14,444,822
Remeasurement of post retirement benefits obligation		(188,474)	(147,819)
Surplus / (deficit) on revaluation of investments		259	(4,217)
		<u>17,251,181</u>	<u>14,868,245</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred taxation	18	103,348	164,709
Long term deposits	19	112,613	86,304
Deferred liability	20	47,293	90,112
Long-term financing	21	273,732	-
Lease liabilities	22	319,022	-
		<u>856,008</u>	<u>341,125</u>
CURRENT LIABILITIES			
Trade and other payables	23	4,308,804	3,763,934
Accrued mark up		121	-
Current portion of long-term financing	21	39,105	-
Current portion of lease liabilities	22	31,757	-
Unclaimed dividend		21,638	22,131
		<u>4,401,425</u>	<u>3,786,065</u>
TOTAL LIABILITIES		<u>5,257,433</u>	<u>4,127,190</u>
TOTAL EQUITY AND LIABILITIES		<u>22,508,614</u>	<u>18,995,435</u>
CONTINGENCIES AND COMMITMENTS			
	25		

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

Zulfiqar Ali Lakhani
Chief Executive

Kamran Yousuf Mirza
Director

Mirza Rehan Ahmed
Chief Financial Officer

Statement of Profit or Loss and other Comprehensive Income

For the year ended June 30, 2020

	Note	2020 (Rupees in '000)	2019 (Rupees in '000)
Turnover		57,870,219	48,718,781
Sales tax		(9,175,788)	(7,718,475)
Trade and other discounts		(5,164,109)	(4,039,264)
Net turnover		43,530,322	36,961,042
Cost of sales	26	(30,912,914)	(26,490,454)
Gross profit		12,617,408	10,470,588
Selling and distribution cost	27	(5,503,832)	(5,132,341)
Administrative expenses	28	(581,540)	(520,066)
Other expenses	29	(724,664)	(428,655)
Other income	30	1,000,208	613,160
Profit from operations		6,807,580	5,002,686
Finance cost and bank charges	31	(95,813)	(38,496)
Profit before taxation		6,711,767	4,964,190
Taxation	32	(1,846,951)	(1,453,387)
Profit after taxation		4,864,816	3,510,803
Other comprehensive income / (loss) for the year - net of tax			
Item that may be reclassified subsequently to profit or loss			
Gain / (loss) on investments categorised as 'fair value through other comprehensive income'		6,729	(4,652)
Impact of tax		(2,253)	1,379
		4,476	(3,273)
Item that will not be reclassified subsequently to profit or loss			
Remeasurement of post retirement benefits obligation		(57,260)	(49,198)
Impact of tax		16,605	14,267
		(40,655)	(34,931)
		(36,179)	(38,204)
Total comprehensive income for the year		4,828,637	3,472,599
-----Rupees-----			
Earnings per share - basic and dilutive	33	84.54	61.01

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



Zulfiqar Ali Lakhani
Chief Executive



Kamran Yousuf Mirza
Director



Mirza Rehan Ahmed
Chief Financial Officer

Statement of Changes in Equity

For the year ended June 30, 2020

	Issued, subscribed and paid-up share capital	Reserves				Remeasure- ment on post retirement benefits obligation - net of tax	Surplus/ (deficit) on revaluation of investments- net of tax	Total Equity
		Capital reserve - share premium	Revenue reserves		Sub total - reserves			
			General reserve	Unappro- priated profit				
------(Rupees in '000)-----								
Balance as at July 1, 2018	479,549	13,456	10,386,000	2,539,080	12,938,536	(112,888)	(944)	13,304,253
Transactions with owners								
Final dividend for the year ended June 30, 2018 at the rate of Rs 20 per share	-	-	-	(959,099)	(959,099)	-	-	(959,099)
Bonus shares issued at the rate of one share for every five shares held	95,910	-	-	(95,910)	(95,910)	-	-	-
Interim dividend for the year ended June 30, 2019 at the rate of Rs 16.5 per share	-	-	-	(949,508)	(949,508)	-	-	(949,508)
Total transactions with owners	95,910	-	-	(2,004,517)	(2,004,517)	-	-	(1,908,607)
Comprehensive income for the year								
Profit after taxation for the year ended June 30, 2019	-	-	-	3,510,803	3,510,803	-	-	3,510,803
Other comprehensive loss	-	-	-	-	-	(34,931)	(3,273)	(38,204)
Total comprehensive income for the year ended June 30, 2019	-	-	-	3,510,803	3,510,803	(34,931)	(3,273)	3,472,599
Transfer to general reserve	-	-	1,483,000	(1,483,000)	-	-	-	-
Balance as at June 30, 2019	575,459	13,456	11,869,000	2,562,366	14,444,822	(147,819)	(4,217)	14,868,245
Transactions with owners								
Final dividend for the year ended June 30, 2019 at the rate of Rs 20 per share	-	-	-	(1,150,918)	(1,150,918)	-	-	(1,150,918)
Interim dividend for the year ended June 30, 2020 at the rate of Rs 22.50 per share	-	-	-	(1,294,783)	(1,294,783)	-	-	(1,294,783)
Total transactions with owners	-	-	-	(2,445,701)	(2,445,701)	-	-	(2,445,701)
Comprehensive income for the year								
Profit after taxation for the year ended June 30, 2020	-	-	-	4,864,816	4,864,816	-	-	4,864,816
Other comprehensive income / (loss)	-	-	-	-	-	(40,655)	4,476	(36,179)
Total comprehensive income for the year ended June 30, 2020	-	-	-	4,864,816	4,864,816	(40,655)	4,476	4,828,637
Transfer to general reserve	-	-	1,411,000	(1,411,000)	-	-	-	-
Balance as at June 30, 2020	575,459	13,456	13,280,000	3,570,481	16,863,937	(188,474)	259	17,251,181

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



Zulfiqar Ali Lakhani
Chief Executive



Kamran Yousuf Mirza
Director



Mirza Rehan Ahmed
Chief Financial Officer

Statement of Cash Flows

For the year ended June 30, 2020

	Note	2020 (Rupees in '000)	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	34	6,276,130	5,087,675
Finance cost paid		(43,102)	(38,496)
Taxes paid		(1,552,156)	(2,231,408)
Long term loans		8,554	921
Long term security deposits (assets)		(2,082)	(1,397)
Staff retirement gratuity paid		(142,967)	-
Long term deposits		26,309	242
Net cash generated from operating activities		4,570,686	2,817,537
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(1,297,132)	(1,382,021)
Purchase of intangible assets		(12,633)	(2,567)
Short term investments made during the year		(21,802,438)	(21,032,596)
Proceeds from sale of property, plant and equipment		62,101	70,230
Profit received on savings accounts		126,057	60,602
Profit received on treasury bills		217,467	111,818
Profit received on Sukuk bonds		1,011	9,672
Profit received on Pakistan Investment Bonds		19,763	27,124
Profit received on term deposit receipts		89,108	52,204
Sale proceeds on disposal of short term investments		22,885,439	19,433,381
Net cash generated from / (used in) investing activities		288,743	(2,652,153)
CASH USED IN FINANCING ACTIVITIES			
Long-term finances		312,837	-
Payment of lease liabilities		(56,537)	-
Dividend paid		(2,446,194)	(1,899,123)
Net cash used in financing activities		(2,189,894)	(1,899,123)
Net increase / (decrease) in cash and cash equivalents during the year		2,669,535	(1,733,739)
Cash and cash equivalents at beginning of the year		2,557,300	4,291,039
Cash and cash equivalents at end of the year	35	5,226,835	2,557,300

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



Zulfiqar Ali Lakhani
Chief Executive



Kamran Yousuf Mirza
Director



Mirza Rehan Ahmed
Chief Financial Officer

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2020

1. THE COMPANY AND ITS OPERATIONS

- 1.1 Colgate-Palmolive (Pakistan) Limited (the Company) was 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 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.

- 1.2 The novel coronavirus (COVID-19) emerged and since then, the condition has continued to deteriorate. On January 30, 2020, The International Health Regulations Emergency Committee of the World Health Organisation declared the outbreak "Public Health Emergency of International Concern". Many countries including Pakistan have enacted protection measures against COVID-19, with a significant impact on economic activities in these countries. The evolution of COVID-19 as well as its impact on the global and the local economy is hard predict at this stage. As of the release date of these financial statements, there has been no specifically material quantifiable impact of COVID-19 on the Company's financial condition or results of operations.

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 accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

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

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

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

2.1.3.1 Amendments to accounting and reporting standards and interpretations which are effective during the year ended June 30, 2020

There are certain new standards, interpretations and amendments to approved accounting standards which are mandatory for the Company's accounting periods beginning on or after July 1, 2019 but are considered not to be relevant or have any significant effect on the Company's financial reporting, except as mentioned below:

IFRS 16 'Leases' replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. It results in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under IFRS 16, a new concept of right to use leased item is introduced requiring recognition of right of use asset and a financial liability to pay rentals. The only exceptions are short-term and low-value leases.

The Company applied IFRS 16 using simplified approach and recognised right-of-use assets and corresponding lease liabilities in relation to leases which had previously been classified as 'operating lease'. Right of use assets amounting to Rs 354.574 million were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at June 30, 2019. Corresponding lease liabilities amounting to Rs 354.726 million were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of July 01, 2019. Consequently, depreciation charge on Right of use assets and financial charges on lease liabilities amounting to Rs 45.229 million and Rs 52.590 million respectively have been recognised in the statement of profit or loss and other comprehensive income. The weighted average incremental borrowing rate applied to the lease liabilities was 15.60% per annum.

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by IFRS 16:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the accounting for operating leases with a remaining lease term of less than 12 months as at July 1, 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use assets at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

'The accounting policies relating to the Company's right-of-use assets and lease liabilities are disclosed in notes 2.2.3 and 2.7.

2.1.4 **Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective but relevant**

There are certain new standards, interpretations and amendments to approved accounting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2020 but are considered not to be relevant or have any significant effect on the Company's financial reporting.

Further, IFRS 17 'Insurance contracts' is yet to be adopted by the Securities & Exchange Commission of Pakistan (The SECP).

2.2 Property, plant and equipment

2.2.1 Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset.

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

Consistent with prior year, 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 date of statement of financial position 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 profit or loss 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 or loss.

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.

2.2.3 Right-of-use assets

Right of use assets are initially measured at cost being the present value of lease payments, initial direct costs, any lease payments made at or before the commencement of the lease as reduced by any incentives received. These are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is charged on straight line basis over the shorter of the lease term or the useful life of the asset. Where the ownership of the asset transfers to the Company at the end of the lease term or if the cost of the asset reflects that the Company will exercise the purchase option, depreciation is charged over the useful life of asset.

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 date of statement of financial position 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 or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. Reversal of impairment losses are also recognised in the profit or loss, 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 accumulated upto the date of statement of financial position. Provision for obsolete items, if any, is based on their condition as at the financial position 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 necessary 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

Raw and packing material
Raw and packing material in bonded warehouse and in transit
Work in process and finished goods
Trading goods

Basis of valuation

Moving average cost
Cost accumulated upto the date of statement of financial position
Cost of direct materials and appropriate portion of production overheads
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 to make the sale.

2.6 Trade debts and other receivables

Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognised at fair value. The Company holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortised cost using the effective interest method. Impairment of trade debts and other receivables is described in note 2.16.1.

2.7 Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments discounted using the interest rate implicit in the lease. If the implicit rate cannot be readily determined, the Company's incremental borrowing rate is used. Subsequently these are increased by interest, reduced by lease payments and remeasured for lease modifications, if any.

Liabilities in respect of short term and low value leases are not recognised and payments against such leases are recognised as expense in profit or loss.

2.8 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 date of statement of financial position 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 date of statement of financial position 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 financial position date.

2.9 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the statement of cash flows, 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.

2.10 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.

2.11 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.

2.12 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.

2.13 Revenue recognition

- Revenue from sale of goods is recognised when control of goods is transferred to 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 'fair value through other comprehensive income' are included in other comprehensive income in the period in which they arise.
- Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through profit or loss' are included in profit or loss in the period in which they arise.

2.14 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 date of statement of financial position. 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 or loss.

2.15 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.

2.16 Financial instruments

2.16.1 Financial assets

The Company classifies its financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

a) Financial assets at amortised cost

Financial assets at amortised cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

b) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Financial assets are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Equity instrument financial assets / mutual funds are measured at fair value at and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

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. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

2.16.2 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 at amortised costs are initially measured at fair value minus transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss.

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

A financial liability is derecognised when the obligation under the liability is discharged, 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 or loss.

2.16.3 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.

2.17 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.

2.18 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.

2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reports issued 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 the accounting and reporting 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 operating fixed assets (note 4.1);
- b) assumptions and estimates used in determining lease term and incremental borrowing rate of right-of-use assets and corresponding lease liabilities (note 4.3 & 22);
- c) assumptions and estimates used in determining the useful lives and residual values of intangible assets (note 5);
- d) assumptions and estimates used in calculating the provision for impairment for trade debts (note 10);
- e) 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);
- f) assumptions and estimates used for valuation of present value of defined benefit obligation and fair value of plan assets (note 20);
- g) assumptions and estimates used in disclosure and assessment of provision for contingencies (note 25); and
- h) 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 32).

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	2020 (Rupees in '000)	2019
Operating fixed assets	4.1	3,417,800	3,389,732
Capital work in progress	4.2	1,375,804	902,207
Right-of-use assets	4.3	309,345	-
		<u>5,102,949</u>	<u>4,291,939</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	Fittings and installations	Furniture and fixtures	Tools and equipment	Vehicles	Computers and accessories	Office equipment	Total
----- (Rupees in '000) -----										
At July 1, 2018										
Cost	89,850	922,505	4,212,532	242,033	152,568	397,108	524,162	197,263	125,596	6,863,617
Accumulated depreciation	-	(610,777)	(2,511,946)	(148,833)	(96,012)	(280,525)	(268,722)	(124,371)	(65,398)	(4,106,584)
Net book value	89,850	311,728	1,700,586	93,200	56,556	116,583	255,440	72,892	60,198	2,757,033
Year ended June 30, 2019										
Additions	-	19,679	147,250	12,059	11,832	77,326	98,885	18,959	11,763	397,753
Transfers from capital work in progress during the year (note 4.2.1)	-	190,614	723,549	95,100	4,934	25,856	10,966	623	41,051	1,092,693
Disposals (note 4.1.5)										
Cost	-	(16,043)	(8,861)	(4,505)	(373)	(1,906)	(62,832)	(6,552)	(1,708)	(102,780)
Depreciation	-	38	438	308	139	866	43,899	6,413	321	52,422
Net book value	-	(16,005)	(8,423)	(4,197)	(234)	(1,040)	(18,933)	(139)	(1,387)	(50,358)
Write offs (note 4.1.3)										
Cost	-	-	(28,364)	-	(261)	(12,873)	-	(20,842)	(3,061)	(65,401)
Depreciation	-	-	27,345	-	251	12,803	-	20,782	2,837	64,018
Net book value	-	-	(1,019)	-	(10)	(70)	-	(60)	(224)	(1,383)
Depreciation charge for the year (note 4.1.6)	-	(115,368)	(493,553)	(33,612)	(13,299)	(34,971)	(59,039)	(39,490)	(16,674)	(806,006)
Net book value as at June 30, 2018	89,850	390,648	2,068,390	162,550	59,779	183,684	287,319	52,785	94,727	3,389,732
Year ended June 30, 2020										
Additions	75	14,276	111,832	3,719	4,235	19,873	110,692	43,098	4,129	311,929
Transfers from capital work in progress during the year (note 4.2.1)	88,709	101,012	283,273	3,026	1,958	4,395	27,240	-	1,993	511,606
Disposals (note 4.1.5)										
Cost	-	-	(18,659)	-	-	-	(72,074)	(5,812)	(1,113)	(97,658)
Depreciation	-	-	4,413	-	-	-	53,178	5,580	928	64,099
Net book value	-	-	(14,246)	-	-	-	(18,896)	(232)	(185)	(33,559)
Write offs (note 4.1.3)										
Cost	-	(236)	(63,243)	(6,359)	(2,762)	(9,062)	-	(7,920)	(15,560)	(105,142)
Depreciation	-	199	59,581	5,339	2,757	8,369	-	7,782	12,078	96,105
Net book value	-	(37)	(3,662)	(1,020)	(5)	(693)	-	(138)	(3,482)	(9,037)
Depreciation charge for the year (note 4.1.6)	-	(107,023)	(432,898)	(30,166)	(14,177)	(42,782)	(63,635)	(41,321)	(20,869)	(752,871)
Net book value as at June 30, 2020	178,634	398,876	2,012,689	138,109	51,790	164,477	342,720	54,192	76,313	3,417,800
At June 30, 2019										
Cost	89,850	1,116,755	5,046,106	344,687	168,700	485,511	571,181	189,451	173,641	8,185,882
Accumulated depreciation	-	(726,107)	(2,977,716)	(182,137)	(108,921)	(301,827)	(283,862)	(136,666)	(78,914)	(4,796,150)
Net book value	89,850	390,648	2,068,390	162,550	59,779	183,684	287,319	52,785	94,727	3,389,732
Annual rates of depreciation (%) 2019	-	10 & 25	10 & 25	10 & 25	15 & 33	15 & 33	20 & 50	33	15 & 33	
At June 30, 2020										
Cost	178,634	1,231,807	5,359,309	345,073	172,131	500,717	637,039	218,817	163,090	8,806,617
Accumulated depreciation	-	(832,931)	(3,346,620)	(206,964)	(120,341)	(336,240)	(294,319)	(164,625)	(86,777)	(5,388,817)
Net book value	178,634	398,876	2,012,689	138,109	51,790	164,477	342,720	54,192	76,313	3,417,800
Annual rates of depreciation (%) 2020	-	10 & 25	10 & 25	10 & 25	15 & 33	15 & 33	20 & 50	33	15 & 33	

- 4.1.2 Tools and equipments include cost of moulds held by third parties, for manufacturing certain products of the Company, as follows:

	2020 (Rupees in '000)	2019
Nimir Industrial Chemicals Limited	1,450	-
Leo Ultimate Plast	575	575
Techno Plast	15,473	15,473
Naveed Company	113	113
Afeef Packages (Private) Limited	2,796	2,796
Transpak Corporation Limited	5,109	5,109
Jeddah Plastic	4,608	4,608
A. S. Engineering	275	275
	30,399	28,949

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

- 4.1.3 During the year, the Company identified certain items of operating fixed assets from which further economic benefits are no longer expected to be derived. Therefore, assets having cost of Rs 105.142 million (2019: 65.401 million) and net book value of Rs 9.037 million (2019: Rs 1.383 million) have been retired from active use and have been written off in these financial statements.

- 4.1.4 Particulars of immovable property (i.e. land and building) in the name of the Company are as follows:

	Location	Usage of Immovable Property	Total Area (Square meters)	* Covered Area (Square meters)
a)	G-6, S.I.T.E., Kotri District Jamshoro (Sindh)	Manufacturing facility	51,719	66,063
b)	H-36(B) S.I.T.E, Kotri, District Jamshoro (Sindh)	--do--	21,043	3,764
c)	217, Sundar Industrial Estate, Raiwind Road, Lahore	--do--	33,314	8,915

* The covered area includes multi storey buildings.

4.1.5 The following operating fixed assets with a net book value exceeding Rs 500,000 were disposed off during the year:

Particulars	Mode of disposal	Cost	Accumulated depreciation	Net book value (Rupees in '000)	Sale proceeds	Gain / (loss)	Particulars of purchasers
Vehicles:	As per Company car Policy	2,388	1,606	782	782	-	Ahmed Rehmani Employee
	--do--	1,764	449	1,315	1,873	558	Muhammad Yasin Khan Ex Employee
	--do--	1,863	927	936	1,207	271	Waqas Haider Zaidi Employee
	--do--	1,828	1,294	534	733	199	Muhammad Farooq Employee
	--do--	1,953	1,419	534	858	324	Junaid Imam Employee
	--do--	1,953	1,419	534	749	215	Yousuf Kasbati Employee
	--do--	2,388	1,721	667	1,020	353	Syed Viqar Ali Employee
	Maturity of Company's maintained car scheme	1,099	557	542	765	223	Rafiq Lightwala Employee
Plant and Machinery	Negotiations	3,231	2,240	991	1,432	441	Sunny Co 19-B, Shalimar Link Road Lahore
	--do--	3,064	2,173	891	1,432	541	--do--
	Insurance Claim	12,364	-	12,364	12,364	-	Century Insurance Co. Ltd Related Party Lakson Square Building No. 3, Sarwar Shaheed Road Karachi
Others Items having net book value of less than Rs 500,000 each	Various	63,763	50,294	13,469	38,886	25,417	Various
2020		97,658	64,099	33,559	62,101	28,542	
2019		102,780	52,422	50,358	70,230	19,872	

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

	Note	2020 (Rupees in '000)	2019
Cost of sales	26.1	653,372	709,267
Selling and distribution costs	27	56,058	51,526
Administrative expenses	28	43,441	45,213
		<u>752,871</u>	<u>806,006</u>

4.2 Capital work in progress

Advances to suppliers		198,644	123,371
Others	4.2.1	1,177,160	778,836
		<u>1,375,804</u>	<u>902,207</u>

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

	Leasehold land	Factory building on leasehold land	Plant and machinery	Fittings and installation	Other assets	Total
----- (Rupees in '000) -----						
Balance as at July 1, 2018	-	96,989	766,120	2,325	21,827	887,261
Capital expenditure incurred during the year (note 4.2.2)	80,600	348,475	373,941	98,806	82,446	984,268
Transfers to operating fixed assets (note 4.1.1)	-	(190,614)	(723,549)	(95,100)	(83,430)	(1,092,693)
Balance as at June 30, 2019	80,600	254,850	416,512	6,031	20,843	778,836
Capital expenditure incurred during the year (note 4.2.2)	8,109	428,219	375,107	17,856	80,639	909,930
Transfers to operating fixed assets (note 4.1.1)	(88,709)	(101,012)	(283,273)	(3,026)	(35,586)	(511,606)
Balance as at June 30, 2020	-	582,057	508,346	20,861	65,896	1,177,160

4.2.2 This includes items in transit aggregating Rs 3.082 million (2019: Rs 7.205 million).

4.3 RIGHT-OF-USE ASSET

4.3.1 The following is a statement of right of use assets:

	Note	Building	Tools and equipment	Total
		------(Rupees in '000)-----		
Recognition as at July 1, 2019 due to adoption of IFRS 16	2.1.3.1	322,942	31,632	354,574
Depreciation charge for the year	4.3.2	(40,710)	(4,519)	(45,229)
Net Book Value		<u>282,232</u>	<u>27,113</u>	<u>309,345</u>
At June 30, 2020				
Cost		322,942	31,632	354,574
Accumulated depreciation		(40,710)	(4,519)	(45,229)
Net book value		<u>282,232</u>	<u>27,113</u>	<u>309,345</u>
			2020	2019
			------(Rupees in '000)-----	
4.3.2 Depreciation charge for the year has been allocated as follows:				
Cost of sales	26.1		8,071	-
Selling and distribution costs	27		20,782	-
Administrative expenses	28		16,376	-
			<u>45,229</u>	<u>-</u>

5. INTANGIBLE ASSETS

		Goodwill and trade mark	Computer software	Total
		----- (Rupees in '000) -----		
At July 1, 2018				
Cost		43,500	116,248	159,748
Accumulated amortisation		(43,500)	(91,430)	(134,930)
Net book value		-	24,818	24,818
Year ended June 30, 2019				
Additions		-	2,567	2,567
Amortisation for the year	5.3	-	(12,950)	(12,950)
Net book value as at June 30, 2019		-	14,435	14,435
Year ended June 30, 2020				
Additions		-	12,633	12,633
Amortisation for the year	5.3	-	(13,393)	(13,393)
Net book value as at June 30, 2020		-	13,675	13,675
At June 30, 2019				
Cost		43,500	118,815	162,315
Accumulated amortisation		(43,500)	(104,380)	(147,880)
Net book value		-	14,435	14,435
At June 30, 2020				
Cost		43,500	131,448	174,948
Accumulated amortisation		(43,500)	(117,773)	(161,273)
Net book value		-	13,675	13,675

5.1 Goodwill represents 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	2020 ----- (Rupees in '000) -----	2019
Cost of sales	26.1	362	50
Selling and distribution costs	27	4,304	3,905
Administrative expenses	28	8,727	8,995
		<u>13,393</u>	<u>12,950</u>

6. LONG TERM LOANS

Considered good			
- due from executives	6.1	30,717	34,301
- due from other employees	6.1	28,129	34,158
		<u>58,846</u>	<u>68,459</u>
Recoverable within one year	11	(25,670)	(26,729)
	6.2	<u>33,176</u>	<u>41,730</u>

6.1 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.

6.2 Long term loans have been carried at cost as the effect of carrying these balances at amortised cost is not considered to be material.

7. LONG TERM SECURITY DEPOSITS

	Note	2020 ----- (Rupees in '000) -----	2019
Long term security deposits	7.1 & 7.2	<u>21,127</u>	<u>19,045</u>

7.1 These include Rs 9.073 million (2019: 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 These include a Term Deposit Receipt (TDR) amounting to Rs 1.7 million (2019: 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 11.43% (2019: 8.85%) per annum and shall mature on December 13, 2020 at which time the management intends to rollover the TDR.

	Note	2020 ----- (Rupees in '000) -----	2019
Stores		110,727	79,080
Spares	8.1	238,088	188,673
	26.1.3	<u>348,815</u>	<u>267,753</u>

8.1 These include spares in transit amounting to Rs 14.626 million (2019: Rs 0.509 million).

9. STOCK IN TRADE

	Note	2020 ------(Rupees in '000)-----	2019
Raw materials			
- in hand		1,930,208	1,429,784
- with third parties		13,448	3,304
- in transit		1,594,942	1,511,803
	26.1.1	3,538,598	2,944,891
Packing materials			
- in hand		471,896	362,108
- with third parties		1,648	4,097
- in transit		44,892	19,672
	26.1.2	518,436	385,877
Work in process	26.1	581,972	478,627
Finished goods			
- in hand		1,352,713	989,490
- in transit		493	127
	26	1,353,206	989,617
Trading goods			
- in hand		158,241	162,328
- in transit		23,243	13,474
	26	181,484	175,802
		6,173,696	4,974,814

10. TRADE DEBTS

Considered good			
- due from related parties	10.1	-	41
- others		837,141	749,509
		837,141	749,550
Considered doubtful			
- others		7,740	7,740
		844,881	757,290
Less: Provision for doubtful trade debts	10.4	7,740	7,740
		837,141	749,550

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

Hasanali and Gulbanoo Lakhani Foundation	-	41
--	---	----

10.2 The maximum aggregate amount of receivable due from related parties at the end of any month during the year was Rs 0.255 million (2019: Rs 1.551 million).

10.3 As at June 30, 2020, trade receivables of Rs 275.224 million (2019: Rs 453.198 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:

	Note	2020 ------(Rupees in '000)-----	2019
Upto 1 month		126,104	137,054
1 to 6 months		76,122	252,121
More than 6 months		72,998	64,023
		275,224	453,198

	Note	2020 ------(Rupees in '000)-----	2019
10.4	Provision for doubtful trade debts		
	Opening balance	7,740	6,033
	Add: charge for the year	-	1,707
	Closing balance	7,740	7,740

11. LOANS AND ADVANCES

Considered good			
Current portion of long term loans			
- due from executives		13,924	15,291
- due from other employees		11,746	11,438
	6	25,670	26,729
Advances			
- to employees	11.1	6,295	6,997
- to contractors and suppliers	11.2	94,705	153,513
		126,670	187,239

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

	Note	2020 ------(Rupees in '000)-----	2019
11.2	Advances include the following amounts due from following related parties:		
	Ajinomoto Lakson Pakistan (Private) Limited	-	251
	Princeton Travel (Private) Limited	-	1,331
		-	1,582

11.3 The ageing analysis of advances due from related parties is as follows:

Upto 1 month	-	251
1 to 6 months	-	-
More than 6 months	-	1,331
	-	1,582

12. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Security deposits	64,901	23,906
Prepayments	28,946	33,056
	93,847	56,962

13. OTHER RECEIVABLES

Receivable from related parties	13.1	2,093	2,030
Sales tax claimable		8,396	900
Special excise duties claimable		8,729	8,729
LC margin on imports		203,544	94,185
Others	13.4	184,654	193,071
		407,416	298,915

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

	2020	2019
	----- (Rupees in '000) -----	
Century Insurance Company Limited	2,093	1,827
Cyber Internet Services (Private) Limited	-	80
Lakson Business Solutions Limited	-	110
Siza Foods (Pvt) Limited	-	6
Lakson Investment Limited	-	7
	2,093	2,030

13.2 The ageing analysis of other receivables due from related parties is as follows:

Upto 1 month	1,550	1,401
1 to 6 months	-	246
More than 6 months	543	383
	2,093	2,030

13.3 The maximum aggregate amount of receivable due from related parties at the end of any month during the year was Rs 3.620 million (2019: Rs 2.959 million).

13.4 These include pay orders issued in favour of Collector of Customs for clearance of tooth brushes shipments amounting to Rs 184.654 million (2019:190.585 million).

	Note	2020	2019
		----- (Rupees in '000) -----	
14. SHORT TERM INVESTMENTS			
Investments - Amortised cost	14.1	2,904,347	1,345,607
Investments -Fair value through profit or loss	14.2	3,091,067	3,817,896
Investments - Fair value through other comprehensive income	14.3	34,994	383,115
		6,030,408	5,546,618

14.1 The profits on these term deposits range between 6.75% and 11.43% per annum (2019: 13.20% per annum) having maturity in February 2021.

14.2 Investments -Fair value through profit or loss

Name of the investee	As at July 1, 2019	Purchase during the year	Bonus units	Sale / redemption during the year	As at June 30, 2020	Average cost as at June 30, 2020	Fair value as at June 30, 2020	Unrealised gain / (loss) as at June 30, 2020
	----- (Number of units in '000) -----					----- (Rupees in '000) -----		
Lakson Money Market Fund (associated undertaking) managed by lakson Investments Limited	24,523	4,005	20	(13,843)	14,705	1,467,541	1,478,929	11,388
Lakson Income Fund (associated undertaking) managed by lakson Investments Limited	3,770	444	-	-	4,214	425,517	425,113	(404)
Atlas Money Market Fund managed by Atlas Asset Management Limited	1,712	178	-	-	1,890	949,829	954,407	4,578
NBP Money Market Fund (Formerly NAFA Money Market Fund) managed by NBP Funds Management Limited	11,585	1,234	-	-	12,819	126,506	126,683	177
ABL Cash Fund Managed by ABL asset management limited	-	10,121	100	-	10,221	103,915	104,039	124
ABL Islamic Cash Fund Managed by ABL asset management limited	-	52,636	29	(52,476)	189	1,697	1,896	199
	41,590	68,618	149	(66,319)	44,038	3,075,005	3,091,067	16,062

14.3 Investments - Fair value through other comprehensive income

	As at July 1, 2019	Purchases during the year	Sales during the year	Carrying amount as at June 30, 2020	Fair value as at June 30, 2020	Unrealised gain as at June 30, 2020
	----- (Rupees in '000) -----					
Pakistan Investment Bonds (PIBs)	333,778	201,483	(535,261)	-	-	-
Sukuk Bonds	49,337	-	(14,850)	34,650	34,994	344
	383,115	201,483	(550,111)	34,650	34,994	344

15. CASH AND BANK BALANCES

With banks in current / savings accounts
 - Local currency
 - Current accounts
 - Savings accounts

Cheques in hand
 Cash in hand

Note	2020	2019
	----- (Rupees in '000) -----	
15.1	800,787	461,203
	1,414,515	730,015
	2,215,302	1,191,218
	123,990	22,594
	543	488
	2,339,835	1,214,300

15.1 The rate of profit on savings accounts is 6.5% (2019: 10.25%) per annum.

16. SHARE CAPITAL

16.1 Authorised share capital

2020 Number of shares	2019 Number of shares		2020 ----- (Rupees in '000) -----	2019 ----- (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

2020 Number of shares	2019 Number of shares		2020 ----- (Rupees in '000) -----	2019 ----- (Rupees in '000) -----
5,882,353	5,882,353	Ordinary shares of Rs 10 each fully paid in cash	58,824	58,824
51,663,576	51,663,576	Ordinary shares of Rs 10 each issued as fully paid bonus shares	516,635	516,635
57,545,929	57,545,929		575,459	575,459

16.2.1 Colgate-Palmolive Company, an associate incorporated under the laws of State of Delaware, USA, owns 30% (2019: 30%) of the Company's share capital. The controlling shareholders of the Company have a right of first refusal in the event that Colgate-Palmolive Company should divest their shares.

16.2.2 Colgate-Palmolive Company U.S.A has withdrawn its intention to acquire additional shares of the Company up to twenty one percent (21%) through its manager to the offer via letter to Pakistan Stock Exchange (PSX) dated January 30, 2020.

17. RESERVES

	Note	2020 ----- (Rupees in '000) -----	2019 ----- (Rupees in '000) -----
Capital reserve			
- Share premium reserve	17.1	13,456	13,456
Revenue reserve			
- General reserve		13,280,000	11,869,000
- Unappropriated profit		3,570,481	2,562,366
		16,850,481	14,431,366
		16,863,937	14,444,822

17.1 This reserve can be utilised by the Company only for the purpose specified in section 81 of the Companies Act, 2017.

18. DEFERRED TAXATION

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

Taxable temporary difference

Accelerated tax depreciation allowance
Right-of-use assets
Short term investments

Deductible temporary difference

Provision for compensated absences
Intangibles
Provision for impairment of trade debts
Deferred liabilities
Lease liabilities

2020
----- (Rupees in '000) -----

2019

145,248	185,997
89,710	-
2,495	7,033
237,453	193,030
(16,787)	(13,235)
(1,008)	(502)
(2,203)	(2,203)
(12,381)	(12,381)
(101,726)	-
(134,105)	(28,321)
103,348	164,709

18.1 The movement in temporary differences is as follows:

	Balance as at July 1, 2018	Recognised in profit or loss	Recognised in other comprehensive income	Balance as at June 30, 2019	Recognised in profit or loss	Recognised in other comprehensive income	Balance as at June 30, 2020
----- (Rupees in '000) -----							
Deferred tax debits:							
Accelerated tax depreciation allowance	187,430	(1,433)	-	185,997	(40,749)	-	145,248
Right-of-use assets	-	-	-	-	89,710	-	89,710
Short term investments	132	8,280	(1,379)	7,033	(6,791)	2,253	2,495
	187,562	6,847	(1,379)	193,030	42,170	2,253	237,453
Deferred tax credits:							
Provision for compensated absences	(11,751)	(1,484)	-	(13,235)	(3,552)	-	(16,787)
Intangibles	1,625	(2,127)	-	(502)	(506)	-	(1,008)
Provision for impairment of trade debts	(1,705)	(498)	-	(2,203)	-	-	(2,203)
Deferred liabilities	(12,381)	-	-	(12,381)	-	-	(12,381)
Lease Liabilities	-	-	-	-	(101,726)	-	(101,726)
	163,350	2,738	(1,379)	164,709	(63,614)	2,253	103,348

19. LONG TERM DEPOSITS

Deposits obtained from:

- Distributors
- Transporters
- Others

2020
----- (Rupees in '000) -----

2019

112,108	85,799
500	500
5	5
112,613	86,304

19.1 As per the requirements of section 217 of the Companies Act, 2017 deposits amounting to Rs 90.061 million (2019: Rs 68.298 million) are utilised for the purpose of business as per the written agreements and deposits amounting to Rs 22.552 million (2019: Rs 18.006 million) are kept in separate bank account.

20. DEFERRED LIABILITY

	Note	2020 ------(Rupees in '000)-----	2019
Defined benefit plan (staff retirement gratuity) - funded	20.4	47,293	90,112
20.1	As stated in note 2.12, 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, 2020. The disclosures made in notes 20.2 to 20.15 are based on the information included in the actuarial report.		
20.2	The actuarial valuation of gratuity plan was carried out as at June 30, 2020. The projected unit credit method using the following significant assumptions was used for this valuation:		
		2020 Percentage	2019
- Discount rate - per annum compound		8.50	14.25
- Expected rate of increase in salaries - per annum			
For next year		12.50	12.00
For subsequent years		8.50	14.25
20.3	Mortality rate		
	The rates assumed were based on the SLIC (2001-2005) mortality table.		
20.4	Statement of financial position reconciliation		
	Note	2020 ------(Rupees in '000)-----	2019
Present value of defined benefit obligation	20.5	737,791	597,897
Fair value of plan assets	20.6	(690,498)	(507,785)
		47,293	90,112
20.5	Movement in defined benefit obligation		
Present value of defined benefit obligation as at July 1		597,897	516,989
Past service cost		431	5,562
Current service cost		40,014	35,516
Interest cost		84,184	43,861
Remeasurement on obligation		29,529	27,414
Benefits paid		(14,264)	(31,445)
Present value as at June 30		737,791	597,897
20.6	Movement in fair value of plan assets		
Fair value as at July 1		507,785	516,989
Expected return on plan assets		81,741	44,025
Remeasurement on fair value of plan assets		(27,731)	(21,784)
Contributions made during to the fund		142,967	-
Benefits paid		(14,264)	(31,445)
Fair value as at June 30		690,498	507,785

20.7 Movement in net liability in the statement of financial position is as follows:

	Note	2020 ------(Rupees in '000)-----	2019
Balance of net liability as at July 1		90,112	-
Charge for the year	20.9	42,888	40,914
Contributions made to the fund		(142,967)	-
Net remeasurement for the year		57,260	49,198
Balance of net liability as at June 30		47,293	90,112

20.8 Amounts charged to profit or loss:

Current service cost		40,014	35,516
Past service cost		431	5,562
Net interest cost		2,443	(164)
		42,888	40,914

20.9 Charge for the year has been allocated as under:

Cost of sales	26.1	20,763	20,174
Selling and distribution costs	27	12,442	11,513
Administrative expenses	28	9,683	9,227
		42,888	40,914

20.10 Actual return on plan assets

Expected return on plan assets		81,741	44,025
Remeasurement on fair value of plan assets		(27,731)	(21,784)
Actual return on plan assets		54,010	22,241

20.11 Plan assets comprise of the following:

	2020		2019	
	(Rs in '000)	Percentage	(Rs in '000)	Percentage
Shares and units of mutual funds	160,886	23.30	114,759	22.60
Debt instruments	495,778	71.80	139,133	27.40
Cash at Banks	33,834	4.90	253,893	50.00
	690,498	100.00	507,785	100.00

20.12 Expected contribution to defined benefit plan for the year ending June 30, 2021 is Rs 121.753 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%	687,420	795,008
Salary growth rate	1%	794,230	687,171

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

20.15 The average duration of the defined benefit obligation is 7 years.

	Note	2020 ------(Rupees in '000)-----	2019
21 LONG-TERM FINANCING			
Loan under refinancing scheme	21.1	312,837	-
Less: current portion of long-term financing		(39,105)	-
		<u>273,732</u>	<u>-</u>

21.1 The long-term financing has been obtained under salary refinance scheme of State Bank of Pakistan for a term of 2.5 years with grace period of 6 months from disbursement and carry mark-up at the rate of 1% per annum payable quarterly. The principal repayment will take place in 8 quarterly installments commencing from April 2021. The aforementioned facility has been obtained from Habib Metropolitan Bank Limited.

The loans are secured by first pari passu hypothecation charge over stock in trade and book debts of the Company.

22 LEASE LIABILITIES			
	Note	2020 ------(Rupees in '000)-----	2019
Present value of minimum lease payments		350,779	-
Less : current portion of lease liabilities		(31,757)	-
		<u>319,022</u>	<u>-</u>
Maturity analysis			
Not later than 1 year		31,757	-
Later than 1 year		<u>319,022</u>	<u>-</u>
		<u>350,779</u>	<u>-</u>

23. TRADE AND OTHER PAYABLES			
Trade creditors	23.1	743,183	802,825
Accrued liabilities	23.2	1,712,903	1,645,911
Bills payable		394,837	342,320
Advances from customers - unsecured	23.3	93,316	63,864
Sales tax payable		278,799	205,186
Royalty payable to Colgate-Palmolive Co., USA		339,968	271,522
Workers' profits participation fund	23.4	360,009	266,082
Workers' welfare fund		130,837	93,960
Retention money payable		11,259	7,514
Gas infrastructure development cess	25.1.4	175,813	-
Others	23.5	67,880	64,750
		<u>4,308,804</u>	<u>3,763,934</u>

		2020	2019
		----- (Rupees in '000) -----	
23.1	These include the following amounts due to related parties:		
	Century Paper & Board Mills Limited	-	36,631
	Century Insurance Company Limited	559	32,826
	Merit Packaging Limited	18,149	2,668
	Television Media Network (Private) Limited	34,542	-
	Express Publication (Private) Limited	-	1,200
	Siza Foods (Private) Limited	-	40
	Siza Services (Private) Limited	-	188
	Siza (Private) Limited	-	463
	Hasanali and Gulbanoo Lakhani Foundation	-	20
	Lakson Investment Limited	2,039	809
		55,289	74,845
23.2	These include the following amounts accrued in respect of related parties:		
	Note	2020	2019
		----- (Rupees in '000) -----	
	Ajinomoto Lakson Pakistan (Private) Limited	168	991
	Century Paper & Board Mills Limited	15,269	2,303
	Merit Packaging Limited	5,008	7,190
	Sybrid (Private) Ltd	60	-
	Television Media Network (Private) Limited	42,051	41,181
		62,556	51,665
23.3	These include the following amounts of advances from related parties:		
	Caraway (Private) Limited	-	74
	Hasanali and Gulbanoo Lakhani Foundation	5	-
	Colgate Palmolive PNG Limited	-	2,626
		5	2,700
23.4	Workers' profits participation fund		
	Balance at beginning of the year	266,082	250,446
	Allocation for the year	360,009	266,082
		626,091	516,528
	Less: Payments during the year	266,082	250,446
	Balance at end of the year	360,009	266,082
23.5	These include the following amounts payable to related parties:		
	CPPL Employees Provident Fund Trust	10,071	6,367
	Colgate-Palmolive (Thailand) Ltd.	1,857	1,810
	Colgate-Palmolive (Hongkong) Ltd.	2,682	2,615
	Colgate-Palmolive (China) Co. Ltd. Guangzhou	30	29
		14,640	10,821

24. SHORT TERM RUNNING FINANCES

- 24.1 The Company has arranged short-term borrowing facilities from various banks on mark-up basis to the extent of Rs 1,090 million (2019: Rs 1,090 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 between July, 2020 and March, 2021. 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.
- 24.2 The mark-up on short term running facilities ranges between 8.64% to 9.64% (2019: 11.63 % and 14.55%) per annum.
- 24.3 The facilities for opening letters of credit and guarantees as at June 30, 2020 aggregated Rs 5,300 million and Rs 260 million (2019: Rs 5,100 million and Rs 260 million) respectively of which the amounts remaining unutilised at the year end were Rs 3,794.503 million and Rs 131.311 million (2019: Rs 3,827.716 million and Rs 146.05 million) respectively.

25. CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

- 25.1.1 Certain cases have been filed against the Company by some former employees claiming Rs 1.116 million (2019: Rs 2.380 million) in aggregate. No provision has been made in these financial statements 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.
- 25.1.2 In 2016, Company deposited Post dated cheques with customs authorities as a security in respect of duties and taxes amounting to Rs 19.758 million payable at the time of exbonding of imported goods. Further, customs authorities have withheld cheques which became due during the year 2018 amounting to Rs 19.758 million on account of claim in relation to custom duty, sales tax and income tax made by custom authorities as mentioned in note 25.1.3 below.
- 25.1.3 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. The Company filed a constitutional petition No. D - 3134 of 2016 in the High Court of Sindh dated May 28, 2016 and obtained a stay order dated May 31, 2016 to restrain customs authorities from taking any coercive action against the Company.

During the year 2017, the Company received another letter dated April 20, 2017 issued by Collectorate of Customs claiming duties and taxes amounting to Rs 137.905 million on the same grounds as stated in aforementioned paragraph.

During the year 2018, the Collector of Customs (Adjudication - I) vide order dated November 14, 2017 adjudicated the show cause notice and accordingly directed the Collectorate to take further necessary actions in the light of the judgement of the High Court of Sindh. The Collector of Customs being aggrieved by the decision has filed a Custom Appeal 32-K of 2018 before the Custom Appellate Tribunal which is pending till date.

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.

- 25.1.4 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 Honorable Supreme Court of Pakistan (SCP) 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 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 filed a petition to invalidate the promulgation of the new GIDC Act which is pending adjudication.

During the year, Gas Infrastructure Development Cess (Amendment) Ordinance 2019 was promulgated, however, the same was subsequently recalled by the government with request to the SCP for settlement of the matter judicially. The decision to be made by the SCP would impact all pending appeals in various High Courts, therefore, it invited intervener applications to join the proceedings. The SCP has decided the case in favour of government on August 13, 2020. Accordingly, the Company has made provision of Rs 175.813 million in these financial statements. However, the Company is considering filing a review petition with the SCP in due course of time.

- 25.1.5 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.61.382 million (2019: Rs 46.643 million).

25.2 Commitments

- 25.2.1 Commitments in respect of capital expenditure and inventory items amounted to Rs. 642.618 million and Rs. 789.121 million (2019: Rs 134.545 million and Rs 431.622 million) respectively.
- 25.2.2 Outstanding letters of credit amounted to Rs. 1,294.489 million (2019: Rs 1,146.456 million).
- 25.2.3 Outstanding duties leviable on clearing of stocks amounted to Rs 17.175 million (2019: Rs 22.812 million).

	Note	2020 ------(Rupees in '000)-----	2019
26 COST OF SALES			
Opening stock of finished goods (including trading goods)		1,165,419	953,629
Cost of goods manufactured	26.1	26,994,981	22,979,941
Purchases of trading goods		4,287,204	3,722,303
		32,447,604	27,655,873
Less: Closing stock of finished goods (including trading goods)	9	1,534,690	1,165,419
		30,912,914	26,490,454
26.1 Cost of goods manufactured			
Opening stock of work in process		478,627	311,269
Raw materials consumed	26.1.1 & 26.1.4	19,222,461	16,075,497
Packing materials consumed	26.1.2 & 26.1.4	4,650,243	4,135,396
Stores and spares consumed	26.1.3	136,373	123,422
Salaries, wages and other benefits		1,205,543	1,116,251
Staff retirement gratuity	20.9	20,763	20,174
Provident fund	26.1.5	19,970	16,961
Power and fuel	26.1.6	656,626	444,406
Repairs and maintenance		62,786	69,963
Rent, rates and taxes		46,765	52,693
Insurance		73,985	67,553
Laboratory expenses		18,564	16,876
Cartage		219,783	213,449
Depreciation on operating fixed assets	4.1.6	653,372	709,267
Depreciation on right-of-use assets	4.3.2	8,071	-
Amortisation	5.3	362	50
Other manufacturing expenses		102,659	85,341
		27,576,953	23,458,568
Less: Closing stock of work in process	9	581,972	478,627
		26,994,981	22,979,941
26.1.1 Raw materials consumed			
Opening stock		2,944,891	2,512,035
Purchases		19,816,168	16,508,353
		22,761,059	19,020,388
Less: Closing stock	9	3,538,598	2,944,891
		19,222,461	16,075,497
26.1.2 Packing materials consumed			
Opening stock		385,877	334,045
Purchases		4,782,802	4,187,228
		5,168,679	4,521,273
Less: Closing stock	9	518,436	385,877
		4,650,243	4,135,396
26.1.3 Stores and spares consumed			
Opening stock		267,753	228,561
Purchases		217,435	162,614
		485,188	391,175
Less: Closing stock	8	348,815	267,753
		136,373	123,422

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

	2020 ------(Rupees in '000)-----	2019 ------(Rupees in '000)-----
Raw materials	1,244	-
Packing materials	126	-
Finished goods	2,039	-
	<u>3,409</u>	<u>-</u>

26.1.5 The investments by the provident fund in collective investment schemes, listed equity and debts securities have been made in accordance with the conditions specified in section 218 of the Companies Act, 2017 and rules specified thereunder.

26.1.6 This includes charge for GIDC amounting to Rs. 25.538 million

	Note	2020 ------(Rupees in '000)-----	2019 ------(Rupees in '000)-----
27. SELLING AND DISTRIBUTION COST			
Salaries, wages and other benefits		777,758	664,160
Staff retirement gratuity	20.9	12,442	11,513
Provident fund	26.1.5	23,262	19,040
Travelling and conveyance		30,300	38,044
Repairs and maintenance		12,065	9,980
Vehicle running expenses		107,335	110,242
Advertising and sales promotion		2,278,060	2,365,195
Royalty on sale of licensed products	27.1	278,920	210,669
Postage, telephone and internet charges		27,664	24,719
Rent, rates and taxes	27.2	125,875	133,512
Printing and stationery		6,603	4,758
Subscription and membership		237	280
Legal and professional		1,703	2,765
Freight		1,635,767	1,378,902
Electricity		11,343	13,116
Insurance		61,299	60,012
Security service charges		10,804	10,485
Depreciation on operating fixed assets	4.1.6	56,058	51,526
Depreciation on right-of-use assets	4.3.2	20,782	-
Amortisation	5.3	4,304	3,905
Other expenses		21,251	19,518
		<u>5,503,832</u>	<u>5,132,341</u>

27.1 Details of royalty paid during the year are as follows:

Name of Recipient	Relationship with the Company	Registered Address	2020 (Rupees in '000)	2019 (Rupees in '000)
Colgate-Palmolive Company	Associate	300 Park Avenue, New York 10022-7499 USA	178,903	137,506
The Walt Disney Company Limited	N/A	3 Queen Caroline Street, Hammersmith, London, UK	-	144

27.2 Expense in respect of short term leases amounted to Rs 6.758 million (2019: Nil).

	Note	2020 (Rupees in '000)	2019
28. ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits		304,248	275,082
Staff retirement gratuity	20.9	9,683	9,227
Provident fund	26.1.5	10,995	9,787
Travelling and conveyance		8,117	8,057
Repairs and maintenance		60,405	30,559
Vehicle running expenses		26,630	20,799
Postage, telephone and internet charges		16,254	16,252
Rent, rates and taxes		3,484	15,438
Software license fee		20,051	22,559
Printing and stationery		5,092	4,966
Subscription and membership		9,403	8,702
Legal and professional		4,581	7,506
Electricity		4,471	4,985
Insurance		12,051	14,953
Security service charges		6,885	7,629
Depreciation on operating fixed assets	4.1.6	43,441	45,213
Depreciation on right-of-use assets	4.3.2	16,376	-
Amortisation	5.3	8,727	8,995
Others		2,153	1,823
		573,047	512,532
Charge from related parties		8,493	7,534
		581,540	520,066
29. OTHER EXPENSES			
Workers' profits participation fund	23.4	360,009	266,082
Workers' welfare fund	29.1	128,403	91,333
Auditors' remuneration	29.2	7,094	5,345
Property, plant and equipment - written off	4.1.1	9,037	1,383
Donations	29.3	52,966	19,500
Gas Infrastructure development Cess		150,275	-
Others		16,880	45,012
		724,664	428,655
29.1 Workers' welfare fund			
Charge for the year		130,837	93,960
Prior year		(2,434)	(2,627)
		128,403	91,333
29.2 Auditors' remuneration			
Audit fee		1,188	1,100
Fee for half yearly review		516	478
Statutory certifications		323	323
Others	29.2.1	4,732	2,878
		6,759	4,779
Out of pocket expenses		335	566
		7,094	5,345

29.2.1 These include services relating to taxation and business process improvement.

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

Name of director	Interest in donee	Name of donee	2020 (Rupees in '000)	2019 (Rupees in '000)
Mr. Zulfiqar Ali Lakhani, Mr. Amin Mohammed Lakhani and Mr. Iqbal Ali Lakhani	Trustees	Hasanali and Gulbanoo Lakhani Foundation	51,366	18,000
Mr. Kamran Yousuf Mirza	Trustee	Karwan e Hayat	100	-
Mr. Iqbal Ali Lakhani	Trustee	Layton Rehmatullah Benevolent Trust	500	500
Mr. Iqbal Ali Lakhani	Spouse is the chairperson	Pakistan Special Olympics	1,000	1,000

Note 2020 2019
(Rupees in '000)

30. OTHER INCOME

Income from financial assets

Profit on savings accounts	122,911	62,720
Profit on treasury bills	217,467	111,818
Profit on a term deposit receipt	83,756	49,716
Profit on PIBs	17,849	27,060
Profit on Sukuk bonds	951	9,580
Dividend Income	420,131	234,795
Exchange gain - net	21,946	-
Unrealised gain on investments classified as fair value through profit or loss	3,679	2,858
Gain on disposal of short term investments	12,383	14,743
	901,073	513,290

Income from non-financial assets

Insurance commission	23,338	33,583
Gain on disposal of items of property, plant and equipment	28,542	19,872
Sale of scrap	44,185	44,689
Others	3,070	1,726
	99,135	99,870
	1,000,208	613,160

4.1.5

		2020	2019
		------(Rupees in '000)-----	
31.	FINANCE COST AND BANK CHARGES		
	Guarantee commission	1,039	2,391
	Interest on lease liabilities	52,590	-
	Interest on long-term financing	121	-
	Bank commission and other charges	42,063	36,105
		<u>95,813</u>	<u>38,496</u>
32.	TAXATION		
	Current		
	- for the year	1,940,295	1,444,308
	- for prior years	(29,730)	6,341
		<u>1,910,565</u>	<u>1,450,649</u>
	Deferred tax	(63,614)	2,738
		<u>1,846,951</u>	<u>1,453,387</u>
32.1	Reconciliation between the average effective tax rate and the applicable tax rate.		
		2020	2019
		Percentage	
	Applicable tax rate	29.00	29.00
	Tax effect of income assessed under final tax regime	(0.80)	(0.56)
	Tax credits	(0.24)	(1.26)
	Tax effect due to impact of super tax	-	1.91
		<u>27.96</u>	<u>29.09</u>
	Tax effect of income tax (reversal) / provision relating to prior years	(0.44)	0.13
		<u>27.52</u>	<u>29.22</u>
33.	EARNINGS PER SHARE	2020	2019
		------(Rupees in '000)-----	
	Profit after taxation	<u>4,864,816</u>	<u>3,510,803</u>
		(Number of shares)	
	Weighted average number of ordinary shares outstanding during the year	<u>57,545,929</u>	<u>57,545,929</u>
		2020	2019
		------(Rupees)-----	
	Earnings per share	<u>84.54</u>	<u>61.01</u>
33.1	There are no dilutive potential ordinary shares outstanding as at June 30, 2020 and 2019.		

	Note	2020 ------(Rupees in '000)-----	2019
34. CASH GENERATED FROM OPERATIONS			
Profit before taxation		6,711,767	4,964,190
Adjustment for non-cash charges and other items:			
Depreciation on operating fixed assets		752,871	806,006
Depreciation on right-of-use assets		45,229	-
Provision for doubtful trade debts		-	1,707
Amortisation expense		13,393	12,950
Gain on disposal of items of property, plant and equipment		(28,542)	(19,872)
Staff retirement gratuity		42,888	40,914
Profit on savings accounts		(122,911)	(62,720)
Profit on a term deposit receipt		(83,756)	(49,716)
Profit on treasury bills		(217,467)	(111,818)
Profit on PIBs		(17,849)	(27,060)
Profit on Sukuk bonds		(951)	(9,580)
Unrealised gain on investments classified as fair value through profit or loss		(3,679)	(2,858)
Gain on disposal of short term investments		(12,383)	(14,743)
Finance cost and Bank Charges		95,813	38,496
Stocks in trade written off		3,409	-
Property, plant and equipment written off		9,037	1,383
Working capital changes	34.1	(910,739)	(479,604)
		<u>6,276,130</u>	<u>5,087,675</u>
34.1 Working capital changes			
(Increase) / decrease in current assets:			
Stores and spares		(81,062)	(39,192)
Stock in trade		(1,202,291)	(863,836)
Trade debts		(87,591)	(14,884)
Loans and advances		60,569	(151,213)
Trade deposits and short term prepayments		(37,318)	9,635
Other receivables		(108,501)	(392)
		<u>(1,456,194)</u>	<u>(1,059,882)</u>
Increase in current liabilities:			
Trade and other payables		545,455	580,278
		<u>(910,739)</u>	<u>(479,604)</u>
35. CASH AND CASH EQUIVALENTS			
Cash and bank balances	15	2,339,835	1,214,300
Short term investments - Term Deposit Receipts (TDRs)	14	2,887,000	1,343,000
		<u>5,226,835</u>	<u>2,557,300</u>
36. PROPOSED DIVIDEND			

The Board of Directors in its meeting held on August 24, 2020 have proposed a cash dividend of Rs 23.50 per share (2019: Rs 20 per share) aggregating Rs 1,352.329 million (2019: Rs 1,150.918 million) and bonus issue of 5.755 million shares (2019: Nil) at the rate of one share for every ten shares held (2019: Nil) aggregating Rs 57.546 million (2019: Nil) for the year ended June 30, 2020. This is in addition to the interim cash dividend of Rs 22.50 (2019: Rs 16.50) per share aggregating Rs 1,294.783 million (2019: Rs 949.508 million). Further, the Board has proposed a transfer of unappropriated profit to general reserve amounting to Rs 2,160 million (2019: Rs 1,411 million). The dividend, bonus issue and transfer are subject to the approval of members at the annual general meeting. The effect of such dividend, bonus issue and transfer shall be accounted for in the financial statements for the year ending June 30, 2021.

37. RELATED PARTY DISCLOSURES

37.1 Disclosure of transactions between the Company and related parties

The related parties comprise associated companies, staff retirement funds, directors and other 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	2020 (Rupees in '000)	2019 (Rupees in '000)
Sale of goods, services provided and reimbursement of expenses	Associates	72,713	49,126
Purchase of goods, services received and reimbursement of expenses	Associates	2,447,390	2,740,489
Rent, allied and other charges	Associates	35,574	36,300
Purchase of short term investments	Associate	200,000	2,650,000
Sale proceeds on redemption of short term investments	Associate	1,400,000	939,891
Profit on short term investments	Associate	10,984	10,109
Royalty charges	Associate	278,920	210,475
Purchase of property, plant and equipment	Associates	1,294	713
Expense in relation to staff retirement gratuity fund	Employees fund	42,888	41,032
Expense in relation to provident fund	Employees fund	54,228	45,786
Donations	Associates	52,966	19,500
Compensation paid to key management personnel	Key management personnel	107,786	74,312
Insurance claims received	Associate	17,741	49,146
Insurance commission income	Associate	23,338	33,200
Dividend paid	Associates	2,150,923	1,678,559
Dividend received on mutual funds	Associates	293,605	-

37.2 The related party status of outstanding balances as at June 30, 2020 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 23). These are to be settled in the ordinary course of business. The receivables and payables are primarily unsecured in nature and bear no interest.

37.3 Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place.

S.No.	Company Name	Country of incorporation	Basis of relationship	Aggregate % of shareholding in the Company
1	Colgate-Palmolive Company, USA	USA	Associate	30.00%
2	Colgate-Palmolive PNG Ltd.	Papua New Guinea	Associate	N/A
3	Colgate-Palmolive (Hongkong) Ltd.	Hong kong	Associate	N/A
4	Colgate-Palmolive Asia Pacific Ltd.	--do--	Associate	N/A
4	Colgate-Palmolive (Thailand) Ltd.	Thailand	Associate	N/A
5	Colgate Sanxiao Co. Ltd.	China	Associate	N/A
6	Colgate-Palmolive (China) Co.Ltd.,Guangzhou	--do--	Associate	N/A
7	Colgate-Palmolive (Vietnam) Co. Ltd.	Vietnam	Associate	N/A
8	Colgate-Palmolive India Ltd.	India	Associate	N/A
9	SIZA Services (Private) Limited	Pakistan	Common Director	25.28%
10	SIZA (Private) Limited	--do--	Common Director	17.38%
11	Premier Fashion (Private) Limited	--do--	Common Director	12.18%
12	SIZA Commodities (Private) Limited	--do--	Common Director	3.07%
13	Century Insurance Co. Ltd.	--do--	Common Director	0.04%
14	Century Paper & Board Mills Limited	--do--	Common Director	N/A
15	Merit Packaging Limited	--do--	Common Director	N/A
16	Accuray Surgicals Limited	--do--	Common Director	N/A
17	Lakson Business Solutions Limited	--do--	Common Director	N/A
18	Lakson Investments Limited	--do--	Common Director	N/A
19	Cyber Internet Services (Private) Limited	--do--	Common Director	N/A
20	Princeton Travels (Private) Limited	--do--	Common Director	N/A
21	SIZA Foods (Private) Limited	--do--	Common Director	N/A
22	Sybrid (Private) Limited	--do--	Common Director	N/A
23	Caraway (Private) Limited	--do--	Associate	N/A
24	Ajinomoto Lakson Pakistan (Private) Limited	--do--	Common Director	N/A
25	Pakistan Business Council	--do--	Common Director	N/A
26	Express Publication (Private) Limited	--do--	Associate	N/A
27	Television Media Network (Private) Limited	--do--	Associate	N/A
28	Pakistan Special Olympics	--do--	Associate	N/A
29	Hasanali & Gulbanoo Lakhani Foundation	--do--	Trustee	N/A
30	LRBT (Layton Rehmatullah Benevolent Trust)	--do--	Trustee	N/A
31	CPPL Employees Contributory Provident Fund	--do--	Trustee	N/A
32	CPPL Employees Gratuity Provident Fund	--do--	Trustee	N/A
33	The Aga Khan Hospital and Medical College Foundation	--do--	Common Director	N/A

38. REMUNERATION OF CHIEF EXECUTIVE, EXECUTIVE DIRECTOR AND EXECUTIVES

38.1 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		Executive Director		Executives	
	2020	2019	2020	2019	2020	2019
	----- (Rupees in '000) -----					
Managerial remuneration	16,055	13,000	1,550	2,188	322,332	272,796
Bonus / commission	-	-	-	-	98,639	90,425
Staff retirement gratuity	-	-	-	-	57,350	52,320
Provident fund	-	-	-	-	26,627	21,685
Housing	7,225	5,720	698	984	145,075	122,790
Utilities	2,394	2,802	-	-	-	-
Motor vehicles	4,582	1,490	246	321	21,406	18,805
Others	-	-	162	228	47,208	39,387
	30,256	23,012	2,656	3,721	718,637	618,208
Number of persons	1	1	1	1	115	109

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

38.3 Aggregate amount charged in these financial statements in respect of fees to independent directors is Rs. 0.4 million (2019: Nil). No remuneration is paid to any non-executive director.

39. FINANCIAL INSTRUMENTS BY CATEGORY

	2020	2019
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
FINANCIAL ASSETS		
At amortised cost		
Long term loans	33,176	41,730
Long term security deposits	21,127	19,045
Trade debts	837,141	749,550
Loans	25,670	26,729
Trade deposits	64,901	23,906
Other receivables	390,291	289,286
Accrued profit	3,695	14,167
Short term investments	2,904,347	1,345,607
Cash and bank balances	2,339,835	1,214,300
	6,620,183	3,724,320
Financial asset -		
At fair value through other comprehensive income	34,994	383,115
At fair value through profit or loss	3,091,067	3,817,896
	9,746,244	7,925,331

	2020 ------(Rupees in '000)-----	2019 ------(Rupees in '000)-----
FINANCIAL LIABILITIES		
Financial liabilities at amortised cost		
Long term deposits	112,613	86,304
Long-term financing	312,837	-
Lease Liabilities	350,779	-
Trade and other payables	3,445,843	3,134,842
Unclaimed dividend	21,638	22,131
Accrued mark up	121	-
	<u>4,243,831</u>	<u>3,243,277</u>

40. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

40.1 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 40.1.1, 40.1.2 and 40.1.3 below:

40.1.1 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 9,746.244 million (2019: Rs 7,925.331 million), the financial assets that are subject to credit risk aggregated Rs 9,745.701 million (2019: Rs 7,830.658 million).

The analysis below summarises the credit quality of the Company's financial assets as at June 30, 2020 / 2019.

The bank balances along with credit ratings are tabulated below:

	2020 ------(Rupees in '000)-----	2019 ------(Rupees in '000)-----
Credit ratings		
A-1+	2,205,473	1,191,202
Others	133,819	22,608
	<u>2,339,292</u>	<u>1,213,810</u>

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

	2020 ------(Rupees in '000)-----	2019 ------(Rupees in '000)-----
Credit ratings		
A-1+	2,904,347	1,345,607
AA	34,994	49,337
Government securities	-	333,778
Management Quality ratings		
AM1	232,618	114,320
AM2+	2,858,449	3,703,576
	<u>6,030,408</u>	<u>5,546,618</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 break up of amount due from customers other than related parties as stated in note 10 is presented below:

	2020	2019
	----- (Rupees in '000) -----	
Due from customers other than related parties		
Institutional customers	670,046	575,680
Distributors	96,683	180,152
Others	78,152	1,417
	<u>844,881</u>	<u>757,249</u>

Out of Rs 844.882 million (2019: Rs 757.249 million), the Company has provided Rs 7.740 million (2019: Rs 7.740 million) being considered doubtful of recovery.

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

	2020	2019
	----- (Rupees in '000) -----	
Trade debts	-	41
Other receivables	2,093	2,030
	<u>2,093</u>	<u>2,071</u>

Concentration of credit risk exists when changes in economic and industry factors 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.

40.1.2 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 the 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:

Contractual cashflows		
Maturity within one year	Maturity after one year	Total
June 30, 2020		
----- (Rupees in '000) -----		
Financial liabilities		
Long term deposits	-	112,613
Long-term financing	41,526	276,123
Lease Liabilities	79,948	515,010
Trade and other payables	3,445,843	-
Unclaimed dividend	21,638	-
Accrued mark up	121	-
	3,589,076	903,746
		4,492,822
June 30, 2019		
----- (Rupees in '000) -----		
Financial liabilities		
Long term deposits	-	86,304
Long-term financing	-	-
Lease Liabilities	-	-
Trade and other payables	3,134,842	-
Unclaimed dividend	22,131	-
Accrued mark up	-	-
	3,156,973	86,304
		3,243,277

40.1.3 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, 2020, had Pakistan rupee 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 19.742 million (2019: Rs 17.116 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, Sukuk Bonds, Long term financing, Lease liabilities and cash with banks in savings accounts which are based on fixed interest rates. As at June 30, 2020, had there been increase / decrease in fixed interest rates by 100 basis points, with all other variables held constant, profit before tax and other comprehensive income for the year would have been higher / lower by Rs 36.552 million (2019: Rs 20.756 million) and Rs 0.35 million (2019: Rs. 3.831 million) respectively.
- 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 a result of changes in the levels of net asset value of units held by the Company. As at June 30, 2020, 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 30.911 million (2019: Rs 38.179 million).

40.1.4 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, 2020, all financial assets and financial liabilities are carried at amortised cost except for investment in mutual funds and Sukuk Bonds 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 following levels:

- 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 (e.g. significant increases / decreases in activity)
- changes in inputs used in valuation techniques (e.g. 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, market prices for Sukuk Bonds and quoted prices for floating rate PIBs 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 on going basis.

The following table analyses within the fair value hierarchy of the Company's financial assets (by class) measured at fair value at June 30, 2020:

	2020			
Financial assets	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Financial investments: Fair value through profit or loss	3,091,067	-	-	3,091,067
Financial investments: Fair value through other comprehensive income	-	34,994	-	34,994

	2019			
Financial assets	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Financial investments: Fair value through profit and loss	3,817,896	-	-	3,817,896
Financial investments: Fair value through other comprehensive income	-	383,115	-	383,115

41. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and 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 liquid assets and keeping in view future investment requirements and expectation of the shareholders.

As at June 30, 2020 and 2019, the Company had surplus reserves to meet its requirements.

42. ENTITY-WIDE INFORMATION

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

42.2 Information about products

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

	2020	2019
Personal Care	26%	24%
Home Care	69%	69%
Others	5%	7%
	100%	100%

42.3 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.

42.4 Information about major customers

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

43. PLANT CAPACITY AND ACTUAL PRODUCTION

	2020 (Quantities in tons)	2019
Capacity	276,552	246,392
Production	242,336	214,635

Actual production was sufficient to meet the demand.

44. NUMBER OF EMPLOYEES

The total and average number of employees during the year and as at June 30, 2020 and 2019 respectively are as follows:

	2020 No of employees	2019
Average number of employees during the year	1,724	1,666
Number of employees as at June 30	1,726	1,717

45. Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan.

46. **DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on August 24, 2020 by the board of directors of the Company.



Zulfiqar Ali Lakhani
Chief Executive



Kamran Yousuf Mirza
Director



Mirza Rehan Ahmed
Chief Financial Officer

Pattern of Shareholding

Held by the shareholders as at June 30, 2020

Incorporation Number KAR-5010 OF 1977-78

CUIN Registration NO. 005832

No. of Shareholders	Shareholdings			Total Shares held
	From	To		
432	1	100	Shares	8,841
154	101	500	Shares	39,716
72	501	1000	Shares	54,860
106	1001	5000	Shares	214,717
16	5001	10000	Shares	109,678
3	10001	15000	Shares	35,720
1	15001	20000	Shares	19,546
4	20001	25000	Shares	85,920
1	25001	30000	Shares	29,330
1	50001	55000	Shares	51,338
1	75001	80000	Shares	78,655
1	190001	195000	Shares	193,675
1	195001	200000	Shares	197,151
1	1765001	1770000	Shares	1,765,874
1	2785001	2790000	Shares	2,786,749
1	3050001	3055000	Shares	3,051,369
1	7005001	7010000	Shares	7,009,558
1	10000001	10005000	Shares	10,001,539
1	14545001	14550000	Shares	14,547,920
1	17260001	17265000	Shares	17,263,759
800				57,545,915

Categories of Shareholders

	Shares Held	Percentage
Directors, Chief Executive Officer, and their spouses and minor children	2,805,323	4.88
Associated Companies, undertakings and related parties	33,746,037	58.64
NIT and ICP	193	-
Banks, Development Financial Institutions, Non Banking Financial Institutions, Insurance Companies	2,790	0.01
Modarabas and Mutual Funds	1,420	-
Shareholders holding 10%	48,822,776	84.84
General Public		
a. Local	605,241	1.05
b. Foreign	-	-
Others	20,384,911	35.42

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)	<u>ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES</u>	Shares held
	1. SIZA (Pvt) Limited	10,001,539
	2. SIZA Services (Pvt) Limited	14,547,920
	3. SIZA Commodities (Pvt) Limited	1,765,874
	4. Premier Fashions (Pvt) Limited	7,009,558
	5. Century Insurance Company Limited	21,166
	6. Sultan Ali Lakhani	404
	7. Shaista Sultan Ali Lakhani	643
	8. Babar Ali Lakhani	3,456
	9. Bilal Ali Lakhani	1,375
	10. Danish Ali Lakhani	1,994
	11. Anushka Lakhani	197,674
	12. Anika Amin Lakhani	759
	13. Natasha Lakhani	193,675
ii)	<u>MUTUAL FUND</u>	
	CDC – Trustee AKD Index Tracker Fund	1,420
iii)	<u>DIRECTORS AND THEIR SPOUSES AND MINOR CHILDREN</u>	
	1. Iqbal Ali Lakhani Chairman/Director	2,793,224
	2. Zulfiqar Ali Lakhani Director/Chief Executive	1,878
	3. Amin Mohammed Lakhani Director	6,312
	4. Aliya Saeeda Khan Director	1,200
	5. Kamran Yousuf Mirza Director	500
	6. Syed Shahid Ali Bukhari Director	500
	7. Peter John Graylin Nominee of Colgate-Palmolive Company, USA	-
	8. Xuan Dai Nominee of Colgate-Palmolive Company, USA	-
	9. Ronak Iqbal Lakhani W/o. Iqbal Ali Lakhani	597
	10. Fatima Lakhani W/o. Zulfiqar Ali Lakhani	372
	11. Saira Amin Lakhani W/o. Amin Mohammed Lakhani	740
iv)	<u>Executives</u>	6,041
v)	<u>PUBLIC SECTOR COMPANIES AND CORPORATIONS</u>	NIL
vi)	<u>BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE COMPANIES, INSURANCE COMPANIES, TAKAFUL, MODARABAS AND PENSION FUNDS AND:</u> <u>[Other than those reported at i (5)]</u>	17,002
vii)	<u>SHAREHOLDERS HOLDING 5% OR MORE</u> Colgate-Palmolive Co., USA. Arisaig India Fund Limited, Hongkong <u>[Other than those reported at i(1), i(2) & i(4)]</u>	17,263,759 3,051,369
viii)	<u>INDIVIDUALS AND OTHER THAN THOSE MENTIONED ABOVE</u>	654,964
		57,545,915

Operating and Financial Highlights

STATEMENT OF FINANCIAL POSITION

	2019- 2020	2018- 2019	2017- 2018	2016- 2017	2015- 2016	2014- 2015
	----- (Rupees in '000) -----					
Property, plant and equipment	5,102,949	4,291,939	3,732,651	2,803,304	2,821,165	2,962,515
Intangible assets	13,675	14,435	24,818	23,157	6,091	7,552
Long term loans and security deposits	54,303	60,775	60,299	62,181	48,562	33,852
	5,170,927	4,367,149	3,817,768	2,888,642	2,875,818	3,003,919
Current assets	17,337,687	14,628,286	12,932,200	12,061,782	10,831,610	8,539,778
Current liabilities	4,401,425	3,786,065	3,196,303	2,928,701	2,712,794	2,079,424
	12,936,262	10,842,221	9,735,897	9,133,081	8,118,816	6,460,354
TOTAL ASSETS EMPLOYED	18,107,189	15,209,370	13,553,665	12,021,723	10,994,634	9,464,273
REPRESENTED BY						
Equity						
Paid-up capital	575,459	575,459	479,549	479,549	479,549	479,549
Reserves	16,863,937	14,444,822	12,937,587	11,358,955	10,260,504	8,640,488
Remeasurement on post retirement benefits obligation	(188,474)	(147,819)	(112,888)	(88,621)	(69,982)	(67,469)
Surplus / (Deficit) on revaluation of investments	259	(4,217)	5	4,043	7,296	1,048
	17,251,181	14,868,245	13,304,253	11,753,926	10,677,367	9,053,616
Non-Current liabilities						
Long term loans, deposits deferred tax and deferred liability	856,008	341,125	249,412	267,797	317,267	410,657
	856,008	341,125	249,412	267,797	317,267	410,657
	18,107,189	15,209,370	13,553,665	12,021,723	10,994,634	9,464,273
STATEMENT OF PROFIT OR LOSS						
Turnover	57,870,219	48,718,781	41,421,811	37,498,961	33,135,291	31,174,591
Less : Sales tax & sed	9,175,788	7,718,475	6,568,260	5,954,616	5,278,903	4,962,757
: Trade discounts	5,164,109	4,039,264	3,581,833	3,198,848	2,811,429	2,513,469
	14,339,897	11,757,739	10,150,093	9,153,464	8,090,332	7,476,226
Net turnover	43,530,322	36,961,042	31,271,718	28,345,497	25,044,959	23,698,365
Cost of sales	30,912,914	26,490,454	20,850,970	18,344,900	16,502,405	16,631,197
Gross profit	12,617,408	10,470,588	10,420,748	10,000,597	8,542,554	7,067,168
Administrative, selling and distribution cost	(6,085,372)	(5,652,407)	(5,780,419)	(5,204,934)	(4,423,168)	(3,870,762)
Other expenses	(724,664)	(428,655)	(410,310)	(397,171)	(336,846)	(262,926)
Other income	1,000,208	613,160	467,233	459,509	416,927	361,719
	(5,809,828)	(5,467,902)	(5,723,496)	(5,142,596)	(4,343,087)	(3,771,969)
Profit from operations	6,807,580	5,002,686	4,697,252	4,858,001	4,199,467	3,295,199
Finance costs	95,813	38,496	29,240	24,534	23,476	20,410
Profit before taxation	6,711,767	4,964,190	4,668,012	4,833,467	4,175,991	3,274,789
Taxation	1,846,951	1,453,387	1,410,957	1,577,045	1,357,102	1,052,621
Profit after taxation	4,864,816	3,510,803	3,257,055	3,256,422	2,818,889	2,222,168

Operating and Financial Highlights - Continued

		2019-2020	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015
FINANCIAL RATIOS							
RATE OF RETURN							
Pre tax return on equity	%	39	33	35	41	39	36
Post tax return on equity	%	28	24	24	28	26	25
Return on average capital employed	%	41	35	37	42	41	37
Interest cover	times	71	130	161	198	179	161
PROFITABILITY							
Gross profit margin	%	29	28	33	35	34	30
Operating profit to sales	%	16	14	15	17	17	14
Pre tax profit to sales	%	15	13	15	17	17	14
Post tax profit to sales	%	11	9	10	11	11	9
LIQUIDITY							
Current Ratio	ratio	4.0:1	4.0:1	4.0:1	4.1:1	4.0:1	4.1:1
Quick ratio	ratio	2.5:1	2.5:1	2.7:1	3.0:1	2.9:1	2.8:1
FINANCIAL GEARING							
Debt equity ratio	ratio	2:100	0:100	0:100	0:100	0:100	0:100
Gearing ratio	times	0.30	0.28	0.26	0.27	0.28	0.28
CAPITAL EFFICIENCY							
Debtors turnover	days	7	7	9	10	8	10
Average Inventory turnover	days	66	63	63	59	60	56
Total assets turnover	times	2	2	2	2	2	2
Property, plant and equipment turnover	times	9	9	8	10	9	8
INVESTMENT MEASURES PER ORDINARY SHARE							
Earnings per share	Rs	84.54	61.01	56.60	56.57	48.98	38.61
Dividend cash (including proposed)	Rs	46	36.50	35	35	30	25
Dividend payout (including bonus)	%	56	60	54	52	51	54
Dividend yield	%	2	2	1	2	2	2
Price earning ratio	times	26.50	34.01	55.64	40.69	31.13	39.29
Break-up value	Rs	299.78	258.37	231.19	204.25	185.54	157.33
Market value - low	Rs	1,663	1,900	2,105	1,450	1,300	1,355
Market value - high	Rs	2,600	3,288	3,598	2,401	1,659	2,290
Market value - year end	Rs	2,240	2,075	3,149	2,302	1,525	1,517
Market capitalization	Rs in Mn	128,903	119,408	181,212	132,471	87,758	87,297
Dividend - Cash	%	460	365	350	350	300	250
Dividend - Bonus shares	%	10	0	20	0	0	0

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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 29th day of September 2020 and at any adjournment thereof.

Signed this _____ day of _____ 2020.

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

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 excluding holidays.

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AFFIX
CORRECT
POSTAGE

Company Secretary
COLGATE-PALMOLIVE (PAKISTAN) LIMITED
Lakson Square, Building No. 2,
Sarwar Shaheed Road,
Karachi.74200.
Phone: 38400000

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مختار نامہ (پراکسی فارم)

میں/ہم _____ ساکن _____
 بحیثیت رکن (ممبر) کولگیٹ پامولیو (پاکستان) لمیٹڈ مقرر کرتا / کرتی ہوں / کرتے ہیں مسملی / مسماة _____ ساکن _____
 کو یا ان کی غیر حاضری میں مسملی / مسماة _____ ساکن _____
 کو جو خود بھی کولگیٹ پامولیو (پاکستان) لمیٹڈ کا رکن ہے کہ وہ بطور میرا / ہمارا مختار نامہ (پراکسی) کولگیٹ پامولیو (پاکستان) لمیٹڈ کے سالانہ اجلاس عام میں جو ۲۹ ستمبر ۲۰۲۰ 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 _____ ۲۰۲۰ کو میرے / ہمارے دستخط سے جاری ہوا۔

فولیو نمبر	سی ڈی سی کھاتہ نمبر	حصص کی تعداد

دستخط

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

ہدایات:

- ۱۔ مختار (پراکسی) کا کمپنی کا رکن (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 ۴۸ گھنٹے قبل جمع کرانا ضروری ہے۔



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